

REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Tuesday, June 21, 2011

The Board of Water, County of Kaua'i, met in regular meeting at its office in Lihu'e on Tuesday, June 21, 2011. Chairperson Roy Oyama called the meeting to order at 10:55 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

Absent and/or Excused: Mr. Raymond McCormick

STAFF: Mr. David Craddick
Mr. William Eddy
Ms. Marites Yano
Mr. Gregg Fujikawa
Mr. Dustin Moises
Mr. Keith Aoki
Ms. Joy Buccat
Deputy County Attorney Andrea Suzuki

GUESTS: Mr. Clyde Kodani, Kodani & Associates
Mr. David Hinazumi, Grove Farm
Mr. Galen Gokan, Kodani & Associates
Mr. Mike Tressler, Grove Farm
Mr. Tom Nance, Tom Nance Water Resources
Ms. Shawn Shimabukuro, Grove Farm
Mr. Jan TenBruggencate - on behalf of The Limtiaco Company
Mr. Thomas Hazelton

Quorum was achieved with all members present.

AGENDA:

Chair Oyama noted it was requested to have Item H – 5 *Manager's Report 11 – 80 Staff response to Thomas Hazelton's Letter* come before item E. Correspondence As there were no objections, Mr. Nishimura moved to approve the agenda as amended; seconded by Mr. Dill; by a unanimous vote, motion was carried.

MINUTES:

Regular Meeting – May 26, 2011

Mr. Nishimura requested to have staff include all items distributed during the board meeting including handouts, to be on the diskette when circulated. Manager Craddick stated to delete an error in the minutes on page 7 of 15 fourth paragraph down, "and disinfect it." With no opposition to this motion, Chair Oyama stated to amend the minutes with the additional information. With this exception to the acceptance of the minutes, Mr. Dahilig moved to approve the May 26, 2011 Regular Meeting Minutes as circulated, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

CORRESPONDENCE

Re: Letter from attorney for Subdivision No. S-2009-12

Mr. Nishimura moved to receive the letter and refer it to Staff, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

Re: Letter from Greg Allen

Mr. Nishimura moved to receive the letter dated May 11, 2011 from Greg Allen and refer it to the staff and Manager Craddick for recommendation, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

Re: Letter from Grove Farm regarding Lihue-Hanamaulu Water Master Plan

Ms. Shawn Shimabukuro of Grove Farm passed out a report to the Board Members and Staff of The Department of Water. On behalf of Grove Farm, Mr. Tressler requested to present a power point presentation of the Lihue-Hanamaulu Water Master Plan. Deputy County Attorney Andrea Suzuki expressed concerns on Grove Farm's power point presentation. As the agenda stated, a correspondence dated June 14, 2011 was requesting to address the Board of the Dual System Water Standards for the Lihue-Hanamaulu Master Plan. She requested to properly agenda the PowerPoint presentation in the future board meeting in order to adhere to the Sunshine Law. This will allow the public to have the advanced notice to attend this Grove Farm presentation of the Master Plan. A testimony can be provided, but a presentation cannot. Mr. Nishimura requested to receive report handed out to the Staff and Board Members by Mr. Tressler of Grove Farm. Mr. Dahilig also requested to defer presentation to the next meeting when it is on the agenda. Mr. Tressler explained the purpose of this presentation is that it follows the report to understand the concept and methodology of what is being done. Manager Craddick stated that the supplementary data given was received on Friday, June 17, 2011 and the Report for the presentation was given to the Staff and Board today, June 21, 2011. These materials will then be reviewed by the Board Members and Staff so that a report can be given at the next board meeting. Mr. Nishimura requested to allow the presentation because of the nature of this ongoing request by Grove Farm. Only two of the seven Board Members are educated of this request and this presentation will give the other Board Members an opportunity to find out what the issues are, what questions will come up, and where we can go from there. Mr. Kaneshiro requested for Mr. Tressler to give an overall presentation without the powerpoint.

Mr. Dahilig moved to go into Executive Session, seconded by Mr. Nishimura; by a unanimous vote; motion was carried. Deputy County Attorney Andrea Suzuki was requested to remain for the Executive Session, all other staff was excused.

