

REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, August 20, 2009

The Board of Water Supply, County of Kaua'i, met in regular meeting at its office in Lihu'e on Thursday, August 20, 2009. Vice Chairperson Randall Nishimura called the meeting to order at 10:06 a.m. On roll call, the following answered present:

BOARD: Mr. Randall Nishimura, Vice Chairperson
Mr. Dee Crowell
Mr. Donald Fujimoto (*present at about 10:12 a.m.*)
Mr. Raymond McCormick
Mr. Roy Oyama

Absent & Excused: Mr. Leland Kahawai, Chairperson
Mr. Ian Costa

STAFF: Mr. David Craddick
Mr. Paul Ganaden
Mr. Gregg Fujikawa
Mr. William Eddy
Mr. Keith Fujimoto
Mr. Bruce Inouye
Ms. Faith Shiramizu
Deputy County Attorney Amy Esaki (*present at about 10:16 a.m.*)

AGENDA

Vice Chair Nishimura stated that the New Business, Item G1, *Request to Testify by Robert Goldberg, Esq. of Hale and Goldberg Law Firm, Regarding Nalu Investment LLC aka The West Inn, Six-Unit Hotel Project, Z-IV-2005-20, TMK: 1-6-08:010, Lot M-1, Waimea, Kaua'i*, will be taken off the Agenda as requested by the applicant, per their letter to the Board dated August 19, 2009 via his attorney, Robert Goldberg.

There were no objections to the Agenda as modified.

MINUTES:

Regular Meeting: July 16, 2009:

Mr. Crowell moved to approve the Regular Meeting Minutes of July 16, 2009, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

CORRESPONDENCE:

Re: Letter from Kaua'i Water Board to Virginia Kapali, Chair of the County Salary Commission in Response to their Request for an Opinion Regarding the Mayor's Request to Defer the Administrative Salary Increase

Mr. Crowell moved to receive this Correspondence, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

Re: Letter Dated August 19, 2009 from Robert Goldberg, Esq. for the Nalu Investment LLC aka The West Inn, Six-Unit Hotel Project, Z-IV-2005-20, TMK: 1-6-08:010, Lot M-1, Waimea, Kaua'i (at meeting)

This letter was received from Mr. Goldberg the day before this Board Meeting to withdraw their request to testify at this meeting.

Mr. Oyama moved to receive this Correspondence from Mr. Goldberg, seconded by Mr. Crowell; by a unanimous vote, motion was carried.

Re: Hawai'i Water Works Association (HWWA) Annual Conference Invitation
(at meeting)

Mr. Crowell moved to receive this Correspondence, the HWWA Conference Invitation, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

Mr. D. Fujimoto was present at the meeting at about 10:12 a.m.

OLD BUSINESS:

Re: Job No. 02-15, WK-28, Wailua Houselots Main Replacement, Kauai, Second Contract Amendment with R.M. Towill Corporation

RECOMMENDATION: It was recommended that the Board approve the second contract amendment for Contract No. 403 with R.M. Towill Corporation in the amount of \$128,813.00, for:

1. Updating and completing the work that was placed on hold in July 2007.
2. The design to replace the 12" and 6" waterlines along portions of Haleilio Road.

It was further requested that the Board allocate \$40,953.00 from Account 106b, CIP Reserve to fund the contract amendment.

FUNDING:

Contract No. 403, R.M. Towill Corporation Job
No.

02-15, WK-28, Wailua Houselots Main Replacement.....\$307,719.00

Amendment #1<\$ 87,860.00> to be deleted.

Amendment #2 \$128,813.00

Revised Amendment Cost, Account No. 106b, CIP Reserve \$ 40,953.00

Total Project Budget\$348,672.00

BACKGROUND:

The existing 12-inch concrete cylinder and 6-inch cast iron pipe is beginning to be a maintenance problem due to their age and complex nature of the pipe construction. Additionally, the connections of the proposed pipeline replacements to these pipes make the construction complex, requiring specialized labor to fabricate the fittings and the installation, which will undoubtedly increase the construction cost. The

replacement 8" ductile iron pipe will replace the aging pipeline and eliminate the complex piping along that approximately 1,900 feet section of Haleilio Road.

The revised project scope will be:

- 1,650 Linear Feet of 8-Inch Ductile Iron Pipe along Eggerking Road.
- 1,660 Linear Feet of 8-Inch Ductile Iron Pipe along Lanakila Road.
- 1,650 Linear Feet of 8-Inch Ductile Iron Pipe along Hookipa Road.
- 1,410 Linear Feet of 8-Inch Ductile Iron Pipe along Kamokila Road.
- 1,420 Linear Feet of 8-Inch Ductile Iron Pipe along Makani Road.
- 320 Linear Feet of 8-Inch Ductile Iron Pipe along Wailana Road.
- 150 Linear Feet of 2½-Inch PVC Pipe along Wailana Road.
- 390 Linear Feet of 8-Inch Ductile Iron Pipe along O'o Road.
- 390 Linear Feet of 8-Inch Ductile Iron Pipe along Pua Road.
- 1,150 Linear Feet of 8-Inch Ductile Iron Pipe along Kula Road.

Amendment #2:

- 1,900 Linear Feet of 8-Inch Ductile Iron Pipe along Haleilio Road (between Makani and Eggerking Roads).

The Board approved the contract Amendment No. 1 for the request to update and complete the project at its May 21st meeting; however we would like to consolidate that work with the above additional work. (Contract Amendment No. 1 for \$87,860.00 will be voided upon approval of this Amendment No. 2.)

Further, it was estimated that the consultant will need approximately 180 calendar days from the notice to proceed for the contract amendment to complete the project. The Department anticipates that the consultants should be able to complete the design by March 1, 2010 subject to timely reviews by the Department of Water and the other governmental agencies.

