

REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday July 28, 2011

The Board of Water for the Department of Water, County of Kaua'i, met in regular meeting at the Board Conference Room in Līhu'e on Thursday, July 28, 2011. Chairperson Roy Oyama called the meeting to order at 10:01 a.m. On roll call, the following answered present:

BOARD: Mr. Roy Oyama, Chairperson
Mr. Randall Nishimura
Mr. Clyde Nakaya
Mr. Daryl Kaneshiro
Mr. Michael Dahilig
Mr. Larry Dill
Mr. Raymond McCormick

Quorum was achieved with all members present.

STAFF: Mr. David Craddick
Mr. Val Reyna
Ms. Fay Tateishi
Mr. Dustin Moises
Mr. Keith Aoki
Ms. Faith Shiramizu
Mr. Eddie Doi
Ms. Heather Kubota
Ms. Joy Buccat
Deputy County Attorney Andrea Suzuki

GUESTS: Mr. Clyde Kodani, Kodani & Associates for Koloa Hongwanji
Ms. Diane Kent, Honpa Hongwanji
Ms. Lorna Nishimitsu, Attorney for Honpa Hongwanji
Mr. Wayne Wada, Esaki Surveying for Koloa Hongwanji
Mr. Greg Allen, Kapaa Highlands
Mr. David Hinazumi, Grove Farm
Ms. Shawn Shimabukuro, Grove Farm
Mr. Jan TenBruggencate, Island Strategy
Mr. Charles Chan, Architects Hawaii
Mr. Kevin Loo Chan, Architects Hawaii
Ms. Punilei Maului, Kanaka Hui
Mr. Waldeen K. Palmeira, Hui Na Makaiwa O Wailuaniho'ano

AGENDA:

Chair Oyama noted to delete Board Committee Reports F1, F2b, and F3. As there were no objections, Mr. Nishimura moved to approve the agenda as amended; seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

Deputy County Attorney Andrea Suzuki requested for a roll call vote.

On roll call, all members voted in the affirmative.

MINUTES:

Regular Meeting Minutes – June 21, 2011

Recessed Regular Meeting Minutes – June 23, 2011

Special Board Meeting Minutes – June 30, 2011

Deputy County Attorney Andrea Suzuki explained the process of approving minutes. In this meeting, the board should only take action with the regular meeting minutes. The Committee Meetings will be posted to take action within that committee.

With the exception of this acceptance, Mr. Dahilig moved to approve the Regular Meeting Minutes of June 21, 2011, Recessed Regular Meeting Minutes of June 23, 2011, and the Special Board Meeting Minutes of June 30, 2011 as circulated, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Committee of the Whole Meeting – June 21, 2011

Recessed Committee of the Whole Meeting – June 23, 2011

Recessed Committee of the Whole Meeting – June 27, 2011

Finance Committee Meeting – June 23, 2011

Recessed Finance Committee Meeting – June 23, 2011

Recessed Finance Committee Meeting – June 27, 2011

Recessed Finance Committee Meeting – June 30, 2011

As explained by Deputy County Attorney Andrea Suzuki, these committee minutes will be moved to request the approval from its designated committee at a future meeting date.

CORRESPONDENCE

No new correspondence was received for this meeting.

BOARD COMMITTEE REPORTS (agenda amended to delete F1, F2b, and F3)

Re: 2. Report of the Finance Committee of the Kaua'i County Board of Water Supply

Re: a. Manager's Report No. 11-49 – R.W. Beck Report on Financial Planning Analysis and Water Rate

Committee Chair Dill reported that the Finance Committee had met on June 30, 2011 and

referred for Manager Craddick to work with the consultant to update and work on the blocks with the introduction of the new rates. At this point no finance committee meeting has been scheduled.

Mr. Nishimura moved to accept the Report of the Finance Committee of the Kauai County Board of Water Supply, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

OLD BUSINESS

Re: Manager's Report No. 11-24 – Committee Discussion and Possible Action on Part III Rule Amendments – Establishing Standards for Subdivision Water Systems

- i. Attached Proposed Draft Bill No. 2380
- ii. Attached Proposed Draft Bill No. 2401
- iii. Attached Approved Bill No. 2401, Draft 2

Mr. Nishimura moved to receive item iii, revised Attached Approved bill No. 2401, Draft 2, and refer to rules committee for further recommendation, seconded by Mr. McCormick; by unanimous decision, motion was carried.

Re: Manager's Report No. 11-49 – R.W. Beck Report on Financial Planning Analysis and Water Rate Study

Mr. Dill moved to defer action on this item, seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

Re: Manager's Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes

- i. Rule changes to implement FRC in Part Three and added section of the rules for FRC

Manager Craddick explained that the FRC has two parts, the rate schedule and the rule changes. It is recommended that the Finance Committee and the Rules Committee takes separate actions with these items.

