

REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, January 28, 2010

The Board of Water Supply, County of Kaua'i, met in regular meeting at its office in Lihu'e on Thursday, January 28, 2010. Chairperson Randall Nishimura called the meeting to order at 11:14 a.m. On roll call, the following answered present:

BOARD: Mr. Randall Nishimura, Chairperson
Mr. Ian Costa
Mr. Dee Crowell
Mr. Donald Fujimoto
Mr. Leland Kahawai
Mr. Raymond McCormick
Mr. Roy Oyama

STAFF: Mr. David Craddick
Mr. William Eddy (excused from meeting at about 12:15 pm)
Mr. Paul Ganaden (excused from meeting at about 12:15 pm)
Mr. Gregg Fujikawa
Mr. Keith Fujimoto
Mr. Bruce Inouye
Ms. Faith Shiramizu
DOW Deputy County Attorney Andrea Suzuki
First Deputy County Attorney Amy Esaki

GUESTS: Mr. Ken Taylor (left meeting at about 12:07 pm)
Mr. Mike Tresler, Grove Farm Company (from about 11:28 am -12:10 pm)
Mr. Dave Hinazumi, Grove Farm Company (from about 11:28 am -12:10 pm)

AGENDA:

The Agenda was accepted as posted.

MINUTES:

Special Meeting Minutes – January 6, 2010:

Mr. Crowell moved to approve the Special Meeting Minutes of January 6, 2010, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

Regular Meeting Minutes – December 17, 2009:

The Regular Meeting Minutes of December 17, 2009 were deferred.

Regular Meeting Minutes – November 19, 2009:

Mr. Costa moved to approve the Regular Meeting Minutes of November 19, 2009, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

CORRESPONDENCE:

Re: Resolution No. 2009-77 on the Confirmation of Mayoral Appointment Roy Oyama to the Board of Water Supply

Re: Congratulatory Letter from Mayor Bernard Carvalho, Jr. to Mr. Roy Oyama on his Recent Confirmation to the Board of Water Supply

Re: Letter from Mayor Bernard Carvalho, Jr. to Dee Crowell for 90-day Holdover Term and Nomination to the Board of Water Supply

Board congratulated Mr. Oyama and Mr. Crowell. All Correspondence were so received and placed on file.

OLD BUSINESS:

Re: Request for Board Approval from Grove Farm to Add Capacity to the Waiahi Treatment Plant, Supplemental Managers Report No. 10-30 (12-17-09)

This matter was deferred to later in the Agenda and will be taken up upon the arrival of Grove Farm.

Re: Request Board Approval for Job No. WK-39, Kapaa Homesteads Well #4, First Contract Amendment for HDR Engineering, Inc., TMK:(4) 4-6-32:012, Kawaihau Road, Kapaa, Kauai, Hawai'i, Manager's Report No. 10-40

RECOMMENDATION:

It was recommended that the Board approve the first contract amendment with HDR Engineering, Inc., for:

1. An additional 630 calendar days.
2. An additional \$10,000 for contingency in the event that additional informational meetings and public hearings are required due to the well placement at the Ornellas Tank site. We further request that the Board allocate \$10,000.00 from Account 106b, CIP Reserve to fund the contract amendment.

FUNDING:

Total Funds Available.....	\$387,424.00
Contract No. 488, HDR Engineering, Inc. Job No. WK-39, Kapaa Homesteads Well #4, Kapaa, Kauai.	\$352,424.00
Amendment #1	<u>\$ 10,000.00</u>
Total Required	<u>\$362,424.00</u>
Balance Remaining	<u>\$ 25,000.00</u>

BACKGROUND:

The project includes the design for a (500 gpm) well for the 313' (Ornellas Tank) service zone:

- Phase I – Initial hydrogeologic investigation.
- Phase II – Well site selection report.
- Phase III – Exploratory well drilling and testing (approximately 500 gpm).
- Phase IV – Engineering support during construction.
- Phase V – Final well evaluation and preparation of the preliminary engineering report.

In an attempt to locate the well in a remote location, away from the community, the Department requested the project consultant, HDR Engineering, Inc., to place the project on hold until we exhausted all feasible options. The delay in this research took over a year and we have finally made a commitment to site the well at the existing Ornellas Tank. Due to this delay, we will need to extend HDR Engineering contract by 630 calendar days from their original notice to proceed date of March 17, 2008.

Due to siting the well in a populated area, we anticipate heavy opposition from the neighbors, which may require additional informational meetings with the community and public hearings. In anticipation of these additional meetings, we would like to provide for \$10,000.00, which will be approximately 2 meetings in addition to the meetings that the consultants have already budgeted.

On query by Mr. Crowell, Mr. K. Fujimoto stated that this is an un-sewered area.

On query by Chair Nishimura, Mr. K. Fujimoto stated it is a Planning Commission requirement to do community meetings to inform the public about this project.

On query by Mr. Kahawai, Mr. K. Fujimoto stated that the completion date for the actual design and the EA is targeting the end of summer 2010.

Mr. Costa moved to approve the Manager’s recommendation for Job No. WK-39, Kapaa Homesteads Well #4, seconded by Mr. Crowell; by a unanimous vote, motion was carried.

Re: Request Board Approval of Job No. 05-05, PLH-30, Nawiliwili, Niumalu and Kupolo Pipeline Replacements with Belt Collins Hawaii, Nawiliwili, Kauai, First Contract Amendment, *Manager’s Report No. 10-41*

RECOMMENDATION: It was recommended that the Board approve the first contract amendment for Contract No. 453 with Belt Collins Hawaii, Ltd. in the amount of \$63,580.00, for Updating and completing the work that was placed on hold in October 2007.

We further request that the Board allocate \$50,580.00 from Account 106b, CIP Reserve to fund the contract amendment.

FUNDING:

Total Fund Budgeted \$268,000.00

Contract No. 453, Belt Collins Hawaii, Ltd., Job No.
05-05, PLH-30, Nawiliwili, Niunalu and Kupolo

Pipeline Replacement\$255,000.00

Balance Remaining \$ 13,000.00
Amendment #1. \$ 63,580.00
Total Required, Account No. 101b, CRP Reserve \$ 50,580.00

Total Project Budget \$318,580.00

BACKGROUND:

The projects include the design for:

Phase I

- 1,500 Linear Feet of 6-Inch Ductile Iron Pipe along Niunalu Road.
- 1,000 Linear Feet of 12-Inch Ductile Iron Pipe along Nawiliwili Road.
- 2,500 Linear Feet of 6-Inch Ductile Iron Pipe along Kahumoku Road.
- 800 Linear Feet of 12-Inch Ductile Iron Pipe along Paena Loop.
- 2,000 Linear Feet of 6-Inch Ductile Iron Pipe along Moko'i Street.
- 500 Linear Feet of 6-Inch Ductile Iron Pipe along Luiana Street.
- 500 Linear Feet of 6-Inch Ductile Iron Pipe along Makau Street.
- 800 Linear Feet of 6-Inch Ductile Iron Pipe along Kapene Street.
- 400 Linear Feet of 6-Inch Ductile Iron Pipe and pressure reducing valve station along Uapena Street.

AMENDMENT #1: Additional work.

- Redesign approximately 500 LF of 12-inch ductile iron pipe along Rice Street (near Wilcox Road).
- 300 LF of 8-inch ductile iron pipe along Rice Street (near Harbor Mall).
- Connect single service connection for Chaney Brooks off Rice Street (near Anchor Cove Mall).

Phase II

- 2,000 Linear Feet of 8 and 6-Inch Ductile Iron Pipe along Huleia Road.

The Department has requested the project consultant, Belt Collins Hawaii, for additional design work on these projects, including the relocations of several water meters, which also requires additional time to complete the project.

Belt Collins has submitted a proposal of \$63,580.00 and completion of the design no later than June 1, 2010, subject to the Department and other governmental review, which we feel is reasonable.

Mr. D. Fujimoto moved to approve the first contract amendment for Contract No. 453 with Belt Collins Hawaii, Ltd. in the amount of \$63,580.00 and the reallocation of \$50,580.00 from Account 106b, CIP Reserve to fund the contract amendment, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

Re: Request Board Approval of Job No. 02-14, Kapahi 1.0 MG Tank, Contract Amendment No. 4 for Belt Collins Hawaii, Limited, Kawaihau Road, Kapaa, Kauai, Hawai'i Manager's Report No. 10-48

RECOMMENDATION: It was recommended that the Board approve the fourth contract amendment for Contract No. 427 with Belt Collins Hawaii, Ltd. in the amount of \$40,450.00 to design a trapezoidal tank and resolve site drainage issues and an additional 270 calendar days to complete the project.

It was further requested that the Board allocate \$21,050.00 from Account 106B, CIP Reserve to fund the contract amendment.

