

SPECIAL BOARD MEETING MINUTES
BOARD OF WATER SUPPLY
Monday, December 2, 2019

The Board of Water, County of Kaua'i, met in a special meeting at Department of Water's Board Room in Lihu'e on Monday, December 2, 2019. Chair Thomas Canute called the meeting to order at 10:02 a.m.

BOARD: Mr. Thomas Canute, *Board Chair*
Ms. Laurie Ho
Mr. Ka'aina Hull
Mr. Lawrence Dill
Mr. Elesther Calipjo
Mr. Kurt Akamine

Quorum was achieved with 6 members present.

<u>STAFF:</u>	Mr. Bryan Wienand	Mr. Dustin Moises
	Mr. Edward Doi	Mrs. Mary-jane Akuna
	Mr. Michael Hinazumi	Mrs. Kryst'l Castillo-Gray
	Mr. Valentino Reyna	Mr. Jas Banwait
	Mrs. Marites Yano	Mr. Eric Fujikawa
	Mr. Ryan Smith	Mr. Marcelino Soliz
	Mrs. Jonell Kaohelauii	Mr. Darrell Acob
	Mr. Carl Arume	Mr. Daniel Kittredge
	Mr. Keith Aoki	Mr. Claus Bollmann
	Deputy County Attorney Mahealani Krafft	

GUESTS: Council Member Felicia Cowden
Mr. Don Nakamura, Accuity LLP
Mr. Matthew Oda, Accuity LLP

C. **ACCEPTANCE OF AGENDA**
Board accepted the Agenda as distributed.

D. **MEETING MINUTES**
Review and approval of:

Regular Board Meeting – October 25, 2019

Ms. Ho moved to approve the Regular Board Meeting minutes of October 25, 2019; seconded by Mr. Akamine; with no objections, motion carried with 6 ayes.

Finance Committee Meeting – November 4, 2019

Ms. Ho moved to approve the Finance Committee Meeting minutes of November 4, 2019; seconded by Mr. Akamine; with no objections, motion carried with 6 ayes.

Special Board Meeting – November 4, 2019

Ms. Ho moved to approve the Special Board Meeting minutes of November 4, 2019; seconded by Mr. Akamine; with no objections, motion carried with 6 ayes.

Review and approval of:

Executive Session - Special Board Meeting – November 4, 2019

Mr. Dill moved to approve the Executive Session - Special Board Meeting minutes of November 4, 2019; seconded by Ms. Laurie Ho; with no objections, motion carried with 6 ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS/PUBLIC TESTIMONY

1. Correspondence from Ms. Dawn Ikei to Customer Relations Assistant Norma Imada for her excellent customer service at the Department of Water, dated October 31, 2019
Mr. Dill expressed his appreciation to Norma Imada for her customer service. He requested that Waterworks Controller Marites Yano express appreciate to Ms. Imada from the Board.

Received for the Record

F. BOARD COMMITTEE & PERMITTED INTERACTION GROUP REPORTS

None.

G. OLD BUSINESS

1. Manager's Report No. 20-21 – Discussion and Possible Action to Adopt Board Policy No. 31 for the Application of the Facilities Reserve Charge to Guest Houses (Update)

BACKGROUND:

Civil Engineer Bryan Wienand explained at last Board meeting, this would fall under a rule rather than a Board Policy. His recommendation would not be for the Board to take this as a rule for a kitchen scenario which is a long process including a public hearing. A Needs Assessment Study would be done next. This is a legal recommendation and the Board has the authority to make determinations in the best interest of the Department and the rate payers. There are about 40 applicants waiting for a final decision from this Board meeting.

DISCUSSION:

Chief of Water Resources & Planning Mr. Doi said the Department has not assessed Facilities Reserve Charge (FRC) without a kitchen to date. Mr. Dill said FRC should not be assessed without a kitchen. The rules do not address the new scenario created by the County but this could be addressed now for applicants to respond. Mr. Dill asked direction from the Board as de facto manager to direct the Department how to interpret this scenario as a rule or Needs Assessment Study which could lead to a rule. DCA Krafft said the Board has the authority to direct the Department because the Board has authority on the interpretation of the rules.

