

MEETING MINUTES
BOARD OF WATER SUPPLY
January 24, 2020

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Friday, January 24, 2020. Chair Kurt Akamine called the meeting to order at 10:00 a.m. The following Board members were present:

BOARD: Mr. Kurt Akamine, *Chair*
Mr. Lawrence Dill
Mr. Ka'aina Hull
Mr. Elesther Calipjo
Ms. Julie Simonton
Mr. Jason Kagimoto

EXCUSED: Ms. Laurie Ho

Quorum was achieved with 6 members present at Roll Call.

<u>STAFF:</u>	Mr. Bryan Wienand	Mr. Eddie Doi
	Mr. Keith Aoki	Mr. Michael Hinazumi
	Mrs. Marites Yano	Mr. Carl Arume
	Mrs. Mary-jane Akuna	Mr. Jason Fujinaka
	Mr. Eric Fujikawa	Mr. Marcelino Soliz
	Mrs. Jonell Kaohelaulii	Mrs. Anne Parrott
	Mr. Dustin Moises	Mr. Darrell Acob
	Mr. Valentino Reyna	Mr. Jas Banwait
	Deputy County Attorney Mahealani Krafft	Mr. Ryan Smith

GUESTS: Mr. Hall Parrott, Private Citizen
Mr. Emiliano Remigio, Kaua'i Philippine Cultural Center (KPCC)
Mr. Ken Shimonishi, County of Kaua'i Budget Administrator
Ms. Shawn Shimabukuro, Grove Farm Company
Mr. William Eddy, Kodani & Associates Engineering
Mr. Godwin Esaki, Private Citizen
Mrs. Janet Esaki, Private Citizen
Mr. Randy Francisco, KPCC & Hanapēpē Economic Alliance
Morgan Bones, Ka`au
Ms. Ann Sokei, Aqua Engineers
Mr. Greg Wilson, Aqua Engineers
Mr. Caleb Loehrer, The Garden Island Reporter
Mr. Thomas Canute, Former Board Chair

Chair Akamine mentioned that Manager's Report No. 20-39 for Mr. Thomas Canute's Resolution will be taken up at his arrival; with no objections.

C. ACCEPTANCE OF AGENDA

Mr. Dill moved to approve the Agenda as distributed; seconded by Ms. Simonton; with no objections, motion carried with 6 ayes.

D. MEETING MINUTES

Review and approval of:

Regular Board Meeting – December 19, 2019

Mr. Dill moved to approve the Regular Board meeting minutes of December 19, 2019; seconded by Ms. Simonton; with no objections; motion carried with 6 ayes.

Review and Approval of

Executive Session Meeting – December 2, 2019 – *Special Board Meeting*

Mr. Hull moved to approve the Executive Session Meeting minutes of December 2, 2019; seconded by Ms. Simonton; with no objections; motion carried with 6 ayes.

Executive Session Meeting – December 19, 2019

Mr. Hull moved to approve the Executive Session Meeting minutes of December 19, 2019; seconded by Ms. Simonton; with no objections; motion carried with 6 ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS/PUBLIC TESTIMONY

- I. Committee Appointments by 2020 Chair Kurt Akamine for Rules Committee, Finance Committee, Committee of the Whole

Mr. Dill moved to approve the 2020 Committee slate; seconded by Ms. Simonton; with no objections; motion carried with 6 ayes.

Finance Committee: Chair Lawrence Dill; Ka`aina Hull, Elesther Calipjo
Rules Committee: Chair Ka`aina Hull, Julie Simonton, Jason Kagimoto

***Mr. Randy Francisco, Vice President Hanapēpē Economic Alliance (HEA)
provided his testimony.***

Mr. Francisco thanked the Board and the Department of Transportation (DOT) for their efforts who took on a difficult situation on the one lane bridge. He and residents learned patience and realized the project is almost done. Hanapēpē residents appreciate the efforts and was aware of a major glitch which hopefully will be resolved. Mr. Francisco hopes the businesses are saved on the other side of town who are struggling. The businesses look forward to reopening of the 1911 bridge. The Year of the Rat is a positive year for businesses. Former Manager Bryan Wienand and team was acknowledged who attended a town meeting and spoke about the bridge and gave an emotional and mental boost for the residents. Mr. Francisco is a historical and preservation student and said it is worth the wait for project to be completed. Hanapēpē prides itself on historic preservation, the real character of this community.

