

REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday August 18, 2011

The Board of Water for the Department of Water, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Thursday, August 18, 2011. Chairperson Roy Oyama called the meeting to order at 10:01 a.m. On roll call, the following answered present:

BOARD: Mr. Roy Oyama, Chairperson
Mr. Randall Nishimura
Mr. Clyde Nakaya
Mr. Daryl Kaneshiro
Mr. Michael Dahilig (*arrived at 11:29 a.m.*)
Mr. Larry Dill (*arrived at 10:55 am*)
Mr. Raymond McCormick

Quorum was achieved with 5 members present at the time of roll call.

STAFF: Mr. David Craddick
Mr. Val Reyna
Ms. Marites Yano
Mr. Dustin Moises
Mr. Keith Aoki
Ms. Faith Shiramizu
Mr. Gregg Fujikawa
Mr. Aaron Zambo
Ms. Mary-jane Garasi
Deputy County Attorney Andrea Suzuki

GUESTS: Ms. Lorna Nishimitsu, Attorney for Honpa Hongwanji
Sarah Date, West Kauai Hongwanji
Alton Miyamoto, Honpa Hongwanji Mission of Hawaii
Greg Kamm, Koloa Early School
Ronalee Eckberg, Koloa Early School

AGENDA:

Chair Oyama noted to amend the agenda circulated and to move 12-1 to the first order of Old Business. As there were no objections, motion was carried.

MINUTES:

Regular Meeting Minutes – July 28, 2011

Mr. Kaneshiro request to amend the Regular Meeting Minutes dated July 28, 2011 due to Page 9 of 13 on the 5th paragraph; Mr. Dahilig stated he had reservations regarding the Master Plan Job No. PLH – 39. With no objections, Mr. Nishimura moved to approve the circulated minutes as amended, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

CORRESPONDENCE

Re: Mahalo letter from Na Kalai Wa'o Kauai

Mr. Kaneshiro moved to receive the Mahalo letter from Na Kalai Wa'o Kauai, seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

BOARD COMMITTEE REPORTS

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

Re: Manager's Report No. 11-24 – Committee Discussion and Possible Action on Part III Rule Amendments – Establishing Standards for Subdivision Water Systems

- i. Attached Proposed Draft Bill No. 2380
- ii. Attached Proposed Draft Bill No. 2401
- iii. Attached Approved Bill No. 2401, Draft 2

Re: Manager's Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes

- i. Rule changes to implement FRC in Part Three and added section of the rules for FRC

Re: Manager's Report No. 12- 9 - Requesting approval of rule change to delete leak rebates

- a. PowerPoint Presentation on how a Private Insurance Company would provide the services that are required.

Vice Chair Kaneshiro reported that the Rules Committee met on Monday, August 15, 2011. Chair Dahilig was not present at this meeting so meeting was called to order by Vice Chair Kaneshiro. The committee accepted the Manager's Report No. 11-24 and deferred this item to have the Manager come back with his new proposal and refer to counsel regarding some issues. Manager's Report No. 11-28 was also deferred and Manager's Report 12-9 was motioned to approve the manager's recommendation and to move this item to the full board for further discussion.

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

Re: Board Discussion on the 2011 Goals for the Manager

Chair Kaneshiro reported that the Committee of the Whole met right before this Regular Meeting at 9:30 a.m. with one item of discussion. There were different handouts that were passed out particularly the DOW Employees Section Survey, Performance indicators, and Worksheets on the Bond Flow.

Mr. Nishimura moved to accept both the Report of the Rules Committee of the Kaua'i County Board of Water Supply and the Report of the Committee of the Whole of the Kaua'i County Board of Water Supply, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

OLD BUSINESS (agenda amended to take 12 – 1 out of order)

Re: Manager's Report No 12-1 – Response to Attorney Lorna Nishimitsu-Belles Graham Proudfoot Wilson & Chun, LLP correspondence in reference to Subdivision No. S-2009-12 The Koloa Early School and Honpa Hongwanji Mission of Hawaii

DISCUSSION:

Manager Craddick explained to the Board that the DOW Staff went back out to the property to double check the line that may have been cut off was in fact cut off. Retesting of the hydrants was not done to see what the flow is, but there are some speculations to whether a tie in was made or not. When the DOW Staff went to kill the line, there was still water coming in it from the disconnected line. It may not be a 12" line; it may be a smaller line. We are still in the process of checking the hydrant not only the one nearest to Honwanji, because the flow test that was done showed the pressure dropped to 50 psi. Normally it would drop to 20 psi and by opening another hydrant there is a possibility of getting the 2000 gallons per minute fire flow standard. So this must be double checked before the DOW Staff can make a final report to the board.

Deputy Manager William Eddy confirmed to the Board that the testing will start on Monday August 22, 2011. By the next board meeting we will be able to make the necessary changes.

