

MEETING MINUTES
BOARD OF WATER SUPPLY
Friday, February 24, 2017

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Friday, February 24, 2017. Chair Sherman Shiraishi called the meeting to order at 10:19 a.m. The following Board members were present:

BOARD: Mr. Sherman Shiraishi, *Chair*
Ms. Laurie Ho
Mr. Lyle Tabata
Mr. Thomas Canute
Ms. Beth Tokioka
Mr. Michael Dahilig
Mr. Larry Dill (*entered meeting @ 10:26 a.m.*)

Quorum was achieved with 6 members present at the time of roll call.

STAFF: Mr. Kirk Saiki Ms. Marites Yano
Mr. Eddie Doi Ms. Sandi Nadatani-Mendez
Mr. Val Reyna Ms. MJ Akuna
Ms. Kim Tamaoka Mr. Joel Bautista
Mr. Keith Aoki Mr. Mike Hinazumi
Deputy County Attorney Mahealani Krafft

GUEST(s): Mr. Sudhir Pardiwala, Executive VP, Raftelis Financial Consultants, Inc.
Mr. Hall Parrott, Private Citizen

ACCEPTANCE OF AGENDA

Chair Shiraishi ordered to move New Business Item H1 & H2, Approval of Resolution No. 17-06 and No. 17-07 until Employee of the Year, Craig Shirai is present.

Ms. Tokioka moved to approve the reorder of the Agenda; seconded by Mr. Dahilig; with no objections, motion carried with 6 ayes.

D. MEETING MINUTES

Review and approval of:

Regular Board Meeting – January 27, 2017

Mr. Dahilig moved to approve the Regular Board Meeting minutes of January 27, 2017; seconded by Ms. Ho; with no objections, motion carried with 6 ayes.

Review and approval of Executive Session:

Executive Session – January 27, 2017

Mr. Dahilig moved to approve the Executive Sessions minutes of January 27, 2017; seconded by Ms. Ho; with no objections, motion carried with 6 ayes.

H. NEW BUSINESS

2. Manager's Report No. 17-28 – Request Board Approval of Resolution No. 17-07, (2/17), Employee of the Year, Mary-jane "MJ" Akuna, Private Secretary, Administration Division

Board Secretary Ms. Tokioka read Mary-jane “MJ” Akuna’s Resolution No. 17-07. A photo op followed with the Board members and congratulations was extended to MJ.

There were no objections to receiving Resolution No. 17-07, Employee of the Year, Mary-jane “MJ” Akuna, Private Secretary, Administration Division by the six (6) Board members.

At 10:26 a.m., Mr. Dill entered the meeting.

Chair Shiraishi reordered the agenda to have New Business Item H3 next with no objections.

3. Manager’s Report No. 17-29 - Discussion and Possible Action on the Financial Management Planning and Water Rate Analysis for the Department of Water for July 2017 to June 2021 and submit an Impact Statement to the Small Business Regulatory Review Board

Mr. Dahilig moved to defer Manager’s Report No. 17-29 - Discussion and Possible Action on the Financial Management Planning and Water Rate Analysis for the Department of Water for July 2017 to June 2021 and submit an Impact Statement to the Small Business Regulatory Review Board to the *Finance Committee for further discussion*; seconded by Mr. Canute; with no objections, motion carried with 7 ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS

1. Correspondence from Mr. Royce Kawabata and Ms. Shawn Shimabukuro, Grove Farm Company regarding Wailaau Water System, dated January 27, 2017

Chair Shiraishi welcomed Mr. Thomas Canute to the Board of Water Supply.

Mr. Dahilig moved to receive the correspondence from Mr. Royce Kawabata and Ms. Shawn Shimabukuro, Grove Farm Company regarding Wailaau Water System, dated January 27, 2017; seconded by Mr. Dill; with no objections, motion carried with 7 ayes.

Mr. Dahilig request copies of the correspondence be forwarded to Dustin Moises, Eddie Doi & Keith Aoki for a job well done.

F. BOARD COMMITTEE REPORTS

None.