Going forward, Mr. Dahilig moved to schedule joint committee meetings with the Rules and the Finance Committee in order to take action on these items, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Re: Board Discussion on the 2011 Goals for the Manager

DISCUSSION:

Mr. Nishimura stated that at the last meeting discussion was that the Goals for the Manager would be established on each fiscal year's basis and reminded the board that we are already in July and in order to evaluate the Manager we need to know what the goals are. Chair Oyama

requested to refer this discussion and to have this finalized because it already has been ongoing for over 3 months.

Mr. Nishimura moved to defer the Board Discussion on the 2011 Goals for the Manager, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

Re: Manager's Report No. 11-76 – Memorandum of No. 2106 with the State Department of Transportation

- a. Attached DOT MOU #2106 date May 10, 2011

Manager Craddick addressed the board that the department has attached the MOU that was needed at the last meeting regarding this item.

Mr. Nishimura moved to approve *Manager's Report No. 11 – 76 – Memorandum of No. 2106* with the State Department of Transportation, seconded by Mr. Kaneshiro; by unanimous vote, motion was carried.

NEW BUSINESS (agenda amended to take item H. 10 out of order)

Re: Manager's Report No 12-1 – Response to Attorney Belles Graham's correspondence in reference to Subdivision No. S-2009-12 The Koloa Early School and Honpa Hongwanji Mission of Hawaii

DISCUSSION:

Manager Craddick advised the board that the main purpose of this request is basically the separation of property. Doing this will give the management authority to manage it separately.

Ms. Lorna Nishimitsu, representing the Honpa Hongwanji as the attorney testified that Hongwanji Temple celebrated their 100th anniversary in 2010 which closed their activities. The Koloa Early School has been in existence since 1985. The Hongwangi and Koloa Early School are both co owners of a single lot. They have agreed to subdivide the property so that they are no longer married to each other; in this case the development consists of drawing a line to separate it making two lots so that neither owner is forever linked to the other if ever each owner's plans are to renovate, develop, and increase density, etc. The Koloa Town Center where the Hongwanji and Early School is located has a fire flow that was measured at the client's expense on October 5, 2010 at 1207 gallons per minute. The Department of Water's standard for this commercial area is 2000 gallons per minute. The Koloa service area has been deficient for a long period of time and the Hongwanji uses are grandfathered uses. Based on the fact that subdivision purely for the purpose of disengaging the Hongwanji from the school, they do not have any further immediate plan to develop on either side. It is being asked that the Department of Water modify its condition that the owners upgrade a section of the main line to increase the fire flow until such time that one side or the other comes to the county for building or permits to expand buildings, uses, or to modify uses because nothing is changing from now. Temple activities will remain the same which include martial arts, yoga, etc. and the Koloa Early School will remain a

preschool. The recommendation is asking that the school and church indemnifies the Department of Water and the County of Kauai, from any damages that may result in the modification of the condition. In other words if a fire results and the Fire Department finds that the fire flow is somehow insufficient, both the school and Hongwanji would indemnify the department against any claims that are made by the persons whose property's are damaged because of the fire flow. These two non-profit entities would have to pay for any damages claimed by any third party because the fire flow as it has been for years has been inadequate. The letter sent to the board dated May 19, 2011 proposed requests made by the Hongwanji Mission of Hawaii and Koloa Early School.

Mr. Nakaya asked Manager Craddick, because of having the fire flow inadequate as is, isn't it the county's responsibility to make it up to standards. Manager Craddick explained that he would expect waivers have been sent out to get it to where it is right now, but do not know what the liabilities we would have if we allowed the subdivision to go forward, knowing it is in violation of the rules without getting indemnification from everybody in its parties for allowing it to go forward.

Mr. Moises confirmed with Mr. Dill that the department does not have any 2020 plans on the horizon to upgrade the fire flow capacity of this system .

Ms. Nishimitsu confirmed to Mr. Kaneshiro that the school and the church do not have any expansion plans in the near future. The temple has merged with the West Kauai Hongwangi so church operations are in Hanapepe. They allow their temple to be used for organizations such as Martial Arts classes at a nominal cost for this non-profit organization. Ms. Nishimitsu stated that if they propose any kind of expansion for permits, the condition to extend the main line then gets treated.

Mr. Nishimura's concern is that the request from the department to indemnify third parties for something that may or may not be acceptable to the fire department. It is suggested that the fire department should review first. Mr. Nishimura's primary concern on the presentation of the report was that the board has been given notice that if a decision is made to approve this request, we are going forward with the knowledge that this is substandard.