***Mr. Emiliano Remigio, Incoming President Kaua'i Philippine Cultural Center (KPCC)
provided his testimony.***

Mr. Remigio mentioned that KPCC is a 501c3 organization spearheaded in the 20th Century. The goal is to establish a multi-purpose facility for people to gather for culture and arts that could be perpetrated to enrich Kaua'i's culture. KPCC is called "A Place for All" to service the community of Kaua'i. The completion date and opening is February 2020 with limited resources. Mr. Remigio asked the Board to waive all prior charges.

***Mr. Ken Shimonishi, Budget Administrator County of Kaua'i
provided his testimony.***

Mr. Shimonishi was in attendance on behalf of the County's Finance Director Reiko Matsuyama. His testimony was for Manager's Report No. 20-40, the proposed Board Policy No. 31 on the Government Accounting Standards Board (GASB). He confirmed the County's practice relating to funding for the Other Post Employment Benefit (OPEB) liability and the retirement system and on the medical benefit plan to retire from government service. The required contribution is budgeted in the annual budget fund amount determined in the next fiscal year. He said the plans are administered by the State of Hawai'i through an actuary service on the actual amount that should be contributed towards the liabilities that are significant. This has become challenging to the State of Hawai'i and across the nation.

The County of Kaua'i (COK) has a reserve policy drafted with the assistance of the Government Finance Officers Association (GFOA). The reserve policy looks at what could adversely affect the County's volatility and expenditures. The volatility could affect the increase in rates toward these plans. This could buffer if the State says that the contribution rates go up 10% the following year. Part of the reserve could be used to try to

offset some of the increase and balance on the budget preparations going forward. He offered to consider what the COK is doing with the Board of Water.

DISCUSSION:

Mr. Hull inquired on the COK reserve and if it is dedicated for volatility or with Employee Retirement System (ERS) payments? This discussion continued with Manager's Report No. 20-40 on the agenda with Mr. Shimonishi present.

2. Correspondence from Mr. Kurt R. Bosshard, Attorney at Law, to Board Chair Thomas Canute regarding Manager's Report 20-24, Memorandum of Agreement (Drainage) Godwin and Janet Esaki/Board of Water supply, County of Kaua'i, TMK: (4) 4-6-011:003 and (4) 4-6-011:125, dated December 16, 2019

Received for the Record

3. Correspondence from Mr. Emiliano J. Remigio, Incoming President for Kaua'i Philippine Cultural Center regarding Account No. 4792991523 to waive water balance of \$1,349.79 from April 30, 2018, dated January 7, 2020

Received for the Record

F. BOARD COMMITTEE & PERMITTED INTERACTION GROUP REPORTS

None.

G. OLD BUSINESS

1. Manager's Report 18-60 - Discussion and Possible Action to enter into Use and Occupancy Agreement No. 368-A and 368-B between the State of Hawai'i and the Board of Water Supply, County of Kaua'i for Job No. 15-07, Water Plan 2020 No. HE-1, Reorganize Water System - Pipeline Connecting Hanapēpē and 'Ele'ele, Kaua'i, Hawai'i (Update)

Mr. Dill disclosed a conflict of interest because he is with the Department of Transportation.

BACKGROUND:

Mr. Keith Aoki, Civil Engineer reported that the State requires the completion of a Use and Occupancy Agreement (UOA) when the Department has a new facility in the new Right-of-Way. The UOA addresses the State's requirement for a pipeline to connect Hanapēpē and Eleele on a State highway. The insurance agreement has been worked out with the State.

DISCUSSION:

Mr. Hull asked if there is on-street parking on the State highway? Mr. Aoki confirmed there is no on-street parking. Based on the Certificate of Insurance, after 12 months, the certificate needs to be updated.

Ms. Simonton moved to approve Manager's Report 18-60 - Discussion and Possible Action to enter into Use and Occupancy Agreement No. 368-A and 368-B between the State of Hawai'i and the Board of Water Supply, County of Kaua'i for Job No. 15-07, Water Plan 2020 No. HE-1, Reorganize Water System - Pipeline Connecting Hanapēpē and 'Ele'ele, Kaua'i, Hawai'i (Update); seconded by Mr. Kagimoto; with objections, motion carried with 5 Ayes; Mr. Dill abstained.

