

MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, March 31, 2016

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Thursday, March 31, 2016. Chair Laurie Ho called the meeting to order at 12:04 p.m. The following Board members were present:

BOARD: Ms. Laurie Ho, *Chair*
Mr. Clyde Nakaya, *Vice Chair*
Mr. Larry Dill
Mr. Michael Dahilig
Mr. Sherman Shiraishi (*entered meeting at 12:05 p.m.*)

EXCUSED: Mr. Wallace Rezendes, Jr.

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

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

GUEST(s): Ms. Nancy Kanna, Kaua'i Board of Realtors

ACCEPTANCE OF AGENDA

Mr. Dahilig moved to accept the Agenda as circulated; seconded by Mr. Nakaya; with no objections, motion carried with 4 ayes.

D. MEETING MINUTES

Review and approval of:

Regular Board Meeting – March 31, 2016

Mr. Dahilig moved to approved the Regular Board Meeting minutes for March 31, 2016; seconded by Mr. Dill; with no objections, motion carried with 4 ayes.

Review and Receipt of Meeting Minutes from Executive Session Transcripts:

Executive Session - Special Board Meeting – January 5, 2012

Mr. Dahilig moved to receive the Executive Session - Special Board Meeting for January 5, 2012; seconded by Mr. Dill; with no objections, motion carried with 4 ayes.

Executive Session - Special Board Meeting – January 23, 2012

Mr. Dahilig moved to receive the Executive Session - Special Board Meeting for January 23, 2012; seconded by Mr. Dill; with no objections, motion carried with 4 ayes.

Executive Session – Regular Board Meeting – March 22, 2012 (Item J#1)

Mr. Dahilig moved to receive the Executive Session - Regular Board Meeting for March 22, 2012 (Item J#1); seconded by Mr. Dill; with no objections, motion carried with 4 ayes.

Executive Session - Regular Board Meeting – March 22, 2012 (Item J#2)

Mr. Dahilig moved to receive the Executive Session - Regular Board Meeting for March 22, 2012 (Item J#2); seconded by Mr. Dill; with no objections, motion carried with 4 ayes.

Executive Session - Regular Board Meeting – March 22, 2012 (Item J#4)

Mr. Dahilig moved to receive the Executive Session - Regular Board Meeting for March 22, 2012 (Item J#4); seconded by Mr. Dill; with no objections, motion carried with 4 ayes.

Executive Session - Regular Board Meeting – May 24, 2012

Mr. Dahilig moved to receive the Executive Session - Regular Board Meeting for March 24, 2012; seconded by Mr. Dill; with no objections, motion carried with 4 ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS

None.

F. BOARD COMMITTEE REPORTS

None.

G. OLD BUSINESS

None.

At 12:05 p.m., Mr. Shiraishi entered the meeting.

H. NEW BUSINESS

1. Manager's Report No. 16-42 - Discussion and Possible Action on Water Plan 2020 Project PLH-39, Lihue Base Yard Improvements for the Department of Water, Lihue Water System, Lihue Kauai, Hawai'i, TMK: (4) 3-8-05:27

BACKGROUND:

The Department recommended that the Board authorize the Manager and Chief Engineer to execute the Underground Line Extension Estimate for Lihue, Pua Loke Street and approve the Grant of Easement "E-5" with Kaua'i Island Utility Cooperative (KIUC).

Mr. Dahilig moved to approve Manager's Report No. 16-42 - Discussion and Possible Action on Water Plan 2020 Project PLH-39, Lihue Base Yard Improvements for the Department of Water, Lihue Water System, Lihue Kauai, Hawai'i, TMK: (4) 3-8-05:27; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

Mr. Dill would like to see more Options listed in the Manager's Reports (i.e., Option 1 Pro/Con, Option 2 Pro/Con), to which Manager Saiki agreed.

