

REGULAR MEETING
BOARD OF WATER SUPPLY
Tuesday, August 15, 2006

The Board of Water Supply, County of Kaua'i, met in regular meeting at its office in Lihu'e on Tuesday, August 15, 2006. Chairperson Josephine Sokei called the meeting to order at 10:30 a.m. On roll call, the following answered present:

BOARD: Ms. Josephine Sokei, Chairperson
Mr. Ian Costa
Mr. Donald Fujimoto (present at 10:22 a.m.)
Ms. Lynn McCrory
Ms. Bernie Sakoda
Mr. Myles Shibata

Absent & Excused: Mr. Steven Kyono

STAFF: Ms. Wynne Ushigome
Mr. Paul Ganaden
Mr. Les Yoshioka
Mr. Gregg Fujikawa
Mr. Bruce Inouye
Deputy County Attorney James Tagupa

Absent & Excused: Mr. Keith Fujimoto

GUESTS: Mr. Chris Singleton, Waipouli Beach Resorts (WBR) (left about 12:30 p.m.)
Ms. Lorna Nishimitsu, Esq., Legal Counsel for WBR (left about 12:30 p.m.)
Mr. Chris Chang, WBR (left about 12:30 p.m.)
Pastor Jon Schmelling, Kilauea Lighthouse Church (10:45 a.m. – 11:25 a.m.)
Mr. Greg Kamm, Kiahuna Mauka Partners (10:45 a.m. – 11:28 a.m.)
Mr. Ron Agor (11:32 a.m. to 11:40 a.m.)
Mr. Dave Jochim, RW Beck
Mr. Tom Cutting, RW Beck

AGENDA

Mr. Shibata requested that Correspondence Item No. E2, Re: Letter from Mayor Bryan Baptiste to Council Chair Bill "Kaipo" Asing to the Kaua'i County Council Regarding a Legal Opinion that he got from County Attorney Lani Nakazawa on the Salaries for Manager and Chief Engineer of the Department of Water and the Chief of Police be referred to Executive Session. Deputy County Attorney Tagupa stated that this item was requested to be taken up in Executive Session as per HRS 92-F (13), legal opinions between departments should be kept confidential.

Ms. McCrory also requested to re-order the Agenda to have Old Business Item No. F4: Request Board Approval of the Second Amendment to the Water Storage Facilities Development Agreement with Waipouli Beach Resort LLC for the Waipouli Beach Resorts and Spa, Zoning Permit Application Z-IV-2003-8, TMK: (4) 4-3-08:001 Waipouli, Kawaihau, Kauai, Hawai'i; and new Business Item No. G1: Request Board Approval for Additional Funding for an Amended Contract with RW Beck, Inc. and the Kaua'i Department of Water for their Strategic and Business Plan and Needs Assessment.

Ms. McCrory moved to approve the Agenda, as amended, seconded by Ms. Sakoda; motion was carried.

MINUTES

Regular Meeting – July 18, 2006:

Ms. Sakoda moved to accept the Regular Meeting Minutes of July 18, 2006 and placed on file, seconded by Mr. Costa; motion was carried.

Special Meeting – August 1, 2006:

Ms. McCrory stated a correction on Page 4, Paragraph 2, 1st sentence under Ms. Tracy Nagata to change it to 'They agreed to enter' into a Waiver, Release and Indemnity Agreement, etc. Also, in the 4th paragraph, the correction should be 'Ms. Nagata requested' that maybe a few months prior to March, 2007, etc.

Ms. Sakoda moved to accept the Special Meeting Minutes of August 1, 2006, as amended and placed on file, seconded by Mr. Costa; motion was carried.

CORRESPONDENCE/ANNOUNCEMENTS:

Re: Letter from Council Chair Bill “Kaipo” Asing and Councilman Mel Rapozo to the Kaua’i County Council Regarding a Resolution Proposing a Charter Amendment to Restructure the Department of Water as an Executive Agency Subject to the Mayor’s Executive Management and Council’s Legislative Oversight

Acting Manager Ushigome reported that this matter is a critical issue that will be on the Wednesday, August 23, 2006 Council Agenda for public hearing and will be on the Council Committee agenda for further discussion. She also reported on this matter as part of her Manager’s Update Report below.

Received for the record.

Re: Letter from Mayor Bryan Baptiste to Council Chair Bill “Kaipo” Asing to the Kaua’i County Council Regarding a Legal Opinion that he got from County Attorney Lani Nakazawa on the Salaries for Manager and Chief Engineer of the Department of Water and the Chief of Police

This correspondence was inadvertently placed on this Board Meeting Agenda in error. If this matter needs to be discussed, it will be in Executive Session. Our apologies were made to County Attorney Lani Nakazawa for our inadvertent error as this was an attorney-client confidential matter.

NEW BUSINESS

Re: Request Board Approval of the Second Amendment to the Water Storage Facilities Development Agreement with Waipouli Beach Resort LLC for the Waipouli Beach Resorts (WBR) and Spa, Zoning Permit Application Z-IV-2003-8, TMK: (4) 4-3-08:001 Waipouli, Kawaihau, Kauai, Hawai’i

Mr. Chris Singleton, Ms. Lorna Nishimitsu, Esq. and Mr. Chris Chang were present at the meeting for this matter.

Acting Manager Ushigome reported that she has been working with the WBR on this 2nd Amendment that affects the Facilities Reserve Charge (FRC). She mentioned that normally

the FRC amount is paid upfront prior to the water meter installation. However, in this case, WBR, as part of the 1st Amendment of their agreement to pay a proportionate share of the construction of 1.0 MG Stable Tank that would resolve the storage requirement in the area, would later result in FRC credits. (WBR's requirement was to build a 0.5 MG Tank but the DOW requested to increase the size to a 1.0 MG Tank.) Therefore, in order to minimize FRC payments going back and forth, it was decided instead to allow WBR to bond the FRC amount.

Mr. Donald Fujimoto was present at the meeting at about 10:22 a.m.

Acting Manager Ushigome summarized that the WBR building is almost done and they are waiting to get their water meter installed. WBR has 2 things outstanding, which are the signing of the tracings that is in her office for review and signature and the payment of their remaining FRC payment of about \$300,000.

Acting Manager Ushigome also stated that they have been working with WBR's legal counsel, Ms. Lorna Nishimitsu, on a procedure on how to handle these type of situations in for future developers that have these same circumstances. They have been trying to work out what the bond amount should be for the remaining FRC that is due. Since the appropriate bond amount is not finalized for the remaining FRC and there is no rule or policy in place yet, she asked if the Board would consider approving the concept of utilizing the bond to defer the rest of the FRC payment and once the DOW approves and signs the construction plans, the DOW can install their water meter.

On query by Ms. McCrory, Acting Manager Ushigome stated that the entire FRC amount for WBR's 196-unit complex is \$901,600.00. WBR has incurred design costs of \$167,000 for Stable Tank and they owe us about \$300,000 in FRC costs.

