

MEETING MINUTES  
BOARD OF WATER SUPPLY  
Friday, January 27, 2017

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Friday, January 27, 2017. Vice Chair Laurie Ho called the meeting to order at 10:03 a.m. The following Board members were present:

BOARD: Ms. Laurie Ho, *Vice Chair*  
Mr. Lyle Tabata  
Mr. Thomas Canute  
Ms. Beth Tokioka  
Mr. Larry Dill  
Mr. Michael Dahilig (*entered meeting at 10:09 a.m.*)

EXCUSED: Mr. Sherman Shiraishi, *Chair*

Quorum was achieved with 5 members present at the time of roll call.

STAFF: Mr. Kirk Saiki Mr. Dustin Moises  
Mr. Eddie Doi Mr. Chris Nakamura  
Mr. Val Reyna Ms. Regina Flores  
Ms. Anne Parrott Mr. Carl Arume  
Mr. Keith Aoki Ms. Kim Tamaoka  
Deputy County Attorney Mahealani Krafft Ms. MJ Akuna

GUEST(s): Mr. Hall Parrott – Private Citizen  
Ms. Shawn Shimabukuro – Grove Farm Company  
Mr. Royce Kawabata – Grove Farm Company  
Mr. Tyler Navarro – Kodani & Associates Engineers

**ACCEPTANCE OF AGENDA**

Vice Chair Ho suggested to move the Item J. Executive Session before Adjournment.

Mr. Tabata moved to approve the reorder of the Agenda by Chair Ho to move the Item J. Executive Session before Adjournment; seconded by Ms. Tokioka; with no objections, motion carried with 5 ayes.

**D. MEETING MINUTES**

**Review and approval of:**

Regular Board Meeting – December 23, 2016

Mr. Dill referenced page 12 of the minutes:

- Manager will provide all of the accounting policy re-descriptions that the Department should have (i.e., what does it entail and what is needed) by the next Board meeting. Manager Saiki commented that the accounting policy re-descriptions will be ready by the February Board meeting

*At 10:09 a.m., Mr. Dahilig entered the meeting.*

Mr. Tabata moved to approve as amended the Regular Board Meeting minutes of December 23, 2016; seconded by Ms. Tokioka; with no objections, motion carried with 6 ayes.

**Review and approval of Executive Session:**

Executive Session – December 23, 2016

Mr. Tabata moved to approve the Executive Session minutes of December 23, 2016; seconded by Ms. Tokioka; with no objections, motion carried with 6 ayes.

**E. CORRESPONDENCE/ANNOUNCEMENTS**

Vice Chair Ho welcomed new Board member Mr. Tom Canute and for volunteering for the Finance Committee.

**F. BOARD COMMITTEE REPORTS**

None.

*At 10:11 a.m., Mr. Dill exited the meeting.*

*At 10:12 a.m., Mr. Dill re-entered the meeting.*

**G. OLD BUSINESS**

1. Manager's Report No. 16-46 - Discussion and Receipt on the Memorandum of Understanding with the Board of Water, County of Kaua'i between Keith P. Robinson and Bruce B. Robinson for the Existing Hā'ena 100,000 Gallon Storage Tank, Existing Hā'ena 6,500 Gallon Storage Tank, Existing Wainiha Booster Pump Station, Proposed Hā'ena 200,000 Gallon Storage Tank (WP2020 Project No. HW-11), and Proposed Wainiha Well #4 (WP2020 Project No. HW-12, Job No. 05-02), TMK: (4) 5-8-002:003, Hā'ena, Kaua'i, Hawai'i (*Update No. 2*)

**BACKGROUND:**

Manager Saiki recommended that the Board receive the updated Memorandum of Understanding which was previously approved by the Board on March 31, 2016.

**DISCUSSION:**

Civil Engineer Mr. Aoki has been working with Mr. Keith Robinson on the negotiation of the MOU. Keith's brother Bruce added two more items on the MOU which were highlighted in red in the report packet. The Department is in agreement on the proposed additions. Deputy County Attorney Ms. Krafft explained the clarifications that Mr. Robinson requested.

Mr. Dahilig moved to receive and ratify the changes in the Memorandum of Understanding with the Board of Water, County of Kaua'i between Keith P. Robinson and Bruce B. Robinson for the Existing Hā'ena 100,000 Gallon Storage Tank, Existing Hā'ena 6,500 Gallon Storage Tank, Existing Wainiha Booster Pump Station, Proposed Hā'ena 200,000 Gallon Storage Tank (WP2020 Project No. HW-11), and Proposed Wainiha Well #4 (WP2020 Project No. HW-12, Job No. 05-02), TMK: (4) 5-8-002:003, Hā'ena, Kaua'i, Hawai'i (*Update No. 2*); seconded by Ms. Tokioka; with no objections, motion carried with 6 ayes.

