

REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, February 17, 2011

The Board of Water Supply, County of Kaua'i, met in regular meeting at its office in Līhu'e on Thursday, February 17, 2011. Chairperson Roy Oyama called the meeting to order at about 9:30 a.m. On roll call, the following answered present:

BOARD: Mr. Roy Oyama, Chairperson *(Left the meeting at about 11:34 a.m.)*
Mr. Michael Dahilig *(Present at about 8:15 a.m.)*
Mr. Larry Dill
Mr. Leland Kahawai
Mr. Daryl Kaneshiro
Mr. Randall Nishimura

Absent & Excused: Mr. Raymond McCormick

STAFF: Mr. David Craddick
Mr. William Eddy
Mr. Keith Aoki
Mr. Gregg Fujikawa
Mr. Dustin Moises
Ms. Faith Shiramizu
Ms. Marites Yano
Deputy County Attorney Andrea Suzuki

GUESTS: Mr. Dan Chang, Department of Health
Ms. Erin Vander Zee, Hawaii Rural Water Association
Mr. Jan TenBruggencate – on behalf of The Limtiaco Company
Via www.GotoMeeting.com and conference call:
Architects Hawaii Limited representatives:
Charles Chan
Richard Borromeo
Shannon Luciano

Quorum was achieved.

AGENDA:

Chair Oyama requested that the Agenda be reordered to have New Business Item H.6 – Manager's Report No. 11-54 – Request Board Approval of request to County for land transfer with proposed DOW Building Layout Schematic be first on the Agenda. Mr. Dill moved to approve the Agenda as modified, seconded by Mr. Nishimura; by a unanimous vote; motion was carried.

The meeting then went into recess at 9:32 a.m. and resumed at 9:40 a.m.

NEW BUSINESS

Re: Manager's Report No. 11 – 54 - Request Board approval of request to County for land transfer with proposed DOW Building Layout Schematic

Re: Job No. PLH-39, Department of Water Office Expansion and Renovations, County of Kauai, Hawaii

RECOMMENDATION:

It was recommended that the Board take action on the following items:

1. The Board approve concept Scheme 8.2 which allows our consultant to move forward with finalizing the Department of Water Lihue Baseyard Improvements Master Plan.
2. The Board submits a request to the County of Kauai Council and Mayor of Kauai to transfer and subdivide the property adjacent to the existing DOW offices to accommodate future expansion of the proposed plan layout shown on scheme 8.2.

FUNDING: N/A

BACKGROUND:

Architects Hawaii Limited is tasked with the development of an office expansion and renovation master plan to house the Department's operations for the next 30 years. This project will include the preparation of design drawings and specs for the expansion and renovations of the Department of Water's office and baseyard improvements. The Department's increased work load requires additional facilities for its current and future staff office space, storage and parking needs. After presenting various schemes and valuable discussion at the December 16, 2010 Board meeting, as well as input from DOW staff and our consultant, we have come up with a proposed schematic 8.2 to move forward with finalizing the master plan of the DOW office, Baseyard improvements and County Storage. Shown on the schematic is the future storage facility for the County on the property to be obtained from the County of Kauai.

We have reviewed the various schematics prepared by Architects Hawaii Limited and find the plan to locate the office building as shown with an at grade parking lot to be most efficient with regards to cost and daily departmental functions. The storage building location will be out of the way of future development of the property and most suitable for future operations of both the DOW and DPW.

Referencing Chapter 54, section 32 of the Hawaii Revised Statutes, the council shall provide necessary office and base yard space and facilities for the use and occupancy of the Board of Water Supply. The staff previously sent a letter to the Mayor to request transfer of the triangle property to the Board; however a proper request would be from the Board to the Mayor and Council. Since the first review of availability of the property, the administration has asked the DOW that some space be made available during the initial planning for storage of County documents. During subsequent meetings with the County of Kauai, Department of Public Works (DPW), it was stated by them that DPW does not have immediate needs for the storage building at this location. They are currently evaluating other sites and asked the Department of Water to allocate space for the future storage building requirements and include utility stub outs for their facility during the design and construction phase of our new facility which will be included as requested.

Manager Craddick requested to move forward with the baseline master plan and, in particular, submit the request to the County Council. The first drawings included storage that the County wanted. The County wanted a wastewater lateral, there is already power but KIUC has to put in a new line, we would still have to deal with the telephone lines.

Mr. Moises noted that, at the December meeting, it was requested to have the consultant provide a background to arriving at this current point. Therefore, via www.gotomeeting.com and conference call, the consultants responsible for the master plan, Architects Hawaii, were available to make a presentation and answer questions from the Board. Mr. Moises introduced Mr. Charles Chan, Mr. Richard Borromeo and Ms. Shannon Luciano. Their PowerPoint presentation was shared with the Board. Mr. Chan thanked the Board for their time and shared the purpose of the project, introduced the team and gave an overview of the presentation contents. Mr. Borromeo shared the work flow diagram and process, the original and revised schedule and space program summary. Ms. Luciano gave an overview of the site analysis.

The scheme is based on three things:

1. New DOW Facility
2. Parking
3. Storage for the County

The first scheme was not the most efficient, the second scheme was cheaper with better access, the third scheme had the storage at the back and the storage could be fenced for security purposes. This scheme is more cost effective and the access road can be shared. The preferred Master Plan shows a 19,000 sq. ft. building, 68 parking stalls and a 16,000 sq. ft. storage building.

The cost analysis shows three approaches for the sewer:

1. Option A Aerobic tank for the new DOW facility only
2. Option B Aerobic tank for the new DOW facility and future County storage
3. Option C Sewer connection to Grove Farm, existing DOW buildings, new DOW facility and future County storage building.