Ms. Nishimitsu representing Hongwanji expressed her concerns to the Board and Staff that what is disconcerting is that after meeting last Friday with engineers Kodani and Wada they have discovered that the line is disconnected, now we are told that this line is connected. Whether or not a connection exists, the DOW is stating that if this test presumes to have a capacity to have a fire flow of 2000 gallons per minute fire flow, then they will drop the condition that Hongwanji has been hit with all these years. If the test presumes otherwise, there is a development which is not a typical development but a simple line drawn to separate ownership. The uses and density is not changing. Why do they need to be taxed with bringing the fire flow up to the 2000 gallons per minute standard? Both sides understand that if they seek permits, they are willing to commit with the exaction of the fire flow standard. In the Manager's first proposal, there is indemnification if there is a casualty and secondly it is subjected to get the Fire Department's consent that the fire flow is sufficient. This is never going to happen because the Fire Department always say that they rely on the Department of Water's standards so this is just a circular condition which is not fair, but Hongwanji will patiently wait for a decision to be made. The out of pocket expense of \$500 was used to test the hydrant and resulted in 1207 gallons per minute fireflow. What happens when this next test result come out the same? We will be back at square one with the DOW asking for the same thing.

Ms. Nishimitsu confirmed to Mr. Nishimura that the current condition stated that an extension from the 12" line fronting Sueoka Store will connect to an 8" line fronting the Hongwanji and the Koloa Early School. The 8" line will connect to the 12" line to connect to the 12" main is

what is currently understood. Manager Craddick explained there was a project done and this line may have been disconnected, but the department found out when the only source of water into that line was cut off, the line still had flow in it so there is some other connection there. When the flow test was done, it was done with a 50 psi there is still a calculation to be made to see what the flow will be if it came down to a 20 pound residual. This has not been done with their first test.

A simplified diagram was passed out to staff and the Board prepared by Clyde Kodani which shows chronologically of what happened since 2005. Based on water line construction drawings, in 2006, Greg Kamm had to replace this 4" line shown on Exhibit A with a 12" line. Exhibit B shows the construction drawings approved by the DOW which upgraded the 4" line in part to a 12" line with an 8" connection across WiliWili Road connected to an 8" line on Koloa Road and connected to an existing 8" line. Exhibit C shows that when Kodani and the DOW looked at the current water system map, there is a disconnection of the 8" line along WiliWili Road. This Exhibit C shows where the disconnection occurred. Deputy Manager William Eddy said this was based on the engineer's asbuilts that was submitted by the contractor. Exhibit D shows the DOW recommendation for the two lot subdivision showing a connection between the 12" line fronting Sueoka Store crossing Koloa Road connecting into the 8" line that seems to be disconnected. The main issue is a requirement that we procure insurance with an unspecified amount indemnifying the county and the Department if there is a casualty. A major point of contention is that we are going to be responsible for these damages if there is a fire or casualty, other than the church or school properties.

Alton Miyamoto, President of the 36 temples of the State of Hawaii, testified that the title is under Hongwanji. The waiver opens up a lot of perspectives regarding this issue. You can never write a rule that can perfectly cover every situation. The uniqueness in the situation dictates on how the Staff interprets it so that not everyone will come in to ask for the same waiver. Ms. Nishimitsu has mentioned that the facilities are already in use with no increase in usage, but simply drawing a line to divide the properties. If Hongwanji and the Koloa Early School plan to expand, then they will engage in the normal requirements needed to standardize to the DOW's requirements. In my perspective how can a small group of people be expected to indemnify the DOW and the County of Kauai? In terms this seems unreasonable when it is said to indemnify the County. If the liability was small, this would not be anything to worry about.

Mr. McCormick explained to the Board that this is just a matter of separating these two pieces of property and it is stated that the "act of separating the land areas does not increase the intensity of the use of the property, does not change the nature of the use of the property, does not create a greater risk of fire in the property, and does not result in any change of water consumption." Why would this want to be held back from being approved?

Mr. Nishimura asked Deputy County Attorney Andrea Suzuki that under the current circumstances where there is joint ownership of one property and we have a church and a preschool and there is a fire, is the Department of Water's liability immediately diminished?

Mr. Nishimura moved to recess the Regular Meeting of the Board of Water Supply, and to move into Executive Session at 10:36 a.m., seconded by Mr. Kaneshiro; by a unanimous vote, motioned was carried.

Pursuant to Hawaii Revised Statutes Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to provide the Board with a briefing regarding a County Attorney opinion issued dealing with whether or not the Board is relieved of its liabilities under this current circumstance. This briefing and consultation involves the consideration of the powers, duties, privileges, immunities and/or liabilities of the Board and the Department as they relate to this agenda item

At 11:02 a.m. Mr. Nishimura moved out of Executive Session, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

Chair Oyama reconvened the Regular Meeting at 11:03 a.m.

