

MEETING MINUTES  
BOARD OF WATER SUPPLY  
Thursday, March 19, 2015

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Thursday, March 19, 2015. Chair Shiraishi called the meeting to order at 10:10 a.m. The following Board members were present:

BOARD: Mr. Sherman Shiraishi, *Chair*  
Mr. Clyde Nakaya, *Vice Chair*  
Ms. Laurie Ho  
Mr. Hugh Strom  
Mr. Raymond McCormick  
Mr. Larry Dill

EXCUSED: Mr. Michael Dahilig

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

STAFF: Mr. Kirk Saiki  
Mr. Ryan Smith  
Ms. Marites Yano  
Mr. Dustin Moises  
Mr. Keith Aoki  
Mr. Joel Bautista  
Ms. Kim Tamaoka  
Ms. Sandi Nadatani- Mendez  
Ms. Mary-jane Akuna  
Deputy County Attorney, Andrea Suzuki

GUESTS: Ms. Melissa Fisher, Kaua'i Watershed Alliance/The Nature Conservancy  
Mr. Trae Menard, Kaua'i Watershed Alliance/The Nature Conservancy  
Mr. Allan Rietow, Kaua'i Watershed Alliance/The Nature Conservancy  
Mr. Chipper Wichman, National Tropical Botanical Gardens & Kaua'i Watershed Alliance member  
Mr. Galen Kawakami, DLNR~DOFAW, Kaua'i District Forester & Chair of the Kaua'i Watershed Alliance

**ACCEPTANCE OF AGENDA**

Mr. Dill moved to approve the agenda as circulated; seconded by Mr. Nakaya; with no objections, motion carried with 6 ayes.

**MEETING MINUTES**

**Review and approval:**

Regular Board Meeting – February 19, 2015

Mr. Nakaya moved to approve the Regular Meeting Minutes of February 19, 2015; seconded by Ms. Ho; with no objections, motion was carried with 6 ayes.

**Review and approval of Executive Session:**

Executive Minutes – February 19, 2015

Mr. Nakaya moved to approve the Executive Session Minutes of February 19, 2015; seconded by Mr. McCormick; with no objections, motion was carried with 6 ayes.

**E. CORRESPONDENCE/ANNOUNCEMENTS**

1. Correspondence from Mr. Allan Rietow, The Nature Conservancy, Kaua'i Program regarding the Kaua'i Watershed Alliance – Mauka Watershed Protection Project, dated February 3, 2015

Chair Shiraishi was pleased to welcome the members and staff from the Kaua'i Watershed Alliance (KWA) and The Nature Conservancy (TNC). The Department of Water (DOW) supports and partially funds the KWA.

*Ms. Melissa Fisher and Mr. Allen Rietow presented the KWA Management Plan Update  
(Detailed Operational Plan) dated April 2012*

Ms. Fisher, Deputy Director of the Kaua'i Program and Mr. Rietow, Field Representative for the Field Program acknowledged the funding support from the DOW the past four (4) years which enabled them to complete their work. Ms. Fisher introduced the following guests: Mr. Galen Kawakami, Chair of the Kaua'i Watershed Alliance and District Manager of DLNR-DOFAW; Mr. Chipper Wichman, President, and CEO of the National Tropical Botanical Garden & member of the Kaua'i Watershed Alliance; and Mr. Trae Menard, Director of Forest Conservation & Kaua'i Program Director for The Nature Conservancy.

Ms. Fisher presented slides of their work and some of the Board members were provided an opportunity by helicopter to see their work with Mr. Rietow.

**BACKGROUND:**

KWA was formed in 2003 to protect the watershed and source of water for Kaua'i. In 2003 – 2005 after KWA was formed, The Nature Conservancy was asked to write a resource management plan initially written by Mr. Rietow and Mr. Menard. KWA has worked on the goals of the plan that was updated in 2012. The main focus of the plan is to construct fences to remove invasive animals, to remove non-native plants, remove invasive weeds and to maintain those watershed areas.

Alliance members and large landowner members encompasses the majority of watershed areas the State wants to protect; the native forest. Goats and pigs were removed in a fenced enclosure in Wainiha. The state is constructing green fences in the Halehaha area which will be built in a year.

The 10-year time line includes Kamehameha Schools land in Lumaha'i. KWA is working with them to write the management plan to potentially build fences. Kamehameha Schools has already started weed control.