Mr. McCormick confirmed to the board that the request states to separate the land areas with no changes or increased intensity to give each owner's decision independency on the land and does not change anything with the water. Mr. Nishimura explained that with presentation of the report, we are acknowledging the substandard nature of it. To go forward if there are changes that we are unaware of or there are lapses in the case that they are required to carry the insurance, what exposure would the board have if this is done with the knowledge that this request is substandard?

Diane Kent testified that the request made from Hongwanji is to basically request to separate the two parties. There will be no services in Koloa, only in Hanapepe and Waimea. There are fewer activities and no changes planned.

Ronallee Eckberg of the Koloa Early School testified that this preschool runs from 7:30-5:00 pm with 41 preschoolers enrolled and 5 staff members. There are no plans for change or expansion in the future.

Mr. Nishimura motioned to defer any action to this agenda item and refer to the department to verify any legal aspects regarding this matter, seconded by Mr. Nakaya; motion carried (6:1, 1 Nay by Mr. McCormick).

Re: *Manager's Report No.12 – 2- Job No. PLH-39, Lihue Base yardImprovements Master Plan (Water Plan 2020 Project No. PLH – 39) Lihue, Kauai. Request approval of finalized Master Plan*

a. Presentation of Master Plan for Job No. PLH – 39 Lihue Base Yard Improvements from Architects Hawaii

Mr. Chan from Architects Hawaii presented a power point presentation of the Lihue Base Yard Masterplan. Along with the presentation, the Board as well as the staff members was provided a Master Plan report depicting the key points of this master plan.

Purpose/Goal:

The purpose of the presentation is to provide objective useful information to make the decision concerning the planned growth of the Department of Water's Lihue Base Yard Facilities. Looking at the goals within the next 50 years that was provided, we came up with this plan using the existing base yard incorporated into this new plan. The space analysis indicated that the existing 7,749 sf Administration Building supports 36 staff positions, provides a little more than one-half of the required 14,141 sf of administrative spaces and 50 staff positions programmed to meet current operational demands. Projections into the year 2050 compounds the needs to 17,070 sf of administrative spaces and 59 staff positions. Thus, if the space deficit is not rectified, the year 2050 will see a shortage of 9,321 sf or 120% of administrative spaces over the existing Administration Building.

OBJECTIVES:

1. Understand the DOW's organization structure and its current and future operation space needs. Evaluate existing DOW Base Yard and possible expansion opportunities. Provide cost effective solutions to maximize value to the DOW's customer base.
2. Plan, design and construct new or renovate existing facilities to meet the DOW's current and future operation space needs.
3. Be in compliance with the Kauai General Plan, Comprehensive Zoning Ordinance and other prevailing codes and regulations.
4. Be sensible to the site and its surroundings
5. Be in harmony with the neighbors and the larger communities
6. Be energy efficient and environmentally responsive.

METHODOLOGY:

The planning Methodology includes programming, planning analysis, alternate master planning, and the preferred master plan scheme. An important part of this plan is to connect the new sewer system with Grove Farm's sanitary sewer system.

PREFERRED PLAN:

The handout presented three site options for the Lihue Base Yard Master Plan. The best compromise plan scheme is to have the new building on the north east end closest to Kaumuali'i Highway and the storage building for the 15 County Departments would have access to a 24 ft road to the DOW administration building. This road would accommodate all vehicles including trucks, fire trucks, and emergency vehicles as well. The parking space would be right in the middle of these two buildings. This would allow an access road from the Operations Department to the Administrative Building for the Department of Water. There are plans for the underground storm water retention system.

COST ESTIMATE:

As of July 12, 2011 the estimated cost for the construction of a new Department of Water Administration Building, at-grade parking, access road, landscape, and off-site sewer connection to the Grove Farm sewer system is \$7,263,578. Also included are FF&E and signage allowances at \$250,000 and \$50,000 respectively, bringing the total construction cost estimate up to \$7.2M.

Pricing is based on July 2011 and escalated to December 2012 assuming that the project will be competitively bid and the contractor will be required to pay prevailing wage rates.

Items specifically excluded are listed in the Master Plan Report page 5.7

DISCUSSION:

Mr. Dahilig referred to page 2.6 regarding functional relationships between the DOW's primary and secondary relationships between Administration, Operations, and the Laboratory. He expressed concern regarding the distance of the buildings conflicting with the interactions of each division. Looking at this diagram shows a lot of secondary relationships that are essentially required during everyone's daily work schedule. A lot of interrelationships are not done through high tech and at times may need some face to face collaboration amongst the divisions.

Mr. Chan explained that studies were made and in this era, the use of electronics such as e-mail and telephone supersedes the normal physical communication. Mr. Reyna also confirmed that the base of their operations with wastewater has always been separated. The isolation of being 25 miles apart did not disrupt any job duties the department had on a daily basis. The distance of 50 yards from the Operations Department to the Fiscal Department does not seem as an overriding issue with communication. The basic solution to this problem would be proper signage. Mr. Chan, along with Administration at the Department of Water looked at different location options; this preferred plan on page 5.5 is the best plan scheme that incorporates all of the department's needs.

