

MEETING MINUTES
BOARD OF WATER SUPPLY
December 22, 2017

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Friday, December 22, 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

EXCUSED: Mr. Lawrence Dill

Quorum was achieved with 6 members present at Roll Call.

STAFF:

Mr. Kirk Saiki	Ms. MJ Akuna
Mr. Valentino Reyna	Ms. Sandi Nadatani-Mendez
Mr. Edward Doi	Mr. Jeffery Mendez
Ms. Jonell Kaohelaulii	Ms. Fay Tateishi
Mr. Dustin Moises	Ms. Anne Parrott
Mr. Carl Arume	Mr. Bryan Wienand
Deputy County Attorney Mahealani Krafft	Ms. Brandi Ventar

GUEST(s)

- Mr. Hall Parrott, Private Citizen
- Ms. Shawn Shimabukuro, Grove Farm Company
- Mr. William Eddy, Kodani & Associates Engineers
- Mr. Ian Jung, Belles, Graham Law Firm for Grove Farm Company
- Mr. Max Graham, Belles, Graham Law Firm for Kodani & Associates Engineers
- Mr. Clyde Kodani, Kodani & Associates Engineers

C. ACCEPTANCE OF AGENDA

Mr. Dahilig moved to rearrange the Agenda to move up Item I, No. 3 before the Meeting Minutes followed by public testimony on all agenda items; seconded by Ms. Ho; with no objections, motion carried with 6 ayes.

A written testimony from MJ Akuna was distributed to the Board members (Received for the Record).

I. NEW BUSINESS

3. Manager's Report No. 18-87 – Discussion and Possible Action on “Revised Memorandum of Understanding (Kulana Water Tank Lot)”, TMK: 4-4-003:089 (Lot 8), TMK: 3-3-003:046, Lihu'e, Kaua'i

Maps for Kulana subdivision were distributed to the Board members (Received for the Record).

BACKGROUND:

Chief of Water Resources and Planning Mr. Doi provided a brief summary on Kulana subdivision which required water Master Plan with a storage tank. Developers located a site and constructed a

storage tank and will subdivide the parcel at the tank location. The parcel was in an area that could only be subdivided once and was part of a larger subdivision.

During the 2010 planning discussions, if there was a joint government applicant, the parcel could be subdivided. At that time, the Department agreed to assist. The subdivision would be done so that the owners can convey the lot and tank to the Department.

Mr. Dahilig moved to approve *Manager's Report No. 18-87* – Discussion and Possible Action on “Revised Memorandum of Understanding (Kulana Water Tank Lot)”, TMK: 4-4-003:089 (Lot 8), TMK: 3-3-003:046, Līhu'e, Kaua'i; seconded by Mr. Canute; with no objections, motion carried with 6 ayes.

D. MEETING MINUTES

Review and approval of:

Regular Board Meeting – November 22, 2017

Ms. Tokioka approved as amended the Regular Board Meeting minutes of November 22, 2017; seconded by Mr. Tabata; with no objections, motion carried with 6 ayes.

Special Board Meeting – December 4, 2017

Ms. Tokioka approved the Special Board Meeting minutes of December 4, 2017; seconded by Mr. Tabata; with no objections, motion carried with 6 ayes.

Review and approval of:

Executive Session – November 22, 2017

Ms. Tokioka approved as amended the Executive Session minutes of November 22, 2017; seconded by Mr. Tabata; with no objections, motion carried with 6 ayes.

Executive Session – December 4, 2017

Ms. Tokioka approved the Executive Session minutes of December 4, 2017; seconded by Mr. Tabata; with no objections, motion carried with 6 ayes.