FUNDING:

Total Fund Budgeted..... \$660,078.00

Contract No. 427, Belt Collins Hawaii,
Ltd., Job No. 02-14, WK-08, WK-09,
Kapaa Homesteads 0.5 MG Tank and
1.0 MG Kapahi Tank\$256,700.00
Amendment #1\$354,978.00
Amendment #2\$ 10,000.00
Amendment #3\$ 19,000.00
Amendment #4\$ 40,450.00
Total Required<\$681,128.00>
Balance Required (Account No. 106, CIP Reserve).....<\$ 21,050.00>

Total Project Budget..... \$681,128.00

BACKGROUND:

The project included the design for Kapahi 1.0 Million Gallon Storage Tank for the 313' Kapaa Homesteads service area. After several years of negotiations and research for a tank and well site to service this area, the Department has finalized the site to the existing Ornellas Tank site. Due to the shape of the property, we will need to design a trapezoidal tank to maximize the tank on the property. This will require extra efforts by the consultant as this was not anticipated. Additionally, the tank will need to be lower than the existing area to match the existing Ornellas Tank, making the tank and site drain an issue. The consultant will need to evaluate and resolve the drainage issues, which will require researching the existing drainage ditches through the neighboring properties.

The project consultant, Belt Collins Hawaii, has submitted their proposal of \$41,580.00 for the additional work involved which appears to be reasonable. They will also require an additional 270 calendar days to complete the project, which is anticipated to be by the end of summer 2010.

Mr. Oyama moved to approve the fourth contract amendment for Contract No. 427 with Belt Collins Hawaii, Ltd. in the amount of \$40,450.00 to design a trapezoidal tank and resolve site drainage issues and an additional 270 calendar days to complete the project, seconded by Mr. McCormick; by a unanimous vote; motion was carried.

Mr. Mike Tresler & Mr. Dave Hinazumi of Grove Farm were present at about 11:28 a.m.

Re: Request Board Approval of Contract Amendment No.1 for Job No. 05-01, Waimea Main Replacement (Water Plan 2020 Project No. KW-16), Waimea, Kaua'i, MANAGER'S REPORT NO. 10-50

RECOMMENDATION:

It was recommended that the Board approve the contract amendment for Contract No. 449 with Hawaii Pacific Engineers, Inc, for the subject project.

It was further recommended that the Board allocate \$96,320.00 from Account 106B CIP Reserve to fund the contract amendment.

FUNDING:

Total Funds Available:	\$344,320.00
Contract No. 449, Hawaii Pacific Engineers, Inc.....	<\$327,890.00>
Balance Remaining.....	\$ 16,410.00

Contract Amendment #1.....	
.....	<\$112,730.00>
Additional Funds Requested,Account No. 106.b, CIP Reserve	.<\$ 96,320.00>

Total Project Budget.....\$440,620.00

BACKGROUND:

This project includes the design for furnishing and installing materials for the installation of approximately 540 linear feet of 12-inch, 2,290 linear feet of 8-inch, 5,475 linear feet of 6-inch, 295 linear feet of 4-inch, and 22 linear feet of 3-inch water pipes, and appurtenances including connections to existing waterlines, removal, disposal and grouting of existing Asbestos-Cement, PVC and Ductile Iron waterlines within the State and County Right-of-Way, new valves, new fire hydrants, installation of new service laterals and meter boxes, transfer of service, reconnection of existing service laterals, installation of air valves and permanent cleanouts with meter boxes, salvaging fire hydrants, valves, and valve boxes, and restoration and repaving work, all in accordance with the plans and specifications

During the final review process of designing the waterlines, it was required by the State Department of Transportation and County of Kauai, Department of Public Works that new waterlines within the respective Right of Way could no longer be installed as initially designed. The plans were revised to meet the State and County requirements in order to attain approval in time for SRF stimulus funding. This contract amendment allowed the consultant to do the necessary work for the DOW to revise the new pipelines within the respective Right of Way to meet project deadlines.

The consultant, Hawaii Pacific Engineers, Inc., proposed \$112,730.00 and we propose a new contract end date of August 31, 2010 for this change in the project scope, and to extend the expired contract until the end of anticipated construction, which appears reasonable.

Mr. D. Fujimoto moved to approve the contract amendment for Contract No. 449 with Hawaii Pacific Engineers, Inc. and to allocate \$96,320.00 from Account 106B CIP Reserve, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

Re: Request for Board Approval from Grove Farm to Add Capacity to the Waiahi Treatment Plant, Supplemental Managers Report No. 10-30 (12-17-09)

Mr. Mike Tresler and Mr. Dave Hinazumi were both present at the meeting.

Manager Craddick reported that the staff continues to recommend expansion of the Treatment Plant and associated equipment “beyond its Maximum Capacity” this time subject to a clear understanding when it will occur, the sooner the better.

Manager Craddick was not aware of when making the first recommendation that the Agreement has a definition of “**Facility**” that is different from “Treatment Plant”. The “Facility”, as defined by Part 1 of the Agreement, refers “collectively to the improvements comprising of the Water Delivery System and the Treatment Plant”, while the “Treatment Plant” refers solely to the treatment plant. The request before the Board was to expand the treatment plant only. Although this was reiterated at the last meeting by Grove Farm’s representative, Manager Craddick stated that he did not appreciate the difference between Facility and Plant. Approval of this request, which is being brought under Section 12(b) of the Agreement, does not require monetary contribution of the Board.

DOW still needs water for the Lihue area and Grove Farm does not intend to immediately build the expansion, only lock up the “cheaper” water which the agreement appears to allow. The taste and odor issues should be taken care of without delay with powdered carbon.

There are a few more concerns that have arisen during negotiations with Grove Farm. To resolve these issues will require renegotiation of the agreement or revision of the development FRC fees but that is not the subject of the current request.

DOW has agreed with Grove Farm to resolve the reservations, previously raised, during the design process associated with the work involved in “going beyond the Maximum Capacity” rather than trying to resolve them now.

Chair Nishimura summarized that the Department is approving Grove Farm’s request to expand the treatment plant.

Mr. D. Fujimoto thanked Manager Craddick and Grove Farm in resolving this issue. Mr. D. Fujimoto questioned the first paragraph of Manager Craddick’s report as he was not clear on what the condition meant, “.....*the staff continues to recommend expansion of the Treatment Plant and associated equipment “beyond its Maximum Capacity” this time subject to a clear understanding when it will occur, the sooner the better.*

Manager Craddick stated that cannot be answered except to say we would want it sooner rather than later as he got the notion that it would occur in the next 5 years and possibly within 2 years.

Mr. D. Fujimoto stated that if he would make a motion he would not include this condition as it would be too subjective.

Manager Craddick added that there is a concern about the timing as we could be saying within a year that the DOW wants to expand the plant and then a situation would occur where we could not expand within the existing plant but have to go outside the existing building. He felt that we would need to know what the current capacity of the plant is and whatever changes were done to it.

Manager Craddick also added that possibly the person who does the expansion first could get the lower cost of the water, so it is preferable that if they want to get the lower cost that they should do it.

Grove Farm Testimony:

Mr. Mike Tresler and Mr. Dave Hinazumi were present at the meeting.

Chair Nishimura thanked Grove Farm and Manager Craddick for working really hard on this project and hopefully both parties are closer to getting a resolution for this project as well as other issues.

Mr. Tresler thanked Manager Craddick for their start of building their relationship and for his time and effort on working on this project.

Mr. Tresler discussed that he hoped that the condition would not hinder the approval of their request. The timing may be 5 years, maybe sooner, or depends on what happens. There are a lot of things going on with external parties. Their main concern is their ability to exercise expansion and to take care of themselves first.

Mr. Tresler also discussed that Grove Farm and the DOW have worked through a lot of the resolutions of the DOW's concerns and unfortunately, that takes time and takes engineering.

On query by Mr. Tresler, Mr. D. Fujimoto stated that the question is not the timing but the capacity. Mr. D. Fujimoto needed clarification on what Grove Farm is asking for as presently it is open-ended. Mr. Tresler concurred that it was a good question and it would be good to clarify. He discussed that presently in their Water Master Plan, they are required to rounding up to 3.4 million gallons of source for their Water Master Plan for Lihu'e-Hanamaulu. They have some existing capacity of about a million so the request is to expand the plant in as much as they need to – if it is 3 million then it is 3 million. They are also working on, with a lot of support, are water conservation measures to implement the non-potable water system. Their target is to reduce that to at least 50% and they have some commercial data at Kmart and Costco.

Mr. Tresler discussed that if they need 3.4 million gallons of water and it is reduced by 50% with non-potable water, then they only need to find a source of only 1.7 million, then they could get some water credit available, it could be as low as 1.5 million gallons that they would need for their projects.

On query by Mr. D. Fujimoto, Manager Craddick stated that he supposed that Grove Farm will be trying to get whatever they can get out of the footprint of the existing plant. In the end, it would be subject to the Department of Health (DOH). It would be like the original plant building whereby no one really knew what the capacity would be until it got built and tested. So if there is more water than Grove Farm needs, then Manager Craddick stated that we could probably get the balance of water if we paid for it. In the end, he felt that it would be subject to what the DOH would allow to get out of the plant. Mr. Tresler added that they have had preliminary discussions with the DOH, with a lot more work to be done.