A second concern that Mr. Dahilig had was that the front of the building would be facing Kaumuali'i Highway without the public having access from the main road. This will cause our clients to constantly hit up the Operations building trying to find the Administration building. By

having the Administration building facing that way and apart from the Operations Department does not make sense.

Manager Craddick also emphasized that the other water department's base yard is miles away from their operation's department. Mr. Moises explanation on the diagrams on page 2.6 showed the interrelationships between departments are majority secondary relationships. If the relationships were shown primary, the location of the new building would have been more carefully mapped. The percentage of staff that would have to make that extra 50 yards walk is minimal. As far as the ten schematics that were analyzed, this preferred plan incorporates all the fiscal and responsible needs within the next 50 years. The goal is to get a proper plan finalized and presented to the council for approval.

Mr. Nishimura asked if there was any thought into putting the two buildings in the front and the parking lot in the back? Mr. Chan said that what we are really trying to do is to separate the traffic between the storage and the new building. The 15 department storage building would be primarily for filing and the parking would be for trucks, fire trucks, emergency cars, etc. They would have a separate driveway from the parking lot for the Department of Water consumers. Manager Craddick said to move the parking would not be good long range trafficking. Mr. Chan also explained that to move the parking structure forward would also cause delay between the pathways from the Operations Department to the new Administration Building. The storage would have to share the pathway with DOW. The point ideally was to place the future storage building closer to the park and ride with its own road access on Pua Loke St to avoid trafficking for DOW's daily business.

Mr. Dill recognizes the departments desire to move forward to proceed along the lines with this with transferring the land. Public Works have been in contact with the Department of Water and although there was no formal acceptance or approval by administration, there has been communication of the location of the storage building. Manager Craddick stated that what are needed from the department are the deed and a resolution to transfer the property.

Mr. Kaneshiro explained that the communication will be with the council after the resolution is drafted they will refer back to the administration in order to concur if this is an appropriate administration and storage site.

Mr. Moises asked the board as stated in the Manager's Report to request to submit a follow up letter to the County of Kauai Council and Mayor to transfer and subdivide the property adjacent to the existing DOW offices to accommodate future expansion of the proposed plan layout shown in the finalized master plan. Initially the first letter was supposed to have been sent in May which has not been drafted. This request would be for the first letter then a follow up letter once the master plan gets finalized.

Mr. Nishimura expressed two overriding concerns with this expansion:

1. Cost
2. The existing administration building will be properly utilized once it is renovated because if we are expanding by 75% and the existing administration building will

reduce occupancy or utility by 50%, it is suggested that we need to look at fewer improvements into the new building.

Mr. Moises commented that Deputy Manager William Eddy has some ideas to use the existing building to make the Operations Department more efficient. The plan is to use the existing administration building for Operation's office space and their existing Operations Department for materials and storage.

Mr. Dill moved to approve the Master Plan Job No. PLH- 39 and to go forward acquiring the land with a follow up letter to send to the council, seconded by Mr. Nakaya; motion carried (6:1, 1 Nay by Mr. Dahilig).

Mr. Nakaya moved to withdraw his seconded motion as requested on Manager's Report 12 – 2 Recommendation No. 2 in order to submit a follow up letter.

Mr. Dill also moved to withdraw his current motion to approve the Master Plan Job No. PLH- 39 and to go forward acquiring the land with a follow up letter to be sent to the council.

Mr. Dill made a motion to approve the finalized Master Plan Job No. PLH – 39 as requested on Manager's Report 12 – 2 request No. 1, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

Mr. Dill moved to go forward with the submittal of the first letter to the council and the mayor to transfer and subdivide the property adjacent to the existing DOW office to accommodate future expansion proposed with the presentation of the Master Plan followed by a follow up letter with the approved Master Plan, seconded by Mr. Nakaya; by unanimous vote, motion was carried.

Chair Roy Oyama requested to take item Manager's Report No. 12 – 10 – Response to Greg Allen correspondence in reference to Kapaa Highland to the next item of business. As there were no objections, Mr. Dill moved to approve the agenda as amended; seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

RE: Manager's Report No. 12 – 10 – Response to Greg Allen correspondence in reference to Kapaa Highland

Manager Craddick's recommendation is to allow the staff to enter into an agreement in accordance with Part III Section XII of the rules with Kapaa Highland subject to county attorney concurrence. This exchange would be on a dollar for dollar basis and not gallon for gallon. The exchange is that they are giving us additional source in exchange for storage.

