

MEETING MINUTES
BOARD OF WATER SUPPLY
Monday, August 21, 2017

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Monday, August 21, 2017. Chair Sherman Shiraishi called the meeting to order at 10:04 a.m. The following Board members were present:

BOARD: Mr. Sherman Shiraishi, *Chair*
Ms. Laurie Ho
Mr. Lyle Tabata
Mr. Thomas Canute
Ms. Beth Tokioka
Mr. Michael Dahilig
Mr. Lawrence Dill (*entered meeting 10:04 am after roll call*)

Quorum was achieved with 6 members present at the time of roll call.

STAFF:

Mr. Kirk Saiki	Ms. Marites Yano
Mr. Valentino Reyna	Ms. MJ Akuna
Mr. Carl Arume	Ms. Jonell Kaohelaulii
Mr. Keith Aoki	Mr. Michael Hinazumi
Mr. Dustin Moises	Mr. Joel Bautista
Mr. Bryan Wienand	Mr. Chris Nakamura
Ms. Sandi Nadatani-Mendez	Mr. Leopoldo Anguay
Deputy County Attorney, Mahealani Krafft	Mr. Ryan Smith

GUEST(s)

- Ms. Melissa Fisher, The Nature Conservancy
- Mr. Allan Rietow, The Nature Conservancy
- Mr. Pat Porter of DOFAW, DLNR
- Mr. Chipper Wichman, NTBG
- Ms. Holly Dyre, Ben A. Dyre Family LP
- Mr. Hall Parrott, Private Citizen

C. ACCEPTANCE OF AGENDA

Ms. Ho moved to reorder the Agenda to move up New Business Item I. No. 1, Resolution No. 18-01, Review and Approval of Regular Board Minutes & Public Hearing Minutes and Correspondence; seconded by Mr. Canute; with no objections, motion carried with 7 ayes.

I. NEW BUSINESS

1. Resolution No. 18-01 – Farewell to Leopoldo Anguay (Retiree), Waterworks Inspector III, Construction Management Division

Chief of Construction Management Mr. Moises read Mr. Anguay's Resolution to the Board and staff. A photo op with Board members and the Construction Management staff followed. Mr. Anguay expressed he was glad of a lateral transfer from O'ahu to the Department of Water (DOW) because he would have been assigned to the rail project. He also enjoyed many friendships and support at the DOW.

Ms. Tokioka moved to approve and adopt Resolution No. 18-01 – Farewell to Leopoldo Anguay (Retiree), Waterworks Inspector III, Construction Management Division; seconded by Ms. Ho; with no objections, motion carried with 7 ayes.

D. MEETING MINUTES

Review and approval of:

Regular Board Meeting – July 28, 2017

Mr. Canute moved to approve the Regular Board Meeting minutes of July 28, 2017; seconded by Mr. Tabata; with no objections, motion carried with 7 ayes.

Public Hearing – July 26, 2017

Mr. Canute moved to approve the Public Hearing minutes of July 26, 2017; seconded by Mr. Tabata; with no objections, motion carried with 7 ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS

1. Correspondence from Mr. Allan Rietow, Field Representative, The Nature Conservancy Coordinator for the Benefit of the Kaua'i Watershed Alliance regarding a Kaua'i Watershed Alliance Progress Report presentation for FY2017 at the August Board meeting, dated July 5, 2017

BACKGROUND: (Refer to the full PowerPoint presentation in the Board packet.)

Mr. Allan Rietow introduced Ms. Melissa Fisher, Director of The Nature Conservancy (TNC) Kaua'i Program who gave a short presentation. Also introduced was Mr. Pat Porter of Division of Forestry and Wildlife (DOFAW), Department of Land and Natural Resources (DLNR), Mr. Chipper Wichman, National Tropical Botanical Garden (NTBG), Ms. Holly Dyre, Ben A. Dyre Family LP who said a few words to thank the Board for their support on the KWA.

The TNC are the coordinators for the KWA. KWA is made up of public and private landowners who safe guard the drinking water for the entire island. TNC is the fiscal agent that raises and spends the money and works in the watershed area (KWA is a non-fiscal agent).

Types of work done by TNC for KWA are: 1) plan projects, 2) provide active management, 3) monitor continuously by checking the areas and to secure boundaries, and 4) maintenance. TNC works with helicopter and fence contractors, weed control efforts, mapping with an electrical engineer who is a former CIA employee who uses a network communication & infra-red camera systems to monitor the pig traps (8-15 pigs). This technology will be used statewide with other agencies. TNC is currently using a drone for pictures of the Kanaele Bog (swamp). The DOW has been a resource in making good progress in the forest.

Ms. Fisher thanked the Board of Water Supply for continued support of their work.

DISCUSSION:

Mr. Dill asked Ms. Fisher about the changes in the swamp she has observed over the past nine years. She said there are significant changes comparing the inside to the outside of the fenced area. Inside the fence the native plants have come back. Outside the fence pigs are still in the area and have torn up the area. Mr. Rietow added without the fence, it would not have supported the improvements that have been made. Everything around the swamp is invasive. At times the team has found invasive plants around the swamp.