**H. NEW BUSINESS**

1. Manager's Report No. 17-23 – Discussion and Possible Action to approve a Right of Entry Agreement from McBryde Sugar Company LLC that will allow the Department of Water to locate a booster pump and water line affecting land owner:
  - a. McBryde Sugar Company, LLC, TMK: (4) 2-1-001:003, for WP2020 Project No. HE-1 (Water System Reorganization) Eleele, Kaua'i, Hawai'i

**BACKGROUND:**

Manager Saiki recommended the Board approve the Right of Entry Agreement.

Mr. Dahilig moved to approve a Right of Entry Agreement from McBryde Sugar Company LLC that will allow the Department of Water to locate a booster pump and water line affecting land owner: a. McBryde Sugar Company, LLC, TMK: (4) 2-1-001:003, for WP2020 Project No. HE-1 (Water System Reorganization) Eleele, Kaua'i, Hawai'i; seconded by Mr. Dill; with no objections, motion carried with 6 ayes.

2. Manager's Report No. 17-24 – Discussion and Possible Action for Board approval to Request for State of Hawai'i, Department of Land and Natural Resources Application Form to obtain an Executive Order for the Clearwell Tank site as part of the Kalāheo Water Improvements Project, Package B – 0.5 MG Clearwell Reservoir, Kalāheo, Kaua'i, Hawai'i

Mr. Dahilig moved to approve the Request for State of Hawai'i, Department of Land and Natural Resources Application Form to obtain an Executive Order for the Clearwell Tank site as part of the Kalāheo Water Improvements Project, Package B – 0.5 MG Clearwell Reservoir, Kalāheo, Kaua'i, Hawai'i; seconded by Mr. Dill; with no objections, motion carried with 6 ayes.

3. Manager's Report No. 17-25 - Discussion and Possible Action on Grant of Easement for Wailaau Road Water Line, Koloa, Kaua'i, TMK: (4) 2-8-04:01, Lihue, Kaua'i, Hawai'i, affecting the Following Landowner:
  - a. Grove Farm Properties, Incorporated, affecting TMK(s): (4) 2-8-04:01, Lihue, Kaua'i, Hawai'i

#### **BACKGROUND:**

Manager Saiki recommended approval on the Grant of Easement for Wailaau Road Water Line, Koloa, Kaua'i, TMK: (4) 2-8-04:01, Lihue, Kaua'i, Hawai'i, affecting the Following Landowner: a. Grove Farm Properties, Incorporated, affecting TMK(s): (4) 2-8-04:01, Lihue, Kaua'i, Hawai'i.

Mr. Dill moved to approve the Grant of Easement for Wailaau Road Water Line, Koloa, Kaua'i, TMK: (4) 2-8-04:01, Lihue, Kaua'i, Hawai'i, affecting the Following Landowner: a. Grove Farm Properties, Incorporated, affecting TMK(s): (4) 2-8-04:01, Lihue, Kaua'i, Hawai'i; seconded by Ms. Tokioka; with no objections, motion carried with 6 ayes.

4. Manager's Report No. 17-26 – Discussion Possible Action on the Conveyance of Water Facility from Grove Farm Company, Incorporated, for the Wailaau Road Water Line, TMK: (4) 2-8-02: Kōloa, Kaua'i Hawai'i

#### **DISCUSSION:**

Mr. Dahilig asked if the Conveyance of Water Facility is a condition of approval. Was there an action based on an issued permit? Construction Project Management Officer Mr. Moises explained Board Policy 24 requires a Manager's Report for conveyances exceeding \$500,000. Grove Farm is taking their existing private system off the Department's system and becoming a Department of Water (DOW) customer so that they could have a mainline extension connected to DOW. Chief of Water Resources and Planning Mr. Doi said Grove Farm will be getting new meters.

Mr. Dahilig asked if the homes on the private system will receive maintenance on the private system. Mr. Doi explained when Grove Farm reconnects, they will eventually terminate the private service. Manager Saiki added Grove Farm will not have any responsibility on the private system. Mr. Moises explained once the new Department meters are dropped in, the service for the homes on the private system will be disconnected (abandoned).

The main concern Mr. Dahilig had was if there would be any liability on the infrastructure when the Department takes over service. He wanted to prevent complaints with abandoned pipelines.

