

REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, March 27, 2014

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Thursday, March 27, 2014. Chairperson Clyde Nakaya called the meeting to order at 10:07 a.m. The following Board members were present:

BOARD: Mr. Clyde Nakaya, *Chairperson*
Ms. Laurie Ho
Mr. Raymond McCormick
Mr. Sherman Shiraishi
Mr. Larry Dill
Mr. Michael Dahilig (*entered at 10:14 a.m.*)

EXCUSED/ABSENT: Mr. Hugh Strom

Quorum was achieved with 6 members present at the time of roll call.

STAFF: Mr. Kirk Saiki
Mr. Val Reyna
Ms. Marites Yano
Mr. Dustin Moises
Mr. Eddie Doi
Mr. Keith Aoki
Ms. Kim Tamaoka
Mr. Joel Bautista
Ms. Sandi Nadatani-Mendez
Ms. Christine Erorita
Ms. Mary-jane Garasi
Deputy County Attorney, Andrea Suzuki

GUESTS: Ms. Crystal Jones, Private Citizen
Ms. Anne Punohu, Private Citizen
Mr. Friedman J. Bender, Private Citizen
Mr. Hal Parrott, Private Citizen
Ms. K. Hoku Cabebe, Private Citizen
Mr. Chris D'Angelo, The Garden Island Newspaper

ACCEPTANCE OF AGENDA

Mr. Dill moved to accept the agenda; seconded by Mr. Shiraishi; with no objections; motion carried with 5 ayes.

MEETING MINUTES

Review and approval of:

Regular Board Meeting – January 23, 2014

Mr. Shiraishi moved to approve the Regular Board Meeting minutes of January 23, 2014; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

At 10:14 a.m. Mr. Dahilig entered the meeting.

E. CORRESPONDENCE/ANNOUNCEMENTS

1. Correspondence from Ms. Crystal Jones, dated February 23, 2014 regarding billing dispute

Ms. Crystal Jones provided her testimony

Ms. Crystal Jones provided testimony on behalf of her husband, Mr. Richard Jones who reside at 2405-C Makana Ano Place, Unit 1, Kīlauea. Ms. Jones was not aware of a water leak until it was discovered by Habitat Kaua'i Landscape Services on January 9, 2014. The landscaper repaired the leak on January 10, 2014 which was caused by a stand pipe on their property fence line.

On Friday, January 24, 2014, Ms. Jones received an extremely high water bill of \$3,388.32. On the following Monday, Ms. Jones came to the Department of Water (DOW) and spoke to Meter Reader Supervisor, Gloria Rafael to inquire why she was not notified of the high water leak. Ms. Rafael explained that no contact number was on file but after Ms. Rafael rechecked the file, there was in fact a contact number.

Based on the water profile, the leak appears to have begun on December 20, 2013, and continued until January 9, 2014. A leak adjustment of \$1,884.02 was credited on Mr. Jones' account on February 10, 2014. Included with the response from the DOW was an offer to work with the Department and to develop a payment plan, to avoid incurring late payment fees.

DISCUSSION:

Chair Nakaya agreed with the Department that the leak adjustment rule was followed.

Waterworks Controller, Ms. Yano added that the meter was read on January 14, 2014 after the leak was repaired. Before January 14, 2014, the Department would not have known what the water usage was. Ms. Rafael downloaded the water use profile after January 14, 2014, because of the high water use. When a water use profile is generated by the DOW and there is a high usage, the DOW typically provides a courtesy call to the customer. The courtesy call is not a DOW requirement. It is the customer's responsibility to maintain their waterlines beyond the meter box. Ms. Rafael tried to contact Ms. Jones but the water leak had already been fixed.

A DOW payment plan is available for the customer to take up to one (1) year to pay their outstanding bill with no interest. If the customer requires a payment plan longer than one year, the Department will continue to work with the customer to develop a reasonable payment plan. Delinquent balance notices are generated and sent to the customer after three months and then the water meter would be turned off. Delinquent balances generate a ½% interest charge but are stopped once a repayment plan is established. Currently, Ms. Jones is making \$50.00 payments so that her water is not turned off.

Mr. Dill agreed with the Department that it is the customer's responsibility to maintain any plumbing issues that are beyond the meter and does not want to deviate from the rules. A future rule change on the leak rebate would not make a significant impact.

The Board sympathized with Ms. Jones' situation and assured her that the Department would work on an affordable repayment plan and to provide assistance on how to read her meter.

A copy of the Standard Operating Procedure (SOP) on the Department's repayment plan would be provided to Mr. Shiraishi.

Mr. Shiraishi moved to receive correspondence from Ms. Crystal Jones, dated February 23, 2014 regarding the billing dispute with no action from the Board and requested the Fiscal Division to work with Ms. Jones on an affordable repayment plan; seconded by Ms. Ho; with no objections, motion was carried with 6 ayes.