Chair Shiraishi asked if there has been push back from hunters. Ms. Fisher said there have been public meetings and environmental assessments have been written for the remote areas. TNC checked with community members and have answered their questions. The State does a good job in connecting with the community and residents have been given maps of the areas where fences are located.

Ms. Holly Dyre, Ben A. Dyre Family LP first read a communication from Mr. Arryl Kaneshiro with Grove Farm Company who could not be at the Board meeting. He thanked the DOW and the Board for their continuous support of KWA. For eight years, Mr. Kaneshiro has been a part of KWA and was fortunate to see many of their projects and priorities materialize with the help of the DOW and the Board's funding. Ms. Dyre's family has been a partner from the beginning and thanked the Board for their support. Having a family with small children has made the project even more important to her.

Mr. Pat Porter, Forest Manager DOFAW, DLNR thanked the Board for their support. He added the watershed is protected and a priority. Partners are the main reason for the success, along with managing resources on the conservation side. It is important to bring partners together like the State, non-profits and Alexander & Baldwin, a large landowner.

Mr. Chipper Wichman, NTBG thanked the Board for their financial support. The last two State governors committed to protect the watersheds in the State. He said to be able to manage the watershed without worrying about property lines is critical. Water is critical especially during past hurricanes. 13.1 miles of fence are in place and Drinking Glass will have 5-1/2 more miles added. There are future projects coming up with additional acreage. The weed control work is also critical. DLNR has done a good job in its relationship with the hunters. Ladders have been added for the hunters to get over the fences, and the fences have not been cut or destroyed. Chair Shiraishi said the way the fence is installed was awesome, as observed when he and Mr. Dill took a tour a few years ago. Mr. Tabata also saw the strong fences when he was in the area recently.

Mr. Wichman shared that other islands that use potable water are part of the alliance, which includes schools and partnerships with attorneys. The alliance creates the structure that allows access to partners and to federal funding for TNC. TNC was also hired to write the strategic plan. Mr. Dill said the services receive many benefits from TNC's involvement. Mr. Wichman acknowledged DOFAW and TNC, who do the heavy lifting on the protection of the water sheds.

Mr. Dill asked if there has been movement to engage the Robinsons on the west side. Mr. Wichman said they are interested in protecting their watershed and dialog will continue with the Robinsons. They have seen the accomplishments, achievements and have looked at the fence that goes along their border property. The Robinsons have been given maps and estimates of costs to protect their upper watershed, and are considering joining the KWA in the future.

Mr. Dill moved to receive the correspondence from Mr. Allan Rietow, Field Representative, The Nature Conservancy Coordinator for the Benefit of the Kaua'i Watershed Alliance regarding a Kaua'i Watershed Alliance Progress Report presentation for FY2017 at the August Board meeting, dated July 5, 2017; seconded by Mr. Canute; with no objections, motion carried with 7 ayes.

F. BOARD COMMITTEE REPORTS

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

1. Discussion and Possible Action on the Scope for a Performance Audit

BACKGROUND:

The Audit Committee Report was distributed and "Received for the Record." The Audit Committee met on August 15, 2017. Mr. Tabata reported on the discussion of how the Audit Committee would move forward by looking at possible scopes for a performance audit in various DOW divisions. He asked the Board members to review the report, give recommendations and to prioritize items. He would like feedback within the next two weeks as to whether the subjects were covered sufficiently. The items can

then be prioritized and this will go out for professional services procurement to select a consultant to do the audit.

DISCUSSION:

Chair Shiraishi added that the Audit Committee did not highlight a particular division to be audited. For this fiscal year, the budget for an Auditor is \$150,000 which could be an on-going process depending on the next Chair for next year.

Comments from Mr. Dahilig:

1. Have Auditors do a blank query on whether any of these issues are impacted by HR issues, such as inadequate staffing. Make appropriate findings on the study.
 - a. Mr. Dahilig further stated: Are any of the concerns a result of HR issues? If so, that would be a finding or determination by the Auditor and at that point the Board could go further into HR.
2. Look at the scope of contract management and the divisional structure in Construction Management (CM) and Design. Mr. Dahilig further stated: project intake should not be limited to CM & Design but should be looked at across all divisions.
3. Look at how projects are assigned and prioritized and brought to the Board for its review.
4. How are projects initiated? Is there a protocol? Is a protocol needed as recommended by the Auditor? Intake process for projects: Is there one? Is one needed?
5. Important to understand that the audit is not meant to be punitive, but to look at how the Department can operate more efficiently for a better product for the rate payers.

Comments from Mr. Dill:

1. Address appropriate staffing for each of the Department's divisions (includes tools).

Comments from Ms. Tokioka:

1. Suggest as priorities looking at IT and Operations & the split of CM & Engineering, (to see if the split is impacting in a positive or negative way. It would just be the area of items the Auditor is looking at, especially IT.