Ms. Nishimitsu explained some background that WBR's requirement was initially a 0.5 MG Tank, which their consultant, Tom Nance, drew the plans. The DOW later requested to increase the size of the tank to a 1.0 MG Tank so there was a delay because Mr. Nance had to re-draw the plans. In the meantime, the construction of the resort went really fast but he cannot close the project until he has a water meter in place. She further explained that Mr. Singleton needed to continue to pay Mr. Nance his fees so he can complete the design of the tank; therefore, he had a cash flow problem.

Ms. McCrory asked Mr. Singleton on what type of assurance could the Board have that Mr. Nance will finish the tank plans in a timely manner so that the tank could be constructed by December, 2008 to coincide with the timetable of the construction of affordable housing in that area? Mr. Singleton stated that he recognizes the urgency for the affordable housing projects and his project and will work with Mr. Nance to expedite the tank's plans.

Mr. Fujimoto suggested doing a Memorandum of Agreement (MOA); whereby, there would also be a penalty clause with liquidated damages in case the timetable is not met. However, Mr. Singleton stated that the plans are done as it already went back and forth with the DOW, corrections were made, that is why Mr. Nance submitted the tracings to the DOW for its final review and signature. Mr. Fujimoto added that the plans are only one half of the requirement as the permitting of the tank would still need to be done and there would still be an uncertainty; therefore, he felt that there should be some type of mechanism to ensure the timeliness of the completion of the tank if WBR's water meter is given upfront.

On query by Mr. Singleton, Mr. Fujimoto stated that it would be stated in the Agreement if delays are beyond Mr. Singleton's control if it is the fault of another party.

Mr. Singleton added some history on the designing process of the tank. He had hired Dennis Esaki to survey the tank site and they realized that there could be two 0.5 MG tanks on that sight. He conferred with then Manager Ed Tschupp and Mr. Tschupp later decided to have Mr. Singleton do a 1.0 MG Tank instead. Mr. Singleton expressed his commitment to our community and its future as he does not plan to run away from the islands.

On query by Mr. Fujimoto, Mr. Singleton stated that Mr. Nance has a subcontractor doing the Environmental Assessment (EA) and the archaeological study for the project and both processes have started. On query by Mr. Fujimoto, Mr. Singleton did not know what the timeline was for the EA process. Acting Manager Ushigome stated that she had seen the draft EA come across her desk.

On query by Ms. McCrory, Mr. Singleton stated that they would need their water meter as soon as possible as they want to close some of their units by September 1, 2006. He added that they are now getting water off of a fire hydrant. They would need to get a water meter for fire protection and to get their Certificate of Occupancy for those units.

Ms. Nishimitsu stated that they have been working with Acting Manager Ushigome to finalize the language of the bond. Mr. Singleton requested that the Board accept the bond for \$167,000 in lieu of the payment of the FRC. Mr. Singleton reiterated that he owes \$300,000 for the FRC; however, he paid Mr. Nance \$134,000 for the design amount.

Mr. Fujimoto stated that the WBR project is a high visibility project that had gone through some variances and the community was critical about that and will be watchful and concerned that everything goes smoothly on this project. Therefore, the Board has to be careful that once Mr. Singleton gets his water meter that Mr. Singleton fulfills his side of the agreement.

Mr. Singleton reaffirmed that he is committed and wants to be part of the solution to the water problem in the area. He needs the DOW to sign his tracings. Acting Manager Ushigome added that in support of staff, the timeliness of the plan review process could be facilitated by a quality product by the consultant.

On query by Ms. McCrory, Mr. Costa explained that once the application for the tank project is submitted to the Planning Department, the public hearing could be scheduled 30 days thereafter. At that time, the final EA would be included in the application.

Ms. McCrory asked Mr. Singleton to contact Mr. Nance as soon as he can to verify the status of the EA for the tank project. Also on query by Ms. McCrory, Acting Manager Ushigome stated that she had done a cursory review of the draft EA and it looked good. She added that the site was also used previously as a tank site, which would make the drafting process of the EA an easy one.

On query by Mr. Costa, Mr. Singleton stated that the first phase of his project is 108 units that they want to close by September 1, 2006 and then they want to close the second phase of 82 units by October, 2006.

Ms. Nishimitsu stated that the DOW could be added to the agreement as a beneficiary so in case for some reason Mr. Singleton does not comply with his requirements, the DOW would step in and use the bond amount to cover the cost to continue the project.

Mr. Fujimoto requested a few minutes to think about how to best resolve this situation. In the meantime, Mr. Singleton will try to contact Mr. Nance.

Recess: 11:05 a.m. to 11:08 a.m.

NEW BUSINESS

Re: Kilauea Lighthouse Church “Agreement Regarding Temporary Certificate of Occupancy” and “Release, Waiver and Indemnity Agreement”, TMK 5-2-04:102-05, Unit 5, Kilauea, Kaua’i Dept of Water

Pastor Jon Schuller was present at the meeting at about 11 a.m.

Mr. Fujikawa gave the following report:

Recommendation:

It was recommended that the Board approve two agreements between the Second Adam Corporation and the Board of Water Supply. The agreements were described as:

- “Agreement Regarding Temporary Certificate of Occupancy”
- “Release, Waiver and Indemnity Agreement”

The “Agreement Regarding Temporary Certificate of Occupancy” will allow Second Adam Corporation to install a private 6-inch on-site fire line and fire hydrant off of the Department’s 8-inch water mainline along Kilauea Lighthouse Road. Upon approval of the construction plans, the owner may apply for a temporary Certificate of Occupancy for the pavilion church structure while the on-site fire line and fire hydrant is being installed. The owner agrees that the first phase includes only the construction of the pavilion church structure and that further development will require that the 8-inch water line on Kilauea Lighthouse Road be upgraded to a 12-inch waterline.

The “Release, Waiver and Indemnity Agreement” will allow Second Adam Cooperation to waive, release and hold harmless the Board from and against any damage or liability of injury or death or damage to property resulting from any fire associated with the pavilion-type church structure existing on the property.

Background:

Both agreements were prepared by The Second Adam Corporation, in order to satisfy Department of Water (DOW) conditions for the installation of a private on-site fire line and fire hydrant and for the construction of Phase I of the Kilauea Lighthouse Church.

The Board approved the construction of the Kilauea Lighthouse Church Phase I project, at the February 21, 2001 meeting. Phase I included the construction of a non-enclosed pavilion building for church activities. The Board attached several conditions to their approval that included an indemnification by the owner. The Release, Waiver and Indemnification Agreement was submitted to the Department for review on May 12, 2006.

The condition for the “Agreement Regarding Temporary Certificate of Occupancy” agreement was based on the owners request to connect to existing 8-inch waterline along Kilauea Lighthouse Church for an on-site fire line and hydrant that was required by the Kauai Fire Department. This agreement was required by the DOW and the Fire Department as a condition for temporary Certificate of Occupancy and the installation of an on-site fire hydrant. The agreement must be also be executed by the Fire Department. The agreement was submitted to the Department for review on April 20, 2006.