Mr. Dill's recommendation is to direct the Department to not assess FRC on guest houses without a kitchen. He asked Mr. Hull if a guest house application comes up and is routed to the Department of Water (DOW) for a review and approval to determine if there is a kitchen and if an FRC is required. If a guest house is constructed and in the future and a kitchen is added, the Planning Department would not route to the DOW at this time. Mr. Dill asked how this would be addressed when that time comes. Mr. Doi commented that the information was vague when he met with Doug Haigh Chief of Building Division and questioned what is significant plumbing? Some of the plumbing matters may or may not come to the DOW because plumbing permits would go through the Building Division for houses.

Chair Canute asked what if there was a completed dwelling classified as a guest house but converted it under the new County Ordinance and turn it into a guest house with a kitchen? There would not be any additional improvement but to put a stove in the dwelling. How would the Department know if a kitchen was added? Mr. Doi indicated when Water Resources & Planning (WR&P) receives the permit for the kitchen, the FRC would be assessed. Mr. Hull added there would be some scenarios where a permit will be forwarded to the DOW to assess FRC if there is a kitchen and some permits without a kitchen. Mr. Hull was in agreement with Mr. Dill on directing the Department to not assess

a guest house without a kitchen an FRC. There may be kitchen added without the Department knowing. The updated FRC study should be expedited. Mr. Dill mentioned if there was a concern with applicant who installed a kitchen after the fact, he directed the Department to follow up with the count to close the gap. Mr. Hull asked if it was appropriate to use a kitchen as the single factor in a dwelling unit? The kitchen may not be the only factor to determine a dwelling unit. In the FRC update, various different dwellings would have to be looked at on how FRC is calculated. Mr. Hull will work with Mr. Doi to close the loop hole.

Mr. Akamine commented that with the current rule process and if the Department decides not to assess the FRC for guest houses with no kitchen, he ask what are the risks? Mr. Doi said someone could put a kitchen which is a dwelling defined by the CZO. Prior to this situation, no kitchen was not treated as a dwelling to be temporarily used. If the Board maintains the status quo to access an FRC, there may be several appeals that could come before the Board at a meeting.

Mr. Dill moved to approve for the Department not to charge any FRC for guest houses that do not include a kitchen; seconded by Mr. Akamine; with no objections, motion carried with 6 ayes.

Council Member Felicia Cowden, provided her testimony.

Council member Cowden requested better communication between the DOW and County Council. She indicated that there is a Resolution on the Council agenda this week for the Board of Water to drop the cost of the FRC from \$14,115 to \$9,880 for smaller homes, multi-family units, additional rental units and guest houses with a kitchen. Council will also be adding the Lihu'e density to an R40 for additional rental units that would bring some of the buildings to R80. Three buildings in design would take advantage of the reduced cost with about 230 units; half are additional rental units to be built on Rice Street. Mr. Hull was not aware of this but knows of a large scale residential coming up but not to use Additional Rental Units (ARU). Council member Cowden has been approached on the three buildings coming up which she is not opposed to, and resistive of adding the ARU because of the impact of the DOW. If there are 70 acres to allow a potential 80 units per acre, there is an impact. There could be an availability of 250 more units. By removing fees, it is about a \$5,000 savings per unit. Another issue is to change the definition of a guest house without a kitchen. Sleep space makes the difference vs. a kitchen. Council member Cowden supports the motion on the floor.

Mr. Dill's mentioned two different issues 1) the waiving of the FRC for units without kitchens and 2) guest houses with a kitchen. The \$9,800 is the multi-family FRC rate. The Department will be doing an assessment to review new County categories for dwelling units. Mr. Dill suggested for the category of a guest house with a kitchen, to consider an application of the multi-family to those units which is not unreasonable until the Needs Assessment Study is completed.

Chief of Water Resources & Planning Mr. Doi commented that the size is smaller than a dwelling and the size does not necessarily determine a demand (factors are usage). Mr. Dill added that condos have 3 bedrooms, 2 bath but the number of bedrooms is not the deciding reason as an indicator to predict usage. A 500 sq. ft. guest house would be 1 bedroom, 1 bath and a condo would have a minimum of 1 bedroom, 1 bath. To apply a multi-family FRC to guest houses with a kitchen is conservative for the DOW regarding demands on the water system. Mr. Doi commented if the Board directs the Department to treat small houses as a multi-family unit that can be done. Small houses (guest house with a kitchen) could be treated like a multi-family and to assess it the multi-family rate. Mr. Doi agreed that this is similar to a condo under the Rules and Regulations.