H. NEW BUSINESS

2. Manager's Report No. 20-40 - Discussion and Possible Action on Proposed Board Policy No. 31 to Fund the Net Pension Liability and the Net Other Post Employment Benefit Liability as determined by the Government Accounting Standards Board

BACKGROUND:

Waterworks Controller Mrs. Yano presented the proposed Board Policy No. 31 to fund the New Pension Liability and the Net OPEB determined by the GASB, based from the Water Rate Study. Consultants used the unrestricted net position of the Department of Water (DOW) to protect the projected rates for the DOW the

next five years. The Finance Committee was aware of the unrestricted net fund position included funding of the net OPEB and net pension liability that is not due within a year. The proposed policy was to set aside the cash equivalent of the two long term liabilities. Funds could be released for a future DOW budget.

DISCUSSION:

Mr. Hull commented that the 20% is above what the County is doing. He questioned why the Department was trying to reserve 20%? Why not 0%? Mr. Shimonishi said the County's reserve is 30% on the recent year's cap for revenues (components include 18.5% revenue volatility, 10% extreme disasters and 1.5% expenditure volatility). Expenditure volatility is not directly tied to pension and OPEB liability (re: law suits). He could not say if the DOW is trying to reserve 20% of the actual liability. Mr. Shimonishi said if the entire amount is being reserved on the unfunded actuary liability in cash or reserve, was what Mr. Hull understood. The County's practice has not been done but budgets the required payments going forward each year for budget approval. The reserve could be used for some volatility in the contribution percentage not the unfunded liability.

The Department could create a reserve fund or to put aside more than one year's worth. Mr. Dill thought the line item was being budgeted in a similar way like the County and that DOW was being more conservative with monies to set aside for this purpose.

Mrs. Yano explained that the Department's history used the net position which was calculated by total assets, total liabilities with a net total restricted net position of \$6M. Long term liabilities are not due within the year. The rate study consultants projected the next five years and used the cash balance unrestricted net position. The proposed Board Policy was done instead of using the unrestricted net position (equivalent to the Net Pension Liability and net OPEB liability). Eighty percent could be released to increase the unrestricted net position for future budgets. Mr. Dill mentioned that the numbers were different from what the County was doing. Mrs. Yano suggested the Board could deliberate on the funding of 0%, 10% or 20%.

Mr. Dill wanted the Board to review this sooner before identifying long term liabilities because it didn't need to be significant on the balance sheet. The minimum would be the Board's decision with a Board Policy. The \$24M cash reserve did not need to be there from the actuarial requirements by the State. Mrs. Yano explained that in 2016 the Net Pension Liability was recorded and in 2018 the net OPEB liability was recorded. Based on her recommendation, Mr. Dill understood that \$19.7M could be released to liability. It was unfortunate the Board did not know of the reserve built of \$19.7M for liability that could be released for other purposes. The rate hike proposal in the rate study was 7% every year for 4 ½ years (30% over the next five years). Mr. Hull wanted the DOW to meet with the County to align it with their policies which was not proposed. He did not want to sit on \$24M with a 30% rate hike for the rate payer. The rate study was worked on with the consultant and the Fiscal staff.

Mr. Hall Parrott, private citizen provided his testimony.

A few months ago, Mr. Dill asked how the numbers were done? There was disagreement during that time on where the actual numbers were. Mr. Parrott said there is \$63M that is in the same category being discussed today. Accounting reports are reviewed and the money goes into a bank account and disappears with no tag on it. Mr. Parrott distributed a handout that was "Received for the Record" on how much money the Department has. He suggested to stop worrying about accounting (which Mrs. Yano does) but to do a management report for a summary of the cash.

DISCUSSION:

Mr. Wienand explained why this matter was not brought up to the Board that was not intentional to be overly conservative. Pronouncements came from the GASB and the Department took this as a liability and that should not be spent as a conservative approach. The Department did not have the full understanding of the actuarial calculations. From the rate study, the Department could improve on the rate increase based on a final decision of the rates if this matter was deferred. Zero years to 30 years is more appropriate and 0% to 20% would be an improvement. Mrs. Yano will review the Emergency Reserve Fund for an amendment or create a new reserve.

The consultant hired six years ago instructed Fiscal to use the unrestricted net position and accrual method previously presented to the Board that was used to date.