The Department has reviewed R.M. Towill Corporation, the project consultant's proposal of \$128,813.00 for the design of the 8-inch main along Haleilio Road and to complete the work, which appeared reasonable.

Mr. Oyama moved to approve the second contract amendment for Contract No. 403 with R.M. Towill Corporation in the amount of \$128,813.00 and further approved the allocation of \$40,953.00 from Account 106b, CIP Reserve to fund the contract amendment, seconded by Mr. D. Fujimoto; by a unanimous vote, motion was carried.

Re: Job No. 03-02, HW-02, HW-03, Facilities Renovation at various DOW sites, Wainiha-Haena Tank, Third Contract Amendment

RECOMMENDATION: It was recommended that the Board approve the third contract amendment with Brown and Caldwell, consultants for this project for the following work:

1. Revise the design of the 8" ductile iron replacement waterline approximately 550 feet in length approved with the second contract amendment with a 12-inch main and

2. Design an additional 4” ductile iron replacement waterline approximately 450 feet in length for the future well transmission main.

It was further recommended that the Board reallocate \$17,095.00 from Account No. 106B, CIP Reserve, to fund the balance required.

FUNDING:

Total Fund Available	\$381,511.00
Contract No. 428, Brown and Caldwell Job No. 03-02, Renovations at the Wainiha Steel Tank.....	\$322,182.00
Amendment #1.....	\$ 31,719.00
Amendment #2.....	\$ 27,610.00
Amendment #3.....	\$ 17,095.00
Total Required	<\$398,606.00>
Balance Required, Account No. 106B, CIP Reserve	<\$ 17,095.00>

BACKGROUND:

After further review of the 8-inch size for the pipeline replacement, it has been determined that installing a 12-inch now will avoid replacing it in the future to provided for full transmission capacity from the tank.

We have determined the location for the proposed Wainiha Well #4 to be next to the existing booster pump site. The installation of the transmission line to the tank before the construction of the concrete access road will avoid cutting and patching the new road at the time for the well development.

The project consultants, Brown and Caldwell submitted a proposal of \$17,095.00 for the work, which appears reasonable.

Mr. Crowell moved to approve the third contract amendment with Brown and Caldwell, consultants for this project for the following work: 1) Revise the design of the 8” ductile iron replacement waterline approximately 550 feet in length approved with the second contract amendment with a 12-inch main; and 2) Design an additional 4” ductile iron replacement waterline approximately 450 feet in length for the future well transmission main and to further approve the reallocation of \$17,095.00 from Account No. 106B, CIP Reserve, to fund the balance required, seconded by Mr. D. Fujimoto; by a unanimous vote, motion was carried.

Recess: 10:15 – 10:16 a.m. to convene the Finance Committee Meeting. Deputy County Attorney Amy Esaki was present at the meeting at about 10:16 a.m.

NEW BUSINESS

Re: Request Board Approval of Resolution No. 1 (09/10) Adoption, Pertaining to State Revolving Fund (SRF) and American Recovery and Reinvestment Act of 2009 (ARRA) Funding for DW400-0002 Job 04-04, PLH-09, Pipeline Replacement for Lihue Town; DW406-0007 Job 05-01, KW-16, Waimea Main Replacement and DW406-0002 Job No. 02-03, KW-14, Waimea Canyon Drive Main Replacement

Recommendation:

It was requested that the Board approve and adopt Resolution No. 1 (09/10). This resolution is required to complete Drinking Water State Revolving Fund (DWSRF) and American Recovery and Reinvestment Act (ARRA) loan agreements for the various projects listed. The loan agreements are between the Board of Water Supply and the State Department of Health.

Mr. D. Fujimoto moved to approve Resolution No. 1(09/10), seconded by Mr. Crowell.

Manager Craddick discussed that if the DOW does not get ARRA funds that our backup plan would be to seek DWSRF funds. Ms. Shiramizu also explained that this resolution needs to be done and in place in order for the DOW to get any of the ARRA funding. She added that there are 3 projects on this resolution in case ARRA monies are available to fund all three and to note that we already have another resolution in place in case if we have to instead seek DWSRF Funding. We want to cover our bases to ensure that these projects do get some type of funding expeditiously.

Manager Craddick stated that there is a good chance to get ARRA funds for our Lihue Town project; however, funding for our Waimea Main project is questionable. He is still hoping that if the DOW does not get ARRA funds for our Waimea Main project that we possibly could still get some funding if one of the other islands turns down their share of the ARRA funds.

By a unanimous vote, motion was carried.

Re: Resolution No. 2 (09/10), Budget for Fiscal Year 2009-10

Mr. D. Fujimoto moved to approve Resolution No. 2 (09/10), which formally approves the final budget for Fiscal Year 2009-10 that was approved at the June 25, 2009 Board Meeting, seconded by Mr. Crowell; by a unanimous vote, motion was carried.

Re: Request Board Approval to Receive and Expend Funds from the American Resort Development Association (ARDA) for the 2009 Make a Splash, Project WET Water Festival

Recommendation:

The Board's approval was requested to receive and expend funds in the amount of \$3,000.00 from the American Resort Development Association. These funds have

been offered as part of their community outreach projects and will be used for purchases supporting the 2009 Make a Splash, Project WET Water Festival.

Mr. D. Fujimoto moved to approve the receipt and expending \$3,000 from ARDA for the Project WET Water Festival, seconded by Mr. Crowell; by a unanimous vote, motion was carried.

Recess: 10:22 a.m. to 10:24 a.m.

Re: Request Board Approval for the Department to Pursue Legislative Action to Revise Hawai'i Revised Statutes (HRS) 54-25, Disbursement of Fund

RECOMMENDATION:

It was recommended that the Board approve changes to HRS 54-25 to allow delegation of authority for disbursement of funds.