If the Council approves the Resolution, it does not the DOW to reduce the FRC rates. Mr. Hull clarified that the Resolution was submitted by Council members Mason Chock and Luke Evslin as a recommendation to the Board of Water. Mr. Doi added there needs to be consideration on the impact laws, how the calculation was determined and what transpired to on the fee conclusion.

Ms. Ho asked if there is water in Lihu'e to accommodate housing? Mr. Doi said there is a surplus for 200 units which was previously presented to the Council. Mr. Hull clarified that the ARU is a separate discussion from guest houses. The issue of capacity on the system is two different things which Mr. Dill noted and if everyone paid the full FRC, there would be capacity issues on the system. If there is no water, no FRC is assessed. Mr. Doi requested to have a legal interpretation on what could be adjusted with the FRC and impact fees. With Mr. Dill's proposal, he asked if there were any issues? Mr. Hull indicated there are more legal issues that impact the system.

DCA Krafft clarified that this agenda item is a rule change which requires language that would be drafted and to follow the rule process to implement the motion. She will need clarity if it is just guest houses that need to contain a kitchen. The language in the amended definition says "may contain a kitchen." Mr. Hull mentioned guest houses with a kitchen with an additional action today would be assessed an FRC at the same as multi-family units. DCA Krafft referred to the Manager's Report if a kitchen is added use on ADU's, the Board can decide at this meeting. Mr. Dill wanted to limit it to guest houses and an ADU that has no restrictions on bedrooms and bathrooms, but an ARU does have restrictions.

Mr. Hull inquired that based on the motion to direct the DOW to not assess FRC on guest houses without a kitchen, would the DOW still assess FRC until the rule is done? Currently the rule has not assessed an FRC without a kitchen for a guest house. Mr. Dill corrected his statement to say that the Board directs the Department on a guest house without a kitchen, is not to assess an FRC. Mrs. Yano suggested to update the definition of multi-family to include guest houses as a multi-family dwelling with a kitchen. Mr. Doi responded and said per the CZO, they are different but need to be consistent.

Council Member Felicia Cowden, provided her testimony.

Council member Cowden encouraged the Board members to attend and dialog at the Council meeting Wednesday. Tiny houses, like a guest house, may get amended in the Resolution. She asked if the FRC fee would be \$9,800? The Department was not aware about the additional units on Rice Street. If the Board decides, she can add a Council agenda item at a future meeting.

Mr. Dill acknowledged Council's and the Department's support of affordable housing. The Board's duty is the rate payers and the cost of user service. He has not seen the Council agenda item but requested from the Planning Department to address in the Needs Assessment Study a definition to each of the different types of elements. This helps to conduct the necessary analysis on what the service will be to support that development. The Board would support the Council's effort regarding this matter. Mr. Hull asked if there are some water utility that implement their financial needs maintaining the system or upgrade through the rates vs. a separate FRC? Mr. Doi said both are used. Mr. Hull asked if the Resolution does not pass, would ARU's be included? ARU is similar to a guest house with 800 sq. ft. that functions like a multi-family unit. DCA Krafft suggested to add this to the next Board meeting agenda. ARU cannot be CPR'd with a kitchen with no limit to the number of bedrooms and bathrooms.

Mr. Dill moved to direct Water Resources & Planning to propose a draft Rule change relating to the assessment of the multi-family Facilities Reserve Charge rate to guest houses with a kitchen at the next meeting on Manager's Report No. 20-21 – 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. Hull; with no objections; motion carried with 6 ayes.

2. Department of Water's Capital Improvement Projects for 2020-2021 (Update)

BACKGROUND:

Mr. Wienand updated on actual monies for the Priority 2, Hā'ena Storage Tank Project per Mr. Hull's request. The Department would not qualify for Act 12 monies and this will remain as a request with the legislature. Priority 3, Kīlauea Storage Tank was a follow up from Ms. Ho's request on which State facilities might benefit. It is too early to know what development is coming up in Kīlauea but this project would support any development included a school in Kīlauea. Refer summary page of construction costs (Page 35) - the consultant/legislative liaison was notified that the next legislative session that an award may be a 50/50 split. At the last session, the Department was awarded 80% ... (technical difficulty with the recorder) ... As of June 30, 2023, a construction contract will be initiated and the other three priorities would realign priorities based on funding that come in to be used. Three projects are lined up to use State funds with Priorities 4, 5, & 6.