Mr. Fujikawa added that one of the conditions made by the Board at that time was for the Second Adam Corporation to maintain a fire insurance policy for their project, which they have maintained over the years.

On query by Ms. McCrory, Mr. Fujikawa stated that the Fire Department has given them a 6-month Temporary Certificate of Occupancy to finish their onsite fire hydrant.

Pastor John Schmelling introduced himself as the President of Second Adam Corporation and the pastor of Lighthouse Church. Pastor Schmelling stated that he got a letter dated July 7, 2006 from the Department of Water stating they were going to revoke the whole deal about inputting the line underneath the road and for the standpipe for the fire hydrant because he did not execute these 2 documents before the Board. He added that he had submitted these 2 documents 3 times as he needs to have it executed so he can get his Occupancy Permit, which in turn he will have 6 months to complete.

On query by Ms. McCrory, Paster Schmelling said that he hoped he could get it done within the 6-month period, as it is hard to get people to get things done here.

Mr. Shibata moved to approve staff's recommendation, seconded by Mr. Costa; motion was carried.

Paster Schmelling left the meeting at about 11:25 a.m.

AGENDA

To accommodate another one of our guests, Mr. Greg Kamm, the Board re-ordered the Agenda for the next agenda item.

OLD BUSINESS

Re: Request Board Approval of the First Amendment to Koloa Well "F" Water Source Facilities Development Agreement, Kiahuna Mauka Partners LLC (KMP), TMK: 2-8-14:032, Poipu, Koloa, Kauai, Hawaii

Mr. Greg Kamm was present at the meeting for this matter.

Mr. Fujikawa gave the following report:

Recommendation:

It was recommended that the Board approve the First Amendment to Koloa Well "F" Water Source Facilities Development between the Board of Water Supply, County of Kauai and Kiahuna Mauka Partners LLC (KMP).

Exhibit "A" of the First Amendment to Koloa Well "F" Water Source Facilities Development Agreement was given to the Board for their information.

Background:

The Board and KMP entered into the Koloa Well "F" Water Source Facilities Development Agreement bearing an effective date of July 16, 2003 (the "Agreement") which details KMP's agreement to contribute a portion of the cost incurred by the Board to develop and construct a water well known as "Well F" located at Mahaulepu, Kauai in exchange for obtaining a potable water commitment from the Board for the use and consumption of a portion of the estimated maximum day sustainable yield from the Well "F" on the terms and conditions stated therein.

KMP's estimated water demands for the five development properties located in the KMP Project area ("Project") have increased as detailed by the latest approved "Potable Water Master Plan for the Kiahuna Project dated February 2006 (the "Water Master Plan") and the parties now wish to amend the Agreement to reflect the increased potable water demands for the Project.

The parties agree to amend Paragraph 3 by revising KMP's contribution to Well "F" development costs (KMP share) to thirty-three and fifty-seven hundredths percent (33.57%) instead of twenty seven percent (27%) of the actual out-of-pocket development costs incurred by the Board.

In addition, the parties agree to amend Paragraph 4 by revising KMP's Source Credit to three hundred thirty-five thousand seven hundred (335,700) gallons per day, instead of two-hundred seventy thousand (270,000) gallons per day.

Mr. Fujimoto moved to approve staff's recommendation, seconded by Mr. Shibata; motion was carried.

Mr. Kamm thanked the Board and left the meeting at about 11:28 a.m.

Re: Job No. 92-4, Koloa Well "F" Pump, Controls and Pipeline, Koloa, Kauai, Hawai'i (Water Plan 2020 Project No. KP-01)

Mr. Inouye gave the following report:

Recommendation:

It was recommended that an amount of \$32,800.00 be appropriated from Account No. 106B, CIP Reserve for the additional piping work and valve restraint system at the Mahaulepu Check Valve Station and Tank site; and for the additional work to construct a grassed drainage swale along the access road to the Koloa Well "F" site.

Funding:

Contract No. 443, Goodfellow Brothers, Inc. – Construction

Total Funds Certified.....\$ 1,944,700.00

Goodfellow Brothers, Inc.....\$<1,934,404.75>

Balance Remaining..... \$ 10,295.25

Proposed Change Order..... \$< 41,025.00>

Contingency (5%).....\$< 2,070.25>

Total..... \$< 43,095.25>

Additional Funds Requested.....\$< 32,800.00>

Account 106b, CIP Reserve

Background:

During the construction of the Check Valve Stations at the Mahaulepu Tank site, it was discovered that due to the actual field alignment of the existing pipeline, the Check Valve Stations require additional piping and bends to connect them to the existing water system. Further, in an effort to keep both tanks in service, and to provide uninterrupted water service during the connection work, a valve restraint system is recommended to be installed to anchor the existing tank valve in place.

It was also discovered, during the heavy rains in March 2006, that the runoff from the adjacent hillside bordering the Koloa Well "F" site, directs its flow onto and over the site's access road causing damage to the roadway and shoulder area. In order to redirect and lower the velocity the surface flows, thereby minimizing the flow's potential to damage the access road, it is recommended that a grass swale be constructed between the hillside and the access road.

Mr. Shibata moved to approve staff's recommendation, seconded by Mr. Costa; motion was carried.

Re: Nalu Investments LLC, Six Unit Hotel Project, Z-IV-2005-20, Lot M-1, TMK: (4)-1-6-008:010, Waimea, Kauai

Mr. Ron Agor was present at this meeting on this matter at about 11:32 a.m.

Mr. Fujikawa gave the following report:

Recommendation:

It was recommended that the Board uphold the Department's condition for the subject zoning permit approval for the subject project. Although the hotel is described as containing 6 hotel rooms, the Department's current policy is to treat hotel rooms the same as multi-family units in determining water demand requirements and facilities reserve charge assessments.

Background:

Under Sec. 8-1.5, of the County comprehensive zoning ordinance (CZO), a hotel is defined as any building containing six or more rooms intended or designated to be used, or which are used, rented or hired out to be occupied for sleeping purposes by guests..."

Further, CZO Sec. 8-4.5 (b) "Development Standards - Hotels", also states that a building containing hotel rooms shall be considered the same as multiple family dwelling units subject to the same standards as provided in CZO Secs. 8-3.5 through 8-3.8, inclusive...."

In order to establish the CZO water utility development standards, CZO Sec. 8-3.7 (c) (4) "Standards of Development Applicable to All Residential Development - Utilities and Services" states that all residential development in districts permitting densities in excess of one (1) dwelling unit per acre shall be served by a public water distribution system or a private system equivalent to public standards and specifications as established by the Department of Water.

Subsequently, the Department of Water standard "Table 100-18: DOMESTIC CONSUMPTION GUIDELINES", describes the average daily demand for Resort zoned designations and multi-family demands as being the same amount or 350 gals/unit. Please note that the basis for water demand in both situations is based on units and not hotel rooms.

