

MEETING MINUTES
BOARD OF WATER SUPPLY
April 17, 2020

The Board of Water Supply, County of Kaua'i, met in regular meeting **via remote** in Lihue on Friday, April 17, 2020. Chair Kurt Akamine called the meeting to order at 10:04 a.m. The following Board members were present:

BOARD: Mr. Kurt Akamine, *Chair*
Ms. Julie Simonton
Mr. Lawrence Dill
Mr. Ka`aina Hull
Mr. Elesther Calipjo
Mr. Gregory Kamm (*new member*)
Mr. Troy Tanigawa (*new Ex-officio; logged in via remote @ approx. 10:10 am*)

Quorum was achieved with 6 members present at Roll Call.

STAFF: Mr. Steve Kyono, Advisor to the Board
(via remote) Mr. Eddie Doi
Mr. Keith Aoki
Mrs. Marites Yano
Mrs. Mary-jane Akuna
Mrs. Jonell Kaohelaulii
Mr. Valentino Reyna
Deputy County Attorney Mahealani Krafft
Mr. Bryan Wienand
Mr. Michael Hinazumi
Mr. Dustin Moises
Mr. Marcelino Soliz
Mrs. Christine Erorita
Mr. Darrell Acob
Mr. Jas Banwait

C. ACCEPTANCE OF AGENDA

Mr. Calipjo moved to reorder the Agenda to move up the Monthly Staff Reports and Quarterly Reports. Fiscal Reports and Draft Budget will go last before Agenda Item E, seconded by Ms. Simonton with no objections; motion carried with 6 ayes.

Chair welcomed new member Gregory Kamm.

D. MEETING MINUTES
Review and Approval of

Regular Board Meeting – February 28, 2020

Mr. Calipjo moved to approve the Regular Board Meeting minutes of February 28, 2020; seconded by Ms. Simonton; with no objections, motion carried with 5 ayes (heard on remote) JS, GK, LC, KH, KA

Review and Approval of

Executive Session – February 28, 2020

Ms. Simonton moved to approve the Executive Session minutes of February 28, 2020, seconded by Mr. Calipjo with no objections, motion carried with 6 ayes (heard on remote) LD, GK, JS, KH, LC, KA

E. CORRESPONDENCE/ANNOUNCEMENTS/PUBLIC TESTIMONY

1. Committee Appointments by 2020 Chair Kurt Akamine for Vice Chair, Rules Committee, and Finance Committee

For Vice Chair – Mr. Kamm nominated *Ms. Simonton*. Mr. Calipjo closed nominations.
For Rules Committee Member – Mr. Dill nominated *Mr. Kamm*.

Mr. Dill moved to approve the slate as presented; seconded by Mr. Calipjo; motion carried with 7 ayes GK, JS, LD, KH, LC, KA, TT

Chair Appointed Julie Simonton as Vice Chair and Rules Committee Member Gregory Kamm; Board approved.

2. Correspondence from Trinetta Kauai, Chair Salary Commission regarding the Request for Chair Kurt Akamine's presence to the Salary Commission April 16th Meeting, dated March 13, 2020

Salary Commission will be rescheduled and Chair Akamine will attend.

F. BOARD COMMITTEE & PERMITTED INTERACTION GROUP REPORTS (PIG)

Mr. Dill reported that a few applications were received and reviewed. There was no candidate to recommend to the Board. Mr. Hull added that the PIG proceeded with a headhunter for Manager's position. Chair requested the PIG to intensify working with Department of Human Resources (DHR), Public Relations (PR), social media and other publications.

J. STAFF REPORTS MONTHLY

1. Discussion and Receipt of the Report by the Information & Education Specialist on Public Relations Activities

BACKGROUND:

Mrs. Jonell Kaohelaulii provided the highlights from March & April:

1. Effective March 13th - community efforts that required staff to attend or participate in public activities were suspended until further notice to follow health preventative measures related to COVID-19 pandemic.
2. Make a Splash Festival is tentatively cancelled (requires hands-one activities & in-person attendance).
3. Available customer services, bill payment options, PR related notices are continuously being promoted.