Received for the Record

H. NEW BUSINESS

1. Manager's Report No. 20-25 - Discussion and Receipt of the Department of Water's Draft Audit Financial Statements and Independent Auditor's Report by Accuity, Inc. for Fiscal Year 2019 and 2018

BACKGROUND:

Waterworks Controller Ms. Yano introduced Accuity LLC consultants Mr. Don Nakamura and Mr. Matthew Oda who presented the draft Audit Financial Statements and Independent Auditor's Report by Accuity, Inc. for Fiscal Year 2019 and 2018. Once approved, the financial statement could be sent to the County of Kaua'i. Mr. Nakamura reviewed and presented a clean audit of the draft Financial Statements (page 59).

Summary and Financial Highlights (page 64)

Basic Financial Statements (page 73) – balance sheets

Liabilities (page 74) – bonds payable

Statements of Revenues, Expenses & Changes in Net Position (page 75)

Statement Cash Flows (page 76, 77)

Notes to Financial Statements (page 78, 79)

DISCUSSION:

Mr. Dill requested explanation on the Financial Statement Highlights (page 46). Mr. Nakamura referred to the first bullet point changes to the Financial Statements.

Mr. Hull mentioned at the Finance Committee meeting last month, the Department was funding its pension system. The Department was setting aside a nest egg for 30 years on how the pension would pay out and holding out \$20 million to \$30 million for the Department's needs. The Finance Committee felt this was inappropriate for the rate hikes. Mr. Nakamura said this was not addressed in the auditor's report because the amounts in the financial statement were accepted in the general

accepted journal accounting principles. The funding requirements are not prepared under the same general accepted journal accounting principles but are prepared by the actuaries funding requirements by state law. Pensions were provided on page 81.

Mr. Dill requested for the next audit to apply a different rate of funding to Other Post-Employment Benefits (OPEB). He ask how is this looked at from an audit perspective to make sure the liabilities are addressed? Mr. Nakamura commented that those amounts are actuarially determined and they use the assumptions and are determined by the Department and the actuary. The assumptions will be assessed (i.e., discount used, the mortality tables) that accounting used for financial statements different from the funding.

Mr. Matt Oda presented the Requirement Communications (page 48, 49): Auditor's responsibility under Generally Accepted Auditing, overview of the planned scope of the audit, significant accounting policies, including critical accounting policies and the auditors' judgment about the quality of accounting principles, management judgements and accounting estimates and Audit adjustments.

Requirement Communications (pages 50, 51) - No major risks or exposures noted in the audit, No issues related to the DOW's ability to continue as a going concern, Not aware of any documents that will be submitted containing the audited financial statement, No such matters were noted and No such consultations made by management and No disagreements with the Mrs. Yano. There were no major issues discussed with management; no serious difficulties encountered in performing the audit, No material weaknesses while performing the audit and not aware of any fraud or illegal acts.

Other Material Written Communications (page 52) – these are available to the Board upon request with no findings.

Adjustment Journal Entries (pages 53 – 55) - relates to the pension. The State Employee Retirement System (ERS) and Employee-Union Health Benefit Trust Fund (EUTF) engages in the net pension and net liabilities. On the timing of the evaluation, the information was not available when the auditors get the trial balance from Mrs. Yano. The pension and the OPEB expense and liabilities are added in the financial statements. There was a placeholder and was replaced when the actuaries were received.

Audit Plan for June 20, 2020 – Timeline (page 56):

Discussion with management for the current year – May 2020

Planning – July 2020

Year-end financial statement fieldwork – August – September 2020

Draft report to management – Mid-October 2020

Issue final report – October 31, 2020 if pension allocations and OPEB valuation audits are completed by ERS and EUTF auditors.

Received for the Record.

2. Manager's Report No. 20-26 - Discussion and Possible Action for As-Needed Construction Management Services for the Department of Water, Second Amendment to Contract No.637, Job No. 15-07 with RM Towill Corporation, Hanapēpē Waterline Project for a time extension to September 30, 2020 and additional funding in the amount of \$440,000.00

BACKGROUND:

Chief of Construction Management Mr. Moises requested Board approved for the additional funding. There were some design issues on the Hanapēpē Historic Bridge and construction issues in Hanapēpē

Town and came across petroleum contaminated soil from an old gas station. The redesign for the bridge work was approved on Friday with the help and appreciation of Civil Engineer Mr. Keith Aoki and Department of Public Works (DPW). This work started last week and should get direction on the contaminated soil in the coming year. This project will be completed summer 2020. Average consultant cost is about \$3,500/month. Mr. Moises has been working on stream lining construction work on the State phase and County phase in the way he intended for six months on what the Construction Management (CM) would cost to extend the project. He added three months to close out the project. Refer to page 128 for the CM Services Fee proposal on the personnel breakdown schedule.