Mr. Dill questioned to Ms. Nishimitsu if the sprinkler service option was brought up with their meeting with the Fire Department. Ms. Nishimitsu explained that the Fire Department and Hongwanji explored other alternative methodology. The quote on the process to look into an alternative methodology was \$6,000 which would be paid in the expense of the Hongwanji so this route was not taken.

Mr. Nishimura asked if there were different fire standards for different sizes of schools. Does this school require the same fire flow as a school that has 2,000 students? Mr. Craddick confirmed that the standard is the same regardless of enrollment.

Manager Craddick stated that the minimum fire flow for the school would be the 2000 gallons per minute standard whereas the church would be okay. He also confirmed to Mr. McCormick that if two hydrants are opened, you will get a double feed. In this particular case, normalizing the flow to 20 psi was not done because if the velocity gets too high, it may damage the pipeline from both the drop in pressure and the velocity. If you get the velocity 10 or 20 feet per second, then other problems may occur. It may be possible to get the 2000 gallons per minute standard by going to this route. There would be no charge for this second test.

Mr. McCormick motioned to allow the Department to run the test on the two hydrants between now and the next board meeting, as soon as its run the applicant will get notification and results. This item will be brought back to the board regarding the liabilities that are tied to this, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

Re: Manager's Report No. 11-24 – Committee Discussion and Possible Action on Part III Rule Amendments – Establishing Standards for Subdivision Water Systems

- iv. Attached Proposed Draft Bill No. 2380
- v. Attached Proposed Draft Bill No. 2401
- vi. Attached Approved Bill No. 2401, Draft 2

Re: *Manager's Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes*

- ii. Rule changes to implement FRC in Part Three and added section of the rules for FRC

Re: *Manager's Report No. 11-49 – R.W. Beck Report on Financial Planning Analysis and Water Rate Study*

Mr. Nishimura moved to defer *Manager's Report No. 11-24 – Committee Discussion and Possible Action on Part III Rule Amendments – Establishing Standards for Subdivision Water Systems*, *Manager's Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes*, and *Manager's Report No. 11-49 – R.W. Beck Report on Financial Planning Analysis and Water Rate Study*, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Re: *Manager's Report No. 11 – 57 - Request Board Approval of Board Policy #24 - Delegation of Responsibility for Conveyance of Water Facilities and Grants of Easement*

- a. Cost Breakdown Report

DISCUSSION:

Manager Craddick explained that the Board approved to go until August 2011 with allowing the Manager to approve conveyances of water facilities and then come back with a report to the Board. With the cost breakdown report the total of \$17.8 million from 2008, all were from Kukuuiula. Deputy County Attorney Andrea Suzuki confirmed to Mr. Dill that Policy # 24 assigns indemnification liability issues to the board for board approval because essentially the board is managing the entire system.

The purpose this Cost Breakdown Report keeps the Board informed of our assets as we go forward through this year.

Mr. Dill moved to approve Board Policy #24, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

Mr. Nishimura noted to the board that there was no Old Business Agenda Item G. 5.

Re: *Manager's Report No.12 – 3- First Contract Amendment for Job No. PLH-39, Lihue Base yard Improvements (Water Plan 2020 Project No. PLH – 39) Lihue, Kauai*

DISCUSSION:

Deputy County Attorney Andrea Suzuki confirmed to Mr. Nishimura that the contract with a two step process aerate as an amendment. In this item it would be the planning, and then the design would be negotiated.

Manager Craddick said we are currently working with Finance and we will jointly submit a subdivision application to planning and then once that is complete then we will go to council before the land is transferred.

Mr. Dahilig enters at 11:29 a.m.

Mr. Nishimura asked staff if we are able to move to the design phase forward prior to subdivision and council action. Manager Craddick said we can, and it seems like we have a road map of planning. Mr. Moises explained that the price is foreseen for a couple months and our current buffer is until October. The price may be adjusted with a change order, but nothing is sure until the land is acquired. There is a \$29,000 contingency right now.

Mr. Dahilig moved to approve *Manager's Report No. 12 – 3- First Contract Amendment for Job No. PLH-39, Lihue Base yard Improvements (Water Plan 2020 Project No. PLH – 39) Lihue, Kauai*, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

Re: Manager's Report No. 12- 9 - Requesting approval of rule change to delete leak

rebates

- a. PowerPoint Presentation on how a Private Insurance Company would provide the services that are required.

There was no PowerPoint presentation done.

DISCUSSION:

The Committee moved this item back to the Board for recommendations. Mr. Nishimura expressed concerns regarding this leak rebate request. There is a recommendation pending from the Finance Committee for the rate structure. The problem is that it has been built into the rate structure that these leak rebates be removed. If we remove leak rebates we are looking at \$300K per year for potential expenses.

