

MEETING MINUTES  
BOARD OF WATER SUPPLY  
Thursday, June 20, 2013

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Līhu'e on Thursday, June 20, 2013. Chairperson Randall Nishimura called the meeting to order at 10:05 a.m. On roll call, the following answered present:

BOARD: Mr. Randall Nishimura, Chairperson  
Mr. Raymond McCormick  
Mr. Michael Dahilig  
Mr. Larry Dill  
Mr. Sherman Shiraishi (*arrives @ 10:12 a.m.*)

EXCUSED/ABSENT: Mr. Clyde Nakaya

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

STAFF: Mr. David Craddick  
Mr. Val Reyna  
Ms. Marites Yano  
Ms. Anne Parrott  
Ms. Margie Loo  
Mr. Roman Silvestre  
Mr. Dustin Moises  
Ms. Mary-jane Garasi  
Deputy County Attorney, Andrea Suzuki

GUESTS: Mr. Manabu Tagomori, Oceanit Consultant  
Ms. Natalie Waters, Oceanit Consultant  
Mr. Jerry Kaluna

**ACCEPTANCE OF AGENDA:**

Mr. Dahilig moved to rearrange the agenda as ordered by Chair Nishimura to move up Manager's Report 13-46, Manager's Report 13-47 and Manager's Report No. 13-53; seconded by Mr. McCormick; with no objections, motion was carried with 4 ayes.

**H. NEW BUSINESS**

1. Manager's Report 13-46 – Resolution No. 13-6 – Employee of the Year – Shayce Yasutake, Operations

Manager Craddick read Resolution 13-6 – Employee of Year of Shayce Yasutake. The Board and staff congratulated Mr. Yasutake his accomplishments.

Mr. Dahilig moved to approve Manager's Report 13-46 – Resolution No. 13-6 – Employee of the Year – Shayce Yasutake, Operations; seconded by Mr. Dill; with no objections, motion was carried with 4 ayes.

Chair Nishimura ordered a recess for a photo op of Mr. Yasutake with the Board and staff.

2. Manager's Report 13-47 – Resolution No. 13-7 – Employee of the Year – Sandi Nadatani-Mendez, Administration

*At 10:12 a.m., Mr. Shiraishi enters meeting.*

Mr. Dahilig moved to approve and defer the congratulatory commendation to Sandi Nadatani-Mendez to the July Board meeting; seconded by Mr. McCormick; with no objections, motion was carried with 5 ayes.

1. Manager's Report No. 13-53 - Job No. PLH-03 – Kahili High Level Well Energy Savings Project, Proposed Public Relations Program

Manager Craddick requested Board approval for Job No. PLH-03 – Kahili High Level Well Energy Savings Project, Proposed Public Relations Program.

**BACKGROUND:**

Manager Craddick reported that the project team initiated its public relations efforts in July 2012 and met with forty (40) individuals and organizations. At the Wailua – Kapa'a Neighborhood Association meeting, approximately 70 people attended.

Reactions to the project were mixed during the early meetings, with people expressing views on many sides of the issue. Some of the public were interested in learning about the project and expressed concern about potential impacts.

On October 27, 2012, a public informational meeting was held on with 38 people present. A public EIS scoping meeting was held on April 11<sup>th</sup> with 80 people in attendance.

After the EIS scoping meeting was held, Kaua'i Department of Water (DOW) planned a series of community meetings to provide accurate information and solicit additional community input. These meetings were cancelled to better scope the process out. A public relations program is needed that would improve public perception of the project.

Several division heads were currently attending a Design Thinking process on O'ahu today. Mr. Manabu Tagomori and Ms. Natalie Waters were introduced to provide their testimony.

***Mr. Manabu Tagomori and Ms. Natalie Waters, Oceanit Consultants  
provided their testimony.***

Mr. Manabu Tagomori, Oceanit Consultant expressed his support of Manager Craddick's report.

Ms. Natalie Waters, Civil Engineer and Design Thinking facilitator, explained the Design Thinking program which was developed by Stanford University who trained Oceanit consultants. The Design Thinking program is a five (5) step process that can be applied to Engineering and organizations (i.e., Hawaiian Tel and Department of Education (DOE), Bank of Hawai'i, Department of Health (DOH), and Chaminade University).