Ms. Fisher mentioned that contracted work is done by hand by the Kokee Resource Conservation Program to remove Strawberry guava and the Himalayan Ginger. Resource mapping was contracted to take photos and identify the Australian Tree Fern in Wainiha Valley which is also difficult to treat. About 900 pigs have been taken out of Wainiha Valley.

Mr. Menard provided climate change statistics prepared by the University of Hawai'i and found that the west side of the islands will be getting drier during the next 50 to 100 years during the normal wet

season. The statistics projected there would be a 25% to 50% reduction of rainfall. The protection of the forest is important to capture and retain the water. A copy of the "Statistical downscaling of rainfall changes in Hawai'i based on the CMIPS global model projections" was provided to the Board.

**DISCUSSION:**

Mr. Strom asked how were the modeling parameters determined? Mr. Menard looked at the rainfall gauges across the state during the past 100 years and combined it with the larger scale global climate models. Researchers took the 100 years rainfall from each station and compared it to conditions that were projected for the next 100 years. The larger scale parameters, pressure systems and pressure bands in the atmosphere were used. The researchers found fewer large scale counter systems coming through. In the larger scale models, the shifting of the jet stream will be looked at.

Ms. Fisher thanked the DOW for their funding gift to assist with KWA's work which has been beneficial.

*Mr. Chipper Wichman and Mr. Galen Kawakami  
provided comments on the KWA presentation*

Mr. Wichman shared the importance of the state's involvement with KWA in land base and state funding. The DOW provided the core support and the \$150,000 a year was invaluable.

One issue to consider is how to convert rain into aquifer yield and to protect the rain forest and the plants that make up the forest. When there are problems with invasive species the diversity is lost and you end up with a system with more run off that affects the streams. It reduces the percolation into the aquifer and the modeling in the future will be different. The system should be made as efficient as possible to capture rain into aquifer.

In a recent presentation Mr. Wichman mentioned that polar vortex causes the jet stream to come down. The vortex will become less stable.

Mr. Kawakami thanked the DOW for their continued support which covers the funding gaps. By having TNC manage is a big step in consolidating all the members for producing water for everyone. He also mentioned that since there have been fewer Kona storms, it will help determine what to plant in previous burnt out areas.

Mr. Wichman also thanked the DOW for the funding support.

**DISCUSSION:**

Mr. Dill commented that DOW has supported TNC & KWA the last four years. Ms. Fisher had a slide on a broad illustration of how effective the removal of invasive species from the watershed.

KWA has been discussing ways the aquifer is recharging could be measured and documented which United States Geological Survey (USGS) should be doing.

Mr. Strom has seen salt water intrusion due to lack of natural forces vs. what is being pumped out of the ground. As data is gathered by KWA, he suggested it would be good to partner with other departments with reuse or use recycled water.

Mr. Wichman mentioned more educational programs could be done that ties in reduce, reused, recycle that is related to water and how do we create water friendly landscapes to educate the community?

Ms. Ho expressed her thanks to the KWA and TNC for providing photos in the presentation.

Chair Shiraishi also thanked the KWA and TNC's reinforcement of how important the watershed is.

Mr. Dill moved to receive the correspondence and presentation report from Mr. Allan Rietow, The Nature Conservancy, Kaua'i Program regarding the Kaua'i Watershed Alliance – Māuka Watershed Protection Project, dated February 3, 2015; seconded by Mr. Nakaya, with no objections, motion carried with 6 ayes.

2. Correspondence from Mr. W. Roy Hardy, Acting Deputy Director, Department of Land and Natural Resources, Commission on Water Resource Management regarding Hawai'i Water Workshops (Kaua'i, March 19<sup>th</sup>), dated February 19, 2015

Chair Shiraishi and Manager Saiki plan to attend the Hawai'i Water Workshop which is free to the public.

Ms. Ho moved to receive the correspondence announcement from Mr. W. Roy Hardy, Acting Deputy Director, Department of Land and Natural Resources, Commission on Water Resource Management regarding Hawai'i Water Workshops (Kaua'i, March 19<sup>th</sup>), dated February 19, 2015; seconded by Mr. Dill; with no objections, motion carried with 6 ayes.

**F. BOARD COMMITTEE REPORT**

None.

**G. OLD BUSINESS**

1. Manager's Report No. 14-16 - Part 4 Fixing Rates for Water Service, Section VII Facilities Reserve Charge (FRC) *Update (3)*

**BACKGROUND:**

Manager Saiki stated the Department met with the County Attorney and developed a draft on the new FRC rules. The consultant is currently reviewing the draft and the Department and Finance Committee will meet in early April to review the FRC draft.

