

REGULAR MEETING MINUTES  
BOARD OF WATER SUPPLY  
Thursday, December 16, 2010

The Board of Water Supply, County of Kaua'i, met in regular meeting at its office in Līhu'e on Thursday, December 16, 2010. Chairperson Randall Nishimura called the meeting to order at 10:12 a.m. On roll call, the following answered present:

**BOARD:** Mr. Randall Nishimura, Chairperson  
Mr. Michael Dahilig (*left the meeting at about 10:45, returned at about 11:28a.m.*)  
Mr. Larry Dill (*left the meeting at about 1:22 p.m.*)  
Mr. Leland Kahawai  
Mr. Roy Oyama

**Absent & Excused:** Mr. Raymond McCormick

**STAFF:** Mr. David Craddick  
Mr. William Eddy  
Mr. Keith Aoki  
Ms. Debra Calaycay  
Mr. Edward Doi  
Mr. Gregg Fujikawa  
Mr. Heath Prow  
Mr. Dustin Moises  
Ms. Faith Shiramizu  
Ms. Marites Yano  
Mr. Aaron Zambo  
First Deputy County Attorney Amy Esaki  
Deputy County Attorney Andrea Suzuki

**GUESTS:** Mr. Jan TenBruggencate – The Limtiaco Company  
Mr. David Hinazumi, Grove Farm  
Ms. Shawn Shimabukuro, Grove Farm  
Mr. Lindsay Crawford - Kukui'ula Development Company

Quorum was achieved.

**AGENDA:**

Chair Nishimura reported that, as we a short one Board member, we would start the meeting with the Rules Committee, so we may address items on the Agenda. Chair Nishimura therefore requested to reorder the Agenda so that item H.9 – Board Committee Assignments be moved to the top of the Agenda.

As there were no objections, Mr. Oyama moved that the Agenda be so reordered, seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

Chair Nishimura assigned the Rules Committee chairmanship to Mr. Dahilig. Chair Nishimura assigned Mr. Dill and Mr. McCormick to the Special Committee on the FRC Charges.

The Regular Meeting went into recess at 10:15 a.m. to go into Committee Meetings.

The Regular Meeting reconvened at 10:27 a.m.

### **MINUTES:**

#### **Standing Committee Meeting Minutes – November 10, 2010**

Mr. Oyama requested the word “if” be changed to “it” from the second to last sentence of the 8<sup>th</sup> paragraph on page 3 of the Standing Committee Meeting Minutes, to read “it would be good for the developers”. The secretary was requested to make the adjustment. Mr. Dahilig moved to approve the Standing Committee Meeting Minutes of November 10, 2010 as amended, seconded by Mr. Dill; by a unanimous vote; motion was carried.

#### **Regular Meeting Minutes, November 18, 2010**

Mr. Oyama moved to defer approval of the Regular Meeting Minutes to the next meeting to give the Board Members chance to review them; seconded by Mr. Dahilig; by a unanimous vote; motion was carried.

#### **Special Meeting Minutes concerning the Audit, December 3, 2010**

Mr. Dill moved to approve the Special Meeting Minutes, seconded by Mr. Dahilig; by a unanimous vote; motion was carried.

### **CORRESPONDENCE / ANNOUNCEMENTS:**

#### **Re: Letter from Grove Farm concerning Kawaikini Water Source Allocation from Grove Farm**

It was noted that this topic would also be addressed in New Business in Manager’s Report No. 11-45. Mr. Dahilig moved to receive the correspondence from Grove Farm, seconded by Mr. Oyama; by a unanimous vote; motion was carried.

#### **Re: Letter of Resignation from Board of Water Supply Member Dee Crowell**

Mr. Kahawai moved to receive the correspondence from Dee Crowell dated December 3, 2010, tendering his resignation from the Board of Water Supply effective December 12, 2010, seconded by Mr. Oyama; by a unanimous vote; motion was carried.

### **BOARD COMMITTEE REPORTS**

#### **Re: Report of the Rules Committee of the Kaua‘i County Board of Water Supply**

The Rules Committee met with one item on the Agenda:

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

Mr. Dahilig stated the Rules Committee had deferred this item to the next meeting. Mr. Kahawai moved to approve the Rules Committee report, seconded by Mr. Oyama; by a unanimous vote; motion was carried.

#### **Re: Committee of the Whole of the Kaua‘i County Board of Water Supply**

The Committee of the Whole met with two items on the Agenda:

Re: Manager's Report No. 11-16 – Request Board Approval for Grant Funding from the Department of Health Safe Drinking Water Branch for Develop and Initiate Implementation of a Wellhead Protection Program for the County of Kaua'i.

Chair Nishimura stated that the Committee of the Whole had deferred this item to the next meeting. Mr. Dahilig moved to approve the Committee of the Whole Report on this item, seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

Re: Manager's Report No. 11-17 – Request Board Approval of the Proposed Revised Organizational Chart to organize for future operations

Chair Nishimura stated that the Committee of the Whole had deferred this item to the next meeting. Mr. Dahilig moved to approve the Committee of the Whole Report on this item, seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

Re: Standing Committee of the Kaua'i County Board of Water Supply (renamed to Special Committee per A. Suzuki)

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

Chair Kahawai noted the Committee approved a motion to defer this item to the next meeting; Mr. Dahilig moved to approve the Committee report; seconded by Mr. Dill.

#### DISCUSSION

Manager Craddick noted there could be a revised FRC report by the next meeting and wondered if the Board would like a special workshop for that. The rate study may also be available at that time.

Chair Nishimura stated that at the last Special Committee Meeting, the Board had requested that R.W. Beck and/or the staff provide comparative numbers between the last increase in 2004 and the current proposed numbers so the Board could visually see where the changes are.

