

MEETING MINUTES
BOARD OF WATER SUPPLY
January 30, 2019
(Rescheduled from January 25, 2019)

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihue on Wednesday, January 30, 2019. Chair Thomas Canute called the meeting to order at 10:04 a.m. The following Board members were present:

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

EXCUSED: Ms. Beth Tokioka

Quorum was achieved with 5 members present at Roll Call.

STAFF: Mr. Bryan Wienand Mrs. Sandi Nadatani-Mendez
Mr. Valentino Reyna Mr. Carl Arume
Mr. Dustin Moises Mr. Michael Hinazumi
Mr. Edward Doi Mrs. Jonell Kaohelaulii
Mr. Keith Aoki Ms. Christine Erorita
Mr. Jeffery Mendez Mrs. Marites Yano
DCA Mahealani Krafft

GUESTS: Councilwoman Felicia Cowden Ms. Alison Lewis, Public Citizen
Mr. Dave Hinazumi, Grove Farm Company Ms. Dorothy Cuadro, Public Citizen
Ms. Shawn Shimabukuro, Grove Farm Company Mr. Albert Genovia, Public Citizen
Ms. Bridget Hammerquist, Ka'i Wai O Wai'ale'ale Mr. Milo Spindt, Private Citizen
Ms. Millicent Cummings, Ka'i Wai'i O Wai'ale'ale Mr. Hall Parrott, Private Citizen
Ms. Hope Kallai, Ka'i O Wai'ale'ale
Ms. Sharon Goodwin, Ka'i O Wai'ale'ale
Mr. Matt Bracken, Office of County Attorney

A. CALL TO ORDER

B. ROLL CALL

C. ACCEPTANCE OF AGENDA

Mr. Shiraishi approved to move up Manager's Report No. 19-37 and Manager's Report No. 19-42 in the Agenda; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

H. NEW BUSINESS

1. Manager's Report No. 19-37 - Discussion and Possible Action to Approve Additional Funding to procure Special Counsel to provide arbitration or mediation and employment litigation and related legal services for the Department of Water in the amount of \$40,000.00

BACKGROUND:

Manager Wienand commented that the County of Kaua'i was named as a defendant in the First Amended Complaint for the subject civil case. The Plaintiff is a former Department of Water employee. Office of the County Attorney is currently short staffed to handle this case. Additional funds are being requested to procure Special Counsel to represent the County of Kaua'i. The specific amount of funds

are not known at this time but the requested amount is based on a recommendation from the Office of the County Attorney. County Attorney Matt Bracken was present for further discussion in Executive Session.

At 10:07 a.m., Ms. Ho moved to go into Executive Session; seconded by Mr. Hull; with no objections, motion was carried with 5 ayes.

K. EXECUTIVE SESSION

1. *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 the Board's attorney on questions and 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. 19-37 - Discussion and Possible Action to Request Board Approval for Additional Funding to procure Special Counsel to provide legal services for the Department of Water in the amount of \$40,000.00*

Manager Wienand was present during Executive Session. DCA Krafft was not present for Executive Session to avoid any conflict of interest.

Mr. Shiraishi approved a. Manager's Report No. 19-37 - Discussion and Possible Action to Request Board Approval for Additional Funding to procure Special Counsel to provide legal services for the Department of Water in the amount of \$40,000.00; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

At 10:18 a.m., Mr. Dill moved to go out of Executive Session, seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

At 10:21 a.m., Chair Canute reconvened the Regular Board Meeting with no objections.

H. NEW BUSINESS (cont'd)

7. *Manager's Report No. 19-42 –Discussion and Receipt of Update regarding Status of Water Treatment and Delivery Agreement with Grove Farm Properties, Inc.*

BACKGROUND:

Manager Wienand provided an update for the Board on the status of the Water Treatment and Delivery Agreement with Grove Farm. In 2004, this agreement was executed with a provision that the agreement would be valid for 15 years from February 19, 2004. The provision has an automatic extension in successive two (2) year periods, known as the “Renewal Term” unless or until the facility is dedicated to the Board of Water Supply or if either party delivers written notice that the two (2) year term would be terminated upon mutual agreement. Manager Wienand added the Surface Water Treatment Plant (SWTP) has an average of 2.4M gallons of water per day for the Puhī-Līhu'e-Hanamā'ulu water system that is interconnected with the Wailua-Kapa'a water system. In December 2016, this agreement was amended to update the rate that the Department pays per 1,000 gallons of water to \$1.90, which is lower than the rate the Department charges its customer, starting at \$3.80 cents per 1,000 gallons of water moving up the tier to \$4.85 and so on.

