

REGULAR MEETING
BOARD OF WATER SUPPLY
Tuesday, March 20, 2007

The Board of Water Supply, County of Kaua'i, met in regular meeting at its office in Lihu'e on Tuesday, March 20, 2007. Chairperson Lynn McCrory called the meeting to order at 10:27 a.m. On roll call, the following answered present:

BOARD: Ms. Lynn McCrory, Chairperson
Mr. Ian Costa
Mr. Donald Fujimoto (present at about 10:38 a.m.)
Mr. Steven Kyono (left at about 10:50 a.m.)
Ms. Bernie Sakoda

Absent & excused: Mr. Roy Oyama

STAFF: Ms. Wynne Ushigome
Mr. Paul Ganaden
Mr. Les Yoshioka
Mr. Gregg Fujikawa
Mr. Keith Fujimoto
Mr. Bruce Inouye
Ms. Amy Esaki
Deputy County Attorney James Tagupa

Absent & excused: Ms. Faith Shiramizu

GUESTS: Mr. Dave Jochim, RW Beck
Mr. Tom Jacobs, RW Beck
Ms. Linda Collins, Kikiaola Land Company (KLC) (left at about 11:35 a.m.)
Rep. Roland Sagum, KLC's consultant (left at about 11:35 a.m.)
Ms. Adin Kawate, KLC (left at about 11:35 a.m.)
Ms. Lorna Nishimitsu, Legal Counsel for KLC (left at about 11:35 a.m.)
Mr. Dan Saxton, KLC representative (left at about 11:35 a.m.)
Mr. Dennis Palma, KLC representative (left at about 11:35 a.m.)
Mr. David Ward, General Public (left at about 11:35 a.m.)

AGENDA

Chair McCrory requested the following changes to be made to the Agenda:

1. New Business Item Nos. G4-G6, all conveyance documents, will be taken up following the Acceptance of the Agenda.
2. To accommodate our guests, the Agenda was re-ordered to have New Business, Item No. G1, Request to Testify by Kikiaola Land Company, Limited (KLC) for the Development of Field 14 (TMK: 1-6-008:006) and Waimea Plantation Cottages (TMK: 1-2-006:042 & 1-6-008:004, 012), Waimea, Kauai, Hawai'i, to be taken up after New Business Item Nos. G4-G6, the conveyance documents.
3. Also, New Business, Item No. G8, Resolution No. 5 (06/07) Mahalo and Aloha Dustin Moises to be deleted from the Agenda and to renumber New Business, Item No. G9,

from Resolution No. 6 (06/07) to Resolution No. 5 (06/07), Mahalo and Aloha Michael Hinazumi

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

Re: Conveyance of Water Facility from Poipu Aina Estates, LLC, for the Offsite Water Facilities for the Poipu Aina Estates Subdivision, S-2005-13, Ala Kinoiki (Poipu Bypass) Road, TMK: (4) 2-8-22:002, Poipu, Kauai, Hawaii

Ms. Sakoda moved to approve the Conveyance of Water Facility from Poi'pū Aina Sites, LLC, seconded by Mr. Kyono; motion was carried.

Re: Conveyance of Water Facility from Grove Farm Properties, Inc., a Hawai'i corporation, for the Pikake Subdivision Phase II, S-2005-9; TMK: (4) 3-3-17:190-196; Lihue, Kauai, Hawaii

Ms. Sakoda moved to approve the Conveyance of Water Facility from Grove Farm Properties, Inc., seconded by Mr. Kyono; motion was carried.

Re: Conveyance of Water Facility from Michael Clark and Denise Adesso, Kihapai Street, TMK: (4) 4-1-16:027, Wailua Houselots, Kauai, Hawaii.

Ms. Sakoda moved to approve the Conveyance of Water Facility from Michael Clark and Denise Adesso, seconded by Mr. Kyono; motion was carried.

Chair McCrory re-ordered the agenda to have the Finance Committee take care of its business. (Minutes are separate.)

Re: Kikiaola Land Company, Limited (KLC), Development of Field 14 (TMK:1-6-008:006) and Waimea Plantation Cottages (TMK: 1-2-006:042 & 1-6-008:004, 012), Waimea, Kauai, Hawaii

Present at the meeting for Kikiaola's agenda item were: Ms. Linda Collins, Mr. Roland Sagum, Ms. Adin Kawate, Ms. Lorna Nishimitsu, Esq., Mr. Dan Saxton, and Mr. Dennis Palma.

Acting Manager Ushigome submitted the following Board Report:

Recommendation:

The Department recommended that the Board not approve Kikiaola Land Company, Limited's request for declaratory ruling for

- a. Request No. 1, KLC Water Meter Entitlement
- b. Request No. 2, KLC Request and Replace 2-Inch Water Meter

for transfer water connections from its properties that do not require near-term potable water to properties which require water.

Background:

Kikiaola Development Company, Limited ("KLC") stated that KLC has been unable to proceed with the development of Tax Map Key No. (4) 1-6-008:006 (Field 14, LLC) and Tax Map Key Nos.: (4) 1-2-006:042, 1-6-008:004 & 012 (Waimea Plantation Cottages) because of the lack of source, storage and transmission in the Waimea area to serve KLC projects.

KLC understands that the Department's limited water meter policy that allows only five water meters/units per lot of record for all practical purposes means that no water is available for KLC projects.

After its presentation to the Board of Water Supply (Board) in November 2005, KLC agreed to work with the Department toward the construction of adequate storage facilities in exchange for water for some of KLCs near-term projects. Through discussion with DOW, KLC understands that the DOW tank site lacks adequate space to increase the storage tank from 500,000 gallons to 1,000,000 gallons and the timeline for constructing the storage tank is a minimum of five years.

Also KLC negotiations with the Knudsen Trust to develop source, storage and transmission facilities from a private source for Field 14 and other parcels have not been completed and even if concluded, it will take several years before the facilities can be completed.

KLC Request:

The KLC request includes:

1. Request No. 1, KLC Water Meter Entitlement

Request to transfer water connections from its (and its subsidiaries) properties which will not require near-term potable water to those properties which require water. The request is made pursuant to Part *(1), Section IV of the Rules and Regulations of the Department of Water.

KLC states that it has ten (10) lots of record, which have an "entitlement" of water meters, properly taking into consideration the allowable density based on the zoning designation and the calculations and contained in Page 3 of their March 6, 2007 letter to the Board. Of the ten lots, Tax Map Key No. 1-6-008:006 is, in fact, Field 14 (Tax Map Key No. 1-6-008:006) which KLC assigned 5 "entitlement" meters. Of the total of 33 meters that is calculated, 5 entitlement meters are assigned to Field 14 and the remaining 28 entitlement meters are assigned to the "surrender" lots by KLC.