There being no further discussion, by a unanimous vote; motion was carried.

#### OLD BUSINESS

Re: From the June 25, 2009 Regular Board Meeting - Private Water System Waiver, Release and Indemnity Agreement between McBryde Sugar Company Limited and the Board of Water Supply

#### RECOMMENDATION

Board approval was requested of the Private Water System Waiver and Release and Indemnity Agreement.

#### FUNDING

n/a

## BACKGROUND

The applicant had previously come to the Board for waivers from standards. At the Nov. 13, 2008 Board meeting, A&B requested that the Board allow the proposed subdivision to deviate from compliance with the DOW System Standards for the private water system. The applicant's request was approved by the Board *subject to* review of the agreement that the staff deemed necessary to accomplish their project.

The staff recommended approval of this system as it is beyond the current water system.

## DISCUSSION

Chair Nishimura explained that there was never approval from the Board for this Agreement. Ms. Suzuki noted that there was never formal approval from the Board as such, it was approved subject to review. It came before the Board several times, and the Board accepted the status updates, but that was all. Manager Craddick gave an example of Opaekaa Falls, and Kahuaaina, and these Agreements are pretty much the same, a generic format.

Upon query from Mr. Dill if DOW has any oversight of private water systems, Manager Craddick stated that we may still see building permits come through which we would sign off on. Mr. Dill asked if we need collect FRC or connect with County water systems and Manager Craddick replied in the negative. Chair Nishimura stressed that DOW will not accept their system unless and until it is brought up to County standards. Ms. Suzuki stated that this also releases the Department from liability should anything go wrong.

Mr. Dill asked if this would affect our sources as they are tapping into our aquifers and Manager Craddick concurred that anyone tapping in would affect our systems. If someone comes and develops the adjacent parcel they may have to do a pipeline all across to join up with the next one. We may have to come up with a Rule if they are close to our system, they have to connect up, as some people may still get fire protection from our system. We need to look closely at this, especially those which are close to our system.

Mr. Dahilig moved to confirm the actions of the Board Chair and Manager and Chief Engineer on this Agreement, seconded by Mr. Kahawai; with no further discussion; by a unanimous vote; motion was carried.

Mr. Dahilig temporarily left the meeting at about 10:45 a.m.

## NEW BUSINESS

### **Re: Request Board Approval of Resolution No. 6 (10/11) Mahalo and Aloha Donald Fujimoto**

Although the Resolution was not included the Agenda packets, it was available and would be read at a later date.

Mr. Oyama moved to approve Resolution No. 6 (10/11), Mahalo and Aloha Donald Fujimoto, who has left his County Engineer position as of November 30, 2010, seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

**Re: Request Board Approval of Resolution No. 7 (10/11) Mahalo and Aloha Ian Costa**

Although the Resolution was not included the Agenda packets, it was available and would be read at a later date.

Mr. Kahawai moved to approve Resolution No. 7 (10/11), Mahalo and Aloha Ian Costa , who has left his who has left his Planning Director position as of November 30, 2010, seconded by Mr. Dill; by a unanimous vote; motion was carried.

**Re: Request Board Approval of Resolution No. 8 (10/11) Mahalo and Aloha Dee Crowell**

Although the Resolution was not included the Agenda packets, it was available and read at the December 16, 2010 Board Meeting.

Mr. Dill moved to approve Resolution No. 8 (10/11), Mahalo and Aloha Dee Crowell, who has resigned from the Board of Water Supply effective December 12, 2010, seconded by Mr. Oyama; by a unanimous vote; motion was carried.

The Regular Meeting went into recess at about 10:51 a.m. and reconvened at about 11:04 a.m.

At this time, Chair Nishimura requested the Agenda be reordered as we had temporarily lost one of the Board members.

Chair Nishimura introduced Jan TenBruggencate, who is part of the public relations team that will be working on the rate increase and FRC changes that will be coming up.

The Agenda was reordered to place item H.7 next; hearing no objections, the Agenda was so reordered.

**Re: Manager's Report No. 11-45 – Request Board Approval of Transmission Allocation for Kawaikini School**

**RECOMMENDATION:**

Board approval of requested Transmission capacity to serve Kawaikini School was requested.

**BACKGROUND:**

Grove Farm has requested transmission capacity allocation for use of its source capacity to allow Kawaikini School to expand. Currently there is inadequate source capacity to take on additional demand in the DOW Lihue and Kapaa water systems. These two formerly separate water systems have been joined for many years and DOH last year changed the DOW system from a level 2 to a level 3 system. The Water Treatment and Delivery Agreement requires this transmission approval before Grove Farm can give DOW its approval to use additional capacity.

DOW has no objection to this request as it is in the range of 18K gallons per day and transmission capacity is adequate to serve this amount.

**DISCUSSION**

Chair Nishimura noted this was a revisit of the request sent in at the last meeting, to provide clarity. Grove Farm resubmitted their request revising it to say that the water allocation would be coming out of their allocation. Manager Craddick recommended approval of this request and noted it is unusual to ask for transmission approval.

Mr. Kahawai moved to approve the Transmission Allocation for Kawaikini School, seconded by Mr. Oyama; by a unanimous vote; motion was carried.

**Re: Manager's Report No. 11-42 - BAB – Project List Changes, Resolution No. 9 (FY 2011)**

Board approval was requested to amend the BAB Project list to add various projects with Resolution # 9 (FY 2011).