DISCUSSION:

Mr. Nishimura asked, regarding the Affordable Housing components, if there is an agreement in place between the applicant and the administration that there will be so many units at an

affordable cost. Mr. Allen of Kapaa Highlands explained that it would follow ordinance No. 860 which the planning commission requires as part of the conditions. Another question to Mr. Allen was if the source component does not pan out, what is the assurance does the department have for another source of water. Manager Craddick explained that they do not have to make other sources available, but if there is nothing to trade for the storage and the tank is done, the applicant would have to pay for the development fee to get the storage portion. If you are trading source for storage and the well does not get the extra water or if the extra storage or source that is expected is not there, then what happens? Assuming that the tank will be done within the next 5-7 years, the source would be there. It would only be a matter of charging him the development fee. In addition, Mr. Allen stated that the agreement would have a null and void provision if source cannot be provided.

This property is 163 acres and 97 acres of that are in the plan for housing, 66 acres is the Mauka area where the solar farm is right now where we call Phase I. As part of the agreement the process would be to develop the source and the pipeline capacity to bring the supply to the existing Stable Tank prior to anything happening. Currently, Phase I is 16 AG CPR units that is currently being farmed by Mr. Bosshard with solar, goats, cows, etc. For Phase I to get its final approval the source and pipeline would be completed and that would be well in advance of anything happening in Phase II which would be the high density and the affordable part of the project.

Mr. Nishimura asked the department if we are just giving the undeveloped water source well. Manager Craddick explained that it has to be completed. Mr Allen confirmed that there is a 6" test well that was drilled and pump tested with Tom Nance, the water engineer, which is in the Water Master Plan. Mr. Allen feels very confident that a county standard water source can be drilled right next to this test well.

Mr. Allen passed out two handouts, a correspondence dated May 19, 2011 to Mr. Craddick and a concept plan dated March 16, 2009 for the Kapa'a Highlands Phase II.

Mr. Kaneshiro recused himself from any voting on this item and left the meeting at 11:55 a.m.

Mr. Allen confirmed all the water will be given up front whether or not Phase II is approved or happens. The water would be enough for the subdivision, Coco Palms, and everything else engineering has come up with. If for some reason the State Land Use Commission (LUC) does not allow Phase II to go through and it stays AG CPR lots, he would be requesting water for the 34 CPR AG lots instead of the "up to 800 residential dwelling units." Phase I will be providing the source and the transmission pipe to bring the water up there. Referring to the map handout, the red line delineates the water that comes off of the Stable Tank versus the undeveloped Ornellas Tank. The 1M gallon Stable Tank has not been used up to capacity due to the lack of its supply which we are proposing we can provide. Everything under the red line can be fed from the Stable Tank. Projects above the red line would have water pressure problems and would be supplied from the Ornellas Tank. The test well now can fill up the Stable Tank and for the next few years, the 16 units on Lot 1, 2, 3, 4, and 5 will be the only lots with water for Phase I.

Mr. Doi expressed his opinion to Mr. Nishimura that the project is going through a Master Plan and water is not available for full build out so in providing source capacity for all of their needs and extra, the proposal is to give the opportunity to exchange extra source for storage. They only can develop to what is available.

Chair Oyama leaves at 11:56 a.m.

Mr. Kaneshiro returns at 12 p.m. With no objections the Chair is handed to Vice Chair Kaneshiro for the purposes of conducting the meeting.

Mr. Nishimura moved to approve *Manager's Report No. 12 – 10* – authorizing the staff to enter in agreement accordance with Part III, Section XII of the rules with Kapaa Highland subject to county attorney concurrence and that the exchange would be on a dollar for dollar basis not on a gallon for gallon basis, seconded by Mr. Dill; by a unanimous vote, motion was carried.

It is made to the record that Mr. Kaneshiro recused himself from any voting on this item.

Chair Oyama returns at 12:03 p.m.

Mr. Kaneshiro called a recess at 12:04 p.m.

Chair Oyama called the meeting back to order at 12:16 pm

Re: *Manager's Report No.12 – 3- First Contract Amendment for Job No. PLH-39, Lihue Base yard Improvements (Water Plan 2020 Project No. PLH – 39) Lihue, Kauai*

Manager Craddick explained that we are encumbering the funds and will start paying the GE Tax on projects going forward. It is suggested that the board either works on a committee to work with the staff for the design of the Lihue Base Yard or assigning a particular board member that wants to be involved with it.

DISCUSSION:

Chair Oyama opened the floor to any board members would like to volunteer or take action on preceding.

Mr. Moises explained that the initial design scope was for over \$1M. Within the last couple of months, the building's interior design was down sized and brought down to \$300K. Architects Hawaii has been working with the department to come up with a reasonable dollar amount that accommodates all of the apartment's needs.