KLC contends that pursuant to the 2005 interim policy, KLC did calculate the number of 5/8" meters that are allotted to the properties described in their table. KLC is proposing that all of the 33 connections be allocated to Tax Map Key No. (4) 1-6-008:006 (Field 14). KLC is also proposing that the remaining nine "surrender" lots not be required to apply for and install the 28 meters on the lots that will be surrendering the meter "entitlements" and then reinstalling the same at Field 14. KLC is willing to record with the Bureau of Conveyances or the Land Court a agreement confirming that until appropriate public or private water facilities have been developed for the service area that such lots are located, such lots shall not be entitled to receive any approval for the construction of improvements requiring potable water service or for the development of such lots which development would require potable water service. KLC states that they will provide a form of the proposed agreement if the Board approves this request.

Request No. 2, KLC Request and Replace 2-Inch Water Meter

KLC proposes to replace the existing 2-inch water meter with a meter of a size more appropriate for the facilities located on Tax Map Key No. (4) 1-2-006:041 that is owned by Waimea Plantation Makai, LLC. The excess water would be allocated to Field 14. KLC consultant is preparing calculations to determine the equivalent excess water amount for the purpose of providing water for approximately 44 multi family and 14 single family units.

DOW comments:

1. KLC water meter entitlement concept:
 - a. The KLC request is made pursuant to Part *(1), Section IV of the Rules and Regulations of the Department of Water. There is no Part *(1) in the DOW Rules. Therefore, the request for declaratory ruling may be incomplete.
 - b. Both the "Waimea Water System Policy" dated June 7, 1996 and the current "Interim Water Policy for Waimea-Kekaha Water System dated February 16, 2005 was not intended for the creation of the proposed KLC water meter entitlement concept. There is no DOW rule or policy that defines or establishes the concept of KLCs water meter "entitlement" concept. The use of zoning density, zoning designation and lot size to create water meter entitlements does not consider the water system capacity needed to provide adequate water supply to service said water meter "entitlements". Allowing the concept of water meter "entitlements" will cause the DOW to allocate (reserve) water supply for all un-metered and undeveloped lots within the service area in question. It is possible that this reservation for water meter "entitlements" could have an islandwide impact because all landowners may also want to use the same argument and consequently place DOW's water system source, storage and transmission facilities into a greater deficit situation. In effect the existing vacant lots will be able to "water bank" "entitlement" water meters despite their plans for future development. The KLC request would in effect circumvent the five water meter/unit restriction and allow Field 14 to be allowed more than five water meters.
 - c. The agreement to place restrictions on the "surrendering" lots is not defined or allowed by DOW rule or policy currently.
 - d. Another concern about over allowing the transfer of water meter "entitlements" from one lot to another lot is the potential of treating a water meter entitlement as a commodity that may be transferred between lot owners, CPR units or other entities. There may be a potential for lot owners to attach other considerations related to the transfer of entitled water meters between lot owners.
 - e. The Department recommends that the request for declaratory ruling not be approved for the aforementioned request and also because the Department Rules and Regulations do not include:
 - i. Provisions for allowing or prohibiting the right of a lot owner to assign, or allocate any right the lot owner may have to water service, to any other lot.
 - ii. Provisions for allowing entitlement of water meters based upon allowable density in the light of the zoning for existing lots.

Request No. 2, KLC Request and Replace 2-Inch Water Meter

KLC's request to replace 2-inch meter with a meter size that is more appropriate for the facilities, with excess water allocated to Field 14:

- a. The KLC request to change the water meter size for Tax Key No. 1-2-006:041 (owner: Waimea Plantation Makai, LLC) is allowed by the Department rules and regulations. However, the consumer shall bear all costs of such change.
- b. Although the Department's Rules do not address transfer of water meter capacity between lots, there is a Department administrative policy that allows the transfer of water meters under certain circumstances. The unwritten policy stipulates that the owners must be the same for both lots and that the

meter transfer will be limited to the same water system service area. The KLC request to allocate excess water from Tax Key No. 1-2-006:041 (Waimea Plantation Makai, LLC) to Tax Key No. 1-6-008:006 (Field 14, LLC) does not meet the conditions of said administrative policy. Although both parcels are located in the Waimea water system service zone; however, ownership of both lots are not the same owner.

- c. The KLC's request does not include the meter size change or the amount of access water to be allocated to Field 14. The consultant's calculations to determine the meter sizes and equivalency of excess water is not available.
- d. The Department recommended that the request for declaratory ruling not be approved because the request does not include the specific meter size change and the amount of access water to be allocated to Field 14 and because the meter transfer involves different lot owners.

Board Discussion:

On query by Chair McCrory, Acting Manager Ushigome stated that Kikiaola initially planned to partner with the DOW on their storage requirement to oversize the storage tank from a 0.5 MG tank to a 1MG tank. They have since decided to instead negotiate with another land owner, Knudsen Trust. They also will not be siting their well on our Kapilimao well site due to the inadequate topography.

On query by Chair McCrory, Acting Manager Ushigome stated that the Department would try to get the Kapilimao Tank done by December 2008.

On query by Chair McCrory, Acting Manager Ushigome stated that there was not enough room to have a second 0.5 MG Tank due to the topography and additional costs for retaining walls, etc.

Acting Manager Ushigome added that the DOW has a 5 water meter restriction policy per lot in the Waimea area and Kikiaola is asking for 56 meters on the basis of entitlement. She added that typically allocation of water is not based on zoning and land use but issued through some type of conditional approval that the Department checks for during the review process. On query by Chair McCrory, Acting Manager Ushigome stated that there are no water meter reservations.

Mr. Kyono asked theoretically speaking if Kikiaola asked for 5 meters per lot, they would get it. Acting Manager Ushigome concurred that they would. She added that if they wanted to transfer water meter ownership, it would have to be in the same service area and the same owner. However, there seem to be dual ownerships within the project area that would be a problem; therefore, it would be up to Kikiaola to prove that it is the same owner. She added that the parcel being vacant does not currently have entitlement.

On query by Chair McCrory, Acting Manager Ushigome stated that only Parcel 20 does not have water meter allocations.

On query by the Board, Mr. Fujikawa was asked to come forth to explain how staff developed the 5-meter policy for the Waimea area. Mr. Fujikawa stated that about 2-3 years ago, the Water Board adopted an administrative policy for Waimea/Kekaha based on inadequate storage capacity for the existing areas of Waimea/Kekaha. The service area does not include Kikiaola's Field 14 or the rest of Kikiaola's water master plan development. The Water Board did recognize the need to allow for the smaller developments to occur without placing a moratorium on everything in Waimea/Kekaha. Therefore, the Water Board agreed to approve a policy that would allow existing lots of records of up to or not beyond 5 water meters or 5 units. Any subdivision of that parcel would have to stay under the cap of 5 water

meters/units. The policy duration was agreed upon for 5 years or terminate when the Kapilimao 0.5 MG Tank was completed and on-line.

The 5-meter policy was developed and based on staff's estimation of the water remaining in the system versus historically, the estimation of the amount of water services that were approved in the last 5-6 years and also to time in the 5-year period that the new tank would be online. Therefore, ideally, it would work out that water would not run out with the existing storage tanks, two in Kekaha and two in Waimea, while the Kapilimao Tank was being completed.

