

REGULAR MEETING MINUTES  
BOARD OF WATER SUPPLY  
Thursday, December 20, 2012

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Thursday, December 20, 2012. Chairperson Daryl Kaneshiro called the meeting to order at 10:26 a.m. On roll call, the following answered present:

BOARD: Mr. Daryl Kaneshiro, Chairperson  
Mr. Randall Nishimura  
Mr. Clyde Nakaya  
Mr. Michael Dahilig  
Mr. Roy Oyama

ABSENT/EXCUSED: Mr. Larry Dill  
Mr. Raymond McCormick

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

STAFF: Mr. David Craddick  
Mr. William Eddy  
Mr. Val Reyna  
Ms. Marites Yano  
Mr. Keith Aoki  
Ms. Joy Buccat  
Mr. Gregg Fujikawa  
Ms. Sandi Nadatani-Mendez  
Deputy County Attorney Andrea Suzuki

GUESTS: Mr. Chipper Wickman, Director and CEO – National Tropical Botanical Garden, Chair of the Kaua'i Watershed Alliance  
Mr. Dan Chang, Department of Health, Safe Drinking Water

**ACCEPTANCE OF AGENDA:**

Mr. Oyama moved to accept the agenda as circulated; seconded by Mr. Nakaya; with no objections, motion was carried with 5 ayes.

*At 10:28 a.m., Chair Kaneshiro rearranged the agenda to move up the Manager's Monthly Update Item #4 Regarding Activities of Note of the Kaua'i County Water Department.*

**Re: Manager's Monthly Update Regarding Activities of Note of the Kauai County Water Department**

Manager Craddick announced the Department of Water (DOW) received a letter from the Watershed Alliance requesting funding for the Kauai Watershed Alliance for a source water

protection project. Mr. Chipper Wichman, Chair of the Kaua'i Watershed Alliance and Mr. Dan Chang with the Department of Health (DOH) are here today to talk about this but it is not on the agenda. Manager Craddick requested that the Board take comments from Mr. Wichman and Mr. Chang but that no action is to be taken until a Special Board Meeting to be held on Thursday, December 27, 2012 at 10:00 a.m.

*At 10:30 a.m., Mr. Dahilig exits the meeting.*

Chair Kaneshiro suspended the Regular Board Meeting to hear testimony from Mr. Chipper Wichman and Mr. Dan Chang.

*Mr. Chipper Wichman, Chair of the Kaua'i Watershed Alliance,  
Director and CEO of the National Tropical Botanical Garden and  
Mr. Dan Chang with the Department of Health provided their testimony.*

Mr. Chang announced under the wellhead source protection program funding, \$250,000 is available to provide support for Kaua'i's efforts through the source watershed protection areas. The area protects the actual water sources for the Water Department.

Mr. Wichman explained that the Kaua'i Watershed Alliance (KWA) is a Hui of land owners including the state and the DOW. The land owners manage across property lines what is best for the watersheds and especially the rechargeable aqua farms.

About a year and a half ago, the Governor and Willie Aila with DLNR began proposing funding for a forest and water protection program. Last year the KWA updated their long term plan to be in alignment with this program and is prepared to receive funding as part of this initiative.

The area to be protected on Kaua'i is a critical area which will protect source water as far up as Wainiha. Mr. Wichman said the Alliance could use the \$250,000 and will work diligently to get the rest of the funding.

Chair Kaneshiro thanked Mr. Wichman and Mr. Chang for their testimony.

*At 10:40 a.m., Chair Kaneshiro deferred the rest of the Manager's Monthly Update to the end of the agenda.*

#### **MINUTES:**

##### **Review and approval of:**

##### **Special Board Meeting – November 19, 2012**

Mr. Nishimura moved to approve the Special Board Meeting minutes dated November 19, 2012; seconded by Mr. Oyama; with no objections; motion was carried with 4 ayes.

##### **Regular Board Meeting – November 29, 2012**

Mr. Nishimura moved to approve the Regular Board Meeting minutes dated November 29, 2012 as amended; seconded by Mr. Oyama; with no objections; motion was carried with 4 ayes.

## **Review & Receive Executive Session Minutes:**

### Executive Sessions – October 25, 2012

Mr. Nishimura moved to approve the Executive Session minutes dated October 25; seconded by Mr. Oyama; with no objections, motion was carried with 4 ayes.