FUNDING: N/A

BACKGROUND:

Existing Language:

Haw. Rev. Stat ("H.R.S.") 54-25 Disbursement of Fund, states that "the County Treasurer shall disburse all monies of the board of water supply only upon warrants issued by the county auditor on vouchers signed by the chairperson or acting chairperson of the board."

(The language here is somewhat dated and the process followed is the County Finance Director signs checks for invoices approved by the Board. The reason this is done is because BWS funds are held by the County.)

The change to HRS 54-25 requested would allow the Board to prescribe its powers and duties to the Manager.

Proposed Language:

Haw. Rev. Stat ("H.R.S.") 54-25 Disbursement of Fund, states that "the County Treasurer shall disburse all monies of the board of water supply only upon warrants issued by the county auditor on vouchers signed by the chairperson or acting chairperson of the board. The Manager and Chief Engineer shall have power and duties prescribed by the Board regarding disbursement of funds."

If approved, we will work with the other water Boards, our County Attorney's Office, State Legislature and Governor to get this approved.

Vice Chair Nishimura entertained a motion on this item.

Mr. D. Fujimoto moved to approve to have the DOW work with government officials to change legislation of HRS 54-25 to allow delegation of authority for disbursement of funds, seconded by Mr. Crowell.

On query by Mr. D. Fujimoto, Manager Craddick stated that this would eliminate the burden for the Board to review the monthly bills, "Claims Payable" and to have the Chairperson sign all of the Claims Payable that the Department pays as part of the Finance Committee Meeting. He stated that all payments are for items that were already approved in the annual budget. Manager Craddick added that the other water departments have their director/manager sign. From what he understood why our present procedure is in place, was to ensure that the County does not spend the DOW's monies without our approval. Manager Craddick felt that having the Manager sign the Claims Payable would still accomplish the original intent.

Manager Craddick added that often times, there is a delay in payments to our vendors and contractors because the Board meets once a month and the Board has to approve and sign the Claims Payable first before checks are processed and payments sent.

Manager Craddick discussed that if this legislative action passes, then he would return to the Board to request the Board's approval to delegate the authority to oversee and sign the Claims Payable.

Manager Craddick added that he would work with the other water departments to verify if they have any objections or not, our County Attorney's Office, the Mayor's Office, Kaua'i County Council, etc.

Deputy County Attorney Esaki concurred that it was best to go the legislative route and change the statute.

By a unanimous vote, motion was carried.

Re: Job Performance Evaluation of the Manager and Chief Engineer

The Board Secretary reported that a reminder from Personnel Director Malcolm Fernandez was received to ensure that Job Performance Evaluations of all executive non-elected appointees were done and needed to be submitted to his office by October 31, 2009.

The Board discussed that since Manager Craddick started only on May 22, 2009, they would not have enough time to evaluate him.

Vice Chair Nishimura entertained a motion that this matter be deferred to the next Board Meeting and that a letter be drafted to the Department of Personnel Services (DPS) to request foregoing a job performance evaluation of Manager Craddick since he has been on board for only 3 months.

Mr. D. Fujimoto moved to approve the deferral of the Manager's evaluation and that a request letter to be drafted to DPS, seconded by Mr. Crowell; by a unanimous vote, motion was carried.

Re: Conveyance of Water Facility from Tito R. Gano and Marina B. Gano, for the Installation of 2nd Single Service Lateral for Lot 7, TMK: (4) 3-7-05:096, Lihue, Kauai, Hawaii

It was recommended that the Conveyance of Water Facility document be approved; whereby, Tito R. Gano and Marina B. Gano, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to: one (1) each, 1-inch copper single service lateral for 5/8" water meter, in place complete, for the Installation of 2nd Single Service Lateral for Lot 7, TMK: (4) 3-7-05:096, Lihue, Kauai, Hawai'i.

Grant of Easement is not required.

Mr. Crowell moved to approve the Conveyance of Water Facility from Tito and Marina Gano, seconded by Mr. D. Fujimoto; by a unanimous vote, motion was carried.

Re: Conveyance of Water Facility from Michael Lombardi, Trustee of the Michael Lombardi Revocable Living Trust under unrecorded Trust Agreement dated April 7, 1992; for the Phase II Waterline Extension for Hauiki Estates Subdivision (S-2003-25), TMK: (4) 4-4-03:155, Waipouli, Kawaihau District, Kauai, Hawaii

It was recommended that the Conveyance of Water Facility document be approved; whereby Michael Lombardi, Trustee of the Michael Lombardi Revocable Living Trust under unrecorded Trust Agreement dated April 7, 1992; transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to:

Waterline:

- 514 lineal feet of 6" C900 PVC Pipe
- 1 Ea. 2 ½-inch Copper Quintuple Service Lateral for 5/8" water meters
- 1 Ea. Fire Hydrant Assembly w/ 1-4 ½" & 1-2 ½" outlet
- 1 Ea. 1-inch Copper Single Service lateral for 5/8" water meter
- 2 Ea. 6" Gate Valve, Including C.I. Valve Box and Cover

in place complete, for the Phase II Waterline Extension for Hauiki Estates Subdivision (S-2003-25), TMK: (4) 4-4-03:155, Waipouli, Kawaihau District, Kauai, Hawaii.

Mr. Crowell moved to approve the Conveyance of Water Facility from Michael Lombardi, seconded by Mr. D. Fujimoto; by a unanimous vote, motion was carried.

Re: Conveyance of Water Facility from Kimo M. Keawe & Robyn K. Keawe and Kamuela M. K. Mokuahi and Amber K. Mokuahi for the 2nd Water Meter Plan Servicing Lot 8, Unit 2, TMK: (4) 4-2-22:050, Kawaihau District, Kauai, Hawaii

It was recommended that the Conveyance of Water Facility document be approved; whereby, Kimo M. Keawe & Robyn K. Keawe and Kamuela M. K. Mokuahi and Amber K. Mokuahi, transfer unto the Board of Water Supply, County of Kauai, all of

its right, title and interest to: one (1) each, 1-inch copper single service lateral for 5/8" water meter, in place complete, for the 2nd Water Meter Plan Servicing Lot 8, Unit 2, TMK: (4) 4-2-22:050, Kawaihau District, Kauai, Hawaii.

