

MEETING MINUTES
BOARD OF WATER SUPPLY
Friday, June 23, 2017

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Friday, June 23, 2017. Chair Sherman Shiraishi called the meeting to order at 10:02 a.m. The following Board members were present:

BOARD: Mr. Sherman Shiraishi, *Chair*
Ms. Laurie Ho
Mr. Thomas Canute
Ms. Beth Tokioka
Mr. Michael Dahilig (*entered meeting @ 10:06 am*)

EXCUSED: Mr. Lawrence Dill
Mr. Lyle Tabata

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

STAFF: Mr. Kirk Saiki Ms. Marites Yano
Mr. Eddie Doi Ms. Sandi Nadatani-Mendez
Mr. Valentino Reyna Ms. MJ Akuna
Mr. Carl Arume Ms. Jonell Kaohelaulii
Mr. Keith Aoki Mr. Michael Hinazumi
Mr. Dustin Moises Mr. Chris Nakamura
Deputy County Attorney, Mahealani Krafft Mr. Ryan Smith
Mr. Trestin Alflier, Admin. Intern

GUEST(s) Mr. Daniel Plunkett, Kaua'i Christian Academy
Mr. Hall Parrott, Private Citizen

ACCEPTANCE OF AGENDA

Ms. Ho moved to reorder the Agenda Item H5, Manager's Report No. 17-53 after the Meeting Minutes; seconded by Mr. Canute; with no objections, motion carried with 4 ayes.

D. MEETING MINUTES

Review and approval of:

Regular Board Meeting – April 28, 2017

Ms. Tokioka moved to approve as amended the Regular Board Meeting minutes of April 28, 2017, seconded by Mr. Canute; with no objections, motion carried with 4 ayes.

Regular Board Meeting – May 26, 2017

Ms. Tokioka approved the Regular Board Meeting minutes of May 26, 2017, seconded by Mr. Canute; with no objections, motion carried with 4 ayes.

MD entered the meeting at 10:06 a.m.

MD exited the meeting approx. 10:08 a.m.

Finance Committee Meeting – May 9, 2017

Ms. Tokioka approved as amended the Finance Committee Meeting minutes of May 9, 2017, seconded by Mr. Canute, with no objections, motion carried with 4 Ayes.

Finance Committee Meeting – May 15, 2017

Ms. Tokioka approved as amended the Finance Committee Meeting minutes of May 15, 2017, seconded by Mr. Canute, with no objections, motion carried with 4 Ayes.

Finance Committee Meeting – May 24, 2017

Ms. Tokioka approved the Finance Committee Meeting minutes as of May 24, 2017; seconded by Mr. Canute, with no objections, motion carried with 4 Ayes.

Finance Committee Meeting – June 5, 2017

Ms. Tokioka approved the Finance Committee Meeting minutes as of June 5, 2017; seconded by Mr. Canute; with no objections, motion carried with 4 Ayes.

H. NEW BUSINESS

5. Manager's Report No. 17-53 - Discussion and Possible Action on the Manager's Recommendations regarding a communication request from Mr. Daniel Plunkett and the Board of Directors of Kaua'i Christian Academy

BACKGROUND:

Manager Saiki recommended denial of Mr. Plunkett's request to revise the rules regarding meter service charges to reduce or eliminate charges for non-profits.

Chair Shiraishi asked Mr. Daniel Plunkett, representative for Kaua'i Christian Academy, to provide comments or questions for the Board.

Mr. Dahilig re-entered the meeting at 10:20 a.m.

Mr. Daniel Plunkett, Administrator and School Board Representative of Kaua'i Christian Academy provided his testimony.

Mr. Plunkett provided history on the school that recently completed a fire line detector check assembly with a 6 inch inlet line diameter. This was for the community center building on the school campus in Kīlauea. The building is used for school programs, church meetings, community events (i.e., annual fall festival concerts, youth activities, and outreach events).

When the fire line was completed, the Academy learned about the monthly charge for the detector check meter service charge of \$166.00 plus a bypass water meter charge of \$17.75 which totaled \$183.75 per month. Since he was not aware of the charges, he called the Department of Water (DOW) and received assistance and learned nothing could be done about the charge other than changing the Department's rules. He stated that a one-time charge would be okay but a monthly charge for a non-profit is substantial.