Mr. Tresler stated that there is 1.5 million in the current configuration using the same technology; however, if the current technology and cassettes are changed out, which would double the cost. Then they could get an additional 370,000. So you go from 1.5 and double the cost or more than you get to 1.87 million but there are other things that Grove Farm is working with GE on flux rate that could get them up to 2 million. Mr. Tresler also stated that they think that the maximum within the footprint is 2 million and maybe slightly more if the flux rate is different with the new technology. They are trying to clarify that with GE and Zenon.

On query by Mr. Costa, Mr. Tresler explained that there are 4 trains, which they would fully populate all of the trains and increase flux rates to get to the 1-1/2 million. Mr. Tresler further explained that there are 4 trains and they run 3 trains, with each train rated at a million but it is actually higher than a million. The plant is now rated at 4 million but there is redundancy so they put out 3 million potable. The redundancy is 25% more, which is the DOH's requirement. He added that everything they do has a 25% more capacity.

Mr. Tresler summarized that they feel very comfortable with Plan A of getting 1.5 millions of water with the current technology, increase the flux rate to create the amount of pressure going through the trains. The other technology is already in use by Zenon but Grove Farm would have to replace all of the cassettes. Then the flux rates would have to be adjusted and then would need DOH approval on the output.

Mr. Tresler stated that they have also discussed that within the footprint, there is also these external trains that they could put in now. So if the DOW wants more water, there are other things that are coming about and would not have necessarily have to construct or extend the building itself. Maybe it would be a trailer that could have on the side of the building that would have the redundant capacity. Mr. Tresler expressed that there are a lot of creative solutions to increasing the production of the plan without having to do a major reconstruction or additional construction. They are looking at the most cost efficient way to get the water without compromising the quality of the water.

Mr. D. Fujimoto stated that the intent is to maximize the available water from this facility and the intent is to proceed with the upgrade because we cannot really grant the credit until the facility is complete right? Regardless of whether you need the water or not. Mr. Tresler stated that from a development's perspective, you want to match your timing of your expenses to your revenues; therefore, the answer lies in that. So their target has been 5 years and if things happen where they recover then it may be sooner.

Mr. Tresler added that Grove Farm is always open to negotiate with the DOW if the DOW wants more water. He also added that to be open, what is important to Grove Farm is that they get credit for the amount of the expansion, which they have already worked on a plan.

Mr. D. Fujimoto still felt that there needed to be clarity on the capacity that Grove Farm is asking for and its limit.

Mr. Tresler offered that he could say that their target is 2 million gallons, inasmuch that their needs may be affected due to the possibility of their non-potable water use, that their needs may change. Therefore, Mr. Tresler stated that it could be said that their plan is to expand the plant to meet their needs so if there is a need for Grove Farm to say that they need up to 2 million gallons from the current footprint that is what it is.

On query by Chair Nishimura, Mr. Tresler stated that he is comfortable with the language except for Subject 2 as he did not understand what it meant. Manager Craddick asked Mr. Tresler if he would be willing to say that 5 years is a time limit when they will put it in. So the clarity that the Board was asking for is that Grove Farm will have the ability to do a plant expansion of up to a capacity of up to 2 million gallons within 5 years. Chair Nishimura added that Grove Farm could always ask a time extension. Mr. Tresler stated that he felt that was fair.

Manager Craddick added that he had not discussed this alternative with Grove Farm yet but the DOW could change the filters and pay all the costs to do it. Then when Grove Farm does need the water, they can reimburse the DOW for it. Then the DOW can start building outside to handle the customers that the DOW added on between now and the 5 years.

Mr. Tresler stated that Grove Farm is open to alternatives, as long as they can encapsulate and define what their water credit is and their cost. He added that they could expand the plant and if the DOW needs water then the discussion will become how would they help to pay for these costs if they cannot handle the costs. They could add a portion of the rates, which helps to defer some of the costs since they are not developing and selling lots.

On query by Mr. Kahawai, Manager Craddick stated that he did not think there was an end date in the Agreement because once the plant got built out and turned over to us, they will still be an ongoing relationship as Grove Farm will be supplying water to the plant. A possibility would be that Agreement is finally re-written with another Agreement to just deal with the supply of water coming into the plant.

Mr. Tresler agreed that there will be a continued relationship between Grove Farm and the DOW on a daily basis.

Mr. Tresler that this will be helpful to them to move forward to address their Water Master Plan by locking in their source and cost.

Main Motion:

Mr. D. Fujimoto moved to approve Grove Farm's request to expand the treatment plant for up to 2 million gallons, seconded by Mr. Costa.

Mr. D. Fujimoto discussed that he purposely left out the time limit of up to 5 years as Manager Craddick expressed the willingness of the applicant to work with the DOW. Also, if for some reason that their project is delayed and they do not need the capacity, the DOW could use the capacity until such time that they will need it. Grove Farm will reimburse the DOW for all expenses and the DOW would pay for the additional improvements needed to go beyond this 2 million gallons.

Mr. Costa reiterated his thankfulness to Grove Farm as they opened up a gem of using surface water and with respect to this plant, the DOW rely on their existing water rights to use that water. Grove Farm is a critical partner who owns the majority of the lands in Lihu'e and will most likely be the supplier of most of our Lihu'e customers. They present an opportunity to use surface water in order that we can preserve our groundwater a lot longer.

Chair Nishimura discussed that he preferred a time frame, with the understanding that if a time extension was needed, it can be requested. He felt that an open ended Agreement often times can create problems with both parties.

Amendment to Main Motion:

Mr. Costa moved to approve an amendment to the main motion to clarify the time frame of the Agreement.

On query by Mr. Oyama, Chair Nishimura stated that it has to be within the 15 year time frame. Mr. Kahawai added that it is 15 years from the effective date of the Agreement, which was from 2004.

Amended motion was seconded by Mr. Oyama.

Chair Nishimura clarified that there was an amendment to the main motion that it would be subject to completion within the time frame of the current water agreement which was dated February 19, 2004.

Deputy County Attorney Suzuki stated that the Agreement can go over 15 years. Mr. Tresler added that the plant was not operational until part of 2005. Deputy County Attorney Suzuki added that the life of the Agreement is 9 years as it ends in 2019.

Mr. Tresler added that he thought that the Agreement read that it is relative to the loan and acceptance of the plant so it is not a clear cut 15-year Agreement.

Therefore, as per Mr. Costa's suggestion that it can be said that it is for the term of the Agreement.

Mr. D. Fujimoto stated that the Department needs to know as soon as possible when Grove Farm will need the water because the DOW needs to know what needs to be done to provide the water.

Chair Nishimura stated his concern that Grove Farm indicated a 5-year term, which he felt was reasonable. He also understood that economic circumstances may delay the project; however, as Mr. D. Fujimoto pointed out that if Grove Farm does not do it then there will be a point that the DOW would need to work out how we would access the water.

Amendment to Main Motion:

Mr. Costa moved to approve to amend the main motion to include a time frame for the expansion to be completed by September 30, 2018, seconded by Mr. Oyama.

Mr. Ken Taylor left the Board Meeting at about 12:07 p.m.

By a unanimous vote; the amended motion was carried.

Chair Nishimura reiterated that the prior amendment was to amend the language to include the expansion of the treatment plant and its associated equipment beyond its maximum capacity of 2 million gallons. Chair Nishimura stated that if the above is approved, the Board would be approving the expansion, not the main motion, but would include language on the volume of up to 2 million gallons and would be completed by September 30, 2018.

By a unanimous vote; the amended motion was carried.

Chair Nishimura reiterated that the main motion, as amended, would read approval of the treatment plant and its associated equipment beyond its maximum capacity of 2 million gallons per day to be completed by September 30, 2018.

Mr. Costa reiterated his thanks to Grove Farm for having this resource available.

By a unanimous vote; the main motion, as amended, was carried.

Mr. Tresler also thanked Deputy County Attorney Suzuki for her assistance in the final negotiations.

Mr. Tresler and Mr. Hinazumi both thanked the Board and left the meeting at about 12:10 p.m. Deputy Manager Eddy and Waterworks Controller Ganaden both were excused from the meeting at about 12:15 p.m.

Re: Board Discussion and Possible Action on the Rules of Procedure

Chair Nishimura clarified that it is the Board's Rules of Procedure (in the Board Handbook) and not the Rules of Practice that were not adopted properly.

He discussed that also there was some discussion on whether the Roberts Rules of Order should be referenced or not in our Rules.

Subsequently, our legal counsel stated that the Board's Rules of Procedure should be included in Part 1 of our Rules and Regulations. She also stated that both of these proposed rule changes should be done one time.

Chair Nishimura also discussed that the incorporation of Roberts Rules of Order needed to be distinguished between the published version and the other County agencies use reconsiderations. Currently, if the Board addresses any reconsiderations would have to be at the same Board Meeting. Other County agencies do reconsiderations not later than the subsequent meeting.