2. Correspondence from Mr. James. Y. Nakayama, KMH, LLP, dated March 10, 2014 regarding the Department of Water's Audit Statement on Auditing Standards No. 114, and the Auditor's communication

Mr. Dill commended the Department on making progress on the audit as noted on Mr. Nakayama's correspondence which stated: *"The Department made improvements to reduce the number of entries recorded during the 2013 audit and were able to start the audit fieldwork a week earlier than the previous year."*

Mr. Shiraishi moved to receive the correspondence from Mr. James. Y. Nakayama, KMH, LLP, dated March 10, 2014 regarding the Department of Water's Audit Statement on Auditing Standards No. 114, and the Auditor's communication; seconded by Mr. McCormick; with no objections, motion was carried with 6 ayes.

F. **OLD BUSINESS**
None

G. **NEW BUSINESS**

1. *Manager's Report No. 14-35* - Cancellation to Mears Contract No. 539 and suspension of Job No. PLH-03 – Water Plan 2020 Kahili Directionally Drilled Horizontal Well Energy Savings Project, *Cost Savings Analysis & Mear's Correspondence*

Ms. Anne Punohu, Private Citizen provided her testimony.

Ms. Punohu shared her appreciation of Civil Engineer VI, Mr. Keith Aoki who graciously received her communications. Instead of testifying at the recent community outreach, Ms. Punohu wanted to take a different approach. As a practicing Kahu (Ordained Minister) for twenty-five years, she did not want to speak of her practices. She stated that the element that was missing from the project was the issue of religious practices. Her background also included being a former irrigator and farmer.

Ms. Punohu was aware of the drilling technology associated with the project and was in favor to suspend the Kahili Directionally Drilled Horizontal Well Energy Savings Project until the project could be explained to the general public with a "hands on" approach (i.e., using 3-D modeling videos).

Ms. Punohu expressed and inquired regarding:

- 1) Fracking (the process of hydraulically fracturing rock to extract gas, oil, water, etc.). She was under the impression that horizontal directional drilling involved fracking.
- 2) She wanted to know where is the water going.
- 3) She suggested to suspend major developments that use the large amounts of water until the entire water system has been upgraded.

Ms. Punohu thanked the Board for hearing her testimony.

Mr. Friedman J. Bender, Private Citizen provided his testimony.

Mr. Bender is a north shore resident for 35 years and stated that many experts have researched, deliberated, planned and designed the project for a considerable time. Based on the article in The Garden Island, the drilling plan requires \$50M. He feels the project was not a popular project and was a bad idea from the beginning.

Mr. Bender provided alternatives for the Department to hire 100 or 200 employees to put the old irrigation system back in operating order and to open existing tunnels and ditches to supply and maintain water to the island.

By dropping the project, Mr. Bender suggested that the Department could use their energy to add to the island rather than taking from the heart of the island.

Chair Nakaya thanked Mr. Bender for his testimony.

BACKGROUND:

Acting Manager and Chief Engineer, Mr. Saiki recommended to the Board to accept the cost-savings analysis study and to suspend the project and cancel Contract No. 539 with Mears Group, Inc. due to not enough staff for the proper allocation of this project.

DISCUSSION:

Ms. Ho referred to Mr. Williams' letter which stated: "there is a cost to terminate the contract" and questioned if this information was correct.

Acting Manager and Chief Engineer, Mr. Saiki stated that the Department is negotiating with the Mears Group on the final invoice payment. If the negotiation does not work, Mears would only be paid based on what was accepted in the contract.

The cost on the proposed action from the consultant to complete a *water resources study* and to prepare a technical feasibility study has not been discussed.

Current staffing remains at two (2) since the project started to present.

Mr. McCormick would have liked the Department to complete the Environmental Impact Statement (EIS) to answer the community's unanswered questions. He was unsure if the suspension meant to kill the project. From an engineering standpoint, Mr. McCormick commented that the EIS would indicate if the project would harm the environment and answer the cultural issues.

The rationale to suspend the project as expressed by Mr. Dahilig was due to not enough expansion projects generated by the Department. He recommended that the Department focus on expansion projects to pay down the DOW's debt.

Mr. Dahilig moved to accept Manager's Report No. 14-35 on Job No. PLH-03 – Water Plan 2020 Kahili Directionally Drilled Horizontal Well Energy Savings Project and to cancel Contract No. 539, seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes, 2 nays (RM, LD).

2. Manager's Report No 14-36 - Request for Board Approval on the proposed and revised Table of Organization Reallocations for the Water Quality Division

Withdrawn by *Acting* Manager and Chief Engineer, Kirk Saiki; will be on April agenda.

3. Manager's Report No 14-37 - Request for Board Approval on the proposed and revised Table of Organization Reallocation for the Information Technology Section

Withdrawn by *Acting* Manager and Chief Engineer, Kirk Saiki; will be on April agenda.