Grant of Easement not required.

Mr. Crowell moved to approve the Conveyance of Water Facility from Kimo M. Keawe & Robyn K. Keawe and Kamuela M. K. Mokuahi and Amber K. Mokuahi, seconded by Mr. D. Fujimoto; by a unanimous vote, motion was carried.

Re: Conveyance of Water Facility from Robert A. Ludington, Theresa A. Ludington, Franklin Pascua, and Ma Theresa Pascua for the Water Service Installation for Lot 124, Unit 2, TMK: (4) 3-6-20:035, Lihue, Kauai, Hawaii

It was recommended that the Conveyance of Water Facility document be approved; whereby, Robert A. Ludington, Theresa A. Ludington, Franklin Pascua, and Ma Theresa Pascua, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to: one (1) each, 1-inch copper single service lateral for 5/8" water meter, in place complete, for the Water Service Installation for Lot 124, Unit 2, TMK: (4) 3-6-20:035, Lihue, Kauai, Hawaii.

Grant of Easement not required.

Mr. Oyama moved to approve the Conveyance of Water Facility from Robert A. Ludington, Theresa A. Ludington, Franklin Pascua, and Ma Theresa Pascua, seconded by Mr. Costa; by a unanimous vote, motion was carried.

REPORTS

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

Waterworks Controller Ganaden gave the following financial update for Fiscal Year 2009.

- For Water Sales consumption, as compared to 2008, water consumption for fiscal year 2009 was basically 256 million gallons less, which is about a 6% decrease, which translates to approximately \$1.5 million less than projected.
- Water Sales & Service Charge Revenues amounted to \$17.8 million, as compared to FY 2008 of \$17.0 million. Revenues were approximately at the same levels, although there was an increase in water rates.
- Total operating expenditures for FY 2008 amounted to \$17.1 million and for FY 2009, \$16.5 million, which is \$0.6 million less. This is primarily a result of Pump/Electrical cost being \$400,000 less and the cost to purchase water being \$300,000 less, which totaled \$700,000. These decreases probably correlate to the decrease in consumption.

- For Capital expenditures for capital projects, including the FRC and Bond Fund, we expended \$12.1million as compared to the \$7.6 million for FY 08 of \$7.6 million, which is an increase of \$4.6 million.
- Cash balance: The beginning cash balance of \$15.2 million has decreased to \$9.0 at the end of the fiscal year, which is a decrease of \$6.2 million. However, there is approximately \$5.2 million expended for capital projects that is eligible for SRF reimbursements, which would then bring back the cash balance to \$14 million.

On query by Mr. D. Fujimoto, Waterworks Controller Ganaden added that net income projections, with depreciation, we should be about breaking even.

On query by Manager Craddick, Waterworks Controller Ganaden stated that all monies that were invested in Fannie Mae, etc. are all safe as it had to be insured or collateralized.

Mr. D. Fujimoto moved to receive the Statement of Kaua'i County Water Department's Revenues and Expenditures report and placed it on file, seconded by Mr. Crowell; by a unanimous vote, motion was carried.

Re: Public Relations Specialist's Monthly Update Regarding DOW Public Relation Activities

Public Relations Specialist Faith Shiramizu gave the following report:

Re: Public Relations Update

ARRA: The first of our two ARRA projects, 04-04, PLH-09, Pipeline Replacement for Lihue Town bids opening took place on July 9, 2009; the project was awarded to Cushnie Construction Company Inc. with contract signed and in place by July 16, 2009 and NTP issued on July 28, 2009. The Pre-Construction Meeting was held on August 10th and a Public Information Meeting is scheduled for Monday, August 24, 2009 at 6:00 pm at the Lihue Christian Church Social Hall. Construction is scheduled to run from September 1, 2009 through April 19, 2010. All ARRA Interim Loan Agreements are still being drafted at the DOH.

The second of our two ARRA projects, 05-01, KW-16, Waimea Main Replacement, bid opening was held on August 6th, with the two lowest bidders being disqualified. The contract with Goodfellow Brothers is being routed for signatures.

SRF: Interim/Final Loan Agreements for Kaumuali'i Highway 12 inch Main Replacement and Waha, Wawae, Niho Roads Main Replacement are being routed for signature. DOH will start working on the Interim Loan Agreement for Pipeline Replacement, Kapa'a Homesteads project once they have the ARRA Draft Interim Loan Agreements in place.

Customer Survey: FAQ Hawai'i was awarded the contract to conduct our Telephone Customer Survey. The survey was started on August 6, 2009 and will be completed by the 26th and results and reports delivered to the department by August 31st. Ms. Shiramizu gave an update that our survey consultant made their last survey call last night and will be working on preparing a report for the Department.

Make a Splash: 2009 Make a Splash Water Festival is taking shape and will be held on Friday, September 18, 2009. Volunteers are being organized and schools notified and scheduled.

Mr. D. Fujimoto moved to receive the Public Relations Update and placed it on file, seconded by Mr. Crowell; by a unanimous vote, motion was carried.

Re: Acting Chief of Operations' Summary Report on Monthly Operational Maintenance

Mr. Eddy stated that our consultant has corrected and have the program running so he submitted a status report on our leaks.

Manager Craddick also stated that last month the overtime had decreased almost in half.

Mr. D. Fujimoto moved to receive the Acting Chief of Operations' Summary Report and placed it on file, seconded by Mr. Crowell; by a unanimous vote, motion was carried.