Executive Session – December 8, 2017

Ms. Tokioka approved the Executive Session minutes of December 8, 2017; seconded by Mr. Tabata; with no objections, motion carried with 6 ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS

1. Committee Appointments by 2018 Incoming Chair Beth Tokioka for Rules Committee, Finance Committee, Audit Committee, Committee of the Whole

The following committee members were appointed by incoming Chair Tokioka:

Rules Committee: Chair Mr. Dahilig, Ms. Ho & Mr. Shiraishi

Finance Committee: Chair Mr. Dill, Mr. Canute & Mr. Tabata

Received – 6 members

2. Correspondence from Accuity LLP, Honolulu, Hawai'i received November 20, 2017, regarding the Department of Water County of Kaua'i Financial Statements June 30, 2017 and 2016

BACKGROUND:

Accountant Ms. Anne Parrott stated the Financial Statements in the Board packet are the final audit by the consultants. Last month the consultants presented a draft version of the audit. There were language changes that had to be done in Note 8, Pension Liability. The numbers in the audit did not change. The change was an increase in the Pension Liability because the actuarial reports that the consultants reviewed last year stated people were living longer and the Department was not making as much money on investments. The consultants added a chart to show a better estimation of investment earnings called Geometric Real Rate; the consultants were only presented an arithmetic mean.

DISCUSSION:

Chair Shiraishi commented that the Department would have to improve the investment performance.

Received – 6 members

F. BOARD COMMITTEE REPORTS

None.

G. OLD BUSINESS

1. Manager's Report No. 18-67 (Update) - 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

DISCUSSION:

Chair Shiraishi would like to approve this report because the well project is in progress and there is a need for a storage tank. In prior meetings there were discussions on prioritization of projects. If the well is going to be done, the storage tank should also be done. This is the Chair's recommendation which is on the Water Plan 2020 list of priorities. The Department and Board needs to get projects out.

Mr. Tabata asked about the Kīlauea water system, what priority is this project rated according to Water Plan 2020 and is it a high priority? Chief of Water Planning & Resources (WPR) Mr. Doi said the point schedule was the highest for this zone. Engineer Mr. Wienand mentioned this zone (Kīlauea water system) scored 10 points in each category for a total score of 30 points and tied for first place. The Kīlauea system stands alone.

Mr. Dahilig mentioned this report failed for a vote at a previous meeting and noted that the construction cost had a \$5M range expenditure. This is a failure of planning and will vote no. Chair Shiraishi asked Mr. Dahilig if he thought the well was not appropriate? Mr. Dahilig said his vote was in disagreement with the long term resource commitment and with the Board dealing with an expenditure of this amount. Chair Shiraishi believes there is a demand for improvements in the Kilauea area. He was aware of certain commercial projects that were going to move forward but there was a lack of water infrastructure.

Mr. Tabata moved to approve Manager's Report No. 18-67 (Update) - 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 Ms. Tokioka; with no objections, motion carried with 5 Ayes, 1 Nay (MD).

H. CONSENT CALENDAR

1. Manager's Report No. 18-83- Discussion and Possible Action to approve the First Amendment to the Right of Entry from McBryde Sugar Company LLC that will allow the Department of Water to locate a booster pump and water line on TMK: (4) 2-1-001:003, for WP2020 Project No. HE-1 (Water System Reorganization) 'Ele'ele, Kaua'i, Hawai'i

Ms. Tokioka moved to approve Manager's Report No. 18-83- Discussion and Possible Action to approve the First Amendment to the Right of Entry from McBryde Sugar Company LLC that will allow the Department of Water to locate a booster pump and water line on TMK: (4) 2-1-001:003, for WP2020 Project No. HE-1 (Water System Reorganization) 'Ele'ele, Kaua'i, Hawai'i; seconded by Mr. Canute; with no objections, motion carried with 6 ayes.