Comments from Mr. Tabata:

1. Board members to review the Audit Report & Recommendations and to provide feedback due in two weeks to Mr. Tabata.
2. Provide priorities if overlooked in the Audit Report.
3. Professional Services will be procured for \$150,000 (ongoing process in the coming year).

The Audit Committee requests authority to conduct the procurement on behalf of the Board.

Mr. Dahilig moved to approve the Audit Committee report with recommendations on the Scope of a Performance Audit for project priority initiation, to formalize the process, and authorize procurement; seconded by Mr. Dill; with no objections, motion carried with 7 ayes.

At 11:03 a.m., Ms. Tokioka exited the meeting.

G. CONSENT CALENDAR

1. Manager's Report No. 17-09 (Update) - Discussion and Possible Action for Board Approval with the State of Hawaii's July 15, 2016 conditional letter and enter into 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

Mr. Dahilig moved to approve Manager's Report No. 17-09 (Update) - Discussion and Possible Action for Board Approval with the State of Hawaii's July 15, 2016 conditional letter and enter into 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; seconded by Mr. Tabata; with no objections, motion carried with 6 ayes.

2. Manager's Report No. 18-60 – Discussion and Possible Action to approve the State of Hawai'i's June 12, 2017 conditional letter and to enter into Use and Occupancy Agreement No. 368 between the State of Hawai'i and the Board of Water Supply, County of Kaua'i and for Job No. 15-07, Water Plan 2020 No. HE-1, Reorganize Water System – Pipeline Connecting Hanapēpē and 'Ele'ele, Kaua'i, Hawai'i

Mr. Dahilig moved to approve Manager's Report No. 18-60 – Discussion and Possible Action to approve the State of Hawai'i's June 12, 2017 conditional letter and to enter into Use and Occupancy Agreement No. 368 between the State of Hawai'i and the Board of Water Supply, County of Kaua'i and for Job No. 15-07, Water Plan 2020 No. HE-1, Reorganize Water System – Pipeline Connecting Hanapēpē and 'Ele'ele, Kaua'i, Hawai'i; seconded by Mr. Tabata; with no objections, motion carried with 6 ayes.

3. Manager's Report No. 18-61 - Discussion and Possible Action for the Board to concur with Right of Entry letter from the Department of Land and Natural Resources for the construction of the Clearwell Tank site as part of the Kalaheo Water Improvements Project, Package B – 0.1 MG Clearwell Reservoir, Kalāheo, Kaua'i, Hawai'i

Mr. Dahilig moved to approve Manager's Report No. 18-61 - Discussion and Possible Action for the Board to concur with Right of Entry letter from the Department of Land and Natural Resources for the construction of the Clearwell Tank site as part of the Kalaheo Water Improvements Project, Package B – 0.1 MG Clearwell Reservoir, Kalāheo, Kaua'i, Hawai'i; seconded by Mr. Tabata; with no objections, motion carried with 6 ayes.

4. Manager's Report No. 18-62 - Discussion and Possible Action to approve the Request for State Lands – Application Form to obtain a temporary Right of Entry and a Grant of Easement for construction, operation, and maintenance of proposed drain line on TMK: (4) 4-6-11:125, Job No. 02-14 WP2020 #WK-08 Kapa'a Homesteads 325' Tanks – Two 0.5 Million Gallon Storage Tanks, Kapa'a, Kaua'i, Hawai'i

Commission Support Clerk distributed an attachment and was "Received for the Record."

Mr. Dahilig moved to approve Manager's Report No. 18-62 - Discussion and Possible Action to approve the Request for State Lands – Application Form to obtain a temporary Right of Entry and a Grant of Easement for construction, operation, and maintenance of proposed drain line on TMK: (4) 4-6-11:125, Job No. 02-14 WP2020 #WK-08 Kapa'a Homesteads 325' Tanks – Two 0.5 Million Gallon Storage Tanks, Kapa'a, Kaua'i, Hawai'i; seconded by Mr. Tabata; with no objections, motion carried with 6 ayes.

5. Manager's Report No. 18-63 – Discussion and Possible Action to Request Board Approval to enter into a Memorandum of Agreement (Drainage) and Right of Entry that will allow the Department of Water to construct drainage pipe lines, necessary appurtenances and ditches for WP2020 Project No. WK-08 affecting the following:
 - a. Godwin M. Esaki, Janet M. Esaki, the Godwin M. Esaki Revocable Living Trust, and the Janet M. Esaki Revocable Living Trust, TMK: (4) 4-6-11:125, Kapa'a, Kaua'i, Hawai'i

Mr. Dahilig moved to approve Manager's Report No. 18-63 – Discussion and Possible Action to Request Board Approval to enter into a Memorandum of Agreement (Drainage) and Right of Entry that

will allow the Department of Water to construct drainage pipe lines, necessary appurtenances and ditches for WP2020 Project No. WK-08 affecting the following: a) Godwin M. Esaki, Janet M. Esaki, the Godwin M. Esaki Revocable Living Trust, and the Janet M. Esaki Revocable Living Trust, TMK: (4) 4-6-11:125, Kapa'a, Kaua'i, Hawai'i; seconded by Mr. Tabata; with no objections, motion carried with 6 ayes.