Manager Craddick explained that the only procurement issue the DOW would initially face is if we were getting some funds back from the insurance company. If we let the state insurance commissioner know that this is available to companies who want to provide this leak insurance and let the private insurance do what it does and we would keep out of it. If we do participate, cost would be less if we do not charge for whatever services we would provide. We would have to go through a procurement process in order to achieve the lowest cost to our consumers.

This process would still have to go through the small business association which will take about 2 months, then public hearing scheduled within 30 days so there will still be more chances to disagree with what is being recommended until November. The time line target for the month to month billing implementation is December of 2011.

Mr. Dill asked if there is a monitoring process to notify our customers of any high or low reading on their water bill. Ms. Yano confirmed to Mr. Dill that there is a five day wait period from when the meter is read to the time of their actual billing and the consumer wouldn't know if their usage is high until they receive their bill. Ms. Garasi corrected Ms. Yano and confirmed to Mr. Dill that there is a daily report run by the billing department that monitors the highs and lows of the

consumer's usage and when detected abnormality, the meter readers are sent out to do a profile on the meter to double check their usage. With the five day grace period this gives a chance to do any updates on the bill if necessary.

With our 20,000 clients, the average consumer leak rebate given is about \$400 per consumer totaling \$300,000.

Mr. Dill moved for the *Manager's Report No. 12- 9* - Requesting approval of rule change to delete leak rebates to forward this proposal to small business for recommendation, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

Re: Board Discussion on the 2011 Goals for the Manager

Manager Craddick reported that the Committee of the Whole recommended the encumbrance of the BAB funds would be \$39 Million in December and \$45 Million in July of 2012.

On the performance indicators, we are limiting establishing and maintaining standards to numbers 1, 6, 7, 13, 19, and 23 listed on the Performance Indicators Kauai BWS . On the employee morale goal, the department's summary was returned and will be used as the starting bench mark for improvements for the year.

Mr. Dill requested for that these bench marks be properly summarized in a pamphlet and presented to the board.

Mr. Nishimura requested that with these 2 additions that the goals spreadsheet be amended to take effect for fiscal year 2011-2012 and Mr. Nishimura moved that we set these goals for the Manager, seconded by Mr. Nakaya; by a unanimous vote, motion was carried.

NEW BUSINESS

Re: Manager's Report No. 12 – 11 - Third change order for Job No. 04-06, KW-20, Waimea Well "A" Renovations, Request approval for additional funding

Manager Craddick explained this change order is requesting for an additional \$60,000 to come from the BAB account to replace the existing pump for this well which is not in great shape.

Mr. Moises confirmed to Mr. Nishimura that we need to fund this change order even if BAB was not available. During the AC restoration was minimal and when construction started, the existing AC lining was so thin that this running machine started to fall apart.

Mr. McCormick moved to approve *Manager's Report No. 12 – 11* - Third change order for Job No. 04-06, KW-20, Waimea Well "A" Renovations, Request approval for additional funding, seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

Re: Manager's Report No.12 – 12 - Eight change order for Job No. 02-03, KW-14, 12-Inch waterline along Kaumuali'i Highway and Waimea Canyon Drive. Request approval request for additional funding

Mr. Dahilig moved to approve *Manager's Report No. 12 – 12* - Eight change order for Job No. 02-03, KW-14, 12-Inch waterline along Kaunuali'i Highway and Waimea Canyon Drive. Request approval request for additional funding, seconded by Mr. Nakaya; by a unanimous vote, motion was carried.

Re: Manager's Report No. 12 – 13 - PLH 03 EIS for Kahili Horizontal Directional Drilling. Request Approval for funding

Ms. Shiramizu passed out email handout from Kevin S. Yoshioka regarding the PLH 03 High Level Water Development stating to inform Manager Craddick that the Drinking Water Treatment Revolving Loan Fund program has conditionally authorized the loan funds for this PLH 03 project.

DISCUSSION:

Manager Craddick explained that this proposal is asking for approval of funding for Phase I of this project in the amount of \$1.9 Million plus contingency for \$2 Million from the BAB account. The purpose is to reduce the electric pumping costs from the basin water sources from sea level. The drilling portion of the project is proposed to drill no more than 12,000 feet in length or 8,000 gallons per day when the flow is reached. This is a high risk, high reward project and is premised on finding a reliable source that does not measurably affect the existing stream flow. There is no reliable answer to what the reward would be for drilling an exploratory hole, but at the same token the community and the Board will never get to the discussion of drilling the well if the environmental process has not clearly gone through without considerable investigation and review of cost alternatives. The proposed cost is approximately \$32 Million which exceeds our budget by \$20 Million. Two proposals were received and the other lacked clear approach to the project that was substantially higher in cost which we expected due to the uncertainty. We believe Mears Group Inc. has the capability to complete a project of this nature.