The Department will provide an updated Manager's Report No. 14-16 and time line for the April Board meeting. Copies of the time line from the February 19<sup>th</sup> Board meeting will be sent to the Board members.

Ms. Ho moved to receive Manager's Report No. 14-16 - Part 4 Fixing Rates for Water Service, Section VII Facilities Reserve Charge (FRC) *Update (3)*; seconded by Mr. Dill; with no objections, motion carried with 6 ayes.

2. Manager's Report No. 15-23 – Discussion and Possible Action on the Board's Requests for background comments and recommendations from the Department regarding Class IV Zoning Permit Application Z-IV-2015-1, Use Permit U-2015-1, Group Child Care Center, TMK:4-2 9:18, Ke Kula Pono, LLC (Malia Finazzo-Krueger, Owner) *Update (2)*

**BACKGROUND:**

Manager Saiki gave an update regarding the Board's request to meet with Ms. Malia Finazzo-Krueger, Owner Ke Kula Pono, LLC. Civil Engineer, Eddie Doi and Ms. Finazzo-Krueger discussed twice on the

phone the alternative method which she understood. Ms. Finazzo-Krueger will check qualifications of the company she currently is using to see if they qualify; if not, she will look for a licensed engineer.

In a recent email from Ms. Finazzo-Krueger, she indicated the company she is currently using is a fire sprinkler company and is not certified but has contacted S.S. Dunnaway.

Mr. Dill moved to receive Manager's Report No. 15-23 – Discussion and Possible Action on the Board's Requests for background comments and recommendations from the Department regarding Class IV Zoning Permit Application Z-IV-2015-1, Use Permit U-2015-1, Group Child Care Center, TMK:4-2 9:18, Ke Kula Pono, LLC (Malia Finazzo-Krueger, Owner) Update (2); seconded by Ms. Ho; with no objections, motion carried with 6 ayes.

## H. NEW BUSINESS

1. Manager's Report No. 15 – 28 – Discussion and Possible Action Request for the Board Chair to sign documents related to separate ownership of the lots created by Subdivision application S-2013-18 including a deed restriction that limits the development of the subdivision to not more than 10 dwelling units, Kalaheo, Kaua'i

### BACKGROUND:

Manager Saiki commented that the Department is recommending the Board Chair sign all related documents required to separate ownership of the lots created by S-2013-18; including any related deeds and tax conveyance forms.

### DISCUSSION:

Civil Engineer, Keith Aoki explained that the Department purchased a parcel of land in Kalāheo for a proposed tank and well site. The Planning Department determined that it was not a separate lot of record. The Department is tied into a lot as joint owners by the Department and Mr. Marty Hoffman. The Department is in the process of completing a subdivision to officially have the lot boundary moved to the correct location.

Final Subdivision was received from the Planning Commission in December 2014 subject to recording the final subdivision map. The Quit Claim Deeds are required to separate ownership. Deputy County Attorney, Andrea Suzuki stated she has both drafts of the Quit Claim Deeds but is checking the TMK's.

Chair Shiraishi had no problem signing the documents but indicated he did not see the Conveyance document from Mr. Hoffman to the Department in the Board packet. Chair Shiraishi's concern was that the Department was giving up title to one of the lots, but not getting corresponding title to the lot we were entitled to.

The history of the lots were clarified by Deputy County Attorney, Andrea Suzuki. The Department bought the lot when defacto subdivisions ... (inaudible) .... were recognized by the county; when the lot was purchased it was a separate lot. In previous court cases, the county was not going to recognize defacto subdivisions.

Mr. Dill moved to receive Manager's Report No. 15 – 28 Action Request for the Board Chair to sign documents related to separate ownership of the lots created by Subdivision application S-2013-18 including a deed restriction that limits the development of the subdivision to not more than 10 dwelling units, Kalaheo, Kaua'i and approve subject to review and approval of the Conveyance document from Mr. Hoffman to the Department; seconded by Ms. Ho; with no objections, motion carried with 6 ayes.

## **I. STAFF REPORTS**

### **MONTHLY**

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

### **BACKGROUND:**

Waterworks Controller, Marites Yano referenced the February Monthly Summary Highlights *(page 44)* - YTD Revenues, Operating Expenses, Net Operating Income Capital Budget, Water Consumption Comparative Chart, Other Fiscal Ongoing Activities/ Initiative *(page 45)*.