The projects to be added are as listed below:

<b><u>Project #</u></b>	<b><u>Description</u></b>	<b><u>Amount in millions</u></b>
LO-04	Piwai 0.5 MG tank	\$2.2
KW-20	Waimea Well A renovations	\$1.0
KW-05	Kekaha Well B	\$1.0
M-02	Moloaa Tank replacement	\$1.0
WK-39	Kapaa Hmstd Well #4	\$2.0
K-5	Kukuilono Tank Site	\$0.5
LO	Relocation Charge Kukui'ula	\$0.4
LO	Koloa Tank Site	\$0.501
Total		\$8.601

**BACKGROUND:**

There are several projects that have bid below original estimates. Please refer to the 2010 Bond project priority Spend down. The 4<sup>th</sup> column going right from left shows the original estimate when we were talking with the Administration and County Council about issuing the Bond. The 5<sup>th</sup> column shows the savings between the actual bid price and the estimate. The current savings is \$7.6 million. To avoid waiting until all projects are awarded we would like to add a similar amount of projects to the BAB list. We expect in the next month with three jobs bidding we will realize additional savings over \$1 million.

**DISCUSSION**

Chair Nishimura explained that the Exhibit A in the board packets had been replaced with the handout this morning, which updated the project changes that were required because two Kapaa projects were part of the same project but not properly identified on the original Resolution; that change was approved in May 2010, being item #s 33 and 34, FY 2010, Resolution No. 11.

Manager Craddick noted that we have bid a number of jobs and this is shown at the end of the Resolution. He explained the 5<sup>th</sup> column in the provided spreadsheet. He took the original estimate and then took the difference between that original estimate and what the jobs bid for and put down the savings. Some of these were not on the original list, so those are the negative ones; examples were given of some projects not on the original list. Another issue is transferring some SRF savings to this and talking with the Bond people and attorneys about this. Manager Craddick explained the different exhibits. Project definition of LO is Lawai-Omao, WP 2020.

Manager Craddick confirmed to Mr. Dill that the 8 new projects are not included on the spreadsheet, but there are 40 projects plus 8. Chair Nishimura explained that when you look at Resolution #9, 2011, the bottom 8 projects are in addition to the previous changes.

Chair Nishimura noted that Kekaha Well B is a project that is ongoing and as his company has a sub-contract on that, although it is already funded, for the sake of propriety, he would be recusing himself and as such we would not have quorum, so this item should be deferred until the return of Mr. Dahilig.

Manager Craddick confirmed to Mr. Dill that this is around \$98 million.

**Re: Manager's Report No. 11-43 – Request Board Approval of the following documents from the following applicants for their respective projects:**

**1. Conveyance of Water Facility from Kukui'ula Development Company (Hawaii), LLC, a Hawaii limited liability company for the Kukui'ula Plantation Core, (Z-IV-2006-18), TMK: (4) 2-6-15:013 (por), Koloa, Kauai, Hawaii**

It was recommended that the Conveyance of Water Facility document be approved; whereby, Kukui'ula Development Company (Hawaii), LLC, a Hawaii limited liability company, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to:

**Waterline:**

- 1 each 8-inch Ductile Iron Lateral for 3-inch Compound Meter.
- 1 each 8-inch Gate Valve, including C.I. Valve Box & Cover for 3-inch Compound Meter Lateral.
- 1 each 6-inch Gate Valve, including C.I. Valve Box & Cover for 3-inch Compound Meter Lateral.
- 1 each 8-inch Ductile Iron Lateral for 8-inch Reduced Pressure Detector Assembly (RPDA), from its connection to the existing County-owned water line up to the new ¼ top vertical bend on the inlet end of the RPDA.

in place complete, for the Kukui'ula Plantation Core, TMK: (4) 2-6-15:013 (por), Koloa, Kauai, Hawaii.

Mr. Kahawai moved to approve the Conveyance of Water Facility from Kukui'ula Development Company (Hawaii), LLC, for the Kukui'ula Plantation Core, (Z-IV-2006-18), TMK: (4) 2-6-15:013 (por), Koloa, Kauai, seconded by Mr. Oyama; by a unanimous vote; motion was carried.

**2. Grant of Easement W-100 from Kukui'ula Development Company (Hawaii), LLC, a Hawaii limited liability company for the Kukui'ula Plantation Core, (Z-IV-2006-18) TMK: (4) 2-6-15:013 (por), Koloa, Kauai, Hawaii**

It was recommended that the Board approve the Grant of Easement document whereby, Kukui'ula Development Company (Hawaii), LLC, a Hawaii limited liability company, grant to the Board of Water Supply, County of Kauai, perpetual easement, W-100, on, over and under that certain parcel of land located in TMK: (4) 2-6-15:013 (por), Koloa, Kauai, Hawaii, for the reading of water meters and for the construction, installation, re-installation, maintenance, repair and removal of potable water pipelines and related meters, valves, and other associated waterworks facilities improvements and appurtenances, together with the right of ingress and egress at any time to and from the said easement area with or without vehicles or other equipment

as the Department of Water shall deem necessary for the proper operation of its water system for the construction plans for Kukui‘ula Plantation Core, (Z-IV-2006-18), TMK: (4) 2-6-015:013 (por.), Koloa, Kauai, Hawaii.

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

Mr. Kahawai moved to approve the Grant of Easement W-100 from Kukui‘ula Development Company (Hawaii), LLC, for the Kukui‘ula Plantation Core, (Z-IV-2006-18) TMK: (4) 2-6-15:013 (por), Koloa, Kauai, including its indemnification provision, seconded by Mr. Oyama; by a unanimous vote; motion was carried.

#### DISCUSSION

Manager Craddick stated that if we do this for every service lateral in this subdivision, we will have a thousand over the next few years, and does not understand why the Board approves this because it is already required by the Rules. It is an asset coming to the Board; however, it may be more prudent to list them in the Manager’s Update that we accepted these laterals and easements with them, rather than taking Board time to vote for each one. The staff will still have to do the work, but because it is already required in the Rules, it is spending a lot of unnecessary Board time. Manager Craddick was requested to provide a written proposal concerning this matter.