2. Manager's Report No. 18-84 - Discussion and Possible Action to approve multiple Right of Entry agreements with private owners that will allow the Department of Water to relocate and/or reconnect water meters for Job No. 15-07 WP2020 Project No. HE-10 (Reorganize Water System: Hanapēpē Road 6-Inch Main Replacement) Hanapēpē, Kaua'i, Hawai'i for the following TMKs: (4) 1-9-04:019, (4) 1-9-05:005, (4) 1-9-04:012, (4) 1-8-08:055, (4) 1-8-08:057, (4) 1-9-05:004, (4) 1-8-08:058, (4) 1-8-08:059, (4) 1-8-08:060, (4) 1-9-04:018, (4) 1-9-04:016, (4) 1-9-04:027, (4) 1-9-05:006, (4) 1-9-04:015, (4) 1-9-11:006, (4) 1-9-04:025 and (4) 1-8-08:054

Ms. Tokioka moved to approve Manager's Report No. 18-84 - Discussion and Possible Action to approve multiple Right of Entry agreements with private owners that will allow the Department of Water to relocate and/or reconnect water meters for Job No. 15-07 WP2020 Project No. HE-10 (Reorganize Water System: Hanapēpē Road 6-Inch Main Replacement) Hanapēpē, Kaua'i, Hawai'i for the following TMKs: (4) 1-9-04:019, (4) 1-9-05:005, (4) 1-9-04:012, (4) 1-8-08:055, (4) 1-8-08:057, (4) 1-9-05:004, (4) 1-8-08:058, (4) 1-8-08:059, (4) 1-8-08:060, (4) 1-9-04:018, (4) 1-9-04:016, (4) 1-9-04:027, (4) 1-9-05:006, (4) 1-9-04:015, (4) 1-9-11:006, (4) 1-9-04:025 and (4) 1-8-08:054; seconded by Mr. Canute; with no objections, motion carried with 6 ayes.

I. NEW BUSINESS

1. Manager's Report No. 18-85 - Discussion and Possible Action to Begin the Procurement Solicitation for the Assessment and Valuation of Alexander & Baldwin's Brydeswood Well in the amount of \$100,000.00

BACKGROUND:

Manager Saiki mentioned that A&B approached the Department on a well they drilled a couple of years ago in the Kalāheo area and asked if the Department wanted the well. The \$100,000.00 is not in the current budget. It would be used to investigate if the well is appropriate for the Department to purchase and to get the valuation on what to pay. The well had a yield of 600 gallons per minute (gpm).

Mr. Tabata moved to approve Manager's Report No. 18-85 - Discussion and Possible Action to Begin the Procurement Solicitation for the Assessment and Valuation of Alexander & Baldwin's Brydeswood Well in the amount of \$100,000.00; seconded by Ms. Ho; with no objections, motion carried with 6 ayes.

2. Manager's Report No. 18-86 – Discussion and Possible Discussion and Possible Action for Job No. 12-4, Water Plan 2020 #HE-14, Hanapepe-Eleele Booster Pump Replacements for additional construction funding in the amount of \$567,000.00

BACKGROUND:

Chief of Construction Management Officer Mr. Moises mentioned Kōloa Well 16 (discussed in August) is when the engineers estimated an amount that was low for the budget. When it was sent out for construction advertisement, the proposals were over budget. Mr. Moises went through the same cost process and based on the review of the cost process, the initial cost that the contractor submitted was high but went through the best and final offer proposals and direct negotiations for a more reasonable cost. The final cost was less than \$1.1M. Additional funding is being requested by this report to get a fair and

reasonable price and the contractor. In the Background of the report, according to the Operations staff, if the booster pump were to go down with a catastrophic failure, Eleele would not have source.

DISCUSSION:

Mr. Canute asked what was budgeted in the interim? Mr. Moises said when he created his budget for the fiscal year, he used the engineer's estimate created by the consultant that was provided by Civil Engineer Mr. Keith Aoki and staff; that number was too low.