DISCUSSION

Mr. Dill inquired why the third sewer system approach, hooking up to the Grove Farm sewer system, includes all of the buildings and not just the new construction. Mr. Moises explained that, because of the new wellhead protection program, it is felt that the Department of Water should lead by example and connect their entire facility to the sewer system. An aerobic system is legal and can be done; however, a large portion of the decision regarding sewer systems depends on the example the DOW would like to set. Also, maintenance is an issue for the two different sewer systems, if there is one for the existing buildings and one for the new construction.

Mr. Dill noted that the cost estimate shows 8% for General Conditions and Mr. Chan explained that the General Conditions incorporate miscellaneous contractor costs, such as field office, etc. The allowance on this schedule is for 8%, which is a median percentage for these types of projects. However, this is a "Rough Order of Magnitude" cost estimate, as the project is not yet designed. This percentage and cost will become more accurate as the design is further developed.

On the Space Program, Mr. Dahilig inquired why the Miscellaneous space, 9,836 sq. ft., is more than half of the entire space, 18,222 sq. ft. and expressed concern about the building being too sexy for our budget. The consultant stated that this allowance incorporates a number of spaces in the building that are not dedicated to a single division or use within the DOW, such as circulation space, bathrooms, lobbies, elevators and stairways, and mechanical and electrical rooms. Again, because the project is still in planning, this number is a conservative approximation in order to insure that the building can be properly designed within the allowed square footage. Mr. Chan noted that they would try to be more conservative, and Mr. Dahilig confirmed that there is \$3 million to trim.

Mr. Oyama wondered if the information was ready to send to the Council as the timing is very important and Mr. Chan confirmed that they could wrap this up quickly but the Environmental Assessment will take at least seven months as this is a legal process, with move-in probably in 2014.

Manager Craddick reported that we do not want to go ahead with any of the the next phases in case we cannot get the lot, but we must get the lot secured first. That is the main Agenda item for today. Then there will be numbers in the next budget for other phases. Mr. Moises noted the other agenda item is for the Board to take action on scheme 8.2.

Mr. Dahilig understood the concerns, and the primary focus is the land. When we present the space program, that has to be what dictates needing the land. We need to justify why we need the new building. The only building you see on the drawing is DOW building and parking, why can't we put another building on the existing site to make it more justifiable and we need to justify why 18,000 sq. ft. is needed and why this cannot be placed on the existing site.

Upon query from Mr. Kaneshiro if a site needs assessment by an independent agency had been conducted, Mr. Moises indicated that an evaluation had been done by the consultant. This is important before it comes before the Council and we need the answers first.

Manager Craddick stated that a letter was written to the Mayor and reported that there were other plans for the land with the Fire Department and Housing, but they dropped out mainly because of the expense for the sewer. The Fire Department may still wish to do something. This is the only piece of property that is adjacent to the rest of the DOW facilities. The island of Kauai and the DOW will both be getting bigger over the years; we did not look at building on to the current old building. We did look at building on incrementally and ripping down parts of the old building. Manager Craddick has already moved some departments around in the existing space.

Mr. Kaneshiro noted that the Council members will all look at this with individual perspectives, and the needs assessment is vital and how it benefits everyone. He supports this going to the Council, but we need to be prepared with answers to the needs assessment questions. Mr. Moises confirmed that it was done, but that until we finalize the scheme, we cannot finalize the master plan, where the needs assessment is. We are at the point where we need to work on the land transfer and send the letter to start that process. In the meantime, the Board can look at the Scheme 8.2 layout. Once the Council is ready to hear us we can come with the finalized master plan.

Discussion ensued on whether or not a Resolution would have to be drafted. Mr. Nishimura felt that we should introduce the letter to the Mayor concurrently with the Board and Manager

requesting that the Administration request to the Council to transfer the parcel. He felt that perceptually it may be a problem with what happens if the old building is turned over to Operations with staff who may not all be occupying the building during the day and how we would deal with that. Mr. Moises noted that in three to five years time the plan is to renovate the existing Administration building and it would be part Operations and part equipment covered storage, including excavators we have just purchased, etc.

Mr. Nishimura wanted to make sure the land concerns are addressed and if the lower portion of the triangle is that being requested as part of the land transfer. Mr. Moises indicated the intention is to subdivide and transfer the parcel. Mr. Dill wondered if a "reservation" should be put on the land.

Mr. Nishimura expressed concern over the possible public perception of this land acquisition and we need to be sensitive to that.

Mr. Dill felt it made sense for the DOW to justify the need to the Council. Mr. Moises reported that the justification of the need was not presented to the Board, it was in-house.

Mr. Nishimura felt an intermediate step would be a MOA between DPW, or the Administration and BOWS that we will request this but there may be certain reservations that they may have.

Manager Craddick asked if we want to spend Board money without knowing that you have place to put it. Now is the time to find out.

Mr. Moises noted that \$276,000 has been expended already, a little more than half, and this is as far as we can get until we approve the scheme. Mr. Nishimura stressed we need to resolve the details with Administration of what reservations they may have. Manager Craddick has spoken to the Fire Department, Housing, and they just saw it as too much cost, although once we put in the infrastructure, someone else may want to come in and take advantage of the work that we did. Mr. Dill noted the only subject that came up was the DPW storage building from the Administration standpoint. Mr. Kaneshiro felt the first step was to get the letter to the Mayor from the Board. Mr. Dahilig felt we should start the discussions informally from the subdivision standpoint and how to subdivide the land.

Item # 2 – The Board submits a request to the County of Kauai Council and Mayor of Kauai to transfer and subdivide the property adjacent to the existing DOW offices to accommodate future expansion of the proposed plan layout shown on scheme 8.2.