Referenced in the authorized agreement on Grove Farm's rights were the diversions of the Commission on Water Resource Management. Manager indicated that this agenda item was posted a week ago and the authorizing agreements were not received at that time, but the documents have now been received from Grove Farm. Manager Wienand thanked Grove Farm for providing the documents and stated that the Department would review. The Department will continue evaluating whether or not to assume

ownership of the SWTP within the next two years and to consider what manpower is needed to operate and maintain the plant and costs associated with ownership and maintenance.

DISCUSSION:

Manager Wienand confirmed receiving a registered public document with the Commission on Water Resource Management and received documents referenced under Section 2.b. An evaluation of the associated issues will also be reviewed by the Department.

Mr. Dill asked if the Department has the resources to operate the facility? Manager Wienand stated the Department currently does not have the resources and mentioned the different types of certification licensing required for the SWTP have been challenging for in-house staff. In the next two (2) years, the assessment will require an evaluation of manpower requirements and to guarantee the Department has the manpower to operate the plant. Currently Grove Farm has a contract with Aqua Engineers. Mr. Shiraishi said the Board could continue to retain Aqua Engineers. Manager concurred.

Mr. Dill inquired what the SWTP is delivering now and its current capacity. Manager Wienand said the plant capacity is 3M gallons per day and the Department's average day demand is 2.4M gallons per day. The Department pays \$1.90 per 1,000 gallons as mentioned earlier. The footprint of the plant is currently configured to meet the demands for the average day. If the plant is non-operational, the Department can meet the average day demand with the interconnection from the Wailua-Kapa'a system, but would be dependent on the Wailua-Kapa'a-Hanamā'ulu system with no redundancy to allow for reaching peak day demands and adequate response to fire flows.

Mr. Dill asked how difficult would it be to expand the capacity? Manager Wienand said the key issue is getting the authority from the Commission on Water Resource Management to ensure the rights are allocated. There are other considerations for increasing capacity beyond the configuration of the plant including: cost construction, additional storage to increase capacity, and additional source.

Mr. Shiraishi noted that the agreement states a capacity of 4M gallons per day. Manager Wienand mentioned the Department has tested the plant but has not reached the 4M gallons per day, to his knowledge, as it is currently configured.

Ms. Shawn Shimabukuro, Grove Farm representative provided her testimony.

Ms. Shimabukuro mentioned that the Department of Health requires 4M gallons per day maximum but Grove Farm safely operates at 3M gallons per day.

Mr. Aoki added the Department is currently reviewing design upgrades on the plant. Manager Wienand said per the agreement, it is a 2/3, 1/3 share (2/3 of the water is allocated for the Department and 1/3 is allocated for Grove Farm).

D. MEETING MINUTES

Review and approval of:

Regular Board Meeting – December 28, 2018

Mr. Dill approved the Regular Board Meeting minutes of December 28, 2018; seconded by Mr. Hull; with no objections, motion carried with 5 ayes.

At 10:35 a.m., Chair Canute recessed the Board meeting to take care of a technical issue; seconded by Mr. Hull; with no objections, motion carried with 5 ayes.

At 10:38 a.m., Chair Canute reconvened the Board meeting; with no objections.

E. CORRESPONDENCE/ANNOUNCEMENTS

1. Correspondence from Ellen Ching, Administrator Office of Boards and Commissions regarding an Invitation to Join the Police Commission in a discussion regarding Salaries dated December 27, 2018

BACKGROUND:

Chair Canute mentioned that communication was sent to Ellen Ching declining the invitation to join the Police Commission in the salary discussions because the Board of Water had not taken a position or discussed this matter.

DISCUSSION:

Mr. Dill read Chairperson's Report No. 19-39 requesting the Chair to attend the Salary Commission and to provide the Board's collective opinion to increase maximum salary of certain officers and employees of the Department of Water. There was no background information that would lead to the Board's support.

Chair Canute explained that the Police Commission and the Fire Commission had issues relating to the maximum salaries for hiring Chiefs set by the Salary Commission. This has affected applicants who backed out of accepting positions.