Mr. Dahilig asked how does this project come into play with the future development of Lima Ola? Mr. Moises said Lima Ola is in Zone 312 in Eleele. This booster pump would be pumped up to the 390 tank and will drop down to Lima Ola in conjunction with the pipeline that will be done to reorganize Hanapēpē that connects in the valley. Mr. Dahilig inquired if this is sufficient to meet all of the phases of Lima Ola? Mr. Moises indicated phases could be answered by WRP. This portion is necessary for Phase 1. Mr. Doi added that the booster pump will pump water from the source up to the tank and will not add capacity. The old booster pump needs to be replaced and made reliable. Manager Saiki added that the requirements the Department imposed on Lima Ola was for storage and source requirement and would be done later. Mr. Moises said if there was a failure and the pump was not replaced in time and Lima Ola is developed, service could not be adequately provided. Mr. Dahilig asked if you have to do this work with a development of homes coming up, will more booster pumps be needed? Should we add more booster pumps now or wait two to three years from now? Mr. Doi said if there is more source to transport, the booster pump should be sufficient. Phase II will require a tank.

Ms. Tokioka agreed this is an important fix to do and there are other projects coming up. Hard decisions will be made by the Board. The Board may need to defer if a construction project is going to come in double of what was anticipated for the future. Ms. Tokioka asked that when other projects go out for bid, additional cost needs to be taken into consideration because the project may have to be evaluated if it needs to be done right now? Mr. Moises said 1) after what happened to Kōloa Well, he started to get involved with Mr. Aoki and Mr. Wienand by reviewing the engineer's estimate before he uses that estimate for a budget and 2) in this situation, the Department is not paying any premium to what the actual cost is based on. His review of the cost price data, is that the cost is just the cost. The premium paid is the net effect of the work that is done that is highly specialized. With mechanical components on booster pumps, Supervisory Control & Data Acquisition (SCADA) and Maintenance Control Center (MCC), many people in Hawai'i and Kaua'i do this type of work. This is the reason why the premium is paid on specialization. During the budget process, Mr. Moises will get more involved with the engineers predicated on the new priority list so that the budget is well defined. Deferrals would be based on priority and not on under budgeted bids moving forward. Ms. Tokioka said before the budget is substantially exceeded, the Department should reevaluate at that time and ask the Board for guidance. She is also aware that procurement takes a lot of time. Mr. Moises mentioned to protect the Board and if he does the cost review, he would not put the Board in that spot for additional money. If the priority is there and the budget is blown, then he would ask the Board for more money, if not, he would look for other procurement opportunities.

Mr. Dahilig moved to approve Manager's Report No. 18-86 – Discussion and Possible Discussion and Possible Action for Job No. 12-4, Water Plan 2020 #HE-14, Hanapepe-Eleele Booster Pump Replacements for additional construction funding in the amount of \$567,000.00; seconded by Mr. Canute; with no objections, motion carried with 6 ayes.

Mr. Dahilig suggested to take up New Business Item I. No. 6 Manager's Report No. 18-88 in Executive Session.

Mr. Dahilig moved to rearrange the Agenda to take up the Monthly Staff Reports next; seconded by Ms. Ho; with no objections, motion carried with 6 ayes.

J. STAFF REPORTS
MONTHLY

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

BACKGROUND:

Accountant Ms. Parrott addressed a question from last year regarding the need for financial policies. She distributed a hand out titled "Policy Development Priorities for Current Rate Study & 2018-2019 Budget Process" (Received for the Record). There are four critical areas for policies because of the rate study (Page 1). The rate study depends on accurate Capital, Operating budget, Reserves & Debt.

Water Utility Fund Balance is spendable resources (Page 2). In the 2001 rate study, it built up over the year to meet the emergency and the debt reserve. The top line is the actual to what happened to the fund balance. The rate study was not flawed and delivered the anticipated revenue that was expected. The capital and operating budgets were unrealistic and the rise in the fund balance was not addressed.

New Capital Project Projection with a 5% rate increase in FY 2021 and 2022 (Page 3): You could take a look of what would happen if you don't know what to do with the debt. Ms. Parrott took the rate study that is being worked on and changed the capital financial numbers that she just received from engineering. She set up a 5% rate increase for 2020 and 2021 in this scenario and ended up close to the fund balance that was asked for. The debt service ratio was very healthy.