At 11:06 a.m., Mr. Dahilig exited the meeting.

H. OLD BUSINESS

1. Manager's Report No. 18-57 - Discussion and Possible Action to join in the Petition for Subdivision, Designation of Restriction of Access Rights, and Cancellation of Portions of Easement and Easements; Joinders, Land Court of the State of Hawaii Application No. 1087, Puhi, Kaua'i, Hawai'i

Mr. Canute moved Manager's Report No. 18-57 to Executive Session to the end of the Agenda; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

At 11:08 a.m., Mr. Dahilig re-entered the meeting.

2. Manager's Report No. 16-58 – Discussion and Possible Adoption of Part 2, Water Service Connections, Section II General Conditions, subsection 1. Rule amendment relating to the DOW's Standard Operating Procedure for Providing Water Service Outside of the Water Zone

BACKGROUND:

Manager Saiki recommended the Board adopt the rule amendment for Part 2 Water Service Connections, Section II General Conditions, subsection 1.

Mr. Tabata moved to approve Manager's Report No. 16-58 – Discussion and Possible Adoption of Part 2, Water Service Connections, Section II General Conditions, subsection 1. Rule amendment relating to the DOW's Standard Operating Procedure for Providing Water Service Outside of the Water Zone; with no objections, motion carried with 6 ayes.

3. Manager's Report No. 16-38 – Discussion and Possible Adoption of Part 5, Facility Reserve Charge, Section III – Applicability, relating to Multi-Family Dwelling Units and Affordable Housing Units (*Update*)

BACKGROUND:

Manager Saiki recommended the Board adopt the rule amendment for Part 5, Facility Reserve Charge, Section III – Applicability.

Mr. Tabata moved to approve and adopt Part 5 rule change on Facility Reserve Charge, Section III – Applicability, relating to Multi-Family Dwelling Units and Affordable Housing Units (*Update*); seconded by Mr. Dahilig; with no objections, motion carried with 6 ayes.

I. NEW BUSINESS (cont'd)

2. Manager's Report No. 18-64 - Discussion and Possible Action to approve the Department of Water's Supplemental Budget for Fiscal Year 2017-2018

The Board approved the transfer on the Year End rollovers.

Mr. Dill moved to approve Manager's Report No. 18-64 - Discussion and Possible Action to approve the Department of Water's Supplemental Budget for Fiscal Year 2017-2018; seconded by Mr. Tabata; with no objections, motion carried with 6 ayes.

3. Manager's Report No. 18-65 - Discussion and Possible Action on Part 2 Rules and Regulation for Water Service Connection to address Landlord and/or Property Managers and Tenant issues
 - a. Section I – Definitions
 - b. Section III – Conservation Measures and Interruption of Water Supply
 - c. Section IV – Elevation Agreement, Pressure Controls
 - d. Section V – Application for Water Service and Service Connection

BACKGROUND:

Manager Saiki recommended the Board discuss the changes to the rule by defining the landlord/tenant relationship and to tie the owner into the water bill. Chair Shiraishi explained when the tenant does not pay their bill, the Board was asked to explore options to impose liability to the landlord or the property manager. Only the Maui BWS ties the water bill to the landlord as the co-signer on the water service application.

DISCUSSION:

The \$90 deposit is a three month average bill and it depends on the size of the family as indicated by Waterworks Controller Ms. Yano. A 5/8" water meter size for three months water service costs \$150.00. Mr. Dill suggested increasing the deposit amount.

There were two methods that Manager Saiki found: 1) to put a lien on the property or 2) require the owner to apply for service also. Mr. Dill asked if it was necessary to sue or could specific language be added to the application for the owner to understand they would have pay overdue bills? Chair Shiraishi said if there is an authority to sue on a lien, then the Department would have to file a lawsuit.

Mr. Dill asked how long has the \$90 deposit been in place; inflation has to be considered? Ms. Sandi Nadatani-Mendez said it was 20+ years ago. This was based on an old rule which does not mention the three month deposit. If there is a rule, a cost is implied.

Manager Saiki said the billing system can show the average monthly bill on a customer who has a 5/8" meter.

Ms. Yano commented that the deposit issue is with delinquent consumers but would not eliminate repeat delinquency. She asked if the deposit could be adjustable.

The issue of authority is stated in the rule, Section V, No. 5 which states: "An advance deposit equal to the Department's estimate of 3 months' water charges will be required of tenants, lessees, and purchasers of property..." which Mr. Dahilig pointed out.

