

MEETING MINUTES
BOARD OF WATER SUPPLY
Friday, July 22, 2016

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Friday, July 22, 2016. Chair Laurie Ho called the meeting to order at 10:01 a.m. The following Board members were present:

BOARD: Ms. Laurie Ho, *Chair*
Mr. Michael Dahilig
Mr. Lyle Tabata
Ms. Beth Tokioka
Mr. Sherman Shiraishi (*entered meeting at 10:29 a.m.*)
Mr. Larry Dill (*entered meeting at 11:12 a.m.*)

EXCUSED: Mr. Clyde Nakaya, *Vice Chair*

Quorum was achieved with 4 members present at the time of roll call.

STAFF:

Mr. Kirk Saiki	Mr. Joel Bautista
Mr. Dustin Moises	Ms. Christine Erorita
Mr. Val Reyna	Ms. Kierstyn Oshita, Intern
Ms. Fay Tateishi	Mr. Brian Wienand
Mr. Carl Arume	Mr. Eric Fujikawa
Mr. Keith Aoki	Mr. Josh Agpaoa, Intern
Mr. Freddy Levinthol	Ms. Sandi Nadatani-Mendez
Deputy County Attorney, Mahealani Krafft	

GUEST(s): Mayor Bernard P. Carvalho, Jr.
Mr. Kaleo Carvalho, Office of the Mayor
Mr. Hall Parrott, Private Citizen
Ms. Nancy Kanna, Kaua'i Board of Realtors

ACCEPTANCE OF AGENDA

Mr. Dahilig motioned to move up New Business Item H#1 Resolution No. 17-01 Farewell to Alfred "Freddy" Levinthol and Executive Session Item J#1 right after Resolution No. 17-01; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

H. NEW BUSINESS

1. Resolution No. 17-01 – Farewell to Alfred "Freddy" Levinthol (Retiree), Waterworks Inspector II, Construction Management Division

Construction Project Management Officer, Mr. Moises read Freddy Levinthol's Resolution. Mayor Carvalho presented a proclamation and declared July 22, 2016 as "Freddy Levinthol Day." Freddy thanked everyone and said he enjoyed the last four years with the Department of Water. Photo op with the Board followed.

The Board received Resolution No. 17-01 – Farewell to Alfred "Freddy" Levinthol (Retiree), Waterworks Inspector II, Construction Management Division without objections.

Chair Ho ordered to continue with the agenda items until Mr. Dill arrives before going into Executive Session with no objections.

D. MEETING MINUTES

Review and approval of:

Regular Board Meeting – June 30, 2016

Mr. Dahilig moved to approve the Regular Board Meeting minutes of June 30, 2016; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS

None.

F. BOARD COMMITTEE REPORTS

None.

G. OLD BUSINESS

1. Manager's Report No. 16-38 – Discussion and Possible Action regarding Part 5 Facilities Reserve Charge, Section III Applicability Proposed Amendments, Small Business Regulatory Review Board (SBRRB) Results

Distributed to the Board members was Manager's Report No. 16-38 (Received for the Record).

BACKGROUND:

Manager Saiki recommended the Board receive and discuss the Department's update on the rule amendment to Part 5. Two (2) amendment changes are listed below:

Paragraph 3.c - The Facilities Reserve Charge for conversion of legally existing single-family units to a multi-family two dwelling unit structure, as provided by law, will be assessed at 50% of the Facilities Reserve Charge for multi-family units, per unit.

Paragraph 3.d - For projects developed by the County of Kaua'i Housing Agency or in partnership with the County of Kaua'i Housing Agency, and certified by the County of Kaua'i Housing Agency as affordable housing (defined by Kaua'i County Ordinance 7 A-1.3), the Facilities Reserve Charge shall be \$4,940.00 per unit.

Paragraph 3.c and Paragraph 3.d shows a comparison of the existing rule vs. the proposed rule.

1. Paragraph 3.c.:

Conversion of Single-Family Dwelling to Two-Unit Multi-Family Dwelling			
Existing Rule		Proposed Rule	
Unit 1 FRC	\$9,880	Unit 1 FRC	\$4,940
Unit 2 FRC	\$9,880	Unit 2 FRC	\$4,940
Subtotal	\$19,760	Subtotal	\$9,880
FRC Credit	\$14,115	FRC Credit	\$14,115
Total FRC	\$5,645	Total FRC	\$0

2. Paragraph 3.d.:

County Certified Affordable Housing FRC			
Existing Rule		Proposed Rule	
Single-Family	\$14,115	Single-Family	\$4,940
Multi-Family	\$9,880/Unit or Meter Cost	Multi-Family	\$4,940/ Unit

Paragraph 3.c. – If an estimate of 15 to 45 people convert homes, lost revenues are estimated to range from \$85,000 to \$254,000.