Mr. Dill expressed that the Board could address this issue with the Salary Commission on inversions that exist with employees within the Department that make more money than the Chief's position.

Mr. Shiraishi raised a Point of Order, that Agenda Item E1 Correspondence was being discussed not the Chairperson's Report No. 19-39.

Chair Canute continued with the next Agenda item.

F. BOARD COMMITTEE & PERMITTED INTERACTION GROUP REPORTS

None.

G. OLD BUSINESS

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

BACKGROUND:

Chair Canute mentioned the Board of Water is down three (3) members; pending two (2) hold over members; and one (1) Ex-Officio County Engineer from Public Works.

DISCUSSION:

Mr. Shiraishi agreed to be on the Finance and Rules committees during his 90-day hold over. Mr. Hull is willing to serve in a committee but prefers to wait for the new Board members.

Mr. Shiraishi deferred Committee Appointments for 2019 Rules Committee, Finance Committee, Audit Committee, Committee of the Whole to the February Board meeting, pending new Board members; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

H. NEW BUSINESS (cont'd)

2. Manager's Report No. 19-38 - Discussion and Possible Action for Additional Funding to Award Job No. 19-03, Makaleha On-Site Sodium Hypochlorite Generation Pilot Project in the amount of \$88,429.05

BACKGROUND:

Manager Wienand mentioned funds are being requested for the contract to be executed. The cost evaluation was done and the price is reasonable. This was budgeted lower than what came in because when the preliminary pilot project was planned, the Department had a limited preliminary understanding of the specifications. The Operations Division did extensive comparative research with Maui County, other sodium hypochlorite installations across the state, the cost of sodium hypochlorite generation and valuable information on what other water agencies found to be beneficial and reasonable for similar projects. This will serve as a pilot for the entire island to use sodium hypochlorite versus relying on a vendor delivering large jugs to each site regularly, which is time consuming for staff. The vendor cost rates have gone up 47% in 2018. If this pilot project is successful, the Department will review what works and the associated costs and benefits. The big benefit of on-site sodium hypochlorite generation is that it would be generated on site. This is comparable to a generator providing power in an outage, if power is lost, the Department would not have to depend on power from the grid in an emergency situation. Similarly, we will not need to rely on a vendor delivering chemicals during an emergency. The Department would be able to ensure there is disinfectant in the tank. Manager Wienand recommended the additional funding for this contract.

DISCUSSION:

Mr. Dill asked if there were any plant operator issues to consider? Manager Wienand was not aware of any operator issues. Chief of Operations Mr. Reyna added Water Plant Operator III and Water Plant Operator I would be able to operate/handle the materials. Mr. Dill wanted to know how long would it take for the system to pay for itself? Mr. Reyna did not know the Return on Investment (ROI) or if it will increase the labor cost or balance out. The on-site generation of diluting the disinfectant would be diluted to specification on site. Travel time is reduced which is not included in the pilot, but safety while transporting the sodium hypochlorite is a factor. Currently Operations receives high concentrations of sodium hypochlorite which need to be diluted.

A source of brine was mentioned by Mr. Dill. Mr. Reyna said a large purchase of commercial grade salt is available from Home Depot, Ace Hardware and Wal-Mart. Mr. Dill asked would it be cheaper to purchase the salt instead of the sodium hypochlorite? Mr. Reyna mentioned salt is much cheaper. By spending \$50,000 last year on sodium hypochlorite, Mr. Dill inquired what the annual cost of commercial grade salt? Mr. Reyna gave an approximate cost of 7 cents a pound for commercial grade salt.

Manager Wienand clarified that this is one pilot project and the recommendation is not based only on cost. In this discussion the cost is being compared island wide of what is spent on sodium hypochlorite, so that is an important clarification. The Department is spending more on this pilot project with a long return on investment with the on-site sodium hypochlorite generation. Based on the pilot, the Department is looking at how effective the technology is and how beneficial it is for operations. The resiliency gained is the greatest contributing factor of this pilot project; by spending more for a greater level of service for the island. In terms of cost, this would not be done at all of the sites, but the DOW will look at critical tanks that need to maintain service after a hurricane.

