

MEETING MINUTES
BOARD OF WATER SUPPLY
Friday, March 24, 2017

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Līhu'e on Friday, March 24, 2017. Chair Sherman Shiraishi called the meeting to order at 10:00 a.m. The following Board members were present:

BOARD: Mr. Sherman Shiraishi, *Chair*
Ms. Laurie Ho
Mr. Thomas Canute
Mr. Michael Dahilig
Mr. Larry Dill (*entered meeting @ 10:26 a.m.*)

EXCUSED/ABSENT: Mr. Lyle Tabata
Ms. Beth Tokioka

Quorum was achieved with 5 members present at the time of roll call.

STAFF: Mr. Kirk Saiki Ms. Marites Yano
Mr. Eddie Doi Ms. Sandi Nadatani-Mendez
Mr. Val Reyna Ms. MJ Akuna
Ms. Jonell Kaohelaulii Mr. Dustin Moises
Mr. Keith Aoki Mr. Ryan Smith
Deputy County Attorney Mahealani Krafft

GUEST(s): Mr. Hall Parrott, Private Citizen

ACCEPTANCE OF AGENDA

Mr. Canute approved the Agenda as distributed; seconded by Mr. Dahilig; with no objections; motion carried with 5 ayes.

D. MEETING MINUTES
Review and approval of:

Regular Board Meeting – February 24, 2017

Mr. Dahilig moved to approve the Regular Board Meeting minutes of February 24, 2017; seconded by Mr. Canute; with no objections, motion carried with 5 ayes.

Workshop - February 24, 2017

Financial Management Planning and Water Rate Analysis for Fiscal Years (FY) 2017 - 2021 for the Department of Water

Mr. Dahilig moved to approve the Workshop minutes of February 24, 2017 with the inclusion of Mr. Hall Parrott's written testimony regarding the Financial Management Planning and Water Rate Analysis for Fiscal Years (FY) 2017 - 2021 for the Department of Water; seconded by Mr. Canute; with no objections, motion carried with 5 ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS

At 10:07 a.m., the following correspondence was discussed (noted by Mr. Dahilig).

2. Correspondence from Bridget Hammerquist's request to appear before the Board dated March 9, 2017 regarding an Appeal of Denial of June 8, 2016 Bill Segment

The M-PET Work Order Job ID: C162114 Test Results/Comments were distributed to the Board and "Received for the Record."

Mr. Dahilig moved to receive the communication from Bridget Hammerquist's request to appear before the Board dated March 9, 2017 regarding an Appeal of Denial of June 8, 2016 Bill Segment based on the documents not conforming to the Rules of Procedure in which relief can be granted; seconded by Mr. Canute; with no objections, motion carried with 5 ayes.

Mr. Dahilig stated that Ms. Hammerquist's appeal needed to state a method of appeal and to reference the DOW Rule or Rules authorizing relief.

1. Presentation of Resolution No. 17-06, (2/17), to Employee of the Year, Craig Shirai, Lead Pipefitter, Operations Division

The Board and Chief of Operations Mr. Reyna formally presented Resolution No. 17-06 to Employee of the Year Craig Shirai; with no objections. A photo op followed with the Board Members, the Chief of Operations and supervisors.

E. CORRESPONDENCE/ANNOUNCEMENTS

At 10:13 a.m., Ms. Bridget Hammerquist entered the meeting.

2. Correspondence from Bridget Hammerquist's request to appear before the Board dated March 9, 2017 regarding an Appeal of Denial of June 8, 2016 Bill Segment

Chair Shiraishi informed Ms. Hammerquist that the Board previously took action on the agenda item. Ms. Hammerquist stated she had additional points to present. Chair Shiraishi commented that the additional points should have been submitted with her correspondence.

Ms. Bridget Hammerquist provided her testimony.

Ms. Hammerquist is a resident of Kōloa, 2963 Pualani Place. In June 2016, she was contacted by the Department of Water (DOW) due to an inordinate water usage plus she had not seen the bill at that time. A plumber was contacted to locate any leakage which was not found (See invoice in packet). The print out she received had the history usage showing from 4 pm on May 24th and 4 pm on May 28th water flowing through the meter at 1,500 to 1,700 gallons of water per hour. This created an excess water usage of 100,000 gallons. Her research showed an equivalent of 4 Olympic size swimming pools. The inordinate use of water started and ended spontaneously, no water was seen and no repairs required. She informed the Department of a mistake and was told sometimes there are transponder errors. She spoke to Engineer, Eric Fujikawa who said meters are set to deliver 20,000 to 22,000 gallons of water per minute (1200+ gallons per hour). Her computer calculations, based on the pipe size and square inch, were not close to the 1,500 gallons per hour during the four days.