Paragraph 3.d – Based on 4 phases of Lima Ola; the Department could collect \$6.1M in FRC but with the new amendment, there would be a \$3.4M loss in revenue in FRC. Cost impact will be hard to figure out and the lost in revenue liability would be to the Department. The number of homes are unknown. The Board needs to discuss the concept of revenue recovery or will it be lost money and if there would be any amendments to these edits. The Small Business Regulatory Review Board (SBRRB) did not have any comments to the proposed amendments.

DISCUSSION:

Ms. Tokioka asked if the proposed change in Paragraph 3.c had the intention to take the Total FRC to zero? The zero amount and where it should be could be looked at. Manager Saiki recommended the Board delete this paragraph; it helps with housing but there is no tie to affordable housing.

Mr. Dahilig stated this was discussed at a previous Board discussion that the calculation now is zero. With the policy being carried forward and if FRC is changed, the amount would be adjusted. The discussion is a policy discussion versus dollars and cents. Mr. Dahilig and former Board member, Mr. Rezentes, Jr. previous proposal was an intent to look at entry level housing also. The Honolulu Board of Water Supply's Resolution 7-80 was approved for FRC a single family dwelling which includes two (2) unit duplexes. This is a balance if the Department would increase FRC in the future and there still would be some recovery; the FRC credit would be zero. Paragraph 3.c would be for affordable housing and Paragraph 3.d. is meant to increase inventory.

Ms. Tokioka wanted to be sure to not dis-incentivize the conversion which helps with gap housing and first time buyers; make it easier to incentivize.

Mr. Dahilig would like to proceed to public hearing and to get the public's comments and is open to a fixed regime versus a percentage rule.

Manager Saiki expressed concern on how would the Department recover revenue through water rates. He questioned how water rates would be raised if there is no idea of how many homes the Department would be looking at (i.e., how many conversions, how many affordable housing units). Mr. Dahilig disagreed because this matter was already voted on to send the proposed amendment to the SBRRB then go to public hearing.

Manager Saiki stressed the harder this is pushed for public hearing, it will be even harder to pull it back or to make changes which Chair Ho agreed. Ms. Tokioka noted that through public input the Board may learn something what the public is willing to accept or not.

Mr. Shiraishi entered meeting at 10:29 a.m.

Mr. Dahilig moved to have Amendment for Part 5 FRC, Section III - Applicability set for Public Hearing; seconded by Ms. Tokioka; with no objections, motion carried with 4 ayes, 1 Abstain (SS).

H. NEW BUSINESS (cont'd)

2. Manager's Report No. 17-01 - Discussion and Possible Action to Request Board Approval to enter into a Memorandum of Understanding (MOU) between the State of Hawai'i, Employees Retirement System (ERS) and the County of Kaua'i, Department of Water (DOW) to participate in the State of Hawaii ERS Actuary for Fiscal Year ending June 30, 2016

Mr. Dahilig moved to approve Manager's Report No. 17-01 - Discussion and Possible Action to Request Board Approval to enter into a Memorandum of Understanding (MOU) between the State of Hawai'i,

Employees Retirement System (ERS) and the County of Kaua'i, Department of Water (DOW) to participate in the State of Hawaii ERS Actuary for Fiscal Year ending June 30, 2016; seconded by Mr. Tabata; with no objections, motion carried with 5 ayes.

3. Discussion and Receipt of the American Water Works Association Chicago, IL Conference Reports (*June 19-22, 2016*)
 - a. Report from Kaua'i Board of Water Supply Member, Sherman Shiraishi
 - b. Report from Kaua'i Board of Water Supply Member, Larry Dill (Pending)
 - c. Report from Kaua'i Board of Water Supply Member, Michael Dahilig

Mr. Dahilig moved to receive the American Water Works Association Chicago, IL Conference Reports (*June 19-22, 2016*) for 3a) Board Member of Water Supply Members, Sherman Shiraishi and 3c) Michael Dahilig; seconded by Mr. Tabata; with no objections, motion carried with 5 ayes.