Mr. Reyna said the priorities for water service are where there are hospitals. The Makaleha pilot site is the water source for Mahelona Hospital, Kilohana is a water source for Wilcox Medical Center and Kekaha, Waimea is the water source for Kaua'i Veterans Memorial Hospital.

Mr. Dill agreed with Manager Wienand's comments of gaining resiliency with the system. He requested the annual cost of raw materials to see what the Department is saving. Manager Wienand agreed to provide an update in the Manager's Update report at next month's meeting.

Mr. Dill approved Manager's Report No. 19-38 - Discussion and Possible Action for Additional Funding to Award Job No. 19-03, Makaleha On-Site Sodium Hypochlorite Generation Pilot Project in the amount of \$88,429.05; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

Mr. Shiraishi moved to amend the Agenda to move up New Business Item No. 6, Manager's Report No. 19-41 since Grove Farm guests were present; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

6. Manager's Report No. 19-41 - Discussion and Possible Action to approve a Grant of Easement Agreement for Puakea I Subdivision, affecting the following:
 - a. Grove Farm Properties, Inc., TMK: (4) 3-3-020:031, Līhu'e, Kaua'i, Hawai'i

Mr. Shiraishi moved to approve Manager's Report No. 19-41 - Discussion and Possible Action to approve a Grant of Easement Agreement for Puakea I Subdivision, affecting the following: a. Grove Farm Properties, Inc., TMK: (4) 3-3-020:031, Līhu'e, Kaua'i, Hawai'i; seconded by Mr. Hull; with no objections, motion carried with 5 ayes.

3. Chairperson's Report No. 19-39 - Discussion and possible Action concerning the Board's position on the Salary Commission's agenda item no. SC 2019-03 "Discussion and decision-making on submitting a Salary Resolution establishing the maximum cap for salaries for certain County officers and employees included in Section 3-2.1 of the Kaua'i County Code for the Fiscal Year 2018-2019"

DISCUSSION:

Mr. Shiraishi mentioned retention and attracting qualified candidates for County department heads is important even if it costs tax payers more. Salaries in governmental entities are not competitive to the private sector. He stated that the County may not be able to match salaries in the private sector, but they should be more competitive.

Mr. Dill agreed that salary inversions currently exist within the departments. The Board should express support but if the Salary Commission wants a specific proposal it may require further discussion which was not indicated in the report.

Mr. Hull added the inversions should be addressed along with competitiveness and the cost of living when discussing salaries. What is hard to understand is when the various unit negotiations are done, they make the same argument on the competitiveness, cost of living and increase salary pay schedule for these units. The Administration could come back and explain to Council during the negotiations that they cannot afford to increase unit salaries because of lack of funding, but turn around and go before Council with the Salary Commission with the need to move up the director and deputy's pay because of the competitiveness and cost of living. He cautions on what paths the Board's direction is in.

Chair Canute asked the Board if a recommendation should be done. Mr. Shiraishi said the Board is in agreement that salaries and pay should be commensurate with the private sector. He questioned what authority does the Board have to establish salaries? The Salary Commission establishes the max and the Water Board could go up to that max. Chair Canute could express to the Salary Commission to increase the max but what would the max be?

DCA Krafft understood that the Salary Commissions discussion is thinking of a 2% increase to the cap if there has not been a change to the request for the Chair to attend the meeting. She confirmed that Ms. Ching's correspondence for the Chair to engage in discussions with the Salary Commission would be on behalf of the Board. The Kaua'i Police Commission wanted to know if the other commissions came

across the same issue: that the pool of applicants was limited because of the maximum salary that could be offered.

Mr. Dill asked the Manager if there were any salary inversions with the Department of Water (DOW) and the Manager responded that there are inversions. The Manager was also aware that there are some positions that make more than the Manager.

Mr. Hull approved Chair Canute to engage in conversations with the Salary Commission on the maximum salaries with County commissions, issued in the Chairperson's Report No. 19-39 Discussion and possible Action concerning the Board's position on the Salary Commission's agenda item no. SC 2019-03 "Discussion and decision-making on submitting a Salary Resolution establishing the maximum cap for salaries for certain County officers and employees included in Section 3-2.1 of the Kaua'i County Code for the Fiscal Year 2018-2019"; seconded by Mr. Shiraishi; with no objections, motion carried with 5 ayes.

