

MEETING MINUTES
BOARD OF WATER SUPPLY
March 22, 2019

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Friday, March 22, 2019. Chair Thomas Canute called the meeting to order at 10:03 a.m. The following Board members were present:

BOARD: Mr. Thomas Canute, *Chair*
Ms. Laurie Ho
Mr. Ka'aina Hull
Mr. Elesther Calipjo

EXCUSED: Mr. Lawrence Dill

Quorum was achieved with 4 members present at Roll Call.

<u>STAFF:</u>	Mr. Bryan Wienand	Mrs. Sandi Nadatani-Mendez
	Mr. Valentino Reyna	Mr. Carl Arume
	Mr. Dustin Moises	Mrs. Marites Yano
	Mr. Jason Fujinaka	Mr. Michael Hinazumi
	Mr. Eric Fujikawa	Mr. Keith Aoki
	DCA Mahealani Krafft	Mrs. Mary-jane Akuna

GUESTS: Councilwomen Felicia Cowden
Mark Ozaki, Captain, Kaua'i Police Department
Roy Asher, Assistant Chief, Kaua'i Police Department
Mr. Hall Parrott, Private Citizen

A. CALL TO ORDER

B. ROLL CALL

C. ACCEPTANCE OF AGENDA

Ms. Ho moved to approve the Regular Board Meeting Agenda; seconded by Mr. Hull; with no objections, motion carried with 4 ayes.

D. MEETING MINUTES

Review and approval of:

Regular Board Meeting – February 22, 2019

Mr. Hull moved to approved the Regular Board Meeting minutes of February 22, 2019; seconded by Ms. Ho; with no objections, motion carried with 4 ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS

None.

F. BOARD COMMITTEE & PERMITTED INTERACTION GROUP REPORTS

None.

G. OLD BUSINESS

1. Committee Appointments for 2019 Rules Committee, Finance Committee, Audit Committee, Committee of the Whole (*Update*)

BACKGROUND:

Chair Canute announced the 2019 Board Officers are as follows:

Thomas Canute, Chair
Laurie Ho, Vice Chair
Ka`aina Hull, Secretary

Rules Committee: Laurie Ho (Pending two more Board members)

Finance Committee: Lawrence Dill, Chair, Ka`aina Hull and Elesther Calipjo

Audit Committee: Chair Thomas Canute (Pending additional Board members)

Committee of the Whole: Chair Thomas Canute

Ms. Ho approved the current slate and appointment of Mr. Elesther Calipjo to the Finance Committee on the Committee Appointments for 2019 Rules Committee, Finance Committee, Audit Committee, Committee of the Whole (*Update*); seconded by Mr. Hull; with no objections, motion carried with 4 ayes.

Additional names will be added to committees after Mr. Kurt Akamine is approved by the County Council.

2. Chairperson's Report 19-39 – Kaua'i Salary Commission Meeting held on February 28, 2019 regarding Discussion and decision-making on submitting a Salary Resolution establishing the maximum cap for salaries for certain County officers and employees included in Section 3-2.1 of the Kaua'i County Code for the Fiscal Year 2019/2020 (*Update*)

BACKGROUND:

Chair Canute testified before the Salary Commission on February 28, 2019 on behalf of the Board of Water Supply to discuss the Board's recommendation to raise the maximum salary levels of Department Heads for the County of Kaua'i. Chair Canute did not specify the dollar amount but encouraged the Salary Commission to raise it beyond the 2% increase. (Refer to Chair Canute testimony of the draft Salary Commission minutes in the Board packet.)

After the February 28th and March 7th Salary Commission meetings, an approved recommendation would be presented to the County Council on the pay levels of the Department Heads to raise the maximum salary level from \$133,105 to \$137,021 (5% increase). If approved by the Council, the maximum salary of \$137,021 would be effective July 1, 2019.

Commission Support Clerk informed the Board that the Salary Commission Resolution would be on the Council Agenda for Wednesday, March 27, 2019.

DISCUSSION:

Ms. Ho appreciated all of the Salary Commission draft minutes of February 28, 2019 along with the discussions on the increase from 2%, 4.5% to 5%.

Managing Director, Michael Dahilig testified at the same meeting after Chair Canute. Mr. Dahilig mentioned the same message as Chair Canute but recommended that the Salary Commission add an amendment to the County Charter to take out the license requirement for the County Engineer.

Received for the Record

H. NEW BUSINESS

1. Manager's Report No. 19-48 - Resolution 19-13 (3/19) Mahalo and Aloha Board Member, Lyle Tabata

Chair Canute mentioned that former Board Member Lyle Tabata was not able to attend the March Board meeting but would present his Resolution at the April Board meeting.

Ms. Ho moved to defer Manager's Report No. 19-48 - Resolution 19-13 (3/19) Mahalo and Aloha Board Member, Lyle Tabata to the April Board Meeting; seconded by Mr. Hull; with no objections, motion carried with 4 ayes.