Ms. Hammerquist asked for a hearing before the Board because she was not satisfied with the explanation of her bill. The bill added an excess of \$1,800 to her normal bill. She previously signed an affidavit statement from her plumber stating there was no pipe broken, no water or moisture found. She feels it is a mechanical problem and wanted to know when the Department would let her know how her bill will be handled.

DISCUSSION:

Chair Shiraishi said the Board already took action on Ms. Hammerquist's request. After hearing her testimony, anyone could file a motion of reconsideration on the Board's prior action. Ms. Hammerquist wanted the Board to reconsider and didn't want to be in a position to sue the Department. She did not want to be cheated on an error on a mechanical machine with no evidence of a leak.

There was no motion to reconsider.

Chair Shiraishi stated that he was not able to give Ms. Hammerquist legal advice when she asked if the next step is to go to superior court. Chair Shiraishi referred her to the DOW's Administrations Rules.

Chair Shiraishi thanked Ms. Hammerquist for her testimony.

F. BOARD COMMITTEE REPORTS

1. Report of the Finance Committee of the Kaua'i County Board of Water Supply
 - a. Financial Management Planning and Water Rate Analysis for the Department of Water for July 2017 to June 2021 and submit an Impact Statement to the Small Business Regulatory Review Board

BACKGROUND:

This morning the Finance Committee discussed to see if the affordable housing Facility Reserve Charge (FRC) is resolved so the budget for this year could be established before finalizing the water rates. The Finance Committee meeting was recessed and will reconvene on Friday, March 31st.

Mr. Dahilig moved to receive the verbal report from Finance Chair Dill; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

G. OLD BUSINESS

1. Manager's Report No. 16-38 – Discussion and Possible Action on the Proposed Rule Amendments to Part 5, Facilities Reserve Charge Section III, Applicability relating to Multi-Family Dwelling Units and Affordable Housing Units

BACKGROUND:

Manager Saiki is waiting for direction from the Board for the Department to proceed with the FRC changes for affordable housing.

Mr. Dahilig moved to *defer* the Manager's Report No. 16-38 – Discussion and Possible Action on the Proposed Rule Amendments to Part 5, Facilities Reserve Charge Section III, Applicability relating to Multi-Family Dwelling Units and Affordable Housing Units to the April Board meeting; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

H. NEW BUSINESS

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

DISCUSSION:

Manager Saiki and Mr. Dahilig agreed to refer the draft budget to the Finance Committee.

Chair Shiraishi said if no objections, the presentation will be at a future Finance Committee meeting which will be more comprehensive. Mr. Dill invited all Board members attend the draft budget meeting.

Mr. Dahilig moved to receive and refer to Finance Committee for follow up and to report back to the Board for proposed action on the Draft Budget for Fiscal Year 2017-2018, a. Fiscal Year 2017 - 2018 – Draft Operating Budget, b. Fiscal Year 2017 - 2018 – Draft Capital Outlay Budget; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

2. Manager's Report No. 17-35 – Discussion and Possible Action to Approve a Right of Entry from 'Ele'ele Associates, Inc. that will allow the Department of Water to install a new water main for Job No. 15-07, WP2020 Project No. HE-1 (Water System Reorganization) affecting the following:
 - a. 'Ele'ele Associates, Inc., TMK: (4) 2-1-003:023, 'Ele'ele, Kaua'i, Hawai'i

Chair Shiraishi disclosed doing work for Eleele Associates, Inc.

BACKGROUND:

Manager Saiki commented the Department's recommendation for the Board is to approve the Right of Entry (ROE) from 'Ele'ele Associates, Inc.

DISCUSSION:

Mr. Dahilig moved to approve as recommended by the Manager Manager's Report No. 17-35 – Discussion and Possible Action to Approve a Right of Entry from 'Ele'ele Associates, Inc. that will allow the Department of Water to install a new water main for Job No. 15-07, WP2020 Project No. HE-1 (Water System Reorganization) affecting the following: a. 'Ele'ele Associates, Inc., TMK: (4) 2-1-003:023, 'Ele'ele, Kaua'i, Hawai'i; seconded by Mr. Canute; with no objections, motion carried with 5 ayes.