DISCUSSION:

The construction contract amount is \$8.4M. Mr. Dill asked when would the Hanapēpē Historic Bridge be open? Mr. Moises responded February 2020.

Mr. Hull inquired about the re-structure of three new CM positions that the Board approved to reduce costs. Mr. Moises said Department of Human Resources (DHR) did not approve all of the positions that were submitted as a packet. Mr. Moises was not comfortable about discussing personnel matters in open session. He explained that the positions were submitted as a packet, three were approved and two positions were denied. The former Manager and Mr. Moises did not pursue the package including the new positions. Mr. Dill wanted to revisit this discussion. DCA Krafft mentioned if the Board were to go into Executive Session, there would have to be an exception on this matter. The only exception would be of "hiring, dismissal or discipline" which does not apply.

Mr. Dill moved to approve Manager's Report No. 20-26 - Discussion and Possible Action for As Needed Construction Management Services for the Department of Water, Second Amendment to Contract No.637, Job No. 15-07 with RM Towill Corporation, Hanapēpē Waterline Project for a time extension to September 30, 2020 and additional funding in the amount of \$440,000.00; seconded by Ms. Ho; with no exceptions, motion carried with 6 ayes.

3. Manager's Report No. 20-27 - Discussion and Possible Action for Job No. 17-10, Water Plan 2020 No. KW-07, Rehabilitate Paua Valley Tank No.1, 0.5 MG Concrete, Kekaha Water System for additional construction funding in the amount of \$975,000.00

BACKGROUND:

Mr. Moises indicated there was only one responsible bidder, Earthworks Pacific, Inc. The other two bidders were from O'ahu and didn't feel they would be competitive. The Department will move forward with this bidder to avoid risking financial liability on the project.

DISCUSSION:

Mr. Dill asked why was the estimate short on the contractor's bid? Mr. Moises provided the following costs of about half million on removing the interior lining, handling the water, treatment of the hazardous material, following stringent requirements in the specs, fixing leaks, exterior paint, and chlorination. The contractor has a sub who has a specialty license to do this work.

Mr. Dill moved to approve Manager's Report No. 20-27 - Discussion and Possible Action for Job No. 17-10, Water Plan 2020 No. KW-07, Rehabilitate Paua Valley Tank No.1, 0.5 MG Concrete, Kekaha Water System for additional construction funding in the amount of \$975,000.00; seconded by Mr. Akamine; with no objections, motion carried with 6 ayes.

4. Manager's Report No. 20-28 - Discussion and Possible Action to request Board Approval to enter into a Memorandum of Agreement between the Department of Public Works, County of Kaua'i and the Board of Water Supply, County of Kaua'i for the Maluhia Road and Kōloa Road Improvements Project

BACKGROUND:

Mr. Wienand commented that DPW has a federally funded project with road repairs on Kōloa Road and Maluhia Road. DPW will put in a roundabout at the intersection of Kōloa Road and Ala Kalanikaumaka Road. DPW was informed to relocate the Department's existing facilities for repair accesses. An agreement with DPW was made to cost share (50/50) road repairs to a broken water main damage to the roundabout of the landscaping. DPW would be responsible to secure the procurement to restore or repair roadway facilities.

Mr. Dill moved to approve Manager's Report No. 20-28 - Discussion and Possible Action to request Board Approval to enter into a Memorandum of Agreement between the Department of Public Works, County of Kaua'i and the Board of Water Supply, County of Kaua'i for the Maluhia Road and Kōloa Road Improvements Project; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

Chair Canute called for a Recess at 11:41 a.m. and to reconvene at 11:46 a.m. with no objections. Chair Canute reconvened the Special Board Meeting at 11:51 a.m. with no objections.

5. Election of Officers for 2020

Mr. Dill nominated Mr. Calipjo for Chair – 3 hands were raised for a vote

Mr. Calipjo nominated Mr. Akamine for Chair – 3 hands were raised for a vote = Tie

Chair Canute closed the nominations with no objections; motion failed since there was a tie vote.