On query by Chair McCrory, Mr. Fujikawa stated that once the Kapilimao Tank is completed, staff would review the water restrictions and if everything goes according to plans, there would be an additional 500,000 gallons of storage capacity. A portion of that capacity would be to cover the existing deficit and the remainder would be for further planned development for the area. Mr. Fujikawa added that according to Water Plan 2020, the idea was to have that additional storage capacity concentrated on the existing service areas.

On query by Chair McCrory, Mr. Fujikawa stated that Kikiaola had been notified previously that since they are outside of the existing water service area that our water system was not planned to handle their eventual buildout so they have been on notice that their water master plan should include infrastructure improvements for their entire water master plan area.

On query by Chair McCrory, Mr. Fujikawa stated that Field 14 geographically is within our service area as it is in the midst of the hospital, school district, etc.; however, Field 14 has been included in Kikiaola's Water Master Plan. He added that the rest of their project is not within our current water service area.

On query by Chair McCrory, Mr. Fujikawa stated that they have not researched the actual deficit we are in since the water meter policy was in effect.

On query by Mr. D. Fujimoto, Mr. Fujikawa stated that the deficit in the storage capacity is not for fire protection but based on maximum day demand for domestic consumption for the area.

On query by Chair McCrory, Mr. Fujikawa stated that the Department has not given out any large number of meters in Waimea since this restrictive policy and there are no other requests for a large amount of meters. There is one request for a 6-room hotel for 6 water meters. The other requests are for second water meters and additional dwelling units.

On query by Mr. D. Fujimoto, Mr. Fujikawa stated that it is not part of the Department's policies and rules to allow Kikiaola to construct and use a temporary storage tank; however, administration/board could make an exception. Mr. Fujikawa added that it would be a possibility if Kikiaola builds their own private storage tank on their property. Mr. D. Fujimoto stated that he wanted to discuss possible alternatives for Kikiaola as they have been very cooperative on the Public Works side and volunteered to finance the septic system for the area.

Mr. Fujikawa advised the Board that any alternatives that are not part of the Rules would need to have rulemaking done. Mr. D. Fujimoto added that he would want to know what the issues were so the Board can see how they can help to mitigate those issues.

Chair McCrory requested information from Mr. Fujikawa: 1) what is the amount of water of concern; 2) for their 56-unit development, what kind of water reservation would that be for

them; and 3) would there be another option of giving them a larger meter like a 2-inch water meter instead of multiple 5/8-inch water meters that Kikiaola could monitor the flow of water?

On query by Chair McCrory, Mr. Fujikawa stated that Kikiaola's projected water demand would have to be done by Kikiaola as it would depend on their fixture counts, lawn irrigation, etc. It was also noted that their project area is in Waimea where it is very dry compared to other parts of Kauai. Therefore, the Department would rely on Kikiaola for the projected water demand, as it would be project specific and in the end, the Department would assign a water meter that is best suited for their project.

Mr. Fujikawa added that if the Board does approve an exception that there would be other developers that would be asking for similar exceptions; therefore, hopefully the tank would be finished soon enough. Chair McCrory concurred that questions needed to be answered on the timing of the construction of Kikiaola's project and the estimated completion of the water tank for December, 2008.

Mr. Fujikawa added to the discussion that there are no rules or policies in place to address monitoring of an owner's water usage. Ms. Sakoda and Chair McCrory both agreed that the Department would not want to be in the position of enforcement.

Mr. Fujikawa reiterated that there needed to be some kind of clarification with Field 14 since it is part of Kikiaola's water master plan, whether Kikiaola would be responsible for its infrastructure or would it be fed by the Department's water system.

Chair McCrory asked Mr. Fujikawa if the Department could ask Kikiaola, as part of their water master plan to support their project, to have them increase their private water tank by a certain amount? Mr. Fujikawa stated that it is not covered by our Rules to do so.

Deputy County Attorney Tagupa stated that since the Board approved this water meter policy that if the Board wanted to make any changes or exceptions that a formal Board approval is required. This would enable others an equal opportunity to do the same thing.

TESTIMONY:

Rep. Roland Sagum, representing Kikiaola Land Company was present at the meeting to testify.

Rep. Sagum stated that some of Kikiaola's parcels have been in existence for a very long time. He added that these parcels and Field 14 were part of one of the Department's water service areas and have been paying taxes on it. Field 14 has been zoned since 1972. Therefore, they felt that: 1) the project should have been entitled to the number of water meters (56). They understand that there is a water meter restriction and water issues that need to be addressed in that area; 2) they are thankful for the Board suggesting to make their project an exception; however, they felt that it should not be an exception. They feel that they can live within the Rules by using the fact that we will allocate their existing parcels, based on the current zoning, and relocate their water meter allocations to the Field 14 project. They would not develop on these existing parcels and would engage in a Non-Development Agreement with the DOW for those parcels until such time that water becomes available and the water meter restriction lifted.

Rep. Sagum felt that their situation is different then with other people that may come in for housing and say that they should be allowed more than 5 water meters. Their situation is that they are taking water allocations from their existing parcels, including exchanging a 2-inch water meter, which they felt would be a sufficient amount of water meters for their proposed project.

On query by Chair McCrory, Rep. Sagum stated that he expected that they would need water when their project starts construction in about 6 months, as there was some planning issues and their construction drawings still needed to go to the County Building Division. Chair McCrory added that if they are still at that stage that it would probably be more than 6 months.

Rep. Sagum stated that the problem would be that they need their building permits in order to get financing for their project.

On query by Chair McCrory, KLC's legal counsel Lorna Nishimitsu stated that it would probably be about 2 years when construction would be done and the new homeowners would actually need to have a water meter and water. Time is needed for the building permit review process, which they would need DOW's approval prior to their submitting their building permits to be processed.

Ms. Nishimitsu discussed that they are not requesting that the Board to deviate from their policy as the timing of everything may dovetail at that point. It would at least allow them to get the water meter allocations for Field 14 so that Field 14 could get financing for its construction. They will encumber all of the other properties by a recorded agreement, until such time that there is a private or public water system that is capable of providing water to those lots, which have surrendered their entitlements. They would address whatever deficits exist at that time. Those encumbrances would run in favor of the DOW.

On query by Chair McCrory, Mr. K. Fujimoto stated that the design of Kapilimao's 0.5 MG Tank had just started and is on schedule so far.

A map was afforded to the Board on all of Kikiaola's parcels; therefore, Mr. D. Fujimoto questioned the demarcation of which parcels were within the DOW's water service area. It was noted that there were some parcels that were in Waimea Valley and within the DOW's water service area.

Ms. Nishimitsu noted that each of Kikiaola's properties may be held by different LLCs but each of them are single members of the LLC and the single member is Kikiaola Land Company Limited. There are different LLC Nos. for tax purposes only. Therefore, there is only one owner.