Deputy County Attorney Suzuki stated that she is present working on the proposed rule changes to address Roberts Rules of Order.

Chair Nishimura stated that this agenda item was for the Board's information; therefore, Chair Nishimura entertained a motion to defer this matter.

Mr. Costa moved to defer this agenda item, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

Re: Request Board Re-Election of the 2010 Board Secretary

Chair Nishimura reported that the Board of Water Supply, at its December 17, 2009 Board Meeting, approved the 2010 slate of officers, which included Roy Oyama as Board's secretary. However, Mr. Oyama has declined the position and has instead accepted the position as Finance Committee Chair. It was therefore recommended that the Board elect someone else as 2010 Board Secretary.

Mr. Oyama nominated Leland Kahawai to be the new 2010 Board Secretary. Mr. Crowell moved to close the nominations, seconded by Mr. Oyama. By a unanimous vote, Mr. Kahawai was voted as the 2010 Board Secretary.

Recess: 12:20 pm – 12:30 pm

Chair Nishimura so ordered to take up Staff Reports at this time.

REPORTS

Re: Statement of Kaua'i County Water Department's Revenues and Expenditures

Mr. Kahawai moved to receive the Statement of Kaua'i County Water Department's Revenues and Expenditures report and placed it on file, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

Re: Public Relations Specialist's Monthly Update Regarding DOW Public Relation Activities

Public Relations Specialist Faith Shiramizu gave the following report:

Re: Public Relations Update

Employee Events: The County's 2009 Annual Holly Jolly event held on Friday, December 11, 2009, debuted a fresh group of volunteers from our department. Fearless leader and veteran Holly Jolly participant, Tess Yano gathered volunteers to present a unique rendition of Jingle Bells. The cheerful volunteers lead by Tess were, fellow veteran participants, Clarita Remigio, Norma Imada, and Deb Calaycay, joined by David Craddick, Carolyn Carveiro, Shayce Yasutake, Bill Eddy, Kalani Dabin, Raymond Chow, Tessie Guerrero, Jenny Lewis and Clarita's little grandson.

December 11th also brought joy and fellowship to all DOW employees and their families that attended the Christmas Bowling Party. Thanks again to Jenny for organizing this event with support from David and assistance from Eddie Doi, Keith Konishi, Vicki Kobayashi, Roz Cristobal-Ribucan, Mona Yamauchi and board member Randy Nishimura.

Thanks to the leadership of Jenny and Clarita, and the support of fellow employees, the department was able to get very positive publicity in the Garden Island when the DOW employees and board members provided 40 gifts for families in need through the Child and Family Services' Angel Tree Program and for feeding 40 people at the KEO Homeless Shelter and the KEO Transitional Housing (40 must be our lucky number).

USDA Rural Development Grant: David, Eddie and I met with USDA representatives to further discuss their grant/loan programs. We are currently researching the process of applying as well as details of qualifying for grant monies.

Press Releases: A press release was sent with information on the proposed block rate changes and notification of the Public Hearing as well as three Community Meetings. The press release along with the proposed changes and Official Public Hearing Notice was placed on our website for easy access for our customers.

Community Meetings: Coordinated three Community Meetings regarding the proposed block rate changes. The meetings were held on January 19, 20 and 21st at 7:00 pm at Kapa'a, Wilcox and Kalāheo Elementary School Cafeterias, respectively.

On query by Mr. Kahawai, Ms. Shiramizu stated that the Community Meetings were advertised in a press release via our County Public Information Officer, who in turn emails to all the newspapers, radio stations, televisions, etc. The press release was also on the County's and DOW's websites.

Ms. Shiramizu added that Mr. Ken Taylor's complained about not advertising enough for our community meetings so they have discussed other possible means to inform the public. Mr. Taylor requested that an email be sent to him so he can in turn email

to his email distribution list. On query by Mr. D. Fujimoto, Manager Craddick added that it is covered and allowable under HRS that customers can ask to be on our email/ mailing list.

Manager Craddick also stated that the Department will also be advertising on the social networks like Facebook ('Kaua'i water') and Twitter, which the Department is already on. This will assist the Department in broadening our public relations base as there are customers like Mr. Taylor that does not read the newspaper or listen to the radio.

Ms. Shiramizu also added that the press release was in The Garden Island 2 days in a row, with detailed information about the community meetings.

Manager Craddick also reported on the attendance of the 3 community meetings: one person attended at the Kapa'a Elementary School Cafeteria, one person attended at the Wilcox School Cafeteria and 15 people attended at the Kalaheo Elementary School Cafeteria. Some Board and staff members also attended.

Project WET: Working on setting up workshops in March 2010.

McGruff: Setting up a training session for Kaua'i McGruff Coalition members through the Office of the Attorney General.

Connect CTY: Connect CTY is the messaging service that the County has contracted for emergency notification. This system can send out 10,000 calls simultaneously to notify residents of an emergency. Mark Marshall conducted a training and overview session at the EOC for David, Bill and I as we work toward being prepared to use this service in case of emergencies like we recently experienced with the water outage and boil water notices in Hanalei and the Homesteads. We could also possibly use the community notices portion of this service for planned water outages.

ARRA: The Final Loan Agreement is in place for the Lihue Town Project so requests for reimbursements will be submitted. The project itself is nearing completion, as Dustin has been diligently working at having all requirements met.

Department of Health: Met with Dan Chang from the Safe Drinking Water Branch and Erin Borger from National Rural Water Association regarding funding available for Source Water and Wellhead Assessment and Protection and why it is important. DOW staff in attendance was Deputy Eddy, Eddie Doi and Manager Craddick.

ROV Training: Attended a Remotely Operated Vehicle (ROV) workshop at Kaua'i Community College on January 15th with David. The workshop was sponsored by Kaua'i Economic Development Board. Teachers that attended the workshop will eventually have their classes build an Underwater ROV. DOW is participating as a community partner and will be available to assist the teachers if they need assistance as they work with their own class.

Mr. Costa moved to receive the Public Relations Update and placed it on file, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

Re: Deputy Manager's Summary Report on Monthly Operational Maintenance

In the absence of Deputy Eddy, Manager Craddick reported on the previous storm damages to our waterlines that had Hanalei and Moelepe without water. Hanalei is now back online and the waterline was installed at Moelepe and presently doing pressure testing, disinfecting the waterline, and will be online in about 2 weeks or so. These 2 projects impacted our overtime costs.

Mr. Kahawai moved to receive the Deputy Manager's Summary Report and placed it on file, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

Re: Manager's Update for December, 2009 to January, 2010

Delegation From Board To Manager:

CONTRACTS AWARDED BY THE MANAGER:

Re: Purchase One (1) Sport Utility Vehicle (SUV) 4-door, All-Wheel Drive Vehicle for Special Projects Division

Funding:

Water Utility Fund, Three (3) Vehicles for Engineering Division,
as approved by the Board on September 17, 2009\$75,000.00
Total Funds Available\$75,000.00

PUMP INSTALLATION PERMITS SIGNED BY MANAGER: None.

WAIVER, RELEASE AND INDEMNITY AGREEMENTS SIGNED BY THE MANAGER:

None.

PERSONNEL MATTERS UPDATE:

1. Kevin Pongasi, New Pipefitter Helper started work on Monday, January 4, 2010.
2. Accounting Section - Accountant IV job announcement has been posted in-house. Closing date to submit application is on January 25, 2010 close of business.
3. Waterworks Inspector II job announcement has been posted in-house. Closing date to submit application is on January 27, 2010 close of business.
4. Water Service Supervisor (WSS) III position descriptions approved by DPS. Proceeding to fill position.
5. Operations Division Clerk Dispatcher II position description approved by DPS. Proceeding to fill position.
6. Civil Engineer I position reclassified by DPS to a Project Assistant (same pay range). Proceeding to fill.
7. Civil Engineer V positions (Special Projects & Engineering Division) position descriptions approved.
8. Commission Support Clerk position description has been submitted to DPS.

Affordable Housing Update:

The last Affordable Housing Task Force (AHTF) meeting was held on Monday, September 14, 2009 at Pi'ikoi Conference Room A, with the status of projects below.