Re: Manager's Update for July, 2009 to August, 2009

CONTRACTS AWARDED BY THE MANAGER:

1. Solicitation GS-2009-3, Furnishing and Delivery of Fire Hydrants and Appurtenances

Low bidder was Hawai'i Irrigation Supply Company, Inc. (HISCO) for \$248,712.00
Furnishing and delivery of 200 fire hydrants with appurtenances

2. Job No.05-01, Water Plan 2020, Project KW-16, Waimea Main Replacement, Waimea Water System, Waimea, Kaua'i, Hawai'i

Lowest responsible bidder was Goodfellow Brothers Inc.

Funding:

Account 101b, CRP, Waimea Main Replacement	\$4,000,000.00
Goodfellow Brothers Inc.	\$2,884,376.00
Contingency, approx. 5%.....	\$ 143,624.00
Total	
<\$3,028,000.00>	
Balance: Acc. 101b, CRP, Waimea Main Replacement	\$ 972,000.00

PUMP INSTALLATION PERMITS SIGNED BY MANAGER: None.

WAIVER, RELEASE AND INDEMNITY AGREEMENTS SIGNED BY THE
MANAGER: None.

PERSONNEL MATTERS UPDATE: We got a subpoena for info on the investigation.

Affordable Housing Update:

The last Affordable Housing Task Force (AHTF) meeting was held on Monday, August 10, 2009 at Pi'ikoi Conference Room A, with the status of projects below.

Updates on AHTF Projects:

1. Habitat - Eleele I Luna Subdivision Phase 2 (106 lots): The developer will plans to receive final subdivision map approval for Phase 2, First Increment (6 lots) in November – December, 2009. Esaki is preparing the final maps. Dale Kua, Planning Department, advised the Housing Agency to inform the subdivider to coordinate the subdivision increments with the affected agencies. DOW was not contacted by Habitat or Esaki to date regarding the First Increment.
2. Kauai Lagoons – Courtyard at Waipouli: The Certification of Occupancy issuance by the County has not occurred and final building inspections are being conducted by the County. The project occupancy deadline was recently extended is August 17, 2009.
3. Kauai Lagoons – Kapule Project: Construction of several multifamily buildings is underway. DOW fire hydrant installation along Haoa Street is not completed.
4. Kukui'ula Employee Housing- "Gap" Housing subdivision and zoning permit: A standalone water master plans for the Employee project was re-submitted in February, 2009 to DOW. The water master plan is currently being reviewed by DOW.
6. Koheea Loa (Hanamaulu Triangle)- . Grove Farm revised Water Master Plan (dated June 10, 2009) was approved by DOW on July 14, 2009. The developer intends to pursue a cost share of County waste-water system improvements.
7. Paanau Village, Phase 2: Housing agency and the developer will meet with the Public Works department to finalize the subdivision improvements for the affordable housing rental project.

The next meeting will be held on Monday, September 14, 2009.

Job 04-04, Water Plan 2020 Project PLH-09, Pipeline Replacement for Lihu'e Town
Cushnie Construction Co., Inc. is conducting a Lihu'e Town public information meeting on Monday, August 24, 2009 at the Lihu'e Christian Church, starting at 6 p.m. to discuss this pipeline replacement project. As part of Water Plan 2020, the Department of Water will be replacing old pipeline in Lihu'e Town on the south side of Rice St. from Umi to Kalena Streets. The work will take place from Sept. 1 to April 19 of next year.

Representatives of Cushnie Construction Co., who was awarded the contract for the project, will present the scope of work and estimated time schedule for the project, as well as answer questions.

Note that affected residents and businesses should have received hand delivered notices of this meeting from Cushnie Construction Co. Inc. A press release was given to the Board for their info.

Bond Issue Status

Manager Craddick met with all of the County Council members and he stated that both the Council Chair and the Mayor were both willing to help get the Bond through.

Mr. D. Fujimoto discussed that the process is being expedited to hire the bond counsel; therefore, the Finance Director will be going to meet with Council in the next couple of weeks.

Manager Craddick added that he is still working on the water rate study internally and needed more time to finish it so he hoped to finish it by next Board Meeting. When he is done, he plans to hold a workshop with the Board to discuss the water rate study results. He added that the water rate study is based on the figures from FY 2008-09.

Manager Craddick noted that our accounting staff is stretched thin while they are trying to assist him with his study as well as also prepare for our annual audit. Therefore, Manager Craddick stated that the water rate study will justifiably take a little more time.

Mr. D. Fujimoto requested that Manager Craddick keep the Finance Director and Mayor abreast of the DOW's plans. Manager Craddick discussed that he has written a letter asking for a number of scenarios of debt service. He has learned that the General Obligation (GO) bonds cannot be done longer than 25 years.

Manager Craddick felt that the best way to not have to raise the water rates is to possibly to defer the principle payment for a couple of years by borrowing that money.

Manager Craddick suggested that once his water rate study is done, in approximately 2 weeks, that a Board workshop should be setup specifically to discuss the water rate study and the bond issue.

Customer Service Survey

The Department of Water has issued a press release through the County of Kauai's Public Information Office. The press release was given to the Board for their info.

Status of Operations Re-org:

We are in the process of revising our original Operations Re-org and have met initially with the Department of Personnel Services (DPS) on Wednesday, August 12, 2009. We would need to followup on revising the necessary paperwork and then

again meet with DPS and the Mayor for his blessing. I will keep the Board informed of any progress that is made on our revised proposed Ops Re-org.

Status on the Department of Water's Deputy Manager-Engineer:

The deadline for submittal for the Deputy Manager recruitment was Friday, August 14, 2009. As of print, we have one (1) applicant. If there are no qualified applicants as of the closing date, we will work with DPS on other options.

New DOW Employees

We welcomed two (2) new employees to the Department of Water: Heath Prow, Civil Engineer III, in the Water Resources and Planning Division, who started on July 27, 2009 and Carolyn Carveiro, Accountant I, in the Fiscal-Accounting Division, who started on August 3, 2009.