Ms. Nishimitsu added that without Field 14, nothing else of Kikiaola's projects could proceed as like most of the old companies, they are land rich and cash poor.

On query by Chair McCrory, Mr. Costa estimated that his guess for the time of completion for this entire project would probably be about 3-4 years.

On query by Chair McCrory, Rep. Sagum stated that Kikiaola has partnered with the County on the sewer system as Mr. D. Fujimoto stated earlier in the meeting. Currently, they use the County's effluent for their irrigation. They have an agreement with the County that they would build a treatment plant adjacent to the County's plant to accept the equal amount of effluent that they are creating. Ms. Nishimitsu added that their agreement also obligates the County to get the effluent from R-2 to R-1 quality water so that it could be used more efficiently in urban areas.

Mr. D. Fujimoto added that their new facility is estimated to be completed in about 4-5 years that is why Kikiaola has initiated their own facility to finish earlier.

Rep. Sagum also added that since their treatment facility is connected to the County facility, their plant could produce R-1 quality of water but it does not make sense because the effluent is then mixed with the County effluent for disposal.

On query by Chair McCrory, Mr. Costa stated that the effluent water could be used to irrigate Field 14 for landscaping but a note that if crops are to be planted, it can water only the types of crops that would be cooked.

Rep. Sagum informed the Board that from the corner of Waimea Canyon Drive going west on Kaumuali'i Highway, Kikiaola has an irrigation system in place that has a box in place that collects ditch water from the Kekaha Ditch, then they pipe it along Waimea Canyon Drive to the makai side of the highway to irrigate all of their makai lands. They will be connecting to that system in order to irrigate Field 14, which is in place and can be done immediately.

On query by Mr. Costa, Rep. Sagum stated that the plans have already been drawn that Field 14 would use irrigation water.

Chair McCrory reiterated that she would want the estimated water use from Mr. Fujikawa. She would then be comfortable to move forward, with the knowledge that Kikiaola's construction is 3-4 years down the road that our tank would be done by that time.

Rep. Sagum added that their developers could probably finish their project within 1-1/2 to 2 years as they have gotten new technology with wall panels that are pre-fabricated with drywall and exterior wall materials already on the panels. This method would expedite their construction timeline.

On query by Chair McCrory, Mr. Fujikawa stated that the DOW would determine what type of meter the project would need. Chair McCrory asked if the developer could request a certain size. Mr. Fujikawa stated that they could and the DOW would have the ultimate say if they concurred with the developer's request or not.

Ms. Nishimitsu added that they delivered a letter prior to the Board Meeting that was from their consultant, Belt, Collins. Based on the water fixture count, a 3-inch water meter was recommended.

On query by Acting Manager Ushigome on Belt, Collins letter, Ms. Nishimitsu stated that it showed the transfer of water rights. Kikiaola had given the DOW water meters allocated to individual lots and the letter specifically addressed a 2-inch water meter that exists that services the dairy lot, which can deliver far more water than the lot needs based on its present usage. Belt Collins after review determined that the 2-inch water meter could be substituted for a single 5/8-inch water meter at the dairy, leaving the balance of the water that is capable of being delivered by the 2-inch water meter as part of the allocation to Field 14. Their engineer estimated that this excess water could be equivalent to 18 more 5/8-inch water meters for Field 14 for a total of 51 units. They are trying as much as they can to ensure water meters for as many of their 56 units as possible, which they are still 5 short of what they are zoned for. Chair McCrory stated that they would try to see if Kikiaola could get the 56 units.

On query by Acting Manager Ushigome, Rep. Sagum stated that the commercial lot will be handled separately and not part of this request.

On query by Acting Manager Ushigome, Rep. Sagum stated that the only subdivision of Field 14 was for the Waimea Techno Center I. Rep. Sagum concurred that the commercial lot is

still part of Field 14 and their request for water for that commercial lot is a long ways ahead and will be subdivided eventually.

Ms. Linda Collins, owner of Kikiaola also testified that the commercial lot would still be in the mix as she had a lot of interest for office space in that area. She felt that office spaces would not need too much water.

Chair McCrory stated that the Board's concern would only be for the gap housing.

On query by Mr. Costa, Rep. Sagum stated that their housing is considered gap housing and not affordable housing. Rep. Sagum discussed that they had to pre-sell 50% of their lots to move quickly. They did get to pre-sell 50% of their lots and, happily, it was to local families. Some of them were Kauai people that had retired on the Mainland and wanted to move back to Kauai and some of them were Kauai residents. He emphasized that Kikiaola's main goal, with Linda Collins as president, was to provide quality housing for local people.

Chair McCrory summarized that they would need to get water data from Mr. Fujikawa, check on the timing of the completion of the tank and this matter would be on the next Board Meeting agenda for a decision by the Board.

On query by Mr. Costa, Rep. Sagum stated that they will be selling the house and lot packages starting from about \$350,000 to \$500,000 and there is a stipulation that it cannot be sold for about a minimum of 5 years.

Mr. Costa moved to defer Kikiaola's request to the next Board Meeting, seconded by Ms. Sakoda; motion was carried.

All of Kikiaola Land Company personnel, including Mr. David Ward left the meeting at about 11:33 a.m.

MINUTES

Chair McCrory made the following corrections to the February 20, 2007 minutes:

1. Page 2, Correspondence/Announcements: Corrected sentence as follows: "Staff was directed that if they made statements that they needed to go back to the full Board for a decision."
2. Page 11, Last Paragraph on RW Beck DOW's Depreciation and Capital Reserve Study: Corrected sentence as follows; Chair McCrory stated that if Waterworks Controller Ganaden could submit a monthly statement matching the format of the audited financial statement; whereby, it could be seen that if there were changes to the depreciation level, we would see whether the DOW is operating at a surplus or not.
3. Page 19: Delete Rules Committee.

Mr. Costa moved to accept the Regular Meeting Minutes of February 20, 2007, as amended, and placed on file, seconded by Ms. Sakoda; motion was carried.

CORRESPONDENCE/ANNOUNCEMENTS:

Re: February 23, 2007 Letter from Jon Muraoka, American Water Works Association (AWWA), Hawai'i Section Chair on the Annual Pipetapping Competition at the AWWA National 2007 Conference

Acting Manager Ushigome reported that the AWWA was notified by the winning women's pipetapping team from Honolulu Board of Water Supply's that they would not be able to attend the national AWWA Pipetapping Competition; therefore, by default, the Kauai Department of Water's Women's pipetapping team were invited to attend the national competition. If the team can find someone to be their coach, they will also be attending the national competition.

Re: Copy of a March 2, 2007 Press Release on the June 15, 2007 Deadline Set for the Additional Dwelling Unit (ADU) Clearance Form Submission

Re: March 12, 2007 Letter to Board Chair Lynn McCrory from Cayetano Gerardo of Hawai'i Video Surveillance

Chair McCrory requested that this type of request from Hawaii Video Surveillance should be handled administratively.