Comments from Mr. Dahilig:

1. Provide comparisons and hypothetical outcomes on owner/tenant issues at the September Board meeting.
2. Provide draft operational policy implementing this rule and how to calculate a deposit.
Is this practical and does it impede people to rent?

Comments from Mr. Dill:

1. Update and increase the deposit to \$150.00 for 3 months.
2. Would the deposit increase of \$150.00 take care of the 95% of the problem?
3. At budget time, come up with a new estimate on the deposit.

Mr. Hall Parrott, Private Citizen provided his testimony.

Mr. Parrott commented if there was somebody running water for three months, it would be the same as if the property owner came and said his water was running for three months. Don't put the onus on the renter who is living pay check to pay check.

Chair Shiraishi responded to say people in business like to limit their risk and sees Mr. Parrott's opinion. If there is intentional abuse, it is wrong to put the onus on the landowner. The deposit should be affordable.

Mr. Dill referenced Section XI, No. 6. Discontinuation of Water Service for Non-payment of Sewer Service Charges – "Water service may be discontinued for delinquencies in payment of such sewer charges no earlier than thirty (30) days after the mailing or presentation of such delinquent charges to the consumer." One way to look at the deposit is to match how long it takes to get the water bill in the customer's hand before the water is shut off within 60 days. Ms. Yano explained that the consumer's bill is due 20 days after they receive their bill and delinquent after 30 days. A notice is sent out after 30 days of non-payment with a report to Billing in preparation for collection.

Mr. Dahilig moved to *defer Manager's Report No. 18-65* - Discussion and Possible Action on Part 2 Rules and Regulation for Water Service Connection to address Landlord and/or Property Managers and Tenant issues: a. Section I – Definitions, b. Section III – Conservation Measures and Interruption of Water Supply, c. Section IV – Elevation Agreement, Pressure Controls, d. Section V – Application for Water Service and Service Connection; for the Department to provide hypothetically outcomes on owner/tenant issues at the September Board meeting; seconded by Mr. Dill, with no objections, motion carried with 6 ayes.

4. *Manager's Report No. 18-66* - Discussion and Possible Action for Job No. 17-11, WP2020 WKK-02, Drill and Test Kīlauea Well No. 3, Kīlauea, Kaua'i, Hawai'i for additional design funding in the amount of \$18,339.35

BACKGROUND:

Civil Engineer Mr. Aoki recommended to the Board to approve the expenditure of \$18,339.35 in additional design funds which is a 5% contingency. The contingency would save up to a month to complete a contract amendment and the design.

DISCUSSION:

This contract has not been negotiated or awarded at this time. Manager Saiki would like to start the project with a zero contingency but Chair Shiraishi commented if the contingency is in, it may be lost. Mr. Aoki mentioned there is the possibility for additional funding and scope changes on a site selection study but did not know details at this time.

The additional well in Kīlauea is for more source in a different service area. Currently there is only one well and a backup. The ultimate construction cost is about \$2.5M - \$3M and depends on the site. Chief of Construction Management Mr. Moises added the new well and building, Motor Control Center, SCADA, connecting pipeline costs approximately \$7M - \$8M for construction. Design would be approximately \$4M – \$5M. Mr. Dahilig asked if there was a demand for meters? Is the Department receiving additional demand services for potential development? Civil Engineer Mr. Hinazumi said yes and the source would provide redundancy for the Kīlauea system. The Department is also under a restriction for that area. A lot of the proposed multi-family, infill housing and future developments are right on the hook without water service. There has not been an assessment for infill housing and multi-family development at the present time.

Manager Saiki said there is a five meter water restriction in the Kilauea service area which limited the number of meters available for the agricultural park. Mr. Dahilig said the Lighthouse development has water and by looking at houses at the current FRC rate, with an \$8M construction, his estimate is more than 10% of the capital from a few years ago. He asked if this project down the line makes sense as a construction investment. Manager Saiki said yes because it provides system reliability that provides source. Currently there are two wells at the sites (primary well and a backup well) and if anything happens to the site (not to the well or pumps), the Department uses water to pump to the well. A little bit of water from an offsite third well will provide more reliability.

Mr. Dahilig's concern is from past Board discussions of being pushed to move forward on a project because design had been completed. The construction cost did not make sense from a priority position and is a large investment for a capital outlay. In terms of an order of committing capital and constructing things, he asked where is this priority for \$8M for source and storage compared to the rest of the island? Is this Priority No. 1? Manager Saiki said the Department's main concern is source when it comes to system reliability for Kilauea and Kalāheo.

Mr. Dill suggested looking at demand, appropriate capacity and parts of the island on this investment because there is a definite need for this project. He recommended this project get through Engineering and when the project is ready, the Board can consider other priorities. Mr. Dill requested the Department to demonstrate to the Board before a capital investment is made that this is the location and that it should be prioritized.