G. OLD BUSINESS

1. Manager’s Report No. 16-38 – Discussion and Possible Action on the Proposed Rule Amendments to Part 5, Facilities Reserve Charge Section III, Applicability relating to Multi-Family Dwelling Units and Affordable Housing Units

Mr. Dahilig moved to defer Manager’s Report No. 16-38 – Discussion and Possible Action on the Proposed Rule Amendments to Part 5, Facilities Reserve Charge Section III, Applicability relating to Multi-Family Dwelling Units and Affordable Housing Units to the next Board meeting pending an opinion from the Ethics Committee regarding a possible conflict of interest with Board member Thomas Canute as treasurer of Kaua’i Habitat of Humanity; seconded by Mr. Tabata; with no objections, motion carried with 7 ayes.

All members should be present to discuss the Proposed Rule Amendments to Part 5, Facilities Reserve Charge Section III, Applicability relating to Multi-Family Dwelling Units and Affordable Housing Units at the March Board meeting.

2. Manager's Report No. 16-58 - Discussion and Possible Action on the proposed Rule Amendments Part 2 Rules and Regulations for Water Service Connections, Section II General Conditions, subsection 1. Rule amendment relating to the DOW's Standard Operating Procedure for Providing Water Service Outside of the Water Zone – Small Business Regulatory Review Board (SBRRB) Results

Mr. Dahilig moved to adopt Option 1 to propose the rule amendment and to set for Public Hearing regarding Manager's Report No. 16-58 - Discussion and Possible Action on the proposed Rule Amendments Part 2 Rules and Regulations for Water Service Connections, Section II General Conditions, subsection 1. Rule amendment relating to the DOW's Standard Operating Procedure for Providing Water Service Outside of the Water Zone – Small Business Regulatory Review Board (SBRRB) Results; seconded by Ms. Ho; with no objections, motion carried with 7 ayes.

H. NEW BUSINESS

1. Manager's Report No. 17-27 - Request Board Approval of Resolution No. 17-06, (2/17), Employee of the Year, Craig Shirai, Lead Pipefitter, Operations Division

Mr. Tabata moved to approve Manager's Report No. 17-27 - Request Board Approval of Resolution No. 17-06, (2/17), Employee of the Year, Craig Shirai, Lead Pipefitter, Operations Division; seconded by Ms. Ho; with no objections, motion carried with 7 ayes.

Mr. Craig Shirai was directed to attend the March Board meeting to present Resolution No. 17-06.

4. Manager's Report No. 17-30 – Discussion and Possible Action to Request additional funds to proceed with Phase II of CC&B implementation in the amount of \$218,620

Mr. Dahilig moved to approve Manager's Report No. 17-30 – Discussion and Possible Action to Request additional funds to proceed with Phase II of CC&B implementation in the amount of \$218,620; seconded by Mr. Canute; with no objections, motion carried with 7 ayes.

5. Manager's Report No. 17-31 - Discussion and Possible Action for the Board of Water Supply (Board) to enter into a Memorandum of Agreement with the County of Kaua'i, Department of Public Works for Job No. 15-07, Water Plan 2020 No. HE-10 Hanapēpē Road 6-Inch Main Replacement, Hanapēpē, Kaua'i, Hawai'i

BACKGROUND:

Mr. Keith Aoki commented that the Department of Water (DOW) proposes to abandon the old waterlines in place when the new waterline is installed and a Memorandum of Agreement (MOA) is required by the County of Kaua'i. Mr. Aoki recommended that the Board approve the MOA.

DISCUSSION:

Mr. Dill referred to paragraph 3 of the Manager's Report which states "The Department of Public Works (DPW) will notify the Board in writing five (5) months prior to the fiscal year in which DPW intend to reconstruct a County Road to allow the DOW time to budget for the old facilities removal." He asked what if Public Works failed to inform the Board?