### Executive Sessions – November 29, 2012

Mr. Nishimura moved to approve the Executive Session minutes dated November 29, 2012; seconded by Mr. Oyama; with no objections, motion was carried with 4 ayes.

Mr. Nishimura requested a Point of Order for the Board members to submit the Executive Session minutes of October 25, 2012 and November 29, 2012 to the Commission Support Clerk.

## **CORRESPONDENCE/ANNOUNCEMENTS**

Mr. Nishimura announced to the Board that Mr. Sherman Shiraishi was confirmed to replace Chair Kaneshiro by the County Council on December 19, 2012.

Chair Kaneshiro announced his farewell departure from the Board due to his term ending on December 31<sup>st</sup> and that he will be taking care of personal matters. Chair Kaneshiro expressed his appreciation with being on the Board.

## **BOARD COMMITTEE REPORTS**

No Board Committee Reports presented at this meeting.

## **OLD BUSINESS**

None

## **NEW BUSINESS**

### **1. Election of Officers for 2013**

Mr. Nakaya moved to nominate Board Member Mr. Nishimura, *Chair* for the 2013 DOW Board of Water; seconded by Mr. Oyama; with no objections, motion was carried with 4 ayes.

Mr. Nishimura moved to nominate Board Member Mr. Nakaya, *Vice Chair* for the 2013 DOW Board of Water; seconded by Mr. Oyama; with no objections, motion was carried with 4 ayes.

Mr. Nishimura moved to nominate Mr. Sherman Shiraishi, *Secretary* for the 2013 DOW Board of Water, contingent on Mr. Shiraishi being sworn in to the Water Board; seconded by Mr. Oyama, with no objections, motion was carried with 4 ayes.

Mr. Nishimura moved to reappoint Board Member Mr. Michael Dahilig, *Chair* of the Rules Committee; seconded by Mr. Oyama; with no objections, motion was carried with 4 ayes.

Mr. Nishimura moved to reappoint Board Member Mr. Dill, *Chair* of the Finance Committee; seconded by Mr. Oyama; with no objections, motion was carried with 4 ayes.

Mr. Nishimura announced that the committee assignments will be deferred to the January Board meeting.

Mr. Nishimura will Chair of the 2013 Board of Water *Committee of the Whole*.

Chair Kaneshiro and the DOW staff congratulated the new 2013 Board members.

## **2. Final CIP Projects for 2013**

### **BACKGROUND:**

Manager Craddick referred to the pricing on page 4 of the Proposed CIP. Before the CIP is sent to the legislature, Manager Craddick will correct the pricing which did not get reorganized along with the reordering of the projects. The Elele pipeline will be moved up to the current year for the request for funding instead of 2017.

### **DISCUSSION:**

Manager Craddick clarified that the Kīlauea School Waterline Improvements will remain as Priority No. 1. This will not go away until the Department of Water (DOW) receives funding. The state agreed to fund Kīlauea School and that the design is already completed. The DOW signed off on a permit for the Kīlauea School cafeteria with the understanding that the line will be brought up to fire standard in the future.

Mr. Nishimura moved to approve the Final CIP Project report for 2013 as amended; seconded by Mr. Oyama, with no objections, motion was carried with 4 ayes.

**Re: *Manager's Report No. 13-16 – Grant of Easement for Job No. 05-06, Eiwa, Umi, Ekahi, Elua and Hardy Streets 8" Waterline Improvements (Water Plan 2020 Project No. PLH-25), Līhu'e, Kaua'i, Affecting the following Landowner, 1. County of Kaua'i, affecting TMK(s): (4) 3-6-005:006, Līhu'e, Kaua'i, Hawai'i***

### **BACKGROUND:**

Manager Craddick reported that the Grant of Easement for Job No. 05-06 is from the County of Kaua'i to the DOW for a meter on their backflow line.

Mr. Nakaya moved to approve Manager's Report No. 13-16 – Grant of Easement for Job No. 05-06, Eiwa, Umi, Ekahi, Elua and Hardy Streets 8" Waterline Improvements (Water Plan 2020 Project No. PLH-25), Līhu'e, Kaua'i, Affecting the following Landowner, 1. County of Kaua'i, affecting TMK(s): (4) 3-6-005:006, Līhu'e, Kaua'i, Hawai'i; seconded by Mr. Oyama, with no objections, motion carried with 4 ayes.