Testimony was allowed for the public.

*Ms. Shawn Shimabukuro, Grove Farm Company provided her testimony.*

Ms. Shimabukuro explained the private system belongs to Knudsen Trust. Grove Farm will cut and plug the system once the connection is on the Department's source; the mainline will be abandoned. The line in the back that services the homes will be left as is. Knudsen Trust will take over their Kōloa water system. DOW's source is coming from the front of the house. Mr. Doi said an agreement was entered with each homeowner.

**DISCUSSION:**

Mr. Dahilig was comfortable with the explanation as long as it does not create an environmental liability.

Mr. Moises clarified the pipe was never owned by DOW because it was on private property and would not create a liability for DOW. The new line was connected to the DOW's system last Tuesday. There are 19 connections serving 24 homes.

Ms. Shimabukuro thanked the staff, Eddie, Dustin and Keith and working with them has been great on this challenging project. Mr. Moises also thanked Grove Farm for adding 19 new customers.

Mr. Dill moved to approve Discussion Possible Action on the Conveyance of Water Facility from Grove Farm Company, Incorporated, for the Wailaau Road Water Line, TMK: (4) 2-8-02: Kōloa, Kaua'i Hawai'i; seconded by Mr. Canute; with no objections, motion carried with 6 ayes.

**I. STAFF REPORTS**  
**MONTHLY**

1. Discussion and Receipt of the Kaua'i County Water Department's Statement of Revenues and Expenditures
  - a. December Monthly Summary Budget

**DISCUSSION:**

Mr. Dill inquired on the disparity on the Capital Project Budget of \$20.9M vs. Actual of \$1.6M as of December 2016. Manager Saiki explained no capital projects have been built which have been in design a long time. The allocated \$20M was projected to be spent this fiscal year. The funds come from different sources of capital projects, bond money funded by the customer and Facilities Reserve Charges (FRC) rates. Mr. Dill urged the Department to get the projects out.

Ms. Tokioka asked if the budget amount will be spent by the end of this year. Manager Saiki said the Department will not spend the \$20M which is partly due to staffing up. Getting the projects done is not only by internal staff. Manager Saiki answered Mr. Canute's question regarding the capital project amount not spent which will be carried over to the next fiscal year. Manager Saiki is trying to be transparent by telling the Board the Department completed 1 project or 20 projects. In the past, to satisfy the Board, a project list was provided by the Manager.

Ms. Tokioka asked what was the \$118.8K other water revenue projections for? Will this continue? Per Ms. Yano, they were for small DOW projects, water connections and meter installations for customers and it depended on the number of water applications received. The FRC applications were down this year and in the coming year, installations may slow down.

Mr. Dahilig moved to receive the Discussion and Receipt of the Kaua'i County Water Department's Statement of Revenues and Expenditures, b) December Monthly Summary Budget; seconded by Mr. Dill; with no objections, motion carried with 6 ayes.

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

**BACKGROUND:**

Information and Education Specialist Ms. Tamaoka highlighted the following:

1. The future print ad and informational brochure are being updated which coincides with IT and Fiscal's new billing system regarding on line services and payment. No launch date set for on-line services.

**DISCUSSION:**

Mr. Dahilig asked if there is an anticipated water shut down, what is the general practice when the public is notified on shutdowns? Ms. Tamaoka explained a work order is generated, Ops tells her who is affected, a press release is sent out one (1) week in advance and a mass notification is sent out through the County's Connect CTY

Mr. Dahilig explained there may be feedback from the public of when they are notified and that the notice is not enough time to plan for a shut down. The public notice should be sent out well in advance.

Deputy County Attorney Mr. Krafft mentioned if the Board would like more information on how to notify the public, it would have to be an agenda item.

Ms. Tamaoka said chlorinating water is done two (2) weeks in advance. Once the results of the chlorination passes, the notice of the shutdown is done one (1) week in advance. Manager Saiki could work on how to get notices out better such as the upcoming Hanamā'ulu shutdown.

Mr. Dahilig asked Ms. Tamaoka to add on the notice "this is a health and safety matter." The public has a misconception that closing lanes or shutting water systems is not responsive to health and safety matters.

Mr. Dahilig moved to receive the Report by the Information and Education Specialist on Public Relations Activities; seconded by Mr. Canute; with no objections, motion carried with 6 ayes.