The Regular Meeting was recessed at 11:15 a.m. to move into Executive Session.

The Regular Meeting was reconvened at 11:35 a.m.

Re: Letter from Grove Farm regarding Lihue-Hanamaulu Water Master Plan

DISCUSSION:

Chair Oyama allowed Mr. Tressler to address the board with an overall summary of this Dual Water System Plan. Mr. Tressler thanked the Board for giving him the opportunity to address the request. This request of the Master Plan has been ongoing for about a year and a half and the goal is designed to allocate the difference between "potable" and "non-potable" water. With Tom Nance, who is an expert in the area suggested we take a different approach. The approach was to understand and work with how water standards are established to conserve potable water by implementing a dual water system. We applied actual data of water used and applied 15% for unaccounted water. For sizing criteria, we added the max demand of 1.5 and the 1.2 factor. It is important for the Board Members to know that Kmart and Costco are in effect of the 70/30% split and this application is how that concept will apply to this "Project Y, Master Plan for Lihue-Hanamaulu." So this establishment is not new, it is applied to these two companies and now requesting to apply to bigger specific projects. If we cannot reduce infrastructure on the potable side, it would not make sense to do the non-potable measure. We find a significant decrease in potable water and significant conservation in implementing this Dual Water System Master Plan. The Water System is addressing outdoor use only, but we are addressing both indoor versus outdoor use. Water calculations do not include other water conservation measures like implementing real efficient indoor water fixtures that will significantly reduce water use in the project. We are willing to address in our CCNR and Deeds, that non-potable water would be cheaper than potable water. Grove Farm is taking the risk of when issues are addressed, as far as sizing, source, and storage if some of these allocations change in the future.

Chair Oyama and Mr. Nishimura suggested to Staff to work with Grove Farm to properly address the agenda for the upcoming meeting.

Mr. Nishimura referred to staff for recommendation and moved to receive letter from Grove Farm dated June 14, 2011 seeking board approval regarding Lihue-Hanamaulu Water Master Plan, seconded by Mr. Kaneshiro; by unanimous vote, motion was carried.

NEW BUSINESS (agenda amended to take item H.5. out of order)

RE: Manager's Report No. 11-80 – Staff Response to Thomas Hazelton's letter

Manager Craddick noted that we had not notified Mr. Hazelton that the board took no action on the issue. The Staff's response was that Mr. Hazelton has been given the maximum refund amount as applied to the Department of Water Rules.

Mr. Hazelton asked the Board Members if they would make an exception to those rules due to extraordinary circumstances of this high water bill. The circumstances were that both Mr. and Mrs. Hazelton were off island for 7 weeks and caused an undetected leak to progress during this time. While still away from the island, arrangements were made to repair the leak but unfortunately the bill payment was paid via automatic bill pay. Mr. Hazelton requested that because of the extreme misfortune, the extremely large bill was paid and if the Board would make an exception even though as stated by Manager Craddick, he was given the maximum amount reimbursement.

Manager Craddick suggested to reimburse what was paid and to have Mr. Hazelton return the payment over time to assist with the cash flow.

Mr. Hazelton thanked the Board for allowing him to testify regarding his circumstances of his high water bill.

Mr. Nishimura referred to staff for disposition and moved to receive Staff's response to Thomas Hazelton's letter, seconded by Mr. Dahilig; by a unanimous vote, motion was carried. Mr. Nishimura also asked the Department to follow up on the manager's suggestion regarding reimbursement and establishing a payment plan.

BOARD COMMITTEE REPORTS

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

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 defer the Rules Committee report, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.

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

Re: 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 8, 2011 and the results to defer until Thursday, June 23, 2011, seconded by Mr. Nakaya; by a unanimous vote, motion was carried.

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

Reinstating motion, Committee Chair Dill reported that the Finance Committee also deferred this report to Thursday, June 23, 2011, seconded by Mr. Nakaya; by a unanimous vote, motion was carried.