Updates on AHTF Projects:

1. Habitat - Eleele I Luna Subdivision Phase 2 (107 lots, 1 park): Site construction for the sewer main is underway.
2. Kauai Lagoons – Kapule Project: Two DOW fire hydrant installations along Kapule Highway and Haa Street were not completed. In addition, during construction the DOW will require the contractor to lower the existing service connection to the County Waste Water Treatment Facility that is located along the project's frontage along Haa Street. As the construction of these improvements are not completed and the County's requirement for occupancy is February 18, 2010, the Housing agency will contact and inform the developer that after final inspection of the improvements, other requirements that include conveyance of the improvements to the Board will be required prior to the issuance of the certificate of completion by the DOW.
3. Kukui'ula Employee Housing- "Gap" Housing subdivision and zoning permit: A standalone water master plans for the Employee project was re-submitted in February, 2009 to DOW. The Housing Agency said that Kukuiula Development Co. submitted a copy of the DOW comments for the draft water master plan for their information. The Housing agency speculated that KDC may be considering relocating the affordable housing project to the west side of the island.
4. Kohea Loa (Hanamaulu Triangle)- . Grove Farm revised Water Master Plan (dated June 10, 2009) was approved by DOW on July 14, 2009. On site construction plan review is underway. The developer is scheduling a meeting with the DOW manager to clarify DOW conditions for their development.
5. Paanau Village, Phase 2: John Frazer, Kaua'i Housing Development Corp (KDCH) conducted a presentation of the 50 MF unit project that is known as Paanau Village Phase 2. Mr. Frazer said that DOW replied by email that DOW is not able to certify that domestic water is available to the project. He will be requesting a meeting with the DOW Manager to further discuss the DOW water availability letter that is required by his application for Tax Credits from the State.

State Land Parcels (County Affordable Housing): No report at meeting.

Next meeting will be held on Monday, February 8, 2010 at the Pi'ikoi Conference Room A at 10:00AM-11AM.

Monthly Updates:

Job 04-04, Water Plan 2020 Project PLH-09, Pipeline Replacement for Lihu'e Town
Cushnie Construction Co., Inc. has started the Lihu'e Town pipeline replacement project, which is part of Water Plan 2020 that will be replacing old pipeline in Lihu'e Town on the south side of Rice St. from Umi to Kalena Streets. The work started from September 1, 2009 and will end April 19, 2010.

Note that affected residents and businesses were sent hand delivered notices of this meeting from Cushnie Construction Co. Inc. A press release was also done.

Contractor has completed work on Umi and Ewalu Streets and the new waterline is connecting to existing DOW system. Contractor has completed installation of waterlines along Kress, Halenani, Kalena, Malama, Hoala and Pala Streets. Contractor will be connecting the new waterline to existing DOW system starting January 19, 2010. Anticipated final completion is March 2010.

Bond Issue Update:

Mayor Bernard Carvalho, Jr., Mr. George Costa, Mr. Wally Rezentes, Jr., Mr. Dave Spanski and Councilmember Daryl Kaneshiro will all be on the Mainland shortly to participate in a bond rating presentation. I am on standby for a possible conference call.

As per Board's request, Manager Craddick submitted a bond issue project priority listing.

Mr. D. Fujimoto moved to receive the Manager's Update and place it on file, seconded by Mr. Costa; by a unanimous vote, motion was carried.

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

Chair Nishimura stated that due to a conflict of interest with the Claims Payable that included a payment to his company, he recused himself from the voting process for this agenda item. Therefore, Vice Chair Crowell presided over the meeting for this agenda item.

Finance Chair Oyama reported that at the January 28, 2010 Finance Committee Meeting, the Committee approved the Claims Payables for a total of \$2,139,111.37.

Finance Chair Oyama entertained a motion to approve the Finance Committee Report.

Mr. Costa moved to receive the Finance Committee Report and place on file, seconded by Mr. D. Fujimoto; by a unanimous vote, motion was carried.

Chair Nishimura once again presided over the meeting.

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

Rules Chair Costa reported that at the January 28, 2010 Rules Committee Meeting, the Committee deferred both agenda items.

NEW BUSINESS

Re: Appointment of Finance and Rules Committees

Chair Nishimura hereby appointed the following committee chairs and committee members to the Board's Finance and Rules Committees.

Finance Committee

Roy Oyama, Chair
Leland Kahawai, Vice Chair
All Board Members

Rules Committee

Ian Costa, Chair
Donald Fujimoto, Vice Chair
All Board Members

Mr. Crowell moved to concur on the Chair's appointments, seconded by Mr. Costa; by a unanimous vote; motion was carried.

Re: Board Discussion on Setting the Manager's 2010 Goals

Chair Nishimura reported that as part of the Job Performance Evaluation process for Manager David R. Craddick, this matter was on this Board Meeting Agenda to begin discussion on the Board's goals for the Manager for 2010. Once the Board's goals are finalized, it will be communicated to Manager Craddick to ensure clarity by all.

A list of 27 proposed goals for Manager Craddick was compiled by all of the Board Members. In considering the list, Chair Nishimura requested that there should be measurable criteria upon which the goals are established. The following were some of the criteria that Chair Nishimura requested to use as the basis for including an item as a goal:

- A. It must be measurable in the form of a report, recommendation, actual physical accomplishment or confirmation by a third party.
- B. The goal must be able to be accomplished or substantially completed within the 12 month period starting January 1, 2010 and ending December 31, 2010. If the goal is expected to take more than one year, it is recommended that it be broken into achievable phases with specific benchmarks for the current year.
- C. I would recommend consolidating some items as they appear to overlap.
- D. There should be a deadline for accomplishing the goals in order that the manager be able to focus on them in a timely fashion.
- E. There should be priorities we establish so that the manager is clear about which goals deserve the most attention.

Chair Nishimura recommended that this matter be received and deferred to the Committee of the Whole at the February Board meeting and in the meantime, the Board needed to review the list and narrow down the goals to reflect the direction for our Manager to proceed, with its priorities, deadlines and each goal needs to be measurable in order to be considered a goal.

Chair Nishimura requests that the list of goals need to be reduced one half. It was noted that some of the listed goals were done or almost done; therefore, Manager Craddick needed to include his input on which goals were done.

Mr. Costa moved to refer this matter to the Committee of the Whole at the February, 2010 Board Meeting to come up with individual assessments of the proposed selected goals with its priorities, deadlines and all goals must be measurable, seconded by Mr. Oyama.

Chair Nishimura added that some of the suggested goals would need to be looked at as it may need to be revised or updated or combined. He also thanked the Board members for taking time on working on the proposed goals for the Manager.

By a unanimous vote; motion was carried.

MANAGER’S REPORTS:

Re: Request Board Approval of Job No. 05-03, WK-25, Kapilimao 0.5 Million Gallon Tank and Job No. 03-03, Hardening of Generator Shelters at the Kapilimao Well Site. Kekaha, Kauai, Hawai’i, Construction Management Services with SSFM International (Manager’s Report No. 49)

Chair Nishimura recused himself from this agenda item as he is a subcontractor for this project. Vice Chair Crowell presided over this agenda item.

RECOMMENDATION: It was recommended that the Board award a contract to SSFM International (DOW Contractor) for construction management services for this project. In order to fund this contract, it is also recommended that the Board approve the reallocation of \$300,000 from Account No. 101, CIP and \$58,250 from Account No. 106b, CIP Reserve.

Further, Board approval was specifically requested of the indemnification provision in this agreement, since SSFM did not prepare the Construction Contract Documents for this project.

FUNDING:

Total Funds Available	
101. CIP, Job No. WK-25, Kapilimao 0.5 Million Gallon Tank and Job No. 03-03, Hardening of Generator Shelters at the Kapilimao Well Site...\$4,100,000.00	
Contract with KAUAI BUILDERS, LTD.....\$3,987,000.00	
Balance Remaining:.....	\$ 113,000.00
Proposal by SSFM International.	\$ 471,250.00
Total funds required:.....	\$ 358,250.00
Account No. 101, CIP	<\$ 300,000.00>
Account No. 106b, CIP Reserve	<\$ 58,250.00>
Total Additional Funded.....	<\$ 358,250.00>
Total Project Budget.....	\$4,458,250.00

BACKGROUND:

This project has started construction and approximately 20% completed. It was intended to contract the construction management of the project to allow the Special Projects Division to devote more of its time in completing the pending water plan projects. Implementing this project frees up staff time to spend on other projects that don’t require the same level of detailed inspection. This is a by the hour contract with a not to exceed number. Since much of the work is done we do not expect to spend over 5% of the construction cost or about \$200K.

The major components of this project are:

- Attend pre-construction conference and periodic jobsite meetings at which Construction Contractor (Kaua'i Builders), Board, Engineer of Record and DOW Contractor can discuss jointly such matters as procedures, progress, problems and scheduling.
- Provide construction inspection.
- DOW Contractor shall observe the progress and quality of the Construction Contractor's work and determine if the work is progressing in accordance with the Contract Documents. DOW Contractor shall make recommendations to the Board to reject work not in compliance with the Contract Documents. DOW Contractor shall monitor the Construction Contractor's testing and inspection requirements or by others as called for in the Construction Contractor's Contract Documents.
- DOW Contractor shall monitor the work of the Construction Contractor to determine that the work is proceeding in accordance with the Contract Documents.
- DOW Contractor shall review, as requested by the Board, Construction Contractor change proposals for confirmation of facts related to field work and make recommendations to the Board.
- DOW Contractor shall review payment requests made by the Contractor and make recommendations for payment to Board.
- DOW Contractor shall attend progress meetings with Construction Contractor and the Board as required.
- DOW Contractor shall review and monitor Construction Contractor's progress schedule and provide daily inspector reports and digital photos submitted weekly to Board.
- DOW Contractor shall review the Construction Contractor's payroll affidavits for compliance and forward its findings to Board.
- DOW Contractor shall provide the Board field coordination information for the Board's use in notifying consumers of service interruption and for scheduling live taps.
- DOW Contractor shall participate in inspections to determine the dates of Construction Contractor's substantial completion and final completion and make recommendations to Board.
- DOW Contractor shall review Construction Contractor's marked-up drawings and include DOW Contractor's independent marked-up drawings, and forward to the Board to complete the "as-built" drawing preparation.
- DOW Contractor shall prepare and serve as witness in any litigation, arbitration or legal proceedings. Should this be required, the DOW Contractor shall be compensated for all additional costs associated with the request at the DOW's Contractor's rates for this contract upon submittal of an itemized invoice detailing the costs.