The five (5) step process includes:

1. Empathy – is to get feedback from the *user* (people who are being affected by what a company is designing for.)

2. Define – Based on the community interviews, the design team will identify users, their needs and insights, which will clarify the problems we are trying to resolve.
3. Ideate – The community can brainstorm on their input of what they think could be a solution to the directional drilling in small groups.
4. Prototype – To test ideas that meet the criteria.
5. Test – Test solutions with various community interests to see how the solutions can be refined and improved.

Mr. Tagomori stated this is a bottom up program based on what users want.

One benefit, Ms. Waters mentioned with small groups, is that everyone has the opportunity to speak and discuss ideas.

#### DISCUSSION:

Manager Craddick confirmed that the Public Relations program will be at no additional cost. The Scope of Work will have to be redone if the Public Relations program is included.

Mr. Dahilig inquired if the process is meant for innovation, how is it being used in a remediation stage?

Ms. Waters explained that the public's feedback is needed. This would be the opportunity to incorporate feedback of the public who are for or against the project. There are ways to mitigate the problem to come to a solution.

If Mr. Dahilig were to present the project in a Design Thinking element to the public, he would indicate problems of the DOW; i.e., identification of new sources and high energy costs. If there are environmental and sociological issues on a project, Design Thinking could be done first, then it is brought before the group to think about the issues.

Mr. Dahilig was unsure if Design Thinking is the correct process for this project. He requested Oceanit to provide specific examples of Design Thinking used in similar examples of situations on projects that are limited in scope vs. starting fresh before going forward.

Ms. Waters agreed to provide specific examples for the Boards understanding.

Manager Craddick stated this project is not to produce additional source. The project is for energy savings. The Department could look at the other energy savings methodology. If one process ends up as a preferred methodology; there would be no hesitation in changing what the Department is doing. The goal is to eliminate future treatment costs and to save on power. If the community does not feel it is a necessity to do the project, then the Department will figure out a better way to save money. There has also been miscommunication with the public regarding the purpose of the project.

Mr. Shiraishi inquired whether the feasibility was discussed in prior Board of Water meetings with the Board deciding to go forward with this project. It seems that the Board is reevaluating the project after a prior Board decision to proceed.

Chair Nishimura explained that the original proposal had a part to attempt to do a feasibility study in the Kalihi area with a budget amount of \$12M from the Build America Bond (BAB). The

feasibility study was never brought up as a limiting factor at that time since it was a long-term project. The Board's position was to see where the project goes. When the bids went out, the bids came back more than double from the original proposal. The Department received partial funding from the DOH on principal forgiveness and a partial SFR loan of \$2M.

Currently there is \$2M budgeted that can have an exploratory well drilled. Before the Department can commit more resources, what would the additional outlay be? The Department has raised rates where Chair Nishimura and Manager Craddick disagreed on the amount. The FRC will increase substantially and Chair Nishimura is concerned where the Department is spending the \$2M, therefore the reason for slowing down the project.

Chair Nishimura recommended Manager Craddick provide the following information:

1. Explain why this program has not been incorporated into the project.
2. Do a cost economic analysis.
3. If feasibility is done, come back with numbers & total outlay this may cause with additional exposure.
4. Going forward, what is the cost benefit?

By the end of this year, Chair Nishimura added that the Department would have spent \$900,000.

According to Manager Craddick, by the end of the year, the Department would of spent \$400,000. The May billing to the consultant would be between \$45,000 to \$50,000.

Mr. Dahilig moved to defer Manager's Report 13-53 to the July Board meeting for additional information on the feasibility study and the Public Relations program from Manager Craddick; seconded by Mr. Dill; with no objections, motion was carried with 5 ayes.

**Chair Nishimura referred Board to Item D Review of the Minutes to be discussed next.**

**D. MEETING MINUTES:**

**Review and approval of:**

Regular Board Meeting – May 23, 2013

The May 23, 2013 minutes were "Received for the Record" as distributed.

Mr. Shiraishi moved to approve the Regular Board Meeting minutes of May 23, 2013; seconded by Mr. McCormick.

