

**REGULAR MEETING**  
**BOARD OF WATER SUPPLY**  
**Tuesday, June 6, 2006**

The Board of Water Supply, County of Kaua'i, met in regular meeting at its office in Lihu'e on Tuesday, June 6, 2006. Chairperson Josephine Sokei called the meeting to order at 10:30 a.m. On roll call, the following answered present:

BOARD: Ms. Josephine Sokei, Chairperson  
Mr. Ian Costa  
Mr. Donald Fujimoto  
Mr. Steven Kyono  
Ms. Lynn McCrory  
Ms. Bernie Sakoda

Absent & Excused: Mr. Myles Shibata

STAFF: Ms. Wynne Ushigome  
Mr. Paul Ganaden  
Mr. Les Yoshioka  
Mr. Gregg Fujikawa  
Mr. Bruce Inouye  
Mr. Keith Fujimoto

Absent & Excused: Mr. Galen Nakamura, Deputy County Attorney

GUESTS: Mr. Dave Jochim, RW Beck (attended Board Meeting)  
Mr. Tom Cutting, RW Beck (attended Board Meeting)

**AGENDA**

Ms. McCrory proposed that Old Business, Item 3a, Strategic Plan Board Workshop, will be deleted from the Agenda as at every meeting it will always be moved to the end of the Board Meeting. Ms. McCrory suggested adding a new regular Agenda Category that will be Item No. I, Strategic Business Plan and Needs Assessment as a report will be submitted at every meeting. It also shows the Board's commitment to finalize this plan. The other items will be re-lettered accordingly. It was so noted. Ms. McCrory added that the Topics for next Board Meeting should state, Manager's Top 4 Goals instead of Top 5 Goals. It was so noted.

Mr. Shibata moved to approve the Agenda, as amended, seconded by Mr. Costa; motion was carried.

**MINUTES**

Ms. McCrory made the following corrections:

Page 6: 1<sup>st</sup> Paragraph, 3<sup>rd</sup> line, change 'they' to 'we'.

Page 8: Last Paragraph, Item No. 3, revise the phrase 'the archaic statute of limits on how much can be invested and the limit of the amount of reserves on the State level.' and revise it to read, 'the limit of the amount of reserves that can be held'.

Ms McCrory moved to accept the Regular Meeting Minutes of May 16, 2006, as amended and placed on file, seconded by Mr. Costa; motion was carried.

**CORRESPONDENCE/ANNOUNCEMENTS:** None

## **OLD BUSINESS**

### **Re: Discussion and Action Steps concerning Selection Process for new Manager and Chief Engineer of the Kaua'i County Water Department**

Acting Manager Ushigome reported that at the close of business, Wednesday, May 31, 2006, there were no résumés received to apply for our Manager and Chief Engineer's vacant position.

In answer to the Board's question, Deputy County Attorney Galen Nakamura gave the following response:

- As defined under H.R.S, the questions was raised whether someone who lived here previously, and is going to maintain a place of residency here, be eligible to apply for the Manager's position, if they wanted to move back to Kauai? *He feels that this would be dependent on the County Attorney, who would probably make a decision on a case-by-case basis.*

Acting Manager Ushigome recommended that the Department continue to actively solicit and continue to advertise the Manager's ad in the same venues used previously.

Ms. McCrory stated that the Board should continue to aggressively pursue options and to include in the advertisement the compensation level that includes the 10% over the highest paid civil service employee, which the Board is actively pursuing to get approved. Mr. Fujimoto cautioned that it may have drawbacks in that the applicant may expect the higher compensation level, even if the Board cannot get the higher dollar amount. It could be conveyed at the initial contact with the applicant that the Board is actively pursuing the compensation package.

On query by Mr. Fujimoto, Ms. McCrory stated that no one so far is using an expense account; therefore, policies and guidelines would need to be structured. Ms. McCrory added that she is awaiting a legal opinion on whether a bonus could be offered the applicant.

Another point that Mr. Fujimoto brought up that could be researched is to have a retroactive plan that would allow the applicant to have retroactive pay from the date he started with the DOW to whenever the higher compensation is approved.