Mr. D. Fujimoto moved to receive the Manager's Update and place it on file, seconded by Mr. Crowell; by a unanimous vote, motion was carried.

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

Pro-Tem Finance Chair McCormick reported that the Finance Committee at its meeting approved DOW's bill payments of \$2,912,242.32. Mr. D. Fujimoto moved to receive the Finance Committee Report, seconded by Mr. Crowell; by a unanimous vote, motion was carried.

STRATEGIC AND BUSINESS PLAN AND NEEDS ASSESSMENT:

Re: Report from Issue Champions

Ms. Shiramizu reported on the following:

Issue No. 1, Morale:

1) Fun Committee Events:

- a) The hiking adventure scheduled for July 18th; to Waipo' o Falls in Kokee was another great success due to the efforts of our Summer Intern, Heather Kubota and her dedicated dad, Lance. The group met at 7:30ish and headed to the start of the trail. It was a difficult but fun hike; to the disappointment of Emi, we only saw a small water fall since the hike was actually at the top of Waipo'o Falls. However, the panoramic view of part of the canyon was spectacular. Hikers included eight employees, one board member, seven family members (one of which was also our guide.) As the fast group went off to pick plums while waiting for the slow group, upon their return, they had to back track to assist the slow group as excitement mounted toward the end of the trail. (*"What happens in Kokee, stays in Kokee!"*) It was quite an adventure, ending with food and fellowship.
- b) Golf Tournament was on August 15th, at Pua Kea Golf Course. Tommy Tokuda was the overall chair of this event. Fun was had by all with Leland Kahawai and Amy Esaki winning the event by taking 5th place for our 5th annual DOW employee golf tournament. Congratulations!

Issue No. 2, Strong and Qualified Workforce:

Updated August 7, 2009

Recruitment

- 1) Civil Engineer III (WRP Division) – Selectee started work on July 27, 2009.
- 2) Engineering Drafting Technician – Selectee has accepted position. Pending pre-employment physical exam results.
- 3) Accountant I – Selectee started work on August 3, 2009.
- 4) Engineering Drafting Tech III – Selectee will start work on September 1, 2009.
- 5) Waterworks Inspector I – Interviews scheduled for second week of August 2009.
- 6) Pipefitter Helper – Interviews scheduled for the third week of August, 2009.
- 7) Water Service Supervisor III – Position Description Minimum Qualifications to be updated and submitted to DPS for approval.
- 8) Operations Re-Organization – Pending.

Training

1. National Rural Water Association continues to provide free monthly training until September 2009.
2. Plans being made to have Ray Ohta provide training for the Front Office personnel.

Issue No. 3, Water Quality:

1. Sample site work order for Kuamoo Rd. submitted in September, but no work yet. Operations requested a different site be selected.
2. New sites chosen for routine sampling to replace sites that were hard to access or have been removed
3. Main break monitoring on hold, pending finalizing procedures and follow up between both the Lab and Operations. In the meantime, Peggy is informally checking on mainline breaks.
4. New Issue #3 champion or co-champion should be from Operations.
5. Decided to go with Triggered Monitoring Plan for the new GWR.
6. Sampling sources to see if any will present problems with fecal indicators if triggered monitoring is required. So far only Garlinghouse Tunnel seems to be problematic.
7. Kalaheo, Lawai/Omao and Koloa have to be one system under the GWR. We propose to call it Kalaheo/Koloa System #435.

PROJECTS UNDER DESIGN:

- 1) Job 02-03, KW-14, KW-15, 12" Waterline along Kaumualii Highway and Waimea Canyon Drive (Consultant: Park Engineering)
 - a. The tracings have been approved by all agencies.
 - b. Preparing to advertise for bids.
- 2) Job 04-06, KW-05, KW-20, Waimea Well A and Kekaha Well B Renovations (Consultant: Engineering Solutions) – Completed the final plans and specifications.
- 3) Job 04-04, PLH-09, Pipeline Replacement for Lihue Town (Consultant: Akinaka & Associates)
 - a. Plans are fully approved.
 - b. Finalizing the specifications.
 - c. Pre-bid conference held on June 26, 2009.
 - d. Bid opening scheduled for July 9, 2009.

- 4) Job 03-02, HW-03, (Phase II), Wainiha Booster and Haena Tank Renovations (Consultant: Brown & Caldwell) – Consultant preparing the revised plans and specifications to address the DOW's review comments.
- 5) Job 05-01, KW-16, KW-23, Waimea Town Waterline (Consultant: Hawaii Pacific Engineers)
 - a. The tracings have been approved by all agencies.
 - b. Preparing to advertise for bids.
- 6) Job 02-18 WK-32 Phase II, Kaehulua Road Waterline (Consultant: Fukunaga & Associates) – Received Board approval and additional funding to proceed with the Phase II design.
- 7) Job 04-02, WK-14 Phase II, Apopo Road Waterline (Consultant: Fukunaga & Associates) – Received Board approval and additional funding to proceed with the Phase II design.
- 8) Job No. KW-28 Amfac Shaft (Consultant: Brown & Caldwell)
 - a. Refer to the Board Report for Affordable Housing Projects – Summary Status for June 2009.
- 9) Job 02-06, WKK-15 Kilauea Tank #2 (Consultant: Kodani & Associates) – Negotiating with landowners of the proposed tank site.
- 10) Job 05-02, H-8 Drill and Test Hanalei Well #2 (Consultant: Kodani & Associates) – Negotiating with landowners of the proposed well site.
- 11) Job 05-02, HW-12 Drill and Test Wainiha Well #4 (Consultant: Kodani & Associates) – Consultant preparing the Environmental Assessment.
- 12) Job 02-14, WK-08, Kapahi (Ornellas) Tank (Consultant: Belt Collins)
 - a. Refer to the Board Report for Affordable Housing Projects – Summary Status for July 2009.
- 13) Job WK-39 Kapaa Homesteads Well #4 (Consultant: Hawaii Pacific Engineers)
 - a. Refer to the Board Report for Affordable Housing Projects – Summary Status for July 2009.
- 14) Job No. 02-24, WK-02 Renovate Akulikuli Tunnel, Phase 2 (Consultant: SSFM International)
 - a. Refer to the Board Report for Affordable Housing Projects – Summary Status for July 2009.