Received for the Record

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

BACKGROUND:

Mr. Valentino Reyna provided highlights from February & March:

1. Personnel – Operations implemented social distancing and carpooling was discouraged among the crew. All vehicles are only single occupancy.
2. The Hanamā'ulu pump station refurbishment is completed. Chlorination and flushing also is completed; booster pump station is back in service.

Received for the Record

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

DISCUSSION:

Contract No. 655, Reorganize Water System: Kaumuali'i Highway 16-inch Main & Emergency Pump Connection, Hanapēpē Road 6-inch Main Replacement – Mr. Moises provided background information on this project. He indicated that moving the connection would not affect the Department operationally. The other issue was the contaminated soil in Hanapēpē Town and the water. Additional money from Moi Road was reallocated for delay charges on the Historic Bridge redesign. The 80-day extension and weekly overcast overhead was valid. Mr. Moises recommended to proceed with the redesign & change order. Mr. Dill thanked Mr. Moises on his transparency to the Board.

Public Hearing – Scheduled for Wednesday, May 27, 2020.

Personnel – Staff can contact the Chair if there are any pressing issues in the divisions.

- a. Build America Bond - Quarterly Status – *To be "Received for the Record"*

Received for the Record

b. Advisor's Report – To be "Received for the Record"

Board Advisor, Mr. Steve Kyono commented with the COVID-19 pandemic, the Department has been busy teleworking and following the CDC, Governor and Mayor's mandates.

DISCUSSION:

Mr. Dill requested Mr. Kyono to participate with the draft budget at the Finance Committee meeting. Mr. Kyono is watching how COVID-19 will behave if it will be seasonal which may spike in the fall/winter. This will be a change on the impact of the economy.

Received for the Record

QUARTERLY (January – March 2020)

1. Discussion and Receipt of the DOW's Quarterly Project Status Update
 - a. Construction Management Division Status - Received for the Record

BACKGROUND:

Chief of Construction Management, Mr. Dustin Moises went over the Executive Summary and highlights:

1. March 25th – Mayor Kawakami issued the COVID-19 Directive #5. CM issued stop work orders on Hanapēpē water line, Paua Valley Tank & Kapa'a Well #4. This may be restarted at the end of April with guidance from the Mayor. Projects are getting ready for re-bid next month (Kukuiofono Tank). Kīlauea Well will be re-advertised on April 24th.
2. CM staff is busy and able to work remote.
3. CM supported the essential affordable housing.

DISCUSSION:

Mr. Dill requested to move the private projects along to get to pre-con once the Mayor releases restrictions. CM is getting his team ready to start construction.

Chair Akamine asked staff to review all projects in the queue to be ready to move forward to help economy.

- b. Engineering Division Design Status - Received for the Record

DISCUSSION:

Mr. Keith Aoki, Civil Engineer reported on the following highlights:

1. Kalāheo water projects are ready to be compliant with the State Revolving Fund (SRF).
2. The Baseyard Master Plan is in for final review.
3. Reviewed 43 private projects; 14 new projects were submitted.

- c. Water Resources & Planning Division Status - Received for the Record

BACKGROUND:

Mr. Eddie Doi, Chief of Water Resources & Planning (WR&P) provided the following highlights:

1. Mr. Doi thanked Michael Hinazumi for working with IT to resolve issues.
2. WR&P is busy with projects and telework by identifying residents, contractors & developers to proceed with their water availability.

DISCUSSION:

Mr. Hull provided comments on reviewing permits; he asked that the WR&P team process as many permits and for small projects to be queued up. Find solutions for the applicants to be permitted which Mr. Doi agreed.