Mr. Fujimoto added another suggestion to hire the Manager an assistant like how the Public Works hired an Engineering Program Specialist, EM-5 position, to assist the

County Engineer. This would lessen the workload of the Manager. Ms. McCrory stated that would be another position that we would have to fill.

Ms. McCrory summarized that the recruitment ad should include an offering of a compensation plan that shows the salary range from the base pay of \$75,000 to the maximum budgeted amount. Then if money does not attract anyone to apply then we would then be in trouble and would need to hire an executive headhunter. Mr. Fujimoto added that the 1-year residency requirement would still be a stumbling block that would need to be eliminated.

Mr. Fujimoto added that the last resort could be to re-classify the position and change its description to eliminate the engineering requirement and allow, e.g., a certified public accountant, to apply. On query by Ms. McCrory, it was stated that the position description that includes the engineering requirement is part of the HRS and County Charter; therefore, this idea was scrapped. Mr. Costa added that he tried to do this when he was the Deputy County Engineer to eliminate the engineering portion of the position description of the County Engineer. He asked then DOW Manager Ed Tschupp to join his effort but Mr. Tschupp did not support the elimination of the engineering requirement.

After extensive brainstorming, the following are the Board's suggestions to hopefully more immediately rectify the situation of filling the Manager's vacant position:

1. add to the Manager's recruitment ad that there is a compensation package.
2. pursue getting an expense account.
3. bonus/signing bonus
4. retroactive pay options
5. change the 1-year residency requirement.
6. hiring a headhunter
7. possibly getting alternative positions to assist the Manager.
8. hiring a Manager via a contract, which was suggested by RW Beck

Ms. McCrory would followup with Deputy County Attorney Galen Nakamura to check on the legality of the above options.

Mr. Fujimoto also suggested hiring an Interim Deputy to assist Acting Manager Ushigome to ensure that she does not burn out trying to do 3 jobs as Manager, Deputy and Engineering Division Head.

Ms. McCrory stated that the Manager's Recruitment Ad should be drafted to include the compensation plan and route it via the Board for review and comments before final advertising. The ad would be revised to reflect the salary range and in the meantime, it would be hoped to have the answers to all of their questions on what is the best recruitment process to undertake.

Mr. Kyono also suggested that we should check if we could do a recruitment poster for our Manager's vacancy to post at the AWWA National Conference. Mr. Fujimoto added that the 1-year residency requirement should be added on the poster.

Received for the record.

**Re: Discussion and Action Steps to Increase Water Manager's Salary**

The following is an update on the various avenues the Board is researching to increase the Water Manager's Salary:

The following is an update on the various avenues the Board is researching to increase the Water Manager's Salary:

- Amending Section 3-1.2 of the Salary Ordinance (update)

As indicated previously, amending the Salary Ordinance to delete the Manager's and Deputy's from Article 2, Chapter 3 would be a County Council action. A copy of Section 3-1.2 of the Salary Ordinance was distributed for reference and review.

- Salary Commission (update)

In reviewing the 1988 County Charter Amendments, Article XXIX: Salary Commission, Section 29.01-Organization, there appears to have been an error in the number of members on the Salary Commission. According to the Charter, the salary commission shall consist of seven (7) members with the mayor appointing three (3) members, the council appointing (3) members and the seventh member appointed by the six appointed members.

Mayor Baptiste continues to look for individuals to fill three (3) Mayoral seats on the Salary Commission while the Council has filled one (1) of their three (3) seats.

- Charter Commission (update)

The next Charter Commission meeting is scheduled for June 5, 2006, 4:30 pm at the Council Chambers. Attached is meeting agenda and draft Summary & Status of Possible Charter Amendments for reference and review. The Charter Commission will conduct weekly meetings beginning in June until the end of July to finalize the proposed amendments.

