

MEETING MINUTES  
BOARD OF WATER SUPPLY  
Friday, August 26, 2016

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Friday, August 26, 2016. Vice Chair Clyde Nakaya called the meeting to order at 10:00 a.m. The following Board members were present:

BOARD: Mr. Clyde Nakaya, *Vice Chair*  
Mr. Lyle Tabata  
Ms. Beth Tokioka  
Mr. Sherman Shiraishi

EXCUSED: Ms. Laurie Ho, *Chair*  
Mr. Larry Dill  
Mr. Michael Dahilig

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

STAFF: Mr. Kirk Saiki  
Mr. Dustin Moises  
Mr. Val Reyna  
Ms. Marites Yano  
Mr. Keith Aoki  
Ms. MJ Akuna  
Deputy County Attorney, Mahealani Krafft

Mr. Eddie Doi  
Ms. Kim Tamaoka  
Ms. Sandi Nadatani-Mendez  
Mr. Chris Nakamura

GUEST(s): Ms. Melissa Fisher, The Nature Conservancy/Kaua'i Watershed Alliance  
Mr. Royce Kawabata, Lihu'e Land Company/Kaua'i Watershed Alliance  
Mr. Trae Menard, The Nature Conservancy/Kaua'i Watershed Alliance  
Mr. Allan Rietow, The Nature Conservancy/Kaua'i Watershed Alliance  
Mr. Ian Kagimoto, Kaua'i Watershed Alliance  
Ms. Sheri S. Mann, Department of Division of Forestry and Wildlife (DOFAW), &  
Department of Land and Natural Resources (DLNR)  
Mr. Faisal Faruque, Prithibi Consultant  
Mr. Hall Parrott, Private Citizen

**ACCEPTANCE OF AGENDA**

Mr. Tabata approved the Agenda as distributed; seconded by Ms. Tokioka; with no objections; motion carried with 4 ayes.

**D. MEETING MINUTES**

**Review and approval of:**

Regular Board Meeting – July 22, 2016

Mr. Shiraishi moved to approve the Regular Board Meeting minutes of July 22, 2016; seconded by Mr. Tabata; with no objections; motion carried with 4 ayes.

**Review and approval of Executive Session:**

Executive Session - July 22, 2016

Mr. Shiraishi moved to approve the Executive Session minutes of July 22, 2016; seconded by Mr. Tabata; with no objections; motion carried with 4 ayes.

**E. CORRESPONDENCE/ANNOUNCEMENTS**

1. Correspondence received from Mr. Allan Rietow, Field Representative, The Nature Conservancy, Kaua'i Program, Coordinator on Behalf of the Kaua'i Watershed Alliance, dated August 1, 2016 regarding a request to present a Kaua'i Watershed Alliance Progress Report at the August 26<sup>th</sup> Regular Board Meeting

Mr. Allan Rietow and Ms. Melissa Fisher provided a presentation on the Kaua'i Watershed Alliance (KWA) progress report to the Board members. Mr. Rietow and Ms. Fisher thanked the Board members for the funding to protect mauka watersheds.

A brief overview consisted of the land owners, funding sources and the accomplishments for this fiscal year. There are three (3) phases of the work: 1) Planning phase, 2) Management phase and 3) Maintenance/Monitoring phase.

- Kaua'i Watershed Alliance Members
  - Kaua'i Priority I Watershed/KWA Partner Lands
  - FY 16 Funding Distribution
- Work areas include:
- Kanaele Bog (2 fence checks/year)
  - Alakai Summit (6 fence checks/year)
  - Wainiha Valley
  - Halehaha (State is contracted to build a 6.5 mile fence; completion in January 2017.)
  - Planning Phase for: Drinking Glass, Koaie & Lumaha'i (5.5 miles of fencing)

Mr. Rietow invited new Board members to see the watershed project area by air.

**DISCUSSION:**

Mr. Shiraishi asked what does the KWA do with the pigs that are removed? Ms. Fisher said the team goes into the East Alakai unit or Wainiha Valley where the pigs become fertilizer for the native plants.