The map shows the distance of where the pipeline would be and the spreadsheet shows figures highlighted in blue and yellow indicates what it would take to pay off the well and the amount of flow and power we can generate from the well. The last spreadsheet shows our existing pumping, our current cost, power cost, and we currently use 5.6 million gallons per day.

The terms of the loan would be 4.5%; our loan percent is 1½% and the loan origination fee is 3½%. Mr. Moises explained that the initial intent was to get someone to design build the project and as we got into the details we realized that we could not afford our original scope which was an excess of \$30 Million at that time. The thought was to get this estimate for construction and write a contract to the Phase I provided we get through the environmental stage. If we cannot get past the EIS we will not get to the design stage.

Mr. Dahilig expressed concern that \$2 Million is a hefty amount and questioned to Mr. Moises if it makes sense of having the 10% of the prime consultant doing the minimal work. Mr. Moises explained the EIS is \$550,000 and to take permitting and geological investigation into consideration. The EIS is bundled along with the state, county, and federal permitting. Mr. Dahilig explained that even with this scenario, it does not make sense to have the prime consultant handle 10% overall and this seems to still be a bit on the high side.

Manager Craddick explained to Mr. Dill that that Waihee System produces about 3 million gallons per day; the Kahana System produces about 6 million gallons per day. The Waiahole System which is in a rainfall area produces 33 million gallons per day and has not only one Tunnel but many collectors that produce off of this system. This job would not prevent other offshoot jobs similar to Waihee. If we find an area that we found that was good, we can go sideways in the hole to get additional flow. The 8 million is a high number, but once we pass 5 or 6, we are looking at a much larger pipe line in order to tie in the Kalaheo System. We can cut the cost and time if we can find a way to buy equipment so they can operate it, and when the project is done either sell it or keep it for future projects. If kept, we would not have to pay the day rate just the fuel and the operating staff. It would cost \$30,000 per day just to have the equipment sitting here and when the task is being done and just one person is here you are still paying the whole \$30,000 which could take up to six months. There are still ways to reduce cost. Manager Craddick suspects it would be on the border magnitude of \$20 Million to get the pilot hole done.

Mr. Nishimura moved to approve this portion only and that the amount available is limited to \$1 Million from BAB, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

Manager Craddick explained to the board that there is another SRF project lined up also. Mr. Moises confirmed that the next one on the queue is Wailua Houselots. The Wailua Houselots project would be estimated at \$2-\$3 Million.

Mr. Nishimura's rational to the limited \$1 Million from BAB is to be cautious in the measures that are taken for this high level water project and because this is a huge undertake as Mr. Moises letter stated also this project is a high risk.

Mr. Nishimura and Mr. McCormick moved to amend their first motion to approve this portion only and that the amount available is limited to \$1 Million from BAB and instead moved to approve \$2 Million request from the Water Utility Fund and to be refunded through the SRF loan program for the PLH 03 EIS for Kahili Horizontal Well Project, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

Mr. Dahilig amended this motion to add, if in the event of Nupa or 343 documents' are challenged by the public, it is requested for the Boards approval of all applications in permitting. It would be the Board's evaluation if the EIS document gets challenged by the public, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

Mr. Nishimura requested for the DOW to check with the Department of Health if at any case we get to \$1.3 and we find out it is no longer our goal, what will happen then? This is to make sure there are no misunderstandings between the departments. Manager Craddick suspected it will come down 50/50, but will check with the Department of Health.

Chair Oyama called the Regular Meeting to recess at 12:40 p.m.

Chair Oyama reconvened the Regular Meeting back to order at 1:00 p.m.

Re: Manager's Report No. 12 – 14 - Request Approval for Resolution No. 12-1 Budget for next fiscal year

Ms. Yano passed out 2 handouts to the Board and the DOW Staff. A recap explanation to the revisions for the Budget FYE 2012 and revisions to pages 1, 7, 8, 10, 18, and 19.

DISCUSSION:

Ms. Yano explained that Page 7, line item 36 has been revised to reflect the 2 contracts that were encumbered last year. It is because of the contracts encumbrances that were not spent in 2011 which is rolled into the 2012 Operating Expenditures Budget.

Another change item is the debt service on the Department Summary Page 1. The last two columns on the right show proposed and approved. The Normal Expenditures changed from \$12.9 Million to \$13.6 Million due to the contracts encumbered and the unpaid balances which have been rolled in this 2012 fiscal year. Another change item is our Debt Service. It increased \$130,862; we have received our updated SRF loan statement in July and the principal went up because we did some reimbursement requests in 2011 and we received additional monies. Instead of waiting for an amendment, Ms. Yano included this in the Debt Service payments. Also, the ending balance of \$12.1 Million for 2011 which was shown as \$16.9 Million proposed. We had more savings anticipated in 2011 and that is the reason why the Capital Improvement line item went up from \$6.1 Million to \$9.9 Million. There were more contract payments in 2011 than what was estimated.