4. Manager's Report No. 17-02- Discussion and Possible Action on Grant of Easement for Kukui'ula UAA Subdivision – Kainani Subdivision, TMK: 2-6-21:10 (por), 2-6-21:05, and 2-6-21:11, Po'ipū, Kaua'i, Hawai'i, affecting the following landowner:
 - a. Kukui'ula Residential Development, LLC

Mr. Dahilig moved to approve Manager's Report No. 17-02- Discussion and Possible Action on Grant of Easement for Kukui'ula UAA Subdivision – Kainani Subdivision, TMK: 2-6-21:10 (por), 2-6-21:05, and 2-6-21:11, Po'ipū, Kaua'i, Hawai'i, affecting the following landowner: a. Kukui'ula Residential Development, LLC; seconded by Mr. Shiraishi; with no objections, motion carried with 5 ayes.

I. STAFF REPORTS

MONTHLY

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

Mr. Shiraishi moved to receive the Kaua'i County Water Department's Statement of Revenues and Expenditures, a. June Monthly Summary Budget; seconded by Mr. Tabata; with no objections, motion carried with 5 ayes.

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

Mr. Dahilig moved to receive the Report by the Public Relations Specialist on Public Relations Activities; seconded by Ms. Tokioka; with no objections, motion carried with 5 ayes.

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

BACKGROUND:

Chief of Operations, Mr. Reyna highlighted the following:

1. Production and Consumption Chart, FY July 2015 to July 2016 – Water loss was 11.9%. 16% is the AWWA industry standard; national standard is called "non-revenue water." Non-revenue water is approximately \$700,000 from leaks, over flows, tank over flows, unbilled water, firefighting or theft.
3. A water audit will be submitted for the past fiscal year.

DISCUSSION:

Mr. Shiraishi questioned whether the problems with the north shore Supervisory Control and Data Acquisition (SCADA) operation was resolved. Mr. Reyna is working with the SCADA contractor and the Telemetry contractor to resolve this matter. The level transducer is not working due to the tank and well being on opposite sides of the mountain. This is still being working on and involves employee overtime. Mr. Shiraishi requested a status of the repairs in the next Operations report.

Mr. Reyna will provide a status of the OSHA violations in his next Operations report and to include the amount of the penalties as requested by Mr. Shiraishi. Reduced penalties cost \$10K to \$11K.

Mr. Shiraishi moved to receive the Chief of Operation's Summary Report on Operational Activities the Chief of Operation's Summary Report on Operational Activities; seconded by Mr. Tabata; with no objections, motion carried with 5 ayes.

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

BACKGROUND:

Manager Saiki highlighted the following:

1. Plant Electrician Helper – Filled, effective 7-16-16.
Senior Account Clerk – Filled, effective 7-16-16.
2. CC&B - Testing was being performed at this time by shadowing billing process with Honolulu Board of Water Supply for bugs before it goes live by September 6th. The new billing change will be an internal change and the bill will look the same. Letters will be sent out to the customers ahead of time. Bill paying will be done through the internet (debit card/checking accounting). Ms. Tokioka requested information to the public is sent out early and **often** regarding internal changes on the new billing system (Fiscal Division).
3. Legislative Update – The Department received \$3.75M from State budget for Kapa'a Homesteads Well No. 4 and Cane Haul Road 18" Main.
4. Manager's Goals - Manager Saiki distributed a different format for the Manager's Goals to be discussed in open session or executive session (Received for the Record) instead of existing format to measure successes and outcomes. The proposed format would be looked at by each division's goals.

Ms. Tokioka moved to receive the Manager and Chief Engineer's Monthly Update Regarding Activities of Note of the DOW; seconded by Mr. Dahilig; with no objections, motion carried with 5 ayes.

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

Ms. Tokioka moved to receive the BAB pay down as of June 2016; seconded by Mr. Dahilig; with no objections, motion carried with 5 ayes.

QUARTERLY *(April – June 2016)*

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

BACKGROUND:

Construction Project Management Officer, Mr. Moises highlighted the Executive Summary.

1. The new building is nearing completion; building dedication will be on August 30th. The move in date is September 6th.

2. New Construction – Mr. Keith Aoki’s team got many designed completed. There should be one new project every other month; six new projects in the next 12 months. Plans are being reviewed.

Mr. Tabata moved to receive the Quarterly Project Status Update for a. Construction Management Division; seconded by Mr. Shiraishi; with no objections, motion carried with 5 ayes.

b. Engineering Division Design Status

BACKGROUND:

Civil Engineer, Mr. Aoki is currently working on the tracings and building and zoning permit on Kōloa Well A & B. Many projects are close to completion and for final review.

