

MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, June 30, 2016

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Thursday, June 30, 2016. Chair Laurie Ho called the meeting to order at 10:00 a.m. The following Board members were present:

BOARD: Ms. Laurie Ho, *Chair*
Mr. Clyde Nakaya, *Vice Chair*
Mr. Sherman Shiraishi
Mr. Michael Dahilig
Mr. Lyle Tabata (*entered meeting @ 10:03 a.m.*)

EXCUSED: Mr. Larry Dill

Quorum was achieved with 5 members present at the time of roll call.

STAFF: Ms. Marites Yano
Mr. Michael Hinazumi
Mr. Carl Arume
Mr. Keith Aoki
Ms. Sandi Nadatani-Mendez
Deputy County Attorney, Andrea Suzuki
Deputy County Attorney, Mahealani Krafft

Mr. Val Reyna
Mr. Ryan Smith
Mr. Chris Nakamura
Ms. Kim Tamaoka
Ms. MJ Akuna

GUEST(s): Mr. Hall Parrott, Private Citizen

Chair Ho introduced and welcomed new staff members Deputy County Attorney, Mahealani Krafft and Civil Engineer VI, Mr. Michael Hinazumi with Water Resources and Planning.

At 10:03 a.m., Mr. Tabata entered the meeting.

ACCEPTANCE OF AGENDA

Mr. Dahilig moved to accept Mr. Aoki's recommendation to defer Agenda Item H.8 Manager's Report No. 16-62 to the next Board meeting until the Right of Entry is completed; seconded by Mr. Nakaya; with no objections, motion carried with 5 ayes.

D. MEETING MINUTES

Review and approval of:

Regular Board Meeting – May 17, 2016

Mr. Dahilig moved to approve the Regular Board Meeting minutes of May 17, 2016; seconded by Mr. Nakaya; with no objections, motion carried with 5 ayes.

Finance Committee Meeting – April 29, 2016 - *Recessed*

Mr. Dahilig moved to approve the Finance Committee Meeting of April 29, 2016 – *Recessed*; seconded by Mr. Nakaya; with no objections, motion carried with 5 ayes.

Review and approval of Executive Session:

Executive Session – May 17, 2016

Mr. Dahilig moved to approve the Executive Session minutes of May 17, 2016; seconded by Mr. Nakaya; with no objections, motion carried with 5 ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS

1. Correspondence from Mr. Ed Kawamura, Jr., East Kaua'i SWCD, Chair and Mr. Peter Tausend, West Kaua'i SWCD, Chair regarding the East and West Kaua'i 2016 Annual Report received on May 16, 2016

Mr. Shiraishi moved to receive the correspondence from Mr. Ed Kawamura, Jr., East Kaua'i SWCD, Chair and Mr. Peter Tausend, West Kaua'i SWCD, Chair regarding the East and West Kaua'i 2016 Annual Report received on May 16, 2016; seconded by Mr. Dahilig; with no objections, motion carried with 5 ayes.

2. Correspondence from Mr. Jared Blumenfeld regarding the U.S. Environmental Protection Agency's Annual Progress Report, dated May 3, 2016

Mr. Shiraishi moved to receive the correspondence from Mr. Jared Blumenfeld regarding the U.S. Environmental Protection Agency's Annual Progress Report, dated May 3, 2016; seconded by Mr. Dahilig; with no objections, motion carried with 5 ayes.

F. BOARD COMMITTEE REPORTS

None.

G. OLD BUSINESS

1. Proposed Budget for Fiscal Year 2016-2017
 - a. Fiscal Year 2016 – 2017 Capital Outlay Budget

BACKGROUND:

Waterworks Controller, Ms. Yano resubmitted the new Capital Outlay Budget and distributed a Summary Explanation of Changes to the Board members (Received for the Record). The summary detailed the Capital Outlay changes submitted at the May 17th Board meeting from the original Capital Outlay.

Engineering budget was reduced by \$75,800. Construction Management budget decreased by \$250,000. Original funding was from Facilities Reserve Charge (FRC) that was moved into Water Utility (WU) with a final proposed balance of \$550,000.