Ms. Tokioka inquired about the Halehaha unit regarding fencing and if the KWA engages with the hunting community and access areas and if there is a collaborative relationship with the hunters? Ms. Fisher said they have a positive relationship with the community members, Branch Manager Sheri Mann with DLNR and former Branch Manager Galen Kawakami. Ms. Mann mention that the first public shooting range in Hānahana Puni Crater is being developed. She continues to meet with the hunting community. Mr. Menard added that fences were modified to allow hunters better access to hunting areas.

Vice Chair Nakaya encouraged the Board to take the air flight because it was educational to learn about the watershed that is important to Kaua'i. The Department increased the funding this year for the KWA which he thanked Manager Saiki.

Mr. Shiraishi moved to receive the correspondence received the Kaua'i Watershed Alliance Progress Report; seconded by Ms. Tokioka; with no objections, motion carried with 4 ayes.

**F. BOARD COMMITTEE REPORTS**

None.

**G. OLD BUSINESS**

1. Manager's Report No. 16-56 - Discussion and Possible Action on the Manager and Chief Engineer's New Format of Goals and Objectives for July 2016 – June 2017

## **BACKGROUND:**

Manager Saiki provided more details to the Department Goals and Objectives for FY 2016-2017 (refer to Page 28). The Manager highlighted Goal 2 – Utilize Global Information System (GIS) maps and data and Goal 3 – Implement the new billing system, the water rate study and to look at Great Plains software to develop the budget.

## **DISCUSSION:**

Ms. Tokioka suggested a target completion date column and to be realistic on the accomplishments. Mr. Tabata suggested adding a building permit plan review process. At times there have been delays with the Department of Water. Mr. Doi commented the Department reviews are quick but there have been computer glitches in the process.

Ms. Tokioka moved to defer *Manager's Report No. 16-56* - Discussion and Possible Action on the Manager and Chief Engineer's New Format of Goals and Objectives for July 2016 – June 2017 to the September Board meeting for the Manager to implement suggestions from Ms. Tokioka to add a target completion date column and Mr. Tabata's suggestion to add an electronic Building Permit Planning Review goal; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

## **H. NEW BUSINESS**

1. Discussion and Suggestions for Capital Improvement Projects (CIP) for the 2017 Legislative Session

## **BACKGROUND:**

Manager Saiki presented the draft package of the CIP for the 2017 legislative session. The Summary Request for State Aid details are included on Page 35 with the following priorities:

- Priority No. 1 – Kīlauea Water System
- Priority No. 2 – Hā'ena / Wainiha Water System
- Priority No. 3 – Līhu'e / Kapa'a Water System
- Priority No. 4 – Kalāheo-Lāwa'i-Omao Water System
- Priority No. 5 – Līhu'e / Kapa'a Water System

## **DISCUSSION:**

Ms. Tokioka inquired if the total amount for FY 2017-2022 of \$23,850,000 is requested by the Department to the State. Manager Saiki explained that the Department does not ask for an amount. The State has the option to fund a portion of a project and the Department does tie in state benefits with projects.

Most of the lobbying with the legislature has been done by Chief of Water Resources and Planning, Mr. Doi who brought in approximately \$8M during the past two (2) years.

Mr. Tabata moved to receive the Discussion and Suggestions for Capital Improvement Projects (CIP) for the 2017 Legislative Session; seconded by Mr. Shirashi; with no objections, motion carried with 4 ayes.

2. *Manager's Report No. 17-03* - Discussion and Possible Action on the Approval of the DOW's Supplemental Budget Fiscal Year (FY) 16-17

## **BACKGROUND:**

Waterworks Controller Ms. Marites Yano requested Board approval of the Supplemental Budget #1, Purchase Order Roll Overs / \$4,297,658 – Capital Outlay Budget; \$1,367,323 – Non-Capital Expenses.