In addition, in describing who the FRC should apply to, the Department Rule entitled "Part 4 Fixing Rates for the Furnishing of Water Service in the County of Kauai, Section VII "Facilities Reserve Charge" Item 3 (b) states: "For each unit in a multi-family residential development and/or resort development, the charge shall be \$4,600." Currently, the Department considers a hotel room the same as a multifamily unit and assesses FRC for a hotel room the same as for a multi-family unit. For example the facilities reserve charge for the subject project is based on a 6-unit hotel.

Findings:

The CZO addresses land use and zoning densities that include building height and setback and parking requirements. The CZO states the hotel rooms shall be treated the same as multi-family units and subject to development standards as set forth by the CZO. Although the CZO requires that water utility service be provided by requiring water distribution systems (public or private), it does require that the water systems be in accordance with standards and specifications that are established by the Department of Water.

The Department's water system standards determine both water demand and facility reserve charge assessments by dwelling unit and meter size and is not based upon the CZO hotel definition. The Department uses the Department's rules and standards for assessing water demand requirements and facilities reserve charge assessments. Currently, the Department considers a hotel room the same as a multi-family unit in determining water demands and facilities reserve charges. Although the CZO hotel definition means any building containing hotel rooms, the determination of the water demand and facilities reserve charge for the hotel is based on the Department's rules and standards as detailed earlier.

Discussion:

Acting Manager Ushigome added that the DOW has in the Waimea area a 5-meter per lot restriction so this 6-room hotel is in excess of our meter restriction. Therefore, if this hotel had instead 5 rooms, it would not be a problem; however, the Planning Department has stated 6 rooms are needed to make it a hotel

Testimony:

Mr. Agor stated that he concurred that the DOW staff has accurately described his client's problem. His client has requested the Board to allow the DOW to approve their 6-room hotel with a fixture count that would be supported by 5/8-inch meters.

Mr. Fujimoto stated that the situation was explained fairly to them that if their hotel had 5 rooms, it would work.

Mr. Agor stated that logically the comparison between a dwelling unit and a room does not equate in regards to water use.

On query by Mr. Fujimoto if each room has a kitchenette, Mr. Agor stated that the room has a bar, toilet and shower. Mr. Costa added that there cannot be a kitchen in the hotel room. Also, Mr. Costa added that from a land use density standpoint is concerned, 2 hotel units without a kitchen is equal to 1 dwelling unit.

Mr. Fujimoto stated that it would get messy if the Board would start considering fixture counts.

Ms. Sakoda moved to approve staff's recommendation, seconded by Mr. Fujimoto; motion was carried.

Mr. Ron Agor left the meeting at about 11:40 a.m.

Re: Request Board Approval of the Second Amendment to the Water Storage Facilities Development Agreement with Waipouli Beach Resort LLC for the Waipouli Beach Resorts (WBR) and Spa, Zoning Permit Application Z-IV-2003-8, TMK: (4) 4-3-08:001 Waipouli, Kawaihau, Kauai, Hawai'i – (cont'd)

Mr. Singleton returned to the meeting to report that he contacted his consultant, Mr. Tom Nance, via phone and Mr. Nance reported that he is about 2 weeks behind on the

Environmental Assessment (EA) and he had sent it out for review and comments about 2 weeks ago. Mr. Nance communicated that his timeline is to finish the EA by March, 2007.

Ms. McCrory asked Acting Manager Ushigome if all the permitting is done by April, 2007, could the tank construction be done by December, 2008? Acting Manager Ushigome stated that theoretically yes as construction typically takes about 18 months.

On query by Mr. Fujimoto if the timeline of the zoning process is realistically 3 months, Mr. Costa and Ms. Nishimitsu both stated that the process is normally expedited for government facilities.

Mr. Costa suggested to Mr. Singleton to work the EA and use permit concurrently to expedite the process. He could work on getting both the final EA comments and the FONSI to work with the closing of the public hearing.

Mr. Fujimoto reiterated his question on why is it that this matter is brought to the Board on the bond for the remaining FRC when this is a multimillion dollar project. Mr. Singleton stated that there is a cash flow problem now and he would have to come up now with about \$300,000 for the FRC; therefore, it was proposed that the approximately \$168,000 money, the initial payment to Mr. Nance for the design of the tank be used as part of his FRC fee and the balance owed for the \$300,000 FRC be bonded, if the Board approves the concept. (This would be deducted from the FRC offset financial calculation that Mr. Singleton would be owed by the DOW as part his contribution to the completion of Stable Tank.)

Mr. Fujimoto reiterated that the Board has approved 400 affordable housing units in the area based on the time frame of the completion of this tank; and since he has committed to the work, the DOW is relying on Mr. Singleton to finish the project. Mr. Fujimoto wanted to impress upon Mr. Singleton, the importance of the completion of the tank and wanted some assurance that the tank will be done. He would not want to give Mr. Singleton the water meter for the WBR project and for some reason the tank does not get done.

Mr. Singleton stated that all he is asking the Board is to use the money that was paid to Mr. Nance as his part of his FRC payment

After much discussion, Mr. Fujimoto suggested that Mr. Singleton bond all of the balance of the FRC, which is about \$301,000. He felt that it would not be too much more expensive to increase the bond to \$301,000 then we can settle the difference when the project is done. Mr. Fujimoto felt this would be an incentive for Mr. Singleton to complete the project to recover his bond. Mr. Singleton concurred.

Mr. Shibata moved to approve the staff's recommendation to bond the balance of the FRC charges, seconded by Ms. McCrory.

It was re-confirmed that all Mr. Singleton needed was to submit the revised bond for the balance of the FRC charges plus the DOW would need to sign off the tracings for the tank in order to get his water meter.

Motion was carried.

Mr. Singleton requested timeliness on the DOW's review of the EA. The Board thanked Mr. Singleton. Mr. Singleton, Ms. Nishimitsu and Mr. Chang left the meeting at about 11:50 a.m.

Recess: 11:52 a.m. to 12:05 p.m.

Re: Discussion and Action Steps concerning: 1) Selection Process for new Manager and Chief Engineer of the Kaua'i County Water Department and 2) Action Steps to Increase Water Manager's Salary

Acting Manager Ushigome reported that based on the discussion at the July Board meeting, the Department re-drafted and re-advertised the Manager's recruitment ad in all the major newspapers of general circulation within the State. The job ad was revised to include the government service benefits associated with the appointed position. The deadline to submit applications was noticed as Friday, September 29, 2006. Similar to the previous solicitations, we also placed the job announcement in the September issue of the engineering Wiliki newsletter and on the websites of AWWA Hawaii Section, UH Alumni, HWEA and the Department of Water.

The job announcement will be placed in the newspapers on Sunday, August 13th. Additionally, the ad will run in the Honolulu Star Bulletin on Friday, August 18th; and Mid-Week magazine on Wednesday, August 16th and Friday, August 18th. Finally, an additional reminder ad will be placed in the Honolulu Star Bulletin on Sunday, September 3rd, approximately 3 weeks prior to the deadline.

