

MEETING MINUTES
BOARD OF WATER SUPPLY
December 19, 2019

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Friday, December 19, 2019. Chair Thomas Canute called the meeting to order at 10:06 a.m. The following Board members were present:

BOARD: Mr. Thomas Canute, *Chair*
Ms. Laurie Ho
Mr. Lawrence Dill
Mr. Kurt Akamine

EXCUSED: Mr. Ka'aina Hull
Mr. Elesther Calipjo

Quorum was achieved with 4 members present at Roll Call.

STAFF:

Mr. Bryan Wienand	Mr. Michael Hinazumi
Mr. Ryan Smith	Mr. Dustin Moises
Mrs. Marites Yano	Mr. Valentino Reyna
Mrs. Mary-jane Akuna	Mr. Eddie Doi
Mr. Eric Fujikawa	Mr. Marcelino Soliz
Mrs. Jonell Kaohelaulii	Mr. Jas Banwait
Deputy County Attorney Mahealani Krafft	Mr. Daniel Kittredge

GUESTS: Councilwomen, Felicia Cowden
Mr. Hall Parrott, Private Citizen
Mr. Stephen Gnazzo, Private Citizen

C. ACCEPTANCE OF AGENDA

Mr. Akamine moved to accept the Agenda as distributed; seconded by Mr. Dill; with no objections, motion carried with 4 ayes.

D. MEETING MINUTES

Review and approval of:

Special Board Meeting – December 2, 2019

E. CORRESPONDENCE/ANNOUNCEMENTS/PUBLIC TESTIMONY

1. Correspondence from Accuity, LLP regarding Department of Water, County of Kaua'i Financial Statements June 20, 2019 and 2018

Received for the Record

2. Committee Appointments by 2019 Incoming Chair Kurt Akamine for Rules Committee, Finance Committee, Committee of the Whole

Deferred to the January Board Meeting with no objections.

F. BOARD COMMITTEE & PERMITTED INTERACTION GROUP REPORTS

None.

G. OLD BUSINESS

1. Manager's Report No. 20-21 - Discussion and Possible Action on the proposed Rule change relating to the assessment of the multi-family Facilities Reserve Charge rate to guest houses

with a kitchen (Discussion and Possible Action to Adopt Board Policy No. 31 for the Application of the Facilities Reserve Charge to Guest Houses (Update))

BACKGROUND:

Chief of Water Resources & Planning Mr. Eddie Doi reported that Department prepared a proposed amendment to the Rules and Regulations on Part 5 Section III, Applicability to establish and implement Facilities Reserve Charge (FRC) for guest houses containing a kitchen. See Page 85-86, Section III, e. – added The Facilities Reserve Charge for a Guest House, containing a kitchen, shall be \$9,880.00.

DISCUSSION:

Mr. Doi mentioned that guest houses without a kitchen is the current rule with no FRC to be continued as an existing policy.

Mr. Dill moved to approve Option 1 for Manager's Report No. 20-21 - Discussion and Possible Action on the proposed Rule change relating to the assessment of the multi-family Facilities Reserve Charge rate to guest houses with a kitchen (Discussion and Possible Action to Adopt Board Policy No. 31 for the Application of the Facilities Reserve Charge to Guest Houses (Update)); seconded by Mr. Akamine; with no objections, motion carried with 4 ayes.

Option 1: Accept the Rule amendment proposal and direct the Department to proceed with the process to have the Board finalize and adopt the Rule amendment.

H. NEW BUSINESS

1. Manager's Report No. 20-35 - Discussion and Possible Action on the proposed Rule change relating to the assessment of the multi-family Facilities Reserve Charge rate to Additional Rental Unit

BACKGROUND:

Mr. Doi recommended that the Board receive and discuss Manager's Report No. 20-35 on the proposed rule amendment. There are immediate needs to address Additional Rental Units (ARU) and affordable housing shortage. County Council amended the Charter to include ARU's (a living area, limited in size). Mr. Doi proposed to amend the rules to reflect this is similar to guest houses and multi-family units. Square feet is up to 800 sq. ft. Added to the Rules is Section III: The Facilities Reserve Charge for an Additional Rental Unit (ARU) shall be \$9,880.00.

DISCUSSION:

Mr. Dill asked that the guest house and ARUs will be in the Needs Assessment Study to look at the different categories of specific developments and to confirm and establish an actual assessment as an FRC. This would justify the changes on these items. Mr. Doi agreed with Mr. Dill to include other categories and to identify some structures formats such as the ARU and guest houses.