4. Department of Water's 2019 Capital Improvement Projects - *Update*

BACKGROUND:

Manager Wienand provided an update on the DOW's 2019 CIP projects which were previously discussed at the September Board meeting. The CIP project list has been finalized and a legislative liaison was procured for the 2019 legislation session with five (5) projects that are moving forward. Refer to Board packet, page 40 for the suggested projects for which state funds being requested. The Manager attended the legislative opening day on January 16th with two (2) staff members and met with the legislators.

DISCUSSION:

Mr. Hull asked, if the state funded all of the projects what would be the next step? Would there be further Board oversight? Manager Wienand said the Department would be authorized to accept the award for state funds. The last three years, DOW received funds for three projects. The focus is to be sure the Department gets the projects into construction so that the funds do not lapse. The main considerations for the projects would be to ensure that all five (5) projects are available to construct with no land issues associated that would prevent the Department from going into construction within the next three years.

Mr. Hull asked if the projects are entitled and have all the permits? Manager Wienand said not all projects are completed with permit approvals but he is confident that all projects will be shovel ready within the next year. If this comes back to the Board, Mr. Hull would have some concerns on Priority #4 Hā'ena-Wainiha Water System, construction of the Hā'ena storage tank for fire flow to allow for the Hā'ena park expansion which are both advantageous. To expand to accommodate additional dwelling units is a concern because the General Plan policies for further growth for residential development are restricted toward Kīlauea and north shore areas. This area is subject to disaster issues with limited evacuation routes. There are county or state resources for zoning but to put resources and funding to facilitate single family dwellings is another concern. Mr. Hull is in favor of putting a 200,000 gallon tank in for fire flow but not to develop further residential development.

Manager Wienand understood Mr. Hull's concerns and assured him that the projects were discussed at the September 2018 Board meeting. An update could be provided in the Manager's Update on the specific storage deficit for the service area. This project will serve an area that has a three water meter restriction within the pressure zone. When the new storage tank is built, the restriction could be lifted for the residents in that area. The tank is needed for redundancy with one tank in that pressure zone and at a minimum, another tank is needed equal to the existing tank. The sizing of the proposed tank would be for fire flow redundancy and water system standards for the volume required. The specific number

required is not immediately available but will be provided at the next meeting; it should be between 100,000 and 200,000 gallons of water required, and the tank is sized a bit larger because of the value you gain for the minimal increase in cost to “oversize”. For example, if a 150,000 gallon tank were to be built, a proportionately smaller amount would be spent on the extra 50,000 gallons to make it 200,000 gallons.

5. Manager’s Report No. 19-40 – Discussion and Possible Action to Rescind Existing Board Policy No. 12 for Retention Periods and Destruction of Fiscal Division Records

BACKGROUND:

Manager Wienand said the existing Board Policy No. 12 is outdated from 1971. The Standard Operating Procedure (SOP) 25 addresses Retention and Destruction of Records (outdated 2-5-71). The County updated its Retention and Destruction of Records in Resolution No. 2008-39. Manager Wienand recommended that the existing Board Policy No. 12 be rescinded and allow the Department to update the internal SOP to be consistent with the County’s existing policy and Hawai’i Revised Statutes which has been updated several times since 1971. Updating the Department’s internal SOP would not require Board action on the retention of records.

DISCUSSION:

Mr. Dill asked DCA Krafft if the Board Policy No. 12 should be a Board approved policy or to let the Department handle this? DCA Krafft explained that the Board Policy and SOP is redundant because the Department would be required to follow Council’s Resolution. The Department could just have a Board Policy and not have an SOP; the Department would still be required to follow the Board Policy.

Mr. Dill moved to approve Manager’s Report No. 19-40; seconded by Mr. Shiraishi.

Mr. Shiraishi asked if the County has a record retention policy? Manager Wienand acknowledged the County has a record retention policy in place and recommended consistency with the County Resolution, but it has references to the Director of Finance. The DOW is semi-autonomous and would need to update the internal SOP for authority to make the same decisions without having to go to the Director of Finance. The Manager and the Waterworks Controller would make the same determinations in the interest of the Board and Department.

Mr. Shiraishi stated that the Department’s ultimate decision should be no more liberal than that of the Director of Finance, for example if the Finance Director mandate is eight years of retention, the Department cannot opt for six years of retention.