New Capital Outlay Net Changes by Fund – WU increased \$2,244,000M which decreased \$2,569,800M under FRC. There was no change in the Building America Bond (BAB) Capital Outlay budget.

Total increase of the Estimated Ending Fund Balances for all funds (WU, FRC, BAB) is \$325,800. New Estimated Ending Fund Balance as of 6-30-17 is \$16,276,433.

DISCUSSION:

The Capital Outlay budget were discussed with staff and Mr. Dahilig which he recommended at the May 17th Board meeting. The CIP budget was previously reviewed by the Finance Committee. Mr. Dahilig's concerns were answered regarding the ambitious amount of funds appropriated and if the Department was appropriating for prioritized projects. Minor edits in this presentation were different from what was discussed with staff.

Mr. Shiraishi mentioned a \$300,000 increase in the budget and queried whether it was significant. Mr. Nakaya explained that the Operating Budget remains the same and funds carried over increased by \$300,000.

Mr. Dahilig was concerned with prioritizing projects and how it is communicated to the Board. There is about \$40M being appropriated to the Capital Improvement Project outlay. There needs to be discussion on how to reasonably appropriate funds to projects for the year and the priority of projects. Projects lack focus to meet certain priorities and Mr. Dahilig would address this in next year's round of budget process for next year to the Board.

Mr. Dahilig moved to approve the Proposed Budget for Fiscal Year 2016-2017, a. Fiscal Year 2016 – 2017 Capital Outlay Budget; seconded by Mr. Tabata; with no objections, motion carried with 5 ayes.

H. NEW BUSINESS

1. Manager's Report No. 16-55 – Discussion and Possible Board Adoption on the Budget Resolution No. 16-09 (06/16), Budget for Fiscal Year 2016-17

Mr. Shiraishi moved to approve Manager's Report No. 16-55 – Discussion and Possible Board **Adoption** on the Budget Resolution No. 16-09 (06/16), Budget for Fiscal Year 2016-17; seconded by Mr. Nakaya; with no objections, motion carried with 5 ayes.

2. Manager's Report No. 16-56 - Discussion and Possible Action on the Manager and Chief Engineer's Goals for July 2016 – June 2017

DISCUSSION:

Mr. Dahilig moved to receive and refer Manager's Report No. 16-56 to executive session at the next Board meeting for discussion; seconded by Mr. Tabata.

Deputy County Attorney, Suzuki stated the goals of the Manager are discussed in open session and the Manager's performance is discussed in executive session.

Mr. Dahilig withdrew his motion and Mr. Tabata withdrew his second.

Mr. Tabata moved to defer discussion on Manager's Report No. 16-56 to the July Board meeting when Manager Saiki is present; seconded by Mr. Shiraishi.

Mr. Dahilig noted that Manager Saiki's Manager's Report reflect the goals from the past fiscal year. The goals could be discussed in executive session to develop goals for next fiscal year. Deputy County Attorney Suzuki said there is a fine line between the Manager's goals and his performance. Mr. Dahilig would like to evaluate the Manager first before setting new goals for 2016-2017.

Mr. Shiraishi commented the goals in items 1-7 are objective and could be evaluated in open session with Manager Saiki.

Mr. Nakaya suggested to evaluate the Manager first, then set his goals for the next fiscal year.

Mr. Tabata questioned how are the Manager's goals measured?

Private Secretary, Ms. Akuna commented that the performance review is given out in August/September in a basic form from the Department of Human Resources (DHR). The evaluation is done by peers, division heads and colleagues. The performance review form does not list the Manager's goals.

Chair Ho ordered to have the Board first discuss in executive session the Manager's performance to date at the next July Board meeting and added to the agenda.

Mr. Tabata moved to withdraw his deferral, then Tabata retracted his deferral.

Mr. Shiraishi stated the Board has an option to discuss the Manager's goals in his Manager's Update report at the next Board meeting. The goals show the monthly status of each of the goals.

Mr. Shiraishi moved to **Table** Manager's Report No. 16-56 - Discussion and Possible Action on the Manager and Chief Engineer's Goals for July 2016 – June 2017; seconded by Mr. Nakaya; with no objections, motion carried with 5 ayes.