Announcement: Acting Manager Ushigome announced that former Manager and Chief Engineer Cliff Jamile of the Honolulu Board of Water Supply passed away recently with funeral services on Sunday, March 25, 2007.

Recess: 11:44 a.m. to 11:45 a.m.

Agenda: Mr. D. Fujimoto moved to amend the agenda to add the correspondence from Mayor Baptiste to the County Council for Leland Kahawai, the Mayor's Appointment to the Water Board, seconded by Mr. Costa; motion was carried.

Re: Letter from Mayor Bryan Baptiste to County Council for Leland Kahawai, the Mayor's Appointment to the Water Board

Mr. Costa moved to receive all of the Correspondence and placed on file, seconded by Ms. Sakoda; motion was carried.

OLD BUSINESS

Re: Discussion and Action Steps concerning Selection Process for new Manager and Chief Engineer of the Kaua'i County Water Department 1) Water Manager's Salary Update and 2) Contract Hire to Assist the Acting Manager

• **Water Manager's Salary Update**

Acting Manager Ushigome gave the following update:

As reported at last month's Board Meeting, Mayor Bryan Baptiste transmitted for confirmation his appointment of Dawn Murata onto the Salary Commission; her confirmation was approved by Council on February 28, 2007.

Due to a scheduling conflict, Acting Manager Ushigome was not able to attend the February 28th Salary Commission meeting with Board Chair McCrory and Board Member Kyono. As stated previously, the Commission meets regularly at 8:00 am on Wednesdays and based on her discussions with the Commission's staff, they plan to transmit a report to Council by the March 15th deadline. The last meeting of the Salary Commission was on March 14th (a day before the deadline); her understanding was the Salary Commission's report would provide the Council with an update and status of their findings. The report is not complete and does

not contain any recommended salary figures for the various department heads. A copy of the report transmitted to the Council was provided to the Board members at this meeting.

The Board initially suggested but decided against a PR campaign to develop an educational ad campaign to facilitate support and assist with the dissemination of information to the public. The reason is that Acting Manager Ushigome cautioned the Board that there was a recent Carlisle Supreme Court decision; whereby, he was criticized for enlisting public funds for a public campaign of this type. This decision was on the front page of a recent issue of The Honolulu Advertiser. The Board will only submit supporting testimony at one of the Salary Commission meetings.

- **Contract Hire to Assist the Acting Manager**

The Department received only one (1) resumé in response to the advertised solicitation for professional services providers (a company) to assist with the management of the Department. The notice was posted on the Internet and printed in The Garden Island and Star Bulletin newspapers on February 5, 2007. The deadline to submit a statement of qualifications was March 1, 2007.

Based on the response received from the initial solicitation notice, if necessary, the Department is considering plans to re-solicit the professional services notice. In accordance with HRS 103D-304 (b),”additional notice shall be given if: (1) The response to the initial notice is inadequate; (2) The response to the initial notice does not result in adequate representation of available sources;”..... Due to the lack of interest and/or possibly concern over conflict of interest issues, currently, there is no good basis for the Department to conduct a comparison of services and price.

At the last Board meeting, questions were raised whether there would be a potential conflict of interest, if a private firm was hired to assist the Acting Manager, would the same private firm be able bid on contracts that it assisted the Acting Manager with? According to HRS 103D-405(d), “Outside contractors may be utilized to prepare specifications and work statements in the development of a solicitation. Contractors paid for those services shall be precluded from bidding on or receiving a contract when they participated in any way in the development of the solicitation package or any resulting contract.”

Essentially, the potential conflict of interest identified in HRS 103D-405(d) limits and decreases the overall benefit to the Department, if the provider (private firm) hired to assist the Manager is also interested or intends to work with the Department on future capital improvement projects. Prior to selecting a qualified provider to assist the Manager, the said provider needs to acknowledge they are aware and understand the procurement restrictions, which will potentially bar their firm from receiving future contracts with the Department.

Discussion:

On query by Mr. D. Fujimoto, Deputy County Attorney Tagupa stated that even if the consultant hired on contract to the DOW did not work on the plans and specs of a water project, they would still not be able to bid on DOW projects.

Mr. D. Fujimoto recommended that Acting Manager Ushigome move forward to negotiate with the sole bidder and have some discussion to see if they seriously would want the job as a management hire.

The rest of the Board concurred that Acting Manager Ushigome should go ahead with negotiations with the sole bidder.

Received for the record.

Re: Report of the Sub-Committee of the Whole on Filling the Two (2) EM-5 Position Vacancies

Chair McCrory requested that this matter be deferred to the next Sub-Committee Meeting, which date has not yet been determined.

Mr. D. Fujimoto moved to defer this matter, seconded by Mr. Costa; motion was carried.

Re: DOW Legislative Testimonies

Acting Manager Ushigome thanked Chair McCrory for her valued assistance in tracking legislative bills of concern and she reported on the following:

The Department has submitted testimony for the hearings of the following legislative bills:

Senate Bill 823, SD1 – Relating to Special Purpose Revenue Bonds

The Department of Water and Board Chair McCrory provided testimonies in support of SB 823, SD1, which would provide the Department of Water with the ability to borrow funds from the special purpose revenue bonds funded by the Department of Budget and Finance. This will assist us greatly in moving affordable housing projects forward.

Chair McCrory reported that an effective date of 2050 was added to this bill.

House Bill 1818, HD1 – Relating to Government Employees

The Department of Water provided testimony in support of HB1818 HD1, which would provide the Department of Water with the ability to rehire after their retirement for critical to fill or labor shortage positions either as a full time or part time employee within the department. This bill would allow the Department to rehire without changing the retirant's retirement benefits.

House Bill 400, HD1 – Relating to Agriculture

The Department of Water provided testimony in support of HB400, HD1, as the legislature found that to implement the Hawaii Drought Plan adequately, sufficient funding to the counties is necessary to address the many challenges that our agriculture industry faces in preparing for droughts. The purpose of this Act is to provide funding to pursue drought mitigation projects and measures in each county of the state.

Chair McCrory reported that this bill has moved on and an effective date of 2050 was added to this bill.

The latest listing of bills that our consultant Pacific Management Consultants, Inc. (PMCI) has been tracking for us was given to the Board for their information.

Received for the record.

NEW BUSINESS

Re: Final Annual Audit Report

Acting Manager Ushigome reported that the Board of Water Supply, at its February 20, 2007 Finance Committee Meeting, accepted the draft report on the Department of Water's annual

audit for Fiscal Year 2005-06. Our auditor, KMH, LLP, has finalized the annual audit, along with the Management Report, which was distributed to the Board with the Agenda.

Mr. D. Fujimoto commended Waterworks Controller Ganaden and his staff for a job well done.

Mr. Costa moved to approve the final annual audit for Fiscal Year 2005-06, seconded by Ms. Sakoda; motion was carried.