Mr. Tabata would have this attached to the roadway which is in the process of a CIP project. If DPW needs to have the pipeline removed, DPW will notice the DOW five (5) months prior. Mr. Dill asked will DPW be able to recover the cost if they fail to notify the DOW five (5) months prior to the fiscal year? Mr. Tabata said this would be worked out and the five (5) months would be budgeted. If DPW fails to timely notify DOW of the cost, Chair Shiraishi did not see this as a bar to reimbursement. Mr. Dill commented if five (5) months prior to the upcoming fiscal year, the Department would not have a

sufficient budget, the notification would be deferred to the next fiscal year. DPW would front the cost and collect a year later. Mr. Aoki mentioned the Department could do a Manager's Report to request the repayment during the year. Chair Shiraishi noticed there is no deadline for payment.

Chair Shiraishi inquired how did the DPW come up with the 10% administrative fee? Mr. Tabata answered it is a Standard Operations Procedure (SOP) and was agreed upon. Deputy County Attorney Krafft clarified the agreed upon 10% administrative fee which was worked on with the Deputy County Attorney that advises DPW in administering the MOA. Chair Shiraishi stated that there could be instances where the 10 % would be excessive, but said this could be negotiated in the future and had no problem with the 10% at this time. This should not be a SOP but a case-by-case matter.

Mr. Dahilig questioned if the DOW could remove the pipes. Deputy County Attorney Krafft was not sure if that issue was discussed when the MOA was first drafted. The MOA will become a template going forward. Mr. Dahilig suggested the DOW would not be pegged to a specific price in the future or to have options. Ms. Tokioka added this could be a very expensive project with the 10% administrative fee to manage the portion of the contract whether it is a small, medium or large job.

Mr. Dill said to reconstruct the road, the removal of existing lines would be a small part of the overall scope. If the Department wants to do the job, it would cost more and be more trouble for DOW to do the project by itself which Mr. Aoki agreed.

Mr. Tabata clarified if this was a state highway they would not be allowed to leave their pipe in the ground.

Mr. Dill referred to the Item No. 2 in the MOA - Notification to the Board of Water Supply (BWS), "The DPW shall notify the BWS in writing five (5) months prior to the fiscal year in which DPW intends to reconstruct a County road to allow the BWS time to budget for the old facilities removal." He asked if this road is intended to be reconstructed 20 years from now, and the notification deadline of five (5) months is missed, is the DPW at the mercy of DOW whether or not the DOW would pay a large fee?

Deputy County Attorney Krafft clarified the provision allows the Board time to get the funding. Manager Saiki said if DPW doesn't notify the DOW, the DOW would not pay the fee. If the DPW does pay the fee and the money is not in the DOW budget, DPW would have to wait another year. Mr. Dill asked what would prevent the BWS to say to DPW "you didn't notify us five (5) months prior to the year you were going to reconstruct?" Manager Saiki said DOW would not be obligated to pay.

Mr. Tabata commented the intent of the MOA is to work with both agencies. Chair Shiraishi read the MOA as "failure to timely notify would not preclude DPW from seeking reimbursement from the Department." It does obligate the DOW to pay; failure to notify is not a material breach. Failure to notify allows the Department to get the funds in the budget. Mr. Dill agreed with Chair Shiraishi's understanding of the agreement but it does not state that DPW could be paid one year later.

Deputy County Attorney Krafft asked Chair Shiraishi if he wanted a case-by-case provision that Mr. Dahilig brought up? Chair Shiraishi deferred to the attorney's draft agreement.

Mr. Dill moved to approve Manager's Report No. 17-31 - Discussion and Possible Action for the Board of Water Supply (Board) to enter into a Memorandum of Agreement with the County of Kaua'i, Department of Public Works for Job No. 15-07, Water Plan 2020 No. HE-10 Hanapēpē Road 6-Inch

Main Replacement, Hanapēpē, Kauaʻi, Hawaiʻi; seconded by Ms. Ho; with no objections, motion carried with 6 ayes, 1 recused LT.