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. Completed upgrade in December on the Supervisory Control & Data Acquisition (SCADA) communications in Wainiha and Princeville. Operations now has an FCC license for high frequency radios for that subsystem.
2. Water Loss for calendar year 2016 is 12.5% within the industry standard. Next year's goal is 10%. Operations is working with the Rural Water Association who helped deploy their leak detection equipment and an equipment supplier who detected water loss in Kekaha last week. A long running water leak was detected by the leak detection devices. Kekaha has more than 15% water loss and Operations will concentrate on this area. Operations has its own leak detection equipment and plans to purchase more. When Operations receives the leak reports, Mr. Reyna

compares the Department's production with the billing to concentrate on areas with non-revenue water (water loss). Audits are done every year which is a State law.

Mr. Dill moved to receive the Chief of Operation's Summary Report on Operational Activities; seconded by Ms. Tokioka; with no objections, motion carried with 6 ayes.

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

**BACKGROUND:**

Manager Saiki provided the following highlights:

1. Transfer of Salary Funding within the DOW's Engineering Division in the amount of \$46,139 – Funding is transferred from a CE II to acquire a CE V.
2. Recruitment and Position Actions –  
*Deputy Manager position* - closed January 17<sup>th</sup>. Department of Human Resources is reviewing the applications and interviews will be scheduled.  
*Accountant I position* – filled to assist with the new billing system.
3. Claims Settled - \$57.81 for Claimant C. Heartsong.

Mr. Dahilig moved to receive the Manager and Chief Engineer's Monthly Update Regarding Activities of Note of the DOW; seconded by Mr. Dill; with no objections; motion carried with 6 ayes.

- a. Report of the BAB pay down as of December 2016

Mr. Dahilig moved to receive the Report of the BAB pay down as of December 2016; seconded by Mr. Dill; with no objections; motion carried with 6 ayes.

**QUARTERLY** (*October – December 2016*)

1. Discussion and Receipt of the DOW's Quarterly Project Status Update
  - a. Construction Management Division Status

**BACKGROUND:**

Mr. Moises summarized the Executive Summary for Construction Management (CM):

1. Connected Halewili waterline for the new building.
2. Started construction on Kōloa Well D.

Since Mr. Moises has been more engaged with the design team, he has a better gauge of what projects are coming out of design. There are imminent design projects coming on line (page 111). DOW's CM could only procure 6 projects a year and every other month because there is not enough staff to manage the 6 capital projects and private projects. The design projects will be shown in the CM budget for next year. Bidding out on projects will begin in April. Between April and December and every other month, five (5) projects will be coming out.

**DISCUSSION:**

Mr. Dill was encouraged to see the projects coming out and thanked Mr. Moises and Mr. Aoki on their efforts. Mr. Dill asked if Mr. Moises is outsourcing CM jobs. Mr. Moises said there is one CM contract for two (2) years. His crew is picking up another contract so that he can overlap two (2) on-call CM's if needed. If four or five projects are done a year (\$20M), Mr. Moises could work on projects with the as needed CM's but could later come back to the Board for one (1) full time position.

Mr. Dill moved to receive Construction Management Division Quarterly Status Update; seconded by Mr. Canute; with no objections; motion carried with 6 ayes.

b. Engineering Division Design Status

**BACKGROUND:**

Mr. Aoki provided an update on the imminent design projects as follows:

1. 'Anini & Kalihiwai Road phase II – design should be done soon.
2. Replacement of the Grove Farm tanks – design should be done next month; final check on permitting is with the County.
3. Kōloa Well 16” Repair – plans are approved; use permit application will be done soon.
4. Hanapēpē Replacement Pump – plans to be submitted Tuesday; final plans submittal will be approved soon.
5. Kapa‘a Homestead Tank and Kapa‘a Homesteads project – There has been a long negotiation period regarding the drainage from the site. The landowner did not want to accept the additional water drainage, so another water drainage will have to be located and addressed.

Mr. Dill moved to receive the Engineering Division Design Quarterly Status Update; seconded by Ms. Tokioka; with no objections; motion carried with 6 ayes.

c. Water Resources & Planning Division Status

**BACKGROUND:**

Mr. Doi stated the Water Use Development Plan sustainable numbers were provided. The consultant has been working on a draft on the larger system.

Mr. Dahilig acknowledged Mr. Doi and the Water Resources & Planning Division which has been very accommodating and open with communication.

Mr. Dill inquired about the yielded numbers from last year’s numbers. Mr. Doi said the numbers went up but more studies had to be done. Manager Saiki added the sustainable yield went up but then was cut in half, and is still below the sustainable yield for the island which is based on how the consultant does their studies.

Mr. Dill noted the water restriction policies (page 139), and asked if some of the projects that anticipated Notice To Proceed (NTP) will allow the Department to release some restrictions. Mr. Doi said there will be some restrictions in Kapa‘a Homestead and Waimiha.