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

Re: *Manager's Report No. 11-64 – Proposed Budget 2012*

Vice Chair Kaneshiro said the Committee of the Whole met this morning at 9:00 am and requested for adjustments to be made and committee recessed to 9:05 am, Thursday, June 23, 2011.

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

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

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

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

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

Re: *Manager's Report No. 11-64 – Proposed Budget 2012*

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

Re: Board Discussion on the 2011 Goals for the Manager

DISCUSSION:

Mr. Nishimura expressed concerns on #1 of the 25 items listed on the 2007 Benchmark Annual Report because it had no measures. He requests to add a proposal for item #1. Mr. Nishimura questioned on how does the board evaluate Manager Craddick's performance with this? Mr. Nishimura and Mr. Dill suggested that because these goals are currently being practiced, in order to set up goals for the Manager we would want to better the previous year. Mr. Nishimura also suggested a graph be presented to the board members. Mr. Dill added that a second part of full implementation be presented to these benchmarks.

Manager Craddick explained that the staff and communities perception of those items is whether we are adequately doing something or not. The goals of the benchmarking are already at a percentile and the likely hood of jumping to the median is minimal. For example, comparing staff we are below the 25 percentile. Since our employees are overstaffed, in order adjust to the national average within one year, our chances of reducing staff would be fairly minimal. The goals of these benchmarkings are to show that there is some improvement moving into the right direction. The goals may be shown as a percentile basis if needed.

Mr. Nishimura requested for Board Member Mr. Dahilig to follow up on the measurement program at UH regarding the issue on morale to the next board meeting.

Mr. Nishimura moved to defer the Board's Discussion on the 2011 Goals for the Manager to the next board meeting, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Mr. Nishimura requested to Chair Oyama to refer back to *Manager's Report 11 - 64- Proposed Budget 2012*.

Re: Manager's Report No. 11-64 - Proposed Budget 2012

Mr. Nishimura moved not to defer *Manager's Report No. 11 - 64 - Proposed Budget 2012*, seconded by Mr. Dahilig; by unanimous vote, motion was carried.

Mr. Nishimura moved to amend this item to the end of the agenda, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.

Re: Manager's Report No. 11-65 - Hiring Legal Assistance in negotiating the Kahili High Level Well Right of Entry

Mr. Dahilig moved to table this item, seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

NEW BUSINESS

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

Mr. Dahilig questioned if there is a copy of the State MOU indemnification wording with this *Manager's Report No. 11 – 76*. Mr. Aoki stated that the State MOU was routed for final signature, but will provide it at the next board meeting. Mr. Nishimura questioned Mr. Moises if there are any 2020 Projects that are affected with this Ahukini Road resurfacing. Mr. Moises confirmed that no projects will affect this within the next 5 years.

Mr. Nishimura moved to defer *Manager's Report No. 11 – 76 – Memorandum of No. 2106* with the State Department of Transportation to later in the agenda when we are provided with the State MOU indemnification, seconded by Mr. Kaneshiro; by unanimous vote, motion was carried.

Re: *Manager's Report No. 11-77 – First Contract Amendment for Job. 04-03, Pipeline Replacement along Waipouli Road and Olohena Road, Kapaa*

Mr. Moises explained that this contract is a change to the original contract to the engineer. Since the original scope was given to the consultant, we modified changes, deleted unnecessary details, and added sections of Olohena Rd and Waipouli Rd. When Kulana is complete we can connect the lines and in the end we come out with a net of \$5K.

Mr. Dahilig moved to approve *Manager's Report No. 11 – 77 – First Contract Amendment for Job. 04 – 04, Pipeline Replacement along Waipouli Road and Olohena Road*, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Re: *Manager's Report No. 11-78 – First Contract Amendment for Job No. 02-16, Pipeline Replacement along Wailua, Ohana, Anolani, and Kuamoo Roads and Lehia Lane, Kapaa*

Manager Craddick stated we are working with Esaki and this contract has already been brought to Koga. Going ahead of the job, a complaint was submitted that the proper process was not taken. This complaint dealt with the heiau on the left hand side of the road going up to the Wailua Homesteads area. Mr. Moises stated that this would be in the best interest of the Department of Water being that this is a cultured sensitive area.