Mr. Dahilig moved to defer this item to the end of the agenda due to procurement issues and to be referred to Deputy County Attorney Andrea Suzuki; with no objections, motion carried.

Deputy County Attorney Andrea Suzuki leaves at 12:25 p.m.

Re: Manager's Report No.12- 4 - Requesting approval of funding change and Second Change Order for Job No. 03-02, Wainiha Booster Pump Station and Haena Steel Tank Renovations (Water Plan 2020 Project No. Phase 2, HW-02, HW-03)

Manager Craddick explained that the reason for this second change order is because lead paint was found in the tank and we are trying to resolve the issue as timely as possible. A large percentage of the funds will be used for the removal of the lead paint.

DISCUSSION:

Mr. Moises presented the most conservative option 1 that is recommended for the Board which would be taking the 100,000 gal tank out of service, sandblasting, then recoating and spraying the tank. During this process we would need temporary tank storage. Option 2 would be to utilize an HDPE liner. The quotes given yesterday were \$50K-\$75K cheaper, but still have to be looked further into regarding the life span, durability, and the complexity of this liner.

Mr. Dill questioned between these two options, is there a difference on how long it would be out of service? Mr. Moises answered that option 1 would be out of service from three weeks to one month. The work can start as soon as the 60,000 gal temporary tank from the Big Island arrives; Honolulu Industrial Coating would work day and night initially 7-10 days. Curing would then be a couple of days thereafter.

With this issue of lead reading of 0.1 in the tank is now the Department of Water's number one priority to get resolved.

Mr. Dill moved to approve the additional funding for Contract No. 516 with Unlimited Builders, LLC, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.

Re: Manager's Report No.12-5 - Job No. 11 - 02, PLH - 01a, Replace Grove Farm Tanks #1 and #2, Puhi-Lihue-Hanamaulu System, Kaua'i, Hawaii, award of contract to Esaki Surveying and Mapping, Inc.

Mr. Dahilig moved to approve the award contracted to Esaki Surveying and Mapping, Inc. to replace Grove Farm Tanks #1 and #2, Puhi in the amount of \$219,658, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Deputy County Attorney Andrea Suzuki returns at 12:35 p.m.

Re: Manager's Report No. 12 - 6 - Third Change Order for Job No. 02 - 18, Kapaa Homesteads Pipeline Replacement, Phase 2 (Water Plan 2020 Project No. WK - 32) Kapaa, Kauai

Manager Craddick explained that this is a project that is being worked with Jennings to add 120 ft of 12", 8" and 6" piping. Mr. Moises added that the background scope in the first paragraph of this Manager's Report 12 - 6 explains what is being done and the second paragraph explains the actions to fulfill this project. During the course of the project, several existing waterlines and other utilities were discovered in the new waterline trench. DOW redesigned the waterline

installation to deal with the conflicts and by having meters set outside of the project area which needs to be connected to the new water line.

Mr. Dill moved to approve the additional funding required for Contract No. 513 with Jennings Pacific in the amount of \$100,000, seconded by Mr. Kaneshiro; by unanimous vote, motion was carried.

Re: Manager's Report No.12- 7 - Fourth Change Order for Job No. 02 – 02, Piwai 677' 0.5 Million Gallon Storage Tank and Connecting Pipeline (Water Plan 2020 Project No. LO – 04) Omao, Kauai

During the construction of Kukuiula projects, The Piwai Tank was built 3ft lower than it was supposed to be. Kukuiula prepared plans and specs to put in a system that would allow the tank to be used within the system without forcing the water to be stagnant.

DISCUSSION:

The initial approach was to raise the roof of the 100,000 gallon tank 3 ft but the proposal was over \$300,000 to get 20,000 gallons more versus building the 500,000 gallon tank adjacent to the 100,000 gallon Piwai tank and to utilize the existing overflow at the Akemama Tank.

As a concession for the 3ft error, Manager Craddick explained to Mr. Dill that the land was given for free to build this tank, and the cost difference for the pipeline going up to the tank and back was also waived.

Mr. Dill moved to approve the additional funding for Contract No. 518 with Unlimited, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

Re: Manager's Report No. 12 – 8 – Request approval for Revised Fiscal Division

Mr. Dahilig moved to approve the Proposed Fiscal Division reorganization, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

Re: Manager's Report No. 12- 9 - Requesting approval of rule change to delete leak rebates

a. PowerPoint Presentation on how a Private Insurance Company would provide the services that are required

Manager Craddick stated that Section 9 of the Rules and Regulations for Water Service Connections would be deleted. When the approval of rule change is made, it would then go to the small business, and then back and forth.