Further, Board approval is specifically requested of the indemnification provision in this agreement. Since the DOW Contractor did not prepare the Construction Contract Documents for Job No. 05-03, KW-25 - Kapilimao 0.5 Million Gallon Tank and Job No. 03-03, KW-24, Hardening of Generator Shelter for Kapilimao Valley

Well; Kekaha, Kaua'i, Hawai'i, the Board waives all claims against the DOW Contractor arising from or in any way connected with errors, omissions, conflicts or ambiguities in the Construction Contract Documents prepared by others. In addition, the Board agrees, to the fullest extent permitted by law, to indemnify and hold the DOW Contractor harmless from any damage, liability or cost arising from any errors or omissions contained in the plans, specifications or other Contract Documents prepared by others, except for the negligence or willful misconduct of the DOW Contractor. The DOW Contractor shall immediately notify the Board of any items that may not be in conformance or require clarifications with the intended function or operation of any item in the Construction Contract Documents. The Board will then request for redesign, if necessary, from the project consultants.

SSFM International has submitted a proposal of \$471,250.00 for approximately 12 months, which should cover the completion of the project by the Construction Contractor (Kauai Builders). The contract will be on actual work conducted including applicable expenses (time and material contract), not to exceed the proposal amount.

The Department reviewed SSFM Internationals' proposal for the work and found it acceptable.

Mr. D. Fujimoto moved to approve the following: 1) award of a contract to SSFM International (DOW Contractor) for construction management services for this project; 2) to reallocate \$300,000 from Account No. 101, CIP and \$58,250 from Account No. 106b, CIP Reserve; and 3) indemnification provision in this agreement, seconded by Mr. Costa; by a unanimous vote; motion was carried.

Chair Nishimura again presided over the meeting.

Re: Request Board Approval of New and Reallocated Positions for the Operations Division in Accordance with the Operations Division Reorganization Plan, Manager's Report No. 10-51 (Revised)

Recommendation:

Approve four (4) new positions and one (1) reallocated position for the Operations Division in accordance with the Operations Division Reorganization Plan.

Appropriate a total of \$204,432.00 from Account No. 15 - Salaries, to fund the new and reallocated positions.

Background:

Request to approve four (4) new positions and one (1) reallocated position to the Operations Division. The positions are needed to both fulfill the desired results of the Operations Reorganization Plan as well as fill the additional needs of the Department to operate, maintain and manage the Water Plant Facility. The primary purpose of this is to assist with the reorganization plan. There is no intention to immediately fill these positions but they must be funded to legitimize the Reorganization plan as directed by the County's Department of Personnel Services (DPS).

Therefore, Manager Craddick added that all is needed at a minimum is to dollar fund each of the position for now until the new budget year, in order for DPS to continue to work on our Re-org.

The positions, labor class and salaries are as follows:

New Positions:

- Water Plant Operation Supervisor, F2-11, \$58,176,
- Water Plant Operator II, WS-11, \$50,856,
- Water Plant Operator I, BC-11, \$47,928 and
- Assistant Water Plant Operator, BC-9, \$44,544.

Reallocated Position:

- Water Plant Operator II, WS-11, (reallocation from Water Plant Operator I, BC-11) \$2,928 (net increase).

On query by Mr. D. Fujimoto, Manager Craddick reviewed the present Ops organization.

On query by Mr. Costa, Manager Craddick stated that the present three (3) water plant operators take care of the oversight of our wells, tanks, pump stations, etc. Mr. K. Fujimoto stated that there are almost about 100 water facilities.

Mr. D. Fujimoto moved to approve the new positions as part of the revised Ops Reorg Manager's Report, seconded by Mr. Oyama.

Chair Nishimura asked for a vote on the motion; there was no vote.

Mr. D. Fujimoto withdrew his motion and Mr. Oyama withdrew his second.

Mr. D. Fujimoto moved to approve the four(4) new positions and one(1) reallocated position that are in accordance with the Operations Divisions Re-org Plan and as per the revised Ops Re-org Manager's Report, and to also dollar fund from Account No. 15, Salaries for each of the four(4) new positions, seconded by Mr. Costa.

On query by Mr. D. Fujimoto, Manager Craddick stated that probably the Ops Reorg would not be finalized soon; therefore, to dollar fund the positions would suffice.

By a unanimous vote, motion was carried.

Re: Conveyance of Water Facility from Gaylord H. Wilcox, Trustee under an unrecorded Revocable Trust Instrument made by Gaylord H. Wilcox, dated September 14, 1984 for the 2nd 5/8-Inch Domestic Service Connection for TMK: (4) 5-5-01:009, Lot 49, Hanalei, Kauai, Hawaii

It was recommended that the Conveyance of Water Facility document be approved; whereby, Gaylord H. Wilcox, Trustee under an unrecorded Revocable Trust Instrument made by Gaylord H. Wilcox, dated September 14, 1984, 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 5/8-Inch Domestic Service Connection for TMK: (4) 5-5-01:009, Lot 49, Hanalei, Kauai, Hawaii.

Grant of Easement not required.

Mr. Costa moved to approve the Conveyance of Water Facility from Gaylord H. Wilcox, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

Re: Conveyance of Water Facility from Eddie Sindt and Kathleen C. Bates for the Water Service Installation for Lot 157-G, TMK: (4) 2-3-06:026, Kalaheo, Koloa District, Kauai, Hawaii

It was recommended that the Conveyance of Water Facility document be approved; whereby, Eddie Sindt and Kathleen C. Bates, 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 Water Service Installation for Lot 157-G, TMK: (4) 2-3-06:026, Kalaheo, Koloa District, Kauai, Hawaii.

Grant of Easement not required.

Mr. Costa moved to approve the Conveyance of Water Facility from Eddie Sindt and Kathleen C. Bates, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

Re: Conveyance of Water Facility from Esaki Surveying & Mapping, Inc. for the Waterline along Waipouli Road and Hauiki Road (S-2005-15), TMK: (4) 4-4-03:021, Kapaa, Kawaihau District, Kauai, Hawaii

It was recommended that the Conveyance of Water Facility document be approved; whereby Esaki Surveying & Mapping, Inc., transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to:

Waterline:

- 1,050 lineal feet 8" PVC C900 Waterline
- 1,740 lineal feet 6" PVC C900 Waterline
- 7 Each 8" Gate Valve, Including C.I. Valve Box and Cover
- 2 Each 6" Gate Valve, Including C.I. Valve Box and Cover

Fire Hydrants and Standpipes

- 5 Each Fire Hydrant Assembly w/ 1-4 1/2" & 1-2 1/2" outlet
- 5 Each 6" Gate Valve, Including C.I. Valve Box and Cover

Service Laterals

- 3 Each 1" Copper Single Service Lateral for 5/8" water meter
- 1 Each 1 1/2" Copper Double Service Lateral for 5/8" water meter

in place complete, for the Waterline along Waipouli Road and Hauiki Road (S-2005-15), TMK: (4) 4-4-03:021, Kapaa, Kawaihau District, Kauai, Hawaii.

Grant of Easement not required.

Mr. Costa moved to approve the Conveyance of Water Facility from Esaki Surveying and Mapping, Inc., seconded by Mr. Oyama; by a unanimous vote, motion was carried.

Re: Conveyance of Water Facility from Trent George, Cindy George, David Milligan and Margot Milligan for the Installation of Double Service Lateral for Moana Ikena CPR Unit 4 & 5, TMK: (4) 5-2-04:080, Kilauea, Hanalei District, Kauai, Hawaii

It was recommended that the Conveyance of Water Facility document be approved; whereby, Trent George, Cindy George, David Milligan and Margot Milligan, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to: one (1) each, 1 ½-inch copper double service lateral for 5/8" water meter, in place complete, for the Installation of Double Service Lateral for Moana Ikena CPR Unit 4 & 5, TMK: (4) 5-2-04:080, Kilauea, Hanalei District, Kauai, Hawaii.

Grant of Easement not required.

Mr. Costa moved to approve the Conveyance of Water Facility from Trent George, Cindy George, David and Margot Milligan, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

REPORTS (cont'd)

Re: DOW Quarterly Projects Briefing Report

A written quarterly report of the status of the DOW's projects, along with an Executive Summary, was given to the Board for their information.