Chair Shiraishi noted that Manager's Report 18-66 (for a well) and Manager's Report 18-67 (for a tank) were related and understood Mr. Dahilig's concern. He asked what if the tank was built first and the well is not ready? Will there be a use for the 1.0M gallon storage tank? Mr. Aoki and Mr. Hinazumi said there is a shortage for fire protection in Kilauea. The storage tank is still needed regardless if a well is built.

Mr. Canute asked how long is the design good for on the construction of the well if this is deferred? Would the design have to be redone again? Mr. Aoki said it depends on what permits are required. If a Conservation District Use Application (CDUA) permit is required, the Department may reapply for the permit and recertify for one year if there are no interventions.

Mr. Moises clarified the construction cost for the well is from \$.5M to \$3.4M to drill and test. If the well is usable, it would come back for a design contract to develop the well, then construction would start building the well. Mr. Dahilig assumed the cost would run close to \$9M to 10M for the tank.

Mr. Tabata added this goes back to Mr. Dahilig's comment about project initiation and prioritization. Water Resources and Planning should be brought to the Board in its totality to say these are the pieces that add together to pull the project off. Presenting the Board in bits and pieces makes it harder to connect the dots and to understand. Mr. Tabata requested the Department to do a presentation (big picture) on how this project will fit in the community. Is anyone asking the Planning Department regarding the infill potential? Will everyone be required to put septic tanks in? He mentioned there is no wastewater system in that area. Some residents cannot afford to put in a septic tank in. There is also a shopping development being put in Kilauea. It could be that this project is too late. Chair Shiraishi understood there is a need for the well and the tank. He agreed the Board is not fully educated on the big picture on projects.

Manager Saiki asked if there would be a procurement problem in terms of timing. Mr. Dahilig said the Department can award the design contract but without the contingency.

Mr. Dill moved to approve Manager's Report No. 18-66. He mentioned the burden is on the Department to get these projects going.

Mr. Dill denied to withdraw his motion to approve; motion failed for a lack of a second.

Board deferred to the September Board meeting (on the contingency).

1. Pending a report back from the Manager pending consultation with CM, Water Resources, Planning (WR&P) and Design on the long-term/big picture on this project.
2. To Prioritize projects.
3. The Department needs to demonstrate that this project is a priority.
4. WR&P should come to the Board in its totality; present all the bits and pieces of the project.
The Department needs to present to the Board all elements of this project (versus bits and pieces) and how will it fits in the Kilauea community.
Work with the Planning Department to look at the infill potential.
Would the community put a sceptic tank in? They don't have a waste water treatment system.
5. What will be the anticipated construction cost?

Mr. Dahilig moved to *defer* Manager's Report No. 18-66 - Discussion and Possible Action for Job No. 17-11, WP2020 WKK-02, Drill and Test Kilauea Well No. 3, Kilauea, Kaua'i, Hawai'i for additional design funding in the amount of \$18,339.35; seconded by Mr. Tabata; pending a report back from the Manager with consultation with CM, WR&P and Design on the long-term/big picture to justify the priority on this project; with no objections, motion carried with 6 ayes.

5. Manager's Report No. 18-67 - Discussion and Possible Action on the 5th Amendment for Contract No. 440, Job No. 02-06 WP2020 #WKK-15, Kilauea, Kaua'i, Hawai'i, 1.0 Million Gallon Storage Tank and Connecting Pipeline with Kodani & Associates Engineer, LLC for the additional design funding of \$25,260.00

Mr. Dahilig moved to *defer* Manager's Report No. 18-67 - Discussion and Possible Action on the 5th Amendment for Contract No. 440, Job No. 02-06 WP2020 #WKK-15, Kilauea, Kaua'i, Hawai'i, 1.0 Million Gallon Storage Tank and Connecting Pipeline with Kodani & Associates Engineer, LLC for the additional design funding of \$25,260.00; seconded by Mr. Tabata; pending a report back from the Manager with consultation with CM, WR&P and Design on the long-term/big picture to justify the priority on this project; with no objections, motion carried with 6 ayes.

6. Manager's Report No. 18-68 - Discussion and Possible Action for Job No. 11-07, Water Plan 2020 KP-09, MCC, Chlorination Facilities, Koloa Well "16A" & "16B" Site and Building Improvements for additional construction funding in the amount of \$2,050,000.00

BACKGROUND:

Mr. Moises requested the Board's approval for additional funds for Job No. 11-07, Water Plan 2020 KP-09, MCC, Chlorination Facilities, Koloa Well "16A" & "16B" Site and Building Improvements for additional construction to award and execute a new contract for this project. The budget estimate was very far from the actual construction cost. The Department procures construction, does the Request for Proposal (RFP) and requests the cost price. In July, the contractor was asked the breakdown for each line item, equipment, overhead profit which he reviewed against the Engineering assessment that was approximately \$1.4M. He added 25% to the estimate for construction's budget for this fiscal year but reviewing the contractor's line-by-line data, he recommended that the procurement officer award it because it was not in line with the consultant's engineer's estimate. If this was not done, Mr. Moises would cancel the procurement. The contractor's breakdown seemed realistic and a fair estimate to the

Department. Kōloa Well 16B has been out of service for several years. Operations should bring this project to completion and a pump would be at the best interest of the division. There were no site improvements behind the mill for another well.