Today, the Department met with the Finance Committee which was productive. The next Finance Committee meeting is scheduled for Wednesday, March 25<sup>th</sup>.

Fiscal is working on reviewing and evaluating Statement of Qualifications (SOQ) received by DOW to engage consultants to 1) undertake a new Water Rate Study which is expected to start next year and 2) the procurement of a new billing system.

### **DISCUSSION:**

Chair Shiraishi questioned the YTD Actual Expenses is 29% less than the YTD Budget and ask if it will even out through the end of the fiscal year so that it increases? Will expenses be lower at the end of the fiscal year? *(page 44)*

Ms. Yano responded saying that it is more likely that it will be the same for normal expenditures such as Salaries and Wages as the trend would be the same pattern throughout the end of the year. The Professional Services budget is different such that expenses are not regular because invoices are generated as services are rendered.

Mr. Nakaya questioned if the expenses may go higher. Ms. Yano stated that Professional Services may not be used up completely before the end of this fiscal year although expenses for this item may still go up. The 29% Variance for total operating expenses is an indication of savings from budgeted operating expenses and not what has been spent.

Chair Shiraishi asked if the consultant's fees were less and are tied to a few capital projects not going out? Ms. Yano responded by saying that these are Professional Services not related to capital projects such as the Water Use and Development plan.

Mr. Dill asked if Professional Services General shows a variance of \$1.3M and would it be for the Water Use and Development plan *(page 46)*. Ms. Yano explained that Professional Services spent \$473,000 (73% savings). Under Contracts & Services line item, one is 9% - ahead of budget, but more of them are 70% to 90%. Mr. Dill asked why are we so far off? Are line items over budget? Manager Saiki commented that supplies are budgeted throughout the year.

Ms. Yano mentioned the major items under Professional Services which are the following: under Water Resources and Planning; it has a budget of \$735,000. The Kaua'i Watershed Alliance has a one-time expense of \$150,000; \$500,000 for the Hydraulic Model update (for next year) and \$45,000 for USGS. Under the Operations Division, large purchases are for Repair Maintenance.

Mr. Nakaya moved to receive the Receipt of the Kaua'i County Water Department's Statement of Revenues and Expenditures for January and February Monthly Summary Budget; seconded by Ms. Ho; with no objections, motion carried with 6 ayes.

2. Discussion and Receipt of the Report by the Public Relations Specialist on Public Relations Activities
  - a. January Public Relations Activities
  - b. February Public Relations Activities

**BACKGROUND:**

Public Relations Specialist, Kim Tamaoka highlighted the need for water education in the schools that was mentioned earlier. She has been working on a grant with the Department of Health (DOH), Safe Drinking Water Branch to develop and implement a Source Water Protection education statewide program. Ms. Tamaoka traveled to Hilo and participated in the first Project Wet Make a Splash Mini Festival which was well received by the teachers. This summer, Ms. Tamaoka will continue to do training workshops to fund more resources in education for the schools around the state.

**DISCUSSION:**

Chair Shiraishi requested to see if Ms. Tamaoka could incorporate and utilize the services of the KWA. The KWA was short staffed last year and will be invited to assist this year for Project Wet.

Ms. Ho moved to receive the Report by the Public Relations Specialist on Public Relations Activities for January and February; seconded by Mr. Nakaya; with no objections, motion carried with 6 ayes.

3. Discussion and Receipt of the Chief of Operation's Summary Report on Operational Activities
  - a. January Operation's Summary Report on Operations Activities
  - b. February Operation's Summary Report on Operations Activities

**BACKGROUND:**

Assistant Chief of Operations, Ryan Smith was available to answer questions from the Board in place of Chief of Operations, Val Reyna who was excused.

**DISCUSSION:**

Mr. Dill was glad to see the Unbilled Water at the end of the Operations report. He requested to get an update on the water system. Manager Saiki stated the water system report has not been started yet and indicated there is a difference on how the Department bills for each service area.

Mr. Smith added that Operations is working on the billing side of the water system. Because Anahola had only one zip code, Operations was able to report unbilled water quickly.

Chair Shiraishi understood that the new billing system will track unbilled water more closely. Also, 11% unbilled water industry wide is a good figure.