3. Manager's Report No. 16-57 - Discussion and Possible Action on Board Policy No. 3, Expenditures of Water Utility Fund to increase the Water Utility Fund expenditure threshold on equipment furniture and fixtures

DISCUSSION:

The Ramseyer format had new changes that relate to Board Policy No. 3. The addition of Item #3 increased the threshold amount from \$5K to \$10K to improve efficiency of staff. Section 3, 5, 7 & 8 – facilitate better management of the fiscal transfers within the Department.

Mr. Dahilig moved to approve Manager's Report No. 16-57 - Discussion and Possible Action on Board Policy No. 3, Expenditures of Water Utility Fund to increase the Water Utility Fund expenditure threshold on equipment furniture and fixtures; seconded by Mr. Shiraishi; with no objections, motion carried with 5 ayes.

4. Manager's Report No. 16-58 - Discussion and Receipt on Department of Water's Standard Operating Procedure No. 64 relating to Providing Water Service Outside of the Water Zone

BACKGROUND:

Civil Engineer, Mr. Michael Hinazumi recommended the Board receive the Department's proposed Standard Operating Procedure (SOP) No. 64 which identifies how the Department will address water service requests that are located inside and outside the Department's water service area.

DISCUSSION:

Mr. Shiraishi asked if there was a request made for outside the service area would it be denied based on SOP 64? Mr. Hinazumi said if a request comes in from outside the water zone and if a property adjacent to it has already been zoned or land use designated, the staff would review the source, storage and transmission.

Mr. Shiraishi referred to Part 2, Rules and Regulations for Water Service Connections, Section II – General Condition No. 1 which states: *"Any prospective consumer may obtain water service provided all of the following conditions are met: a) In the event that service limits are established by the Department that the premises are within those limits."* Mr. Shiraishi pointed out if a consumer is not within the limits, then all of the conditions have not been met which Mr. Hinazumi agreed. Mr. Shiraishi suggested the Department make revisions to the proposed SOP to conform with the Rules and Regulations.

Mr. Dahilig moved to receive Manager's Report No. 16-58 - Discussion and Receipt on Department of Water's Standard Operating Procedure No. 64 relating to Providing Water Service Outside of the Water Zone and to refer same to the Rules Committee (MD, SS, LT) to define water service limits established by the Department on the Standard Operating Procedures (SOP); seconded by Mr. Shiraishi; with no objections, motion carried with 5 ayes.

5. Manager's Report No. 16-59 - Discussion and Possible Action on Water Allocation Agreement for Hokulei Village – Phase I, Kaua'i County Subdivision S-2015-7; TMK No. (4) 3-3-03:46, Lihu'e, Kaua'i

BACKGROUND:

Civil Engineer, Mr. Michael Hinazumi recommended the Board approve the Water Allocation Agreement for Hokulei Village–Phase I, Kaua'i County Subdivision S-2015-7;TMK No. (4) 3-3-03:46, Lihu'e, Kaua'i.

DISCUSSION:

Mr. Dahilig asked if this was common practice to have a sub meter on a parcel that the Department is responsible for. Mr. Hinazumi said Hokulei Village is one parcel which is in the process of being subdivided. An internal line will be part of the subdivision determined by the Department along the box of the meter. The Grove Farm Water Allocation Agreement follows the standards and water allocation will be 44,058 gallons per day (gpd).

Mr. Dahilig mentioned it is unusual for the Department to maintain a service line on private property. He would like to understand if it creates a precedent for developers if lines are installed on private property but maintained in perpetuity by the Department. It is not normal practice for the Department to maintain lines on private property; Mr. Hinazumi agreed.

Deputy County Attorney Suzuki clarified that Grove Farm developments have certain amount of water for their developments. Previously discussed with the Board were safeguards to protect the Department from any reliability that the water pipeline causes (i.e., PRMF and the airport has water allocations).

Mr. Dahilig suggested the Manager set a clear standard policy versus a case-by-case matter to avoid a potential problem in the future regarding water lines on private property.

Mr. Dahilig moved to approve Manager's Report No. 16-59 - Discussion and Possible Action on Water Allocation Agreement for Hokulei Village – Phase I, Kaua'i County Subdivision S-2015-7; TMK No. (4)3-3-03:46, Lihu'e, Kaua'i; seconded by Mr. Nakaya; with no objections, motion carried with 5 ayes.