Mr. Dahilig moved to authorize the Manager or his designee to transmit and begin discussions with the County administration on subdividing the parcel for future land planning and programming (motion amended by Mr. Kahawai for this to come from the Board), seconded by Mr. Dill; by a unanimous vote; motion was carried.

Item # 1 – The Board approve concept Scheme 8.2 which allows our consultant to move forward with finalizing the Department of Water Lihue Baseyard Improvements Master Plan.

Mr. Dahilig moved to adopt this for reference purposes only and the Board still reserves the right to amend it in the future and that it be used as a representation of the Board as a first pass for discussions with the administration, and seconded by Mr. Kahawai.

Mr. Moises confirmed that the cost for this is in the first phase. He also stressed that if the Board does not want this design then we would have to reprocur funds for a new design. Mr. Nishimura asked how much it would cost to suspend the contract and restart it. Manager Craddick noted it would not cost anything to suspend the contract. Mr. Nishimura understands that the consultants want to move forward and we need the land.

Mr. Dill asked if Grove Farm has the sewer capacity and if they were willing to accept connection of this new campus. Mr. Moises has spoken to Grove Farm and it is under consideration; we are outside the service area and we may be able connect but Grove Farm would have to go to the PUC. Mr. Dill also asked if there is connection charge involved. Manager Craddick has checked and there is no fee, it is part of the rates, so they are welcoming new customers.

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

The meeting went into recess at 10:53 a.m. and resumed at 11:10 a.m.

MINUTES:

Regular Meeting Minutes, November 18, 2010

Mr. Nishimura moved to approve the Regular Meeting Minutes of November 18, 2010, seconded by Mr. Kaneshiro; by a unanimous vote; motion was carried.

Regular Meeting Minutes, January 20, 2011

Mr. Nishimura moved to approve the Regular Meeting Minutes of January 20, 2011, seconded by Mr. Dahilig; by a unanimous vote; motion was carried.

CORRESPONDENCE / ANNOUNCEMENTS:

None.

BOARD COMMITTEE REPORTS

Re: Report of the Rules Committee of the Kaua'i County Board of Water Supply

The Rules Committee met with one item on the Agenda:

- Re: Manager's Report No. 11-24 – Committee Discussion and Possible Action on Part III Rule Amendments – Establishing Standards for Subdivision Water Systems
- i. Attached Proposed Draft Bill No. 2380

Mr. Dahilig stated the Rules Committee had met and deferred this matter until more information is available from the Planning Department. Mr. Kahawai moved to accept the Rules Committee report, seconded by Mr. Nishimura; by a unanimous vote; motion was carried.

Re: Committee of the Whole of the Kaua'i County Board of Water Supply

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

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

Mr. Oyama noted the Committee of the Whole had met and approved the request to seek Grant Funding for this project. Mr. Dill moved to accept the Committee of the Whole report, seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

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

Chair Oyama stated that the Committee of the Whole had met and deferred this item. Mr. Nishimura moved to accept the Committee of the Whole Report on this item, seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

Re: Report of the Finance Committee of the Kaua'i County Board of Water Supply

Re: Manager's Report No. 11 -49 - R.W. Beck Report on Financial Planning Analysis and Water Rate Study

Mr. Dill noted that the Finance Committee had met and deferred this for further investigation and review. Mr. Kahawai moved to accept the Finance Committee Report, seconded by Mr. Nishimura; by a unanimous vote; motion was carried.

Re: Report of the Special Committee of the Kaua'i County Board of Water Supply

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

Special Committee Chair Kahawai noted that the Special Committee met and recommended moving this item from Special Committee to Finance Committee for further action. Mr. Nishimura moved to accept the Special Committee Report, seconded by Mr. Dill; by a unanimous vote; motion was carried.

OLD BUSINESS

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

i. Attached Proposed Draft Bill No. 2380

Mr. Dahilig moved to defer this item, seconded by Mr. Dill; by a unanimous vote; motion was carried.

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

Mr. Nishimura moved that the Board grant approval to the department to apply for the grant funding from Department of Health Safe Drinking Water Branch for Develop and Initiate Implementation of a Wellhead Protection Program for the County of Kaua'i, subject to the following conditions:

a. That none of the monies from this grant be used for the establishment of any civil service positions.

- b. That none of the monies from the grant be used for promulgation of any kind of ordinance; seconded by Mr. Dill.

DISCUSSION

Deputy Eddy asked to leave open the funding to help pay a portion of a civil service salary. He would not say to “establish” a position, but we may be limiting ourselves with the use of the funds and missing out on the opportunity to save the department money in staff salaries.

Mr. Nishimura felt it could be used to offset an existing position, but not create new ones. If the grant monies go away, the department would need to come back to the Board to justify funding for a new position. That should apply to reallocation.

Deputy Eddy had considered adding a planner, and some of this work could be part of that.

Mr. Dill moved to amend the motion for condition No. 1 to add “without prior Board approval”, so provision No. 1 would read:

1. That none of the monies from this grant be used for the establishment of any civil service positions without prior Board approval.

Mr. Fujikawa inquired where the planner would go; if the planner is assigned to WRP they do not have the resource to do this and would have to reprioritize. Mr. Dill indicated the funds could be used for a contract hire.

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

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

Mr. Nishimura moved to defer this item to the next meeting, seconded by Mr. Dill; by a unanimous vote; motion was carried.

Re: *Manager’s Report No. 11-49 - R.W. Beck Report on Financial Planning Analysis and Water Rate Study*

Mr. Dill moved to defer to the next meeting, seconded by Mr. Nishimura; by a unanimous vote; motion was carried.

Re: *Manager’s Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes. Request from Special Committee Chair Kahawai to move this item from Special Committee to Finance Committee*

Mr. Kahawai moved to transfer this item to the Finance Committee, seconded by Mr. Dahilig; by a unanimous vote; motion was carried.