New Capital Project Projection with a \$10M Bond Issuance in FY 2020 (Page 4): Ms. Parrott took away the rate increases but added bond issuance for FY 2020. The fund balance is a little higher and the debt coverage ratio suffered a little when compared to the prior option. She commented that the Department does not have a debt policy. What can be done? Do we issue debt or don't issue debt?

The consultant mentioned two things to consider 1) it is cheaper to not issue debt and pay current funds but 2) would be harder on the rate payers. This does not show the benefit for the people that are receiving it in the future.

Infrastructure Spending Chart (Page 5), shows the infrastructure spending from the last eight years. If this is compared to the budget, it is non secular and should look at a conservative budget on the rate study.

New Capital Project Projection with Lower Capital Spending (Page 6), the capital spending amounts were dropped to whether or not they were reasonable from the last few years. This scenario was a rate increase and bond issue is not needed. It is important to get these numbers right and would be much easier if there were existing policies to guide the Department.

At 10:48 a.m., Mr. Dahilig exited the meeting.

At 10:49 a.m., Mr. Dahilig re-entered the meeting.

Ms. Parrott recommended the Board hire an experienced person in policy making because it would take a culture shift at the Department to get the policies in place. The rate study consultants and the

Government Finance Officers Associations (GFOA) do policies. The Department currently budgets for everything possible, rather than what may actually happen. She added until people get out of that mode, there will be over inflated budgets. More experience is needed with policies than the Fiscal Division has.

Government Finance Officer's Publication on adopting Financial Policies hand out was distributed (Received for the Record). This publication lists more policies that should have been adopted 20 years ago.

Fiscal Report - Ms. Parrott reported the Department is \$650,000 good on the revenue and is \$1M over budget because the revenue budget was lowered this year. Budget to Actuals are not accurate because the budget numbers are inflated towards what is actually happening or going to happen. Last year \$27M was budgeted in operating expenses with \$22M spent. Expenses last year to this year is \$730,000 to the good and more money was spent in salaries and increases in benefits of \$175,000. Spent \$73,000 less in services, except for repairs which were \$189,000 more. Spent \$133,000 to the good in operating supplies. A negative variance was in utilities which the Department would expect because the revenue is higher. When the revenue is higher, the cost of the pumping goes higher which accounts for the negative variance. \$1M was spent on capital with \$750,000 on infrastructure; the budget is almost \$12M. The GFOA recommends to budget five years at a time for capital and to report the current year's expenditures in the budget. Possibly there are more years of capital in the budget than the Department thinks it will spend this year. From the expenditures the Department has, there is only one new project, spent \$177,000 on Kōloa Well 16A & 16E. The rest of the expenditures were based on prior year growth performance.

Cash positions continue to improve with \$47,904,000 of investments and cash last year; this year it is \$53,617,000. This is equivalent to the change in the restrictive fund balance. The liabilities have dropped over \$1M since this time last year which is good.

DISCUSSION:

Mr. Moises commented that the budget numbers are true. By looking at the capital, there is a high amount of budget vs. expenditures which points to a lack of performance. He needed to explain that the curve is going to switch because engineers have several designs that will be completed within the next 18 months. Mr. Moises' budget for the next fiscal year is now at the opposite end of the spectrum from the last couple of years, engineers are going to complete several designs but this was not necessarily going to happen and has projects all piled up. The Department and the Board will face that it's not due to the money but because of the staffing in Construction Management (CM) and the reality of what can be done. CM will not be able to make up what was not spent the last five years since the reorganization (about \$50M) in just two years. However, they may spend \$60M in the next three years with all the as-needed in contracts, which Mr. Moises will oversee. There will be a swing in the next two years, which does not mean there will be a gap between Fiscals blue & brown chart lines. He questioned if the Department has to give back money for the repairs. Since Mr. Aoki is not present at this meeting, Mr. Moises acknowledged engineering in doing better in getting designs out.