2. Manager's Report No. 19-49 - Resolution 19-14 (3/19) Mahalo and Aloha Board Member, Beth Tokioka

Chair Canute mentioned that former Board Chair Beth Tokioka was not able to attend the March Board meeting but would present her Resolution at the April Board meeting.

Ms. Ho moved to defer Manager's Report No. 19-49 - Resolution 19-13 (3/19) Mahalo and Aloha Board Member, Lyle Tabata to the April Board Meeting; seconded by Mr. Hull; with no objections, motion carried with 4 ayes.

3. Manager's Report No. 19-50 - Discussion and Adoption of Resolution No. 19-15 (3/19) Mahalo to the Kaua'i Police Department for Department of Water's Active Threat Training 2019

BACKGROUND:

Ms. Ho read Resolution No. 19-15 Mahalo to the Kaua'i Police Department (KPD) for Department of Water's Active Threat Training 2019. Captain Mark Ozaki and Assistant Chief Roy Asher were present from the Kaua'i Police Department to accept the Resolution.

DISCUSSION:

Captain Ozaki thanked the Board of Water and staff for the Active Threat Training Resolution. He mentioned that Sargent John Mullineaux is the Active Threat expert and was not able to attend this meeting to accept the Resolution. Sargent Mullineaux will be leaving Kaua'i the end of this month and relocating to Texas. KPD is proud of his expertise and the people who he has trained and hopes that someone takes his place to continue the training.

KPD has not done many business trainings where the organization is willing to shut down the whole day and to allow KPD to do the training the right way. The Resolution mentioned that this training is a life skill to keep and pass on to family members. Captain Ozaki thanked Manager Wienand on the commitment to the Department of Water (DOW) employees. He hopes that other businesses care about their employees like DOW does.

Manager Wienand thanked Captain Ozaki and KPD's support and especially Sargent Mullineaux who was outstanding and will be missed. He went above and beyond in the training and with all of the preparation. With DOW's size it was a big effort with 10 KPD staff present during the training drills for the whole day. The rest of the County offices may be smaller and comparatively easier to facilitate the training. The DOW hopes to do this training again in the future. The turnout was good and we're proud of all staff who attended the training as it was a very positive experience.

Ms. Ho moved to approve & adopt *Manager's Report No. 19-50* - Discussion and Adoption of Resolution No. 19-15 (3/19) Mahalo to the Kaua'i Police Department for Department of Water's Active Threat Training 2019; seconded by Mr. Hull; with no objections; motion carried with 4 ayes.

4. Draft Budget for Fiscal Year 2019-2020
 - a. Operating
 - b. Capital

BACKGROUND:

Waterworks Controller Ms. Yano presented the Board the proposed draft Operating and Capital budget for Fiscal Year 2019-2020. The budget consists of all programs and planning projects from seven (7) DOW divisions. The overall budget summary is explained on pages 48 to 58.

Details of the proposed budget from each of the divisions will be presented at the following Finance Committee meetings on April 1, 5, 10, & 15, 2019. Ms. Yano hopes that the proposed budget is completed by the end of June 2019.

Mr. Hull moved to refer to the Finance Committee the Draft Budget for Fiscal Year 2019-2020, a. Operating and b. Capital; seconded by Ms. Ho; with no objections, motion carried with 4 ayes.

5. *Manager's Report No. 19-51* - Discussion and Possible Action to Approve Manager and Chief Engineer to enter negotiation discussions with the University of Hawai'i or affiliates regarding Water Plan 2020 Project No. WK-23 Construct University of Hawai'i Experimental Station 605' Tank, 0.25MG and 12" D.I., for the Wailua-Kapa'a Water System

BACKGROUND:

Manager Wienand summarized the reasons on the extensive background for this project. In the early 2000's, the DOW initiated this project and it stalled for the years. Currently there is a single existing tank for the service zone that is in bad shape. The site is not large enough to accommodate a second tank. Because the overflow elevation of the tank is critical, the University of Hawai'i (U.H.) service zone location is the only viable parcel.

One concern on the parcel site where the new tank would be located is the possibility that Agent Orange may have been used by different agricultural experiments decades ago. In the proposed DOW and U.H. negotiated agreement, there would be a condition for the DOW to test the soil prior to initiating design and construction of the tank. A main challenge is that U.H. is reluctant to dedicate the land to the DOW to construct the new tank; they are looking to obtain some additional benefit throughout the process beyond water.