Re: Board Discussion on Year 2011 Goals for the Manager

Item No.	Goal	Status	Deadline	Measure
Goals from Board				
1	Bond Float and Water Plan 2020			
	Encumber \$42 million in BAB	Manager to provide updated figure	End of November 2011	
2	Personnel and Accounting			
	Improve employee morale, employee survey		Baseline - Year beginning Year end figures	
3	Standards			
	Source Water Protection Plan	Working on grant funding application		
4	Facilities			
5	Inter Agency Coordination			
	Inter agency coordination between DOW, Planning and DPW for smart growth initiatives			

Goals from Staff

1	Operations			
	Continue to support and implement the re-organization of the operations division			
2	Engineering			
	Provide additional temporary storage space for files (approximately 10' x 3' area) until new permanent facilities (new office building) are built	Need to arrange for leak-proofing of containers	June 30, 2011	
3	Special Projects			
	Due to recent and anticipated staff departure and retirement within the Department, priority to evaluate and reorganize the current engineering activities and staff structure for the future operations related to the design and construction of projects within the Department of Water, which include Water Plan 2020 as well as privately funded projects. In doing so, make it a priority to attract and retain qualified staff during the reorganization process.			
4	Water Resources and Planning			
5	Fiscal			

DISCUSSION

Mr. Nishimura had two goals for the Manager:

Goal # 1 - encumbering \$42 million in BAB projects by the end of November, 2011.

Mr. Moises noted we are currently at \$30.7 million.

Discussion ensued on this goal. Mr. Moises noted we are currently at \$30.7 million. Manager Craddick stated that funding for certain projects has been requested of the state legislature. There may be some grant funding available. Mr. Nishimura was concerned about the \$60 million with two-thirds of the time frame gone. Mr. Nishimura asked how much of these projects on the bond list need to be designed. Ms. Shiramizu is working on an annual report where all the projects are listed, completed, in construction or in design and goals for the fiscal year. Mr. Nishimura stated this is difficult when some things are fiscal year and some are calendar year. Mr. Moises confirmed that some projects overlap. He also stated projects are in design right now and will move to construction next year. Ms. Shiramizu will send a copy of the report to the Board members. Manager Craddick was requested to come up with a revised number.

Chair Oyama left the meeting at about 11:34 a.m. Vice Chair Kahawai then chaired the meeting.

Goal #2 – Improve employee morale. Mr. Nishimura felt that a survey, similar to that which was done for the Manager, except it would be done by the employees anonymously, and have one person from management, one person from the HGEA and one from the UPW to compile the numbers, at the beginning and at the end of the year. The Manager's goal is anything moving up.

Mr. Dill met with Bond counsel because of the way the bonds are invested until they are expensed it does not keep up with the interest rate so no penalty to get the projects done within three years. He is not sure if the three year calendar should be a driving factor. Mr. Nishimura noted that the bond float has a direct impact on the rates which our consumers will have to absorb. This has happened in the past with WP 2020 where we had rate increases but did not complete the projects. If we are not doing the projects, why are we raising the rates?

Mr. Kahawai wanted to see a goal for public relations concerning the potential rate increases and FRC charges. Manager Craddick reported that the hiring of a PR firm was completed at the end of last year as we knew the rates would increase this year so that goal was achieved.

Concerning the Engineering goal, (Goals from Staff - #2 – Engineering), Manager Craddick noted that the space is there, we just need to make the containers leak-proof; the other container is empty.

Mr. Dill thought about development of a source water protection plan. Manager Craddick noted it took 13 years on Maui to get to the ordinance stage. Mr. Dill wondered if there could be any interim 2011 goals. Manager Craddick felt that getting the grant money and details worked out is a good start. The goal can be revisited further on in the year.

Mr. Dahilig wanted to see more inter-agency coordination with Planning and Public Works and other department heads, working together on smart growth initiatives. Manager Craddick noted that DOW had been heavily attending the Alliance meetings.

The goals will be finalized at the next meeting, we are already one-third of the year through. We are waiting for the bond float amount.

Re: Board Discussion on Revised Board Meeting dates 2011

As one board member has an ongoing conflict with the third Thursday of the month, discussion ensued on an alternative day. It was decided to change the meetings to the fourth Thursday of the month, the two exceptions being the June meeting, which would be Tuesday, June 21, due to the AWWA conference, and in November due to the Thanksgiving holiday, it would be on Wednesday, November 23.

Mr. Kahawai reminded Board members that for those attending the AWWA conference, a written post-trip report needs to be supplied to the Board.

NEW BUSINESS

Re: Manager's Report No. 11 – 50 - Delegation of approving facilities turned over to the BWS

Board approval was requested to delegate “Acceptance of Easements” and “Conveyance of Facilities” to the staff subject to a report in the manager’s monthly report of all accepted and conveyed facilities and the associated value.

Background:

Relevant HRS laws relevant to the request and related to the Boards’ Powers and Duties are listed below.

§54-15 Powers and duties of board. The board of water supply shall manage, control, and operate the waterworks of the county and all property thereof, for the purpose of supplying water to the public in the county, and shall collect, receive, expend, and account for all sums of money derived from the operation thereof and all other monies provided for the use or benefit of the waterworks and all property used for or held in connection therewith. [L 1961, c 155, pt of §1; Supp, §145A-5; HRS §54-15]

§54-19 Construction, additions, extensions, increases, betterments, and improvements. The board of water supply shall locate and determine the character and type of all construction and additions, extensions, increases, betterments, and improvements to the waterworks, and shall determine the policy for construction or the making of additions, extensions, increases, betterments, and improvements out of any public funds under its jurisdiction. [L 1961, c 155, pt of §1; Supp, §145A-9; HRS §54-19]

§54-20 Accounts, revenues and expenditures. The board of water supply shall maintain proper accounts in such manner as to show the true and complete financial status and the results of management and operation.