**DISCUSSION:**

Chair Nishimura noted changes on the following pages:

Page 2, last paragraph - Should read: *"Chair Nishimura asked for confirmation that the power bill would be put in the DOW's name until Grove Farm develops its plans to provide electricity from facilities."*

Page 4, 3rd paragraph - Should read: *"Chair Nishimura agreed with Mr. Shiraishi's comment that the DOW present a lean budget to the rate holders to show that their monies are well spent."*

Page 13, 5<sup>th</sup> paragraph - Should read: *"This potentially worthwhile project has options but will need to address the cultural challenges."*

Mr. Shiraishi withdrew his original motion.

Mr. Shiraishi moved to approve the Regular Board Meeting minutes as amended; seconded by Mr. McCormick; with no objections, motion was carried with 5 Ayes.

**Review and approval of Executive Session:**

Executive Session – May 23, 2013

Chair Nishimura ordered the Executive Session minutes would be reviewed in Executive Session; with no objections.

**E. CORRESPONDENCE/ANNOUNCEMENTS**

1. Correspondence from Mr. Steven Hunt, Director of Finance to Randall Nishimura, Chairman of the Board of Water Supply regarding Take Home Vehicle Policy, dated June 3, 2013

Chair Nishimura commented that by Hawai'i Revised Statutes (HRS), no Board action is required. The policy will be administered through the Mayor's Office and the County Finance Department.

Manager Craddick was requested to review the Take Home Vehicle Policy carefully. The vehicles for Manager Craddick and Deputy Manager, Mr. Saiki may or may not be considered a qualified exempt vehicle. Monthly mileage reports may have to be filed with the Finance Department.

Mr. Dill moved to receive the Correspondence from Mr. Steven Hunt, Director of Finance to Randall Nishimura, Chairman of the Board of Water Supply regarding Take Home Vehicle Policy, dated June 3, 2013; seconded by Mr. Shiraishi; with no objections, motion carried with 5 ayes.

Chair Nishimura thanked Ms. Margie Loo for accepting to be the *Acting* Public Relations Specialist.

**F. BOARD COMMITTEE REPORTS**

1. Rules Task Force Report

Mr. Dahilig reported that the Rules Task Force committee met twice. Changes from the last meeting will be memorialized which will be presented at the next Task Force meeting for further discussion.

Mr. Dill moved to accept the Rules Task Force report; seconded by Mr. McCormick; with no objections, motion was carried with 5 ayes.

**G. OLD BUSINESS**

1. Manager's Report No. 13-40 – Draft FY2014 Budget (*rev. from RBM 3-21-13 and FCM 5-21-13*)
  - a. Draft FY2014 Budget

- i. Operations Budget
- ii. Accrual Budget Format
- iii. Capital Budget.

DISCUSSION:

Mr. Dill acknowledged that there were no changes from the final budget but requested Manager Craddick to review the changes from the last meeting on the management of funding for vacant positions.

Chair Nishimura requested a Point of Order from Deputy County Attorney, Andrea Suzuki regarding the Department's discrepancy in the budget documents.

Manager Craddick commented that detailed summary of \$292,295 could be deferred and there was no change to the budget.

Ms. Yano added that the Employee Fringe Benefits were affected which would bring the total to about \$300,000. The Fringe Benefits was reduced from \$1.4M to \$1.3M.

Manager Craddick commented that the Board could put the \$300,000 in a CIP Reserve or a contingency in Expenditures. Since the Department has 20-25 employees in Unit 13, Manager Craddick wanted to make sure that these employees would be covered by the anticipated collective bargaining Fringe Benefits, step movement and pay raise.

Ms. Yano explained if there is a step movement and pay increase, there would be a 5% contingency, if the Department goes back to a 60/40. The medical benefits would be covered.

The Board was asked by Chair Nishimura if the potential savings should be taken out of a separate line item or to leave it as is. Mr. Dahilig and Mr. Shiraishi agreed to leave it as is as long as they can reallocate, if needed. Mr. Dill had no concerns about the budget.

Tab 2, Page 3 - Ms. Yano explained that the proposed revenues in the original proposed budget, had a \$713,000 adjustment under the Leak Adjustment line item. In the current version of the budget, this amount was deleted because based on the revenue trend, a steady increase has been collected by the DOW. The adjustment factor of -3% was taken away. The estimated revenue was increased by \$700,000 which went to the CIP Reserve that was based on the March revenue.

Chair Nishimura questioned what the difference was on the Total Projected Revenues that went from \$25M to \$27M.

Manager Craddick explained that the \$27M was referred from the Finance Committee.