- d. Information Technology Update Status - Received for the Record

Chair Akamine acknowledged Michal Hinazumi who has done an excellent job in leading IT and working with Darrell Acob and Jas Banwait during the transition period without an IT Manager.

BACKGROUND:

Mr. Michael Hinazumi, Civil Engineer reported on the following:

- 1. COVID-19 Telework Response (Page 298) – worked with the internet provider & firewall providers. Jas and Darrell were instrumental in getting the telework equipment out with 39 employees authorized to telework. There are issues with the slowdown of the system but IT is researching network updates.
- 2. IT Strategic Plan (see details, Pages 299-300). WR&P is looking to use a similar system with the County’s IT & to move toward Microsoft 365 (cloud based).
- 3. Corporate transitions at Innovyze, Inc. caused delays in reviewing terms & conditions by 6 mos. with changes.

- 1. Discussion and Receipt of the Kaua’i County Water Department’s Statement of Revenues and Expenditures
 - a. February Monthly Summary Budget
 - b. March Monthly Summary Budget – *To be “Received for the Record”*
 - c. Accounts Receivable Aging Summary

BACKGROUND

Waterworks Controller, Mrs. Marites Yano went over the Monthly summary Highlights of February 2020 (page 200). The Monthly Summary Highlights - March 2020 reports were “Received for the Record.”

Monthly Budget vs. Actual Revenues Collected – As of March 31, 2020, projected revenues increased by 2%. Two weeks in April showed a sharp decline on revenues which is not a consistent pattern. For February and March compared to previous year’s revenue collection, had a sharp 7% decline that may continue to worsen. More details will be discussed at the Finance Committee meeting to be scheduled.

FY 2019-2020 Certification of Funds (page 11) – are for projects

Billed Revenue Chart (page 13) – is a three year comparison for 2018, 2019, 2020

Statement of Net Position (page 17) – current position as of March 31, 2020; two year comparison 2019 & 2020

Fiscal Year ends – June 30th every year

Net position unrestricted (page 18) = \$26,746,796 as of March 31, 2020

DISCUSSION:

March Summary (page 1):

Operating Expenses Budget = \$26.8M Expensed = \$17.6M

Mr. Dill asked if this was related to salary expenses?

Total Related Expenses & Professional Service (page 4): Mr. Dill asked Mr. Aoki if he anticipated by the end of this calendar year if professional services would be expensed? Mr. Aoki indicated professional services are encumbered and payout is when the invoice is received. Some projects were encumbered needed more money. Mr. Dill pointed out that \$6M was budgeted YTD and Mr. Aoki said that amount was not all for Engineering. Ms. Yano mentioned a Professional Services budget for WR&P for Water Plan 2020. Mr. Doi added that Water Plan 2020 has not secured a contract but will be accomplished the 3rd or 4th quarter of 2020. The proposed budget for Water Plan 2020 will be executed by the next budget year.

Capital Projects Budget = \$28M Expenses = \$3.8M

Mr. Moises mentioned that the numbers are high that relate to construction. Some contracts belong to Engineering. Water Utility (WU) IT, WR&P, Engineering CM (breakdown) (page 207). All projects were encumbered this fiscal year and were advertised with no bidders. There were big projects for this year: Paua Valley Tank Repair, Kukuilono Tank was bid with no bids. Engineering redid the specs which will go out in May. Kilauea MCC was bid with no bidders. If CM received bidders, funds would have been encumbered by June 30, 2020. Kapa’a Well 4 drainage is ongoing with the Esaki family which has not been spent out. Kapaia Water Line encumbered two years ago but was in litigation. CM has been on track with projects.

Received for the Record

G. OLD BUSINESS

None.