Mr. Dahilig rejoined the meeting at 11:28 a.m., restoring quorum for matters in question.

Due to a potential conflict of interest, Chair Nishimura recused himself and requested that Item H.4, BAB – Project List Changes, Resolution No. 9 be turned over to Board Secretary, Leland Kahawai.

#### Re: *Manager’s Report No. 11-42 - BAB – Project List Changes, Resolution No. 9 (FY 2011)*

With the return of Mr. Dahilig, Manager Craddick gave another overview of this item and the Resolution as presented earlier in the meeting. He noted these funds would have to be spent down in three years.

Mr. Dill moved to approve the BAB – Project List Changes, Resolution No. 9 (FY 2011), seconded by Mr. Dahilig; due to Chair Nishimura’s recusal, and Mr. McCormick’s absence, the motion carried 4 –0.

#### Re: *Manager’s Report No. 11-44 – Request Board Approval of Job No. 04-06, KW-05, Kekaha Well “B” Renovations, Kekaha Water System; Kekaha, Kauai, Hawaii*

#### RECOMMENDATION:

It was recommended that the Board approve the additional funds in the amount of \$226,502.94. It was further recommended that the funds be appropriated from the accounts shown below.

#### FUNDING:

Original Amount Budgeted:  
Goodfellow Brothers, Inc.



Job No. 04-06, KW-05, Kekaha Well "B" Renovations,	
Kekaha Water System .....	\$444,000.00
Contingency, approximately 5% .....	\$ 22,000.00
Account No. 101b.CRP, BC683, Kekaha Well "B" Renovations,	
Kekaha Water System Total Available .....	\$466,200.00
Original Contract Amount.....	\$444,000.00
Change Order #1.....	\$ no cost
Change Order #2.....	\$ 21,824.94
Balance Remaining.....	\$ 375.06
Requested Change Order #3 .....	\$216,074.00
Change Order #3, Contingency, approximately 5%.....	\$ 10,804.00
New Funded Amount .....	<693,078.00>
Additional Funds Requested from Account No. 201- 01	
Bond – BAB For Change Order #3 .....	<\$226,502.94>
Total previously paid for Contract 503 as of November 30, 2010 ....	\$465,824.94
Amount paid to Goodfellow Bros. prior to February 2010 .....	\$111,178.50
Balance to be transferred from Account 201-01 Bond (BAB)	
To Water Utility – 101b (CRP) .....	<\$354,646.44>
BALANCE REMAINING (prior to subject fund request)	
Account No. 201-01 Bond – BAB .....	\$37,079,108.99
Total Requested Transfer from Account 201-01 Bond	
(BAB) to Water Utility - 101b (CRP) .....	\$ 581,149.38

**BACKGROUND:**

The major components of this project are:

- Furnish and install hydropneumatic system and appurtenances (tank, pad, booster pumps)
- Furnish and install building/site upgrades and necessary appurtenances

Subsequent to the planning and design of this project, the deep well pump has begun to vibrate and show signs of component failure. We recommend proactively changing the pump at this time to avoid emergency pump replacement work in the near future.

**DISCUSSION**

Manager Craddick stated that this is a Change Order. There may be some portion of this job that was paid up to 60 days before the Bond was issued. When projects are in the budget they do not come to the Board, but if it exceeds what was approved it needs to come to the Board. We expected a reasonable price for replacing the pump, and these funds are coming from the BAB.

Mr. Oyama moved to approve Change Order #3 on Job No. 04-06, KW-05, Kekaha Well "B" Renovations, Kekaha Water System; Kekaha, Kauai, seconded by Mr. Dill, with Chair Nishimura's recusal, and Mr. McCormick's absence, the motion carried 4 –0.

## **Election of Officers for 2011**

### **Board Chair 2011**

Chair Nishimura opened nominations for Board Chair for 2011. Mr. Kahawai moved to nominate Mr. Oyama, seconded by Mr. Dahilig. Mr. Dahilig moved to close the nominations, seconded by Mr. Dill; by a unanimous vote; motion to nominate Mr. Oyama Board Chair for 2011 was carried.

### **Board Vice Chair for 2011**

Chair Nishimura opened nominations for Board Vice Chair for 2011. Mr. Dahilig moved to nominate Mr. Kahawai for Board Vice Chair, seconded by Mr. Dill. Mr. Dahilig moved to close the nominations, seconded by Mr. Dill; by a unanimous vote; motion to nominate Mr. Kahawai Board Vice Chair for 2011 was carried.

### **Board Secretary for 2011**

Chair Nishimura opened nominations for Board Secretary for 2011. Mr. Kahawai moved to nominate Mr. Nishimura for Board Secretary, seconded by Mr. Oyama. Mr. Dahilig moved to close the nominations, seconded by Mr. Dill; by a unanimous vote; motion to nominate Mr. Nishimura Board Secretary for 2011 was carried.

### **Board Committee Assignments**

Chair Nishimura noted that the Board committee assignments that were listed were to take care of the committee meeting needs this morning. Chair Oyama will make his 2011 assignments before or at the next meeting.

## **Re: Department of Water Facilities Operations and the Endangered Species Act and Migratory Bird Treaty Act**

Pursuant to Hawai'i Revised Statutes Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to discuss the Board's duties and liabilities at Department of Water facilities under the Endangered Species Act, 16 United States Code § 1531, et seq., and the Migratory Bird Treaty Act, 16 United States Code § 703, et seq. 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.

Mr. Dahilig moved to go into Executive Session, seconded by Mr. Oyama; by a unanimous vote; motion was carried. Ms. Esaki, Ms. Suzuki and Manager Craddick were requested to remain for the Executive Session, all other staff was excused.