3. Manager's Report No. 17-36 - Discussion and Possible Action to Approve Change Order No. 1, for Job No. 17-08 Wainiha Well No. 2 Replacement for Contract No. 628 with Oasis Water Systems, Inc. in the amount of \$10,203.29

Chair Shiraishi disclosed of a matter against Oasis Water Systems, Inc. for failure to respond and breach of contract that his law firm was handling. There were no objections from the Board on disclosure.

BACKGROUND:

Chief of Operations Mr. Reyna commented the contract would replace the Wainiha Well No. 2. Change Order No. 1 required changing the correct column pipes for this crucial well which has no back up. Operation's records were inaccurate showing a 6 inch pipe but once the pipe was pulled out, the pipe was 5 inches. Instead of getting credit for the incorrect pipe size (and returning the 6 inch pipe), Operations will keep the incorrect pipe for other wells. After lowering a camera down the well, tuberculation was found which resulted in two additional days of scrubbing to clean up the well. The new pipes will arrive in 4 to 8 weeks. The additional total cost of the contract is \$10,203.19.

DISCUSSION:

Chair Shiraishi asked how many contractors are qualified to do the work? Mr. Reyna said Kaua'i has one contractor and the State of Hawai'i has two or three contractors.

Mr. Dill supported Change Order No. 1 and referenced the leak detection line item and asked if the Department has extra funds for leak detection? Mr. Reyna said the noise leak loggers are purchased per unit. The number of units to be purchased can be reduced from 40 to 31 or more for a discount.

Mr. Dill moved to approve Manager's Report No. 17-36 - Discussion and Possible Action to Approve Change Order No. 1, for Job No. 17-08 Wainiha Well No. 2 Replacement for Contract No. 628 with Oasis Water Systems, Inc. in the amount of \$10,203.29; seconded by Mr. Dahilig; with no objections, motion carried with 4 ayes, 1 nay (SS)

4. Discussion on the General Plan Update regarding water resource highlights

Manager Saiki requested Mr. Dahilig to delete the descriptions on all DOW's facilities in the draft General Plan Update. Mr. Dahilig will follow up on the Manager's request as this was referred to Planning Department's Counsel.

Mr. Dill commented it is important for the Board to know the county's vision on where the island is going with development for infrastructure, funding and resources.

Background on the General Plan Update

Mr. Dahilig referred to the website www.plankauai.com and provided a background on the General Plan update. In Hawai'i Revised Statutes (HRS) 46-4, authority is given to the county from the state to provide a rule on how land is developed. Ordinances are pulled that are consistent with the General Plan. The General Plan was previously adopted in 1972, 1984, and 2000, and is supposed to be done every 10 years.

The focus of the General Plan are 1) spatial related policy (i.e., maps, where you want to develop and what type of development) and 2) regulatory policy (i.e., how many units needed, and how to develop the units). This plan updates the island vision where it wants to go from a regulation perspective and where to go from a spatial standpoint.

A "discussion draft" allowed the public to redline or make comments. This was a five year process; three years working with an advisory committee and two years with the Citizens Advisory Committee (CAC) and 18 months of targeted community listening and consultation with sister agencies, Fire Department, Department of Health, Wastewater and DOW.

Some people want the island to be sustainable or to be native Hawaiian centered and commerce centered. The island needs to be 1) sustainable, 2) a unique and beautiful place and environment, 3) have healthy and resilient people (i.e., resilient on coast lines and from hurricanes) and 4) equitable (to afford a house). According to the Planning Department, the island is growing 1% a year with the focus on how to provide for natural growth for children.

The goals were broken down to 20 different policies in keeping development centered in urban areas, and not to encourage sprawl, but to encourage agricultural use where it belongs (not to allow conversion of ag use). Mr. Dahilig indicated the goals are to give guidance to sister agencies and the state level on how this could be achieved. The action list in the General Plan provides the public with guidance on how to move the island forward in a collective vision regarding water resource issues and watershed health.

The Līhu'e land use maps show the spatial policy for year 2035 with growth by creating an edge boundary to discourage sprawl. Behind the Isenberg area, across Hanamā'ulu and Kukui Grove, there is a proposed minor infill expansion on existing quarters. This is a cost saving measure to focus on infrastructure to developable areas versus looking at providing refill development in agriculture areas. This will keep the cost of maintenance and the development of new infrastructure down for the county by not going into acquisition.

Housing options provide people to down size the square footage of a home. Proposals for multi-family housing require communal areas for surf boards, outdoor kitchens, storage areas and boat parking. The Planning Commission will hear comments for the fourth time next Tuesday.