Mr. Dahilig moved to approve *Manager's Report No. 12 – 14 - Request Approval for Resolution No. 12-1 Budget for next fiscal year*, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

Re: Manager's Report No. 12 – 15 - Review and Request Approval for the Agreement for Individual Voluntary Services, Mr. James L. Cassel, Jr., Waimea Shaft Site, TMK 1-5-003: 030 Waimea, Kauai

DISCUSSION:

Deputy Manager William Eddy explained that Mr. Cassel approached the DOW and asked to help clean and maintain the Waimea Valley Site, otherwise known as the Waimea Shaft. This is not the first time we have done this. This established program was adopted for the county and was in operation for years. Deputy Manager Andrea Suzuki confirmed to Mr. Nakaya that the liability issue if the volunteer gets hurt is addressed in his statutes prior to the agreement.

Mr. Kaneshiro moved to approve *Manager's Report No. 12 – 15 - Review and Request Approval for the Agreement for Individual Voluntary Services, Mr. James L. Cassel, Jr., Waimea Shaft Site, TMK 1-5-003: 030 Waimea, Kauai*

Re: Manager's Report No. 12 – 16 - Request Approval for USGU joint funding effort for well monitoring

- a. **Board approval to accept and expend grant monies from the DOH for source/well head monitoring (WITHDRAWN)**

Manager Craddick requested for this item to be withdrawn. There was no discussion on this item.

Re: Manager's Report No. 12 – 17 – Second Change order for Job 05- 02, Drill and Test Hanalei Well #2 & Job 05 – 02, Drill and Test Wainiha Well #4

- a. Request approval for contract amendment for Contract No. 457 with Kodani and Associate, Inc.
b. Request approval to allocate from the FRC Fund Balance to contract amendment #2

Manager Craddick explained the agenda; *request b. Request approval to allocate from the FRC Fund Balance to contract amendment #2* should be allocated from the BAB Fund Balance.

Deputy County Attorney Andrea Suzuki confirmed to Mr. Nishimura that action can be taken on this item and an amendment can be made.

DISCUSSION:

This particular project is to be funded by the BAB and was changed as presented in the Manager's Report 12 – 17. Mr. Moises explained that this project is not time limited and may be presented at the next board meeting due to any changes that may occur.

Mr. Dahilig moved to defer *Manager's Report No. 12 – 17 – Second Change order for Job 05- 02, Drill and Test Hanalei Well #2 & Job 05 – 02, Drill and Test Wainiha Well #4*, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Manager Craddick requested to withdraw this *Manager's Report No. 12 – 17 – Second Change order for Job 05- 02, Drill and Test Hanalei Well #2 & Job 05 – 02, Drill and Test Wainiha Well #4* and will properly agenda this item with revisions.

Mr. Nishimura moved to defer *Manager's Report No. 12 – 17 – Second Change order for Job 05- 02, Drill and Test Hanalei Well #2 & Job 05 – 02, Drill and Test Wainiha Well #4* and reagenda as properly addressed in the Manager's Report 12 - 17, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

Re: Manager's Report No. 12 – 18 - Award Contract to Kodani and Associates, Inc. for Job No. 11- 12, Project No. HE-11, Lele Road to Salt Pond, 6" Main Replacement, Hapapepe, Kauai

Due to procurement issues brought to Manager Craddick's attention it was requested to withdraw *Manager's Report No. 12 – 18 - Award Contract to Kodani and Associates, Inc. for Job No. 11- 12, Project No. HE-11, Lele Road to Salt Pond, 6" Main Replacement, Hapapepe, Kauai*.

Re: Manager's Report No. 12 – 19 - Request approval for Grant of Easement "A" and "B" from Kaha Kai LLC for the Water Meter Service Connection and Backflow

Prevention Assemblies Kaha Kai Property, TMK: (4) 2-8-17:016, Poipu, Koloa District, Kauai, Hawaii

Mr. Dahilig moved to approve *Manager's Report No. 12 – 19* - Request approval for Grant of Easement "A" and "B" from Kaha Kai LLC for the Water Meter Service Connection and Backflow Prevention Assemblies Kaha Kai Property, TMK: (4) 2-8-17:016, Poipu, Koloa District, Kauai, Hawaii, seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

Re: Manager's Report No. 12 – 20 - Grant of Easement "W-1" from Elesther Calipjo and Milagros Calipjo for the Construction Plan For 8" Reduced Pressure Detector Assembly For Elesther Calipjo, TMK: (4) 3-3-12:007, Puhi, Lihue District, Kauai, Hawaii

Mr. Nishimura moved to approve *Manager's Report No. 12 – 20* - Grant of Easement "W-1" from Elesther Calipjo and Milagros Calipjo for the Construction Plan For 8" Reduced Pressure Detector Assembly For Elesther Calipjo, TMK: (4) 3-3-12:007, Puhi, Lihue District, Kauai, Hawaii, seconded by Mr. Nakaya; by a unanimous vote, motion was carried.