The Regular Meeting was recessed at 11:42 a.m. to move into Executive Session.

The Regular Meeting was reconvened at 12:15 p.m.

## **Re: Department of Water Facilities Operations and the Endangered Species Act and Migratory Bird Treaty Act**

The Board was informed of information pertaining to the Endangered Species Act and Migratory Bird Treaty Act.

Mr. Oyama moved to receive the report from the DOW Deputy County Attorney, seconded by Mr. Dahilig; by a unanimous vote; motion was carried.

### **STAFF REPORTS**

#### **Re: Statement of Kaua'i County Water Department's Revenues and Expenditures for October 31 2010**

Manager Craddick noted that for Water Sales, we are a third of the way through the year, you can see where we are as collections go, keeping in mind we did the block change, adding in almost 5% revenues and it is working as projected with no rate increase. Ms. Yano was requested to provide Mr. Dill and Mr. Dahilig with a copy of the budget. The 33% is in line with our projections, right on budget.

Chair Nishimura asked if we are going over budget on Chemicals, line # 58. Deputy Eddy stated that we may not have increased the budget from last year to take into account conversion of our systems from gas chloramine to sodium hypochlorite, and this is more expensive. Ms. Yano noted that BEI used to charge a fixed amount but now the price fluctuates. Mr. Dill noted that when Princeville Water switched over the cost was double and wondered if money could be saved by on-site generation of hypochlorite. Manager Craddick stated that nationally chloramine has restricted use and is regulated by the EPA. Deputy Eddy stated that it is already described as a pesticide – Deputy Eddy holds the required pesticide applicator's license.

Chair Nishimura also brought attention to the Debt Service Charges, line #s 80 – 99; Ms. Yano stated this is a scheduled payment twice a year, so this was just a matter of when we pay it.

Chair Nishimura also mentioned the Miscellaneous Other Capital Expenditures for Ops, line # 102, Ms. Yano stated that we paid the emergency pump replacement and Deputy Eddy confirmed that we have had to change some expensive pumps this year.

Upon query from Mr. Kahawai, Ms. Yano reported that Debt Service is twice a year, but it depends upon when the loan originated.

Mr. Kahawai moved to receive the October 31, 2010 report, seconded by Mr. Oyama; by a unanimous vote; motion was carried.

#### **Re: Public Relations Specialist's Monthly Update Regarding DOW Public Relations Activities for the month of November, 2010**

**Public Relations Services Request for Proposal:** The Limtiaco Company was selected to assist the department with our community outreach and education for our customers regarding the implementation of Water Plan 2020 and other projects. The contract is being drafted for approval and should be in place by the end of 2010. A "scoping meeting" is being set up to discuss the proposal in detail to ensure that we are all on the same page before moving any further.

**Kauai Watershed Alliance:** David, Tess and Faith met by conference call with Trae, Angela and Melissa from The Nature Conservancy, regarding the grant award document. The Nature

Conservancy is responsible for the coordination and implementation of the Kauai Watershed Alliance (KWA) management plan, for the benefit of the Kaua'i Watershed Alliance. A draft document is currently being reviewed.

**Fun Committee:** The Fun Committee met and will be organizing activities as volunteers step up to spear head specific events. Mahalo to Jenny Lewis for volunteering to be the lead on our second year of giving by providing gift requests from the Angel Tree. Department staff will also be providing a meal for the people at the Homeless and Transitional Shelter in early 2011 as well as organize a pot luck get together to welcome the New Year. We welcome new members Mary Jane Garasi and Karen Ann Delgado!

**Annual Meeting:** The department's annual meeting was held on Thursday, December 2, 2010, where a slideshow recapped 2010, a survey was taken regarding Organizational Best Practices and Keith Fujimoto was honored for his years of service and celebrating his much earned retirement. Mahalo to Sandi Nadatani-Mendez who took the lead in organizing the event, and to all who assisted her.

#### **DISCUSSION**

Ms. Shiramizu again introduced Jan TenBruggencate from Limtiaco, the Public Relations firm. A scoping meeting was held yesterday and the contract should be in place by the end of the year with focus meetings in January. We will start with one-on-one, small groups which will hopefully coincide with the Board decisions.

The Watershed Alliance Agreement has been sent for signature.

Mr. Dahilig moved to receive the November Public Relations Update, seconded by Mr. Oyama.

Chair Nishimura requested that Ms. Shiramizu meet with Manager Craddick and Deputy Eddy about the chlorination as it may affect our rates and the PR firm should be aware of it.

With no further discussion; by a unanimous vote; motion was carried.

#### **Re: Deputy Manager's Summary Report on Monthly Operational Maintenance for the months of September and October 2010**

Deputy Eddy stated that the Accounts Clerk position had been filled and the person starts next Monday.

Deputy Eddy noted that he has developed his monthly report in these categories, but with a new Board he would be happy to move to a different format or any other change, he would be pleased to oblige. The current categories where a report is provided each month are Personnel, Source and Storage, Distribution, and Fleet, Inventory, Warehouse and Baseyard Area.

Deputy Eddy gave an overview of each section, and noted that under Source and Storage, there was an extended power outage by KIUC on the north shore, though the power came back on just as we were going to start the generator which we had taken to the north shore; however, our SCADA system did not send out an alarm. Normally, if the SCADA server goes down, it switches over to another server, but the alarm did not work, though it is working now. Deputy Eddy came to work and logged on to SCADA, and then saw the tank was empty. Although

KIUC does not currently contact us to let us know power is down, upon query from Mr. Dill, Deputy Eddy stated that he will call KIUC and see if this is possible.

Mr. Oyama noted that a year ago, Koloa water tank had graffiti on the tank and then it was gone. A month ago, he saw more graffiti and again it is gone. Deputy Eddy reported that our staff had painted over it.