Mr. Dill moved to approve Option 1 for Manager's Report No. 20-35 - Discussion and Possible Action on the proposed Rule change relating to the assessment of the multi-family Facilities Reserve Charge rate to Additional Rental Unit; seconded by Ms. Ho; with no objections, motion carried with 4 ayes.

Option 1: Accept the Rule amendment proposal and direct the Department to proceed with the process to have the Board finalize and adopt the rule amendment.

2. Manager's Report No. 20-36 - Discussion and Possible Action to approve a Grant of Easement Agreement for the Water Meter Plan for Koa'e Workforce Housing, affecting the following:

- a. Koa'e Workforce Housing, L.P, a Hawai'i Limited Partnership. TMK: (4)2-6-004:019, Koloa, Kaua'i, Hawai'i

BACKGROUND:

Chief of Construction Management Mr. Dustin Moises said this access is for the Department of Water (DOW) to work and maintain the system for Koa'e Workforce Housing.

Ms. Ho moved to approve *Manager's Report No. 20-36* - Discussion and Possible Action to approve a Grant of Easement Agreement for the Water Meter Plan for Koa'e Workforce Housing, affecting the following: a) Koa'e Workforce Housing, L.P, a Hawai'i Limited Partnership. TMK: (4)2-6-004:019, Koloa, Kaua'i, Hawai'i; seconded by Mr. Akamine; with no objections, motion carried with 4 ayes.

3. *Manager's Report No. 20-37* – Discussion and Possible Action for Job No. 15-07, Water Plan 2020 No. HE-01, HE-10, Reorganize Water System: Kaumuali'i Highway 16-Inch Main and Emergency Pump Connection, Hanapepe Road 6-Inch Main Replacement for additional construction funding in the amount of \$2,360,587.59

BACKGROUND:

Mr. Moises mentioned two cost impacts 1) Moi Road water line connection: \$504,126.35 and 2) Contaminated Area \$1,707,017.93 in Hanapē Town.

On Moi Road, the original design connection to an a/c water line connection is doable (redesign cost \$504,126.35). During the probing, Mr. Moises indicated that the a/c line was jacketed over 100 feet with concrete. To connect, the Department would have to go under a 10 foot drain line and the water line would be put under the drain line to make the connection on two sides of the existing concrete jacketed a/c water line. Safety requirements support the 10 foot diameter pipe and new system water line.

Contaminated Area cost \$1.7M - Consultants verified the petroleum contaminated soil and Construction Management worked with the Department of Health with a plan on the contaminated soil and contaminated ground water. No funding is available through DOH. The Department would bear all of the cost to complete the water line to dispose the contaminated soil and to treat potential ground water with the installation of a water cable.

Two (2) Options were provided in Mr. Moises report: Option 1) Approve the \$2,360,587.59 additional funds or Option 2) Do not approve additional funds. Delete affected portions of construction contract with current contractor and have the DOW Design Team repackage the Moi Road connection redesign and contaminated soils phase to rebid for potentially more competition.

DISCUSSION:

Chair Canute was not in favor of re-bidding the contract and to move forward with the recommendation. DCA Krafft mentioned that it was not clear where the contamination migrated from; possibly from one of the two service stations.

The contractor costs on Page 129 is for Moi Road, Page 144 is for the petroleum base, Page 146 for the contaminated soil and discharge for the contaminated ground water, and Page 154 is the breakdown of the monthly cost/lump sum of \$165,000.00/month. The contractor cannot come back for a change order past 3 months.

Mr. Hall Parrott, private citizen provided the Board a handout that showed the locations on the discussion; Received for the Record. Mr. Dill asked if the Department is going to treat the materials that is trenched?

If ground water is potentially contaminated, the Department will get a separate National Pollutant Discharge System permit to require cleaning of the water before it is discharged back.

After the soil goes to the land fill, Mr. Dill asked what happens to the treated affluent? Mr. Moises said if the water is cleaned back to pristine condition, the NPDS permit would allow water back to go back into the river. Water samples are taken to make sure it is not contaminated Cost is \$60,000 to clean the 120 inch stream line.

Goodfellow Bros. proposal wanted to know the structural condition of the pipe before they support it. The Department would not fix a corroded pipe. Mr. Dill suggested that the Department work with the County to maintain the drain and the cost or reimbursement. Mr. Moises asked if the Department of Transportation could create a 120 foot pipe, width of the roadway which Mr. Dill would have to look at. The pipe is half full of dirt and might be corroded. Rate payers are not responsible for paying the storm drains for the County.

In Option 2/Con: Project completion would be delayed up to a year to procure another low bid contract for the Moi Road and the contaminated area. Lima Ola project would be affected if this project was not constructed timely. Mr. Dill said the County should agree to fund the cleaning of the pipe. Mr. Moises said this water line is important to the Lima Ola development and a backup if the system goes down to serve Eleele.