2. Manager's Report No. 16-43 - Discussion and Possible Action on the revised budget funding for Job No. 15-7, WP2020 #HE-1 and HE #10, Water System Reorganization (Hanapepe-Eleele Connecting Pipeline) that incorporates a State Grant that will replace the Facilities Reserve Charge (FRC) Funding component of the budget

DISCUSSION:

Mr. Dill questioned paragraph 5 "The DOW will be looking into the possibility if the allocated State funding may be used for FRC offsets for the County's proposed affordable housing development in Eleele." Manager Saiki indicated the Department is investigating if the FRC offsets could be applied.

Manager Saiki will send a courtesy letter to the county and legislators to notify them of the new FRC offset Rules. The letter would explain that the funds given to DOW could be used to apply to an FRC offset by the Department of Water. If they want to take advantage of the new rule they could name a beneficiary or beneficiaries. A possible beneficiary could be the Lima Ola project.

An update will be provided in the monthly Manager's report.

Mr. Dahilig moved to approve Manager's Report No. 16-43 - Discussion and Possible Action on the revised budget funding for Job No. 15-7, WP2020 #HE-1 and HE #10, Water System Reorganization (Hanapepe-Eleele Connecting Pipeline) that incorporates a State Grant that will replace the Facilities Reserve Charge (FRC) Funding component of the budget; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

Mr. Dahilig thanked the Department for pursuing the State Grant.

3. Manager's Report No. 16-44 - Discussion and Possible Action for the Transfer and Expenditure of funds in the amount of \$52,051.00 for Job No. 16-1, Kalaheo Jelly Factory Booster Pump Motor Control Replacement for the furnishing, delivery and installation of electrical components and field testing of new motor controls using new pump and motor assembly

BACKGROUND:

Mr. Reyna mentioned the booster pump motor station will be replaced (an upgrade) for the Kalāheo Jelly Factory. The pump station can deliver water from Lāwa'i to Kalāheo via the Kukuilono tank which would service lower Kalāheo.

Mr. Dill moved to approve Manager's Report No. 16-44 - Discussion and Possible Action for the Transfer and Expenditure of funds in the amount of \$52,051.00 for Job No. 16-1, Kalaheo Jelly Factory Booster Pump Motor Control Replacement for the furnishing, delivery and installation of electrical components and field testing of new motor controls using new pump and motor assembly; seconded by Mr. Nakaya; with no objections, motion carried with 5 ayes.

4. Manager's Report No. 16-45 - Discussion and Possible Action on the Funding Replacement of the IT Server Room Air Conditioning in the amount of \$7,000.00

Mr. Dahilig moved to approve Manager's Report No. 16-45 - Discussion and Possible Action on the Funding Replacement of the IT Server Room Air Conditioning in the amount of \$7,000.00 based on Option 2; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

5. Manager's Report No. 16-46 - Discussion and Possible Action on the Right of Entry Agreement and Memorandum of Understanding for the Existing Hā'ena 100,000 Gallon Storage Tank, Existing Hā'ena 6,500 Gallon Storage Tank, Existing Wainiha Booster Pump Station, Proposed Hā'ena 200,000 Gallon Storage Tank (WP2020 Project No. HW-11), and Proposed Wainiha Well #4 (WP2020 Project No. HW-12, Job No. 05-02), affecting the Following Landowners in Hā'ena, Kaua'i, Hawai'i

- a. Keith P. Robinson and Bruce B. Robinson, Brothers, TMK: (4) 5-8-002:003, Wainiha and Hā'ena, Kaua'i, Hawai'i

The Board took up Manager's Report No. 16-46 after the Manager's Update in Executive Session.

6. Draft Budget for Fiscal Year 2016-2017
 - a. Fiscal Year 2016 - 2017 – Draft Operating Budget
 - b. Fiscal Year 2016 - 2017 – Draft Capital Outlay Budget

BACKGROUND:

Waterworks Controller, Ms. Yano presented an overview of the proposed Draft Budget for Fiscal Year 2016-2017. Four (4) different funds are maintained by the Department as follows:

- Water Utility Fund (WUF) is the general operating account of the Department of Water (DOW).
- Facility Reserve Charge (FRC) is a restricted account for the expansion projects.
- Build America Bond (BAB) is the management of the remainder of \$60M of bond proceeds.
- State Revolving Fund (SRF) is the management of a \$2M grant and \$2M SRF loan proceeds.