Ms. Parrott would not suggest that anyone is not performing and did not know what the need is. From other governments she worked for, they had capital policies, they could produce how much every year (without the source of supply that the Department has yearly). They could accomplish \$5M a year which was budgeted for. This was a simpler process than what the Department has.

Mr. Dahilig asked do we pay debt service on the money we are not using? Ms. Parrott said we are. From a policy standpoint, Mr. Dahilig said if the Department is not holding on to cash, a derivative of debt and paying debt service on it, would that be the appropriate policy? This is an operations policy to push projects through the pipeline so that the Department is not drawing debt service if it is not being used. Ms. Parrott mentioned it has been eight years since receiving the Build America Bond (BAB) with \$15M, which had not been spent which is not advisable. Ms. Parrott suggested tabling the rate study regarding what Mr. Moises mentioned.

Received – 6 members

b. Information Technology - Audit Findings Update

BACKGROUND:

Waterworks Information Technology Officer Mr. Mendez referred to the Corrective Action Plan in the Board packet based on the audit findings being addressed.

DISCUSSION:

1. A Steering Committee consisted of the division heads to meet the beginning of January and quarterly. Findings were in Great Plains and the billing system.
 2. IT will update the Action Items.
 3. Providing more communication between the divisions and the Steering Committee will help to address this.
 4. SOP 45 regarding a computer conduct was sent to Human Resources for a final review.
 5. IT is short one staff member who could be dedicated to the billing system full time. Finance to consider this position in the next budget.
- Based on the audit, more work has been required of IT.

Received – 6 members

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

BACKGROUND:

Information & Education Specialist Ms. Kaohelauii highlighted the following:

1. Completed community and educational presentations in the community in Kekaha and Eleele in December.
2. The Department of Health (DOH) and Department of Water (DOW) issued a public notice press release regarding the polychlorinated biphenyls (PCB) detection in the Paua Valley tank. The news release described the DOW's compliance in the required testing that was directed by the DOH. The water was proved to be safe in the Paua Valley tank. Phone calls from the public were managed and the media handled the news release appropriately with the various announcements. The Department will respond to this situation throughout the year.

Received – 6 members

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

Received – 6 members

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 – Information & Education Specialist position was posted.
Senior Clerk – Filled
Fiscal Division – Started the process to recruit for two billing staff which the Board authorized.
Corrections: Private Secretary referred to “Recent Hire and Separation” – the departing dates are 2018. The correct departure date of the Manager is 2/9/2018.

Received – 6 members

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

Received – 6 members

Mr. Dahilig moved to go into Executive Session at 11:12 a.m. to consult with the Deputy County Attorney on Agenda items New Business No. 4, No. 5, No. 6, Executive Session K2 and K3; seconded by Ms. Tokioka; with no objections, motion was unanimous with 6 members.

At 11:12 p.m., Regular Board Meeting recessed with no objections.

At 11:19 a.m., Chair Shiraishi reconvened the Executive Session.

K. EXECUTIVE SESSION

Pursuant to Hawai'i Revised Statutes § 92-4 and § 92-5(a)(2) and (4), the purpose of this Executive Session is for the Board to consider the hiring, evaluation, dismissal, or discipline of the Manager and Chief Engineer or of charges brought against the officer or employee, where consideration of matters affecting privacy will be involved; provided that if the individual concerned requests an open meeting, an open meeting shall be held and to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as they may relate to this agenda item.

4. Discussion and Possible Action on the Appointment of, or Execution of an 89-day Contract for an Interim Manager and Chief Engineer

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).

5. Discussion and Possible Action on Creating a Permitted Interaction Group for the Recruitment and Recommendation of a Manager and Chief Engineer

Pursuant to Hawai'i Revised Statutes §92-4 and §92-5 (a)(4), the purpose of this Executive Session is for the Board to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as they may relate to contractual agreements concerning the Waiahi Surface Water Treatment Plant, the potential construction of the Kapaia Cane Haul Road 18 inch Main project, and required disclosures, including but not limited to those required under Chapters 6E, 171, and 343, Hawaii Revised Statutes and Ka Paakai o Ka Aina v. Land Use Commission, 94 Haw. 31 (2000) as relates to those projects.