*For the Board's information, all of the testimonies by the Board members on the DOW's proposed charter amendment were submitted as part of this report. As part of Mr. Shibata's testimony, an article was attached for the Charter Commission's information on the outlook of the job market knowing that baby boomers will soon retire. Based on this article and knowing that there will be a lot of retirements at the DOW in the next 5-10 years, the Board wants a succession plan done.*

- Legislation Amending HRS, Chapter 54 – Water Systems (no update)

Another avenue could be to lobby legislation to amend the HRS, whereby, allowing the Board to set the salaries of the Managers and Deputy Managers. The Hawaii Revised Statutes provides statutory authority which establishes

and controls the operations of the Water Departments; however, amending the HRS provisions would also affect the other County Water Departments.

As recommended by the Board, if this avenue is also chosen, that the other Water Departments would have to be informed and supportive of this legislation. This would be for the 2007 Legislature.

There was discussion on what the range would be if there was a compensation package. It would be a minimum of \$75,000 and possibly up to 10% more than the highest paid DOW civil service employee. On query by Ms. McCrory, Waterworks Controller Paul Ganaden stated that the highest paid DOW employee is about \$95,000.00. So 10% of \$95,000 is \$9,500 for a total of \$104,500. It was noted that there are other existing perks like the use of a car, etc. Therefore, the Board decided if a compensation package is legally do-able that they would use a range of \$75,000 to \$130,000 as the maximum pay for the recruitment ad.

Mr. Fujimoto advised that the other Counties salaries should be looked at to make sure that the salary is not more than their Manager's salary. Also, he felt that if we used the 10% higher than the highest paid civil servant would be practical to cover pay increases, which would be about \$110,000 now.

Again, Ms. McCrory will check with Deputy County Attorney Galen Nakamura on the legality of all that was proposed.

Received for the record.

**Re: Contract between R.W. Beck, Inc. and Kaua'i Water Department for Strategic and Business Plan and Needs Assessment for the Kaua'i County Water Department**

**Recommendation:**

It was recommended that the Board approve to award a contract to R.W. Beck to provide services to complete a Strategic and Business Plan and Water Plan 2020 Program Sustainability Services for the Department of Water for \$338,000 plus 5% contingency of \$17,000 for a total of \$355,000.

It was further recommended that the Board approve the additional funding of \$124,000 from Account No. 106B, CIP Reserve.

**Funding:**

Account No. 27, Contractual Services.....	\$231,000.00
RW Beck.....	<\$338,000>
5% Contingency.....	<\$ 17,000>
TOTAL .....	<\$355,000.00>
Additional Funds Requested (Acc. #106B, CIP Res.) .....	<\$ 124,000.00>

**Background:**

We have negotiated with RW Beck to provide the engineering consultant services required to complete a Strategic Business Plan and Needs Assessment Study for the Department of Water.

Ms. McCrory moved to approve to award a contract to R.W. Beck to provide services to complete a Strategic and Business Plan and Water Plan 2020 Program Sustainability Services for the Department of Water for \$338,000 plus 5% contingency of \$17,000 for a total of \$355,000, seconded by Mr. Kyono; motion was carried.

**Re: Further Discussion and Amendments to Scope of Work Regarding Contract between R.W. Beck, Inc. and Kaua'i Water Department for Strategic and Business Plan for the Kaua'i County Water Department**

Acting Manager Ushigome reported that the Board approved the scope of work from R.W. Beck at the April 18, 2006 Board Meeting. A copy of the final contract and scope of work were given to the Board for their information. Due an oversight on the previous request for additional funding, the amount specified in the request did not include the cost of the Program Sustainability Team's scope of services. In order to execute the contract with R W Beck, the Department needs to seek the necessary funds to cover the entire contract amount.

Acting Manager Ushigome stated that initially she was under the impression that the Strategic and Business Plan comprised of Phase I of the project and the Program Sustainability portion of the scope of services would be Phase II. Although the Board has directed the Department to proceed with Task 1 of the Program Sustainability component of the project, concurrently managing both projects is difficult given the current workload and number of position vacancies within the Department. As such, she recommended deferring Task 1 of the Water Plan 2020 Program Sustainability Services until after the Strategic and Business Plan was completed.