Mr. Dahilig moved to receive Water Resources & Planning Division Quarterly Status Update; seconded by Mr. Dill; with no objections; motion carried with 6 ayes.

**K. TOPICS FOR NEXT WATER BOARD MEETING (February 2017)**

1. Employees of the Year Resolution
2. Workshop presentation regarding the Financial Management Planning and Water Rate Analysis for the Department of Water, an update by Raftelis Financial (\*8 am – 11 am)
3. Discussion and Possible Action on Financial Management Planning and Water Rate Analysis for the Department of Water, an update by Raftelis Financial (\*\*Start Board Meeting @ 10 am or soon thereafter)
4. Discussion and Possible Action on the Accounting Policy Re-descriptions
5. Manager’s Report No. 16-38 – Discussion and Possible Action on the Proposed Rule Amendments to Part 5, Facilities Reserve Charge Section III, Applicability relating to Multi-Family Dwelling Units

**L. TOPICS FOR FUTURE WATER BOARD MEETINGS**

1. Discussion and Possible Action on a Right of Entry Agreement for a portion of the Department of Water's Koloa 1.0 MG Tank site, TMK: (4) 2 7-003:008, Lot 426, Affecting the following:
  - a. Kauai Island Utility Cooperative (KIUC), TMK: (4) 2-7-003:008, Koloa, Kaua'i, Hawai'i
2. Draft Budget for Fiscal Year 2017-2018 *(March 2017)*
  - a. Fiscal Year 2017 - 2018 – Draft Operating Budget
  - b. Fiscal Year 2017 - 2018 – Draft Capital Outlay Budget
3. Discussion and Possible Action on Board Policy regarding Proposed Delegation of a Meter Restriction
4. Workshop presentation regarding the Long Range Plan of the Department of Water's former Administration Building
5. Discussion and Possible Action on Proposed Board Policy for Delegating Routine Actions from the Water Board to the Department of Water's Manager and Chief Engineer regarding Right of Entry

**M. UPCOMING EVENTS**

1. HWWA & HWEA Pacific Water Conference, Honolulu, HI *(February 14 – 16, 2017)*
  2. AWWA Annual Conference, Philadelphia, PA *(June 11 - 14, 2017)* (4 registrations available for Board)
  3. Project Wet – Make A Splash *(Tentative: September 28, 2017)*
  4. HWWA & HRWA Conference, Hawai'i, HI *(November 1 – 3, 2017)*
- (Possible Board attendance to Hawai'i State Association for Counties (HSAC); Kaua'i to host. Ms. Tokioka will provide information on HSAC to be held in June 2017.)

**N. NEXT WATER BOARD MEETING**

1. Friday, February 24, 2017, 8:00 am – *Workshop on Rate Study* (worksheet will be requested)
2. Friday, February 24, 2017, 10:00 a.m.
3. Friday, March 24, 2017, 10:00 a.m.
4. Friday, April 28, 2017, 10:00 a.m.

There was no public testimony to agenda items before Executive Session.

At 11:09 a.m., Mr. Dahilig moved to go into Executive Session and read the Executive Session language; seconded by Mr. Canute: with no objections, motion carried with 6 ayes.

**J. EXECUTIVE SESSION**

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

1. *Pursuant to Hawai'i Revised Statutes (HRS) Section 92-4, 92-5(a)(4), the purpose of this executive session is to review executive session minutes dated **December 27, 2016**. This consultation involves the consideration of the powers, duties, privileges, immunities, and/or liabilities of the Board and the Department as they relate to this agenda item.*
2. *Pursuant to Hawai'i Revised Statutes §92-4 and §92-5 (a)(4), the purpose of this Executive Session is for the Board to consult with its attorney on issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as they may relate to this agenda item*




- a. Manager's Report No. 16-38 – Discussion and Possible Action on the Proposed Rule Amendments to Part 5, Facilities Reserve Charge Section III, Applicability relating to Multi-Family Dwelling Units (Regarding Paragraph 3d)

Vice Chair Ho reconvened the Regular Board meeting at 11:25 a.m. with no objections.

O. **ADJOURNMENT**

Mr. Tabata moved to adjourn the Regular Meeting at 11:25 a.m.; seconded by Mr. Dill; with no objections, motion carried with 6 ayes.

Respectfully submitted,

  
Edie Ignacio Neumiller  
Commission Support Clerk

Approved,

  
Beth Tokioka  
Secretary – Board of Water Supply