6. Manager's Report No. 18-88 – Discussion and Possible Action on the Department's Recommendation of the Application of HAR § 11-200-8. Exempt Classes of Action, Specifically, Exemption Class #2, Item 3 and Exemption Class 3, Item 8 For Job No. 16-02, Water Plan 2020 No. PLH-35b, Kapaia Cane Haul Road 18" Main, Līhu'e, Kaua'i, Hawai'i

At 1:24 p.m., Chair Shiraishi called the Regular Board Meeting back to order with no objections.

I. NEW BUSINESS (cont'd)

6. Manager's Report No. 18-88 – Discussion and Possible Action on the Department's Recommendation of the Application of HAR § 11-200-8. Exempt Classes of Action, Specifically, Exemption Class #2, Item 3 and Exemption Class 3, Item 8 For Job No. 16-02, Water Plan 2020 No. PLH-35b, Kapaia Cane Haul Road 18" Main, Līhu'e, Kaua'i, Hawai'i

Mr. Tabata moved to instruct the Manager to appoint an Acting Deputy Manager; seconded by Ms. Ho; with no objections, motion carried with 6 ayes.

Mr. Dahilig moved to instruct the Manager to direct the Acting Deputy Manager to ensure a Draft Environmental Assessment (DEA) is submitted to the Office Environmental Quality & Control to timely move the project forward; seconded by Mr. Tabata; with no objections, motion carried with 6 ayes.

5. Discussion and Possible Action on Creating a Permitted Interaction Group for the Recruitment and Recommendation of a Manager and Chief Engineer

Mr. Dahilig moved to create the Permitted Interaction Group of Board members appointed by the incoming Chair Ms. Tokioka, to set up a process to 1) recruit, 2) advertise, 3) review applications and 4) to submit recommendations to the Board for action; seconded by Mr. Tabata; with no objections, motion carried with 6 ayes.

4. Discussion and Possible Action on the Appointment of, or Execution of an 89-day Contract for, an Interim Manager and Chief Engineer

L. TOPICS FOR NEXT WATER BOARD MEETING (January 2018)

1. Manager's Report No. 18-65 (Update) - Discussion and Possible Action on Part 2 Rules and Regulation for Water Service Connections 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

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 Regulation
5. Department of Water Employees of the Year Resolution
6. Draft Budget for Fiscal Year 2016-2017 *(March 2017)*
 - a. Fiscal Year 2017 - 2018 – Draft Operating Budget
 - b. Fiscal Year 2017 - 2018 – Draft Capital Outlay Budget
7. Discussion and Possible Action to hire a consultant to provide a Policy in the Development of Priorities for the Current Rate Study & 2018-2019 Budget Process for:
 - 1) Capital Budget
 - 2) Operating Budget
 - 3) Reserves
 - 4) Debt
 - Chair requested recommendations from Fiscal with follow up for the Board.
 - Policies to be discussed in the next Agenda Meeting.

N. UPCOMING EVENTS

1. AWWA, HWWA, HWEA Joint Conference, Honolulu, HI *(February 6 – 8, 2018)*
2. AWWA Conference, Las Vegas, Nevada *(June 11 – 14, 2018)*
3. Make a Splash, Project Wet *(September 20, 2018)*
4. HWWA & HRWA Conference, Līhu'e, HI *(November 7 – 9, 2018)*

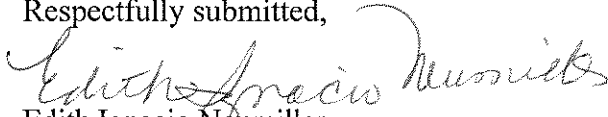
O. NEXT WATER BOARD MEETING

1. Friday, January 26, 2018, 10:00 a.m.
2. Friday, February 23, 2018, 10:00 a.m.
3. Friday, March 23, 2018, 10:00 a.m.
4. Friday, April 27, 2018, 10:00 a.m.