Deputy Eddy is still filling in for the superintendent positions; no-one is TA into those positions.

Mr. Kahawai moved to receive the November Deputy Manager's Summary Report, seconded by Mr. Oyama; by a unanimous vote; motion was carried.

**Re: MANAGER'S UPDATE for NOVEMBER, 2010 to DECEMBER, 2010**

**CONTRACTS AWARDED BY THE MANAGER:**

**Re: Job No. 02-19, WK-12, Waipouli Main Replacement, Lihue-Kapaa Water System, Budget clarification for Contract No. 405 with Kodani and Associates, Inc.**

**CLARIFICATION:** It was requested that the Department verify the project budget as there was a discrepancy between the Manager's Report No. 11-36, approved on October 21, 2010 and Manager's Report No. 11-41, approved on November 18, 2010. Upon review of the project budget, it was discovered that the Department did not account for voiding Amendment No. 1, which was replaced with Amendment No. 2. Therefore, the discrepancy carried over to the current project budget. The correct project budget is that noted in Manager's Report No. 11-36 for \$290,100.00, resulting in a contingency of \$2,200.00 for this contract.

**FUNDING:**

WATER UTILITY - 101b (CRP), 2009 - 2010  
BUDGET

Contract No. 405, Kodani & Associates, Inc.,		
Job		
No. 02-19, KW-12, Waipouli Main Replacement, Wailua-Kapaa.	\$147,500.00	
Contingency	\$7,400.00	
BEGINNING BUDGET		\$154,900.00
Amendment #1 (voided but budgeted)	\$48,400.00	
Approved Amendment #2 (unbudgeted)	(\$53,600.00)	
PROJECT TOTAL as of June 30, 2010		(\$201,100.00)
PROJECT BUDGET as of June 30, 2010		\$203,300.00
Difference of project total and budget	\$2,200.00	
EXPENSES as of June 30, 2010	\$124,570.00	
AVAILABLE BALANCE as of June 30, 2010		\$78,730.00
BEGINNING BALANCE as of July 1, 2010		\$30,690.00
Budget deficiency	(\$48,040.00)	
		\$48,040.00

Additional Funding, Account 106.b CIP Reserve  
 approved November 18, 2010

Amendment #3 (August 19, 2010)	\$77,600.00	
Amendment #4 (October 21, 2010)	\$11,400.00	
Additional Funding Budgeted, Account 201-01, Bond		\$89,000.00
 TOTAL PROJECT BUDGET as of November 18, 2010	\$290,100.00	
Balance (Project Contingency)	\$2,200.00	

**Re: Job No. 02-16, Water Plan 2020 Project WK-36, Pipeline Replacement along  
 Wailua, Ohana, Anolani and Kuamoo Roads and Lehia Lane, Wailua-Kapaa Water  
 System, Wailua, Kaua'i, Hawai'i**

Contract was awarded to **Koga Engineering and Construction, Inc. in the amount of \$996,000.00.**

**FUNDING:**

Account No. 201-01 Bond –BAB .....		\$38,774,071.99
Contractor, Koga Engineering and Construction, Inc .....	\$ 996,000.00	
Contingency, approximately 5% .....	\$ 49,800.00	
Total.....		<\$ >1,045,800.00

**BALANCE REMAINING**

Account No. 201-01 Bond – BAB .....	\$37,728,271.99
-------------------------------------	-----------------

**Re: Job No. 04-06 (Water Plan 2020 KW-20) Waimea Well "A" Renovations, Waimea,  
 Kaua'i, Hawai'i**

Contract was awarded to **R. Electric, Inc. in the amount of \$533,488.00.**

**FUNDING:**

Account No. 201-01 Bond –BAB .....		\$37,639,271.99
Contractor, R. Electric, Inc.....	\$ 533,488.00	
Contingency, approximately 5% .....	\$ 26,675.00	
Total.....		<\$ 560,163.00>

**BALANCE REMAINING**

Account No. 201-01 Bond – BAB .....	\$37,079,108.99
-------------------------------------	-----------------

**Re: Job No. PLH-39, Department of Water Office Expansion and Renovations, County of Kaua'i**

**RECOMMENDATION:**

We would like the Board to submit a request to the County for transfer of the triangular shaped property adjacent to the DOW offices along with the proposed plan layout.

**FUNDING:** N/A

**BACKGROUND:**

The staff previously sent a letter to the Mayor to request transfer of the triangle property to the Board, however a proper request would be from the Board to the Mayor and Council. Since the first review of availability of the property the administration has asked that some space be made available during the initial planning for storage of County documents.

After some discussion with staff we have come up with a proposed schematic 8A to move forward with finalizing the master plan of the DOW office, Baseyard improvements and County Storage. This project will include the preparation of design drawings and specs for the expansion and renovations of the Department of Water's office and baseyard improvements. The Department's increased work load requires additional office space for its staff, storage and parking needs. Architects Hawaii Limited is tasked with the development of an office expansion and renovation master plan to house the Department's operations for the next 50 years. Shown on the schematic is a storage facility for the County on the property to be obtained from the County of Kauai.

We have reviewed the various schematics prepared by Architects Hawaii Limited and find the plan to locate the office building on the highest ground with the best views and expect the building to not be an eye sore to users of the highway fronting the property. The storage building location we expect to be out of the way of future development of the property and to be most suitable for future operations.

**DISCUSSION**

Manager Craddick stated that in order to get the triangle parcel across the street, the County asked us to locate a storage building for the Department of Public Works. If this is ok with the Board and the County, then we would continue with the design and building process.