4. Manager's Report No. 14-38 - Request for Board Approval on the proposed and revised Table of Organization Reallocations for the Operations Division

Withdrawn by *Acting* Manager and Chief Engineer, Kirk Saiki; will be on April agenda.

5. Manager's Report No. 14-39 - Request for Board Approval on the proposed and revised Table of Organization for the Engineering Division

BACKGROUND:

Acting Manager and Chief Engineer, Mr. Saiki recommended that the Board approve the proposed Engineering Table of Organization to downgrade the CE II to a CE I position.

Mr. Shiraishi moved to approve Manager's Report No. 14-39 - Request for Board Approval on the proposed and revised Table of Organization for the Engineering Division; seconded by Ms. Ho.

DISCUSSION:

Mr. Dill requested to refer Manager's Report No. 14-39 back to the Department to check with the Department of Personnel Services regarding the Table of Organization (TO) structure of CE positions.

If a CE I was hired, the Department would not have to come back to the Board if a CE I moves to a CE II. This would avoid micro managing as long it is within the Department budget.

In the past, DPS would not accept the TO because it was not signed by the Board Chair. Deputy County Attorney, Andrea Suzuki will follow up with DPS on the acceptance policy of the TO.

Mr. Shiraishi withdrew his motion; Ms. Ho withdrew her second.

Acting Manager and Chief Engineer, Mr. Saiki withdrew Manager's Report No. 14-39 - Request for Board Approval on the proposed and revised Table of Organization for the Engineering Division which will be on the April agenda.

6. Manager's Report No. 14-40 - Review, discussion and possible action of Board Policy No. 4 – Extension of Completion Time for Construction Contracts

BACKGROUND:

Acting Manager and Chief Engineer, Mr. Saiki recommended that the Board delete Board Policy No. 4 – Extension of Completion Time for Construction Contracts. The only time the Board would be involved is when there is a monetary change order.

DISCUSSION:

Mr. Shiraishi commented that Extensions of Completion Time should be within the purview of the Manager and that many of the reasons listed in Board Policy No. 4 for an extension of time are probably already covered by contract provisions. The Board should not get involved with the interpretation of contract provisions relating to extensions of time, nor should the Board get involved with the negotiations and discussions with contractors regarding requests for extensions of time.

Mr. Dahilig moved to approve and delete Board Policy No. 4 – Extension of Completion Time for Construction Contracts; seconded by Mr. McCormick; with no objections, motion was carried with 6 ayes.

H. REPORTS
MONTHLY

1. Statement of Kaua'i County Water Department's Revenues and Expenditures

BACKGROUND:

Ms. Yano noted the Revenues and Receipts went down based on the water usage dropping.

Mr. Dahilig moved to receive the Statement of Kaua'i County Water Department's Revenues and Expenditures; seconded by Mr. Shiraishi; with no objections, motion was carried with 6 ayes.

2. Report by the Public Relations Specialist on Public Relations Activities

Mr. Dahilig moved to receive Report by the Public Relations Specialist on Public Relations Activities; seconded by Mr. Dill; with no objections, motion was carried with 6 ayes.

3. Chief of Operation's Summary Report on Monthly Operational Activities Report

BACKGROUND:

Mr. Reyna highlighted that overtime is stabilizing and going down from September 2013 since the Stand By Policy went into effect. The available field operation crew are paid and placed on Stand By for emergencies has improved overtime costs. The Stand By rate is 25% of the crew's daily rate.

Mr. Reyna and Ms. Yano will work on answering the following questions asked by the Board:

- 1) The net effect of the cost savings with overtime (which decreased).
- 2) What the Department is paying the field crew on Stand By (which increased)

Mr. Shiraishi moved to receive Chief of Operation's Summary Report on Monthly Operational Activities Report; seconded by Mr. McCormick; with no objections, motion was carried with 6 ayes.

4. Manager's Monthly Update Regarding Activities of Note of the Kaua'i County Water Department

BACKGROUND:

Acting Manager and Chief Engineer, Mr. Saiki highlighted the following:

1. Personnel Matters Update:
Fiscal Division:

Accountant II – Selection was made pending clearance with DPS.

Customer Service Representative I – Selection was made pending clearance from DPS.

Engineering Division:

Mr. Aoki reported that the Human Resources Coordinator, Ms. Debra Peay is following up on the CE V position based on not enough applicants.

2. Hawai'i Rural Water Association (HWRA)

On March 3rd, *Acting* Manager and Chief Engineer, Mr. Saiki attended the HWRA Board Meeting who will be the Kaua'i representative.

Mr. Shiraishi moved to receive the Manager's Monthly Update Regarding Activities of Note of the Kaua'i County Water Department; seconded by Ms. Ho; with no objections, motion was carried with 6 ayes.

