

PUBLIC HEARING MEETING MINUTES
BOARD OF WATER SUPPLY
Wednesday, July 26, 2017

The Board of Water Supply, County of Kaua'i, met in Public Hearing at the Board Conference Room in Līhu'e on Wednesday, July 26, 2017. Chairperson Sherman Shiraishi called the meeting to order at 5:01 p.m. On roll call, the following answered present:

BOARD: Mr. Sherman Shiraishi, *Chair*
Ms. Laurie Ho, *Vice Chair*
Mr. Michael Dahilig
Mr. Lawrence Dill
Mr. Thomas Canute
Ms. Beth Tokioka

EXCUSED: Mr. Lyle Tabata

Quorum was achieved with 6 members present at the time of roll call.

STAFF: Mr. Kirk Saiki
Mr. Eddie Doi
Mr. Michael Hinazumi
Mr. Keith Aoki
Ms. Marites Yano
Ms. Jonell Kaohelaulii
Ms. MJ Akuna
Deputy County Attorney Mahealani Krafft

GUESTS: Mr. Hall Parrott, Private Citizen

**Written Testimonies are attached at the end of these minutes*

Chair Shiraishi read the following at the start of the public hearing: A public hearing will be held today, Wednesday, July 26th regarding ***Proposed Amendments to the Rules and Regulations of the Board of Water Supply, County of Kaua'i, State of Hawai'i, Part 2 – Water Service Connections Section III – General Conditions and Part 5 – Facility Reserve Charge Section III – Applicability.***

The Department of Water recommended the following rule changes below:

Part 2 – Water Service Connections Section III – General Conditions – clarifies the conditions upon which the Department will provide water service to a prospective consumer. The definition of the change includes the water service area.

Part 5 – Facility Reserve Charge Section III – Applicability – promotes affordable housing development.

Copies of the proposed rule amendments were available, posted and published. With no objections, the Chair summarized the rule changes for the public. The Clerk read the following:

1. **Public Hearing Procedures - Presentation by Department on its findings of the Proposed Rules**
(A presentation will first be made by the Department regarding the proposed amendments to the Rules and Regulations that are the subject of today's hearing.)
2. **Questions by Board to Department Regarding Presentation** *(The Department will then answer any questions the Board may have regarding the Department's presentation.)*

3. **Take Public Testimony** (*When the Board has asked all its questions of the Department, the Board will then take public testimony.*)
 - a. If you wish to testify, please register by filling out the Request to Testify signature list.
 - b. Anyone testifying is entitled to the floor only when recognized by the presiding officer.
 - c. Anyone with written testimony may be given priority at the discretion of the presiding officer. Then the presiding officer shall grant registered speakers an opportunity to present testimony, followed by persons who have not registered.
 - d. For those that wish to testify:
 - i. Please state your name, address, and organization you're representing, if any, and if you are a registered lobbyist.
 - ii. Please limit your comments to the subject matter of today's public hearing.
 - iii. Anyone testifying shall refrain from direct questioning of the Board and shall direct any remarks or questions to the presiding officer.
 - e. Anyone who testifies may be subject to questioning by the Board. Questions by the Board shall be permitted only at the discretion of the presiding officer.
4. **Regarding Public Testimony**
 - a. **Three minute rule:** The three minute rule will be followed regarding all testimony.
 - b. Please limit your initial testimony to three minutes. This will give everyone who wants to say something an opportunity to testify. If you don't complete your testimony within three minutes, you will be given another opportunity to complete what you want to say after everyone has had a chance to testify.
 - c. If you have not completed your testimony on the second go-around, you will then be given another chance to finish your testimony after everyone in the second round of testimony has had a chance to testify.
 - d. The presiding officer may restrict or terminate the speaker's right to the floor for intemperate or abusive behavior or language.
5. The Board shall not be bound by technical rules of evidence.
6. Thank you for participating in this public hearing. Are there any questions?
There were no questions from the public.

Chair Shiraishi suspended the rules and opened the public hearing for testimony. He said the purpose of this hearing is for the Board of Water to hear testimony and take action relating to the proposed amendments. Chair Shiraishi asked for the Clerk to conduct a roll call of the Board members as follows:

“Board Member Mr. Dahilig, Board Member Mr. Dill, Board Member Mr. Tabata (Excused), Board Member Ms. Ho, Board Member Ms. Tokioka, Board Member Mr. Canute and Board Chair, Mr. Shiraishi.” Quorum was established with 6 members present.

Chair Shiraishi asked if the Department wanted to make a presentation. Manager Saiki responded by saying no because the rule changes were presented to the Board previously.

Chair Shiraishi called on persons who signed up on the Request to Testify sheet and reminded those testifying that they must state their name, address, organization, and if they're a registered lobbyist.

Mr. Hall Parrott, Private Citizen provided his testimony.

Mr. Parrott was in agreement with the Board in whatever they could do to help with housing. This would be an even larger problem in the future and to get this going is good.