Mr. Moises made a presentation to the Board showing Scheme 8A, the Site Plan, 1<sup>st</sup> Floor Plan, 2<sup>nd</sup> Floor Plan and Location Map. Mr. Moises is working with Mr. Teshima from the Department of Public Works (DPW) for their building; we located the storage building for privacy. He noted that the parking structure would be centralized. Mr. Moises described the interior floor plan, but stressed that this is just the initial layout and can be rearranged. The size and location of the building is 90% firm.

The Board has to send a letter to the County to request dedication of the parcel. Mr. Moises is working with a surveyor concerning the lot coverage and parcel reference; the parcel may be subdivided and DOW would do the subdividing.

Upon query from Mr. Dahilig, Mr. Moises confirmed that Operations would move into the existing Administration building which will be remodeled, though that would be Phase 2, not this

Phase. The initial cost was quoted at \$25 million, though our budget was \$6 million. The building has since been condensed and the revised cost which came in today was \$11.3 million which includes the parking structure. If we go with this compact structure and install photovoltaic, as we are aiming for LEED silver, the rough breakdown is \$6.5 million for the building, \$1.9 million for the site work and \$2 million for the parking structure. Mr. Dahilig noted that this breaks down to \$50k per parking space. Manager Craddick stated that we needed to get the County parking size spaces reduced, to encourage use of The Bus or even a charge for parking. Mr. Dahilig understood the Department was trying to create a "campus" but felt that a blacktop parking lot would be cheaper than spending \$2 million on 42 parking spaces. Mr. Moises stated that rather than bringing in fill, he thought we could go vertical instead. Mr. Moises confirmed that this was all still conceptual. Upon query from Mr. Kahawai, Mr. Moises confirmed that associates park both at the current building and baseyard, but they also overflow into the Park and Ride area across the street, which is not ours, but belongs to the County and Manager Craddick stated the County wants to turn that into a fueling area. Chair Nishimura noted the expansion plan is part of the BAB.

Mr. Dahilig felt that in terms of synergy and flow, there was a lot of space in between the proposed Administration/Fiscal building and Operations. Manager Craddick confirmed that the Kauai Department of Water is the only water utility in the State that is within eyesight of its baseyard. He gave examples of water utilities on Oahu, Maui and the Big Island, where the baseyards were many miles away from the main building.

Manager Craddick felt that our building would be better in the elevated site area than the storage building, as it would have an improved visual affect from the highway.

Mr. Moises confirmed to Mr. Dill that the first floor locker rooms would service Administration, and reported to Mr. Oyama that this particular parcel piece is around 2.1 acres. This is planning for the future growth of the Department over the next 20 years (not 50 years).

Mr. Moises indicated that the interior may be changing, but we are trying to finalize the site plan. Mr. Dill stated that this is a storage building with a basement. Mr. Moises sent the plan over to Mr. Teshima, and it depends on the DPW budget. The DPW estimate \$6 million with the basement, though a pre-engineered structure may be about 40% less, and Mr. Moises is attempting to coordinate the architecture of both. Manager Craddick noted that Mr. Teshima had been assigned to this project – 18,000 square feet was the requirement, however that occurs. Manager Craddick stated that the next step if DPW wished to join in with our architect in design, we would have to make a Change Order with the architect, which would cost money. If the Board approves it, it would go to the Mayor and then to Mr. Dill or Mr. Teshima, but the request would have to come from the Board, and a letter is being prepared. The statutes dictate that the County has to provide land for DOW.

Mr. Kahawai noted that as this is on the BAB list, he would rather the Department spend the money on the other projects rather than a building for the Department, perception wise. Mr. Moises noted that the estimate for Phase 2 is \$800k.

Mr. Dahilig still noted issues with the parking structure and wanted to see alternatives, e.g. blacktop at grade, and wondered how that would be configured and how much that would cost instead. If we were going to spend that much on a structure we should instead make it 3, 4, or 5 stories. Spending \$2 million on a 2 story structure does not make sense. Manager Craddick again noted that we would go to Planning for a waiver on the parking requirements. It would be



hard to get LEED Silver certification with all that parking. Mr. Dahilig noted other LEED savings could be waterless toilets, LED lighting, etc. Mr. Dahilig expressed concern over the message that the Board was ok with this structure.

Chair Nishimura asked Mr. Dill if he had issues with the location of the DPW building but Mr. Dill stated he wanted to compare a building with a basement to a 2 story building and he needed to consider other options. He also had concerns with the parking. Mr. Dahilig requested an architectural narrative concerning the space utilization and why things are placed where they are.

Chair Nishimura asked about the timing in terms of our consultant's contract, and Manager Craddick stated we have not negotiated the next phase yet; Mr. Moises stated that the permitting is the critical part. Mr. Moises confirmed to Chair Nishimura, that once this is approved, the consultant can start with the permitting phase. Chair Nishimura asked if it was practical for the consultant to come and make a short presentation to the Board. Mr. Dahilig wondered if it was in the budget for a flight from Oahu with 8 hours of consulting time; Mr. Moises will check the contract to see if they can come again, as they came several weeks ago. Mr. Dahilig then requested a PowerPoint presentation on the scoping process and the alternatives, why they have chosen this particular alternative, so we can look at the progression of their thinking.

Deputy Eddy noted that the Manager's Report is asking the Board to request from the County the transfer of ownership of the land. He felt we were wrapped up in design details when we are rather far out from breaking ground, we need to secure the property first. Chair Nishimura noted in earlier discussions, before the parcel would be transferred, there would be a general agreement between the DOW and the County, specifically with respect to the storage building for DPW, then they would formally look at transferring the land. There are competing departments who also want the parcel, so it would have to be a win-win situation.

Mr. Moises just sent this to DPW who would need time to digest this plan.