PROJECTS UNDER CONSTRUCTION:

- 1) Job 94-3, K-10, Kalaheo 0.5MG Reservoir, Booster Pumps and Connecting Pipelines (Consultant: Paren, Inc.) (Contractor: Kauai Builders) – Final payment released. Project is completed.
- 2) Job A-11, Anahola Well 3 (Consultant: Akinaka and Associates) (Contractor: TOMCO) – Project 89% complete.
- 3) Job 05-03, KW-25, 03-03, KW-24, Kapilimao 0.5MG Tank and 03-03 Generator Shelter (Consultants: Brown and Caldwell, Kodani & Associates)(Contractor: Kauai Builders)
 - a. Refer to the Board Report for Affordable Housing Projects – Summary Status for July 2009.

- 4) Job 02-14, WK-09, 03-03, WK-15, Kapaa Homesteads 0.5 MG Tank and Makaleha Generator Shelter (Consultants: Belt Collins, Kodani & Associates, Contractor: Kauai Builders)
 - a. Refer to the Board Report for Affordable Housing Projects – Summary Status for July 2009.
- 5) Job WK-42 Phase I, 1 MG Stable Tank and Control Valves (Consultant: Tom Nance Water Resource Engineering, Contractor: Kauai Builders) – Project is 36% complete.
- 6) Job WK-42 Phase II, Kaapuni Road Waterline for Stable Tank (Consultant: Hawaii Pacific Engineers, Contractor: Earthworks Pacific, Inc.) – Project is 58% complete.
- 7) Job 02-18, WK-32, 04-02, WK-14, Phase I, Kaehulua & Apopo Roads Waterlines (Consultant: Fukunaga & Associates, Contractor: Earthworks Pacific, Inc.) – Project is 75% complete.
- 8) Job 97-10, WKK-14 Kilauea Booster Pump Station (Consultant: Austin Tsutsumi, Contractor: Oceanic Companies) – Project is 96% complete.
- 9) Job No. 05-04, KW-27, 12-Inch Waterline along Kaumualii Highway, Elepaio Road to Huakai Road, Kekaha (Consultant: Fukunaga & Associates, Contractor: Earthworks Pacific) – Project is 34% complete.
- 10) Job No. 05-07, K-07, Waha, Wawae, and Niho Road Main Replacement, Kalaheo (Consultant: Akinaka & Associates, Contractor: Koga Engineering & Construction, Inc.) – Project is 5% complete.
- 11) Job No. 02-05, HE-10A & PLH-41 12-Inch Waterline along Ulaula & Uliuli Roads, Eleele and 8-Inch Pressure Reducing Valve, 400 GPM Booster Pump & 6” Connecting Main, Nawiliwili (Consultant: Kodani & Associates, Contractor: Earthworks Pacific) – Project is 98% complete.

Issue No. 4, Workplace Efficiencies:

Ongoing:

- a) For the AMR Program, installation of all meters is completed; however, the consultant (PMI) still needs to repair broken installations, which are under warranty. They are awaiting meter parts from Badger before making repairs.
- b) Jeff Mendez continues to work to broaden our information base for our Geographic Information System.

Upcoming:

- a) The Issue Champions Committee requested to work on the implementation of the DOW Contract Management System to monitor progress of the DOW's contracts.
 - 1) Project engineers still need to update the status of their projects
 - 2) Clerical training will to also assist with updating the projects on the program will be done soon.
 - 2) Trial period to implement DOW Contract Management System will be July 1, 2009 to December 31, 2009.
 - 3) Once system works, documentation of the process would be included in the DOW's work process manual.

- b) Envision a department-wide work process manual to be compiled with documentation of any type of divisional work processes to assist with succession planning and to better internal and external customer service
 - 1) Processes need to be reviewed and updated.
 - 2) Will be documented using Microsoft Visio software.
 - 3) Will setup internal meetings.
- c) The Issue Champions Committee requested the DOW employee's vacation/sick leave status into a computerized monthly statement, which will eventually be issued as part of the computerized payroll module.

Issue No. 5, Accountability:

- a) While cell phone policy was re-routed to issue champions for finalization, more concerns arose; further review needed.
- b) Manager Craddick has volunteered to be a co-champion for Issue No. 5

At a previous Issue Champions meeting, it was suggested that the opportunity to participate as an Issue Champion should be shared with other employees for renewed energy. It was also suggested to have each division head look for volunteers from their division and if none, they should designate a minimum of one person to serve as an issue champion. Each division needs to be represented.

Mr. D. Fujimoto moved to approve the Issue Champions Report and placed on file, seconded by Mr. Crowell; by a unanimous vote, motion was carried.

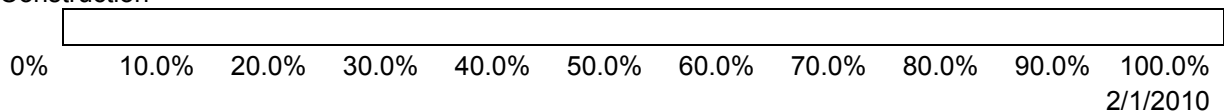
Re: Affordable Housing Projects – Summary Status August 2009

This report is a summary of progress on the Affordable Housing Projects.