6. Manager's Report No. 16-60 – Discussion and Possible Action for Board Approval on Change Order 1 on the transferring of funds for Job No. 16-3, Contract 623, Koloa Well C Repair in the amount of \$27,890.29 with Oasis Water Systems, Inc.

Mr. Shiraishi moved to approve Manager's Report No. 16-60 – Discussion and Possible Action for Board Approval on Change Order 1 on the transferring of funds for Job No. 16-3, Contract 623, Koloa Well C Repair in the amount of \$27,890.29 with Oasis Water Systems, Inc.; seconded by Mr. Dahilig; with no objections, motion carried with 5 ayes.

7. Manager's Report No. 16-61 – Discussion and Possible Action on Grant of Easement for Water Meter Plan for Lot 3-A, TMK: 4-3-002:012, TCT No. 286,258, Waipouli, Kaua'i, Hawaii, (Kauai Shores Hotel) affecting land owners:
 - a. Niu Pia Land Company LTD

BACKGROUND:

Civil Engineer, Mr. Aoki reported for Construction Project Management Officer, Mr. Dustin Moises and recommended Board approval on the Grant of Easement for Water Meter Plan for Lot 3-A, TMK: 4-3-002:012, TCT No. 286,258, Waipouli, Kaua'i, Hawaii, (Kauai Shores Hotel) affecting land owners: a. Niu Pia Land Company LTD.

DISCUSSION:

Deputy County Attorney Suzuki clarified the land court property got approval for the easement.

Mr. Nakaya moved to approve *Manager's Report No. 16-61* – Discussion and Possible Action on Grant of Easement for Water Meter Plan for Lot 3-A, TMK: 4-3-002:012, TCT No. 286,258, Waipouli, Kaua'i, Hawaii, (Kauai Shores Hotel) affecting land owners: a. Niu Pia Land Company LTD; seconded by Mr. Shiraishi; with no objections, motion carried with 5 ayes.

8. *Manager's Report No. 16-62* - Discussion and Possible Action to Approve a Right of Entry Agreement for a portion of the Department of Water's Koloa 1.0 MG Tank site, TMK: (4) 2 7-003:008, Lot 426, Affecting the following:
 - a. Kauai Island Utility Cooperative (KIUC), TMK: (4) 2-7-003:008, Koloa, Kaua'i, Hawai'i

Manager's Report No. 16-62 was deferred to the July Board meeting.

I. STAFF REPORTS
MONTHLY

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

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

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

BACKGROUND:

Public Relations Specialist, Ms. Tamaoka highlighted the following:

1. Waterworks Inspector, Mr. Freddy Levinthol constructed and donated three (3) custom water hydration systems to three (3) high school athletic programs. Mr. Tabata suggested the schools learn how to disinfect the system which Ms. Tamaoka will follow up with Mr. Levinthol.
2. An informational brochure was developed and mailed to all customers with water bills on how to find their water meter.

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

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

BACKGROUND:

Chief of Operations, Mr. Reyna added the Vehicle and Equipment Replacement Schedule attachment in response to Board member Dill's request during the budget review.

DISCUSSION:

Mr. Shiraishi asked if there are equipment problems on the north shore. Mr. Reyna responded that the Supervisory Control & Data Acquisition (SCADA) telemetry system is not communicating with the sub master timing due to terrain. Booster pumps are put on a timer based on usage trend which will be repaired. Operations has a licensed radio with the Federal Communication Commission (FCC) and installation has begun. Mr. Reyna is waiting for an interface within three (3) months from the mainland

consultant. It will take one (1) year to complete construction. There is an option to install a pressure transducer on the tank. Overtime has been affected.

Chair Ho brought up under Distribution (2nd bullet): *For the month of May, replaced zero (0) feet of 3" PVC distribution line on Lokokai Road under work order C141516; no progress.* What was the delay? Mr. Reyna said this is a mainline project being done in-house which is done as time permits.