DISCUSSION:

Manager Craddick confirmed to Mr. Nishimura that this does not exist in this state and mostly done with private water companies. Maui does not have leak rebates, and Honolulu is holding back on their rule change because the Loihi implementation will not be until January. Currently we are

giving \$300,000-\$500,000 in leak rebates every year. It takes one person's time to deal with a leak issue. Leak charges would be paid for by their insurance provider. The insurance cost is predicted to be in the range of \$5-\$10 per bill.

Mr. Nishimura and Chair Oyama requested to treat the leak rebate and insurance item separately.

Mr. Dahilig expressed concerns in referring the leak insurance to a third party provider. Manager Craddick explained that if the insurance is reflected on the consumer's bill, we would need the Board's approval.

Mr. Dahilig moved to forward this item of business to the Rules Committee for review, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

Deputy County Attorney Andrea Suzuki returns at 12:55 p.m.

Re: Manager's Report No.12 – 3- First Contract Amendment for Job No. PLH-39, Lihue Base yard Improvements (Water Plan 2020 Project No. PLH – 39) Lihue, Kauai

Mr. Dahilig moved to defer this item to the next meeting, seconded by Mr. McCormick; by a unanimous vote, motion carried.

STAFF REPORTS

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

Ms. Tateishi confirmed that the \$1.4M was received from the State of Hawaii for our Waimea Project that was funded by BAB and is stated on Page 1, Water Utility Fund No. 5 State Revolving Fund. Mr. Nishimura stated that the \$1.4M should be stated on line 2 Net Miscellaneous Receipts or 5a Other Receipts.

Mr. Nishimura moved to accept the Statement of Kaua'i County Water Department's Revenues and Expenditures report and have this report checked to make sure funds are reported in the right account, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Re: Report by the Public Relations Specialist on Public Relations Activities

Ms. Shiramizu reminded the Board that coming up is a beach and fishing day at Anini this Saturday at 9 am and next Friday, August 5, 2011 we have a barbeque planned by our interns at DOW and this barbeque would be a "Mahalo Party" for our interns. Also the Make a Splash event is coming up on September 29, 2011 and there is a signup sheet if any board members would like to volunteer to help or to come and experience this event. Mr. Dill also recommended all the other board members to attend this event.

Mr. Dahilig moved to accept the report by the Public Relations Specialist on Public Relations Activities, seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

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

Mr. Reyna introduced himself to the Board and Staff as our new Chief of Operations. Mr. Reyna reported that the Operational Department has been very busy tending to leak reports in the past month. It was confirmed to Mr. Dill that the 16 customer-side leak repairs are job orders. These reports are incidents where our DOW Operations Staff would report to the job site and find out that these leaks are found to be on the consumer's side.

Mr. Nishimura requested to have an update on the Hanamaulu Well #3 at the next meeting.

Mr. Nakaya moved to accept the Deputy Manager's Summary Report on Monthly Operational Maintenance; seconded by Mr. McCormick, by a unanimous vote, motion was carried.

Re: Manager's Monthly Update Regarding Activities of Note of the Kaua'i County Water Department

SUMMARY OF WARRANT VOUCHERS PAID

The vouchers paid was \$7.7M of which \$4.3M was paid to DOT and the total for capital expenditures was \$6.2M of which \$5.8 is from BAB funds.

DISCUSSION:

Mr. Dill asked Manager Craddick about the Summary of Warrant Voucher Paid Report. The Bond-BAB for Unlimited Builders, LLC should be accounted for DOT. Ms. Tateishi reported that the Recap of Capital Expenditures is correctly listed but not the Summary of Warrant Vouchers. Mr. Oyama requested for a correction on the Summary of Warrant Vouchers Paid ending June 30, 2011 at the next meeting.

STAFF REPORTS: FY 12 - 1

Mr. Nishimura moved to go into executive session, seconded by Mr. Dill; by a unanimous vote, motion was carried. Deputy County Attorney Andrea Suzuki and Manager Craddick was requested to remain for the Execute Session, all other staff was excused.

The Regular Meeting was recessed at 1:20 p.m. to move into Executive Session.

Pursuant to Hawai'i Revised Statutes Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to discuss the Board's duties and liabilities regarding the cross connection incident that took place in May of 2011 in Kilauea. This briefing and consultation involves the consideration of the powers, duties, privileges, immunities and/or liabilities of the Board and the Department as they relate to this item.

Mr. Dahilig leaves at 1:45 p.m.

Mr. Nishimura moved to adjourn the Executive Session at 1:59 p.m., seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

The Regular Meeting was reconvened at 2:00 p.m.

QUARTERLY REPORT

Re: Project Status Update

DISCUSSION:

Mr. Moises confirmed that this is all the Design and Construction Projects. Mr. Craddick confirmed that after the AMFAC Shaft pump is installed, during the design side, we would have to pump it until the water is clear or until we can get DOH approval to make sure it is not water under the influence. Mr. Moises added that this is not in the design stage; it is more in the water quality testing stage. Mr. Moises will confirm the status of the \$950K budget used so far. It is not believed to just have this budgeted only for water quality testing.