Without a signed contract in place, RW Beck has initiated meetings with the staff to identify the current conditions and desired future conditions. Per the division heads' request for RW Beck to handle the initial briefing of the Strategic Plan to all of the DOW employees, RW Beck will be conducting an all hands meeting with all of the employees starting from the morning of the Board Meeting on Tuesday, June 6, 2006. The first session starts at 6:45 to 7:45 am, with the second session at 8:00 to 9:00 am and the third session at 2:00 to 3:00 pm. The division heads were concerned and wanted to ensure that all of the DOW employees had the same message and were all on the same page from day one.

Mr. Dave Jochim and Mr. Tom Cutting were present at this Board Meeting to again conduct a Strategic Planning Workshop with the Board at the end of the Board Meeting to discuss further on the plan. It was predicted that it would take about 2 hours or till about 2:00 p.m., depending on how long the Board meeting will be. The Board was reminded to set aside from 10:00 a.m. to 2:00 p.m. on their calendar to accommodate this meeting and workshop to best use Mr. Jochim's and Mr. Cutting's time while they are on island.

Mr. Jochim and Mr. Cutting will meet with the DOW's core team on Wednesday, June 7, 2006 for their second all-day session.

Acting Manager Ushigome stated her concerns on starting the Needs Assessment portion of the contract too soon as she felt that there are 2 major DOW events this year with 3 vacancies in top management in addition to staff's daily work. The 2 major DOW events are the annual Make A Splash Festival that will be held Friday, September 22, 2006 and the Hawai'i Water Works Association (HWWA) Conference that will be held in mid October 2006. Both of these events take much time and effort to complete. Also, our Public Relations Specialist does not come on board until July, 2006, which will be a time frame to plan and execute the Make A Splash Festival and the HWWA Conference. Acting Manager Ushigome suggested starting the Needs Assessment either the first of next year or at least after the HWWA Conference.

Ms. McCrory felt that there is no good time to start as there is always something going on and she felt that the Strategic Plan process and the Needs Assessment process would gel better together instead of losing the energy if the Strategic Plan process ends in October and the Needs Assessment starts in early 2007.

On query by Ms. McCrory, Mr. Jochim stated that the Sustainability Plan portion of the contract would consist of about 3-4 of their consultants to meet for about a week with some of the staff to review our projects, project areas, computer software, etc. Then 60 days later, 2 of their consultants would return to review their findings with staff.

Ms. McCrory added that in reality it would be the end of the year anyway by the time Task 2 is ready to go. Acting Manager Ushigome also added that she could foresee that it would take a lot more of staff time to work with the consultants in the review of our projects. On query by Ms. McCrory, Mr. Jochim stated that he had not calculated on exactly how much of staff time it would take.

Ms. McCrory asked of Mr. Jochim if the mobilization plan could not be spread out from a 60-day plan to a 120-day plan. Acting Manager Ushigome added that realistically the Department would be very busy in the next 6 months, with a lot of projects going to the construction phase. She knows that the Department would have to start at some point but she did not want that to happen at the expense of burning out the employees. Also, the end of the year during the holiday season is always a busy time for the Department.

On query by Mr. Fujimoto, Mr. Jochim stated that it would be ok on their part but it would be the Board's decision if it is decided to defer the plan for six months. However, Mr. Fujimoto also discussed that there is never a good time to start, although he stated that this being a political year, there may be some merit to defer for six months. He stated if there is a deferment it would be with the knowledge that Task 2 would need to be done.

Mr. Kyono suggested an idea to hire a planner to plan and execute the Make A Splash Festival and HWWA Conference. He also felt that there is never a good time to start this type of process.

Mr. Jochim added that he could assist with getting a work plan to Acting Manager Ushigome with more specifics on who the consultants would need to work with and how much time would be needed.

Mr. Fujimoto added that there would be a deficit of a full crew as a lot of employees often take vacation during the summer and holiday months. Mr. Kyono also added that in early January, 2006, there are also busy events like the Legislature. Ms. McCrory stated that if a conference planner is hired, September may be a realistic time to start Task 2. The Board concurred. Mr. Costa suggested that the DOW call Cathy Sokugawa of the State Department of Planning and Permitting.

It was concluded that Task 2 would start in September-October, 2006, the Department would hire a conference planner and RW Beck would give the Department a meeting and time schedule on staff meetings to review the Department's projects and processes.