DISCUSSION:

Mr. Shiraishi inquired about the Kilauea 1M storage tank that is in design stage to be completed the 4th quarter 2016, then will go out to bid. Mr. Moises said in January 2017 the bid would go out and awarded March 2017, Notice To Proceed (NTP) would be April 2017 with completion done by mid-2018. Mr. Shiraishi questioned if the tank is completed, would it lift the restriction in Kīlauea? Chief of Water Resources and Planning (WR&P), Mr. Doi answered no, because there is a shortage on source and storage. WR&P would move forward to find additional source in Kīlauea.

At 11:00 a.m., Mr. Dahilig exited the meeting.

At 11:02 a.m., Mr. Dahilig re-entered the meeting.

Mr. Moises reviews design for CIP projects that may be listed in the Construction Management’s Quarterly Status Report.

Mr. Shiraishi moved to receive the Quarterly Project Status Update for b. Engineering Division Design Status; seconded by Mr. Tabata; with no objections, motion carried with 5 ayes.

c. Water Resources & Planning Division Status

DISCUSSION:

Ms. Ho did not see water restriction in the Līhu'e area on Page 149 because there is no restriction in Līhu'e. Mr. Tabata added if there is an increase in density, you would see less cars and more walking and biking in Līhu'e (complete streets).

Mr. Dahilig moved to receive the Quarterly Project Status Update for c. Water Resources & Planning Division Status; seconded by Ms. Tokioka; with no objections, motion carried with 5 ayes.

Mr. Dahilig moved to go into Executive Session and read the following language; seconded by Mr. Tabata; with no objections, motion carried with 5 ayes.

Mr. Dahilig moved to adjourn the meeting after Executive Session; seconded by Mr. Tabata; with no objections, motion carried with 5 ayes.

J. EXECUTIVE SESSION

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

1. Pursuant to Hawai'i Revised Statutes §92-4 and §92-5 (a) (2) and (4), the purpose of this Executive Session is for the Commission to evaluate the performance of the Manager and Chief Engineer, where consideration of matters affecting privacy will be involved; provided that if the individual concerned requests an open meeting, an open meeting shall be held, and to consult with its attorney on issues pertaining to the Board's powers, duties, privileges, immunities, and/or liabilities as they may relate to this agenda item.

Mr. Dill entered the meeting at 11:12 a.m.

The Board ratified the actions in Executive Session.

K. TOPICS FOR NEXT WATER BOARD MEETING (August 2016)

1. Manager's Report No. 16-62 - Discussion and Possible Action to Approve a Right of Entry Agreement for a portion of the Department of Water's Koloa 1.0 MG Tank site, TMK: (4) 2 7-003:008, Lot 426, Affecting the following:
 - a. Kauai Island Utility Cooperative (KIUC), TMK: (4) 2-7-003:008, Koloa, Kaua'i, Hawai'i
2. Manager's Report No. 16-56 - Discussion and Possible Action on the Manager and Chief Engineer's New Format of Goals and Objectives for July 2016 – June 2017

L. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Discussion and Possible Action on Board Policy regarding Proposed Delegation of a Meter Restriction
2. Workshop presentation regarding the Long Range Plan of the Department of Water's Admin. Building
3. Rate Study Workshop (September 2016)

M. UPCOMING EVENTS

1. Project WET - Make a Splash (September 22, 2016)
2. HWWA, Hawai'i Section, Maui, HI (November 2 – 4, 2016)

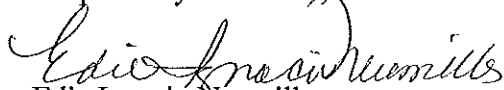
N. NEXT WATER BOARD MEETING

1. Tuesday, August 2, 2016, 9:00 a.m. - Rules Committee Meeting
2. Friday, August 26, 2016, 10:00 a.m.
3. Friday, September 23, 2016, 8:00 am – Rate Study Workshop
4. Friday, September 23, 2016, 10:00 a.m.
5. Friday, October, 28, 2016, 10:00 a.m.
6. Wednesday, November 23, 2016, 10:00 a.m.
7. Friday, December 23, 2016, 10:00 a.m.

O. ADJOURNMENT

Mr. Dill moved to adjourn the meeting at 11:39 a.m.; seconded by Ms. Tokioka; with no objections, motion carried with 6 ayes.

Respectfully submitted,


Edie Ignacio Neumiller
Commission Support Clerk

Approved,


Sherman Shiraishi
Secretary – Board of Water Supply