Three (3) components of the proposed FY 2016-2017 Budget includes: 1) Operating Budget, 2) New Capital Outlay and 3) Rollover of Outstanding Purchase Orders (PO) or open contracts. The rollover of outstanding PO's were not available for the presentation but would be presented separately as a supplemental budget after FY 2016 year end closing.

Pie Chart on page 53 illustrates the projected resources as follows:

\$20.4M - Unrestricted Fund Balance

\$29.8M – Projected Water Sales (main source of revenues)

\$2.0M – Fire Hydrants

\$5.1M – State Grants

\$0.3M – Other Revenues

\$2.5M – Estimated transfer from FRC to recover payments of debt service FRC on expansion projects

\$60M – Total Project Resources

Projected Water Sales was based on the Five Year Metered Consumptions (Billion Gallons) shown on page 52 – The highest usage was in 2013; went down in 2014 but went up in 2015. 2016 had an estimate of 1/% increase of water usage with a projected 1% increase for 2017 for water sales.

Allocation of \$60M Projects Resources is shown on page 55 as follows:

\$26.9M – Estimate operating expenses (includes interest)

\$4.7M – Debt principal payment

\$8M – Total paid for debt service

\$2M – Furniture, fixtures, equipment and technology - Capital Outlay

\$8M – New Capital Outlay – Rehabilitation & Replacement projects

\$16.3M - Estimated transfer from WUF to FRC projects

The FRC fund is not sufficient to fund expansion projects.

The list of FRC projects in the budget is approximately \$17M. If a project goes out for construction, the Department would need to transfer some monies from WUF to the FRC fund. This requires Board approval through the Interfund transfer as needed.

New Capital Outlays – All Funds on page 57:

Total Capital Outlay projects = \$41.7M

\$10.4 – WUF

\$14.1M – BAB

\$17.2M – FRC

Total estimated revenues is \$60M which includes unrestricted fund balance.

Waterworks Controller, Ms. Yano will provide estimated amounts of the rollover of outstanding P.O.'s at the Finance Committee meeting, per Mr. Dill's request.

Mr. Dahilig moved to receive and refer the Draft Operating & Capital Outlay Budget FY 2016-2017 to the Finance Committee; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

I. STAFF REPORTS

MONTHLY

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

BACKGROUND:

Waterworks Controller, Ms. Yano presented the Department's Statement of Revenues and Expenditures and February Monthly Summary Budget.

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

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

BACKGROUND:

Public Relations Specialist, Ms. Tamaoka highlighted the following:

1. Attended and provided DOW presentations at several student events during the month.
2. "Fix A Leak Week" promotion went well. Kits are still available.

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

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

BACKGROUND:

Chief of Operations, Mr. Reyna highlighted the following:

1. Overtime (OT) Chart for February – There was a big jump in OT with over \$2,000 of OT (including premiums). This was due to many calls after 3:00 pm and overnight. The overnights resulted in 3 to 5 back-to-back overnights.

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

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

BACKGROUND:

Manager Saiki mentioned the Department awarded Contract No. 618, Sole Source SS-2016-3, to Prithibi, LLC for the Oracle Customer Case and Billing (CC&B) and Cloud Service Implementation.

DISCUSSION:

Information Technology Specialist, Ms. Nadatani-Mendez mentioned IT is waiting for access to the data for an easy transfer. The schedule is six (6) month if the data is collected from the Honolulu Board of Water Service. Manager Saiki will contact Mr. Ernie Lau at HBWS tomorrow on the data status.

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

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

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

J. EXECUTIVE SESSION

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

At 11:35 a.m., Mr. Dahilig moved to go into Executive Session and read Executive Session Item No. 1; seconded by Mr. Shiraishi; with no objections, motion carried with 5 ayes at Roll Call (LD, MD, CN, SS, LH).

1. *Pursuant to Hawaii Revised Statutes Sections 92-4 and 92-5(a)(3), the purpose of this executive session is for the Board to deliberate concerning the authority of persons designated by the Board to conduct negotiations for the acquisition of certain rights to public property as it relates to Manager's Report 16-46: land necessary for existing and future Board of Water infrastructure in the Haena Wainiha area.*

At 12:50 p.m., Chair Ho reconvened the Regular Board meeting.