Received for the record.

### **NEW BUSINESS**

#### **Re: Approval of the Budget of the County Water Department for Fiscal Year 2006-07**

The Finance Committee met on Tuesday, May 31, 2006 and submitted a report on their findings of the proposed Budget for Fiscal Year 2006-07 at the Tuesday, June 6, 2006 Finance Committee Meeting. The Finance Committee approved the Budget for Fiscal Year 2006-07 and referred the budget to this full Board for final approval.

Mr. Fujimoto moved to approve the Budget for Fiscal Year 2006-07, seconded by Mr. Costa; motion was carried.

*Note: A resolution to reconcile the actual balances within the budget (a budget reconciliation resolution) needs to be approved at the Tuesday, August 15, 2006 Board Meeting.*

#### **Re: Conveyance of Water Facility from Kakela Makai Partners I, a Hawai'i Joint Venture, for the Kakela Makai Oceanview Subdivision, Increment III Project, Subdivision No. S-2003-40; TMK: (4) 2-3-08:053; Kalaheo, Kauai, Hawaii.**

Mr. Costa moved to approve the Conveyance of Water Facility from Kakela Makai Partners I, seconded by Mr. Kyono; motion was carried.

#### **Re: Conveyance of Water Facility from Grove Farm Properties, Inc. for Pikake Subdivision – Phase I (S-2004-12), TMK: (4) 3-3-03: 01, Lihue, Kauai, Hawaii**

Mr. Costa moved to approve the Grant of Easement from Grove Farm Properties, Inc., seconded by Mr. Kyono; motion was carried.

## **REPORTS**

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

Received this report for the record.

### **Re: Manager's Update for May, 2006 to June, 2006**

**CONTRACTS AWARDED BY THE MANAGER:** None

**PUMP INSTALLATION PERMITS SIGNED BY MANAGER:** None

### **FEMA-State Civil Defense Damage Assessment**

The Department met with FEMA and State Civil Defense representative to determine eligible cost reimbursements for storm-related damages sustained from February 20, 2006 through April 2, 2006. Site visits were conducted to observe each of the damaged facilities to determine and identify (any/all) eligible costs for the Department.

The emergency repairs of Kuhio Highway at Wailapa Stream are scheduled to begin on June 4, 2006. The Department's portion of cost for the waterline improvements is \$182,953.09. On query by Ms. McCrory, Acting Manager Ushigome stated that the Department did some betterment for this project so there is still a question on how much of a cost refund we would be getting from FEMA.

### **Strategic Plan and Needs Assessment**

Dave Jochim and Tom Cutting, RW Beck are scheduled to conduct a total of three (3) "all hands" meetings on June 6, 2006. These orientation sessions will explain and provide an overview of the Strategic & Business Plan process, allowing the entire staff an opportunity to provide input and insights on the Department. There were two 1-hour sessions before the Board Meeting beginning at 6:45 am and 8:00 am and another is scheduled for after this Board Meeting at 2:00 pm.

R.W. Beck will also attend the Board meeting to provide an update on the progress of strategic plan and summarize the Core Planning Teams (CPT) discussions and next steps.

The Board and staff extended their mahalo and appreciation to Board member Lynn McCrory who graciously purchased numerous sets of the "leadership empowerment" books for the Board and Core Team members. Ms. McCrory also decided to very generously to buy more of the Who Moved My Cheese book for all of the employees at the Department of Water. Thank you very much!!

**Hawai'i Water Works Association (HWWA) Conference:** We reviewed and are in the process of negotiating a contract with the Kauai Beach Hotel and Resort (former Radisson). Based on our review of the hotel and banquet accommodations, we recommend utilizing this venue for the upcoming HWWA conference. The Kaua'i Beach Hotel and Resort (soon to be Hilton) offered mid-range price accommodations

with nice, casual ambiance. The tentative dates of the conference are October 11-13, 2006.

Department of Health, Safe Drinking Water Branch has some educational funds under their well head protection program that they are willing to expend towards the conference. They are interested in receiving suggestions for possible topics and ideas the Department is interested in learning about.