- a. Report of the BAB Bond pay down as of February 2014

Mr. Shiraishi moved to receive the Report of the BAB Bond pay down as of February 2014; seconded by Ms. Ho; with no objections, motion was carried with 6 ayes.

I. 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 Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to provide the Board with a consultation regarding the duties and liabilities as it relates to the Board's contractual obligations under Job No, PLH-03 Water Plan 2020 Kahili Directionally Drilled Horizontal Well High Energy Savings Project. This briefing and consultation with the Board counsel 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. [Not entertained]

J. TOPICS FOR NEXT WATER BOARD MEETING (April)

1. Finance Committee Report: a) Facilities Reserve Charge and b) Rate Increase Deferral
2. Manager's Report No 14-36 - Request for Board Approval on the proposed and revised Table of Organization Reallocations for the Water Quality Division
3. Manager's Report No 14-37 - Request for Board Approval on the proposed and revised Table of Organization Reallocation for the Information Technology Section
4. Manager's Report No. 14-38 - Request for Board Approval on the proposed and revised Table of Organization Reallocations for the Operations Division
5. Manager's Report No. 14-39 - Request for Board Approval on the proposed and revised Table of Organization for the Engineering Division
6. Chairperson's Report – Discussion and action steps concerning selection process for a new Manager and Chief Engineer of the Kaua'i County Water Department (2)
7. New Board Policy for DOW Intra Fund Transfer
8. 2 Resolutions for DOW's 2013 Employee of the Year
9. Water Plan 2020 Project PLH-39, Lihu'e Baseyard Improvements for the Department of Water, Lihu'e, Kaua'i, Hawai'i, Contract Award Funding & Approval
 - a. Manager's Response from PLH-39 Workshop

10. BAB- Project List Changes – Resolution for FY 2013-2014, Request for the Addition of Six (6) Projects, H-05 Weke, Anae, and Hee Roads 6” and 8” Main Replacement; K-18 8” Waterline Replacement along Halewili Road; LO-08 Kōloa Road Main Replacement; Ani-01b 'Anini and Kalihiwai Road Main; KP-09 MCC, Chlorination Facilities, Kōloa Well 16-A and 16-E; PLH-35b Kapaia Cane Haul Road 18” Main
11. Draft Budget FY 14-15

K. TOPICS FOR FUTURE WATER BOARD MEETINGS (May)

1. Manager's Report No. 13-7 - Part 2 Section IX of the Rules, Adjustment of Bills for Undetected Leaks and Unforeseen Damages Proposed Amendments, Public Hearing Results
2. Manager's Report No. 14-24 - Part 4 Section I of the Rules, General Use Rates Proposed Amendments, SBRRB Results (awaiting Part 4 Section VII, Facilities Reserve Charge to be submitted together)
3. Manager's Report No. 11-28 – Part 5 of the Rules, Facilities Reserve Charge – New Rule, SBRRB Results (awaiting Part 4 Section VII, Facilities Reserve Charge to be submitted together)
4. New Board Policy for Delegating Routine actions from the Water Board to the DOW's Manager and Chief Engineer regarding Right of Entry
5. Board discussion and adoption of FY2014-2015 Goals for the Manager
6. Board discussion and possible action for Unaccounted Water Reporting

L. UPCOMING EVENTS

1. Public Hearing – Part 2, Section IX of the Rules, Adjustment of Bills for Undetected Leaks and Unforeseen Damages Proposed Amendments *(Date Pending)*
2. Table of Organization Workshop *(Date Pending)*
3. AWWA 2014 Hawaii Section Conference, O'ahu, HI *(May 6-9, 2014)*
4. AWWA 2014 Conference, Boston, MA *(June 8-12, 2014)*
5. Make a Splash, Project WET *(September 18, 2014 Tentative)*
6. HWWA 2014 Conference, Kaua'i, HI *(October 15-17, 2014)*


M. NEXT WATER BOARD MEETING

1. Thursday, April 24, 2014, 10:00 a.m.
2. Thursday, May 22, 2014, 10:00 a.m.
3. Thursday, June 26, 2014, 10:00 a.m.
4. Thursday, July 24, 2014, 10:00 a.m.

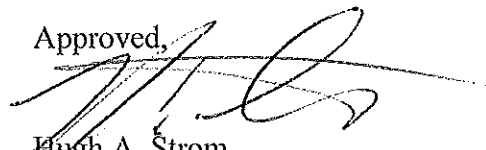
N. ADJOURNMENT

Mr. Shiraishi moved to adjourn the Regular Board meeting at 11:36 a.m.; seconded by Mr. Dill; with no objections, motion was carried with 6 ayes.

Respectfully Submitted,


Edie Ignacio Neumiller
Commission Support Clerk

Approved,


Hugh A. Strom
Secretary – Board of Water Supply