The request to negotiate with U.H. is based on preliminary discussions, the long history of the project, and previous staff who were in communication with U.H. The proposal would be a trade; mutual benefit or partnership to provide a service to U.H. in exchange of providing the land for the Department. The Department is planning to propose to the U.H. with the Board's consent today, to have a valuation conducted on the land (the size of the land would shrink to minimize the cost; under ½ acre). An easement is needed from the end of service zone, transmission main (2,300 ft.), a new water main to connect to the tank and right to the land. In exchange, the Department would offer the fair assessed value of the land, then U.H. would withdraw the land rights from an Executive Order (EO). U.H. was given the land via EO, then U.H. would give the land back to the State of Hawai'i to be set aside for the DOW.

The assessed value is unknown at this time but the Department would propose an agreement with U.H. by having a third party conduct a fair assessed value of the land. 1) This value would be provided to U.H. as a one-time lump sum payment or 2) via a credit on their water bill based on actual consumption and tracked every other month. Based on the fair assessed value of the land, it would end up being spread out over an estimated 30 to 50 years. Manager Wienand remains flexible and recommended *Option 1* – otherwise, to disapprove any of the options the project would remain stagnant. There is no significant difference to the Department financially between Options 1, 2, or 3.

DISCUSSION:

Mr. Hull asked if hazardous material surveys are standard? Manager Wienand said no it is not typical. If hazardous materials are not suspected, then a hazardous material survey would not typically be conducted because it is an added cost. Mr. Hull inquired if the survey turned up positive and the Department had to do mitigation, it would be factored in based on the fair market value with potential litigation costs? The Manager said if the survey came back positive, he would deal with that at that time. The alternative to this site is extremely poor because it is much, much further down Kuamo‘o Road beyond the arboretum. The length of additional water main to get to the site is cost prohibitive. The comparative cost of this alternative is the mitigation cost at the U.H. site. In all likelihood it would be better to mitigate the soils on the U.H. site compared to the long distance of additional water main needed at the other site. Depending on the results, this would still have to be negotiated with U.H.

Mr. Hull mentioned that a County standard is to go to the State for an EO without any financial exchange. He asked what is the purpose of the fair market value? Manager Wienand said U.H. is not willing to give back the land to the State based on the history of the project and the ownership of the land. U.H. has repeatedly expressed their request as to what additional benefits there will be for them besides water supply, which has not been enough over the years as evidenced by the fact that the project has not been able to move forward for many years. Every year that the Department waits for the project to move forward, the Department absorbs additional construction cost and risk. Construction costs and manpower will escalate and the existing tank continues to worsen; the extent of the tank condition is unknown.

Chair Canute asked what else is the U.H. looking at besides the fair market value. Manager Wienand said during preliminary discussions, U.H. mentioned minor collateral items to be worked into the agreement but the major cost item is the land. U.H. would like an old tractor removed by the construction contractor which has not been formally agreed upon.

Felicia Cowden Councilwomen provided her testimony.

Ms. Cowden provided two points and said it does not cost much to do a test for Agent Orange and to do a little test on the land. If the land is contaminated, it would affect the value. She asked if there is a well on that site. Manager Wienand said the water would be coming from existing wells, not located at the site. Ms. Cowden is aware that people are afraid of that land because it is not used very much. She is at the site once a quarter and it is underutilized. If the land is contaminated, based on her experience, it would not be hard to clean the land up; U.H. could help with bio remediation of the land. If the land is toxic, the land should be cleaned up before a water tank is installed for public confidence. In Ms. Cowden’s opinion, she agrees for someone to negotiate but would not pay top value.

DISCUSSION:

Manager Wienand mentioned that a third party would conduct fair assessed value and should factor in all the things she mentioned. His opinion is to offer fair assessed value and that based on the Department’s mindset that water itself should be enough, since the Department is going the extra step of offering fair assessed value, similar to Ms. Cowden’s opinions, this is generous. The third party would consider those

factors and any remediation of the soil would be done by industry experts. This worries Ms. Cowden because if a bio industry expert does the work, it is very expensive by removing the soil that gets thrown in Kekaha. There are cheaper ways of disposing the soil which does not take that long. There is a lack of how much Kaua'i does bio mediation. If someone is hired, they would just dig it all out. If appropriate, she would like to share some of those approaches.

Mr. Hull asked about the commencement of the negotiations, should the fair assessed value be established and if the Board approves Option 1, does the ultimate payment have to come back to the Board for review? Manager Wienand said yes he would have to come back to the Board to spend monies. He plans to draft a Memorandum of Agreement (MOA) with U.H. with the terms for the Board to review and approve. Mr. Hull said the Board would want to see what the fair assessed value is and if the potential mitigation costs would match up. He agrees there is a need for the site and to maintain transparency in the process. Manager Wienand said the draft would have a provision for testing the soil and if it comes back positive, the Department would reevaluate the options. Hopefully the soil with Agent Orange would not be in the ½ acre site because the area where it is expected is further up the slope where it was used for agriculture. Of course, it is a concern.