Assistant Chief of Operations Ryan Smith provided data to Mr. Moises to estimate unit price comparisons and quotes from Supervisory Control & Data Acquisition (SCADA), from contractors for electrical and mechanical. The initial cost was \$3.7M; Mr. Moises range was \$3.3M to \$3.6M. The well was 400 ft. to 500 ft. in diameter. The cost of removing the pump and installing the pump is \$270,000.

Mr. Canute disclosed that the contractor to be awarded for this project is also working for his employer; he is not the contact officer for the company. The Board did not have a problem with Mr. Canute's disclosure.

Mr. Dahilig moved to approve *Manager's Report No. 18-68* - Discussion and Possible Action for Job No. 11-07, Water Plan 2020 KP-09, MCC, Chlorination Facilities, Koloa Well "16A" & "16B" Site and Building Improvements for additional construction funding in the amount of \$2,050,000.00; seconded by Mr. Tabata; with no objections, motion carried with 6 ayes.

At 12:06 p.m., Chair Shiraishi exited the meeting

J. 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:

The Power Cost Adjustment chart was distributed to the Board and "Received for the Record." Waterworks Controller Ms. Yano calculated the Power Cost Adjustment average at (\$0.21) which is a one year prior. Mr. Dill said he would review the chart with Ms. Yano later.

At 12:08 p.m., Chair Shiraishi re-entered the meeting.

Mr. Dahilig moved to receive the Kaua'i County Water Department's Statement of Revenues and Expenditures, a) July Monthly Summary Budget; seconded by Mr. Canute; with no objections, motion carried with 6 ayes.

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

Mr. Dahilig received the Report by the Public Relations Specialist on Public Relations Activities; seconded by Mr. Dill; with no objections, motion carried with 6 ayes.

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

BACKGROUND:

Chief of Operations Mr. Reyna included in his report the overtime (OT) procedures on overnight work with additional OT expenses. He clarified OT for overnight work is for construction projects or private developments that are charged back to the developer. OT is paid up front by Operations which is shown

on OT expenses. Later OT expenses are charged back to the contractor, billed and collected by Fiscal Division. The Operations Division rarely schedule overnight work and most overnight work are emergency responses which are part of the budget. When Operations does work with developers, they follow the United Public Worker's Collective Bargaining Agreement (CBA), Section 25 regarding a 30 day notice to change a regular schedule. An overnight project may have a short notice less than the 30 days (i.e., during a chlorination test or a schedule deviation). OT can occur for 1) day time work, 2) night time work & 3) day time work/after work, which may result in a shortage of workers the day after the overnight work to respond to emergencies (people calling in sick, vacations or taking comp time off). Mr. Reyna's recommendation is to keep the OT procedures "as is."

Mr. Dahilig asked what were the impacts and consequences to the Operations Division of the crew not being able to do their daily work? Is this creating an incentive for people to do OT instead of doing their regular work? In huge projects, Mr. Reyna said, they end up having 3 to 5 people less the next day for their regular work. This arrangement of OT paid by a contractor seems to impact Operations' ability to maintain day-to-day work said Mr. Dahilig. He suggested Mr. Reyna not create this as an explicit incentive because normal work is not being done.

Mr. Reyna explained that the supervisors monitor the hours of OT, and if people are no longer needed at the site, they are sent home on Operations related projects. For private projects, the crew waits for the contractor to finish their work, then the Operation's crew takes over.

Mr. Dahilig will send a memo to the Manager for further statistics and incidences of OT costs and will share this information with the Board.

Chair Shiraishi will look into procedures on how reports will be handled.

Mr. Dahilig moved to receive the Chief of Operation's Summary Report on Operational Activities; seconded by Mr. Tabata; with no objections, motion carried with 6 ayes.

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

BACKGROUND:

Manager Saiki highlighted the following:

1. Personnel Matters – CM Division interviewed Inspector III last week.
2. Manager's Goals - Updated based on the Board's comments from the July Board meeting.
 - a. Improve Communication and Morale –in development.
 - b. How public inquiries are counted – operational inquiries are already noted (i.e., meter requests, government information). Call in questions will be logged within Divisions.
 - c. Renamed Outcome Column to Designation Outcome Column – Done
 - d. Added Performance Audit to Admin. Goals – Done
 - e. Update the Timelines – Asset Management and the Preventative Maintenance Assessment program were moved up to April.
 - f. GIS operational plans and investments – in development.
 - g. Vision and leadership for Water Plan 2040 – in development.

Private Secretary Ms. Akuna mentioned two corrections:

1. Page 230 – "Anaka" Family Trust should be "Akana" Family Trust.
2. Personnel Update – A Senior Clerk in Admin. was hired but the position is vacant as of today and a new recruitment has started.

