

MEETING MINUTES
BOARD OF WATER SUPPLY
February 22, 2019

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Friday, February 22, 2019. Chair Thomas Canute called the meeting to order at 10:03 a.m. The following Board members were present:

BOARD: Mr. Thomas Canute, *Chair*
Ms. Laurie Ho
Mr. Ka'aina Hull
Mr. Lawrence Dill
Mr. Sherman Shiraishi

EXCUSED: Ms. Beth Tokioka

Quorum was achieved with 5 members present at Roll Call.

<u>STAFF:</u>	Mr. Bryan Wienand	Mrs. Sandi Nadatani-Mendez
	Mr. Valentino Reyna	Mr. Carl Arume
	Mr. Dustin Moises	Mr. Ryan Smith
	Mr. Jason Fujinaka	Mr. Kevin Pongasi
	Mr. Eric Fujikawa	Mrs. Mary-jane Akuna
	DCA Mahealani Krafft	Mr. Marcelino Soliz

GUESTS: Mr. Hall Parrott, Private Citizen

A. CALL TO ORDER

B. ROLL CALL

C. ACCEPTANCE OF AGENDA

Mr. Hull approved the Agenda as distributed; seconded by Ms. Ho; with no objections; motion carried with 5 ayes.

D. MEETING MINUTES

Review and approval of:

Regular Board Meeting – January 30, 2019

Mr. Shiraishi moved to approve the Regular Board Meeting minutes of January 30, 2019; seconded by Mr. Hull; with no objections; motion carried with 5 ayes.

Review and approval of:

Executive Session – January 30, 2019

Mr. Shiraishi moved to approve the Executive Session minutes of January 20, 2019, seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS

None.

F. BOARD COMMITTEE & PERMITTED INTERACTION GROUP REPORTS

None.

G. OLD BUSINESS

1. Committee Appointments for 2019 Rules Committee, Finance Committee, Audit Committee, Committee of the Whole

Chair Canute appointed Ka`aina Hull as Secretary and Finance Committee member which Mr. Hull accepted.

Further discussion on the Committee Appointments for 2019 will be continued at the March 22nd Board meeting when two new Board members will start. Chair Canute mention that Mr. Elesther Calipjo's appointment by the Mayor was approved by County Council on February 20th. His official start date with the Board of Water will be March 22, 2019. Mr. Kurt Akamine was interviewed by Council on February 20th; Council will vote on Mr. Akamine's appointment at the March 6th Council Meeting.

Mr. Shirashi's name will be removed from the Finance and Rules Committee's when his hold over ends in March.

H. NEW BUSINESS

1. Manager's Report No. 19-43 – Discussion and Adoption of Resolution No. 19-10 (2/19), Employee of the Year, Kevin Pongasi, Water Meter Mechanic, Operations Division

BACKGROUND:

Chief of Operations, Mr. Reyna read Kevin Pongasi's Resolution followed by a group photo with Operation's Supervisors and Board members. Mr. Pongasi was humbled and blessed to be part of the Department of Water team.

Mr. Shiraishi moved to approve and adopt Manager's Report No. 19-43 – Discussion and Adoption of Resolution No. 19-10 (2/19), Employee of the Year, Kevin Pongasi, Water Meter Mechanic, Operations Division; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

2. Manager's Report No. 19-44 – Discussion and Adoption of Resolution No. 19-11 (2/19), Employee of the Year, and Eric Fujikawa, P.E., CE IV, Engineering Division

BACKGROUND:

Manager Wienand read Mr. Fujikawa's Resolution followed by a group photo with Board members.

Ms. Ho moved to approve and adopt Manager's Report No. 19-44 – Discussion and Adoption of Resolution No. 19-11 (2/19), Employee of the Year, and Eric Fujikawa, P.E., CE IV, Engineering Division; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

3. Manager's Report No. 19-45 - Discussion and Possible Action on the Third Amendment to Contract No. 533 Job No. 09-01 WP2020 #K-01, K-12, Phase II – Kalāheo 1111' and 1222' Water System Improvements, Kalāheo, Kaua'i, Hawai'i with Belt Collins Hawai'i LLC for a time extension of 300 days and for additional design funding in the amount of \$38,500.00

BACKGROUND:

Manager Wienand recommended approval from the Board for additional funds of \$38,500.00 and time extension for the Third Amendment on Contract No. 5333. The main reason for the request is for obtaining the land rights for the proposed clear well tank site. The Board of Natural Resources has approved the Executive Order which the Department will get. The existing parcel needs to be subdivided for the site and will not delay construction. The additional work is for the consultant to prepare documents for final subdivision approval.