6. Manager's Report No. 17-32 - Discussion and Possible Action to approve a Right of Entry from multiple owners that will allow the Department of Water to upgrade aging water lines along the privately owned roadways affecting land owners at Lāwaʻi and Omao, Kauaʻi, Hawaiʻi:
 - a. Kurt S. Akamine, Kristi L. Akamine, Earl T. Miyao, Helene E. Tada, Melanie M. Tada Matsumoto, Keith K. Fujimoto, Wanda E. Fujimoto, Timothy N. Texeira, Robert S. Barros Jr., Kerrilyn R.V. Barros, Adolf Santana, and Arlene Carbonel-Santana, TMK: (4) 2-5-08:006;
 - b. Helene Carvalho, Randal G. Silva, Helen P. Silva Trust, Clyde J. Silva Revocable Living Trust, and Kauai View Estates, LLC, TMK: (4) 2-5-10:039;
 - c. Robert O. Barker, Marie E. Barker, Mildred M. Orsatelli Revocable Trust, Blackstad Living Trust, Alan M. Rasay, Richard M. Rasay, Megan Rasay, Bernardine C. Rasay, Jeffrey L. Olson, Scott T. Wagner, Ellen J. Wagner, Michael A. Givens Trust, and Kauai View Estates, LLC, TMP: (4) 2-5-10:038;
 - d. Michael H. Muraoka, Nora A. Masuda, Leanne K. Rosa, Hanayo Sanekane, Darren T. Sanekane, Verna H. Schoffstall, Nan T. Sanekane, Randal T. Ono, John C. Ferguson Trust, Kristine T. Ferguson Trust, Justin G. Eiler, Courtney L. Eiler, Reynold Y. Miyazaki, Glenda L.B. Miyazaki, Craig M. Miyazaki, and the Travis R. and Jana M. Miyazaki Trust, TMK: (4) 2-5-05:012; for WP2020 Project No. LO-8 and LO-10 at Lāwaʻi and Omao, Kauaʻi, Hawaiʻi

Mr. Dahilig moved to approve Manager's Report No. 17-32 - Discussion and Possible Action to approve a Right of Entry from multiple owners that will allow the Department of Water to upgrade aging water lines along the privately owned roadways affecting land owners at Lāwaʻi and Omao, Kauaʻi, Hawaiʻi; seconded by Mr. Dill; with no objections, motion carried with 7 ayes.

7. Manager's Report No. 17-33 - Discussion and Possible Action to approve a Right of Entry from multiple owners that will allow the Department of Water to enter private property to relocate water meters from private property to the right of way on TMK: (4) 5-3-05:002; (4) 5-3-07:011; (4) 5-3-07:021, for Job No. 10-01, WP2020 Project No. ANI-01b at Kīlauea, Kauaʻi, Hawaiʻi

Mr. Dahilig moved to approve Manager's Report No. 17-33 - Discussion and Possible Action to approve a Right of Entry from multiple owners that will allow the Department of Water to enter private property to relocate water meters from private property to the right of way on TMK: (4) 5-3-05:002; (4) 5-3-07:011; (4) 5-3-07:021, for Job No. 10-01, WP2020 Project No. ANI-01b at Kīlauea, Kauaʻi, Hawaiʻi; seconded by Mr. Dill; with no objections, motion carried with 7 ayes.

8. Manager's Report No. 17-34 - Discussion and Possible Action to approve a Right of Entry from No Ka Oi West LLC that will allow the Department of Water to install a new water main affecting land owner:
 - a. No Ka Oi West LLC, on TMK: (4) 2-1-002:001, for Job No. 15-07, WP2020 Project No. HE-1 (Water System Reorganization) 'Ele'ele, Kauaʻi, Hawaiʻi

DISCUSSION:

Mr. Dahilig recommended to include a consent agenda item as part of receipt and acceptance of Right of Entry and Conveyance of Water Facilities. This would be discussed at the next Agenda meeting.

Mr. Tabata moved to approve Manager's Report No. 17-34 - Discussion and Possible Action to approve a Right of Entry from No Ka Oi West LLC that will allow the Department of Water to install a new water main affecting land owner: a. No Ka Oi West LLC, on TMK: (4) 2-1-002:001, for Job No. 15-07, WP2020 Project No. HE-1 (Water System Reorganization) 'Ele'ele, Kaua'i, Hawai'i; seconded by Mr. Canute; with no objections, motion carried with 7 ayes.