The accounts and financial status of the board shall be examined annually by the county auditor who shall report thereon to the board. The board may, whenever necessary in connection with the issuance of any bonds, employ a certified public accountant to make an audit of the accounts and financial status of the board. [L 1961, c 155, pt of §1; Supp, §145A-10; HRS §54-20]

These laws have been in place since 1960. Sometime in the early 1980's the Board began approving corporate water facilities contributions that were in the form of agreements. Over the years this has morphed to the Board approving all facilities down to the service lateral. This exercise may no longer be a prudent use of the Board's time.

- Over time the Board's rules and regulations have changed to require everything from individual service requests to large subdivisions that install water facilities and accept service to turn those facilities over to the Board. The facilities must be built to the Board's current standards. Typically there are anywhere from two or three to a dozen or more approvals at each Board meeting. To save time these are being grouped into one Manager's Report. There are times when one of the dedications must be changed and that delays action on the other grouped items. In any case we cannot find any legal requirement for the Board through Board action to approve what is required by Rules and Regulations of the Board. It certainly would not be allowable to reject the facilities after they have been approved by staff and built to Standards.

In addition, customers applying for water meters after the Board meets have to wait another month for approval before they can install the meters.

We believe the system value can still be recorded and tracked as required under state law without monthly Board action to accept what is required.

DISCUSSION

Manager Craddick stated that other counties don't do this and there does not seem to be a legal requirement for it. The Board could place a limit and if it goes over that limit it would come to the Board. It is required by our Rules and it is not an option for the Board to deny it.

Mr. Dahilig noted that certain times easements are required. We cannot delegate the indemnification. Ms. Suzuki felt the Board could make reservation for indemnifications.

Mr. Nishimura moved that this be referred back to staff to draft a policy for Board consideration, seconded by Mr. Dill.

Mr. Dahilig felt that if we are looking for ministerial transfers at a value standpoint it would be no more than \$10. Manager Craddick noted that the service laterals are about \$1,700.

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

Re: *Manager's Report No. 11-51 - Right of Entry Agreement, Moloa'a 0.1 MG Tank, Job No. 02-11, Water Plan 2020 Project No. M-02, Affecting the Following Landowners in Moloa'a, Kauai, Hawaii:*

David Neal Jones Revocable Living Trust, affecting TMK: 4-9-009:046:0001, Moloa'a, Kauai, Hawaii

RECOMMENDATION:

It was recommended that the Board approve the Right of Entry documents; whereby, the above landowners, grant to the Board of Water Supply, County of Kauai, a right of entry, on, over and

under that certain parcel of land located as specified above in Moloa'a, Kauai, Hawaii, for the following work:

1. Survey, design, tank and well(s) and appurtenances construction, together with the right of ingress and egress at any time to and from the said lot with or without vehicles or other equipment as the Department of Water shall deem necessary to complete the work.

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

FUNDING:

Not applicable.

BACKGROUND:

The existing Moloa'a water tank will be replaced in 2011-2012. In order to proceed with the design/construction of the new tank, portions of the area require survey, site visit, etc. The right of entry will also allow the future contractor to replace the required tank and install a well during the construction phase.

Mr. Nishimura moved to approve the Right of Entry Agreement, Moloa'a 0.1 MG Tank, Job No. 02-11, Water Plan 2020 Project No. M-02, including its indemnification provision, seconded by Mr. Dahilig; by a unanimous vote; motion was carried.

Re: Manager's Report No. 11 – 52 - Conveyance of Water Facility from Michael E. Beschen and Susan M. Beschen, Trustees under The Beschen Revocable Living Trust, for the 2nd Water Meter Plan Servicing Lot 5; TMK: (4) 2-7-008:041, Omao, Koloa District, Kauai, Hawaii

It was recommended that the Conveyance of Water Facility document be approved; whereby, Michael E. Beschen and Susan M. Beschen, Trustees under The Beschen Revocable Living Trust, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to: one (1) each, 1-inch copper single service lateral for 5/8" water meter, in place complete, for the 2nd Water Meter Plan Servicing Lot 5; TMK: (4) 2-7-008:041, Omao, Koloa District, Kauai, Hawaii.

Grant of Easement not required.

Mr. Nishimura moved to approve the Conveyance of Water Facility from Michael E. Beschen and Susan M. Beschen, Trustees under The Beschen Revocable Living Trust, for the 2nd Water Meter Plan Servicing Lot 5; TMK: (4) 2-7-008:041, Omao, seconded by Mr. Dill; by a unanimous vote; motion was carried.

Re: Manager's Report No. 11 – 53 - Request Board Approval to Appropriate Additional funds for budget item "FRC Offset Escrow" in our 2011 FRC Fund Budget to pay "Request for FRC Refund" from Kukuiula Development Company.

RECOMMENDATION:

The Department recommended that the Board approve appropriation transfer from FRC - CIP to FRC Offset Escrow to fund 2nd Request for Refund of \$297,800.00 from Kukuiula Development Company.

FUNDING:

301. FRC CIP	\$2,133,400.00
326 Piwai Storage Tank 0.5MG transferred to BAB	<u>\$2,205,000.00</u>
TOTAL	\$4,338,400.00

Budgeted FRC Offset Escrow \$1,096,800.00

1 st Request for Refund	(\$1,089,800.00)
2 nd Request for Refund	(\$ 297,800.00)
Total Request for Refund	(\$1,387,600.00)

Additional Funds Requested..... (\$ 290,800.00)

301.FRC CIP Balance

.....	<u>\$4,047,600.00</u>
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BACKGROUND:

Kukuiula Development Company (KDC) constructed the necessary source, storage and transmission facilities required to provide water service for the Kukuiula Development Company's developments in the approved "Potable Water System Master Plan Report" dated May, 2004. Kukuiula Development Company is entitled to FRC offsets in accordance with our Rules and Regulations, Part IV, Section VII – Facilities Reserve Charge, 4. FRC Offsets."