Mr. Dill moved to approve Manager's Report No. 19-45 - Discussion and Possible Action on the Third Amendment to Contract No. 533 Job No. 09-01 WP2020 #K-01, K-12, Phase II – Kalāheo 1111' and 1222' Water System Improvements, Kalāheo, Kaua'i, Hawai'i with Belt Collins Hawai'i LLC for a time

extension of 300 days and for additional design funding in the amount of \$38,500.00; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

4. Manager's Report No. 19-46 – Discussion and Adoption of Resolution No. 19-12 (2/19), Receipt and Expenditure of Federal Emergency Management Agency Public Assistance for Disaster 4365, Hawai'i Severe Storms, Flooding, Landslides, and Mudslides

BACKGROUND:

Manager Wienand said the Department is in the process of on-going repairs on the north shore from the April 2018 floods. Staff worked diligently with Federal Emergency Management Agency (FEMA) and submitted the necessary documentation for reimbursement. Resolution 19-12 will allow the Department to receive and expend any funds from FEMA up to 75% of total (\$1,104,712.88) with the Board's approval.

DISCUSSION:

Chair Canute verified that the Department would receive 75% of \$1,104,712.88 which Manager Wienand said is an optimistic total. Mr. Shiraishi mentioned that FEMA could give an estimate to the penny.

Mr. Dill referred to page 30 and asked how did the Department come up for the cost of the debris removal? Does this cover all the cost to complete the repair work? Does it include the permanent repairs or just emergency measures? Will the Department be incurring additional costs to complete the work? Manager Wienand referred to Line 1, which is specific to debris removal (max. est. cost \$42,971.29). Emergency Protective on Line 2 – is for Emergency bypass pumping, generator usage, emergency meter shutoffs. Mr. Dill asked on the permanent replacement of the pipeline? Line 5 mentioned pipes for permanent repair (5 major sections of utility piping damaged by washouts and erosion).

Accountant Mr. Soliz added that the Department is in the process of executing a Memorandum of Agreement with the County and Public Works on Weke Road. Item 1 is completed at an estimate cost of \$42,971.29; FEMA is planning to send the Department a check for \$32,000. Item 2 is also completed. Mr. Soliz agreed with Mr. Shiraishi that the amount reimbursed could go up which depends on the contracts that are secured. Once the contracts are received, FEMA will give the Department leniency for more funds. Manager Wienand explained Line 2 was for Kahiliholo Road and Line 5 was the estimate for the remaining work.

Mr. Shiraishi moved to approve Manager's Report No. 19-46 – Discussion and Adoption of Resolution No. 19-12 (2/19), Receipt and Expenditure of Federal Emergency Management Agency Public Assistance for Disaster 4365, Hawai'i Severe Storms, Flooding, Landslides, and Mudslides; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

5. Manager's Report No. 19-47 - Discussion and Possible Action for 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 and the approval of New Funds for the County's Kahiliholo Road Culvert Repair Project that includes work associated with the reconstruction of the damaged water main and appurtenances, in the amount of \$40,000.00

BACKGROUND:

Manager Wienand recommended deferral of Manager's Report No. 19-47 to the March Board meeting. There were challenges with the language and on the FEMA section. The Department was not able to complete the agreement with Public Works in time of the Agenda posting.

DISCUSSION:

Mr. Dill asked what were the plans for Weke Road? Manager Wienand said an agreement was executed September 2018. The Department learned from FEMA that the reimbursement process for this project cannot be identical. The Department was counting on this agreement to mirror Weke Road to move forward. This past week, the Department ran into challenges and that adjustments would be needed for more details.

Mr. Shiraishi moved to defer *Manager's Report No. 19-47* - Discussion and Possible Action for 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 and the approval of New Funds for the County's Kahiliholo Road Culvert Repair Project that includes work associated with the reconstruction of the damaged water main and appurtenances, in the amount of \$40,000.00 to the March Board meeting; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

I. CONSENT CALENDAR

None.

**J. STAFF REPORTS
MONTHLY**

1. Discussion and Receipt of the Kaua'i County Water Department's Statement of Revenues and Expenditures
 - a. January Monthly Summary Budget
 - b. Accounts Receivable Aging Summary

BACKGROUND:

Mr. Soliz highlighted the Monthly Budget Summary and Expenses. Fiscal Division for the year is 75% complete on some of the expenses - Year to Date is \$21,149,219 vs. budgeted \$50,626,000. Revenue water sales are down \$1.1M. Other revenues exceeded the projection by \$33,000. Capital contributions (includes Federal & State grants) are \$503K, Investment & Net Increase \$274,000, and Miscellaneous contributions is \$71K. Operating expenses on the revised budget include purchase orders roll overs from year ending 2018; Operating expenses before depreciation and amortization was \$13M; Total spending is \$6.6M; positive variance 34%. Mr. Soliz summarized the Employee-Related Expenses, Contracts & Services, Exceptional Expenses, Fuel & Utilities, Bulk Water Purchase, Training, Travel & Meeting Expenses, Total operating expenses – 66% overall vs. 75% and Net Operating Income (Loss) is 129% positive variance (refer to page 39 and 40).