Mr. Dill deferred Board Policy No. 31 to 1) direct the Department to amend Board Policy 31 to set aside funds the same as the County for one (1) year to be aligned with the County and 2) provide a proposal for a Reserve Fund for volatility in the cost for a recommendation to the Board for Manager's Report No. 20-40 - Discussion and Possible Action on Proposed Board Policy No. 31 to Fund the Net Pension Liability and the Net Other Post Employment Benefit Liability as determined by the Government Accounting Standards Board; seconded by Mr. Kagimoto; with no objections, motion carried with 6 ayes.

At 11:03 a.m., Mr. Calipjo exited the meeting.

At 11:05 a.m. Mr. Calipjo re-entered the meeting.

1. Manager's Report No. 20-41 - Discussion and Possible Action to approve funding for the Waiahi Surface Water Treatment Plant per the Water Treatment and Delivery Agreement in the amount of \$2,821,347.00

BACKGROUND:

Mr. Wienand recommended the Board approve funding of \$2,821,347.00 for the Waiahi Surface Water Treatment Plant (SWTP). The agreement was for 15 years with an option for the Department to acquire purchasing the plant. The term is being renewed for the maintenance and service of the SWTP. Critical items to be replaced are the filtration membranes. Replacement estimate costs are shared; 2/3 for Grove Farm Company and 1/3 for the Department per the agreement. Replacement membranes were ordered by Grove Farm who is requesting their cost allocation be made now. Construction costs would be reviewed line by line. Payments need to be mutually approved by both parties. Mr. Wienand recommended to make the 2/3 payment to Grove Farm today, then resolve the actual costs when the bids come in. The membranes are at the end of their useful life which currently is at the 15 year operation.

At 11:13 a.m., former Board Chair, Thomas Canute entered the meeting.

Mr. Hull asked how are cost estimates for construction done? Is there a line missing for the Unit Estimate total? On page 75, Grove Farm's Pro-Rata Share and BWS Pro-Rata Share did not equal the Unit Estimate of \$100,000. Mr. Wienand explained that Grove Farm hired the consultants and the Department reviewed the cost estimates, drawings and various bid tabs on similar projects. These are Grove Farm's exclusive costs with cost sharing costs. In Grove Farm's Pro-Rata Share of \$58,071, \$25,000 is a hidden cost Grove Farm is taking care of which was confusing that did not equal to \$100,000 with BWS Pro-Rate Share that is related to the replacement cost; not expansion. Mr. Kagimoto suggested showing the total cost in the Unit Estimate. Grove Farm will be doing their own bid procurement for the best value cost. Mr. Wienand mentioned other minor expenses such as the detention basins to be excavated adjacent to the plant related to the National Pollutant discharge Elimination System (NPDES) issues to increase the settling time. Payment needs to be mutually approved by both parties. Differences in costs need to be checked; hard costs are unknown.

Shawn Shimabukuro, Grove Farm provided her testimony.

Ms. Shimabukuro oversees the Waiahi SWTP and assured the Board that Grove Farm is providing safe drinking water that the Department of Health (DOH) oversees. Membranes have a 10-year useful life and are coming up with 15 years with breakage and clogging in the membranes. The request of the Department's 2/3 share with the detention basins goes to the NPDES for the discharge; 10 percent of the water goes into the discharge. The basin is designed to settle and the chlorinated water goes into the Kapaia Reservoir. The NPDES was originally formulated in 2005. Ms. Shimabukuro indicated the volcanic soil is high in aluminum concentrated in the discharged water and water remains safe. According to the DOH standards, some months it exceeded that level. All tests that were done showed that the raw water level has a higher level of aluminum that is being discharging into the reservoir at a lower level of concentrate therefore, returning cleaner water. Grove Farm is in discussions with the DOH Clean Water Branch. Monthly toxic aluminum tests passed which

are done annually. Citizen groups are taking this information by saying the drinking water is affected by this, which is totally irresponsible reporting. Grove Farm wants to take care of this issue because with rainy weather, there is higher Turbidity total suspended solids. The option is to turn off the plant and don't produce water during rainy periods. The detention basins are already in the plans which is being reviewed by the Department and ready to move quickly for the NPDES.

DISCUSSION:

Ms. Shimabukuro hoped to reduce the backwash water. Ms. Simonton inquired on the percentage of backwash water when the membranes were new vs. now? For years, Ms. Shimabukuro tried to reduce the total suspended solids but over the years, what was implemented by Aqua Engineers, the detention basin's numbers dropped. The membranes are due April/May and the detention basin is pending approval on the construction plans.