The Department of Water (DOW) has completed the calculations for FRC Offsets for KDC and has determined that the net FRC liability for developments as identified in the approved WPM is zero.

KDC has previously paid the facilities reserve charge for various projects within the Kukuiula Water Master Plan.

DISCUSSION

Kukuiula is requesting the balance of \$290,800 refund.

Upon query from Mr. Dill on the reason for the second request, Manager Craddick reported that we were unable to pay the whole amount in one payment.

Mr. Nishimura asked how much they had paid in FRC charges and Ms. Yano stated she has a spreadsheet provided by Mr. Doi. This is all they could claim as some facilities were not eligible for a refund. Mr. Fujikawa noted that whatever FRC they paid for the offsite improvements, is what they get back. We are going to waive the FRC if it is less than construction cost of what they put in the master plan meter agreement, we will apply the offset. The calculations were based on the current FRC rate. Mr. Dill asked if the FRC charges were not adequate to service that development. Mr. Fujikawa can make the worksheet available to the Board at the next meeting. Mr. Nishimura asked if we collected the FRC and are giving back the FRC, why we are short. Manager Craddick stated that we did not budget the whole amount.

Mr. Nishimura moved to approve the request to appropriate Additional funds (\$ 290,800.00)

for budget item "FRC Offset Escrow" in our 2011 FRC Fund Budget to pay "Request for FRC Refund" from Kukuila Development Company, seconded by Mr. Dill; by a unanimous vote; motion was carried.

Manager Craddick hoped that everyone sees the wisdom of the Piwai Tank on the BAB list.

Re: Manager's Report No. 11 – 55 - Contract Amendment No. 5 for Job No. 02-14 Kapaa Homesteads 0.5 Million Gallon Storage Tank and Kapahi 1.0 Million Gallon Storage Tank and Connecting Pipelines, Wailua-Kapaa Water System, Kapaa, Kauai, Hawaii

RECOMMENDATION:

It was recommended that the Board approve the Contract Amendment No. 5 for Contract No. 427 with Belt Collins Hawaii, Ltd, for the subject project.

It was further recommended that the Board allocate \$76,200.00 from Account No. 201- 01 Bond – BAB to fund this Contract Amendment No.5.

FUNDING:

Total Funds Available: \$681,128.00
Contract No. 427 with Belt Collins Hawaii, Ltd.....(\$681,128.00)

Balance Remaining..... \$ 0

Contract Amendment #5.....(\$76,200.00)

Additional Funds Requested from Account No. 201- 01 Bond – BAB .. \$ 76,200.00)

Total Amended Project Budget \$757,328.00

BALANCE REMAINING (prior to subject fund request)

Account No. 201-01 Bond – BAB\$30,111,751.22
Total Requested from Account 201-01 Bond (BAB).....\$ 76,200.00
New Account No. 201-01 Bond – BAB balance.....\$30,035,551.22

BACKGROUND:

The consultant is to provide design development analysis, environmental services and permitting, pertinent subdivision maps, construction plans and specifications (preliminary and final), construction and bidding services for Kapahi IMG tank and Kapaa Homesteads 0.5MG tank, generator shelter review and improvement design and construction services, and Porter's Condominium survey.

During the design and design approval process, geotechnical work at the site discovered that the tank would require additional geotechnical foundation. Additionally, the Department of Public Works requested some additional survey work for the building setback line. The Department requested that the consultant provide cost analysis and benefits/drawbacks for the different tank options/layouts for the proposed site. The consultant, Belt Collins, Ltd., proposed \$76,200.00 for the aforementioned work and a new contract end date of December 31, 2013 for this change in

the project scope, to extend the contract until the end of anticipated construction, which appears reasonable.

Mr. Dahilig moved to approve the Contract Amendment No. 5 for Job No. 02-14 Kapaa Homesteads 0.5 Million Gallon Storage Tank and Kapahi 1.0 Million Gallon Storage Tank and Connecting Pipelines, Wailua-Kapaa Water System, Kapaa, seconded by Mr. Nishimura; by a unanimous vote; motion was carried.

STAFF REPORTS

Re: Statement of Kaua'i County Water Department's Revenues and Expenditures for December 31, 2010

Upon query from Mr. Kahawai on how much we intend to expend on the BAB by the end of this fiscal year, Manager Craddick estimated about \$14 million.

Mr. Nishimura moved to receive the December 31, 2010 report, seconded by Mr. Dahilig; by a unanimous vote; motion was carried.

Re: Public Relations Specialist's Monthly Update Regarding DOW Public Relations Activities for the month of January, 2011

Public Relations Services: Ruth Limtiaco and Jan TenBruggencate from the Limtiaco Company are creating key messages as well as "The Story of Water" that will be used to communicate the process of getting water to your tap. This information will also be available on the DOW website.

Several simple twitter messages have been created, all referring readers back to the DOW website for more information.

Two Focus Group meetings were conducted by Becki Ward from Ward Research, Inc. Additional meetings with other community members and government officials will be set up for late February through early March.

Met with Ruth, Jan, Bill and Joy as follow up to the Focus Group meetings and to be updated on their progress.

Fun Committee: The next event being planned by MJ Garasi, Karen Delgado, Joy Buccat, Eddie Doi, Keith Aoki, Jeff Mendez and Faith Shiramizu will be a Party in the Park, scheduled for pau hana on February 22nd. They are planning games and activities to create bonding with fellow employees. This event is a mahalo event for all who assisted with the conference, with the KEO meal and to welcome and celebrate our new employees.