DISCUSSION:

Mr. Dill and Mr. Soliz agreed that the Department should be seven (7) months into the year, not nine (9) months (July 1st through January 31st, 7 months divided by 12 = 58%). Mr. Soliz said the Department is doing well.

Chair Canute noticed a trend with water consumption going down. At the Pacific Conference that Mr. Soliz attended, most of the consultants said that nationwide water consumption is going down. Calculations include the amount of rainfall on Kaua'i, new technologies water departments are using (low flow shower heads, etc.), water conservation education and dual cycle appliances. These variables will be included in the Water Rate Study.

Received for the Record

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

BACKGROUND:

Information Specialist Mr. Fujinaka highlighted the following:

1. Department participated in two (2) educational outreach events.
 - * Water Map Exhibit at Eleele Elementary School.
 - * STEM Night on water use education and conservation tips for students & families.
2. Career Day presentations at Kalāheo Elementary School highlighted water services, maintenance and various Operations and field careers.
3. Project WET – Certified three (3) Facilitators from Maui Department of Water Supply (DWS). Project WET Coordinator Jonell Kaohelaulii will allow expansion of Project WET resources and training opportunity with neighbor island requests and to build relationships with the Maui DWS.

Mr. Hall Parrott, Private Citizen provided his testimony.

Mr. Parrott complimented the Information & Education staff with the coverage on the Eleele-Hanapēpē (water shutdown for additional work to complete the new connection of a 12-inch bypass water line). There was unlimited saturation of public information which he heard all the time. Most important, it told a story for the public to pay attention, and a heads up to prepare for the shutdown. Mr. Parrott added it is great for the community and great for the Department. This may have taken the pressure off the phone calls.

DISCUSSION:

Manager Wienand acknowledged Mrs. Kaohelaulii's Project WET presentation at the Pacific Conference which resulted in good feedback. The Manager was impressed on what the Information Specialist team has picked up and improved on when Project WET was handed off to them. He added the public relations team is strong in leading Project WET in the entire State and congratulated them on their great work.

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. Personnel (page 65) – Filled many vacant positions and promotions for January. Hired two (2) new staff to Operations.
2. Water Loss Consumption Chart (page 70) – Mr. Reyna requested to revise the chart and explained that the Water Audit is heading towards non-revenue, costs, and actual water loss. The new chart would eliminate percentages as suggested by the WSO consultants and third-party who validated this information; percentages can cause confusion. The revised chart would include water loss based on gallons per day representing real water losses. Based on the 2017 Water Audit, real losses were 80 gallons per connection per day (median) for the whole island. Last month's water loss report was 56.26 for past 12 months (below the last calendar year's totals). Last year's median was 70 gallons per connection, per day real losses and 13 gallons per connection, per day apparent losses. Combined apparent and real losses was 83 gallons per connection, per day (median from 2018). Based on actual losses, there has been an improvement.

DISCUSSION:

Mr. Dill requested to see the old report as an interim to the new report during the transition period.

Received for the Record

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

BACKGROUND:

Manager Wienand highlighted the following:

1. THIRD AMENDMENT TO CONTRACT NO. 551, JOB NO. 11-09, WP2020 #K-05A, KUKUIOLONO 0.5 MG (886') TANK, KALĀHEO, KAUAI, HAWAII WITH ESAKI SURVEYING AND MAPPING, INC. FOR AN ADDITIONAL 180 DAYS WITH NO ADDITIONAL FUNDING (page 73) – The Department is executing Amendment No. 3. Esaki Surveying and Mapping has been good to work with and is doing this work with no additional funds.
2. THIRD AMENDMENT TO PROFESSIONAL SERVICES CONTRACT NO. 609 FINANCIAL MANAGEMENT PLANNING AND WATER RATE ANALYSIS WITH RAFTELIS FINANCIAL CONSULTANTS, INC. FOR A 206 DAY CONTRACT TIME EXTENSION AND ADDITIONAL FUNDING IN THE AMOUNT OF \$20,000.00 (page 75) – Raftelis and Manager Wienand presented at demo of the financial model that they developed for the Water Rate Study at the Pacific Water Conference. Water Rate Study is being finalized which will be presented to Finance Committee in April.
3. CONTRACT NO. 681, JOB NO. 19-03 MAKALEHA ON-SITE SODIUM HYPOCHLORITE GENERATION PILOT PROJECT, KAPA'A, KAUAI, HAWAII, AWARDED TO AQUEOUS VETS IN THE AMOUNT OF \$141,361.00 (page 79) – Manager followed up for Board Member Dill question on the request for the on-site sodium hypochlorite generation costs. See bullet points on page 80 – Cost of salt locally compared to the new on-site sodium hypochlorite generation vs. that the Department would be spending – on material cost, the pay back would be 22 years. The future cost is unknown and has escalated and the pay back would be shorter than 22 years; cost of salt would be stable. The cost of sodium hypochlorite has spiked the past few years. The Manager added that the resilience is more important than the rate of return. Mr. Dill added that if there is a cost savings, that is even better.
4. Personnel Matters (page 81) – Positions are being filled as fast as possible.
5. Customer Care and Billing (CC&B) System Update (page 81) – The I.T. and Billing Staff successfully made the transition to a Cloud base hosting system. This will include a Customer Service portal for payment options on line which will be presented to the Board in a few months.
6. Department of Water's Capital Improvement Projects Requests for State Aid for FY2019-2020 Update (page 82) – Manager Wienand answered Board Member Hull's question regarding Hā'ena Storage Tank 0.2 MG project size of the tank. From Water Resources and Planning Division, the existing deficiency storage is approximately 172,000 gallons and the tank was sized appropriately and not oversized for zoning.
7. Department's CIP projects for State Aid for FY2019-2020 Update (page 83-84) – Department is tracking several bills. See SB649 relating to Water Conservation – Testimony was submitted for proposed legislation for two-year water conservation financial assistance pilot program. The first draft is intended to reimburse counties for encouraging water conservations. The first draft will not meet this intent because it is focused on fixtures and tracking would be difficult. The Department would provide overall island wide data on the decrease in consumption to get reimbursed on conservation efforts without tracking the number of conservation items handed out. Such tracking would be time consuming for the staff and would defeat the intent of the Bill.
SB1010 Fluoridation Bill – has been in the newspaper recently.

DISCUSSION:

Water Bill Update – Information Technology Specialist Mrs. Nadatani-Mendez reported that the water bills have been revised to indicate meter information that will appear in the front of the bill starting in March. There will also be a billing insert by working with public relations

Received for the Record

K. 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).

L. TOPICS FOR NEXT WATER BOARD MEETING (March 2019)

1. Manager's Report No. 19-40 – Discussion and Possible Action to Rescind Existing Board Policy No. 12 for Retention Periods and Destruction of Fiscal Division Records (*Update*)
2. Draft Budget for Fiscal Year 2019-2020
 - a. Operating
 - b. Capital
3. Discussion and Possible Action to Approve Manager and Chief Engineer to enter negotiation discussions with the University of Hawai'i or affiliates regarding Water Plan 2020 Project No. WK-23 Construct U.H. Experimental Station 605' Tank, 0.25MG and 12"D.I., for the Wailua-Kapa'a Water System
4. Committee Appointments for 2019 Rules Committee, Finance Committee, Audit Committee, Committee of the Whole
5. Manager's Report No. 19-47 - Discussion and Possible Action for 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 and the approval of New Funds for the County's Kahiliholo Road Culvert Repair Project that includes work associated with the reconstruction of the damaged water main and appurtenances, in the amount of \$40,000.00

M. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Manager's Report No. 17-29 (Update) - Discussion and Possible Action on the Financial Management Planning and Water Rate Analysis for the Department of Water for July 2019 through June 2023 and submit a Small Business Impact Statement to the Small Business Regulatory Review Board
2. IT Strategic Plan Presentation
3. Department of Water Performance Audit (*Update*)
4. Discussion and Possible Action to establish Fiscal Policies and Procedures
5. Workshop presentation regarding the Master Plan of the Department of Water's former Administration Building, Baseyard, Micro Lab, Information Technology (*2019*)

N. UPCOMING EVENTS

1. AWWA ACE 20th Conference, Denver, Colorado (*June 9-12, 2019*)
2. HWWA/HRWA Conference, Honolulu, Hawai'i (*TBA*)
3. Fix-a-Leak Week (*March 18-22, 2019*)
4. Make a Splash, Project WET (*September 20, 2019*)
5. DOW's Annual Meeting (*December 13, 2019*)

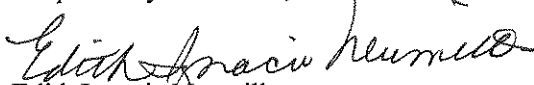
O. NEXT WATER BOARD MEETING


1. Friday, March 22, 2019, 10:00 a.m.
2. Friday, April 26, 2019, 10:00 a.m.
3. Friday, May 24, 2019, 10:00 a.m.
4. Friday, June 28, 2019, 10:00 a.m.

P. ADJOURNMENT

Ms. Ho Adjourned the Regular Board Meeting at 10:59 p.m.; seconded by Mr. Shiraiishi; with no objections, motion carried with 5 ayes.

Respectfully submitted,


Edith Ignacio Neumiller
Commission Support Clerk

Approved,

Ka'aina Hull
Secretary, Board of Water Supply