Mr. Shiraishi moved to approve Manager's Report No. 17-03 - Discussion and Possible Action on the Approval of the DOW's Supplemental Budget Fiscal Year (FY) 16-17; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

3. Manager's Report No. 17-04 - Discussion and Possible Action on Resolution No. 17-02, to Accept and Expend the State Budget Appropriations provided to the DOW for WP WK-39 Drill and Develop Kapa'a Homesteads Well No. 4 for \$750,000.00

**BACKGROUND:**

Manager Saiki recommended that the Board sign the Resolution to expend \$750,000.00 from the State Budget Appropriations provided to the DOW.

Mr. Tabata moved to approve Manager's Report No. 17-04 - Discussion and Possible Action on Resolution No. 17-02, to Accept and Expend the State Budget Appropriations provided to the DOW for WP WK-39 Drill and Develop Kapa'a Homesteads Well No. 4 for \$750,000.00 and to sign the Resolution; seconded by Mr. Shiraishi; with no objections, motion carried with 4 ayes.

4. Manager's Report No. 17-05 - Discussion and Possible Action on Resolution No. 17-03, to Accept and Expend the State Budget Appropriations provided to the DOW for WP PLH-35b Construct Kapaia Cane Haul Road 18" Main for \$3.0M

**BACKGROUND:**

Manager Saiki recommended the Board sign the Resolution to expend \$3.0M from the State Budget Appropriations provided to the DOW.

Mr. Tabata moved to approve Manager's Report No. 17-05 - Discussion and Possible Action on Resolution No. 17-03, to Accept and Expend the State Budget Appropriations provided to the DOW for WP PLH-35b Construct Kapaia Cane Haul Road 18" Main for \$3.0M and to sign the Resolution; seconded by Mr. Shiraishi; with no objections, motion carried with 4 ayes.

5. Manager's Report No. 17-06 - Discussion and Possible Action for additional funding for Job No. 13-07 Koloa Well D Retaining Wall & Site Repairs in the amount of \$111,000.00

**BACKGROUND:**

Construction Project Management Officer Mr. Dustin Moises received two proposals for additional funding for Job No. 13-07 Koloa Well D Retaining Wall & Site Repairs but one bid was disqualified.

Ms. Tokioka moved to approve Manager's Report No. 17-06 - Discussion and Possible Action for additional funding for Job No. 13-07 Koloa Well D Retaining Wall & Site Repairs in the amount of \$111,000.00; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

6. Manager's Report No. 17-07 - Discussion and Possible Action on the Memorandum of Agreement (MOA) with the Department of Public Works, County of Kaua'i (DPW) For Job No. 12-01, Water Plan 2020 No. H-05 Pipeline Replacement along Weke, 'Anae, Mahimahi and He'e Roads, Hanalei, Hawai'i

**BACKGROUND:**

Manager Saiki recommended that the Board enter into a Memorandum of Agreement (MOA) with the Department of Public Works For Job No. 12-01, Water Plan 2020 No. H-05 Pipeline Replacement along Weke, 'Anae, Mahimahi and He'e Roads, Hanalei, Hawai'i.

Mr. Shiraishi moved to approve Manager's Report No. 17-07 - Discussion and Possible Action on the Memorandum of Agreement (MOA) with the Department of Public Works, County of Kaua'i (DPW) For Job No. 12-01, Water Plan 2020 No. H-05 Pipeline Replacement along Weke, 'Anae, Mahimahi and He'e Roads, Hanalei, Hawai'i; seconded by Ms. Tokioka; with no objections, motion carried with 4 ayes.

7. Manager's Report No. 17-08 - Discussion and Possible Action on the Memorandum of Agreement (MOA) with the Department of Public Works, County of Kaua'i (DPW) For Job No. 13-05 Water Plan 2020 Project No. WKK-09, Kolo Road Main Replacement, Kilauea, Kaua'i, Hawai'i

**BACKGROUND:**

Manager Saiki recommend that the Board enter into a Memorandum of Agreement (MOA) with the Department of Public Works For Job No. 13-05 Water Plan 2020 Project No. WKK-09, Kolo Road Main Replacement, Kilauea, Kaua'i, Hawai'i.