9. Manager's Report No. 17-35 - Discussion and Possible Action to enter into a Memorandum of Understanding between the County of Kaua'i, Department of Water and State of Hawai'i, Department of Transportation regarding the Lihu'e Baseyard Final Inspection

BACKGROUND:

Mr. Val Reyna explained the Memorandum of Understanding (MOU) is between the County of Kaua'i, Department of Water and State of Hawai'i, Department of Transportation (HDOT) to approve Option 1 to ensure that Operations Division will maintain the vegetation within the State Right-of-Way along Kaumuali'i Highway fronting the new Administrative building as the specified by HDOT-Highways and allow for the release of bond to the contractor. Refer to the background in Mr. Reyna's Manager's Report regarding clearing up the vegetation before final inspection. Mr. Dill thanked the Department for the high level of landscaping on the State Right-of-Way and recused himself from the vote.

Ms. Ho moved to approve Manager's Report No. 17-35 - Discussion and Possible Action to enter into a Memorandum of Understanding between the County of Kaua'i, Department of Water and State of Hawai'i, Department of Transportation regarding the Lihu'e Baseyard Final Inspection; seconded by Mr. Tabata; with no objections, motion carried with 6 ayes, 1 recused LD.

I. STAFF REPORTS

MONTHLY

1. Discussion and Receipt of the Kaua'i County Water Department's Statement of Revenues and Expenditures
 - a. January Monthly Summary Budget
 - b. Accounting Policies Re-descriptions

BACKGROUND:

Ms. Marites Yano pointed out the Item 1b. Accounting Policies Re-descriptions and procedures were on page 214 & 215 of the packet, as requested by Mr. Dill from the January meeting.

DISCUSSION:

Mr. Dill appreciated receiving all the policies and asked if all the policies were created and adopted? Ms. Yano referred to the Guidelines Used column and said she could update the policies. Mr. Dill thought that some policies needed to be adopted for the Board where there were no policies. Ms. Yano went over the existing policies and procedures which are standard accounting policies. She reviewed existing guidelines used and agreed with Mr. Dill that there were certain policies not in place. There are other policies that should be added such as a budget policy. As far as the approved budget, Fiscal has been using past practice procedures with no definite policy on how the Department should spend on the policies (i.e. P-card procedures, how to record revenue and expenditures).

Mr. Dill requested a follow up with Fiscal to indicate any new policies that the Department should have. Ms. Yano will work on the budget policy.

Mr. Dahilig's concern was if policies were not in place, he would not suggest the Board enact operations policies, unless it was included in the audit. There needs to be a comparison of policies from the operational audit and to find out what the weaknesses are which Mr. Dill agreed.

Mr. Dill moved to receive the Kaua'i County Water Department's Statement of Revenues and Expenditures, a. January Monthly Summary Budget, b. Accounting Polices Re-descriptions; seconded by Ms. Tokioka; with no objections, motion carried with 7 ayes.

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

BACKGROUND:

Information and Education Specialist Ms. Kim Tamaoka mentioned there were several public notices sent out the past few weeks. A few public outreach events are currently being worked on.

Ms. Ho moved to receive the Report by the Information and Education Specialist on Public Relations Activities; seconded by Mr. Tabata; with no objections, motion carried with 7 ayes.

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

BACKGROUND:

Chief of Operations Mr. Reyna mentioned Overtime was lower compared to the previous two (2) months.

Mr. Canute moved to receive the Chief of Operation's Summary Report on Operational Activities; seconded by Mr. Dill; with no objections, motion carried with 7 ayes.

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

BACKGROUND:

Manager Saiki provided the following highlights:

1. Personnel Matters – The Department received a qualified list of applicants for the Deputy Manager and is pending interviews. Reference checks have been done.
2. Customer & Care Billing – The Department received the MOU from the County of Maui. Last week Manager Saiki spoke to the Water Manager Dave Taylor and the Council Chair of the Water Resources Committee which passed the MOU. The MOU will be presented to council.
3. Manager's Goals – Progress will be added on the goals that are blank.