Tab 12, Page 1 – The CIP Reserve Fund currently reflects \$6,304,834.

Manager Craddick clarified that the only change to the budget was the Salaries which had no change and the increase of the CIP Reserve Fund.

Tab 2, Page 1 – Ms. Yano explained that Normal Expenditures was highlighted due to the affect of the Fringe Benefits on the proposed decreased funding of the vacancies. No changes from the previous proposal were changed. The worksheet on the vacancies showed a possible decrease of \$292,000.

If the salaries are decreased by \$292,000, there would be an equivalent decrease in the Fringe Benefits. If the salaries are kept as originally proposed and no changes on the vacant position, it would not affect the Normal Expenditures. The \$13.337M will not be affected from the last budget to the current budget.

Mr. Dahilig commented that the Department needs to make sure that the budget should have accurate amounts by 1) providing the written descriptions to track changes and 2) oral changes on the floor becomes difficult to reconcile changes especially with different drop boxes on the iPads and changes upload at 6:00 a.m. the morning of the meeting.

Chair Nishimura commented on monies which were budgeted and encumbered would not affect the CIP except for any proposed new contacts that have to be signed.

Mr. Dill will present the CIP Budget recommendation to the Board at the July Board meeting (no Special meeting is required.)

Mr. Dahilig suggested if the Board makes any approval on any questions in the future on fund certifications, that it be retroactive to any previous decision.

Mr. Dill moved to approve the Annual Operating Budget FY 2013-2014 as presented; seconded by Mr. McCormick; with no objections, motion was carried with 5 ayes.

#### H. NEW BUSINESS

3. Manager's Report No. 13-48 - 12<sup>th</sup> Change Order for Job No. 02-08, Rehabilitate Eleele Twin 0.4 MG Steel Tanks (Water Plan 2020 Project No. HE-08), Eleele, Kauai

*At 11:15 a.m., Chair Nishimura recused himself from this agenda item and exits the meeting.*

Chair Nishimura relinquished his chairmanship to Board Member, Mr. Shiraishi.

#### BACKGROUND:

Mr. Moises explained that the DOW has an existing water line that serves Kaua'i Coffee which goes under the new entrance to the existing tank which is being constructed. What was discovered during construction was not on the plans. After discussions with Kaua'i Coffee to build the entrance driveway to protect their water line, they asked DOW to concrete jacket the pipeline which is Change Order 12.

The expansion joint has a proposed contingency of \$10K because DOW has not received the full price from the contractor which may be \$7K.

Mr. Dill moved to approve Manager's Report No. 13-48 - 12<sup>th</sup> Change Order for Job No. 02-08, Rehabilitate Eleele Twin 0.4 MG Steel Tanks (Water Plan 2020 Project No. HE-08), Eleele, Kaua'i; seconded by Mr. Dahilig; with no objections, motion was carried with 4 ayes.

*At 11:19 a.m., Chair Nishimura re-enters the meeting to resume chairmanship.*

4. Manager's Report No. 13-49 - Grant of Easement for Job No. 05-06, Eiwa, Umi, Ekahi, Elua and Hardy Streets 8" Waterline Improvements (Water Plan 2020 Project No. PLH-25), Lihue, Kauai, Affecting the Following Landowner:
  - a) State of Hawaii, affecting TMK(s): (4) 3-6-005:por of 011, Lihue, Kauai, Hawai'i

BACKGROUND:

Manager Craddick explained when the project was being worked on, the DOW noticed there was no formal Grant of Easement (GOE) for an existing 6" AC fire line. This GOE is to remedy the absence of a formal GOE.

DISCUSSION:

Mr. Dahilig received confirmation from legal counsel that the approval of this agenda item is to approve the indemnification provision contained in the GOE document as a prior Board action mandated that the Board approve any indemnification obligation sought to be imposed on the DOW.

Mr. Dahilig moved to approve Manager's Report No. 13-49 - Grant of Easement for Job No. 05-06, Eiwa, Umi, Ekahi, Elua and Hardy Streets 8" Waterline Improvements (Water Plan 2020 Project No. PLH-25), Lihue, Kauai, Affecting the Following Landowner a) State of Hawaii, affecting TMK(s): (4) 3-6-005:por of 011, Lihue, Kauai, Hawai'i; seconded by Mr. Shiraishi; with no objections, motion was carried with 5 ayes.