Mr. Dill and Ms. Simonton agreed to pay as the costs are incurred based on the fair share and any upfront costs when construction is ready with any subsequent payments. Method of payment will be mutually approved; language is shown on page 66 of the Board packet (agreement section 12E).

Mr. Moises suggested that the Construction Management (CM) staff do the inspection. He recommended with the third party inspector at the site to cover and mutually agree on monthly progress payments. If agreed CM could sign off and pay accordingly. Grove Farm is responsible on warranty issues in the agreement. Mr. Moises said if there was no cap on the price until a low bid comes in, change orders are mutually agreed between the Board and Grove Farm. The Department would have to come back to the Board on additional funding percent with no contingency on this project. Bill off of the actual bid, not off of the engineer's estimate that might fluctuate, then get the true number for monthly payments. A contractor will be in place when the plans are approved but probably not by the February Board meeting.

Other discussion actions:

- Provide one table with replacement costs of the membranes
- Provide details of progress payments; verify payments
- Show total costs
- Show expansion costs separately vs. replacement costs
- Missing – Unit Estimate Total; missing column
- Clarify numbers
- Clarify issues
- Have field oversight; do detail inspections daily by CM
- CM to sign off & pay accordingly
- Hard costs were not available during meeting
- Cap estimate is \$2.8M; if over cap, Department needs to come back to the Board
- Suggest pay as you go rather than up front
- Grove Farm to address warranty issues with a clear agreement
- Discussed if the Board could give authority to the Department for progress payments (method of payments, monthly invoices brought before the Board)

Mr. Dill approved the \$2.8M but subject to the receipt of the bid contract to manage once received and to modify the \$2.8M as necessary; if above \$2.8M, the Department has to come back to the Board, with a contingency, to be reconciled at the end and to make progress payments on the actual bid. Grove Farm was agreeable to the progress payments.

Mr. Dill deferred action and directed the Department to revise the proposal per the Board discussion and to include the details of the progress payment in a Board Report at the February Board meeting for Manager's Report No. 20-41 - Discussion and Possible Action to approve funding for the Waiahi Surface Water Treatment Plant per the Water Treatment and Delivery Agreement in the amount of \$2,821,347.00; seconded by Ms. Simonton; with no objections, motion carried with 6 ayes.

1. Manager's Report No. 20-39 - Request Board Approval of Resolution No. 20-02, (1/20) Mahalo and Aloha Board Member, Thomas Canute

Chair Akamine acknowledged Mr. Canute's sacrifice serving on the Board of Water, the community and the Department. Mr. Canute said it was an honor and privilege to serve on the Board and hoped that he made a difference. Board Secretary Mr. Calipjo read Mr. Canute's Resolution that followed with a photo op.

The Board approved and adopted Manager's Report No. 20-39 - Request Board Approval of Resolution No. 20-02, (1/20) Mahalo and Aloha Board Member, Thomas Canute; with no objections.

Chair Akamine recessed the meeting at 11:56 a.m.

At 12:00 p.m., Mr. Calipjo exited the meeting.

At approx. 12:00 p.m. Mr. Dill exited the meeting.

Chair Akamine reconvened the meeting at 12:01 p.m.

At approx. 12:05 p.m. Mr. Dill re-entered the meeting.

2. Manager's Report No. 20-42 – Discussion and Possible Action to transfer funds from the Professional Services Budget to the Operating Capital Outlay Budget in the amount of \$62,618.73

BACKGROUND:

Mr. Keith Aoki mentioned that the Baseyard Master Plan Concept B was adopted by the Board for renovation of the Microlab 2nd floor due to overcrowding in the Operations Division office. The request of \$62,618.73 was to transfer from the Engineering Professional Services budget to the Operating Capital Outlay Budget for the building permit for construction. Construction will be done in-house by Operations except for HVAC which would be contracted out.

DISCUSSION:

An office space analysis was requested by Mr. Hull on existing spaces for vacant or future positions. Mr. Hull offered to meet with Operations for additional information on the fund request. Mr. Hull is concerned with the \$30M for the proposed master plan renovation of the baseyard, the 30% projected rate hike, the \$24M oversight, plus a request for \$62,618.73 on the Microlab renovation. He suggested by doing the construction in-house on the current need, could lower the cost.