Re: Additional Funding for Job No. 03-02, Phase II, HW-02, HW-03, Facilities Renovation at various DOW sites, Wainiha-Haena Tank

RECOMMENDATION: It was recommended that the Board approve the reallocation of \$41,000 from Job No. WK-28, Wailua Houselots 8th Mainline Replacement to Job No. 03-02, HW-02, HW-03, Facilities Renovation at various DOW sites, Wainiha-Haena Tank.

FUNDING:

Contract No. 428, Brown and Caldwell
Job No. 03-02, Benovations at the Wainiha Steel Tank:

Total Funds Certified	\$285,000.00	
Account 106b CIP Reserve – additional funding approved @10/19/05.....	<u>\$ 12,000.00</u>	
Total Funds Available.....		\$297,000.00
Contracted Amount		< <u>\$283,807.00</u> >
Balance Remaining		\$ 13,193.00
Brown and Caldwell Change Order.....	< \$ 38,375.00>	
Contingency approx. 5%.....	< <u>\$ 15,818.00</u> >	
Total		< <u>\$54,193.00</u> >
Additional Funds Requested – Account No. 106b CIP Reserve		< <u>\$41,000.00</u> >
Total Contract Amount Certified:.....		<u>\$338,000.00</u>

BACKGROUND:

This request was in conjunction with the request to the Board, approved on October 19, 2005 for roof repairs to the steel tank. Subsequent to the work, the Department re-evaluated the condition of the steel tank roof and determined that the roof should be replaced instead of repaired. Therefore, we requested that the consultant submit a proposal for the additional work.

Additionally, due to the delay in getting the landowner’s authorization for work at this site (see associated Board Report for the right of entry) and the requirement for a Conservation District Use Permit for the work at the Wainiha Booster Pump Station and Steel Tank, the Department requested to separate the renovation projects for the Kekaha Shaft 12 and Anahola 0.15 MG Tank (Phase 1), which is currently being bid.

The project consultants, Brown and Caldwell submitted a proposal for the work, which appeared reasonable.

Mr. K. Fujimoto reported that after an inspection, our operations personnel decided that the condition of the roof was not worth repairing and suggested instead replacement of the roof, which would have additional costs.

On query by Ms. Sakoda, Mr. K. Fujimoto stated that the procurement process of hiring a consultant is handled differently in that the consultant was determined to be the best consultant for this type of job and not through a bidding process.

Ms. Sakoda moved to approve the reallocation of \$41,000 from Account No. 106B, CIP Reserve to Job No. 03-02, HW-02, HW-03, Facilities Renovation at various DOW sites, Wainiha-Haena Tank, seconded by Mr. Costa; motion was carried.

Re: Right of Entry Agreement from Keith P. Robinson and Bruce B. Robinson for the Wainiha Steel Tank and Future Well Site, affecting Portion of TMK: (4) 5-8-02:003, Wainiha, Kauai, Hawaii

RECOMMENDATION:

It was recommended that the Board approve the Grant of Easement document; whereby, Keith P. Robinson and Bruce B. Robinson grant to the Board of Water Supply, County of Kauai, a right of entry, on, over and under that certain parcel of land located in TMK: (4) 5-8-02:03; Wainiha, Kauai, Hawaii, for the following work:

1. Construction of a retaining wall, relocation of an electrical cabinet and other repair and modifications to the tank and site,
2. Drilling of an exploratory well (Wainiha Well #4) and related equipment,
3. Necessary work to identify (survey) permanent easements for the tank, well and access roadways,

together with the right of ingress and egress at any time to and from the said lot with or without vehicles or other equipment as the Department of Water shall deem necessary to complete the work.

Further, Board approval was specifically requested of the indemnification provision in this agreement; wherein, the Board agrees to indemnify and hold harmless the Grantor from property damage and injuries to person (including death), when such damages and injuries are caused by the Department's negligence while using the area.

FUNDING: Not applicable.

BACKGROUND:

The 100,000-gallon Haena steel tank was constructed in the 1970's and is need of repairs. At the time of the tank's design and construction, permission was given to the Department by the landowners (Keith and Bruce Robinson) for the tank, connecting pipeline and access road with the understanding that a formal site acquisition would be obtained upon completion of the project. However, negotiations with the landowners stalled and are being reviewed once again. They are now, agreeable and have given permission to the Department to proceed with the necessary land survey work and to repair the tank, along with necessary site and road modifications.

The Department has also identified the need for an additional well water source for the Wainiha-Haena area, WP 2020 Job No. HW03. The design consultant completed a site evaluation report, identifying 4 potential sites. The Department will be pursuing Site No. 1, due to the following issues and concerns:

Site No. 1: This provides the least cost to the Department, as it is located within 100 feet of the existing steel tank. Although the anticipated yield is not as promising as the other sites, we should confirm the analysis.

Site No. 2: Although this option is one of the more promising water sources, it is probably the most costly to develop. If the well proves to be a success, approximately 1 mile of pipeline will need to be constructed.

Site No. 3: Although this option is one of the more promising water sources and within close proximity to the existing water system, its location is in the same area as two of the existing well sources. The issue here, is by constructing this source, all of the sources will be dependent on the connecting pipeline, which crosses the Wainiha twin bridges. Therefore, if there is a major break in that line, the community would have only a single source for water.

Site No. 4: Similar to Site No. 2, although this option is one of the more promising water sources, in addition to being one of the more costly to develop, the landowner will not approve the site.

Ms. Sakoda moved to approve the Grant of Easement document from Keith P. Robinson and Bruce B. Robinson, seconded by Mr. Costa; motion was carried.

Re: Resolution No. 5 (06/07), Mahalo and Aloha Michael Hinazumi

Ms. Sakoda moved to approve Resolution No. 5 (06/07), Mahalo and Aloha Michael Hinazumi, seconded by Mr. Costa; motion was approved.

Recess: 12:03 p.m. to 12:05 p.m.

REPORTS

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

Received this report for the record.

Re: Manager's Update for February, 2007 to March, 2007

CONTRACTS AWARDED BY THE MANAGER:

Recommendation:

The Operations Division recommended and the Manager approved a contract to Midpac Auto Center for the Furnishing and Delivery of the Two (2) ½-Ton 4X4 Extended Cab Pickup with Accessories.

Funding:

The budgeted funds of \$70,000.00 are available for the purchase of the subject vehicles through Account No. 106, Vehicles and Equipment.

PUMP INSTALLATION PERMITS SIGNED BY MANAGER: None.

WAIVER, RELEASE, & INDEMNITY AGREEMENTS SIGNED BY THE MANAGER: None

Affordable Housing Update:

Updates on Affordable Housing Task Force Projects:

1. DHHL – Anahola Residence Lots Unit 6, Pi'ilani o Kekai, Phase 1:
 - DHHL is preparing license agreement to address conveyance of the water system improvements.
 - Sample deeds with restrictions that water meter service will not available until the construction is completed have been submitted to the Department for review.