DOW ID Badges: New ID Badges have been distributed to all that had their picture taken.

Project WET: A Project WET Educator Workshop was held in Waimea on the Big Island on January 29th. There were 15 educators in attendance. It was a good first exposure for Joy who will now work on bringing the cultural aspect of water, specific to Kauai for our workshops on island.

Source Water Protection Plan: Met with Dan Chang from the Department of Health, Erin Vander Zee from the HRWA, Larry Dill, and David. Erin presented a draft of the Source Water Protection Plan and intends to be present at the board meeting to answer any questions. Dan clarified that the funds that are available should not expire, but similar to other EPA funded programs, if a need is not demonstrated by the use of these funds, funding to the state may be adjusted. In the same sense, if the funds are utilized, funding will more than likely continue to be available to move projects along.

WaterSense: As a WaterSense Partner, Joy and I sat in on a webcast discussing Fix-A-Leak Week. We will be working on a program to involve students in grades 3-5 to share with their families. A verbal update should be available at this board meeting.

2010 Annual Report: We are currently working on putting together a 2010 Annual Report for the department. This report will be used as a record of accomplishments for the department and will be shared with government officials, other utilities, community members, and businesses as well as be available at local libraries.

Mr. Nishimura moved to receive the January Public Relations Update, seconded by Mr. Dill, by a unanimous vote; motion was carried.

Re: Deputy Manager's Summary Report on Monthly Operational Maintenance for the month of January 2011

Deputy Eddy reported that the overtime was higher because of the holidays in December, regular hours worked went down. The leak report showed some increase in leaks in service laterals and two large main line leaks during that time which were time-consuming and expensive.

Upon query from Mr. Kahawai concerning the Board's request for prior year comparison, Deputy Eddy confirmed that the labor report is for 13 months. Mr. Nishimura stated that they wished to see another line showing comparison with the previous year. Mr. Nishimura stated there should be two new lines, regular and overtime only. The Board still wishes to see the total and time off but only for the current year.

Mr. Nishimura asked the reason for the increase in service lateral leaks. Deputy Eddy noted we will see this upward trend in the future. In the 1970s – 1990s, pvc was used and we are starting to see them fail even more. Mr. Nishimura asked if any of this is identified in Water Plan 2020 or capital replacement. Deputy Eddy noted that Operations does not have a change-out schedule, a 2020 type schedule. Ms. Yano stated that if it a replacement and it is more than \$1,000 we capitalize it. Deputy Eddy stated that we are changing them out with copper.

Mr. Nishimura asked if everyone is going to be doing electronic timesheets, or it is just Operations. Ms. Yano reported that it is being tested on the Operations department, as we trace how much is charged to a particular job which is fairly complicated, whereas the office is just straight time. As soon as it's set with Operations, it will be fairly simple to go with the whole office. Mr. Nishimura wants to see it consistent throughout the whole department.

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

Re: MANAGER'S UPDATE for JANUARY, 2011 to FEBRUARY, 2011

CONTRACTS AWARDED BY THE MANAGER:

Re: Job No. 02-08, Water Plan 2020 Project HE-08, Rehabilitation of Eleele Twin 0.4 MG Steel Tanks, Eleele Water System, Eleele, Kaua'i, Hawai'i

Contract was awarded to Oceanic Company, Inc. in the amount of \$1,754,850.48.

FUNDING:

Account No. 201-01 Bond –BAB	\$37,639,271.99
Contractor, Oceanic Company, Inc.	\$ 1,754,850.48
Contingency, approximately 5%	\$ 88,149.52
Total.....	<\$1,843,000.00>

BALANCE REMAINING

Account No. 201-01 Bond – BAB

.....	\$35,796,271.99
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Re: Job No. 02-19, Water Plan 2020 Project WK-12, Waipouli Main Replacement Wailua-Kapa'a Water System Wailua, Kauai, Hawaii

Contract was awarded to Earthworks Pacific, Inc. in the amount of \$1,947,620.00

FUNDING:

Account No. 201-01 Bond –BAB	\$ 32,156,751.22
Contractor, Earthworks Pacific, Inc	\$ 1,947,620.00
Contingency, approximately 5%	\$ 97,380.00
Total.....	\$ 2,045,000.00

BALANCE REMAINING

Account No. 201-01 Bond – BAB

.....	\$ 30,111,751.22
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Re: Job No. K-01, K-12 Kalaheo 1111' and 1222' Water System Improvements, Kalaheo, Kaua'i

Contract was awarded to Belt Collins in the amount of \$955,000.00.

FUNDING:

Job No. K-01, K-12 Kalaheo 1111' and 1222'	
Water System Improvements, Kalaheo, Kaua'i, HI	\$955,000.00
Contingency (5%).....	\$ 47,750.00

Total Requested from Account 201-01 Bond (BAB)..... \$1,002,750.00

PUMP INSTALLATION PERMITS SIGNED BY MANAGER:

None

WAIVER, RELEASE AND INDEMNITY AGREEMENTS SIGNED BY THE MANAGER:

None

PERSONNEL MATTERS UPDATE:

Updated February 9, 2011

RECRUITMENT:

Ops Division:

1. Water Service Supervisor III interviews completed. Selection is pending.
2. Lead Pipefitter interviews completed. Selection pending.
3. Water Plants Superintendent interview scheduled for February 10, 2011.
4. Water Field Operations Superintendent job applications are being reviewed by Department of Personnel Services.
5. Chief of Operations position posted via Open Recruitment on February 2, 2011. Closes February 11, 2011.

Fiscal Division:

1. Accountant IV (Accounting Section Head), position filled on February 1, 2011.
2. Accountant III vacancy posted via Internal Recruitment. Job posting closes on February 14, 2011.