Mr. Costa moved to receive the DOW's Quarterly Projects Briefing Report and place on file, seconded by Mr. D. Fujimoto; by a unanimous vote, motion was carried.

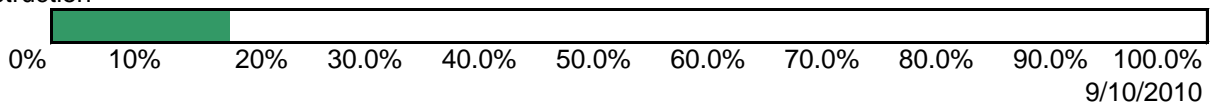
Re: Affordable Housing Projects – Quarterly Summary Status as of December 2009 (formerly prepared by RW Beck)

This report is a summary of progress on the Affordable Housing Projects.

Job No. 05-03, KW-25, Kapilimao 0.5 million gallon tank:

A. Under construction.

Construction

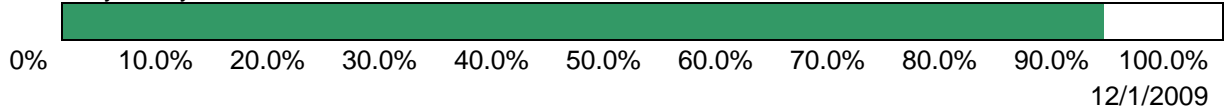


Job No. KW-28, Amfac Shaft:

A. Department of Water's operations making shaft cover and installing over the shaft. Anticipate 1 month to complete this work.

B. Awaiting decision by management to proceed with more testing.

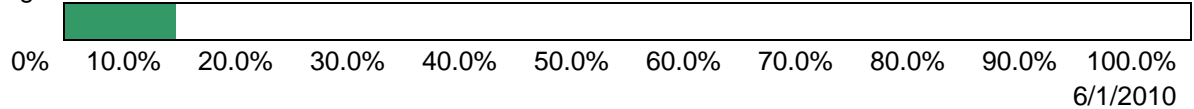
Feasibility Study



Job No. 02-14, WK-08, Kapahi 1.0 million gallon tank:

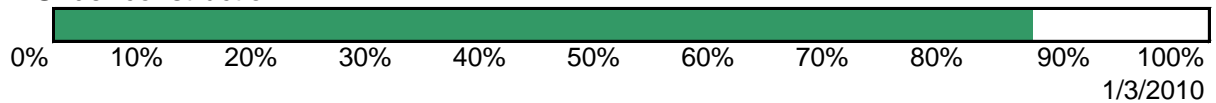
A. Proceeding with the trapezoidal tank at the existing Ornellas Tank site. EA being prepared.

Design



Job No. 02-14, WK-09, Kapaa Homesteads 0.5 million gallon tank:

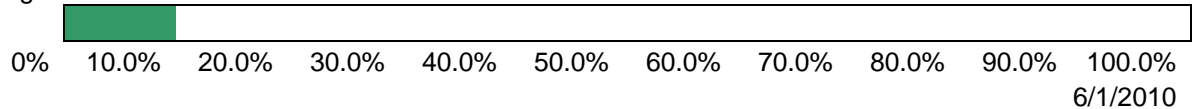
A. Under construction.



Job No. WK-39, Kapaa Homestead Well #4:

A. Proceeding with locating the well at the existing Ornellas Tank site. EA being prepared.

Design



Job No. 02-24, WK-02, Akulikuli Tunnel:

A. SSFM, project consultants requested to terminate the contract since the pre-design work will be at least a year from now.

On query by Chair Nishimura, Mr. Fujikawa stated that there was a newly added affordable housing project in Koloa for the Paanau Housing Project, Phase 2. Mr. Fujikawa also stated that all of the proposed Affordable Housing Projects need more water and have varying water conditions that they need to do before getting a water meter. Some of the conditions consist of payment of fees, improvement of water systems, etc.

On query by Mr. Costa, Mr. Fujikawa stated that the original list of affordable housing projects that originated with our previous Mayor has not been expanded; however, the County Housing Agency had recently added on this Paanau Housing Project, Phase 2 in late 2009.

Mr. Fujikawa also stated that this Affordable Housing Task Force acts like a facilitator between the developers and the government agencies in hopes of getting the projects done as soon as possible.

On query by Chair Nishimura, Mr. Fujikawa stated that our list of water projects above, upon completion, would assist with the water conditions for the proposed affordable housing projects that are earmarked for State lands that were 'executive ordered' to the County under Mayor Baptiste's term. Mr. Fujikawa added that the

initial plan was to complete our water projects by the agreed upon County deadline of December, 2008; however, the County has not finalized the completion of the development of these State parcels.

Chair Nishimura stated his concern that he would want the DOW to be aligned with whatever the County's affordable housing plans are, especially if it changes. Mr. Fujikawa replied that is the purpose of the Affordable Housing Task Force as there is an understanding that the Mayor and his County agencies would facilitate and fast track what needs to be done.

Mr. K. Fujimoto reported that there are only 2 of the DOW's affordable housing projects that are presently moving steadily forward and they are: 1) Job No. 05-03, KW-25, Kapilimao 0.5 million gallon tank; and 2) Job No. 02-14, WK-09, Kapaa Homesteads 0.5 million gallon tank.

Chair Nishimura added that the Board approved contract amendments at this meeting to the following 2 projects that could now start moving forward: 1) Job No. 02-14, WK-08, Kapahi 1.0 million gallon tank; and 2) Job No. WK-39, Kapaa Homestead Well #4.

Mr. Costa moved to receive this report and place on file and to also send a request letter to the County Housing Agency to get an update of their priorities for their affordable housing projects to ensure that the DOW can aligns its priorities accordingly, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

Re: Report from Issue Champions

Issue No. 1, Morale:

1) Fun Committee Events:

- a) As reported in the December Public Relations Board Report, the department participated in the County's Annual Holly Jolly Wreath and Song Contests, held a Christmas Bowling Party, provided gifts for the Child and Family Services' Angel Tree Program and provided 40 meals for the KEO Homeless Shelter and Transitional Housing.
- b) Next outing: To be determined at a later date

2) Rewards Committee:

- a) Fourth Quarter Water Bucks were presented to Faith Shiramizu (Faith received 2 water bucks!), Clarita Remigio, Jenny Lewis, Roz Cristobal-Ribucan, and Lance Nakata.....with Congratulations going to our Employee of the 4th Quarter: Lance Nakata.
- b) The Rewards Committee continues to urge all division heads and managers to actively assist with the success of this Committee's mission, which is to reward positive behaviors to our DOW employees, for being proactive, being helpful,

going the extra mile, doing outstanding work, etc. Rewards are via our Water Bucks Program, which you are already familiar with, for any employee that deserves recognition for a 'job well done'. A reminder that all employees have 2 water bucks which will be replenished if given out and if needed, Fay Tateishi has an additional supply of Water Bucks. Thanks for your continued support!!

Issue No. 2, Strong and Qualified Workforce:

Updated January 15, 2010:

Recruitment

1. Kevin Pongasi, New Pipefitter Helper started work on Monday, January 4, 2010.
2. Accounting Section - Accountant IV job announcement has been posted in-house. Closing date to submit application is on January 25, 2010 close of business.
3. Waterworks Inspector II job announcement has been posted in-house. Closing date to submit application is on January 27, 2010 close of business.
4. Water Service Supervisor (WSS) III position descriptions approved by DPS. Proceeding to fill position. *(Position was posted internally.)*
5. Operations Division Clerk Dispatcher II position description approved by DPS. Proceeding to fill position. *(Position was posted internally.)*
6. Civil Engineer I position reclassified by DPS to a Project Assistant (same pay range). Proceeding to fill. *(DOW asked for an eligible list. Both job types need to be an engineer; however, do not require a license.)*
7. Civil Engineer V positions (Special Projects & Engineering Division) position descriptions approved. *(first step in recruitment process.)*
8. Commission Support Clerk position description has been submitted to DPS.

Training

1. Bill Eddy is attending leadership training at the 2010 Water and Wastewater Leadership Center – March 7-19, 2010 in North Carolina.

Issue No. 3, Water Quality:

1. Sample site work order for Kuamoo Rd. submitted in September, but no work yet. Operations requested a different site be selected. Currently using the old Poliahu State Park site since they have constructed a new bathroom.
2. New sites chosen for routine sampling to replace sites that were hard to access or have been removed
3. Main break monitoring on hold, pending finalizing procedures and follow up between both the Lab and Operations. In the meantime, Peggy is informally checking on mainline breaks.
4. New Issue #3 champion or co-champion should be from Operations.
5. Decided to go with Triggered Monitoring Plan for the new GWR. Plan submitted to SDWB (accepted by SDWB).
6. Sampling sources to see if any will present problems with fecal indicators if triggered monitoring is required. So far only Garlinghouse Tunnel seems to be problematic.
7. Kalaheo, Lawai/Omao and Koloa have to be one system under the GWR. We propose to call it Kalaheo/Koloa System #434. The proposed system has been submitted to SDWB. We are awaiting approval. Has been approved as of 12/1/09.