Chair Canute clarified the recommendation that the Resolution be amended to be no less than what the County is using under the retention of documents policy. Manager Wienand asked if the Board wanted the existing Board Policy 12 to be amended or rescinded entirely so that the language is incorporated internally. Mr. Dill wanted to see an amended Board Policy 12.

Mr. Hull mentioned that the Director of Finance may set retention standards for different departments based on requirements under state law and the Office of Information Practices (OIP).

DCA Krafft clarified that the Department and every agency must abide by the Resolution set by Council who has the authority to set the records retention. The only way record retention could be changed for less than is if the document does not already meet the exceptions by Resolution by Council. DCA Krafft referred to the retention schedule for the Board Policy and the SOP. Some of the documents listed are permanent and some documents retained are two to five years. A legal issue statute cited has been amended and the language is no longer relevant. Some of the schedules are different from what the

Resolution currently states. The Department needs to update in order to be compliant with the Resolution.

Mr. Dill moved to approve Manager's Report 19-40 for the Department to establish SOP to meet the County's Retention Policy; seconded by Mr. Shiraishi.

Mr. Hull mentioned the Resolution states the seven year retention and authorizes the Director of Finance to extend the retention policy longer. Since DOW is semi-autonomous, can the Water Manager extend or get the Director of Finance approval? DCA Krafft said the Water Manager would work in conjunction with the Director of Finance.

Previous motions were withdrawn by Mr. Dill and Mr. Shiraishi with no objections.

Mr. Dill approved to amend the recommendations on Board Policy No. 12 and to update SOP 25 at a minimum to meet the County's records retention policy regarding Manager's Report No. 19-40 – Discussion and Possible Action to Rescind Existing Board Policy No. 12 for Retention Periods and Destruction of Fiscal Division Records; seconded by Mr. Shiraishi; with no objections, motion carried with 5 ayes.

I. CONSENT CALENDAR

None.

**J. STAFF REPORTS
MONTHLY**

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

BACKGROUND:

Waterworks Controller Mrs. Yano referred to the Monthly Summary Highlights on pages 130 – 131. The Statement of Net Position is one month delayed from the County Treasurer.

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

BACKGROUND:

Information & Education Specialist Mrs. Kaohelaulii reported being on track with the Education & Community Outreach Program. In 2019 two events will be added: 1) participation in the National Mayor's Challenge in partnership with the Wyland Foundation, which is an on-line promotion pledge for residents to conserve water at home and 2) Drinking Water Week celebrated in May. Both events will educate customers and general public in the importance in water services, excellent water quality and wise management of water resources through conservations.

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

BACKGROUND:

Chief of Operations Mr. Reyna highlighted the following for December:

1. Two employees retired December 31, 2018.
2. Completed several interviews for various Operations positions.
3. Acknowledged Nelson Inouye's perfect attendance with no sick leave taken the entire 2018 year.

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

a. BAB Quarterly Report *(October - December 2018)*

BACKGROUND:

Manager Wienand highlighted the following:

1. CONTRACTS AWARDED/EXTENSION/AMENDMENTS (Refer to Board packet, pages 158-160).
2. Personnel Matters – DOW promotions, two hires started in January; DOW continues to fill vacancies.
3. Billing system – Working on executing a contract for Cloud hosted support this month due to a delay on the insurance requirements by the vendor. Customer service improvements will include credit card payments and on line upgrades and payment options.
4. IT Strategic Plan – Received a final draft from the consultants; staff is reviewing draft and will meet internally before making recommendations before the Board possibly at the March Board meeting (based on the Five Year Strategic Plan).
5. Contested Case Hearing Update with Mr. Don Heacock – A hearing officer has been assigned to the case planned for in late June or July; more updates forthcoming.
6. Facilities Reserve Charge (FRC) Grace Period – The Department had a number of discussions regarding developers (Kukui‘ula & Grove Farm) with exceptions requested for FRC. *Update:* Met in December with representatives from Kukui‘ula and working on an equitable solution to discuss costs. Manager Wienand will propose later this year, a rule change across the board to address the gaps in the rules on the monthly service charge. The current Rules and Regulations do not address the gap from when water facilities are conveyed to the Department and when the water is turned on. Language will be developed on the proposed Rule change.