Mr. Shiraishi moved to approve Manager's Report No. 17-08 - Discussion and Possible Action on the Memorandum of Agreement (MOA) with the Department of Public Works, County of Kaua'i (DPW) For JOB No. 13-05 Water Plan 2020 Project No. WKK-09, Kolo Road Main Replacement, Kilauea, Kaua'i, Hawai'i; seconded by Ms. Tokioka; with no objections, motion carried with 4 ayes.

8. Manager's Report No. 17-09 - Discussion and Possible Action on the Use and Occupancy Agreement No. 333 with the State of Hawaii for Job No. 12-01, Water Plan 2020 No. H-05, Hanalei Waterline Improvements (Weke, Anae, Mahimahi and He'e Roads Main Replacements), Hanalei, Kaua'i, Hawai'i

**BACKGROUND:**

Manager Saiki recommended that the Board agree to and approve the State of Hawai'i's conditional letter and to enter into a Use and Occupancy Agreement (UOA) No. 333.

**DISCUSSION:**

Ms. Tokioka asked what was the differences in the terms with the state and county agreements? Mr. Aoki explained that one county double the days to be notified. Manager Saiki added the state does not have a standard format to review the agreements. Vice Chair Nakaya recommended that Mr. Aoki provide a list of different of terms in the future which will be helpful for the Board.

Ms. Tokioka moved to approve Manager's Report No. 17-09 - Discussion and Possible Action on the Use and Occupancy Agreement No. 333 with the State of Hawaii for Job No. 12-01, Water Plan 2020 No. H-05, Hanalei Waterline Improvements (Weke, Anae, Mahimahi and He'e Roads Main Replacements), Hanalei, Kaua'i, Hawai'i and to sign and agree on the conditional letter; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

9. Manager's Report No. 17-10 - Discussion and Possible Action on the Use and Occupancy Agreement No. 328 with the State of Hawaii for Job No. 13-05, Water Plan 2020 No. WKK-09, Kolo Road Main Replacement, Kilauea, Kaua'i, Hawai'i

**BACKGROUND:**

Manager Saiki recommended that the Board agree to and approve the State of Hawai'i's conditional letter and to enter into a Use and Occupancy Agreement (UOA) No. 328.

**DISCUSSION:**

Mr. Shiraishi expressed concern with the “*duty to defend*” provisions as the Department should not have to act as an insurance company, but did not have a problem with the “*duty to indemnify and to hold the other party harmless.*”

Deputy County Attorney Mahealani Krafft commented that the conditional letter is not negotiable. It was noted by Private Secretary MJ Akuna that the UOA would come back to the Board.

Mr. Tabata approved Manager’s Report No. 17-10 - Discussion and Possible Action on the Use and Occupancy Agreement No. 328 with the State of Hawaii for Job No. 13-05, Water Plan 2020 No. WKK-09, Kolo Road Main Replacement, Kīlauea, Kaua’i, Hawai’i and to sign and agree on the conditional letter; seconded by Ms. Tokioka; with no objections, motion carried with 4 ayes.

**I. STAFF REPORTS**

**MONTHLY**

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

**BACKGROUND:**

Waterworks Controller, Ms. Marites Yano presented the Budget Summary for 2016 and Comparative Charts. Report highlights: 1) Ongoing Activities, 2) Five (5) year water rate study. The consultants will provide the Board a financial rate model in September, 3) Customer Care & Billing (CC&B) Conversion – ongoing, and 4) Financial Audit will start next week – Draft deadline is November 1<sup>st</sup> to the County.

Ms. Tokioka moved to receive the Kaua’i County Water Department’s Statement of Revenues and Expenditures, a. July Monthly Summary Budget; seconded by Mr. Shiraishi; with no objections, motion carried with 4 ayes.

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

**BACKGROUND:**

Public Relations Specialist Ms. Kim Tamaoka highlighted the following:

1. Make a Splash is scheduled for Thursday, September 22<sup>nd</sup> with 13 schools participating, 34 classes, and 755 students.
2. CC&B Conversion Upgrade – An information newsletter was sent to the staff regarding CC&B progress. A public information news release will be sent out to customers about the new billing system features.