Job No. 05-03, KW-25, Kapilimao 0.5 million gallon tank:

- A. Received NPDES from the Department of Health.
- B. Preparing construction management consultant before issuing notice to proceed.

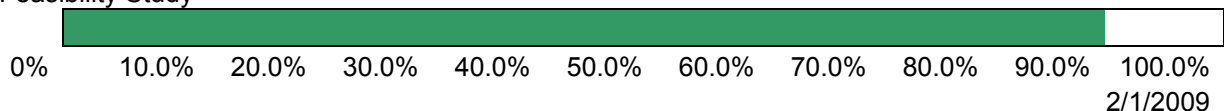
Construction



Job No. KW-28, Amfac Shaft:

- A. Department of Water's operations making shaft cover and installing over the shaft. Anticipate 1 month to complete this work.

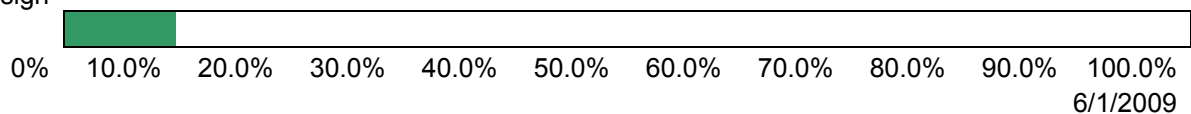
Feasibility Study



Job No. 02-14, WK-08, Kapahi 1.0 million gallon tank:

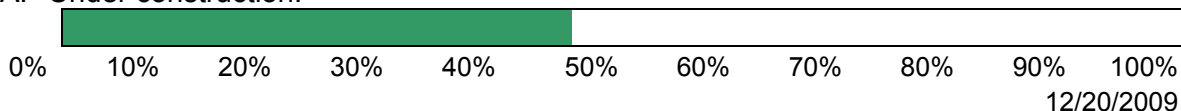
- A. DOW determined that the alternate site not big enough for the required tank.
- B. Proceeding with the trapezoidal tank at the existing Ornellas Tank site.

Design



Job No. 02-14, WK-09, Kapaa Homesteads 0.5 million gallon tank:

A. Under construction.

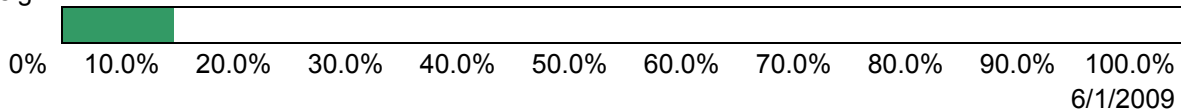


Job No. WK-39, Kapaa Homestead Well #4:

A. DOW determined that the alternate site not feasible for the well.

B. Proceeding with locating the well at the existing Ornellas Tank site.

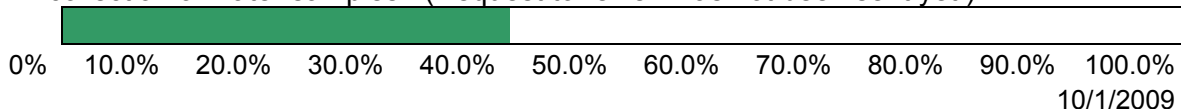
Design



Job No. 02-24, WK-02, Akulikuli Tunnel:

A. SSFM, project consultants requested to terminate the contract since the pre-design work will be at least a year from now.

B. Awaiting County Attorney's review of notice to landowner before proceeding with collection of water samples. (Request to review has not been sent yet.)



Mr. D. Fujimoto moved to approve the Affordable Housing report and placed on file, seconded by Mr. Crowell.

Vice Chair Nishimura proposed that the Strategic Plan Updates be reported quarterly instead of monthly; therefore, he requested that this proposal be on the September, 2009 Board Meeting agenda for discussion.

By a unanimous vote, motion was carried.

EXECUTIVE SESSION:

Pursuant to H.R.S. §92-7(a), the Commission 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 H.R.S. §92-4 and shall be limited to those items described in H.R.S. §92-5(a).

REVIEW OF EXECUTIVE SESSION MINUTES: Regular Meeting: July 16, 2009

1. ES-2007 (12-13-07 & 2-14-08) - Pursuant to Haw. Rev. Stat. Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to consult with Legal Counsel regarding questions and issues pertaining to the Board's and Department of Water's liabilities, powers and duties regarding personnel, labor and employment issues. This consultation involves consideration of the powers, duties, privileges, immunities and/or liabilities of the Board and the County as they relate to this agenda item and/or liabilities, claims and/or potential claims, as they relate to the foregoing and to take such action as the Board deems appropriate.

2. ES-2009-8 (7-16-09) - Pursuant to Haw. Rev. Stat. Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to consult with legal counsel regarding the correspondence received by Nalu Investment LLC aka The West Inn, Six-Unit Hotel Project, Z-IV-2005-20, TMK: 1-6-08:010, Lot M-1, Waimea, Kaua'i. This consultation involves consideration of the powers, duties, privileges, immunities and/or liabilities of the Board and the County as they relate to this agenda item.

Mr. D. Fujimoto moved to go into Executive Session at about 10:58 a.m. to only approve the Executive Session Minutes, seconded by Mr. Crowell.

There was no Board discussion and no public testimony. By unanimous vote, motion was carried. *Staff was excused from the meeting.*

The Regular Meeting reconvened at 11:02 a.m.

Mr. D. Fujimoto moved to defer action on Executive Session Agenda Item ES-2007 and it was noted that ES-2009-8 matter was withdrawn from the Agenda, seconded by Mr. Crowell; by a unanimous vote, motion was carried.

ADJOURNMENT:

There being no further business, the meeting was duly adjourned at about 11:02 a.m.

Respectfully submitted,

Rona Miura, Secretary

APPROVED:

David R. Craddick, P.E.
Manager and Chief Engineer

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