Mr. Plunkett did not know if the Board had experience with non-profits, but a non-profit's budget is always tight. His request to the DOW is to reduce or eliminate the charge for non-profits since it is not a consumption charge. It would be simple to provide that non-profits receive a reduced monthly charge. He added non-profits could submit their IRS documents to prove they are non-profit. A reduced or elimination of the charge would be helpful because non-profits exist to serve the community through education and other benefits. The DOW could lend a helping hand for non-profits to help the community. This would not affect the actual consumption charges. Mr. Plunkett did not know if other non-profits have a line service charge.

DISCUSSION:

Chair Shiraishi asked if the Board or the Department had any questions for Mr. Plunkett. There were no questions from the Board.

Manager Saiki commented that anytime there is no charge, the DOW ends up subsidizing the loss in revenues. To subsidize the lost revenues, the Department will make up the loss through water rate increases or realize a loss. To reduce or eliminate the service charge across the board for non-profits, the Department cannot predict what the cost would be. The Department would also not know if the water rates are correct. With a stable rate structure, it affects customers to pay for someone else. Manager Saiki did not know how many non-profits would be affected. Mr. Canute said what the Department subsidizes for one non-profit, the Department would have to subsidize for all non-profits.

A concern for the Manager is how easy it would be for anyone to make themselves a non-profit. This could result with every house without a service charge. Mr. Canute commented that requirements for non-profit and tax filing are stringent. Manager Saiki was not aware of large water users that are non-profit.

Mr. Dahilig compared the request to accommodate non-profits to the affordable housing situation; when looking at the product, users can change. If a non-profit builds their commercial building and sells it to a commercial user, this becomes an equity concern for Mr. Dahilig (regulating the person coming in vs. the product). Non-profits build the same product as for-profit entities. Several months ago, the Board was looking at the rate increases. Mr. Dahilig, Chair of the Rules Committee, asked the Board if they would like to refer this matter to the Rules Committee; this could be discussed again but felt skeptical of this matter. Chair Shiraishi asked the Board if they would like to refer this matter to the Rules Committee. The Board did not respond.

Chair Shiraishi stated the proposal failed for a lack of a motion by the Board. He thanked Mr. Plunkett for his testimony.

E. CORRESPONDENCE/ANNOUNCEMENTS

1. Correspondence from Mr. Edward Kawamura, Jr. and Mr. Peter Tausend regarding East and West Soil and Water Conservation Districts, Kaua'i 2017 Annual Report, received June 1, 2017

DISCUSSION:

The correct title of the annual report is East and West Soil and Water Conservation Districts, Kaua'i 2017 Annual Report as indicated by Ms. Ho.

Mr. Dahilig moved to receive the correspondence from Mr. Edward Kawamura, Jr. and Mr. Peter Tausend regarding East and West Soil and Water Conservation Districts, Kaua'i 2017 Annual Report, received June 1, 2017; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

F. BOARD COMMITTEE REPORTS

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

1. Draft Budget for Fiscal Year 2017-2018
 - a. Fiscal Year 2017 – 2018 Draft Operating Budget
 - b. Fiscal Year 2017 – 2018 Draft Capital Outlay Budget

BACKGROUND:

Finance Committee Member Ms. Tokioka mentioned Finance Chair Mr. Dill was not available at today's meeting but provided his written report in the Board packet. The Finance Committee appreciated the due

diligence of the Department in tightening up the draft budget for Fiscal Year 2017-2018 and felt comfortable with the budget proposal.

Chair Shiraishi declared Mr. Dahilig was Out of Order when he also moved to receive the Manager's Report No. 17-49 - Discussion and Possible Adoption of the Budget Resolution No. 17-08 (06/17). Budget for Fiscal Year 2017-18. Chair Shiraishi requested to make the motions separate for this agenda item.