- DHHL and DOW working on sample lessee lease agreements, pending DHHL's approval.
 - Site construction has begun, pre-construction meeting with DOW will be scheduled (2-months) prior to waterworks construction.
2. Habitat - Eleele I Luna Subdivision Phase 1: DOW submitted final subdivision report to Planning Department.
 3. Puhi Self Help Subdivision – DOW approved right-of-entry agreement for the subdivision.
 - On and off-site construction has begun, estimated sitework completion is near the end of April '07.
 - Final subdivision approval is requires the completion of the booster pump station and appurtenances.
 - DOW approval of building permits will be contingent on Grove Farm completing the booster pump station and waterline improvements. Building permit applications may be requested as early as July '07.
 4. Kauai Lagoons – Waipouli Courtyard- DOW waiting for submittal of final tracings.
 - Kauai Lagoons submitted written request for DOW to execute a Waiver, Release & Indemnity (WR&I) agreement (including posting a bond) with the Department.
 - Kauai Lagoons paid the FRC fees on February 5, 2007.
 5. Kauai Lagoons – Kapule Project: No progress since last month.
 6. KEO Transitional Housing Project Phase I & II: Phase 1 is completed. Phase II: DOW approved building permit for Phase II; however, certification of occupancy will not be issued prior to the completion and acceptance of the water system improvements. DOW reviewed and approved water meter plans; waiting for final tracing to be submitted.
 7. Kalepa Village Phase III & IV – Planning reviewing Phase III- 40 unit multi-family development.
 8. County-State parcel affordable housing projects: Kekaha, Kaapuni, Mahelona, Hundley Project sites:
 - OHA approved preparation of MOU with County to allow affordable housing leases on State owned ceded lands.

16-inch Waterline Replacement along Kuhio Highway (N. Leho Drive to N. Papaloa Road): The Department is still working with the consultant to resolve the cost associated with the design. The consultant is reviewing the timing and sequencing of events relating to the Contractor's request for information and subsequent response by the engineers.

Solicitation of Professional Services: We did not receive any response to our professional services solicitation for special counsel to assist the Department with representation in civil matters in the court system including, but not limited to: administrative law, personnel law, labor and employment law.

Received for the record.

Re: Public Relations Specialist's Monthly Update Regarding DOW Public Relation Activities

In the absence of PR Specialist Shiramizu, Acting Manager Ushigome gave the following Public Relations Update:

Community: Working on upcoming community events that include: 11th Annual Agricultural & Environmental Awareness Day, Contractors Association of Kauai Home Show, and the Koloa Elementary School Career Fair.

American Water Works Association (AWWA), Hawaii Section: AWWA, Hawaii Section held a day and a half workshop on Supervisory Control and Data Acquisition, (SCADA), February 21-22, 2007 at the Hilton Kauai Beach Resort. The workshop was an introductory course designed to improve all non-operators, operators and managers, knowledge of the set up, operations and management of a SCADA system. It was broken up into three sessions, covering (1) Introduction, (2) Operators, and (3) Technical. Nine of our employees attended the workshop.

AWWA, HI Section Annual Conference will be on Oahu, May 23-25, 2007, where they will be holding the annual Pipe Tapping Competition. Our women's Pipe Tapping Team had their first practice on March 8th. Our 2006 Women's Team has been invited to compete in the National Pipe Tapping Competition in Toronto, Canada.

Employee Events: The county Employee Council monthly meeting on March 9th was attended by Margie Loo. Cathy Agoot from Public Works was elected as their Vice President to replace Myles Tanabe who recently retired. The Employee Council discussed upcoming events that included; March of Dimes (4/7), Special Olympics Troy Barboza Run (4/14), Employees Award Banquet (4/26), and Relay for Life (5/5). The County Relay for Life Team will be conducting a variety of fundraisers.

Drinking Water State Revolving Fund: The Final Loan Agreement, for Poipu Road is now being circulated for signatures and is currently with the Department of Health.

Proposed Project for DWSRF Funding form for the Kapilimao 0.5 MG Tank, Kekaha-Waimea, was submitted to DWSRF to be added to our Priority List.

Project WET: Project WET Facilitator Training was conducted at the National Tropical Botanical Garden (NTBG) on March 8th & 9th. We now have 14 newly trained facilitators! Julie Scanlin, our Regional Director for Project WET, arrived from Idaho and got right into reviewing our agenda and the details to complete our preparation for the workshop. We went out to the NTBG in the afternoon of March 7th to set up. Julie did an outstanding job of leading the training sessions, sharing the knowledge she has gained in the ten years being involved with Project WET. The enthusiasm as well as the quality and diversity that made up the group made it very exciting! We left the training with three (3) tentative dates for teacher workshops. The attendees included people from the COK-Recreation Department, Bishop Museum, Kauai Museum, Children's Discovery Museum, Dolphin Quest, All Saints Church, Hoola Lahui, DOE, NTBG and Lyon Arboretum (U.H.). We also had two previously trained facilitators (from Alaska Project WET) and from the Hawaii Nature Center. Denby Freeland from the Hawaii Nature Center also served as our guest speaker, demonstrating how marine debris hurts our oceans and its inhabitants.

Wade Ishikawa from DLNR Aquatics stopped by to see how we were doing, which opened another great opportunity to partner with Project WILD Aquatics.

PR Specialist Shiramizu met with Naomi Nishida from the Department of Education to discuss alignment of our Project WET Curriculum with their Hawaii Content and Performance Standards (HCPS). Teachers need to have the curriculum aligned with these standards before they can use it in their classrooms. We will be doing a video conference with someone from the DOE on Oahu, before the end of this month.

Kuleana Show: The Mayor's weekly "Kuleana Show" has been revamped to showcase the various County Departments and their roles and responsibilities. We have been working on the format and content for our one hour Kuleana Show taping that is scheduled for April 19,

2007. We are currently looking at featuring the Top 10 things you want to know about a water utility.

Board members also suggested topics like Project WET, water conservation with summer coming up and showcasing the Surface Water Purification Facility.

Strategic Plan: With the assistance of Lynn Adams from RW Beck, we are moving forward on various tactics listed for Issue 1 (to improve the department's morale).

Received for the record.

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

This matter was already taken care of in Committee Meetings.

STRATEGIC AND BUSINESS PLAN AND NEEDS ASSESSMENT

Re: Update on the Strategic and Business Plan and Needs Assessment for the Kauai County Water Department

Mr. Dave Jochim and Mr. Tom Jacobs of RW Beck were present at the meeting.

Acting Manager Ushigome gave the following update:

Strategic Plan Implementation: The final draft DOW Plan Implementation Outline and Schedule dated December 14, 2006 was distributed at the last Board Meeting, along with Chair McCrory's gift of the puzzle piece that symbolized that all DOW employees are an essential piece of the puzzle to make the DOW the best place to work.

Upon arriving to assist the Department in implementing the strategic plan on February 26th, Lynn Adams of RW Beck has been busy distributing copies of the Plan and "essential" puzzle pieces individually to the employees, meeting with the issues champions and staff to work on implementing the strategies and tactics. Joining her on-island is Tom Jacobs, combined, the RW Beck's "dynamic duo" will be here for approximately 1 month. Subsequent on-site work will be limited to one week per month "follow-up" visits to monitor progress on the implementation of the tasks and assignments.