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

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

BACKGROUND:

Waterworks Controller, Ms. Yano reported highlights for Manager Saiki on the following:

1. Personnel Matters Update:

Customer Service Representative I – Currently there are 2 positions open. DHR did an extra effort in filling those positions for the Department

2. CC&B - The Department sent a 180 day notice to the Honolulu Board of Water Supply (HBWS) for the CC&B conversion to be done before Labor Day weekend in September for the new billing.

3. Legionella Disease Update – Water Microbiologist, Mr. Carl Arume updated the Board on the legionella disease outbreak detailed in the Manager's Update report. The outbreak in March was likely caused by growth of the legionella in the water heaters at the Kapa'a Shores condo. An elderly couple caught the disease while taking a shower. The owner of the hotel hired consultants to hyper chlorinate dioxide their water heater system in all the rooms. The Department informed all parties that water service would be terminated on the morning of June 21st and would be reactivated when a backflow preventer is installed by the hotel. As of this date, the water is off. The Department also increased the chlorinate residual to .5 to give a bacterial level. The Department is monitoring chlorine levels and water samples. There is no threat in the drinking water.

This event could happen in other resorts with water heaters. The Department of Health (DOH) will be coming up with procedures for other resorts. There needs to be communication between the DOH and the Department.

Mr. Tabata said nobody was informed on why a backflow preventer was missed.

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

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

Mr. Shiraishi moved to receive the Report of the BAB pay down as of May 2016; seconded by Mr. Tabata; with no objections, motion carried with 5 ayes.

J. EXECUTIVE SESSION

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

1. Pursuant to Hawai'i Revised Statutes (HRS) Section 92-4, 92-5(a)(4), the purpose of this executive session is to review executive session minutes dated May 17, 2016. This consultation involves the consideration of the powers, duties, privileges, immunities, and/or liabilities of the Board and the Department as they relate to this agenda item. (Approved in open session)

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

1. Executive Session language to discuss the Manager and Chief Engineer's performance.
2. Manager's Report No. 16-62 - Discussion and Possible Action to Approve a Right of Entry Agreement for a portion of the Department of Water's Koloa 1.0 MG Tank site, TMK: (4) 2 7-003:008, Lot 426, Affecting the following:
 - a. Kauai Island Utility Cooperative (KIUC), TMK: (4) 2-7-003:008, Koloa, Kaua'i, Hawai'i
3. Discussion and Receipt of the American Water Works Association Chicago, IL Conference Reports (June 19-22, 2016)
 - a. Report from Kaua'i Board of Water Supply Member, Sherman Shiraishi
 - b. Report from Kaua'i Board of Water Supply Member, Larry Dill
 - c. Report from Kaua'i Board of Water Supply Member, Michael Dahilig

L. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Manager's Report No. 16-56 - Discussion and Possible Action on the Manager and Chief Engineer's Goals for July 2016 – June 2017
2. Discussion and Possible Action on Board Policy regarding Proposed Delegation of a Meter Restriction
3. Discussion and Possible Action on Proposed Board Policy for Delegating Routine Actions from the Water Board to the Department of Water's Manager and Chief Engineer regarding Right of Entry
4. Workshop presentation regarding the Long Range Plan of the Department of Water's Admin. Building
5. Rate Study Workshop (September 2016)

M. UPCOMING EVENTS

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

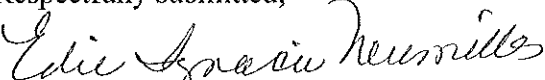
N. NEXT WATER BOARD MEETING

1. Friday, July 22, 2016, 10:00 a.m.
2. Friday, August 26, 2016, 10:00 a.m.
3. Friday, September 23, 2016, 8:00 a.m. – *Rate Study Workshop*
4. Friday, September 23, 2016, 10:00 a.m. (*Excused: M. Dahilig*)
5. Friday, October, 28, 2016, 10:00 a.m.
6. **Wednesday**, November 23, 2016, 10:00 a.m.
7. Friday, December 23, 2016, 10:00 a.m.


O. ADJOURNMENT

Mr. Shiraishi moved to adjourn the Regular Board Meeting at 11:28 p.m.; seconded by Mr. Nakaya; with no objections, motion carried with 5 ayes.

Respectfully submitted,


Edie Ignacio Neumiller
Commission Support Clerk

Approved,


Sherman Shiraishi
Secretary – Board of Water Supply