Mr. Shiraishi requested a Point of Order for Manager's Report No. 13-50 to be next on the agenda instead of Manager's Report No. 13-51.

5. Manager's Report No. 13-50 Fourth Contract Amendment for Job No. 03-02, Wainiha Pump Station and Haena Steel Tank (Water Plan 2020 Project No. HW-02,03), Haena-Wainiha, Kauai

BACKGROUND:

Mr. Moises explained that this project construction is almost complete. When the contractor went to Public Works for the grading permit, it was discovered that the plans were not reviewed. During construction, the DOW had to redesign the retaining wall, drawing revisions, the grading site and the drainage report. Mr. Moises noted he was involved on the project after the plans were not reviewed.

Since the DOW and the consultant had ownership on the redesign, Mr. Moises made an agreement with the consultant to go 50/50 on the additional fee on the redesign in order for the project to be completed.

There were retaining wall redesign efforts several times between Public Works and Mr. Moises. Based on the consultant's initial contract and staff time at 2004, the rates were much higher. Mr. Moises mentioned that \$24,000 is reasonable for the proposed Amendment #4. The redesign would save the DOW \$6K.

Mr. Dill approved Manager's Report No. 13-50 - Fourth Contract Amendment for Job No. 03-02, Wainiha Pump Station and Haena Steel Tank (Water Plan 2020 Project No. HW-02,03), Haena-Wainiha, Kauai; seconded by Mr. Shiraishi; with no objections, motion was carried with 5 ayes.



6. Manager's Report No. 13-51 - First Contract Amendment for Job No. 12-8, Kalepa Back Pressure Valve (BPV) Electrical Replacement, Līhu'e-Hanamā'ulu Water System; Hanamā'ulu, Kaua'i, Hawai'i

BACKGROUND:

Mr. Reyna reported that the contingency was inadvertently excluded in the contract relating to safety related modifications. The safety modifications are for staff and equipment relating to a resistant sensing relay for the Kalepa BPV.

Mr. Shiraishi moved to approve Manager's Report No. 13-51 - First Contract Amendment for Job No. 12-8, Kalepa Back Pressure Valve (BPV) Electrical Replacement, Līhu'e-Hanamā'ulu Water System; Hanamā'ulu, Kaua'i, Hawai'i; seconded by Mr. McCormick; with no objections, motion was carried with 5 ayes.

8. Manager's Report No. 13-52 - Grant of Easement (GOE) for Unlimited New Office and Warehouse Facility (Puhi Industrial Park), Puhi, Kaua'i, affecting the Following Landowner:
  - a) Siena Holdings, LLC, affecting TMK(s): (4) 3-3-012:021, Puhi, Kaua'i Hawai'i

Mr. Shiraishi moved to approve Manager's Report No. 13-52 - Grant of Easement for Unlimited New Office and Warehouse Facility (Puhi Industrial Park), Puhi, Kaua'i, affecting the Following Landowner: a) Siena Holdings, LLC, affecting TMK(s): (4) 3-3-012:021, Puhi, Kaua'i Hawai'i; seconded by Mr. Dill; with no objections, motion was carried with 5 ayes.

(Note: The GOE was located with the Commission Support Clerk documents. Mr. Moises confirmed the GOE indemnification language matched what was in the report.)

9. Board Adoption of the Manager and Chief Engineer Goals for FY 2013 – 2014

The Goals for the Manager and Chief Engineer for FY 2013-2014 were distributed and "Received for the Record."

**GOALS FOR THE MANAGER AND CHIEF ENGINEER**

FY 2013 – 2014

July 1, 2013 – June 30, 2014

RECEIVED FOR THE RECORD

June 20, 2013

Recommendation: Board Members Concurrence on Proposed Goals for the Manager and Chief Engineer FY 2013-14

The following Goals are proposed for the 2013 – 2014 Fiscal Year beginning July 1, 2013 through June 30, 2014 for the Manager and Chief Engineer for the County of Kauai Department of Water. I have not received any recommendations from Board members. This list is a proposed list subject to modification by the Board.