STATUS OF WATER PLAN 2020 PROJECTS:

PROJECTS UNDER DESIGN:

- 1) Job 02-03, KW-14, KW-15, 12" Waterline along Kaumualii Highway and Waimea Canyon Drive (Consultant: Park Engineering)
 - a. Construction contract sent to Koga Engineering & Construction for execution.
- 2) Job 03-02, HW-03, (Phase II), Wainiha Booster and Haena Tank Renovations (Consultant: Brown & Caldwell) – Consultant preparing the revised plans and specifications to address the DOW's review comments.
- 3) Job 02-18 WK-32 Phase II, Kaehulua Road Waterline (Consultant: Fukunaga & Associates) – Received Board approval and additional funding to proceed with the Phase II design. Forwarded the contract amendment to the Consultant.
- 4) Job 04-02, WK-14 Phase II, Apopo Road Waterline (Consultant: Fukunaga & Associates) – Received Board approval and additional funding to proceed with the Phase II design. Forwarded the contract amendment to the Consultant.
- 5) Job No. KW-28 Amfac Shaft (Consultant: Brown & Caldwell)
 - a. Refer to the Manager's Report for Affordable Housing Projects – Quarterly Summary Status as of December 2009.
- 6) Job 02-06, WKK-15 Kilauea Tank #2 (Consultant: Kodani & Associates) – Negotiating with landowners of the proposed tank site.
- 7) Job 05-02, H-8 Drill and Test Hanalei Well #2 (Consultant: Kodani & Associates) – Negotiating with landowners of the proposed well site.
- 8) Job 05-02, HW-12 Drill and Test Wainiha Well #4 (Consultant: Kodani & Associates) – Consultant preparing the Environmental Assessment.
- 9) Job 02-14, WK-08, Kapahi (Ornellas) Tank (Consultant: Belt Collins)
 - a. Refer to the Manager's Report for Affordable Housing Projects – Quarterly Summary Status as of December 2009.
- 10) Job WK-39 Kapaa Homesteads Well #4 (Consultant: Hawaii Pacific Engineers)
 - a. Refer to the Manager's Report for Affordable Housing Projects – Quarterly Summary Status as of December 2009.
- 11) Job No. 02-24, WK-02 Renovate Akulikuli Tunnel, Phase 2 (Consultant: SSFM International)
 - a. Refer to the Manager's Report for Affordable Housing Projects – Quarterly Summary Status as of December 2009.

PROJECTS UNDER CONSTRUCTION:

- 1) Job A-11, Anahola Well 3 (Consultant: Akinaka and Associates) (Contractor: TOMCO) – Project 100% complete.
- 2) Job 05-03, KW-25, 03-03, KW-24, Kapilimao 0.5MG Tank and 03-03 Generator Shelter (Consultants: Brown and Caldwell, Kodani & Associates)(Contractor: Kauai Builders)

- a. Refer to the Manager's Report for Affordable Housing Projects – Quarterly Summary Status as of December 2009.
- 3) Job 02-14, WK-09, 03-03, WK-15, Kapaa Homesteads 0.5 MG Tank and Makaleha Generator Shelter (Consultants: Belt Collins, Kodani & Associates, Contractor: Kauai Builders)
 - a. Refer to the Manager's Report for Affordable Housing Projects – Quarterly Summary Status as of December 2009.
- 4) Job WK-42 Phase I, 1 MG Stable Tank and Control Valves (Consultant: Tom Nance Water Resource Engineering, Contractor: Kauai Builders) – Project is 71% complete.
- 5) Job WK-42 Phase II, Kaapuni Road Waterline for Stable Tank (Consultant: Hawaii Pacific Engineers, Contractor: Earthworks Pacific, Inc.) – Project is 77% complete.
- 6) Job 02-18, WK-32, 04-02, WK-14, Phase I, Kaehulua & Apopo Roads Waterlines (Consultant: Fukunaga & Associates, Contractor: Earthworks Pacific, Inc.) – Project is 78% complete.
- 7) Job 97-10, WKK-14 Kilauea Booster Pump Station (Consultant: Austin Tsutsumi, Contractor: Oceanic Companies) – Project is 96% complete.
- 8) Job No. 05-04, KW-27, 12-Inch Waterline along Kaumualii Highway, Elepaio Road to Huakai Road, Kekaha (Consultant: Fukunaga & Associates, Contractor: Earthworks Pacific) – Project is 66% complete.
- 9) Job No. 05-07, K-07, Waha, Wawae, and Niho Road Main Replacement, Kalaheo (Consultant: Akinaka & Associates, Contractor: Koga Engineering & Construction, Inc.) – Project is 100% complete.
- 10) Job No. 04-04, PLH-09, Pipeline Replacement for Lihue Town (Consultant: Akinaka & Associates, Contractor: Cushnie Construction) – Project is 49% complete.
- 11) Job No. 04-06, KW-05 & KW-20, Kekaha Well B Renovations (Consultant: Engineering Solutions, Contractor: Goodfellow Bros.) – Project is 12% complete.
- 12) Job No. 02-05, HE-10A & PLH-41 12-Inch Waterline along Ulaula & Uliuli Roads, Eleele and 8-Inch Pressure Reducing Valve, 400 GPM Booster Pump & 6" Connecting Main, Nawiliwili (Consultant: Kodani & Associates, Contractor: Earthworks Pacific) – Project is 98% complete.

Issue No. 4, Workplace Efficiencies:

Ongoing:

- a) Jeff Mendez continues to work to broaden our information base for our Geographic Information System.

- 1) He and Heath are in the process of setting up a Geodatabase that will contain all the different types of information that will be used for GIS.

This geodatabase will contain data features, such as pipe, tanks, meters, hydrants, etc. We are also determining the attributes or information that describes these features, such as type of material.

They will be 'GPS'ing' all of the water system infrastructure and have begun testing out using our GPS devices by testing on the Anini Water System. They have no formal training on using the devices; therefore, it has been a sort of learning experience for them.

Upcoming:

- a) The Issue Champions Committee requested to work on the implementation of the DOW Contract Management System to monitor progress of the DOW's contracts.
 - 1) Still work in progress on gathering required information to input into the system.
 - 2) Clerical training will follow to assist with updating the projects on the program.
 - 3) Implementation of the DOW Contract Management System has been delayed with a new target implementation date of April 1, 2010.
 - 4) Once the system works, documentation of the process would be included in the DOW's work process manual.

- b) Envision a department-wide work process manual to be compiled with documentation of any type of divisional work processes to assist with succession planning and to better internal and external customer service
 - 1) Processes need to be reviewed and updated.
 - 2) Will be documented using Microsoft Visio software.
 - 3) Will setup internal meetings.

- c) The Issue Champions Committee requested the DOW employee's vacation/sick leave status into a computerized monthly statement, which will eventually be issued as part of the computerized payroll module.

Issue No. 5, Accountability:

- a) One of the items in the proposed cell phone policy was addressed separately via a Standard Operating Procedure (SOP) due to its urgency. SOP No. 54, Use of Cellular Telephones and Emergency Radios While Operating Company Vehicles, were sent to all DOW cell phone users in December, 2009. Due to potential liability issues, we bought hands-free ear buds for each of the DOW cell phone users. This SOP was forwarded to our unions and we have not heard anything back from them to date.

It was noted that the County of Kauai and Legislature are both looking to ban cell phone use while driving.

At a previous Issue Champions meeting, it was suggested that the opportunity to participate as an Issue Champion should be shared with other employees for renewed energy. It was also suggested to have each division head look for volunteers from their division and if none, they should designate a minimum of one person to serve as an issue champion. Each division needs to be represented.

Mr. D. Fujimoto moved to receive the Issue Champions Report and place on file, seconded by Mr. Oyama; 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).

REVIEW OF EXECUTIVE SESSION MINUTES: December 17, 2009 (Minutes deferred.)

Mr. Oyama moved to defer Executive Session Item No. ES-2007, seconded by Mr. Costa; by a unanimous vote, motion was carried.

1. ES-2007 (12-13-07 & 2-14-08) - Pursuant to Haw. Rev. Stat. Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to consult with Legal Counsel regarding questions and issues pertaining to the Board's and Department of Water's liabilities, powers and duties regarding personnel, labor and employment issues. This consultation involves consideration of the powers, duties, privileges, immunities and/or liabilities of the Board and the County as they relate to this agenda item and/or liabilities, claims and/or potential claims, as they relate to the foregoing and to take such action as the Board deems appropriate.

There was no Executive Session at this Board Meeting.

ADJOURNMENT:

There being no further business, the meeting was duly adjourned at about 1:50 p.m.

Respectfully submitted,

Rona Miura, Secretary

APPROVED:

David R. Craddick, P.E.
Manager and Chief Engineer

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