Mr. Nishimura moved to approve the Project Status Update Report, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Re: Affordable Housing

DISCUSSION:

Mr. Moises confirmed that WK – 39 Kapaa Homestead Well #4 is currently in the design stage and is tied in with the Kapahi Tank. The Kapahi Tank is predicted to go for bidding by next summer. Manager Craddick explained that the affordable housing Kapaa Highlands request is the only one that is current. There are others being talked about, but nothing is being developed at this time.

Mr. Nishimura questioned Manager Craddick if Kapaa Highlands had been communicated with housing. Manager Craddick confirmed that there is contact with Eugene (Jimenez) about the Kapaa Highlands item. There were no requirements that received to date for the affordable housing projects in Ele'ele. We have been telling A & B that we need an alternate transmission line feeding that area because the one coming up beside the cliff is not guaranteed if there was something to happen. The two service laterals there and we can supply all of that area from the lower tank on the Hanapepe side, but right now everything has to be pumped up the hill whether it all comes back down the hill or not. It is just poor planning of the pumping to not do it. It would increase our operational cost in having to move all the water to the top of the hill just to simply come down because we do not have a pipe down below.

Mr. Nishimura expressed it is important that the Housing Agency is aware that it can take up to 10 years to develop the necessary infrastructure. This part of the time frame is somehow not being communicated to the administration. Chair Oyama also added to the board that when he started on the water board, we were behind in the affordable housing in the needs of the water. The council and mayor were also concerned. We need to be ahead of the game making plans pushing for directions to help.

Mr. Nakaya moved to accept the Affordable Housing report, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Re: Board Member Reports on AWWA Training

1. **Michael Dahilig (not present)**
2. **Larry Dill**

Mr. Dill reported that he spent three consecutive days at different Board Sessions. The training talked about operational aspects of the financial side, rate making, rules and regulations, and dealing with the public. The rate changing sessions really helped because of what the DOW is currently going through right now with the different blocks and it was interesting and detailed on what they have studied. Also Manager Craddick and Mr. Dill attended a dinner session with the National Rural Water head office from D.C. so this gave him the opportunity to understand more about their program and what it means in the State of Hawaii.

3. **Daryl Kaneshiro**

The three days of the training started from Sunday. A lot of the displays and booths gave different ideas to detect leaks. There were 100 different exhibitions going on. Another great thing is that the Hawaii women won the Pipe Tapping Championship. Mr. Kaneshiro also made visits to Daniel Akaka and Senator Inouye's office. It was a great opportunity to meet other people from different sessions. The report that was presented by the Japanese Representatives after the tsunami was interesting to how they were able to get the water system back running in a quick amount of time due to their flexibility of their piping.

4. **Mr. Oyama**

What was really interesting was that the Big Island's water board term is 5 years and our 3 years is too short. Maybe we can make a change on Kauai because there is a problem finding people for the board or in any commission. Also the AG rates was really interesting because Hawaii is the only state that no other means of getting agriculture products if there is no water available except the domestic system.

5. **Raymond McCormick**

Mr. McCormick received certificated on the last day and the management seminars were good. It is recommended for more staff to attend these meetings.

Mr. Nishimura moved to accept the Board Member Reports on the AWWA Training, seconded by Mr. Nakaya; by a unanimous vote, motion was carried.

EXECUTIVE SESSION

1. Review of Executive Session Minutes: June 21, 2011

No action was taken on the June 21, 2011 Executive Session Minutes.

TOPICS FOR NEXT WATER BOARD MEETING

1. Resolution #1 – Budget for next fiscal year

2. Job Performance Evaluation for Manager and Chief Engineer (*due to DPS in October*)
3. 1st Draft Approval of BAB Projects

TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Board Policy on Reserve Fund

UPCOMING EVENTS

1. Project WET, Make a Splash, September 29, 2011
2. National Rural Water Annual Convention, October 4-6, 2011
3. HWWA Conference, Kona, Hawaii, October 12-14, 2011

NEXT WATER BOARD MEETING

1. Thursday, September 22, 2011, 10:00 a.m.
2. Thursday, October 27, 2011, 10:00 a.m.
3. Wednesday, November 23, 2011, 10:00 a.m.

ADJOURNMENT

There being no further business, Chair Oyama adjourned the meeting at 2:37 p.m.

Mr. Dill moved to adjourn this Regular Meeting in the Board Conference Room of the Department of Water; seconded by Mr. Nakaya, by unanimous vote motion was carried.

Respectfully Submitted,

Approved,



Mary-jane Garasi
Acting Commissions Support Clerk

Randall Nishimura
Secretary – Board of Water Supply