A Re-vote was done:

Mr. Calipjo for Chair – 2 hands were raised

Mr. Akamine for Chair – 4 hands were raised

Mr. Dill nominated Mr. Canute for Vice Chair; seconded by Ms. Ho; with no objections.

Ms. Ho nominated Mr. Calipjo as Secretary; seconded by Chair Canute; with no objections.

Chair Canute closed the nominations for Vice Chair.

Here are the following new officers elected effective January 1, 2020:

Kurt Akamine – Chair

Thomas Canute – Vice Chair

Elesther Calipjo - Secretary

6. Board Meeting Dates for 2020

The only change for the 2020 calendar of meetings will on Friday, December 18th (not 23rd); with no objections.

7. Manager's Report No. 20-34 - Discussion and possible action related to the delegation of duties to Department personnel during the vacancy of the Manager and Chief Engineer

BACKGROUND:

Mr. Wienand wanted to provide the opportunity for the division heads to approach the Board regarding the transition of no Manager. He asked if the Board had anything to share with the Department regarding delegation of authority, any updates, and the Permitted Interaction Group is working on action steps for a new Manager. He referred to the Standard Operating Procedure attachment on page

136 on the internal Chain of Command that has gray areas regarding what specific items are delegated to the Manager position. He asked would it revert back to the Board or which items are to be delegated and what is the Board's intent? Example: DHR requires regular approvals on personnel actions which are processed through DHR then to the Manager's position. Mr. Wienand's recommendation is to revert back to the Board for formal action. There may be other challenging actions for the Board to act on.

DISCUSSION:

Mr. Dill asked if Temporary Assignment (TA) to the Manager's position is required in the Chain of Command? Mr. Wienand said it is not a requirement and unclear for a division head to TA to the Manager's position. In the interim, Mr. Wienand requested if the Board can indicate what duties could be delegated or not. Per DHR, in the absence of a high level position, the next level assumes the role (an interpretation).

DCA Krafft commented it depends on the particular duties and if that duty can be further delegated and if the position to delegate to is in the Position Description. The Manager gives final approval for invoices or the Controller could now assume but unclear if this could be required. Mr. Dill asked if there are any options or minimum qualifications? DCA Krafft explained when the Manager was out of the office on technical items requiring a P.E., Mr. Doi would TA. Mrs. Yano at times, would also TA to the Manager but does not have a P.E. Division Heads should review invoices prior to submitting it to the Manager. What falls within the divisions should still operate even if the position is not filled. The issue is when it crosses over, then the Manager determines who takes the lead to get the project done. Some functions will require written delegation.

Mr. Akamine asked if there was a certain dollar amount on delegation? Are there other types of delegations of the division heads that could be delegated today? Mr. Wienand commented that in the absence of an Acting Manager named by the Board would be for those items to be referred back to the Board like personnel actions in Administration. Examples: promotions, recommendation for hire create positions & post, reviewing updates to positions, job descriptions, reviewing changes to Table of Organization for divisions. These are immediate duties that needs to be done especially with the two high profile positions pending posting is the Assistant Controller and IT Officer position. The duties will need to include establishing an interview panel and reviewing the panel's recommendations. Mr. Wienand recommended that be delegated to the Board.

Private Secretary Mary-jane Akuna provided the Board a list of meetings and nine organizations Mr. Wienand participated in and if the Board would like someone else to attend. Some of the meetings include the: Water Shed Alliance, Draught Committee, Water Control Loss Committee, and the Security Advisory Committee. On December 9th there is a Water Manager meeting that includes the other managers who meet quarterly which could be a conference call. Mrs. Akuna listed other duties: signature authorities with bank accounts, the County Finance Director will be on the electronic check, processing purchase orders, signing division heads time sheets, leave requests, and travel.

Mr. Akamine asked if the division heads could make a list of timely actions with a recommendation to the Board. The Board could delegate the Chair to take action on those items to further delegate. The Board agreed that invoices should be given to the division heads for payment to be approved by the Controller and that the Board should not take action on leave requests. Mr. Dill added that all duties of the Manager, the Chair can sign off and approve until a new Manager is hired. Mr. Dill and Ms. Ho also recommended when the Manager represents the Department, division heads could step in to represent the Department at meetings.

Chair Canute asked if any of the division heads would like to accept any of the Manager's duties?

Mr. Aoki said in the past regarding approvals of construction drawings, the Manager approves construction drawings and previous Managers delegated that responsibility to the Engineering Division. He asked if the Board would continue that practice? The Board agreed to this in the absence of a Manager.