Mr. Dahilig moved to receive the Report of the Finance Committee of the Kaua'i County Board of Water Supply, Draft Budget for Fiscal Year 2017-2018, a) Fiscal Year 2017 – 2018 Draft Operating Budget, b) Fiscal Year 2017 – 2018 Draft Capital Outlay Budget; seconded by Ms. Ho; with no objections; motion carried with 5 ayes.

G. OLD BUSINESS

1. Draft Budget for Fiscal Year 2017-2018
 - a. Fiscal Year 2017 – 2018 Draft Operating Budget
 - b. Fiscal Year 2017 – 2018 Draft Capital Outlay Budget

BACKGROUND:

Chair Shiraishi asked what the difference was between Agenda Item No. G.1. and Agenda Item No. H.1. Waterworks Controller Ms. Yano explained the proposed budget is approved by the Board. Once the budget is approved, the Board will then approve the Resolution to adopt the budget for Fiscal Year 2017-18.

DISCUSSION:

Mr. Dahilig thanked the Finance Committee for working hard on the budget. Ms. Yano and Manager Saiki put together a responsible budget and supported the budget as presented. Mr. Canute added Finance Chair Dill had good insight on the budget which helped the Finance Committee. Ms. Tokioka added “kudos” to Finance Committee Chair Dill. Chair Shiraishi agreed and had attended some of the meetings. He said the Finance Committee worked really hard along with the Department. He recognized and appreciated the work of the Finance Committee.

Chair Shiraishi requested the Department to calendar the follow-up matters when the next year's budget is discussed so that the concerns brought up during the discussion of the current years' budget is discussed next year. He asked how will the Board know what to follow up on? Mr. Canute suggested reviewing the Finance minutes and the recommendations. Manager Saiki added the Department will work with Finance Committee Chair Dill on the budget format.

Mr. Dahilig moved to approve the proposed Draft Budget for Fiscal Year 2017-2018, a) Fiscal Year 2017 – 2018 Draft Operating Budget, b) Fiscal Year 2017 – 2018 Draft Capital Outlay Budget; seconded by Ms. Tokioka; with no objections, motion carried with 5 ayes.

2. Manager's Report No. 17-43 - Discussion and Possible Action on the Re-establishment of the Water Field Operations Superintendent – Position No. 2491

DISCUSSION:

Mr. Dahilig questioned if it was necessary to approve the Water Field Operations Superintendent position since it is already included in the 2017-2018 budget. Manager Saiki would like to get the Board's approval on the position. If the Board does not approve the position, it will not get filled. Deputy County Attorney Krafft mentioned this position was dollar funded.

Mr. Dahilig asked if the budget is being amended because the position counts have been approved already? Manager Saiki said the Department would come back to the Board for a budget amendment since the position is dollar-funded, and the position would have to be amended.

After discussions to either formalize the position or to reaffirm the position, Mr. Dahilig suggested to defer Manager's Report No. 17-43 to the July Board meeting. The way the Manager's Report is written, the Department is asking for funding which would throw the budget out of balance. Monies are being committed which reflects a dollar-funded item. Mr. Dahilig suggested coming back with a budget amendment for Fiscal Year 2017-2018.

Manager Saiki said assuming the position had been reaffirmed; the Department could and come back to the Board with the budget amendment. If the Board does not want to fill the position, then the budget amendment will not be passed.

Chief of Operations Mr. Reyna added if the budget is not amended, the position could be funded using Operations Division money from other unfilled positions. Mr. Dahilig said the Department has the authority to do this.

Deputy County Attorney Krafft added there is an issue which a Board member raised at a previous meeting, which was whether this position should be filled regardless of availability of funding. Based on the position's history, it looked like the position was approved, then abolished, and then approved which remains questionable. Manager Saiki said the Board member is Mr. Dill who had questions.

Mr. Canute asked if a budget amendment needs to be done but Chair Shiraishi said only if the position is filled. Ms. Yano said there are monies available under Salaries and Wages but would end as of June 30th.

Manager Saiki proposed to come to the Board to discuss the money for the position and amending the budget at the same time.

Ms. Tokioka moved to defer Manager's Report No. 17-43 - Discussion and Possible Action on the Re-establishment of the Water Field Operations Superintendent – Position No. 2491 to the July Board meeting to discuss all Board member's concerns; seconded by Mr. Canute; with no objections, motion carried with 5 ayes.