DISCUSSION:

Mr. Shiraishi requested under the Affordable Housing update, the Manager consult with Chief of Water Resources and Planning Mr. Eddie Doi to investigate a proportionate share of refund policy. This would enhance more development and create affordable housing. A major factor in not developing a project is the initial cost of infrastructure and interest factor as a mechanism to reimburse the initial cost to the developer as an incentive. He also noted from past history, the Department didn't want to keep track of the initial expenses. Manager Saiki would have to find out, regarding this issue, why it is not there. Mr. Doi commented originally there was a sunset of five (5) years.

Ms. Ho moved to receive the Manager and Chief Engineer's Monthly Update Regarding Activities of Note of the DOW; seconded by Mr. Tabata; with no objections, motion carried with 7 ayes.

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

Ms. Ho moved to receive the Report of the BAB pay down as of January 2017; seconded by Mr. Tabata; with no objections, motion carried with 7 ayes.

J. EXECUTIVE SESSION

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

1. *Pursuant to Hawai'i Revised Statutes (HRS) Section 92-4, 92-5(a)(4), the purpose of this executive session is to review executive session minutes dated **January 24, 2017**. This consultation involves the consideration of the powers, duties, privileges, immunities, and/or liabilities of the Board and the Department as they relate to this agenda item.*

K. TOPICS FOR NEXT WATER BOARD MEETING (March 2017)

1. Draft Budget for Fiscal Year 2017-2018
 - a. Fiscal Year 2017 - 2018 – Draft Operating Budget
 - b. Fiscal Year 2017 - 2018 – Draft Capital Outlay Budget
2. Quarterly Report on Manager's Goals
3. Discussion on the General Plan update regarding water resource highlights
4. Manager's Report No. 16-38 – Discussion and Possible Action on the Proposed Rule Amendments to Part 5, Facilities Reserve Charge Section III, Applicability relating to Multi-Family Dwelling Units and Affordable Housing Units
5. Manager's Report No. 17-27 - Request Board Approval of Resolution No. 17-06, (2/17), Employee of the Year, Craig Shirai, Lead Pipefitter, Operations Division
Presentation of Resolution No. 17-06, (2/17), Employee of the Year, Craig Shirai, Lead Pipefitter, Operations Division

L. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Discussion and Possible Action on Board Policy regarding Proposed Delegation of a Meter Restriction
2. Discussion and Possible Action on Proposed Board Policy for Delegating Routine Actions from the Water Board to the Department of Water's Manager and Chief Engineer regarding Right of Entry
3. Discussion and Possible Action on a Right of Entry Agreement for a portion of the Department of Water's Koloa 1.0 MG Tank site, TMK: (4) 2 7-003:008, Lot 426, affecting the following:
 - a. Kauai Island Utility Cooperative (KIUC), TMK: (4) 2-7-003:008, Koloa, Kaua'i, Hawai'i
4. Workshop presentation regarding the Long Range Plan of the Department of Water's former Administration Building

M. UPCOMING EVENTS

1. AWWA Annual Conference, Philadelphia, PA (June 11 - 14, 2017)
2. Hawai'i State Association for Counties (June 19-20, 2017, Kōloa Landing Resort)
3. Project Wet – Make A Splash (September 28, 2017)
4. HWWA & HRWA Conference, Hawai'i, HI (November 1 – 3, 2017)

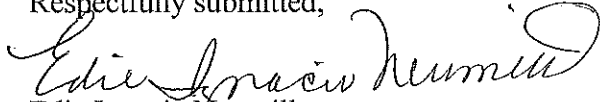
N. NEXT WATER BOARD MEETING

1. Friday, March 24, 2017, 10:00 a.m.
2. Friday, April 28, 2017, 10:00 a.m.
3. Friday, May 26, 2017, 10:00 a.m.
4. Friday, June 23, 2017, 10:00 a.m.


O. ADJOURNMENT

Ms. Ho moved to adjourn the Regular Board Meeting at 11:29 a.m.; seconded by Mr. Tabata; with no objections, motion carried with 7 ayes.

Respectfully submitted,


Edie Ignacio Neumiller
Commission Support Clerk

Approved,


Beth Tokioka
Secretary – Board of Water Supply