In addition, a Strategic and Business Plan kick-off meeting with the staff was held on Wednesday, February 28, 2007. On hand to lead us through a fun, team-building exercise was Marilyn Wong from the County's Office of Community Assistance.

For the Board's review a monthly strategic plan implementation update and progress report was prepared by RW Beck and submitted to the Board for their information.

Discussion:

Mr. Jacobs introduced himself that he was in the water/wastewater business for over 30 years, with most of them with engineering and financial consulting firms and then has been with management consulting firms for the last 6 years dealing with utilities directly. He was recently a Deputy Director for a water company in Colorado that had about 70,000 accounts that oversaw water, wastewater and stormwater aspects. He is also presently a board of director for the Metro Wastewater District in Denver, Colorado.

Mr. Jacobs stated that he had submitted a written status report that was in the Board's agenda packet on what they have been doing the last 3 weeks.

Some of the highlights are: 1) working and meeting with the issue champions to assist with prioritizing and starting the 1st quarter activities; 2) focus on getting the time sheet audit started; 3) getting a supervisory training schedule; 4) ensuring that the monthly newsletter is underway; 5) conducting 1-on-1 interviews with the staff, which they have finished about 70% so far of the employees.

Mr. Jacobs also reported that the 3-day, all-day supervisory training with the Hawaii Employers' Council (HEC) has been scheduled for 3 different weeks in May, 2007. The training will include Basic Supervision, Basic Employment Law, Correcting Poor Performance, Investigation and Documentation, Performance Appraisals, and Harassment Avoidance. They have also scheduled with HEC for a followup session with case studies in about 6 months or so.

On query by Chair McCrory, Acting Manager Ushigome stated that the UPW working supervisors' training would follow soon thereafter.

Chair McCrory requested that under Issue 5, Strategy 1, that the Employee Handbook should be done earlier and work with the timing of the supervisory training. It was so noted.

Chair McCrory also added that each of the strategies should have some timeline. She wanted to ensure that the supervisors have the tools to move forward; therefore, they would need the training, the employee handbook completed, time sheet audit done and the ability to document properly.

Mr. D. Fujimoto added that it should be looked departmentwide to enhance morale as we just had 2 employees that left and to also look at hiring and keeping employees should be done as soon as possible instead of at the end of this year.

On query by Chair McCrory, Mr. Jacobs reported that Moss Adams could submit a report by the deadline of April 15th.

Mr. Jochim reported that Moss Adams is under contract and the DOW's Accounting staff submitted an informational packet to Moss Adams last week, which is under review. They will be at the Tuesday, April 17, 2007 Board Meeting to give an oral report on their preliminary findings. They will be meeting 1-on-1 with some of the staff while they are here to dig a little deeper. They will be about 85% done with their findings and will submit them at the May15, 2007 Board Meeting. A final report will follow.

Affordable Housing Projects:

Kapilimao Tank: timing on track

Amfac Shaft 11:

There is an issue that needs to be discussed with staff on the timing of getting final design started, if final design should wait until water quality tests is completed before the final design.

Akulikuli Tunnel:

The issue is that the project has been stalled as negotiations continue between the DOW and consultant. Mr. Salmon, Mr. Inouye and Waterworks Legal Advisor Esaki have been working on resolving this matter. One last effort will be made to submit a draft contract to the consultant and if it is unacceptable, then a new consultant will need to be found. The consultant will be contacted this week and hope to get an answer by next week. If a new

consultant needs to be found, then they would go back to the selection process and work with the second consultant on the list.

Kapa'a Homesteads Tank:

The issue on this project is to get DLNR to move on the land transfer. Mr. Salmon contacted Thomas Oi of DLNR and Mr. Oi needed the environmental assessment documents, which Mr. K. Fujimoto will forward to DLNR.

Kapaa Homesteads Well No. 4:

There is no consultant under contract for this project. Mr. Salmon has reviewed the list of (SOQs) Statement of Qualifications, and has submitted the top 3 choices to the DOW for our selection. The consultant selection will be done shortly and reported at the next Board Meeting.

Kapahi Tank:

The issue for this tank is that the landowner is reluctant to sell the DOW the required additional property acquisition. The landowner's attorney has submitted a list of about 10-12 questions, which Mr. Salmon and the DOW are working on answering the questions as quickly as possible. Discussion will continue with the landowner. The consultant will be contacted to check if a rectangular tank may be better suited for the site instead of 2 circular tanks, which would incur extra costs. If all else fails, then condemnation would have to be considered.

Acting Manager Ushigome added that the contract was to find a suitable site so if this site does not work, then the consultant would need to look at other sites.

Water Plan 2020 Sustainability Program Implementation Plan: The implementation of the sustainability plan has not been approved. The Department and the Board are continuing to carefully review and further discuss RW Beck's sustainability program recommendations.

The Department needs to work towards procuring a separate contract for the sustainability program.

Received for the record.

TOPICS FOR NEXT WATER BOARD MEETING

1. Board's Finance Committee Meetings
2. Summary Report of Monthly Operational Maintenance
3. For the Board's Information on the Quarterly Report regarding the Manager's Top 4 Goals for 2007 for the Kaua'i Department of Water (April, 2007)
4. For the Board's Information on the Kauai County Water Department Briefing on Departmental Projects (April, 2007)

TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Board's Finance Committee Meetings
2. Request to Testify by William C. Rita on their Water Requirement for Subdivision No. 2006-42, Lot 88A, Kalāheo Homestead, 1st Series, Kalāheo, Kaua'i, Hawai'i

NEXT WATER BOARD MEETINGS

1. Tuesday, April 17, 2007, 10:00 a.m.
2. Tuesday, May 15, 2007, 10:00 a.m.
3. Tuesday, June 19, 2007, 10:00 a.m.

WATER BOARD'S UPCOMING EVENTS

1. AWWA, HI Sec. Annual Conference at Oahu's HI Convention Center (May 23-25, 2007)
2. AWWA National Conference (June 24-28, 2007)

EXECUTIVE SESSION:

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

1. **Review of Executive Session Minutes: None.**
2. **Due to a lack of quorum for Executive Session, there was no Executive Session Meeting.**

ES-1: Pursuant to Haw. Rev. Stat. §§92-4, 92-5(a)(4), the purpose of this executive session is for the Board of Water Supply to receive a briefing from the Office of County Attorney and DOW's Waterworks Legal Advisor and consult with legal counsel on the status of Board of Water Supply, County of Kaua'i v. Visionary LLC, et.al., Civil No. 00-01-0021 (Fifth Circuit Court, State of Hawai'i). The briefing and 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.

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

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

ADJOURNMENT: There being no further business, the meeting was duly adjourned at 2:40 p.m.

Respectfully submitted,

Rona Miura, Secretary

APPROVED:

Wynne M. Ushigome
Acting Manager and Chief Engineer

rm