Mrs. Yano accepted the Chief Procurement Officer last week. She will be responsible on the award of contracts, disputes, sign contracts, approving PO's within the budget.

Mr. Doi is not willing to accept additional duties only for the Water Resources & Planning Division (WR&P), time sheets, approval of invoices, and sign letters to agencies. He would consider signing as a licensed engineer actions but it depends and would make a recommendation. He would sign leave requests and overtime based on justification.

Mr. Aoki would sign construction drawings.

Mr. Moises would sign for CM Division and will sign off on actions for CM; on specific duties he would have to think about it.

Mr. Reyna would accept delegation and will sign for POs, procurement and time sheets (not technical items).

Information Technology – Mr. Wienand indicated IT will be a challenge because they only have one staff and one contract consultant. The existing IT staff will be returning in January.

Mrs. Akuna accepts and filters items for the Manager and could delegate actions that divisions can handle correspondence from County Council that needs respective answers. There are also two to five exceptions a week on appeals with the division head's determination which go to the Manager as well as Waiver Release & Indemnities, and FRC correspondence. Mr. Dill added if there are WR&P decisions to be made, the Board Chair needs to be fully aware of the details before making a decision/action. DCA Krafft mentioned an SOP that the division heads follows and can make a recommendation to the Manager. Currently, the Board cannot override a Manager's decision. There is a missing step in the procedures that the public would have when making the call which is a concern. If the SOP is followed, the division heads could make a recommendation then it comes to the Board as an agenda item. If there was an appeal, it should go to the full Board and to provide the decision to the applicant or they could appear before the Board. Bank account signatures will change when Mr. Akamine takes over as Chair in January. Standing division head meetings are on Tuesdays and Mr. Dill encouraged the division heads to participate in the meetings representing the Manager. Mr. Hull suggested to review Council requests before responding to Council. Most requests are related to WR&P. Board Chair agreed to sign the correspondence but to defer to the division heads to draft the correspondence to Council.

Mrs. Yano suggested that each week a division head would step up to be the Department's contact. It was previously discussed which division heads were willing to accept or not accept duties in the absence of the Manager.

Mr. Hull would coordinate related topics or issues from the Mayor's meeting agenda with the appropriate Division Head if they need to represent the Department. He will communicate with the Commission Support Clerk of which Division Head needs to attend the Mayor's meetings.

Mr. Hull moved to approve for the Division Heads to handle their own duties and all other actions that need further clarification can be delegated to the Chair in absence of the Manager & Chief Engineer on Manager's Report No. 20-34 - Discussion and possible action related to the delegation of duties to Department personnel during the vacancy of the Manager and Chief Engineer; seconded by Mr. Dill; with no objections; motion carried with 6 ayes.

At 1:03 p.m., Mr. Hull exited the meeting.

I. CONSENT CALENDAR

1. Manager's Report No. 20-29 - Discussion and Possible Action on Board Approval for Governing Law in Licensing Agreement with Microsoft Software License Terms for Microsoft Windows server 2016 Standard and DataCenter between the Board of Water Supply, County of Kaua'i, and Microsoft Corporation

Ms. Ho moved to approve Manager's Report No. 20-29; seconded by Mr. Dill; with no objections; motion carried with 6 ayes.

2. Manager's Report No. 20-30 – Discussion and Possible Action on Board Approval for Indemnification, Governing Law in the Software Licensing Agreement for WIN-911 Software between the Board of Water Supply, County of Kaua'i, and WIN-911 Software

Ms. Ho moved to approve Manager's Report No. 20-30; seconded by Mr. Dill; with no objections; motion carried with 6 ayes.

3. Manager's Report No. 20-31 - Discussion and Possible Action on Board Approval for Governing Law, Indemnification, and Future Costs in the Master End User License Agreement for AVEVA Software between the Board of Water Supply, County of Kaua'i, and AVEVA

Ms. Ho moved to approve Manager's Report No. 20-31; seconded by Mr. Dill; with no objections; motion carried with 6 ayes.

4. Manager's Report No. 20-32 - Discussion and Possible Action on Board Approval for Governing Law in Licensing Agreement with VMWARE End User License Agreement between the Board of Water Supply, County of Kaua'i, and VMWARE

Ms. Ho moved to approve Manager's Report No. 20-32; seconded by Mr. Dill; with no objections; motion carried with 6 ayes.