QUARTERLY *(October – December 2018)*

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

BACKGROUND:

Chief of Construction Management Mr. Moises highlighted the following:

1. Completed a couple of design reviews for Kīlauea 1.0 MG Tank and 0.2 MH Hā'ena Tank.
2. WP2020 – Hanapēpē-Eleele Booster Pump Replacements and Hanapēpē Pipeline. Phasing is integrated in Hanapēpē.
3. Kōloa Well 16 – Flushed new pump & if samples are positive (good), the well will be in service in late March or April.
4. Kapa‘a Well 4 Drainage line – new well / pump tested bore hole and was productive. The drain line will be finished Kaapuni Road by June & paving in July.
5. Project Management Software – trying to get software live; users see the benefit and by July 1st the software will be fully implemented at 99%.
6. Vacancies – Added 2 construction As Needed CM staff positions (refer to page 183) to highlight how as-needed consultants are functioning like staff.

- b. Engineering Division Design Status

BACKGROUND:

Civil Engineer Mr. Aoki reported the following highlights:

1. Approved A, B, C plans/Kalāheo project – if state funds are received, the project will be ready for construction.
2. Paua Valley Tank Update – Approved plans this month.
3. Abandonment of Wells 1 & 2 – Completed this month.
4. Approved Department of Transportation – plans for Waioli, Waipa, & Waikoko.

DISCUSSION:

Manager Wienand acknowledged Mr. Moises and Mr. Aoki on the construction and design projects. For the last seven years there was a dip in production after 2011 due to staffing shortages. However, there is now a big increase in projects that are ready for construction, and construction is working hard to keep pace with this demand, which is a credit to both divisions for their hard work. The changes will be reflected in the Five Year rate study which will go before the Board in the next few months. Mr. Dill also thanked Mr. Aoki on the DOT emergency project that is part of the north shore which is critical to keep the project moving.

c. Water Resources & Planning Division Status

Chief of Water Resources & Planning Mr. Doi presented his report as distributed with no questions from the Board.

K. EXECUTIVE SESSION

2. Pursuant to Hawaii revised statutes 92-4 and 92-5(a)(4), the purpose of this Executive Session is for the Board to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as they may relate to this agenda item:

- a. Chairperson's Report 19-39 - Discussion and possible Action concerning the Board's position on the Salary Commission's agenda item no. SC 2019-03 "Discussion and decision-making on submitting a Salary Resolution establishing the maximum cap for salaries for certain County officers and employees included in Section 3-2.1 of the Kaua'i County Code for the Fiscal Year 2018-2019"

Not entertained in Executive Session.

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

1. Resolution for Employees of the Year
2. Committee Appointments for 2019 Rules Committee, Finance Committee, Audit Committee, Committee of the Whole

M. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Department of Water Performance Audit (*Update*)
2. Discussion and Possible Action to hire a consultant to provide a Policy in the Development of Priorities for the Current Rate Study & 2018-2019 Budget Process for:
 - a. Capital Budget
 - b. Operating Budget
 - c. Reserves
 - d. Debt
3. Workshop presentation regarding the Master Plan of the Department of Water's former Administration Building, Baseyard, Micro Lab, Information Technology (*2019*)
4. Manager's Report No. 17-29 (Update) - Discussion and Possible Action on the Financial Management Planning and Water Rate Analysis for the Department of Water for July 2019 through June 2023 and submit a Small Business Impact Statement to the Small Business Regulatory Review Board (*March 2019*)
5. IT Strategic Plan Presentation (*March 2019*)
6. Budget Meeting (*March 2019*)

N. UPCOMING EVENTS

1. AWWA HWWA & HWEA 6th Annual Joint Conference (*February 19-21, 2019*)
2. Fix-a-Leak Week (*March 18-22, 2019*)
3. AWWA ACE 20th Conference, Denver, Colorado (*June 9-12, 2019*)
4. HWWA/HRWA Conference, Honolulu, Hawai'i (*TBA*)
5. Make a Splash, Project Wet (*September 20, 2019*)
6. DOW's Annual Meeting (*December 13, 2019*)


O. NEXT WATER BOARD MEETING

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

P. ADJOURNMENT

Mr. Shiraishi moved to adjourn the Regular Board meeting at 11:45 a.m.; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

Respectfully submitted,


Edith Ignacio Neumiller
Commission Support Clerk

Approved,


Beth Tokioka
Secretary, Board of Water Supply