Mr. Dahilig moved to approve *Manager's Report No. 11-78 – First Contract Amendment for Job No. 02-16, Pipeline Replacement along Wailua, Ohana, Anolani, and Kuamoo Roads and Lehia Lane, Kapaa*, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Re: *Manager's Report No. 11-79 – Grant of Easement from McBryde Sugar Company, Limited, for the drainage facilities for the Pwai 0.1 MG and 0.5 MG Tanks, Omao*

Manager Craddick explained that our attorney has signed off on this project and Mr. Moises added that the MOU indemnification was not included with this manager's report and will be available to the Board Members. Mr. Dahilig stressed again, that it is important to add the MOUs or MOAs to these manager's reports for the members of the board to review in order for the item to be approved.

Mr. Nishimura moved to approve *Manager's Report No. 11-79* – Grant of Easement from McBryde Sugar Company, Limited, for the drainage facilities for the Piwai 0.1 MG and 0.5 MG Tanks, Omao, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.

Mr. Nishimura requested to Chair Oyama to revert back to *Manager's Report No. 11-76* – Memorandum of No. 2106 with the State Department of Transportation.

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

Deputy Manager William Eddy explained that the MOU Indemnification line item defines that if in the future we need to abandon and remove a pipeline facility within the roadway, then we will indemnify the State of any harm with the work that is being done. Mr. Aoki stated that this item is not time sensitive.

Mr. Nishimura moved to defer *Manager's Report No. 11-76* – Memorandum of No. 2106 with the State Department of Transportation to the next board meeting and referred for legal review and recommendation, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

Re: *Manager's Report No. 11-81* – Budget 2010-2011 Amendment

Mrs. Yano asked the board for additional budget requests. As of April 30, 2011; we are in the red by about \$400K. The request for Line 102, Additional Funds Requested of \$499,261 is because as of April 30, 2011 our expenditure is currently at \$642K. The \$499K additional funds requested is because of the 3 emergency pump projects that was not originally budgeted, the two in Kalaheo and one in Anahola.

Mr. Nishimura questioned if this can be under the O&M overall budget before the CIP reserve is used. Mr. Dill suggested to Mrs. Yano that Lines 40, 42, and 58 can come out of O&M on Line 45 Contractual Services.

Mr. Dill moved to approve Line Items 40, 42, and 58 to come out of O&M Line 45 Contractual Services, seconded by Mr. Nishimura; by unanimous vote, motion was carried.

DISCUSSION

Deputy Manager William Eddy confirmed to Mr. Nishimura that these are new replacement pumps. Mr. Nishimura questioned whether this should come out of the CIP Reserve or CIP 101. Mrs. Yano stated that the CIP 101 is being moved forward and CIP Reserve is an unassigned balance.

By a unanimous vote, motion carried.

STAFF REPORTS

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

Mrs. Yano reported that as of April 30, 2011, the Fiscal Departments are at a current 64% in operating budget expenditures. As mentioned, there are some amendments to some budgeted items that are being requested.

Mrs. Yano confirmed to Mr. Nishimura that the funds from the state have not been received from the Waimea job. The funds from this will probably be collected in the next fiscal budget and the revenue will be reflected in next year's budget.

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

Manager Craddick handed out the Public Relations report to the Board Members and reported on behalf of the absence of Faith Shiramizu. There were two meetings held with the public about the water rates and FRC charges and both groups reacted positively with the proposed rates and charges. We are hoping that the next 5 community meetings will have more input and developers attend.

Mr. Nishimura questioned that since the PR Contract with The Limtiaco Co. was established to deal with the FRC and rate increases. Would it be it possible to suspend the contract until we make the final reports on the FRC so then people can actually see the changes to our standards? Manager Craddick explained that because we have these community meetings, it allows the public to be able to give their testimony before the final results are out. Mr. Nishimura stated that when the numbers are out, we still need to modify the standards to reflect the changes in the rules. Deputy County Attorney Andrea Suzuki confirmed that we are not required to do a public outreach, but we do need to do a public hearing.