P. ADJOURNMENT

Mr. Canute moved to adjourn the Regular Board Meeting at 1:30 p.m., seconded by Ms. Tokioka; with no objections, motion was unanimous.

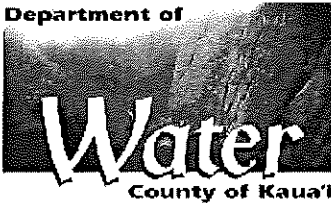
Respectfully submitted,


 Edith Ignacio Neumiller
 Commission Support Clerk

Approved,


 Beth Tokioka
 Secretary – Board of Water Supply

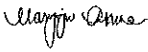
Attached: Written Testimony by Mary-jane Akuna (12-22-17)



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MEMO

To: Board of Water Supply, County of Kaua'i

From: Mary-jane Akuna  Digitally signed by Mary-jane Akuna
 DN: cn=Mary-jane Akuna, o=Department of Water,
 ou=County of Kauai,
 email=makuna@kauaiwater.org, c=US
 Date: 2012.12.22 09:19:11 -1000
 Private Secretary to Manger and Chief Engineer

Date: December 22, 2017

Subject: Manager and Chief Engineer

Serving as the Private Secretary to the Manger and Chief Engineer for the past five and a half years have been the most enjoyable yet challenging experience I have ever been a part of. I've gained confidence in my decision making during the Manager's absence and have taken the initiative find answers or reasonable solutions to items that may not require the need for the manager. Prior to the DOW's current manager Kirk Saiki, past manager David Craddick was also a pleasure to work with. I learned so much from both of them and have seen first-hand that their duties as Manager and Chief Engineer requires tremendous amounts of dedication, accountability, and last minute decision making to emergencies that change daily.

The most challenging duty during the transition between managers is maintaining the consistency. Ensuring that the DOW's rules, regulations, operating procedures and internal Manager's directives remain consistent. I've learned that change is necessary to improve the DOW as a whole, and different manager's decisions may differ and change. However, change is necessary for the DOW to continue to improve and grow. It may be difficult to implement change at first because of the unknown challenges and uncertainty, but it is necessary and should be embraced with confidence that it will benefit the Department and for the people of Kaua'i. I'm very grateful that Kirk, as well as the past managers have been receptive listeners and have maintained an open door policy. They have listened to our ideas and are respectful when their decisions may not always agree with ours, but respected our duties as their support team is to make their decisions work and follow through with their plan. A tremendous amount of knowledge is shared between myself, our admin support team and our manager. As result, the DOW remains capable of running on its own, but cannot do it without a Chief Engineer. The manager is an invaluable team member in making the decisions when decisions cannot be agreed upon.

Our jobs are not static and cannot be defined with a manual. Everything that's learned throughout the years has been through communicating, networking, learning, relearning and accepting criticism for improving for the benefit of the Department and not one self.

Our duties as stewards of the DOW are to be able to pass on that knowledge and provide guidance to the manager. It ranges from reporting to various agencies, handling procurement, managing various committees, updating standard and emergency operating procedures, knowing the union contracts through HR support, and many other duties that may arise.

We are faced with a difficult time and I understand the Board's deliberation in finding an Interim and/or Manager, but I am confident that you all will find someone who can best represent the Department. The DOW will need not only a Chief-Engineer who has the background of Kaua'i's water system, but someone who also has an understanding of each water county's system to envision a bigger picture. Kaua'i's water system continues to age and the DOW is responsible to ensure that we remain stewards to our precious resource. We need a leader whose decision making is not politically hindered by politics, but makes decisions by listening to concerns of the staff, peers, and the community to provide clarity of purpose and expectations. The DOW will need a manager who will strategically direct the DOW to remain sustainable on its own as a semi-autonomous agency within the County of Kaua'i and provide a roadmap for the future.