**Re: Bids – Solicitation GS-2010-3, Furnishing and Delivery of One (1) SUV 4-Door 4-Wheel Drive or All-Wheel Drive Hybrid Vehicle and One (1) ½ - Ton Extended Cab Pickup Truck with Accessories**

**Contract was awarded to Servco Pacific Inc. dba Kauai Toyota in the amount of \$40,004.48 for the furnishing and delivery of one (1) Hybrid SUV 4-Door 4-Wheel Drive Vehicle and a contract to Cutter CJD, Inc in the amount of \$30,540.63 for the furnishing and delivery of one (1) ½-Ton Extended Cab Pickup Truck with accessories as called for in the Solicitation Document GS-2010-03.**

**Funding**

Funds for the procurement of these items are available through Account No. 106, Vehicles and Equipment. There currently is \$246,000.00 budgeted in Account No. 106 for various vehicles and equipment. The subject Hybrid SUV and ½-Ton Extended Cab Pickup Truck combined total cost is \$70,545.11. The remaining balance of \$175,454.89 is available from the unused funds for future vehicle and equipment purchases.

**DISCUSSION**

Mr. Kahawai questioned the purpose of the new Hybrid SUV and Manager Craddick indicated that this is a Personnel issue, so any discussions would have to take place in Executive Session.

Mr. Dahilig quoted HRS section 92-5 and moved that the meeting go into Executive Session for matters of personnel privacy, seconded by Mr. Dill; Ms. Esaki also requested the Executive Session to approve the Executive Session Minutes of September 16, 2010; by a unanimous vote; motion was carried.

The Regular meeting was adjourned at 1:15 p.m. to move into Executive Session. Ms. Esaki, Ms. Suzuki and Manager Craddick were requested to remain for the Executive Session on matters of personnel privacy, all other staff was excused. Manager Craddick was excused from the Executive Session pertaining to approval of the Executive Session Minutes of September 16, 2010 related to his Job Performance Appraisal.

The Regular Meeting was reconvened at about 1:36 p.m.

PUMP INSTALLATION PERMITS SIGNED BY MANAGER:

None.

WAIVER, RELEASE AND INDEMNITY AGREEMENTS SIGNED BY THE MANAGER:

Private Water System Waiver, Release and Indemnity Agreement between McBryde Sugar Company Limited and the Board of Water Supply

PERSONNEL MATTERS UPDATE:

As of December 8, 2010:

Ops Division:

1. Account Clerk. Selected. Start Date: December 20, 2010
2. Lead Pipefitter vacancies. DPS reviewing job applications.
3. Water Service Supervisor III vacancy. DPS reviewing job applications.
4. Water Plants Superintendent. Job Announcement posted until Dec. 15, 2010.
5. Water Field Operations Superintendent, Job Announcement posted until Dec 15, 2010.

Fiscal Division:

1. Waterworks Controller. Selected. Started December 1, 2010.
2. Accountant IV – Accounting Section. Internal recruitment closes Dec. 16, 2010.

Engineering Division & Water Resources and Planning Division:

1. Civil Engineer II. Finalizing paperwork to be submitted to DPS.

Administration Division:

1. Private Secretary. Filled position. Appointment effective December 1, 2010.
2. Clerical Assistant – Community Relations. Started December 6, 2010.
3. Secretary. Started December 8, 2010.
4. Computer Systems Support Technician I. Request for eligibles list to be submitted to DPS.
5. Commission Support Clerk. New DOW permanent position. Submitted documents to DPS to create position.

## DISCUSSION

It was noted that the new Deputy Manager's Secretary left after two days.

Chair Nishimura asked if any positions had been reallocated and Manager Craddick stated that in Mr. Aoki's division Ms. Lewis will be leaving next year and we need to get another person trained before she leaves. A Planning position will be reallocated into that section temporarily. Manager Craddick indicated the position would be moved back to Planning.

## CLAIMS PAYABLE

Claims payable for November 30, 2010 amounted to \$1,417,426.39.

## AFFORDABLE HOUSING UPDATE:

Update will be provided after the next Task Force Meeting is held.

Mr. Kahawai moved to receive the Manager's Update, seconded by Mr. Oyama; by a unanimous vote; motion was carried.

## EXECUTIVE SESSION

*Pursuant to H.R.S. §92-7(a), the Commission may, when deemed necessary, hold an executive session on any agenda item without written public notice if the executive session was not anticipated in advance. Any such executive session shall be held pursuant to H.R.S. §92-4 and shall be limited to those items described in H.R.S. §92-5(a).*

1. Review of Executive Session Minutes: September 16, 2010

The Minutes were reviewed and approved in Executive Session.

## TOPICS FOR NEXT WATER BOARD MEETING

1. Quarterly Report on Manager's Goals
2. Projects Briefing
3. Strategic Plan Update: Issue Champions and Affordable Housing Updates
4. Board Committee assignments
5. Board Discussion on the Next Year's Goals for the Manager
6. Possible Revision of some Board Meeting Dates
7. Review of R.W. Beck report on Rates

## TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Employee of the Year Resolution (*March 2011*)
2. Proposed Budget – Finance Committee (*March 2011*)

## UPCOMING EVENTS

1. AWWA National Conference, Washington , D.C., June 12-16, 2011

## NEXT WATER BOARD MEETINGS

2. Thursday, January 20, 2011, 10:00 a.m.

3. Thursday, February 17, 2011, 10:00 a.m.
4. Thursday, March 17, 2011, 10:00 a.m.
5. Thursday, April 21, 2011, 10:00 a.m.
6. Thursday, May 19, 2011, 10:00 a.m.

**ADJOURNMENT**

There being no further business, the meeting was adjourned at about 1:40 p.m.

Respectfully submitted,



Carol A. Beardmore  
Secretary

Approved,



Leland Kahawai  
Secretary – Board of Water Supply

cab