H. NEW BUSINESS

2. Draft Budget for Fiscal Year 2020-2021
 - a) Fiscal Year 2020 - 2021 – Draft Operating Budget
 - b) Fiscal Year 2020 - 2021 – Draft Capital Outlay Budget

Mr. Hull moved to refer the Draft Budget for FY 2020-2021 to the Finance Committee; seconded by Mr. Calipjo; with no objections, motion carried with 6 ayes GK, JS, LD, KH, TT, KA -- LC (*not on remote*)

DISCUSSION:

Mr. Dill referred to Item #2) Operating Revenues \$32,743,700.00 (projected) (page 23)

Item #2.1) Water Sales - \$24,174,189.00 – Regarding COVID-19, Fiscal and the Board need to determine what impact will be on the revenue stream for the budget. In this section, Mr. Dill read, “*The previous two months of water sales, February and March resulted in a 7% average decrease in water consumption. The 7% decrease was applied to estimate the water sales for the remaining three months, April to June, 2020 and the annualized result was an average decrease of 1.2%. This 1.2% decrease was also applied to the projected FY 2021 water sales.*” He mentioned that the decrease of 1.2% projection may be inaccurate on the projected sales revenues.

Ms. Yano recommended that details of the revenue would be discussed at the Finance Committee meeting. Adjustments would be made after Fiscal receives the April revenue collection data. The Board will then see one full month impact on the COVID-19 pandemic. Mr. Dill was also looking for insight from WR&P & Engineering on how long it will take to recover. He questioned if the 7% would remain for the next fiscal year? Ms. Yano agreed that it will be worse than what was projected. On each of the division’s budget, adjustments could be made on prepared expenses. Mr. Dill pointed out there is a revenue decrease of 5% instead of 1.2%.

Ms. Simonton asked to look at the revenues on the island because the Po’ipū wastewater plant has a flow of 30%. Po’ipū (has resort customers) and Princeville may have a sharper usage reduction. There could be a 5% or 30% reduction depending on the different areas of the island. Ms. Yano said the top 100 customers are resort and government entities. Mr. Dill requested to find out: 1) how long will this last and 2) what recovery should be projected?

Ms. Simonton ask if the County is working on similar questions of the impacts, percentage of impacts, duration of impacts and guidance from COVID-19. See if DOW can match with the County.

Mr. Hull added the County is looking at shortfalls with revenue with real property. The impacts are hard to say but assessments are being made. The Governor is also cutting 20% as well at the First Responder level. Need to look how the federal money will be used and how far out COVID-19 plays out.

Mr. Tanigawa mentioned there has been a projection on a new revenue source that was recently used. There is a General Excise Tax (GET) fund for road construction and road repairs with a 10% cut, and possible cuts to the revenue source projections. Solid Waste is also looking at projections on revenues; with less visitors to the island; less water usage.

Mr. Hull always wanted to see how the Department of Water’s (DOW) budget and how certain accounts are managed like the County’s budget. Revenue stream for DOW is different from the County. He would not agree to align with the County with a 30% drop for DOW.

Ms. Simonton also asked what the County’s best projections are on when services may start opening up and to align with the County. She has heard from different committees that hotels may start opening June 1st and travel July 1st. Ms. Yano added that the commercial account is 25% of the DOW’s revenues.

Follow-up Items:

- Board referred Draft Budget to the Finance Committee; meeting to be set up by Marites Yano.
- Advisor Steve Kyono will participate in the Finance Committee meeting.

- Recommend discussing revenues at the Finance Committee meeting.
- Fiscal will:
 - Make adjustments after April revenue collection data on full impact of COVID-19.
 - Recommend details on revenues.
 - Find impacts on how long to recover after COVID-19.
 - Will make adjustments on expenses.
 - Present at Finance meeting % of resort customers impacted with COVID-19.
 - Contact Finance Director to be consistent with County's guidance on impact & recovery.
 - Will look at neighbor islands on their percent of decrease in revenues with other Boards of Water Supply.