**Re: Manager's Report No. 13-17 – Request for Board Approval on County of Kaua'i,  
Department of Water Submittal to Legislature for Changes to HRS regarding Vehicle  
Policy**

**BACKGROUND:**

Manager Craddick explained that state law regarding vehicles was dealt with in 1961, 1981 and 1997. The three smaller county water boards missed when this provision was made. This exempts the Honolulu Board of Water Supply (HBWS) and not the other water boards.

In Manager's Report No. 13-17, Item 3 on page 2 it states – "*Any member of a police department or a fire department or of the staff of a hospital, or any officer or employee of the board of water supply*" ... "~~of the city and county of Honolulu~~" as stricken through shall be deleted.

**DISCUSSION:**

Mr. Craddick met with the other counties who will be supporting the language change on the Vehicle Policy. The language change will be co-introduced through the Hawai'i Water Works Association (HWWA). Manager Craddick recommended that a letter of support signed by the Board Chair would be helpful when the language change is submitted to the legislature.

Mr. Oyama moved to approve *Manager's Report No. 13-17* - County of Kaua'i, Department of Water Submittal to Legislature for Changes to HRS regarding Vehicle Policy; seconded by Mr. Nakaya; with no objections, motion was carried with 4 ayes.

**Re: Manager's Report No. 13-18 - Request for Board Approval on County of Kaua'i,  
Department of Water Submittal to Legislature for Changes to HRS Regarding  
Impact Fee**

**BACKGROUND:**

Manager Craddick explained the changes to the state law language change regarding Impact Fees.

The original Impact Fees was passed in 1971 which pre dates the state law. Since there are major changes it would be good to have the state law reflect the language change. The state law currently states – "*Assessment of impact fees shall be a condition precedent to the issuance of a grading, or building permit or water meter and shall be collected in full before or upon issuance of the permit*" .... and add "or the water meter is issued" as stricken through shall be deleted.

Manager Craddick assured this change as applied would have the support of the other counties.

Mr. Oyama moved to approve *Manager's Report No. 13-18* - County of Kaua'i, Department of Water Submittal to Legislature for Changes to HRS Regarding Impact Fee; seconded by Mr. Nakaya, motion was carried with 4 ayes.

**Re: Manager Report No. 13-19 –Re-Establishment of the Assistant Chief of Operations Position #2400**

**BACKGROUND:**

Manager Craddick requested the re-establishment of the Assistant Chief of Operations Position #2400. In 2009, Manager Craddick signed a letter that stated an employee would be able to have return rights to this position. An email was received from the Department of Personnel (DPS), which indicated the position should never have been abolished if the letter had been signed. The letter is still outstanding.

Manager Craddick explained the Department is taking the Water Field Superintendant position which is currently funded at \$36K. The Assistant Chief of Operations position will now be funded between \$78K and \$80K. No additional funding is being requested because there are five (5) unfilled funded positions from the beginning of the year. The Department may request for additional funding next year.

Manager Craddick read a portion of the Executive Order from DPS signed May 12, 2004, as follows: *“We are transmitting a copy of Executive Order No. 03-02 granting employees excluded from bargaining units 2, 3, 4 and 13, adjustments identical to their counterparts, effective July 1, 2003. Executive Order No. 03-05 grants county officers and employees in the executive branch, who are excluded from collective bargaining, exempt from civil service coverage and whose compensation adjustments are set at the discretion of the Mayor, adjustments as stated therein.”*

**DISCUSSION:**

Manager Craddick explained that if the position is re-established and is filled, funding would be half the year and is the current amount in the position that is being abolished. By taking half of \$78K which is more than \$36K, there would be a \$2,000 to \$3,000 difference. The total budget would have no change in the budget number request until the end of this year.

Mr. Nishimura requested to go into executive session regarding the impact from the information received from DPS.

*Chair Kaneshiro deferred the Manager’s Report No. 13-19 until a quorum is established for the executive session.*

**STAFF REPORTS**

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

**PRESENTATION:**

Ms. Yano presented the Budget Status Summary as of October 31, 2012. The Total of All Funds was \$56,033,355.75 reflected on page 48 *(on iPad)*. The Revenue Comparative Report, the Water Sales Receipt Comparative Report and the Water Consumption (Gallons) Comparative Report as of November 2012 and 2013 were referenced on page 68.