H. NEW BUSINESS (cont'd)

5. Manager's Report No. 16-46 - Discussion and Possible Action on the Right of Entry Agreement and Memorandum of Understanding for the Existing Hā'ena 100,000 Gallon Storage Tank, Existing Hā'ena 6,500 Gallon Storage Tank, Existing Wainiha Booster Pump Station, Proposed Hā'ena 200,000 Gallon Storage Tank (WP2020 Project No. HW-11), and Proposed Wainiha Well #4 (WP2020 Project No. HW-12, Job No. 05-02), affecting the Following Landowners in Hā'ena, Kaua'i, Hawai'i
 - a. Keith P. Robinson and Bruce B. Robinson, Brothers, TMK: (4) 5-8-002:003, Wainiha and Hā'ena, Kaua'i, Hawai'i

Mr. Dahilig moved to approve Manager's Report No. 16-46 - Discussion and Possible Action on the Right of Entry Agreement and Memorandum of Understanding for the Existing Hā'ena 100,000 Gallon Storage Tank, Existing Hā'ena 6,500 Gallon Storage Tank, Existing Wainiha Booster Pump Station, Proposed Hā'ena 200,000 Gallon Storage Tank (WP2020 Project No. HW-11), and Proposed Wainiha

Well #4 (WP2020 Project No. HW-12, Job No. 05-02), affecting the Following Landowners in Hā'ena, Kaua'i, Hawai'i, a. Keith P. Robinson and Bruce B. Robinson, Brothers, TMK: (4) 5-8-002:003, Wainiha and Hā'ena, Kaua'i, Hawai'i; seconded by Mr. Nakaya; with no objections, motion carried with 5 ayes.

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

1. Draft Budget for Fiscal Year 2016-2017
 - a. Fiscal Year 2016 - 2017 – Draft Operating Budget
 - b. Fiscal Year 2016 - 2017 – Draft Capital Outlay Budget
2. Manager's Report No. 15-33 - Discussion and Approval to approve agreement between Grove Farm Company, Inc. for Water Plan 2020 Project No. PLH-35b Kapaia Cane Haul Road 18-inch Main for the Puhi/Līhu'e/Hanamā'ulu Water System (*Update*)
3. Discussion and Possible Action on Proposed new Board Policy for Delegating Routine Actions from the Water Board to the DOW's Manager and Chief Engineer regarding Right of Entry

L. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Discussion and Possible Action on the Manager and Chief Engineer's goals for July 2016 – June 2017 (*May 2016*)
2. Discussion and Possible Action on Board Policy regarding Proposed Delegation of a Meter Restriction
3. Discussion and Possible Action on Board Policy regarding Providing Water Service Outside of the Water Zone

M. UPCOMING EVENTS

1. AWWA, Chicago, IL (*June 9-12 2016*)
2. Project Wet - Make a Splash (*September 22, 2016*)
3. HWWA, Hawai'i Section, Maui, HI (*November 2 – 4, 2016*)

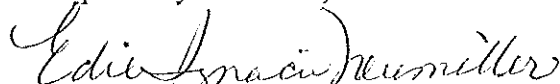
N. NEXT WATER BOARD MEETING

1. **Wednesday**, April 20, 2016, 10:00 a.m., *Finance Committee Meeting*
2. **Thursday**, April 28, 2016, 10:00 a.m.
3. **Thursday**, May 26, 2016, 10:00 a.m.
4. **Thursday**, June 30, 2016, 10:00 a.m.
5. **Thursday**, July 28, 2016, 10:00 a.m.


O. ADJOURNMENT

Mr. Nakaya moved to adjourn at 1:00 am; seconded by Mr. Dill; with no objections; motion carried with 5 ayes.

Respectfully submitted,


Edie Ignacio Neumiller
Commission Support Clerk

Approved,


Sherman Shiraishi
Secretary – Board of Water Supply