- A. Complete Water Service Development Fee Analysis and modifications to Rules as applicable by April 2014.
- B. Provide clear Board Manager's reports providing background, options and recommendations.
- C. Provide Manager's reports to the Board by the Friday prior to the Agenda meeting.
- D. Reduce the amount of time to resolve grievances by 10%.
- E. Establish baseline for unaccounted for water.
- F. Provide timetable to complete the basic GIS model based upon current funding.
- G. Obtain HR/Personnel Department approval for current Table of Organization and stick with current Table of Organization for entire Fiscal year.
- H. Identify and fill 80% of required key unfilled vacancies by FY end.
- I. Recommend top projects by December 2013:
  - a. 10 Source Projects based on current General Plan and Zoning maps.
  - b. 5 Storage Projects based upon the Current General Plan and Zoning maps.
  - c. 10 Transmission Projects based upon the Current General Plan and Zoning maps.
  - d. 10 Distribution Projects based upon the current General Plan and Zoning maps.
  - e. 20 Replacement projects based upon current General Plan and Zoning maps and maintenance requirements.
- J. Complete the installation of energy efficient motors purchased in FY 2012 by 2<sup>nd</sup> quarter of FY 2013-2014.
- K. Complete Design of top 10 projects by FY end.
- L. Reduce construction costs for new office building by 20%.
- M. Reduce manager's travel by 30%.

Respectfully submitted,



Randall Nishimura  
Chairman  
Board of Water

RN/ein

Goals for the Manager and Chief Engineer (6-20-13):ein

Chair Nishimura inquired if the Board would like to defer the adoption of the Manager and Chief Engineer Goals to the next Board meeting or to proceed with adoption.

Any goals that Manager Craddick disagrees with could be submitted in writing to the Board.

Mr. Dahilig moved to approve the Board Adoption of the Manager and Chief Engineer Goals for FY 2013 – 2014; seconded by Mr. McCormick; with no objections, motion was carried with 5 ayes.

#### 10. Job Performance of the Manager and Chief Engineer for FY 2012 – 2013

For the record, Manager Craddick waived his right to have his job performance evaluation discussed in Executive Session and agreed that the Board may review and discuss his job performance evaluation as distributed in open session.

##### BACKGROUND:

Chair Nishimura explained that Manager Craddick's job performance evaluation summaries were the results made by the Board and Manager Craddick's staff and peers. The scoring was based on different categories. Previous evaluations of Manager Craddick were included for comparison and trend evaluation. The Board's scores were conservative, the staff's scores were more supportive toward Manager Craddick, and the peer's scores were in between.

Various raters provided their comments and peers were defined as county department heads. Some department heads declined to respond due to limited interaction with Manager Craddick.

Mr. Shiraishi moved to receive the Job Performance evaluation of the Manager and Chief Engineer for FY 2012 – 2013 and will be forwarded to be Human Resources Department; seconded by Mr. McCormick; with no objections, motion was carried with 5 ayes.

#### 11. Review of Board Policy No. 1 – Personal Safety Equipment (5-20-1981)

##### BACKGROUND:

Chair Nishimura mentioned that Board Policy No. 1 lacked detail on how the policy was established. The policy stated that the Department will furnish safety equipment and shall replace the equipment with the exception of gross negligence.

##### DISCUSSION:

Under the current policy, if an employee damages equipment, it needs to be replaced. The Department has a list of equipment from various bargaining units. Chair Nishimura was familiar with electrical personal protection requirements require an employee to be trained and certified by the department to show compliance.

Mr. Shiraishi volunteered to update and draft Policy No. 1 and will include union language. The draft which will be submitted to Chair Nishimura and Manager Craddick for review.

Manager Craddick confirmed that the Department is using chlorine gas and Hyperclor.

Manager Craddick will provide information on the following:

- 1) What is considered safety equipment?

- 2) Is the safety equipment updated annually or part of collective bargaining (based on various bargaining units)?
- 3) Safety issue of the use SCBA's

Mr. Dahilig moved to defer Board Policy No. 1 to the July Board meeting to update the language; seconded by Mr. Dill; with no objections, motion was carried with 5 ayes.

12. Review of Board Policy No. 2 – Lowering of Pipeline (2-12-1970)

BACKGROUND:

Board Policy No. 2 states that there are old lines. The Board will lower the lines at no charge to the property owner.

*At 11:45 a.m. Mr. Dahilig exits the meeting but will return in one hour.*

Manager Craddick will update the language for Board Policy No. 2 to meet the current standards.