DISCUSSION:

Ms. Ho was approached by Mr. Keith Perry at the Līhu'e Business Association meeting regarding Lima Ola in Eleele. Mr. Dahilig said Lima Ola is being maintained as a residential community and understood the acquisition of the county's property was from A&B Properties. There needs to be a fair distribution of housing units and to design that does not create urban sprawl. Growth in Līhu'e is held by landowner Grove Farm; depending on one landowner may be a concern. Lima Ola provides 400 - 500 housing units. If housing units are not built, the island would exceed a deficit of 8,000 housing units. A growth rate of 1% is very low. The county provides very low land cost for development for housing.

Port Allen is earmarked as a future industrial growth area due to a high demand. An area was taken out of the airport designation by Salt Pond. There was controversy whether or not the airport would be creating a detrimental impact on a heritage resource for the salt makers. The state would need to look at the hydrology of industrial use at Salt Pond.

Mr. Canute referred to the property highlighted in blue (on map) which is designated as industrial near Kaua'i Island Utility Coop (KIUC). Mr. Dahilig said another area being looked at is a triangle by the solar farm for tract homes/mix use plan (highlighted in yellow).

Manager Saiki commented the Kaua'i Water Use and Development Plan (KWUDP) draft is almost done. Chief of Water Resources Mr. Doi reported at a previous Board meeting the sustainable yield numbers will be presented once finalized. The draft numbers will be used and the Department is working closely with Planning to incorporate Planning's various zones into the calculations (there could be different water requirements). Manager Saiki said density matters and may be a residential type of land use, ag, or commercial.

Mr. Doi added that every year Water Plan 2020 is re-prioritized as needed and budgeted; income will need to be worked on. It could be for operational needs, health and safety needs, or development needs. Prior emphasis was put on FRC by the Board. Manager Saiki added, as the needs change, the project list is reviewed. Manager Saiki explained the Department will be updating the Water Plan from 2020 to 2040 when the KWUDP and the General Plan are done.

Ms. Ho commented there was push back from the CAC and Planning acknowledged there will be growth and development and the General Plan Update will drive where growth will be.

Mr. Dahilig added that the traditional 6,000 sq. ft. lot is no longer an entry level product if people want to live here. Some populations want home ownership instead of renting.

The Board thanked Mr. Dahilig for the General Plan Update.

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

Chair Shiraishi expressed concerns regarding some of the reports that were not on the budget. He asked if there were any deficiencies in the existing software?

Waterworks Controller Ms. Yano explained a comment from Mr. Hall Parrott's testimony last month that Fiscal has purchase order (P.O.) rollover encumbrances that are added into the approved budget yearly. There were technical difficulties this year with the software program when closing outstanding P.O.'s. She referred to the Summary vs. Actual on page 275, section for the month and Year-To-Date (YTD) budget. If P.O.s rollover properly, the cumulative fiscal YTD will be adjusted with the rollover amount. The rollover was accomplished this month which wasn't done in time. The month reflects the actual monthly budget and actual expenditures of the Department. The accounting software was updated a few years ago. Ms. Yano mentioned in the first year, Fiscal started with clean purchase orders but the way the P.O.'s are done affected the P.O. rollover. Fiscal was able to figure out the P.O. process that caused the rollover issues.

Chair Shiraishi asked if there is a problem with the accounting software? Ms. Yano said there is no problem using the software, only with the rollover. The P.O. rollover is not included in the YTD revised budget. Ms. Yano assured the Board that next month's report should be corrected.

Manager Saiki added when he met with Ms. Yano and directed her on when the year is closed out, Fiscal would roll over encumbrances for the next year. Ms. Yano explained how the rollover is done. At the end of the fiscal year, the outstanding P.O.'s are reviewed. Some P.O.'s have small balances; they are reviewed and decide which P.O.'s need to be rolled over or canceled. The rollover process is done through I.T. but had error reports which were not addressed immediately. This was done during the conversion of CC&B from the old billing to the new billing. I.T. worked with the software consultants to get the error fixed last week.

Chair Shiraishi asked if this affects the Finance Committee's ability to work on the budget? Ms. Yano explained it is a comparison of what is in the budget and the actual spending. What is not shown is how much is rolled over in the YTD budget. The rollovers are reflected on the contracts on page 279-280 which is shown on the YTD column. The expenditures shown are actual.

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

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

BACKGROUND:

Information Specialist Ms. Jonell Kaohelaulii highlighted that PR completed educational outreach presentations. There were great responses on the Fix A Leak Week which ended today. PR will be reviewing the effects of the media done this year.