Mr. Akamine mentioned the \$2.36K that includes the change order cost to complete Moi Road and the contaminated area plus \$300,000 contingency if there is another change order to complete the project. Mr. Moises added if there are no other change orders, the Department would go back to the Water Utility Fund.

If the Department cannot work with Department of Public Works on the drain, there needs to be a way to safely support the pipe and water line. Mr. Dill indicated that a 120 inch drain line with a half full pipe is not incidental. If there is an exposed pipe, the Department will have to fix it.

First Motion without a vote: Mr. Dill moved to approve Option 1 in *Manager's Report 20-37* on the condition that the Department explore with the DPW the 120 inch drain line, request reimbursement of cost and other issues that may become apparent. In the event the DPW declines the indemnification, the project should proceed regardless.....

Mr. Hall Parrott, Private Citizen provided his testimony.

Mr. Parrott mentioned there are two (2) sites next to each other. If there was a barrier between the two sites, they could morph into one dealing with ground water. The Department could work on one side of the street but if there was someone on the other side of the street, it could bleed into the other side of the street.

DISCUSSION:

Mr. Doi did not want to hold up Lima Ola. The schematic for Lima Ola is to connect the system and to supply Eleele water from Hanapēpē for redundancy. There needs to be a 12 inch connection from Waiala Road that part of this project.

Mr. Moises could order the pipe now while the agreement is worked on and to build out the dirt if the pipe is in good share. Worst case scenario, if the pipe is ordered and during the initial investigation, within 10 feet beyond pipe the invert is gone, work would stop and DPW would replace the pipe. The Department would do the project in a year and a half from now. If the 120 inch pipe is in bad shape, the Department could do a change order to suspend the project.

Mr. Doi asked if a Certificate of Completion could be done in phases for the State? Approval will be in the final scope if the Department add or delete during the change order process.

Based on more discussions, Mr. Dill amended his motion with actions as follows:

Mr. Dill *amended* his motion to Approve Option 1 for \$2,360,587.59 in additional funds for a change order to support the Lima Ola affordable housing development to:

- Direct DOW to seek reimbursement from the County to clean the 120 inch drain line
- DOW to proceed with the project while working with the County to seek reimbursement
- DOW is not to proceed with the drain line cleaning until an agreement is reached with the County whereby the DOW is indemnified for any damage that may occur to the 120 inch drain line as a result of the DOW cleaning operations and the DOW will use reasonable care in its operations
- In pursuing the cleaning work, would be done at the beginning to determine if it is prudent to continue doing so based on the condition of the pipe line; seconded by Ms. Ho; with no objections, motion carried with 4 ayes.

4. Manager's Report No. 20-38 – Discussion and Possible Action on the Fourth Amendment to Contract No. 666 Review and Update the Department's Information Technology Strategic Plan and I.T. Project Implementation and Support with Brio Consulting for a time extension to February 28, 2020 and additional funding in the amount of \$79,860.00

BACKGROUND:

Civil Engineer Mr. Bryan Wienand recommended the Board to approve a fourth amendment on an existing contract with Brio consulting for Mr. Jas Banwait, the on-site IT staff support through February 28, 2020.

DISCUSSION:

Mr. Akamine asked if a second IT consultant would be needed. Mr. Wienand said it would be a benefit if another consultant is on site.

- Mr. Wienand will update the Board at the January Board meeting if the divisions are falling behind with IT requests.
- Mr. Wienand will request funding for a possible additional IT consultant and to start the process.

Mr. Akamine moved to approve Manager's Report No. 20-38 – Discussion and Possible Action on the Fourth Amendment to Contract No. 666 Review and Update the Department's Information Technology Strategic Plan and I.T. Project Implementation and Support with Brio Consulting for a time extension to February 28, 2020 and additional funding in the amount of \$79,860.00; seconded by Mr. Dill; with no objections, motion carried with 4 ayes.

I. CONSENT CALENDAR

None.

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
 - b. Accounts Receivable Aging Summary

BACKGROUND:

Waterworks Controller Mrs. Yano mentioned that there are no new projects at this time.
Received for the Record

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

BACKGROUND:

Information and Education Specialist Mrs. Jonell Kaohelaulii had no new highlights.
Received for the Record

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

BACKGROUND:

Chief of Operations Mr. Reyna provided highlights:

1. Water Service Supervisor Chris Nakamura was recently recognized by a customer for his excellent customer service.
2. Update for Mr. Dill regarding sodium hypo chloride – Approval from DOH equipment was received with the help of Carl Arume, Water Microbiologist. One site is receiving sodium hypo chloride and Operations is looking for a second site. The next budget will have a submittal for funds.