Engineering and Special Projects Divisions:

1. Civil Engineer II (Engineering Division). Eligibles list received from Department of Personnel Services. Interviews to be scheduled.

Administration Division:

1. Commission Support Clerk position to be changed to Board Secretary. Preparing documents for submittal to the Department of Personnel Services.
2. Secretary vacancy. D.O.W. reviewing plan of action to fill position.

CLAIMS PAYABLE – January 31, 2011

Claims were paid in the amount of \$3,101,089.77. Please see attached Claims Payable Report. Attach copy of the report to the minutes.

AFFORDABLE HOUSING UPDATE:

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

DISCUSSION

Manager Craddick supplied an overview of the awarded contracts.

Under Personnel, an offer has been made to one of the applicants for the Water Service Supervisor III. The Water Field Operations Superintendent list is being reviewed and the list may provide viable candidates for other open positions. The Water Plants Superintendent applicant has accepted our offer. The Chief of Operations is closed and we are waiting for the list of eligibles, there are four applicants. There was one applicant for the Accountant III position, (this position deals with assets) they may T.A. into the position for a while. Now we are getting down to the list of people who have barely passed their probationary period from initial hire. List of names has been provided for the Engineering Division position and Mr. Aoki has scheduled interviews. The Commission Support Clerk position is being changed to Board Secretary. Recruitment for the Deputy Secretary should reopen after February 22; new recruitment will open up as we were not successful with the first recruiting effort.

Mr. Nishimura noted that he would be recusing himself from voting on this agenda item, as he may have a possible conflict with one of the contracts awarded.

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

EXECUTIVE SESSION

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

TOPICS FOR NEXT WATER BOARD MEETING

1. Board Discussion on the Next Year's Goals for the Manager
2. Policy on Conveyance of Water Facilities not requiring Board approval
3. Employee of the Year Resolution
4. Proposed Budget – Finance Committee

UPCOMING EVENTS

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

Mr. Nishimura noted that, although the budget only calls for four Board members to attend, he thought that Mr. Kaneshiro should attend the conference to, in particular, take the Public Officials Workshop and get certified. Mr. Nishimura encouraged all Board members who are not already certified to take this workshop. Mr. Nishimura was certified in 2010 and stated that this is a real eye-opener and good overview on what is expected of Board members.

Ms. Yano felt there may be enough in the budget to do this, and Mr. Nishimura felt we could maybe send one less person to the HWWA state conference in May so Mr. Kaneshiro could attend the Washington, DC conference.

On a related note, Manager Craddick reported that he had attended the NRWA Rally in Washington, DC and asked the Board if he could participate in the newly formed HRWA. He was appointed to the Board of the HRWA and selected as the National Director for the Hawaii section, along with 48 other people representing other states. The basic function was having committee meetings, and afterwards there was lobbying with representatives and senators; Samoa, Saipan and Guam was also included. The senator from Arkansas reported the Federal

budget - if Social Security, military, Medicare, Homeland Security are left alone - and you did not pay any federal employees anything, there was still a \$500 million shortage in their budget.

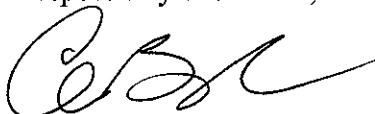
NEXT WATER BOARD MEETINGS

1. Thursday, March 24, 2011, 10:00 a.m.
2. Thursday, April 28, 2011, 10:00 a.m.
3. Thursday, May 26, 2011, 10:00 a.m.
4. Tuesday, June 21, 2011, 10:00 a.m.

ADJOURNMENT

There being no further business, the meeting was adjourned at about 12:40 p.m.

Respectfully submitted,



Carol A. Beardmore
Secretary

Approved,



Randall Nishimura
Secretary – Board of Water Supply

cab

February 17, 2011 BOARD MEETING

DEPARTMENT OF WATER CLAIMS PAYABLE January 31, 2011

WATER UTILITY FUND		\$ 2,413,379.53
Other Expenses, Department of Water		
Capital Expenditures	\$ 101,971.24	
Other Expenses, Department of Water		
Normal Expenditures	<u>\$ 2,311,408.29</u>	
TOTAL WATER UTILITY FUND		
 BOND FUND		 \$ -
Kauai Builders, Inc.		
WK-08 Job 02-14 Kapaa Homesteads & WK 15 Job		
03-03 Hardening of Generator Shelters	\$ -	
Kauai Builders, Inc.		
 F R C FUND		 \$ -
Belt Collins Hawaii, Ltd.	\$ -	
FRC Refunds	\$ -	
 BOND - BAB		 \$ 687,710.24
Jennings Pacific, LLC	\$ 140,937.16	
ParEn, Inc.	\$ 135,897.30	
Goodfellow Brothers, Inc.	\$ 324,750.25	
Koga Engineering & Const., Inc.	\$ 74,963.08	
Unlimited Builders, LLC	\$ 11,162.45	
TOTAL CLAIMS PAYABLE		<u>\$ 3,101,089.77</u>
		 <u>\$ 3,101,089.77</u>
 WATER UTILITY FUND		 \$ 2,413,379.33
12/31/10 AP	\$ 2,413,379.53	
Due from BAB Fund, Transfer Adjustment	<u>\$ (0.20)</u>	
BOND FUND		\$ -
F R C FUND		\$ -
BOND - BAB		\$ 687,710.44
12/31/10 AP	\$ 687,710.24	
Due to Water Utility Fund, Adjustment	<u>\$ 0.20</u>	
 BANK TRANSFER -		 <u>\$ 3,101,089.77</u>
 Bank Transfer Adjustments:		
Due to WU - Transfer Adjustment	\$ 0.20	