Re: Actions Steps to Increase Water Manager's Salary

She further reported that the following is an update on the various avenues the Board is exploring to increase the Water Manager's salary:

- Amending Section 3-1.2 of the Salary Ordinance

As noted under Item E.2, the Mayor has consulted with the County Attorney on how to handle the salary increases for the Water Manager and Chief of Police. She had submitted a legal opinion, which is confidential. We inadvertently erred in listing the County Attorney's legal opinion as part of Correspondence and should not have been on this Board Meeting's agenda.

- Charter Commission

The dates for future Kauai County Charter Commission meetings are as follows:

August 23, 2006
September 6, 2006
September 20, 2006

In case you are interested in checking further the Charter Commission's meetings and minutes, you can go on the Internet and go to the County's website "kauai.gov" and look for Boards and Commissions and then click on Charter Commission.

A copy was given to the Board on their sponsored amendment, Proposal No. 5: Changes Salary Commission's Salary Setting Authority

Ms. McCrory discussed that she had personally hired Mr. Gary Slovin, Esq. with Goodsill to research the Hawai'i Revised Statutes and the County Charter to check on how the DOW Manager's salary could be increased by the Board. He produced a letter to County Attorney Lani Nakazawa and Ms. McCrory dropped it off at her office only last week Friday so she probably did not get a chance to read it yet. Once she knows what the letter is about, she will inform the rest of the Board.

On query by Mr. Fujimoto, Ms. McCrory stated that the Honolulu Board of Water Supply has an existing ordinance that allows the Board to set the Manager's and Deputy Manager's salaries.

Re: Request Board Approval for Additional Funding for an Amended Contract with R.W. Beck, Inc. and the Kaua'i Water Department for their Strategic and Business Plan and Water Plan 2020 Program Sustainability Services

Recommendation:

It was recommended that the Board approve Amendment No. 1 to the professional services contract for Strategic and Business Plan and Water Plan 2020 Program Sustainability Services with R.W. Beck, Inc. for \$58,000.00 plus a 5% contingency of \$5,000.00 for a total of \$63,000.00.

Amendment No. 1 includes additional services to develop and prepare Water Board Governance Policies and an additional work session with the Core Planning Team (CPT). In addition, the Board requested RW Beck assistance in conducting an independent audit utilizing a consulting firm to conduct an operational process assessment as related to time entry and reporting procedures within the Department of Water.

It was further recommended that the Board approve the additional funding of \$46,000 from Account No. 106B, CIP Reserve.

Funding:

Contract No. 463, R.W. Beck, Inc., Total Funds Certified	\$355,000.00
Contracted Amount.....	<u>(\$338,000.00)</u>
Total funds available.....	17,000.00

Amendment No, 1

1. Board Governance Policies	(\$ 38,000.00)	
and Additional CPT Session		
5% Contingency.....	<u>(\$ 2,000.00)</u>	<u>(\$ 40,000.00)</u>
2. Time Entry Process Assessment.....	(\$ 20,000.00)	
15% Contingency.....	<u>(\$ 3,000.00)</u>	<u>(\$ 23,000.00)</u>

Additional Funds Requested, Account 106b CIP Reserve..... (\$ 46,000.00)

Background:

Item No. 1 - The Board requested RW Beck, Inc. provide additional services and compensation related to the development and preparation of Water Board Governance Policies. The task is to prepare a set of governance policies for the Board of the County of Kauai Department of Water that will include, but not limited to:

- Establishing the Water Board's objectives, roles and responsibilities;
- Identifying existing policies and enacting authority from the State of Hawaii and/or County of Kauai that may impact future board policies, and;
- Identifying governance issues that may be specific to Kauai.

In addition, the Board approved an additional CPT work session to provide additional time needed to develop implementation tactics associated with moving the Strategic and Business Plan forward.

The Department is negotiating RW Beck's scope of service and fee proposal for Item No. 1 – Water Board Governance Policies. Attached is a draft amendment to the professional

services contract for the Strategic and Business Plan and Water Plan 2020 Program Sustainability Services.

Item No. 2 – The Board requested RW Beck, Inc. provide a proposal to manage and conduct an independent audit utilizing a consulting firm to conduct an operational process assessment as related to time entry and reporting procedures within the Department of Water.

Again, the Department is negotiating RW Beck's scope of service and fee proposal for Item No. 2 – Operational (Time Entry) Process Assessment. Attached is a scope of services and proposal from Moss-Adams LLP for conducting an independent "third party" audit for the Kauai Department of Water.

Acting Manager Ushigome stated that it may have been premature to ask for funding for Moss-Adams as she has discussed this with RW Beck and they decided to hold up on this until a customized scope of services could be made specifically for the DOW.

Finally, at the August Special Board meeting for affordable housing projects, the Board instructed the Department to proceed with trying to expedite the construction and completion of the WP2020 projects which supported the affordable housing development of the 4 State projects. The Board instructed the Department to prioritize the following WP2020 projects:

- Construct Kapilimao 0.5 MG Tank in Kekaha
- Rehabilitate the former AMFC Shaft 11 in Kekaha
- Construct Kapaa Homesteads 0.5 MG Tank at Makaleha Tank site
- Rehabilitate the Akulikuli Tunnel

The Board discussed utilizing the design-build process to expedite the completion schedule in order to meet the December 2008 Housing Agency's timeline. The Board also expanded the suggestion to hire a consultant through the Request for Qualifications (RFQ) process to actually do our procurement and design-build documents.

Based on further research and advisement, under Task 1 of the existing RW Beck professional services contract for the Strategic and Business Plan and Water Plan 2020 Program Sustainability Services, the Board could direct and task RW Beck with prioritizing and completing these four (4) WP2020 projects as part of their WP2020 program sustainability scope of services.

Ms. McCrory moved to approve staff's amended recommendation to cover costs for Amendment No. 1 on governance policies, seconded by Mr. Shibata; motion was carried.

Ms. McCrory added that she had verified with Deputy County Attorney Galen Nakamura that it was ok for the DOW to hire RW Beck to task them with 4 of our Water Plan 2020 projects as they are also task to assist us with Water Plan 2020 as a whole.

Ms. McCrory moved that Task 1 of Water Plan 2020 will be done by RW Beck and they will focus on constructing the 4 Water Plan 2020 projects listed above, seconded by Mr. Shibata; motion was carried.

Re: Resolution No. 1 (06/07), Budget for Fiscal Year 2006-07

Waterworks Controller Ganaden reported that this resolution is the final step in approving the Budget. The Budget was approved on June 6, 2006. He recommended that the Board approve Resolution No. 1 (06/07), Budget for Fiscal Year 2006-07. Waterworks Controller

Ganaden added that he had attached to the Budget a summary of the revisions that includes the encumbrances of all contract balances.