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

At 11:13 a.m., Mr. Dill exited the meeting.

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

BACKGROUND:

Mr. Reyna highlighted for February that Operations worked with the County Human Resources (HR) training with pipefitter helpers which expands the pool of equipment operators. The operators obtained a CDL license on their own through this training.

Ms. Ho moved to receive the Chief of Operation's Summary Report on Operational Activities; seconded by Mr. Canute; with no objections, motion carried with 4 ayes.

At 11:16 a.m., Mr. Dill re-entered the meeting.

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

BACKGROUND:

Manager Saiki provided the following highlights:

1. The recommendation part on the contracts will be cleaned up.
2. Go Live Billing In-sight was held back. The service cloud is being tested with the staff for the next billing system.
3. I.T. RFP – The Project Management System for Mr. Moises was short listed to three bidders.
4. Water Conference Report – is provided in packet.

Comments & Action from Chair Shiraishi:

1. Extension concerns (e.i., 180 days, 4 years on expired contracts).
 - Provide a procedure to develop a tickler system/reminder for follow up.
2. Consultant Contract to SPJ Consultant – this is in the budget.
 - Is contract to be approved? What are the results?
3. Status of Deputy Manager
 - Deputy Manager needs to be in place & to set a time frame.
4. Manager's Goals for Engineering – 80% design projects done.
 - 5 design projects are anticipated completion by June 2017.
5. Priority List as of May 2016
 - The Board will hold Engineering to the Priority List / Update list.

Mr. Canute moved to receive the Manager and Chief Engineer's Monthly Update Regarding Activities of Note of the DOW; seconded by Mr. Dill; motion carried with 5 ayes.

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

Mr. Canute moved to receive the Report of the BAB pay down as of February 2017; seconded by Mr. Dill; motion carried with 5 ayes.

J. EXECUTIVE SESSION

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

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

1. Discussion and Possible Action on the 2nd Amendment for Belt Collins for Contract No. 533 for Job No. 09-01 WP2020 #K-01, K-12, Phase II – Kalāheo 1111' and 1222' Water System Improvements, Kalāheo, Kaua'i, Hawai'i for the expenditure of additional funds to the design budget in the amount of \$94,980.00
2. Discussion and Possible additional funding for Water System Improvements associated with the State of Hawai'i Department of Transportation's upcoming Hanapēpē River Bridge, Kaumuali'i Highway, Route 50, HI STP SR50 (1) Project, Hanapēpē, Kaua'i Hawai'i in the amount of \$315,000.00
3. Manager's Report No. 16-38 – Discussion and Possible Action on the Proposed Rule Amendments to Part 5, Facilities Reserve Charge Section III, Applicability relating to Multi-Family Dwelling Units and Affordable Housing Units

L. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Discussion and Possible Action on Proposed Board Policy for Delegating Routine Actions from the Water Board to the Department of Water's Manager and Chief Engineer regarding Right of Entry
2. Workshop presentation regarding the Long Range Plan of the Department of Water's former Administration Building

M. UPCOMING EVENTS

1. AWWA Annual Conference, Philadelphia, PA *(June 11 - 14, 2017)*
2. Hawai'i State Association for Counties *(June 19-20, 2017, Kōloa Landing Resort)* (Optional for Board)
3. Project Wet – Make A Splash *(September 28, 2017)* (All Board members can volunteer)
4. HWWA & HRWA Conference, Hawai'i, HI *(November 1 - 3, 2017)*

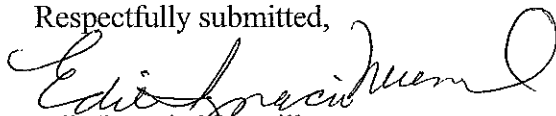
N. NEXT WATER BOARD MEETING

1. Friday, March 31, 2017, 10:00 a.m. – *Finance Committee Meeting (to reconvene)*
2. Friday, April 28, 2017, 10:00 a.m.
3. Friday, May 26, 2017, 10:00 a.m.
4. Friday, June 23, 2017, 10:00 a.m.
5. Friday, July 28, 2017, 10:00 a.m.

O. ADJOURNMENT

Ms. Ho moved to adjourn the Regular Board Meeting at approximately 11:30 a.m.; seconded by Mr. Canute; with no objections, motion carried with 5 ayes.

Respectfully submitted,


Edie Ignacio Neumiller
Commission Support Clerk

Approved,


Beth Tokioka
Secretary – Board of Water Supply