The Board received the Manager and Chief Engineer's Monthly Update Regarding Activities of Note of the DOW; with no objections.

- a. Report of the BAB pay down as of July 2017

The Board received the Report of the BAB pay down as of July 2017; with no objections.

L. TOPICS FOR NEXT WATER BOARD MEETING (September 2017)

1. Discussion and Receipt of the Department of Water's Capital Improvement Projects (CIP) for the 2018 Legislative Session
2. Annual Evaluation of the Department of Water's Manager and Chief Engineer for Fiscal Year 2016-2017
3. Manager's Report No. 18-65 - Discussion and Possible Action on Part 2 Rules and Regulation for Water Service Connection to address Landlord and/or Property Managers and Tenant issues
 - a. Section I – Definitions
 - b. Section III – Conservation Measures and Interruption of Water Supply
 - c. Section IV – Elevation Agreement, Pressure Controls
 - d. Section V – Application for Water Service and Service Connection
4. Manager's Report No. 18-66 - Discussion and Possible Action for Job No. 17-11, WP2020 WKK-02, Drill and Test Kīlauea Well No. 3, Kīlauea, Kaua'i, Hawai'i for additional design funding in the amount of \$18,339.35
5. Manager's Report No. 18-67 - Discussion and Possible Action on the 5th Amendment for Contract No. 440, Job No. 02-06 WP2020 #WKK-15, Kilauea, Kaua'i, Hawai'i, 1.0 Million Gallon Storage Tank and Connecting Pipeline with Kodani & Associates Engineer, LLC for the additional design funding of \$25,260.00

M. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. 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
2. Workshop presentation regarding the Long Range Plan of the Department of Water's former Administration Building
3. Discussion and Possible Action on Utility Agreement No. 2257 between the State of Hawai'i Department of Transportation and the Board of Water Supply, County of Kaua'i for the upcoming Hanapēpē River Bridge, Kaumuali'i Highway, Route 50, HI STP SR50 (1) Project, Hanapēpē, Kaua'i Hawai'i Water System Improvements
4. Discussion and Possible Action on the Department of Water's Standard Operations Procedures as it relates to the Board of Water's Rules and Regulations
5. Discussion and Receipt of the Department of Water's Draft Audit by Accuity for FY2016-2017 (October)

N. UPCOMING EVENTS

1. Project Wet – Make A Splash (September 28, 2017) Chair reminded members to participate.
2. HWWA & HRWA Conference, Hawai'i, HI (Kona, Hawai'i, November 1 – 3, 2017)

O. NEXT WATER BOARD MEETING

1. Friday, September 22, 2017, 10:00 a.m.
2. Friday, October 27, 2017, 10:00 a.m.
3. **Wednesday**, November 22, 2017, 10:00 a.m.
4. Friday, December 22, 2017, 10:00 a.m.

At 12:28 p.m., Mr. Dahilig moved to go into Executive Session; seconded by Mr. Canute; with no objections, motion carried with 6 ayes.

K. EXECUTIVE SESSION

1. 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), the Board did not anticipate, but deems it necessary, pursuant to §92-5(a)(4) to consult with its attorney on issues pertaining to the Board's rights, privileges, and obligations that the Board may incur or be responsible for as a consequence in agreeing to this agreement.

- a. Manager's Report No. 18-57 - Discussion and Possible Action for the Board of Water Supply to join in the Petition for Subdivision, Designation of Restriction of Access Rights, and Cancellation of Portions of Easement and Easements; Joinders, Land Court of the State of Hawaii Application No. 1087, Puhi, Kaua'i, Hawai'i

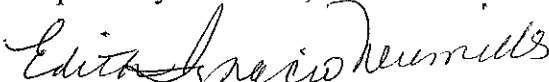
Mr. Dahilig moved to approve Manager's Report No. 18-57 - Discussion and Possible Action for the Board of Water Supply to join in the Petition for Subdivision, Designation of Restriction of Access Rights, and Cancellation of Portions of Easement and Easements; Joinders, Land Court of the State of Hawaii Application No. 1087, Puhi, Kaua'i, Hawai'i; seconded by Mr. Canute; with no objections, motion carried with 5 Ayes and 1 Abstained (LD).

At 1:00 p.m., Mr. Dahilig moved to recess Executive Session and to return to Regular session; seconded by Mr. Tabata; with no objections; motion carried with 6 ayes.

At 1:00 p.m. Mr. Dahilig moved to reconvene Executive Session and Adjourn the Executive Session; seconded by Mr. Tabata, with no objections, motion carried with 6 ayes (Roll Call: SS, LH, LT, TC, MD, LD)

P. ADJOURNMENT

Respectfully submitted,


Edith Ignacio Neumiller
Commission Support Clerk

Approved,


Beth Tokioka
Secretary – Board of Water Supply