Ms. Sakoda moved to approve Resolution No. 1 (06/07), Budget for Fiscal Year 2006-07, seconded by Ms. McCrory; motion was carried.

Re: Resolution No. 2 (06/07), Mahalo and Aloha Lawrence “Larry” Taguma

Ms. Sakoda moved to approve Resolution No. 2 (06/07), Mahalo and Aloha Lawrence “Larry” Taguma, seconded by Mr. Costa; motion was carried.

As Mr. Taguma was the only employee receiving a resolution that was present at the meeting; therefore, his resolution was the only one that was read by Acting Manager Ushigome. He was also given a lei and took a picture with Board Chair Josephine Sokei and Acting Manager Ushigome.

Re: Resolution No. 3 (06/07), Mahalo and Aloha Joseph “Jay” Perreira

Ms. Sakoda moved to approve Resolution No. 3 (06/07), Mahalo and Aloha Joseph “Jay” Perreira, seconded by Mr. Costa; motion was carried.

Re: Resolution No. 4 (06/07), Mahalo and Aloha Terence Yoshida

Ms. Sakoda moved to approve Resolution No. 4 (06/07), Mahalo and Aloha Terence Yoshida, seconded by Mr. Costa; motion was carried.

Re: Request Board Approval for Funding of Training with the Hawai’i Employers’ Council

Recommendation:

It was recommended that the Board approve funding of \$10,000 for the Hawaii Employers’ Council membership dues from Account 27, Contractual Services.

Funding:

Account No. 27, Contractual Services:.....	\$10,000.00
TOTAL:	\$10,000.00

Background:

As discussed during the July Board Meeting, the Board approved the Department to submit the funding request for the Hawaii Employers Council (HEC) membership dues. The membership dues are comprised of a one-time \$500 affiliation due plus annual dues based on a rate of 0.00175 of the annual payroll of the Department.

HEC is a non-profit membership organization providing human resource management assistance and information in labor relations, government regulations, and management training to its members. The services, programs and training provided by the Hawaii Employers’ Council would be a useful resource for the Department.

Mr. Shibata moved to approve funding of \$10,000 for the Hawaii Employers’ Council membership dues from Account 27, Contractual Services, seconded by Ms. Sakoda.

To ensure that there is enough monies to register for the Hawai’i Employers’ Council plus to have supervisors’ training, Ms. McCrory suggested that the Budget be increased to \$12,500.

Mr. Shibata moved to amend his motion to approve funding of \$12,500 for the Hawaii Employers' Council membership dues and supervisory training from Account 27, Contractual Services, seconded by Ms. Sakoda.

Motions were carried.

Re: Job No. 06-02, Island Wide Road Patching, State, County and Private (Easements) Roadways, Island of Kauai

Mr. Bruce Inouye reported on the following:

Recommendation:

It was recommended that the Board award a contract to Niu Construction, Inc. in the amount of \$660,893.00 and approve a contingency of \$34,107.00 (approximately 5% of the bid price) for a total amount of \$695,000.00 for Job No. 06-02, Island Wide Road Patching, State, County and Private (Easements) Roadways, Island of Kauai.

Funding:

Account No. 47, Material and Supplies	\$1,000,000.00
Niu Construction, Inc.	<\$660,893.00>
5% Contingency	< 34,107.00>
Balance Remaining	<u><\$ 695,000.00></u>
	\$ 305,000.00

Background:

The work consists of asphaltic concrete repair work needed as part of the maintenance of waterlines, valves, service laterals and other water facilities at various locations on State highways, County roadways and private (easement) roadways on the Island of Kauai. The asphalt concrete repair work will be performed on an as-needed basis.

The Department received one bid for the subject project with bid opening on April 27, 2006.

Niu Construction, Inc. \$660,893.00

The lowest responsible bidder is Niu Construction, Inc. The bid was reviewed and found to be acceptable.

Mr. Costa moved to approve for the Board to award a contract to Niu Construction, Inc. in the amount of \$660,893.00 and approve a contingency of \$34,107.00 (approximately 5% of the bid price) for a total amount of \$695,000.00 for Job No. 06-02, Island Wide Road Patching, State, County and Private (Easements) Roadways, Island of Kaua'i, seconded by Mr. Shibata; motion was carried.

Re: Board's Request to Hire a Consultant to Assist in the Management of the DOW and to Hire a Contract Hire to Assist the Acting Manager

The Board of Water Supply, at its Tuesday, August 1, 2006 Special Meeting requested to have further discussion on the subject matter. There was no formal report but it was open for discussion at this Board Meeting.

The Board concurred that they want to assist the Acting Manager in any way in the interim while the recruitment process is going on to hire a permanent Manager. They know that she puts in long hours at the DOW, more so because of various vacancies in the Engineering

Division; therefore, they authorized that if the Acting Manager felt she needed help, she had the option available to her to hire a consultant or contract hire to assist her.

Chair Sokei requested that the personnel action that was done at the last meeting and its followup be deferred until the November, 2006 Board Meeting. She felt that more time was needed for all the Board members to review the packet that was compiled by Personnel Assistant Debra Togioka on the background of personnel actions. She also felt that it would be helpful to see what are the recommendations for improvement as a result of the Strategic Plan process?

Acting Manager Ushigome suggested that these 2 matters should be stated separately when it is brought back again on the agenda.

Re: Suggestions for Year 2007 Capital Improvement Projects (CIP) Submittal to the State Legislature

Acting Manager Ushigome reported that the DOW will be working on the Department's CIP projects to be submitted to the 2007 Session of the State Legislature for funding and asked for the Board's input for any project suggestions. Last year's (2006) CIP packet was given to the Legislature for information. The final CIP list should be on the October, 2006 Board Meeting for approval.

Ms. McCrory stated that we needed to submit projects that will support affordable housing.

On query by Mr. Fujimoto, Acting Manager Ushigome stated that the Department normally submits projects that would support State facilities and have a better chance of acquiring funds.

Ms. McCrory added that she will be looking into the possibility of hiring a lobbyist next year.

Re: Conveyance of Water Facility from Mark Magelssen and Liane Magelssen for the Installation of Single Service Lateral Alana Estates Condominium TMK (4) 3-7-06:032 Unit 2 Hanamaulu, Lihue, Kauai, Hawaii Project; TMK: 3-7-06:032 Unit 2 Hanamaulu, Lihue, Kauai, Hawaii

Mr. Shibata moved to approve the Conveyance of Water Facility from Mark Magelssen and Liane Magelssen, seconded by Mr. Fujimoto; motion was carried.