H. NEW BUSINESS (cont'd)

1. Manager's Report No. 17-49 - Discussion and Possible Adoption of the Budget Resolution No. 17-08 (06/17), Budget for Fiscal Year 2017-18

Mr. Dahilig moved to approve the adoption of the Budget Resolution No. 17-08 FY 2017-18 as presented in Option 1 for the Capital Budget and Operation Outlay Budget in Draft 1; seconded by Mr. Canute; with no objections, motion carried with 5 ayes.

2. Manager's Report No. 17-50 – Discussion and Possible Action to enter into a Use and Occupancy Agreement No. 362 between the State of Hawai'i and the Board of Water Supply, County of Kaua'i and to approve the State of Hawai'i's May 3, 2017 conditional letter or Job No. 16-02, Water Plan 2020 No. PLH-35b, Kapaia Cane Haul Road 18" Main, Līhu'e, Kaua'i, Hawai'i

BACKGROUND:

Civil Engineer Mr. Aoki stated the Department is connecting a new pipeline in the State Right of Way. The State requires a Use and Occupancy Agreement to be completed. Prior to a Use and Occupancy Agreement, the State requires a conditional letter to be completed. The Department requests that the Board approve the conditional letter for the Department to complete a Use and Occupancy Agreement.

Mr. Canute moved to approve Manager's Report No. 17-50 – Discussion and Possible Action to enter into a Use and Occupancy Agreement No. 362 between the State of Hawai'i and the Board of Water Supply, County of Kaua'i and to approve the State of Hawai'i's May 3, 2017 conditional letter or Job No. 16-02, Water Plan 2020 No. PLH-35b, Kapaia Cane Haul Road 18" Main, Līhu'e, Kaua'i, Hawai'i; seconded by Ms. Tokioka; with no objections, motion carried with 5 ayes.

3. Manager's Report No. 17-51 –Discussion and Possible Action for Board approval on the Request for State Lands – Application Form to obtain a Right of Entry for construction related purposes on TMK: (4) 1-9-07:007, WP2020 No. HE-01 Reorganize Water System: Pipeline Connecting Hanapēpē and 'Ele'ele project, 'Ele'ele, Kaua'i, Hawai'i

BACKGROUND:

Civil Engineer Mr. Aoki mentioned on the reorganized water project, the State required the Department to run the new water line close to the Right of Way line to mitigate their concern affecting traffic along the highway road pavements. Because of the terrain and a slope area to run the water line, the Department needed to fill slopes and do grading outside of the Right of Way. The Department needs to request a Right of Entry from the State.

Mr. Aoki added in the future, similar requests on multiple State lands will be presented to the Board.

Ms. Ho moved to approve Manager's Report No. 17-51 –Discussion and Possible Action for Board approval on the Request for State Lands – Application Form to obtain a Right of Entry for construction related purposes on TMK: (4) 1-9-07:007, WP2020 No. HE-01 Reorganize Water System: Pipeline Connecting Hanapēpē and 'Ele'ele project, 'Ele'ele, Kaua'i, Hawai'i seconded by Mr. Dahilig; with no objections, motion carried with 5 ayes.

4. Manager's Report No. 17-52 – Discussion and Possible Action on Board Approval for Amendment No. 3 to Contract No. 618 with Prithibi for a time extension of 180 calendar days

DISCUSSION:

Chair Shiraishi noted a mistake on the contract price and asked who made the mistake and who drafted the amendment? Information Technology Specialist, Ms. Nadatani-Mendez said the staff drafted the amendment.

Mr. Dahilig moved to approve Manager's Report No. 17-52 – Discussion and Possible Action on Board Approval for Amendment No. 3 to Contract No. 618 with Prithibi for a time extension of 180 calendar days; seconded by Ms. Tokioka; with no objections, motion carried with 5 ayes.

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

DISCUSSION:

Mr. Dahilig inquired if the fiscal reports would be done in time for next year's audit? Ms. Yano said yes, because the reports are done every month. She did not anticipate any problems for the next fiscal year.

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. Canute; with no objections, motion carried with 5 ayes.