5. Manager's Report No. 20-33 – Discussion and Possible Action on Board Approval for Licensing Agreement and Governing Law with IBM International between the Board of Water Supply, County of Kaua'i, and IBM International

Ms. Ho moved to approve Manager's Report No. 20-33 seconded by Mr. Dill; 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. October Monthly Summary Budget
 - b. Accounts Receivable Aging Summary

BACKGROUND:

Waterworks Controller Mrs. Yano highlighted the following:

1. Financial Audit has been submitted; final copy will be submitted to the COK.

2. Rate Study (on hold) – Staff drafted a Board Policy regarding funding on the net pensions and OPEB liability which will be submitted at the December Board meeting for discussion.
3. Annual Water Audit – will be done with WR&P and Operations in the proposed annual budget. The Board acknowledged the Department had a great audit.

Received for the Record

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

BACKGROUND:

Information & Education Specialist Mrs. Kaohelaulii highlighted the following:

1. Department participated in the National Day without Water Campaign. The focus was to promote the important of agencies, municipalities and organizations that manage water and water resources.
2. Department participated in a statewide Social Media Campaign and hosted a community presentation in honor of the National campaign. This project will continue annually.

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 highlighted the following:

1. Promotions acknowledged for Krist'l Castillo Gray as Waterworks Program Technician and Michael Mack to Lead Pipefitter.
2. Supervisors attended the COK Drug & Alcohol Reasonable Suspicion Training.
3. Completed installation of Sodium Hypochlorite On-site Generation project on Makaleha Wells & Tank site. This is a pilot study. Next on site areas are Kekaha and Kilohana.

(Inaudible due to technical difficulties. The following are from notes.)

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

BACKGROUND:

Mr. Wienand highlights the following (refer to pages 253 – 270):

1. Contract Awards
2. Agreement with Mr. Jeff Linder for Moloaa Water System (Page 265)
3. Affordable Housing Task Force (Page 266 – 267) – to be assigned to Division Heads.
4. Fresh Water Council (page 267) – Mr. Wienand can continue attending.
5. Kauai Watershed Alliance (page 267) - Mr. Wienand can continue attending.
6. Quarterly Manager's Meetings (page 267) - Mr. Wienand can continue attending.
Mr. Wienand will continue to work toward the meeting goals, gather information on Kaua'i and any action items.
7. Position Description for Manager & Chief Engineer (Page 268) – Will update the Board.
8. Agreement with Kukui'ula (Page 268) – has been signed.

Mr. Akamine moved to go into Executive Session at 1:31 p.m.; seconded by Ms. Ho; with no objections, motion carried with 6 ayes.

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).

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 hiring, 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.

1. Discussion and Possible Action on the Board of Water Supply executing a contract for employment services pursuant to HRS sec. 76-77 (7), (8), or (12)

L. TOPICS FOR NEXT BOARD OF WATER SUPPLY MEETING (January 2020)

1. Committee Appointments by 2020 Incoming Chair for Rules Committee, Finance Committee, Committee of the Whole
2. 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*))
3. 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
4. Discussion and Possible Action on the Construction Management positions
5. Discussion and Possible Action on proposed Board Policy No. XX, Budget Spendable Balance (as it relates to funding the OPEB and net pension ability)

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. Resolution (2/2020) Mahalo and Aloha Board Member, Laurie Ho (February 2020)

N. UPCOMING EVENTS

1. DOW's Annual Meeting (December 13, 2019)
2. HWWA & HWEA Pacific Water Conference (February 2-6, 2020)
3. AWWA ACE 20th Conference (June 14-17, 2020, Orlando, Florida)
4. AWWA HWWA & HWEA 6th Annual Joint Conference (*TBA*)

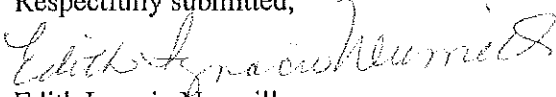
O. NEXT WATER BOARD MEETING

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.

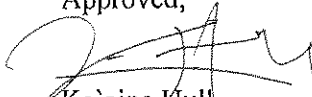
P. ADJOURNMENT

Mr. Dill moved to adjourn the Regular Board Meeting at 2:07 p.m.; seconded by Ms. Ho; with no objections.

Respectfully submitted,


Edith Ignacio Neumiller
Commission Support Clerk

Approved,


Ka'aina Hull
Secretary, Board of Water Supply