Re: Manager's Report No. 12 – 21 - AWWA WUC participation by- the Manager

DISCUSSION:

Manager Craddick recommended for the Board to allow him to participate in the AWWA during 12 days of company time as required. The Board previously allowed the Manager to participate on the Hawaii Rural Water Association Board, subsequent to that approval the HRWA board elected the Manger to be its representative to the National Rural Water Association Board. Deputy Manager William Eddy, Jeff Mendez, Dustin Moises, and Faith Shiramizu submitted memorandums to Manager Craddick in response to their opinion on the participation to the AWWA WUC, HRWA, and NRWA.

Mr. Nishimura's concern is that with this year's budget, FRC, and rate study placed an extremely large burden on the Board Members. It will be very difficult to commit to what is needed from the Manager. We came down to one week to finalize the budget. It is appreciated that the Manager is participating in these organizations, but the juggling of these issues needs to be more structured.

Ms. Shiramizu commented to the board on her memorandum to Manager Craddick. She explained that the DOW staff has been attending weekly staff meetings to help the overall communication. This is a head start for more "unity provided for staff" regarding any action to be taken in the event Manager Craddick is not here.

Mr. Nishimura questioned to Manager Craddick if he will be available to be reached if not present and a decision is needed to be made by the DOW Staff. As requested by the DOW Staff, Manager Craddick agreed to be available by phone or e-mail when needed.

Chair Oyama expressed to the DOW Staff that everyone must work like a clock. They should not be afraid to speak bluntly or to say what is on their mind, and Manager Craddick has to know how to manage it because he has the top responsibility. The DOW Staff must also do their part and face every day in the work environment as if it affects everyone around them.

Mr. Dahilig stated that the Board does not need to give approval to Manager Craddick on what events he can and cannot attend, but the message is that this has a cumulative effect on the performance. As a manager, we need to be able to trust Manager Craddick in making that decision.

Mr. McCormick moved to approve *Manager's Report No. 12 – 21* - AWWA WUC participation by- the Manager, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Re: *Manager's Report No. 12 – 22 – Request Board Approval to Receive and Expend Funds from the American Resort Development Association (ARDA) for the 2011 Make a Splash, with Project WET, Water Festival*

- a. Request Board Approval of Resolution No. 12-2 (11/12), Approving the Receipt and Expenditure of \$1,500 in Grant Monies for the 2011 Make a Splash, with Project WET Water Festival from the American Resort Development Association (ARDA)

Project Wet is Water Education for Teachers and every year we have 5th graders from most of the schools here on Kaua'i. The DOW Staff along with community volunteers provide instruction and hands on activities for the fifth graders to learn about water. This marks our 8th year with this event and is scheduled for Thursday, September 29th.

Chair Oyama announced that he is leaving at 1:46 p.m. and motioned for Vice Chair Kaneshiro to reconvene the Regular Meeting, seconded by Mr. Nakaya; motion was carried.

Mr. Nishimura moved to approve *Manager's Report No. 12 – 22 – Request Board Approval to Receive and Expend Funds from the American Resort Development Association (ARDA) for the 2011 Make a Splash, with Project WET, Water Festival*, seconded by Mr. Nakaya; by a unanimous vote, motion was carried.

Re: Annual Evaluation of the Manager – The Board will go into executive session on this matter

Pursuant to Haw. Rev. Stat §§92-4 and 92-5(a)(2), the purpose of this executive session is to consider the Job Performance Evaluation of the Department of Water's Manager and Chief Engineer. This deliberation involves matters affecting the privacy of the Manager and Chief Engineer. If the individual concerned requests an open meeting, an open meeting shall be held

There was no executive session needed for this agenda item.

Mr. Nishimura moved to have the evaluation forms be provided to all the Division and Section Heads and also be sent to the County Attorney, the Administrative Assistant, Finance, Personnel, Managing Director, and Housing, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.

DISCUSSION:

Mr. Nishimura questioned to when the Board will be doing an evaluation on the Manager. In the past the Department, peers, and the Board was given the opportunity to do the evaluation, then the results were given to Personnel as well. There was a notice from Personnel to complete this evaluation form by September 2011, but we have not received the actual form.

Mr. Nishimura motioned for this form to be distributed and discussed to the Board by the next Committee of the Whole meeting, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Mr. Dill leaves at 1:51 p.m.

STAFF REPORTS

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

Ms. Yano stated that on the Budget Status Summary total funds at May 31, 2011 was \$63,934,126.86. The Water Utility balance at the end of June 30, 2011 was \$16,914,045.74. Manager Craddick stated there is a correction for the Summary of Warrant Vouchers Paid reported as of June 30, 2011. During the last board meeting, there was an error in showing the allocation of this \$4,311,263.00. This revised report shows the Bond-BAB allocated the funds of \$4,311,263.00 to the Department of Transportation.