Mr. Nishimura moved to receive this report, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Mr. Nishimura also moved to receive statements of the Water Department's Revenues and Expenditures, seconded by Mr. Dill; by a unanimous vote, motion was carried.

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

Deputy Manager William Eddy passed out to the Board Members a new insert for Tab 10 of the Proposed Budget 2012.

We are waiting for an acceptance from a selected candidate for the Chief of Operations position. When received he will be joining DOW on Monday, July 18, 2011 and will be attending the next board meeting.

There were several operational jobs in May; one in particular was in Kilauea on Waiakalua Road. In this matter of crisis, the team at waterworks really pulled together to solve this problem in a timely matter in continuing on following up on this issue. The final results indicated compromised water, but have been resolved.

Mr. Nishimura asked if Hanapepe Valley 12" replacement reflected in the 2012 budget? Deputy Manager William Eddy stated that it is not reflected and will work around this year's current budget.

DISCUSSION:

Mr. Nishimura requests the Department to include in next month's meeting to address things that went right and wrong with the Kilauea compromised water situation. Was this issue related to any backflow cause or AG related? If so, what percentage of the AG parcels has been installed island wide? We do have a policy in place to present these types of situations.

Mr. Dill moved to receive Operations Maintenance Report, seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

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

The Accountant III position was opened internally, but due to one person being told they could not apply for the job, but qualified; an open recruitment was made.

Regarding vouchers, \$1.2M was paid and there were no Water Facility advances.

Mr. Fujikawa confirmed that Engineer II interviews are being scheduled with Debra within the next couple weeks.

Mr. Aoki confirmed that we didn't receive anything from the Affordable Housing Task Force meetings. Updates to this will be at a later date.

The Water Field Operations Superintendent position is on hold until the Chief of Operations position is in effect.

Mr. Dill left at 1:03 pm

Mr. Nishimura moved to receive Manager's Monthly Report, seconded by Mr. Dahilig; by a unanimous decision, motion was carried.

EXECUTIVE SESSION

1. Letter from Grove Farm regarding Lihue-Hanamaulu Water Master Plan. This consultation involves consideration of the powers, duties, privileges, immunities and/or liabilities of the Board and the County as they relate to this agenda item.

TOPICS FOR NEXT WATER BOARD MEETING

Manager Craddick stated that the first draft of the Emergency Reserve Fund Policy will be ready for the Board to review.

TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Resolution #1 – Budget for next fiscal year (*August 2011*)
2. Job Performance Evaluation for Manager and Chief Engineer (*due to DPS in October*)
(*August*)
3. Leak Program rules

UPCOMING EVENTS

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

NEXT WATER BOARD MEETING

1. Thursday, August 28, 2011, 10:00 a.m.
2. Thursday, September 29, 2011, 10:00 a.m.
3. Thursday, October 27, 2011, 10:00 a.m.
4. Wednesday, November 23, 2011, 10:00 a.m.

At 1:15 p.m., Mr. Nishimura moved to recess this Regular Meeting to Thursday June 23, 2011 at 10:00 a.m. in the Board Conference Room of the Department of Water; seconded by Mr. Nakaya, by unanimous vote motion was carried.

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RECESSED REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, June 23, 2011

Recessed on June 21, 2011, The Board of Water, County of Kaua'i, reconvened its Regular Meeting on Thursday, June 23, 2011, in the Second Floor, Microbiology Lab Building. Chairperson Roy Oyama convened the meeting to order at 11:07 a.m.

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

STAFF: Mr. David Craddick
Ms. Marites Yano
Mr. Dustin Moises
Ms. Joy Buccat
Ms. Sandi Nadatani-Mendez
Deputy County Attorney Andrea Suzuki

GUESTS: Mr. Jan TenBruggencate - on behalf of The Limtiaco Company

Quorum was achieved with 5 members present.

Mr. Nishimura moved to adjourn this reconvened Regular Meeting, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

ADJOURNMENT

With no further business before the board, Chair Oyama adjourned the meeting at 11:10 a.m.

Respectfully Submitted,



Mary-jane Garasi
Acting Secretary

Approved,



Randall Nishimura
Secretary – Board of Water Supply