Mr. Hull referred the Draft Budget to the Finance Committee; seconded by Mr. Calipjo; with no objections, motion carried with 6 ayes. GK, JS, LD, KH, TT, KA -- LC (*not on remote vote*)

H. NEW BUSINESS (cont'd)

1. Manager's Report No. 20-50 - Request Board Approval of Resolution No. 20-06, (4/20) Mahalo and Aloha Board Member, Laurie Ho

Ms. Simonton moved to approve & adopt Manager's Report No. 20-50 - Request Board Approval of Resolution No. 20-06, (4/20) Mahalo and Aloha Board Member, Laurie Ho; seconded by Mr. Dill; with no objections, motion carried with 7 ayes GK, JS, LD, KH, LC, TT, KA

Photo op with Laurie Ho will be at a later time with Public Relations.

3. Manager's Report No. 20-51 – Discussion and Possible Action regarding the Agenda Item E (2) communication from the Salary Commission requesting for the Board's opinion on the challenges that the Board is facing while hiring a Manager & Chief Engineer

No action or comments from the Board. Chair Akamine will participate at a future Salary Committee meeting.

I. CONSENT CALENDAR

None.

K. EXECUTIVE SESSION

Pursuant to Hawai'i Revised Statutes (HRS) §92-7(a), the Board may, when deemed necessary, hold an executive session on any agenda item without written public notice if the executive session was not anticipated in advance. Any such executive session shall be held pursuant to HRS §92-4 and shall be limited to those items described in HRS §92-5(a)

L. TOPICS FOR NEXT BOARD OF WATER SUPPLY MEETING (May 2020)

1. Discussion and Possible Action on the Proposed Board Policy No. 31 to Fund the Net Pension Liability and the Net Other Post Employment Benefit Liability as determined by the Government Accounting Standards Board
2. Discussion and Possible Action on correspondence from Grove Farm regarding Grove Farm's Request for Revenue Requirement Shortfall per Water Treatment and Delivery Agreement
 - Ms. Simonton will take the lead on the impact of budget.
 - Mr. Calipjo to attend the Grove Farm meeting that will be set up after he meets with Ms. Yano.
3. Report of the Finance Committee of the Kaua'i County Board of Water Supply Draft Budget for Fiscal Year 2020-2021
 - a. Fiscal Year 2020 – 2021 - Draft Operating Budget
 - b. Fiscal Year 2020 – 2021 - Draft Capital Outlay Budget

M. FUTURE BOARD OF WATER SUPPLY MEETINGS

1. Department of Water Performance Audit (Update)
2. Table of Organization Workshop
3. Discussion and Possible Action to establish Fiscal Policies and Procedures
4. Report of the Finance Committee of the Kaua'i County Board of Water Supply, Financial Management Planning and Water Rate Analysis for the Department of Water's FY2020 through FY2024 held on November 4, 2019

N. UPCOMING EVENTS

1. ~~AWWA ACE 20th Conference (June 14-17, 2020, Orlando, Florida)~~ Cancelled
2. AWWA HWWA & HWEA 6th Annual Joint Conference (TBA)
3. DOW's Make a Splash Project WET Festival (Tentative, September 18, 2020)

O. NEXT WATER BOARD MEETING

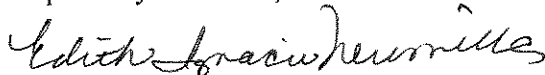
1. Friday, May 29, 2020, 10:00 a.m.
 2. Friday, June 26, 2020, 10:00 a.m.
 3. Friday, July 24, 2020, 10:00 a.m.
 4. Friday, August 28, 2020, 10:00 a.m.
- Wednesday, May 27, 2020, 4:30 pm – Public Hearing to be scheduled.


Chair and Mr. Dill complimented IT team Jas Banwait and Darrell Acob for the remote meeting that went well.

P. ADJOURNMENT

The Regular Board meeting adjourned at 11:40 a.m.; with no objections.

Respectfully submitted,


Edith Ignacio Neumiller
Commission Support Clerk

Approved,

Elesther Calipjo
Secretary, Board of Water Supply