Mr. Nishimura moved to approve the Statement of Kaua'i County Water Department's Revenues and Expenditures, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

Re: Report by the Public Relations Specialist on Public Relations Activities

Ms. Shiramizu added that on August 27, 2011 a blessing for the Waimea Canyon Project and a "Thank You" to the governor for releasing the funds will be taking place. Also, Dustin Moises is organizing a golf event and the Board will have a chance to sign up if they want to attend.

Mr. Dahilig moved to receive the Report by the Public Relations Specialist on Public Relations Activities, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

Re: Chief of Operation's Summary Report on Monthly Operational Maintenance

Mr. Reyna reported that the Operations Division Report is broken down into four categories, Personnel, Source and Storage, Distribution, and Fleet, Inventory, Warehouse and Baseyard Area.

Personnel - There was some employees that attending an Excavation/Trenching Training with the Contractors Association of Kauai. There is a current vacancy for Plant Electrician, but in line with that our current Electrician Helper applied for certification for the test and we are awaiting the evaluation credentials on that.

Source and Storage - The completion of the removal of galvanized metal roof from the abandoned Kukuiolono Tank has been achieved.

Distribution - The staff is performing numerous overnight works in coordination with contractors for our Water 20/20 Projects. In line with these numerous overnight work, the staff also tends to a lot of sewer line and service lateral breaks due to construction.

Fleet, Inventory, Warehouse and Baseyard Area - A pickup truck was also bought for our Operations Department this past month.

Mr. Reyna explained to Mr. Nishimura that currently he is working with Deputy Manager William Eddy in preparing bid documents, specifications and the scope of work for the Hanamaulu Well. He believes that the bid documents should be going out before the next board meeting.

In addition to this report, there was a fire that transpired in the Koloa area yesterday. Our system worked well and the Mahaulepu tanks had ample water source and the leak wells barely registered any pumping activity to put out the fire. Our SCADA alarms did not register any alarm during the duration of the fire and the newly installed fire hydrant by the church was used as one of the main sources and was successful.

Mr. Nishimura moved to receive the Chief of Operation's Summary Report on Monthly Operational Maintenance, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.

Re: Manager's Monthly Update Regarding Activities of Note of the Kaua'i County Water Department

Manager Craddick explained that the report back from Personnel Services regarding the Engineering Division reorganization was that they were not in favor of it so we are currently revising the organizational chart. We are amending the position description duties for the EM5 and leave the EM7. Personnel stated that you cannot have an EM reporting to an EM.

SUMMARY OF WARRANT VOUCHERS PAID

Warrant vouchers were paid in the amount of \$3,980,387 and the total capital expenditures were \$979,278.

The BAB Spend Down is attached for the Board's review.

There is a Bird Training for the Board Members to attend with Deputy County Attorney Andrea Suzuki after the Regular Meeting is adjourned.

Mr. Nishimura moved to receive Manager's Monthly Update Regarding Activities of Note of the Kaua'i County Water Department, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

EXECUTIVE SESSION

1. Review and Approval Executive Session Minutes: June 21, 2011
2. Review and Approval of Executive Session Minutes: July 28, 2011

Mr. Dahilig moved to approve Executive Session Minutes dated for June 21, 2011 and July 28, 2011, seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

TOPICS FOR NEXT WATER BOARD MEETING

1. Board Policy on Reserve Fund

TOPICS FOR FUTURE WATER BOARD MEETINGS

UPCOMING EVENTS

1. Project WET, Make a Splash, September 29, 2011
2. National Rural Water Annual Convention, October 4-6, 2011
3. HWWA Conference, Kona, Hawaii, October 12-14, 2011
Mr. Nishimura suggested that if some of the Board Members are not able to attend this conference, the funds to can be used for the DOW Staff to attend.

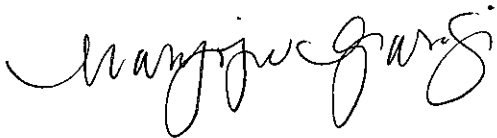
NEXT WATER BOARD MEETING

1. Thursday, September 22, 2011, 10:00 a.m.
Mr. McComick, Mr. Dill, and Mr. Dahilig will not be able to attend this meeting.
2. Thursday, October 27, 2011, 10:00 a.m.
3. Wednesday, November 23, 2011, 10:00 a.m.

ADJOURNMENT

There being no further business, Vice Chair Kaneshiro adjourned the meeting at 2:24 p.m.

Respectfully Submitted,



Mary-jane Garasi
Acting Commissions Support Clerk

Approved,



Randall Nishimura
Secretary – Board of Water Supply