Re: Grant of Easement from Na 'Aina Kai Botanical Gardens for the Kilauea booster pump station, affecting portion of Lot L-12-K of the Wailapa Subdivision, TMK: (4) 5-1-05:023, Kilauea, Kauai, Hawaii

It was recommended that the Board approve the Grant of Easement document; whereby, Na 'Aina Kai Botanical Gardens grant to the Board of Water Supply, County of Kauai, an easement, Easement W-1, on, over and under that certain parcel of land located in TMK: (4) 5-1-05:23; Kilauea, Kauai, Hawaii, for the construction, installation, reinstallation, maintenance, repair and removal of a potable water booster pump station including booster pumps, piping, control building, electrical enclosures, fencing, telemetry and related equipment, together with the right of ingress and egress at any time to and from the said easement area with or without vehicles or other equipment as the Department of Water shall deem necessary for the proper operation of its water system. The easement is for a period of 35 years, which may be extended for an additional 35 years given a years notice prior to the expiration of the easement.

Additionally, the Board agrees to pay the grantor an annual rental fee of \$1,000.00 for the use of the easement area while the easement is in effect. It is recommended that funding for this annual rental fee be allocated from Account 27, Contractual Services.

Further, Board approval is specifically requested of the indemnification provision in this agreement, wherein the Board agrees to indemnify and hold harmless the Grantor from property damage and injuries to person (including death), when such damages and injuries are caused by the Department's negligence while using the area.

Mr. Shibata moved to approve the Grant of Easement from Na 'Aina Kai Botanical Gardens, seconded by Mr. Fujimoto; motion was carried.

Re: Conveyance of Water Facility from Island Self-Storage, LLC for the Construction Plans for Island Self Storage TMK (4) 3-3-13:054 Lihue, Puna, Kauai, Hawaii Project; TMK (4) 3-3-13:054 Lihue, Puna, Kauai, Hawaii

Mr. Shibata moved to approve the Conveyance of Water Facility from Island Self-Storage, LLC, seconded by Mr. Fujimoto; motion was carried.

Re: Conveyance of Water Facility from Grove Farm Land Corporation, a Hawai'i Corporation, for the Offsite Improvements for Future Costco Sites Project; TMK: (4) 3-3-10:048 & 051; Lihue, Kauai, Hawaii.

Mr. Shibata recused himself from voting due to a conflict of interest as he works at Grove Farm Land Corporation.

Ms. McCrory moved to approve the Conveyance of Water Facility from Grove Farm Land Corporation, seconded by Mr. Fujimoto; motion was carried.

Re: Conveyance of Water Facility from Grove Farm Land Corporation, a Hawai'i corporation, for the Relocation of Kokolau 12-Inch Waterline Project; TMK: (4) 3-3-10:048 & 051; Lihue, Kauai, Hawaii

Mr. Shibata recused himself from voting due to a conflict of interest as he works at Grove Farm Land Corporation.

Ms. McCrory moved to approve the Conveyance of Water Facility from Grove Farm Land Corporation, seconded by Mr. Fujimoto; motion was carried.

Re: Request Board Approval of Waiver, Release and Indemnity Agreement

RECOMMENDATION:

Currently, processing of the Waiver, Release, and Indemnity Agreements have been handled administratively by the Department. The use of the agreement and Manager's approval is on a case by case basis.

It was recommended that the Board review this standard agreement which includes an indemnification clause. The indemnification clause reflects and states, the applicant shall indemnify the Department of Water. Since the Waiver, Release and Indemnity Agreement includes an indemnity provision, establishing a Board policy allowing the Department to administratively grant approval for the use of the agreement may be appropriate.

FUNDING: Not Applicable.

BACKGROUND:

The purpose of this agreement is to have the applicant waive, release, and indemnify the Department of Water (DOW) from any and all liability for injuries or damages which may arise out of the fact that the County will be issuing and does issue a permit to the applicant for construction activities on the property although project water improvements have not been fully and finally approved and accepted as required by the Department of Water's Rules and Regulations.

In the past, the processing of Waiver, Release, and Indemnity Agreements have been handled administratively by the Department. Upon review of the standard conditions included in this agreement form, it was noted that the indemnification clause, requires the applicant to indemnify the Department of Water. Also, the Waiver, Release, and Indemnity Agreement requires the applicant to post a performance bond to the Department as security to guarantee the full completion of the water improvements for the project. A copy of the Waiver, Release, and Indemnity Agreement form was given to the Board for their review.

With the Board's concurrence to continue processing the Waiver, Release, and Indemnity Agreement administratively, the Department can include in the monthly Manager's Reports, a standard subject item listing the Waiver, Release, and Indemnity Agreement approved by the Manager during the month.

Mr. Costa concurred that it would be helpful to see the waivers that were signed on the monthly Manager's Update.

Ms. Sakoda moved to approve to establish a Board policy to allow the DOW to administratively grant approval for the use of the agreement whenever appropriate, seconded by Mr. Costa; motion was carried.

REPORTS

Re: Statement of Kaua'i County Water Department's Revenues and Expenditures

Received this report for the record.

Re: Manager's Update for July, 2006 to August, 2006

CONTRACTS AWARDED BY THE MANAGER: None

PUMP INSTALLATION PERMITS SIGNED BY MANAGER: None

Council Resolution 2006-26 Restructure of Water Department: On July 26th, Council introduced a resolution to restructure the Department of Water as an executive agency subject to the Mayor's executive management and Council's legislative oversight. The resolution passed first reading and is scheduled for Public Hearing on August 23, 2006 at 1:30 pm in the Council Chambers. Following the public hearing (on the same day), the resolution will be forwarded to Committee for further discussion.

The Department really appreciated Board member Lynn McCrory's quick, focused efforts to inform and address the Council members' questions. The Board should discuss any "next steps" items needed to defeat the resolution from going forward.

Ms. McCrory added that she had given copies to the Board of Letter No. 2 that she submitted to the Council on this matter. Letter No. 2 included a response that Mr. Gary Slovin, Esq. from Goodwill law firm needed to do more research on water reservations/rights for pending development.

Affordable Housing Project Update:

DR Horton/Schuler, Hookena building permits were signed on Friday, August 11, 2006. Grove Farm plan to finalize the waiver, release and indemnity agreement by the end of August.

As a reminder, the certificate of occupancy will not be issued until Grove Farm completes the design and construction of the Puhi 393 Tank booster pump and 16-inch mainline (beginning at the Kilohana 1.0 MG Tanks to Rapozo Crossing connection along Kaunualii Highway).

Kauai Lagoons, Courtyard at Waipouli: On-site construction plans are being reviewed by the Department, estimated approval in September; therefore, the building permits have not been signed. In addition, the facilities reserve charges have not been paid. If Kauai Lagoons wants the building permits prior to completing the project's water facilities (water and detector check meter installations, etc.), they will need to request entering into a Waiver, Release and Indemnity agreement (including submitting a performance bond for these improvements) with the Department.

Re: Request Board Approval of the Second Amendment to the Water Storage Facilities Development Agreement with Waipouli Beach Resort LLC for the Waipouli Beach Resorts and Spa, Zoning Permit Application Z-IV-2003-8, TMK: (4) 4-3-08:001 Waipouli, Kawaihau, Kauai, Hawai'i

Mr. Chris Singleton was present at the meeting again to show his diligence in submitting his corrected agreement. Mr. Singleton thanked the Board and left the meeting at about 12:45 p.m..