Received for the Record

4. Discussion and Receipt of the Manager and Chief Engineer's Monthly Update Regarding Activities of Note of the DOW
 - a. Build America Bond Quarterly Report (*July – September 2019*)

Received for the Record

Before going into Executive Session, Chair Canute said today was his last meeting after serving one term (three years). Chair's replacement is Julie Simonton with Pacific Concrete, Coring and Cutting which was approved by the County Council. Julie will attend the January 24th Board meeting. Ms. Ho will be held over (up to 90 days) for her replacement. Chair commented it has been an honor and privilege to serve on the Board of Water and appreciated everybody's help and appreciates all the work that has been done with the Board and expertise of the staff.

Mr. Dill added on behalf of the Board, Chair's leadership has been key for the Board.

Adjournment of the meeting will be after Executive Session; with no objections.

At 11:47 a.m., Ms. Ho read the Executive Session Language.

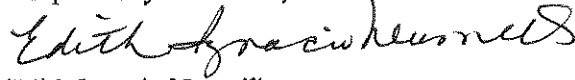
K. EXECUTIVE SESSION

Pursuant to Hawai'i Revised Statutes (HRS) §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 HRS §92-4 and shall be limited to those items described in HRS §92-5(a).

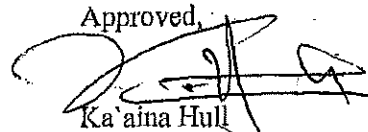
1. Pursuant to Hawai'i Revised Statutes §92-4 and §92-5(a)(2), the purpose of this executive session is for the Board to consider the hire, evaluation, dismissal, or discipline of an officer or employee or of charges brought against the officer or employee, where consideration of matters affecting privacy will be involved; provided that if the individual concerned requests an open meeting, an open meeting shall be held.

- L. TOPICS FOR NEXT BOARD OF WATER SUPPLY MEETING (January 2020)**
1. Committee Appointments by 2019 Incoming Chair Kurt Akamine for Rules Committee, Finance Committee, Committee of the Whole
- M. TOPICS FOR FUTURE BOARD OF WATER SUPPLY MEETINGS**
1. Department of Water Performance Audit (Update)
 2. Table of Organization Workshop
 3. Discussion and Possible Action to establish Fiscal Policies and Procedures
 4. Report of the Finance Committee of the Kaua'i County Board of Water Supply, Financial Management Planning and Water Rate Analysis for the Department of Water's FY2020 through FY2024 held on November 4, 2019
 5. Manager's Report No. 19-60 - Discussion and Possible Action for Water Plan 2020 Project No. WK-39 Drill & Develop Kapa'a Homesteads Well No. 4 & Package A-Well and Drainage Package of Water Plan 2020 Project No. WK-08, Job No. 02-14, Kapa'a Homesteads 325' Tanks, Two 0.5 MG Tanks Projects, Kapa'a, Kaua'i, Hawai'i for additional construction funding in the amount of \$140,843.18 (Update)
 6. Manager's Report No. 20-24 - Discussion and Possible Action for the Proposed Amendment to the Memorandum of Agreement (Drainage) between Godwin M. Esaki and Janet M. Esaki, individually and as trustees of the Godwin M. Esaki Revocable Living Trust, and the Janet M. Esaki Revocable Living Trust, TMK: (4) 4-6-011:125, Kapa'a, Kaua'i, Hawai'i) and the Board of Water Supply, dated August 21, 2017
 7. Board Orientation (February 2020)
 8. Resolution 20-02 (1/20) Mahalo and Aloha Board Member Thomas Canute (January 2020)
- N. UPCOMING EVENTS**
1. HWWA & HWEA Pacific Water Conference (February 2-6, 2020)
 2. AWWA ACE 20th Conference (June 14-17, 2020, Orlando, Florida)
 3. AWWA HWWA & HWEA 6th Annual Joint Conference (TBA)
- O. NEXT WATER BOARD MEETING**
1. Friday, January 24, 2020, 10:00 a.m.
 2. Friday, February 28, 2020, 10:00 a.m.
 3. Friday, March 27, 2020, 10:00 a.m.
 4. Friday, April 24, 2020, 10:00 a.m.
- P. ADJOURNMENT**
- Mr. Dill moved to adjourn the Regular Board meeting at 12:22 p.m.; seconded by Ms. Ho; with no objections; motion carried with 4 ayes.

Respectfully submitted,


 Edith Ignacio Neumiller
 Commission Support Clerk

Approved,


 Ka'aina Hull
 Secretary, Board of Water Supply