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

Information Specialist Ms. Kaohelaulii mentioned Ms. Kim Tamaoka, former Information and Education Specialist, moved to her new job. Ms. Kaohelaulii acknowledged she was taking over Make A Splash.

Ms. Ho moved to receive the Report by the Information and Education Specialist on Public Relations Activities; seconded by Ms. Tokioka; with no objections, motion carried with 5 ayes.

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

BACKGROUND:

Chief of Operations Mr. Reyna highlighted the water loss tracking for the past 12 months. Operations is at 12.1% within the industry standard of 15%.

Mr. Canute moved to receive the Chief of Operation's Summary Report on Operational Activities; seconded by Ms. Ho; 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:

Manager Saiki highlighted the following:

1. Personnel Matters:
 - Summer interns - are on board within the divisions.
 - CEV – is in the selection phase for Engineering Design.

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

- a. Report of the BAB pay down as of May 2017

Ms. Tokioka moved to receive the BAB pay down as of May 2017; seconded by Mr. Dahilig; 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).

K. TOPICS FOR NEXT WATER BOARD MEETING (July 2017)

1. Discussion and Possible Action on Part 2 Rules and Regulation for Water Service Connection to address Landlord and/or Property Managers and Tenant issues
 - a. Section I – Definitions
 - b. Section III – Conservation Measures and Interruption of Water Supply
 - c. Section IV – Elevation Agreement, Pressure Controls
 - d. Section V – Application for Water Service and Service Connection
2. Discussion and Possible Action on the Manager and Chief Engineer's Goals for FY17-18

K. TOPICS FOR NEXT WATER BOARD MEETING (cont'd) (July 2017)

3. Manager's Report No. 17-43 - Discussion and Possible Action on the Re-establishment of the Water Field Operations Superintendent – Position No. 2491
4. Board to create an Audit Committee for the Scope of the Procurement for a Performance Audit for Professional Services

DISCUSSION: Mr. Canute volunteered to be on the Audit Committee.

Mr. Dahilig volunteered Mr. Tabata as the Chair of the Audit Committee.

Mr. Tabata has qualifications and was the Chair with Hawai'i Pacific Health. He is familiar with principles related to auditing.

L. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. 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
2. Workshop presentation regarding the Long Range Plan of the Department of Water's former Administration Building
3. Discussion and Possible Action on Utility Agreement No. 2257 between the State of Hawai'i Department of Transportation and the Board of Water Supply, County of Kaua'i for the upcoming Hanapēpē River Bridge, Kaumuali'i Highway, Route 50, HI STP SR50 (1) Project, Hanapēpē, Kaua'i Hawai'i Water System Improvements
4. Discussion and Possible Action on the Procurement for a Performance Audit (August)

DISCUSSION: Ms. Yano said there is money in the budget and procurement could be done any time for a performance audit.

5. Discussion and Possible Action on the Department of Water's Standard Operations Procedures as it relates to the Board of Water's Rules and Regulations
6. Annual Evaluation of the Department of Water's Manager and Chief Engineer for Fiscal Year 2016-2017 (August)

M. UPCOMING EVENTS

1. Project Wet – Make A Splash (September 28, 2017)
2. HWWA & HRWA Conference, Hawai'i, HI (November 1 – 3, 2017)

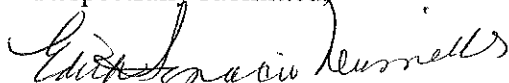
N. NEXT WATER BOARD MEETING

1. Wednesday, July 26, 2017, 5:00 p.m. – *Public Hearing*
2. Friday, July 28, 2017, 10:00 a.m.
3. Friday, August 25, 2017, 10:00 a.m.
4. Friday, September 22, 2017, 10:00 a.m.
5. Friday, October 27, 2017, 10:00 a.m.

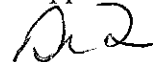
O. ADJOURNMENT

Mr. Dahilig moved to adjourn the Regular Board Meeting at 10:59 a.m., seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

Respectfully submitted,


Edith Ignacio Neumiller
Commission Support Clerk

Approved,



Beth Tokioka
Secretary – Board of Water Supply