The Facilities Reserve Charge (FRC) caused the Board a lot of problems. There is difficulty with the normal day-to-day process such as construction overages and budgeting that is going all over the place which is not

being done well yet. Mr. Parrott was amazed to witness the Finance Committee's review process of the budget and thanked Finance Chair Mr. Dill.

Mr. Parrott asked the Board why take on the risk? The American Water Works Association says FRC is for "unexpected risks." If someone is coming in with an unexpected risk, he said make them mitigate it. Why throw it to the Department that is trying to keep water going?

Mr. Parrott's point was to suspend and to get away from the FRC. FRC is causing problems for the community who hates it. Where this would hit the most is *in filling* which is the source of housing in the future and to make it easy. Putting an FRC program together and having it as a policy takes a lot of discussion, a lot of work and can be useful if the unexpected drops in. This will be seen in the airport and in the roads if this appears but there could be a "heads up" on the situation. The Department has enough cash if something happens. Example: After World War II, soldiers came home with money to buy houses. 17,000 houses were built in Leavitt Town in two years which would not happen on Kaua'i.

Mr. Parrott suggested to get away from FRC which creates another housing class. Rates are based on meter size; the Department has the metrics to analyze on how the rates and the Department of Water are performing. He added if social layers are put on top of this, the Department is not set up and neither is the accounting on how the Department is working. People have come in and want help from the Department for non-profits; the Department currently provides good water. How would you measure what the Department is doing?

Chair Shiraishi thanked Mr. Parrott for his testimony.

The Clerk stated there were two (2) written testimonies from Mr. Kurt Bossard and Ms. Kanani Fu which were circulated to the Board, staff and the public.

Ms. Ho moved to "Receive for the Record" the two (2) written testimonies from Mr. Kurt Bossard and Ms. Kanani Fu; seconded by Mr. Canute; with no objections, motion carried with 6 ayes.

After all public testimony was received, Chair Shiraishi said there being no further testimony, the Chair closed the public testimony portion of the public hearing. The result of this public hearing needs to be sent to the Small Business Regulatory Review Board (SBRRB) for their review. The Board then intends to make its decision regarding the adoption of these rule amendment at its August Regular Board Meeting, depending on the SBRRB's response and its timeliness.

Chair Shiraishi closed the public hearing at 5:12 p.m. and said the rules were now in effect.

The Board agreed to change the Regular Board meeting date to Monday, August 21st with no objections.

Mr. Dahilig moved to adjourn the Public Hearing at 5:19 p.m.; seconded by Mr. Canute; with no objections, motion carried with 6 ayes.

(Note: *Two (2) written testimonies are attached.)

Respectfully submitted,



Edith Ignácio Neumiller
Commission Support Clerk

Approved,



Beth Tokioka
Secretary – Board of Water

RECEIVED FOR THE RECORD

From: Kurt Bosshard
Sent: Wednesday, June 28, 2017 12:16 PM
To: Ignacio-Neumiller, Edith
Subject: FRC Rule Changes

Categories: Red Category

Board of Water Supply
County of Kauai Department of Water

I support the rule change to Part 5, Section III – Applicability, paragraph 3.c. as presently proposed which I understand is meant to encourage the stock of dwelling units on the Island.

In fact, where there is an existing single family residence where an FRC charge has been paid and no significant additions are being added to the existing structure, there should be no additional charge when a conversion to a duplex takes place.

I believe that most of these newly permitted units will be of modest size with lesser water usage and burden on the Water Department. In many instances permitting of such units will not significantly increase the number of occupants on the property, but simply legalize or make more comfortable existing usage.

Thank you for your consideration of this matter.

Kurt Bosshard, Esq.
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Lihue, HI 96766

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Bernard P. Carvalho, Jr.
Mayor



Kanani Fu RECEIVED
Housing Director JUL 26 2017

Wallace G. Rezentes, Jr.
Managing Director

RECEIVED FOR THE RECORD

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**TESTIMONY OF KANANI FU
DIRECTOR OF HOUSING, COUNTY OF KAUAI
BEFORE THE BOARD OF WATER, COUNTY OF KAUAI**

**PROPOSED AMENDMENTS TO THE RULES AND REGULATIONS OF THE BOARD OF
WATER SUPPLY, COUNTY OF KAUAI, STATE OF HAWAII**

Dear Chairman Shiraishi and Honorable Members:

The County of Kauai Housing Office strongly supports the proposed rule amendments. These amendments will help right-size the cost of water service for the types of housing units our office is attempting to construct.

However, in review of the proposed amendment to Part 5, Section 3(c-d), we would ask the Board to further clarify the distinction between a single-family and multi-family unit.

Given the product we intend to produce, some potentially involve the conversion of single-family residential units to multi-family units where FRC was previously paid. Conversion efforts may entail use changes to the structure, but not necessarily the structure itself.

Therefore, we ask that the phrase "multi-family" be clarified to also include any units that are attached regardless of structural dependence or independence.

Further, the County Council recently introduced a bill expanding the ability of homes to construct additional rental units no larger than 800 square feet in size. We also believe, should this law be passed, these units also be given the same FRC consideration as "multi-family" units.

Mahalo for the opportunity to testify.



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