DISCUSSION:

Mr. Nakaya requested an explanation on page 52, Line Item 32C - Annual Audit Contract with KMH, LLP, and inquired in the Annual Audit where was this Line Item budgeted? Ms. Yano explained that it should have been shown as a deduction from Line Item 32 and the transfer of \$45,000 shown on Line Item 32C. Ms. Yano will make the correction in the next fiscal report. Line Item 32C is coming out as a sub-account of Line Item 32.

Manager Craddick referred to page 49, Revenue to Date and explained that the Board previously asked the Department during the budget session to look at this number and if the Department would implement a rate increase for the following year. The revenues are ahead of schedule. If the Department moves forward in the year, the Board should watch this. The Department may change the rates. In answer to Mr. Nishimura's question, Ms. Yano pointed to the consumption per gallons comparative report on page 70 which shows a slight increase in consumption. The blue line indicates last year's numbers and the red line indicates the current year numbers. Manager Craddick added the low rainfall for the year resulted in the increase of consumption. Future recommendations from the Department may be brought before the Board.

Mr. Nishimura moved to receive the Statement of Kaua'i County Water Department's Revenues and Expenditures; seconded by Mr. Oyama; with no objections, motion was carried with 4 ayes.

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

PRESENTATION:

Ms. Buccat highlighted the Kalāheo Nursery tank which is still under conservation until the work is completed. Mr. Reyna added that Operations disinfected three (3) remaining tanks. The Department of Water's Microbiologist, Mr. Carl Arume took bacterial samples to date. Once the sample passes it could be connected and the conservation request can be lifted. Ms. Buccat clarified that the photos in the report are of the Kalāheo Nursery tank.

Ms. Buccat attended the 9<sup>th</sup> Biennial Water Reuse Conference held in Kona on November 29<sup>th</sup> & 30<sup>th</sup> with Mr. Eddie Doi.

The 1<sup>st</sup> Annual Joint State Water Conference will take place on January 14, 2013 which is free and be held at Kaua'i Community College.

A conservation half-page ad was published in the holiday issue (November 2012 – January 2013) of the Kaua'i Family Magazine.

The DOW will partner with other county agencies statewide in a joint summer water conservation initiative/ad campaign in recognition of Detect-a-Leak-Week (March 11 – 18, 2013) with different Mayor's offices.

Mr. Nakaya moved to receive the Report by the Public Relations Specialist on Public Relations Activities; seconded by Mr. Roy Oyama; with no objections, motion was carried with 4 ayes.

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

**PRESENTATION:**

Mr. Reyna reported overtime was lower for November. Work Orders issued and completed for November was presented with a new format.

**DISCUSSION:**

Mr. Nishimura requested to have an update on the premium efficiency motor. Mr. Reyna notified the vendor for a Notice to Proceed and will show the progress in next month's report.

Mr. Nishimura moved to receive the Chief of Operation's Summary Report on Monthly Operational Maintenance; with no objections, seconded by Mr. Nakaya; with no objections, motion was carried with 4 ayes.

**Re: Water Resources and Planning Subdivision Report**

**PRESENTATION:**

Mr. Fujikawa's Monthly Subdivision Summary included the following applicants: Kenneth Souza, Jr. & Kenneth A. Souza Trust and Jasper Properties, LLC.

Mr. Nishimura thanked the Water Resources and Planning Subdivision staff for their work on the Federal Reserve Charge (FRC) rules. After sitting in one of their meetings, Mr. Nishimura appreciated the complexity of their hard work.

Mr. Nishimura moved to receive the Water Resources and Planning Subdivision Report, seconded by Mr. Oyama; with no objections, motion was carried with 4 ayes.

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

**PRESENTATION:**

Manager Craddick highlighted the following DOW activities:

1. One project was awarded under a \$1M estimate for Job No. 04-03, Water Plan 2020 #WK-30, Pipeline Replacement along Waipouli Road and Olohena Road with Koga Engineering & Construction, Inc.
2. Personnel Matters pertained to Department positions in Operations, Fiscal Division, Engineering Division, Construction Management Division, Water Quality Division, Water Resources & Planning Division and Administration.
3. Warrant Vouchers were paid in the amount of \$1.3M.
4. Customer Care & Billing (CC&B) System Update – Ms. Sandi Nadatani with IT worked diligently on the CC&B. The CC&B will “go live” on January 22, 2013. Customers will be informed about the CC&B in their monthly bills and with press releases. The progress of CC&B will be reported at the next Board meeting.