Re: Manager's Update for July, 2006 to August, 2006 (cont'd)

USGS Well Drilling Program Liquidation of Assets: The USGS has terminated its well drilling program and has left the drill rig and appurtenances at the Big Island's Panaewa Baseyard. Since the bulk of the drill rig equipment was "abandoned" on the Big Island, the Big Island Department of Water is proposing to be the lead agency responsible for the sale and distribution of proceeds to each of the three counties. A list of the items along with the suggested value of these items was sent to the Department for review.

Based on the review and inspection of the equipment, it was agreed that if any of the partnering counties (Big Island, Maui, and Kauai) wanted or could utilize any component of the drill rig equipment, then prior to auctioning off the items, allowing the partners to acquire the usable assets in this manner made sense. The remaining items would be sold and the proceeds from the sale (minus the suggested value of any piece of equipment received) would be divided among the three counties. Luckily, none of the counties wanted the same pieces of equipment.....the Department requested the welder and 40-ft storage container, the suggested value of these items were \$2,500 and \$3,500, respectively.

Again, the Big Island Department of Water Supply will prepare the specifications, advertise (statewide) for bids, and collect the payment from the highest bidder. The proceeds will be divided equally, and miscellaneous expenses associated with the sale of the drill rig shall be documented and shared equally among the three departments. The respective departments shall also be responsible to pay all shipping and related costs for the items they selected.

Received for the record.

Re: Report of the Public Affairs Committee of the Kaua'i County Board of Water Supply

This matter was already taken care of in Committee Meetings.

Re: Report of the Rules Committee of the Kaua'i County Board of Water Supply

This matter was already taken care of in Committee Meetings.

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

This matter was already taken care of in Committee Meetings.

Re: Strategic and Business Plan and Needs Assessment for the Kaua'i County Water Department

Acting Manager Ushigome reported that as part of our contract amendment to RW Beck's contract, RW Beck will be assisting the Department of Water with 4 projects. The projects are:

- Construct Kapilimao 0.5 MG Tank in Kekaha
- Rehabilitate the former AMFC Shaft 11 in Kekaha
- Construct Kapaa Homesteads 0.5 MG Tank at Makaleha Tank site
- Rehabilitate the Akulikuli Tunnel

As a reminder, RW Beck plans to conduct monthly updates with the Board to report on the progress of the Strategic and Business Plan. These monthly reports will summarize the outcome and findings of the various Core Planning Team (CPT) meetings; each of the monthly update sessions with the Board is anticipated to take about 2 hours. Please set aside from 10:00 a.m. to 3:00 p.m. on your calendar to accommodate the Board meeting and update/workshops with RW Beck's, unless otherwise notified. Tentatively, the Strategic and Business Plan updates should be complete by the November 2006 Board Meeting.

As reference in Agenda Item F.5, we requested additional funding to support an eleventh CPT meeting of the Strategic Business Plan and Needs Assessment Study. The final CPT meeting date has been set and the following are the upcoming CPT meeting dates:

August 16, 2006	October 4, 2006
August 30, 2006	October 18, 2006
September 20, 2006	November 1, 2006 (added date)

Mr. Jochim gave a summary of what the Core Planning Team (CPT) has accomplished so far. The process includes the following in sequence:

1. Issue: A problem, concern or challenge that DOW must address.
(the CPT will be working on 5 key issues.)
2. Goal: How DOW will know when an Issue has been resolved.
3. Strategy: How an Issue will be resolved.
4. Values: Attributes that are fundamental to the way we conduct business.
5. Core Work Functions: A work activity that DOW must perform to "keep the lights on."
6. Short-Term Wins: Those actions that can be implemented immediately.
7. Stop-Doing List: Actions that the organization should discontinue or possibly outsource.

At the last CPT Meeting, they also looked at the DOW's existing Table of Organization (TO) and identified strengths and weaknesses and derived some good ideas on how to re-work the TO, which may make things more efficient. The CPT will be reporting on their TO recommendations at an upcoming Board Meeting.

The CPT has also reviewed the core values and will be finalizing it soon and will bring it to the Board soon.

Mr. Jochim also reported that there were a series of All Hands Meetings with all of the DOW to keep them abreast of the happenings of the Strategic Plan. In addition, a newsletter called "The Flow" was designed by Lynn Adams of RW Beck, Wynne and Faith to keep the staff informed of the results of each of the CPT Workshops. The success of the plan is having all of the staff on board and understanding what the CPT is doing and how it impacts them. He added that suggestion boxes were also made available to the staff so their input can be included in the process and which would emphasize that their input is important.

Re: TOPICS FOR NEXT WATER BOARD MEETING

1. Board's Finance, Public Affairs, and Rules Committee Meetings

Re: TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Board's Finance, Public Affairs, and Rules Committee Meetings
2. Kauai County Water Department Briefing on Departmental Projects (October, 2006)
3. Kaua'i County Water Department's Final list of CIP Projects for which funding is requested from the 2006 Hawai'i Legislature (October, 2006)
4. Approval of Board's Resolution No. 2, Legislative Budget for Fiscal 2007-08 (October, 2006)
5. Quarterly Report regarding Kaua'i County Water Department Manager's Top 4 Goals for 2006
6. Tentative Water Board Meeting Dates for the Year 2007 (November, 2006)

Re: NEXT WATER BOARD MEETINGS

1. Tuesday, September 19, 2006, 10:00 a.m.
2. Tuesday, October 17, 2006, 10:00 a.m.
3. Tuesday, November 21, 2006, 10:00 a.m.

Re: WATER BOARD'S UPCOMING EVENTS

1. Department of Water's Make-A-Splash Festival (September 22, 2006)
2. Hawai'i Water Works Association Conference (October 11-13, 2006)

Re: EXECUTIVE SESSION

Pursuant to Hawaii 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).

1. **Review of Executive Session Minutes - None**
2. **Executive Session**

ES-1: Pursuant to Haw. Rev. Stat. §§92-4, 92-5(a)(4), the purpose of this executive session is to permit the Board of Water Supply to deliberate upon and consult with the Board's legal counsel on questions and issues relating to any topics on this Board Meeting agenda.

This consultation involves consideration of the powers, duties, privileges, immunities, and/or liabilities of the Board and the Department of Water as they relate to this agenda item.

The Board may take any appropriate action or make any decision arising from its deliberations concerning this item, including approval or modification of the proposed settlement in this case. Actions may be taken or decisions may be made in executive session pursuant to Haw. Rev. Stat. §92-5(b).

There was no Executive Session Meeting.

ADJOURNMENT

There being no further business, Mr. Costa moved to adjourn the meeting at 1:03 p.m., seconded by Mr. Fujimoto; motion was carried.

Respectfully submitted,

Rona Miura, Secretary

APPROVED:

Wynne M. Ushigome
Acting Manager and Chief Engineer

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