**DISCUSSION:**

Ms. Tokioka suggested sending out a press release and Facebook post on the September 7th Public Hearing. Manager Saiki mentioned one testimony has been received.

Mr. Tabata moved to receive the Public Relations Specialist on Public Relations Activities; seconded by Ms. Tokioka; with no objections, motion carried with 4 ayes.

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

**BACKGROUND:**

Chief of Operations Mr. Val Reyna highlighted the following:

1. Telemetry/Telecommunication and Supervisory Control & Data Acquisition (SCADA) problems in Hā'ena. Research was done and Operations worked 436.75 man-hours of overtime over the past six (6) months monitoring the telemetry issues.
2. HIOSH Inspection – Initially Operations was penalized \$20,000 but after an informal conference with the HIOSH enforcement branch manager, the amount was reduced to \$14,525. In a previous Board meeting, Mr. Dahilig asked if violations could be avoided. Mr. Reyna contacted a consultant to inspect and assess the facilities. The consultant will provide recommendations on how to fix facility problems with no cost to the Department.

**DISCUSSION:**

Most of the violations lacked eye wash at remote sites and the Operations facility. Installation of the eye wash have been done. Another violation was missing labels on the hydrochloric drums.

Mr. Reyna will continue to provide updates on the ongoing progress of the SCADA repair. The repairs should be done by the end of the year pending the ordered parts.

Mr. Shiraishi moved to receive the Chief of Operation's Summary Report on Operational Activities the Chief of Operation's Summary Report on Operational Activities; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

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

**BACKGROUND:**

Manager Saiki stated the CC&B Billing System (Update) would be presented by Mr. Faisal Farque, Prithibi Consultant. Mr. Farque provided the Board with an update on the CC&B conversion. The soft launch was rolled out ahead of time which went well. Staff came in on Sunday to do manual entries that went smoothly and was ahead of schedule.

The Department the cutting edge technology in Oracle version 2.4. Data is comparable and the system is stable. Staff will be able to run their own reports as needed. The next two (2) weeks is to setup a transition schedule. The total conversion should be done by mid-September.

Other applications include: 1) Service Cloud Billing - customers can make payments on line; make inquiries or report a leak, 2) Billing Insight, 3) On line Policy Automation, and 4) Field Service Management.

Testing and integration will begin next week. Staff working in the field can use a hand held unit which goes straight into CC&B. CC&B will go live first with staff, then a couple of months later it will go live to the customers.

The Oracle conference will be in September and the Department was been invited to speak and share their vision on why the Department embarked on this software. Also, Forbes Magazine will be doing a feature article on the Oracle software with the Department's CC&B as a leader in the utility industry.

Legionella Disease Update – The backflow preventer has been installed at Kapa‘a Shores. The Department will perform inspection and testing and lastly will turn the water back on.

Annual Auction – Received \$18,533.00 on auction items.

### **DISCUSSION:**

Mr. Shiraishi inquired if the existing building will ever have A/C? Manager Saiki said the contract to replace the two A/C units was cancelled. The building would depend on what the consultant recommends which could be remodeled or demolished according to Mr. Reyna.

Ms. Tokioka asked about the Facilities Reserve Charge (FRC) offset of Lima Ola and questioned if it was possible to offset the FRC in state funds and what were the reasons why it can't happen? She challenged Manager Saiki conclusions that grant funds are not allocated for Lima Ola. A successful Lima Ola would benefit all other stakeholders (i.e., Eleele School would have increased enrollment or other customers for a shopping center). In Ms. Tokioka's opinion, this would not only benefit one entity. Manager Saiki mentioned that a portion would apply as a benefit but it got taken out.

Ms. Tokioka asked what would happen to the state grant? Manager Saiki said there was the intent to help Lima Ola. The Department will increase the ability to move water to Lima Ola. If the grant wasn't received, there would have been additional costs. Mr. Doi added the waterline was a requirement for Lima Ola to develop. The funding helped Lima Ola tremendously with the initial cost of the project.