Correspondence #1 – Manager Craddick spoke to Mr. George Mukai’s son regarding last month’s correspondence. Mr. Mukai’s son will install a backflow preventer so that Mr. Mukai will receive the agricultural rate again.

Correspondence #2 – The correspondence from Mr. Leeland M. Lovaas, dated November 15<sup>th</sup> thanked the Board for the action of Mr. Mel Yamase for a reimbursement of \$266.13. This was an issue regarding a change of meters due to overbilling.

The grant from DOH will be discussed at the Special Board Meeting.

*At 11:19 a.m. Mr. Dahilig re-enters the meeting.*

Mr. Nakaya moved to receive the Manager’s Monthly Update Regarding Activities of Note of the Kaua’i County Water Department seconded by Mr. Oyama; with no objections, motion was carried with 5 ayes.

**a. Report of the BAB Bond pay down as of November 2012**

**PRESENTATION:**

Manager Craddick reported there will be a revision on the BAB because the building permit was held up or may have been signed off to complete the subdivision process.

Mr. Nishimura moved to receive the Report of the BAB Bond pay down as of November 2012; seconded by Mr. Oyama; with no objections, motion was carried with 5 ayes.

*At 11:24 a.m. Chair Kaneshiro called the regular meeting into a recess, while the Board convened into an executive session.*

Mr. Dahilig moved to go to executive session; seconded by Mr. Oyama; with no objections, motion was carried with 5 ayes.

**EXECUTIVE SESSION:**

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

- 1. Pursuant to Haw. Rev. Stat. §§92-4 and 92-5(a)(4) the purpose of this executive session is to receive and consider a letter from the Manager and Chief Engineer responding to certain inquiries posed by the Board at the October 25, 2012 Board meeting. The purpose of this to consult with the Board’s attorney on questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities as it relates to the Manager’s response letter dated October 29, 2012.*

2. Pursuant to Hawai'i Revised Statutes Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to provide the Board with a briefing regarding the Re-Establishment of Assistant Chief of Operations - Position #2400. This briefing and consultation with the Board counsel involves the consideration of the powers, duties, privileges, immunities and/or liabilities of the Board and the Department as they relate to this agenda item.

At 12:56 p.m. Chair Kaneshiro reconvened the Regular Meeting back into session.

#### **TOPICS FOR NEXT WATER BOARD MEETING**

1. Quarterly Update on Affordable Housing
2. Quarterly Report on Manager's Goals
3. AWWA Annual Conference Agenda, Denver, CO (June 9-13, 2013)

#### **TOPICS FOR FUTURE WATER BOARD MEETINGS**

1. Public Hearing on Public Benefit Zone (February 2013)

#### **UPCOMING EVENTS**

1. 39<sup>th</sup> Annual AWWA Hawai'i Section Conference Honolulu, HI (May 7-10 2013)

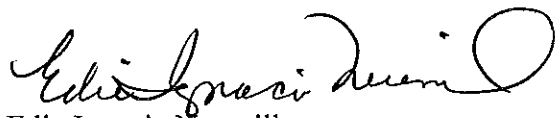
#### **NEXT WATER BOARD MEETING**

1. Thursday, January 24, 2013, 10:00 a.m.
2. Thursday, February 28, 2013, 10:00 a.m.
3. Thursday, March 21, 2013, 10:00 a.m.
4. Thursday, April 25, 2013, 10:00 a.m.

#### **ADJOURNMENT**

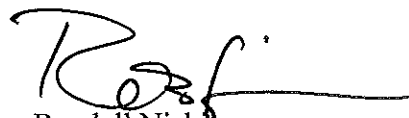
There being no further business, Chair Kaneshiro adjourned the Regular Board meeting at 1:10 p.m.; with no objections, motion was carried.

Respectfully Submitted,



Edie Ignacio Neumiller  
Commission Support Clerk

Approved,



Randall Nishimura  
Secretary – Board of Water Supply