Mr. Shiraishi moved to defer Board Policy No. 2 for Manager Craddick to provide proposed new language at the July Board meeting; seconded by Mr. McCormick; with no objections, motion was carried with 4 ayes.

STAFF REPORTS

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

PRESENTATION:

Ms. Yano reported on the Statement of Revenue and Expenditures from April 30, 2013 which included three (3) funds: Water Utility Fund, Facilities Reserve Charge and BAB Fund. The charts included the Revenue Comparative Report, Water Sales Receipt Comparative Report and the Water Consumption Comparative Report in gallons.

Mr. Shiraishi moved to receive the Statement of Kaua'i County Water Department's Revenues and Expenditures; seconded by Mr. McCormick; with no objections, motion was carried with 4 ayes.

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

Chair Nishimura complimented the staff members who completed the Report by the Public Relations Specialist on Public Relations Activities.

Press Releases sent out:

June 6<sup>th</sup> – Regarding a scheduled water outage for portions of the Kalāheo area to allow Kiewit to tie into the DOW's main line.

June 7<sup>th</sup> - The Department made headline news in The Garden Island (TGI) newspaper titled "Water fee hikes create splash" by Darin Moriki. Note: This news article failed to inform the public that Habitat for Humanity has already paid its fees and would not be subject to increases. In the future, affordable housing can be reduced by using offsets for State provided grant funding.

June 9<sup>th</sup> – A Letter to the Editor in TGI titled “Can DOW build a better budget?” written by Bonnie P. Bator (*Anahola*).

Water System Development Fee (WSDF) updates – The Finance Committee forwarded the current draft of its proposed recommendation for the Rules Committee to comment. The recommendation allowed indexing according to the Engineering News Record construction cost index not to exceed 4% per year on average from the date of approval which should prevent future large jumps in the WSDF.

Testimonies have been received and addressed by the DOW including testimony from the County Housing Department and the County Council.

Subject to any further recommendation from the Rules Committee, the Finance Committee has proposed their WSDF schedule to the full Board.

Miscellaneous – PR Intern, Bryanna Pacleb started May 6<sup>th</sup>.

The Water Committee: On May 31<sup>st</sup>, the WATER Committee, previously known as the Rewards Committee, (Margie Loo, Joy Buccat, Sandi Nadatani-Mendez, Virgil Kapanui, Peggy Yoshioka, and Fay Tateishi) worked to improve the morale at the DOW by initiating its first bento breakfast. Each employee were given Bentos after the monthly meeting as a way for the Department to show it’s appreciation to all employees for their hard work.

The Fun Committee: On April 16<sup>th</sup>, the Fun Committee (Keith A., Jeff M., Karen D., Mona Y., MJ, Virgil K., and Eddie D. (special projects) met and are excited to announce some NEW IDEAS. A quarterly cook off challenge is being planned and quarterly fun Fridays in the effort to build employee morale and camaraderie amongst the department and one another.

MAS (Make a Splash): This year’s Make a Splash water festival is scheduled for Thursday, September 26, 2013. Promo items were inventoried and are being ordered.

Effective June 14<sup>th</sup>, Ms. Joy Buccat will no longer serve as our DOW Public Relations Specialist as we bid her farewell and good luck on her future endeavors. We thank her for all her hard work and dedication to our staff here at the DOW, but especially to our community.

Mr. Shiraishi moved to receive the Report by the Public Relations Specialist on Public Relations Activities; seconded by Mr. McCormick; with no objections, motion was carried with 4 ayes.

**Re: Chief of Operation’s Summary Report on Monthly Operational Maintenance**

**PRESENTATION:**

Mr. Reyna pointed out that the over time increase were due to three (3) contractor tie ins that resulted in multiple overnights and one major water line break in Omao in May.

Operations completed installation on three (3) motors. Modifications had to be made to correct the length of the shaft.

Mr. Shiraishi moved to receive the Chief of Operation's Summary Report on Monthly Operational Maintenance report; seconded by Mr. Dill; with no objections, motion was carried with 4 ayes.