Mr. Hull moved to defer for more information on the office space analysis for Operations on Manager's Report No. 20-42 – Discussion and Possible Action to transfer funds from the Professional Services Budget to the Operating Capital Outlay Budget in the amount of \$62,618.73; seconded by Mr. Kagimoto; with no objections, motion carried with 5 ayes.

3. Manager's Report No. 20-43 - Discussion and Possible Action for Board Approval to enter into a Memorandum of Agreement between the County of Kaua'i, Housing Agency and the Board of Water Supply, County of Kaua'i for the County's Pua Loke Affordable Housing Project

BACKGROUND:

Mr. Wienand mentioned that the Pua Loke Affordable Housing project is coming up next to the Department. The Housing Agency will include on-street parking over an existing water main. The Department is requesting to relocate the water main which would have a significant cost. An agreement with the Housing Agency states they will be responsible with any vehicles parked on top of the water main for access by the Department. Access would include a water main break or maintenance so that the Department would not incur liability costs. The County signed the agreement pending the Board's approval.

DISCUSSION:

Mr. Hull questioned if it was standard for the Department to execute these types' of properties on a public street? Should the Department assume the liability? He stressed on-street parking is crucial. Mr. Wienand indicated putting a main line under parking is not standard but wanted to protect the Board against cost incurred if the Department was responsible to remove vehicles on top of the main line. Mr. Aoki added that according to the Water System Standards, no water mains are located in parking stalls. The Manager has authority to deviate from the standards for good reason. If the Board directs the Department to assume the liability, then the agreement would not be done. In the agreement, the Housing Agency is agreeable to maintain towing services "as needed" contract.

DCA Krafft clarified that the vehicle could be towed but with a process in place by the Housing Agency, towing would have to be procured, provide notice to the owner and a hearing within 48 hours. This was taken into consideration on who should take on the additional burden.

Mr. Hull mentioned that the message to the public is the cost and fees that are exacerbated on affordable housing projects plus the Housing Agency would have to deal with a water issue. He suggested the Department look at possible scenarios that the Department assumes the liability.

Ms. Simonton asked what is the risk of a line breaking with a car that has to be towed? Mr. Wienand indicated the risk is low (the water is for the Water Department and the baseyard). DCA Krafft mentioned that the standard Grant of Easement requires the grantor (not the Department) to change their development plans, and they pay for the water facility. If there is an emergency situation, and if the Department tows the vehicle, there would be a risk on a case-by-case situation. Mr. Wienand added if the Board defers requiring follow up, it may delay the project. Mr. Hull suggested in the future, have the developer incur costs and to formulate a plan.

DCA Krafft commented that the Water System Standards requires the Housing Agency to move a car which was agreed on in the agreement. The Board needs to approve the condemnation and the Department needs direction if they could deviate or if the Housing Agency is required to move a car from the water facilities.

Mr. Dill moved to deny and deviate from the Water Systems Standards and for the water line to remain in place and not require the Housing Agency to enter into a towing contract or to move a car in case of an emergency on *Manager's Report No. 20-43 - Discussion and Possible Action for Board Approval to enter into a Memorandum of Agreement between the County of Kaua'i, Housing Agency and the Board of Water Supply, County of Kaua'i for the County's Pua Loke Affordable Housing Project*; seconded by Mr. Hull; 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

Received for the Record

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

Received for the Record

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

BACKGROUND:

Chief of Operations Mr. Reyna provided highlights:

1. Congratulated Michael Mack and Duane Moriguchi on a perfect 2019 attendance with no sick calls.
2. 30 hydrants were hit in 2019. A monthly average is usually 12 hydrants hit.

Received for the Record

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

- a. Build America Bond Quarterly Report (*July – September 2019*)

Received for the Record

QUARTERLY (*October – December 2019*)

1. Discussion and Receipt of the DOW's Quarterly Project Status Update
 - a. Construction Management Division Status / Received for the Record
 - b. Engineering Division Design Status / Received for the Record
 - c. Water Resources & Planning Division Status / Received for the Record
 - d. Information Technology Strategic Plan Status / Received for the Record

Mr. Hull and Chair Akamine wanted to reach out to the division heads by contacting the Board to provide additional information and resources on Board reports if needed prior to Board meetings going forward, since there is no Water Manager at this time.

At 12:41 p.m., Mr. Hull read the following Executive Session language and moved into Executive Session.