Mr. Shiraishi moved to receive the Manager and Chief Engineer's Monthly Update Regarding Activities of Note of the DOW; seconded by Ms. Tokioka; with no objections, motion carried with 4 ayes.

- a. Report of the BAB pay down as of June 2016

Mr. Shiraishi moved to receive the Report of the BAB pay down as of June 2016; seconded by Ms. Tokioka; with no objections, motion carried with 4 ayes.

- Vice Chair Nakaya appointed Ms. Tokioka to the Rules Committee with no objections.

### **AWWA REPORTS**

1. Discussion and Receipt of the American Water Works Association, Chicago, IL (not Anaheim), Conference Reports (*June 9-12, 2016*)
  - a. Report from Kaua'i Board of Water Supply Member, Larry Dill

Ms. Tokioka moved to receive the American Water Works Association report from Mr. Larry Dill; seconded by Mr. Shiraishi; with no objections, motion carried with 4 ayes.

### **J. EXECUTIVE SESSION**

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

1. *Pursuant to Hawai'i Revised Statutes (HRS) Section 92-4, 92-5(a)(4), the purpose of this executive session is to review executive session minutes dated **July 22, 2016**. This*



1. Pursuant to Hawai'i Revised Statutes (HRS) Section 92-4, 92-5(a)(4), the purpose of this executive session is to review executive session minutes dated **July 22, 2016**. This 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.  
(Approved in Open Session)

**K. TOPICS FOR NEXT WATER BOARD MEETING (September 2016)**

1. Discussion and Receipt of the Department of Water's Capital Improvement Projects (CIP) for the 2016 Legislative Session
2. Manager's Report No. 16-56 - Discussion and Possible Action on the Manager and Chief Engineer's New Format of Goals and Objectives for July 2016 – June 2017 (*Update*)
3. Discussion and Possible Action on the Public Hearing Comments of September 7, 2016 regarding Part 5 – Facility Reserve Charge Section III – Applicability
4. Manager's Report No. 16-62 - Discussion and Possible Action to Approve a Right of Entry Agreement for a portion of the Department of Water's Koloa 1.0 MG Tank site, TMK: (4) 2 7-003:008, Lot 426, Affecting the following:
  - a. Kauai Island Utility Cooperative (KIUC), TMK: (4) 2-7-003:008, Koloa, Kaua'i, Hawai'i
5. Rate Study Workshop

**L. TOPICS FOR FUTURE WATER BOARD MEETINGS**

1. Discussion and Possible Action on Board Policy regarding Proposed Delegation of a Meter Restriction
2. Workshop presentation regarding the Long Range Plan of the Department of Water's Administration Building
3. Discussion and Possible Action on Proposed Board Policy for Delegating Routine Actions from the Water Board to the Department of Water's Manager and Chief Engineer regarding Right of Entry

**M. UPCOMING EVENTS**

1. Project WET - Make a Splash (*September 22, 2016*)
2. HWWA, Hawai'i Section, Maui, HI (*November 2 – 4, 2016*)

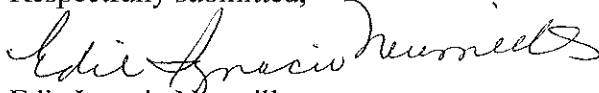
**N. NEXT WATER BOARD MEETING**

1. Friday, September 23, 2016, 8:00 am – *Rate Study Workshop*
2. Friday, September 23, 2016, 10:00 a.m.
3. Tuesday, October 4, 2016, 1:00 p.m. - *Rules Committee Meeting*
4. Friday, October, 28, 2016, 10:00 a.m.
5. **Wednesday**, November 23, 2016, 10:00 a.m.
6. Friday, December 16, 2016 – *Annual Meeting*
7. Friday, December 23, 2016, 10:00 a.m.

**O. ADJOURNMENT**

Ms. Tokioka moved to adjourn the meeting at 11:35 a.m.; seconded by Mr. Shiraishi; with no objections, motion carried with 6 ayes.

Respectfully submitted,



Edie Ignacio Neumiller  
Commission Support Clerk

Approved,



Sherman Shiraishi  
Secretary – Board of Water Supply