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

**PRESENTATION:**

Manager Craddick highlighted the following DOW activities in June 2013:

1. CONTRACTS AWARDED/EXTENSION/AMENDMENTS – RE: CONTRACT #571 GS-2013-2 ONE (1) TRAILER MOUNTED 125 KVA EMERGENCY DIESEL GENERATOR AWARDED TO ALLIED MACHINERY CORPORATION IN THE AMOUNT OF \$72,395.37.
2. Personnel Matters Update – Accountant I position was approved as of today's meeting.
3. Warrant Vouchers were paid in the amount of \$2.1M.
4. Conveyance of Water Facility: 1) Sean & Jeannie Andrade, 2) Carswell / Spalding Partner and 3) Siena Holding, LLC
5. CC&B Billing System Update: Ms. Yano will coordinate and resolve the automatic payment with the Honolulu Board of Water Supply on why the payments are not being posted to the rate payer's accounts.

Note: Chair Nishimura suggested that the implementation of late charges should not start until the problems with the billing system are fixed.

On line viewing of Bills: Mr. Moises reported for Ms. Nadatani-Mendez on the line viewing of bills - 42 people signed up, out of 42 who signed up, 13 people are receiving bills electronically. This may resolve some of the billing posting problems in real time.

6. IT Strategic Plan Update: Notice to Proceed has been given to the contractor, EMA.
7. Affordable Housing Update: No meetings were held.
8. Customer Service: Six (6) trainings will be given to the staff on the following topics:
  - a) The Service Mentality
  - b) Six Cardinal Rules of Customer Service
  - c) Business Friendly Customer Service
  - d) Killer words of Customer Service
  - e) How to Handle the Irate customer
  - f) Essential Telephone Skills

Chair Nishimura requested from Manager Craddick to identify the nature of the customer service issue and if there are SOP's on the procedures (i.e. broken water lines). Customer service issues can be presented to the Board at a later time.

Mr. McCormick moved to receive Manager's Monthly Update Regarding Activities of Note of the Kaua'i County Water Department; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

**a. Report of the BAB Bond pay down as of May 2013**

Mr. Dill moved to receive the Report of the BAB Bond pay down as of May 2013; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

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

**PRESENTATION:**

Ms. Yano presented the Budget Status Summary as of April 30, 2013 on the Water Utility Fund, Facilities Reserve Charge and the Bond Fund as well as the Revenue Comparative Report, Water Sales Receipt Comparative Report and the Water Consumption (Gallons) Comparative Report. The consumption in gallons correlates with the revenue on what is being constructed.

Mr. Dill moved to approve the Statement of Kaua'i County Water Department's Revenues and Expenditures; seconded by Mr. Dahilig; with no objections, motion was 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 Haw. Rev. Stat §§92-4 and 92-5(a)(2), the purpose of this executive session is to consider the Job Performance Evaluation of the Department of Water's Manager and Chief Engineer. This deliberation involves matters affecting the privacy of the Manager and Chief Engineer. If the individual concerned requests an open meeting, an open meeting shall be held.*

[Not Entertained]

**TOPICS FOR NEXT WATER BOARD MEETING (July 2013)**

1. DOW - Quarterly Reports
2. Public Hearing – Part 2 Section IX of the Rules – Chair Nishimura will review the last Rules Committee Minutes and the current status.
3. Public Hearing – Benefit Zones
4. Board Report on the AWWA Conference held June 9-13, 2013 – Mr. Dill will prepare a report.

**TOPICS FOR FUTURE WATER BOARD MEETINGS**

**UPCOMING EVENTS**

1. HWWA Hawai'i Section Maui, HI (October 23-25, 2013)

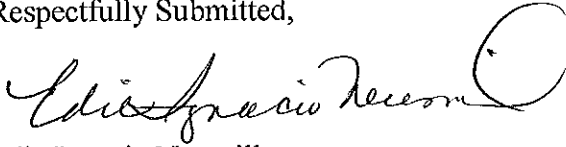
**NEXT WATER BOARD MEETING**

1. Thursday, July 25, 2013, 10:00 a.m.
2. Thursday, August 22, 2013, 10:00 a.m.
3. Thursday, September 19, 2013, 10:00 a.m.
4. Thursday, October 27, 2013, 10:00 a.m.

**ADJOURNMENT**

There being no further business, Chair Nishimura adjourned the Regular Board meeting at 12:09 p.m.; with no objections, motion was carried.

Respectfully Submitted,



Edie Ignacio Neumiller -  
Commission Support Clerk

Approved,



Sherman Shiraishi  
Secretary – Board of Water Supply