K. EXECUTIVE SESSION

Pursuant to Hawai'i Revised Statutes (HRS) §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 HRS §92-4 and shall be limited to those items described in HRS §92-5(a).

1. Pursuant to Hawai'i Revised Statutes § 92-4 and § 92-5(a)(4), the purpose of this executive meeting 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 those relate to:

Correspondence from Mr. Kurt Bosshard, Esq. representing Mr. and Mrs. Godwin Esaki and Manager's Report No. 20-24 – Discussion and Possible Action for the Proposed Amendment to the Memorandum of Agreement (Drainage) between Godwin M. Esaki and Janet M. Esaki, individually and as trustees of the Godwin M. Esaki Revocable Living Trust, and the Janet M. Esaki Revocable Living Trust, TMK: (4) 4-6-011:125, Kapa'a, Kaua'i, Hawai'i) and the Board of Water Supply, dated August 21, 2017

Ms. Simonton moved to have DCA Krafft draft a response to Mr. and Mrs. Godwin Esaki via their attorney as instructed in the Executive Session. Board will review the letter to be finalized with the Chair's signature; seconded by Mr. Kagimoto; with no objections, motion carried with 5 ayes.

L. TOPICS FOR NEXT BOARD OF WATER SUPPLY MEETING (February 2020)

1. Employee of the Year Resolutions
2. Manager's Report No. 20-40 - Discussion and Possible Action on Proposed Board Policy No. 31 to Fund the Net Pension Liability and the Net Other Post Employment Benefit Liability as determined by the Government Accounting Standards Board

3. Manager's Report No. 20-41 - Discussion and Possible Action to approve funding for the Waiahi Surface Water Treatment Plant per the Water Treatment and Delivery Agreement in the amount of \$2,821,347.00
4. Manager's Report No. 20-42 – Discussion and Possible Action to transfer funds from the Professional Services Budget to the Operating Capital Outlay Budget in the amount of \$62,618.73

M. TOPICS FOR FUTURE BOARD OF WATER SUPPLY MEETINGS

1. Department of Water Performance Audit (Update)
2. Table of Organization Workshop
3. Discussion and Possible Action to establish Fiscal Policies and Procedures
4. Report of the Finance Committee of the Kaua'i County Board of Water Supply, Financial Management Planning and Water Rate Analysis for the Department of Water's FY2020 through FY2024 held on November 4, 2019
5. Manager's Report No. 19-60 - Discussion and Possible Action for Water Plan 2020 Project No. WK-39 Drill & Develop Kapa'a Homesteads Well No. 4 & Package A-Well and Drainage Package of Water Plan 2020 Project No. WK-08, Job No. 02-14, Kapa'a Homesteads 325' Tanks, Two 0.5 MG Tanks Projects, Kapa'a, Kaua'i, Hawai'i for additional construction funding in the amount of \$140,843.18 (Update)
6. Resolution Mahalo and Aloha Board Member, Laurie Ho (March 2020)
7. Draft Budget for Fiscal Year 2020 -2021 a) Operating; b) Capital (March 2020)

N. UPCOMING EVENTS

1. HWWA & HWEA Pacific Water Conference (February 2-6, 2020)
2. Tuesday, February, 25, 2020, 5:00 p.m. – Public Hearing for Proposed Amendments to the Rules and Regulations Part 5 related to Facilities Reserve Charge Section III, Applicability for Guest House and Additional Rental Units
3. AWWA ACE 20th Conference (June 14-17, 2020, Orlando, Florida)
4. AWWA HWWA & HWEA 6th Annual Joint Conference (TBA)

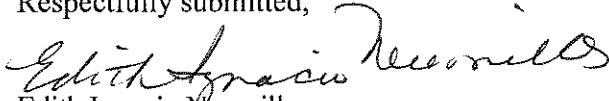
O. NEXT WATER BOARD MEETING

1. Friday, February 28, 2020, 10:00 a.m.
2. Friday, March 27, 2020, 10:00 a.m.
3. Friday, April 24, 2020, 10:00 a.m.
4. Friday, May, 29, 2020, 10:00 a.m.

P. ADJOURNMENT

The Regular Board meeting adjourned at 1:11 p.m.; with no objections.

Respectfully submitted,


Edith Ignacio Neumiller
Commission Support Clerk

Approved,


Elesther Galpjo
Secretary, Board of Water Supply