Also, we will be asking Board members to serve as conference moderators to assist with the introductions of speakers. Thank you in advance for volunteering, we appreciate your willing participation in this upcoming event.

Mr. Kyono moved to receive this report for the record, seconded by Mr. Fujimoto; motion was carried.

**Re: Report of the Public Affairs Committee of the Kaua'i County Board of Water Supply**

This matter was already taken care of in Committee Meetings.

**Re: Report of the Rules Committee of the Kaua'i County Board of Water Supply**

This matter was already taken care of in Committee Meetings.

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

This matter was already taken care of in Committee Meetings.

**Re: TOPICS FOR NEXT WATER BOARD MEETING**

1. Board's Finance, Public Affairs, and Rules Committee Meetings
2. Quarterly Report regarding Kaua'i County Water Department Manager's Top 4 Goals for 2006
3. Kauai County Water Department Briefing on Departmental Projects (July, 2006)
4. Strategic Plan (New Agenda Item No. I)

**Re: TOPICS FOR FUTURE WATER BOARD MEETINGS**

1. Board's Finance, Public Affairs, and Rules Committee Meetings
2. Board Approval of Resolution No. 1 (06/07), Budget for Fiscal Year 2006-07 (August, 2006)
3. Board's Suggestions Concerning Kaua'i County Water Department's Request to the 2006 Hawai'i Legislature for Funding for Departmental Capital Improvement Projects (hereafter "CIP") (August, 2006)
4. Kauai County Water Department Briefing on Departmental Projects (October, 2006)
5. Kaua'i County Water Department's Final list of CIP Projects for which funding is requested from the 2006 Hawai'i Legislature (October, 2006)

6. Approval of Board's Resolution No. 2, Legislative Budget for Fiscal 2007-08 (October, 2006)
7. Quarterly Report regarding Kaua'i County Water Department Manager's Top 4 Goals for 2006
8. Tentative Water Board Meeting Dates for the Year 2007 (November, 2006)

**Re: NEXT WATER BOARD MEETINGS**

1. Tuesday, July 18, 2006, 10:00 a.m.
2. Tuesday, August 15, 2006, 10:00 a.m.
3. Tuesday, September 19, 2006, 10:00 a.m.

**Re: WATER BOARD'S UPCOMING EVENTS**

1. American Water Works Association (AWWA) National Conference **June 11-15, 2006** at San Antonio, Texas
2. Hawai'i Water Works Association Conference (**Tentatively set for October 11-13, 2006**)

**Re: EXECUTIVE SESSION**

Pursuant to Hawaii 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. **Review of Executive Session Minutes (None)**
2. **Executive Session**

**There was no Executive Session Meeting.**

**ES-1:** Pursuant to Haw. Rev. Stat. §§92-4, 92-5(a)(4), the purpose of this executive session is to permit the Board of Water Supply to deliberate upon and consult with the Board's legal counsel on questions and issues relating to the Strategic and Business Plan and Needs Assessment for the Kaua'i County Water Department

This consultation involves consideration of the powers, duties, privileges, immunities, and/or liabilities of the Board and the Department of Water as they relate to this agenda item.

The Board may take any appropriate action or make any decision arising from its deliberations concerning this item, including approval or modification of the proposed settlement in this case. Actions may be taken or decisions may be made in executive session pursuant to Haw. Rev. Stat. §92-5(b).

## **ADJOURNMENT**

There being no further business, Ms. McCrory moved to adjourn the meeting at 12:14 p.m., seconded by Mr. Costa; motion was carried.

### **Re: Strategic and Business Plan and Needs Assessment for the Kaua'i County Water Department**

Mr. Dave Jochim and Mr. Tom Cutting of RW Beck were present at the Tuesday, June 6, 2006 Board Meeting and conducted a Strategic Business Planning Workshop with the Board after the adjournment of this meeting. It was also noted that RW Beck would then meet with the DOW's core team on Wednesday, June 7, 2006 for an all-day session.

Respectfully submitted,

Rona Miura, Secretary

APPROVED:

Wynne M. Ushigome  
Acting Manager and Chief Engineer

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