Ms. Ho moved to receive the Chief of Operation's Summary Report on Operational Activities for January and February; seconded by Mr. Nakaya; with no objections, motion carried with 6 ayes.

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

Mr. Nakaya moved to Receive for the Record, revised Page 1 of the Manager's Update; seconded by Ms. Ho; with no objections, motion carried with 6 ayes. (Note: Only the yellow highlight numbers had changes for Contract No. 596 awarded to Valley Isle Motors, LTD. The Department was not asking for more money.)

**BACKGROUND:**

Manager Saiki highlighted the following:

1. Personnel Matters – Update

Customer Service Rep I – Filled this week

CE V for Design – Selected (Note: The vacancy was due to a resignation.)

Chief of Water Resources & Planning - Interviews to begin soon.

Open positions:

Project Managers in CM

CSR I in Billing

Accountant I in Accounting

Deputy Manager – The Board discussed a succession plan to hire a Deputy Manager and to not budget for only six (6) months. The Department will begin the process to advertise and post and hire for a Deputy Manager which the Board felt was a critical position. The Board requested an update in the April's Manager's report.

Mr. Dill requested a copy of the meter restrictions from Water Resources & Planning. Private Secretary, Mj Akuna stated the meter restrictions were reported from the last Quarterly Report. The next Quarterly Report will be in the April agenda packet.

Chair Shiraishi requested if Standard Operating Procedures (SOP) were completed on the checks and balances. Ms. Yano stated the SOP was submitted and received by the Board.

Ms. Ho moved to receive the Receipt of the Manager and Chief Engineer's Monthly Update Regarding Activities of Note of the DOW as revised; seconded by Mr. Strom; with no objections, motion carried with 6 ayes.

a. Report of the BAB pay down as of February 2015

Ms. Ho moved to receive the Report of the BAB pay down as of February 2015; seconded by Mr. Strom; with no objections, motion carried with 6 ayes.

**J. EXECUTIVE SESSION**

1. Pursuant to Hawaii's Revised Statutes (HRS) Section 92-4, 92-5(a)(4), the purpose of this executive session is to review executive session minutes dated February 19, 2015. This consultation involves the consideration of the powers, duties, privileges, immunities, and/or liabilities of the Board and the Department as they relate to this agenda item. [Approved in open session]

2. Pursuant to Hawaii's Revised Statutes Sections 92-4 and 92-5(a)(4), the purpose of this executive session is for the Office of the County Attorney to provide the Board with a briefing regarding liabilities involved policies relating to providing water service outside of the water zone. This briefing and consultation involves the consideration of the powers, duties, privileges, immunities and/or liabilities of the Board and the Department as they relate to this agenda item.

[Not entertained] \*\*\* This item will be included in the April Board Meeting.



**K. TOPICS FOR NEXT WATER BOARD MEETING (May 2015)**

1. Finance Committee Report – Update on Draft Budget

**L. TOPICS FOR FUTURE WATER BOARD MEETINGS**

1. Manager's Report No. 11-28 – Discussion and Possible Action regarding Part 5 of the Rules, Facilities Reserve Charge – Proposed New Rule, SBRRB Results (awaiting Part 4 Section VII, Facilities Reserve Charge to be submitted together)
2. Manager's Report No. 14-24 – Discussion and Possible Action regarding 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. Discussion and Possible Action of Proposed Delegation of a Meter Restriction Board Policy No. 30

**M. UPCOMING EVENTS**

1. AWWA Annual Conference, Anaheim, CA (June 7-10, 2015)
2. DOW Make a Splash Water Festival (September 24, 2015)
3. HWWA Hawaii Section, Honolulu, HI (October 14-16, 2015)


**N. NEXT WATER BOARD MEETING**

1. Thursday, May 21, 2015, 10:00 a.m.
2. Thursday, June 18, 2015, 10:00 a.m.
3. Thursday, July 23, 2015, 10:00 a.m.
4. Thursday, August 20, 2015, 10:00 a.m.

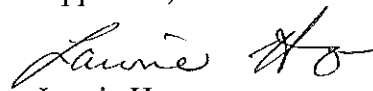
**O. ADJOURNMENT**

Mr. Dill moved to adjourn the Regular Meeting at 11:38 a.m.; seconded by Ms. Ho; with no objections, motion carried with 6 ayes.

Respectfully submitted,

  
Edie Ignacio Neumiller  
Commission Support Clerk

Approved,

  
Laurie Ho  
Secretary – Board of Water Supply