Mr. Hull moved to approve Option 1: Approve the Manager and Chief Engineer to commence negotiations with U.H. for either the lump sum payment of the fair assessed value, or for a water bill credit equal to the fair assessed value of the proposed 0.25MG tank site, access, and pipeline easement area for *Manager's Report No. 19-51* - Discussion and Possible Action to Approve Manager and Chief Engineer to enter negotiation discussions with the University of Hawai'i or affiliates regarding Water Plan 2020 Project No. WK-23 Construct University of Hawai'i Experimental Station 605' Tank, 0.25MG and 12"D.I., for the Wailua-Kapa'a Water System; seconded by Mr. Calipjo; with no objections, motion carried with 4 ayes.

6. *Manager's Report No. 19-52* – Discussion and Possible Action for Water Plan 2020 Project No. WK-39 Drill & Develop Kapa'a Homesteads Well No. 4 & Package A-Well and Drainage Package of Water Plan 2020 Project No. WK-08, Job No. 02-14, Kapa'a Homesteads 325' Tanks, Two 0.5 MG Tanks Projects, Kapa'a, Kaua'i, Hawai'i for additional construction funding in the amount of \$43,337.37

BACKGROUND:

Manager Wienand commented that Project WK-39 is to drill a new Well No. 4 in Kapa'a Homesteads. This project has been going well and the preliminary test results look good. The proposed Change Order #3 had an error in the design process. There were two surveys done by two different design teams on the drain line and drilling and testing of the water. There was an error on 1.01 feet in the design and to correct that, the drain line and the elevations for 3,300 feet needed to be corrected. There was no option and the Change Order needs to be paid for the project to be completed.

The Department will be investigating a claim for Errors and Omissions when the root cause is determined if it was a survey mistake or design mistake. Construction does not have the details on the errors. Manager Wienand recommended Board approval of the Change Order to continue construction. Funding includes an additional contingency amount. If a small Change Order comes up, it would delay the project. The Change Order of \$20,000 is on hold until the funds are approved.

DISCUSSION: [PARTS INAUDIBLE]

Mr. Moises said there is an extension of 84 days. The County is pushing to pave Kaapuni Road. With the Department delaying putting in a drain line, it is affecting Operations to complete. Chair Canute asked what are the chances of recovering money from the Errors and Omissions insurance? The Manager said the Department has not pursued Errors and Omissions insurance in the past so it's difficult to say.

Mr. Calipjo asked if the project would be completed in September/October 2019? Mr. Moises agreed to this timeframe for completion and hopes there are no other change orders in the future. He also probed every conflict and that is how they found this survey situation. Unless Mr. Moises comes across a pipe that was not on the plans, then the Department would be okay. The \$20,000 should cover the change order and Mr. Moises wants to be transparent in the design process.

Mr. Hull approved *Manager's Report No. 19-52* – Discussion and Possible Action for Water Plan 2020 Project No. WK-39 Drill & Develop Kapa'a Homesteads Well No. 4 & Package A-Well and Drainage Package of Water Plan 2020 Project No. WK-08, Job No. 02-14, Kapa'a Homesteads 325' Tanks, Two 0.5 MG Tanks Projects, Kapa'a, Kaua'i, Hawai'i for additional construction funding in the amount of \$43,337.37; seconded by Mr. Calipjo; with no objections, motion carried with 4 ayes.

7. *Manager's Report No. 19-53* – Discussion and Possible Action on the Revised Table of Organization for the Department of Water's Construction Management Division

Corrected Attachment 1 & 2 was distributed and "Received for the Record."

BACKGROUND:

Manager Wienand's main purpose of this recommendation is to look at the cost of the As-Needed construction. With the additional cost on staffing, the Department is spending more on As-Needed construction services. There are upcoming projects and Capital Improvement Projects (CIP) needed for the Department the next five years. Refer to Table 1 & 2 on pages 246-247 - By comparing the cost of an As-Needed construction vs. the cost to create new inspector positions and one CE IV position, there is a business case perspective besides just staff morale. From a business case perspective it would be beneficial for the Department to reduce the cost of As-Needed construction for all CIP work.

There is one project the Department hopes to start the next fiscal year is the Kalāheo water system improvements projects (3 packages in one). The estimated cost is \$18M with two tanks and a large transmission main replacement. There is a cost savings of \$2M to be realized by keeping the three projects together. If the Department did this project this year with As-Needed construction services, with the current staffing levels, the Department will need to spend more with CIP projects the next five years for As-Needed construction services vs. if the Department starts the process now to create Inspector positions, this would enable the Department to staff up and reduce the cost of As-Needed construction services with additional staff in house.

There are also morale reasons with existing staff which see the As-Needed construction services costs incurred. It is difficult to retain staff who can get more money on the private side. By staffing inspectors and engineers with construction, it will serve the Department better long term. Currently one of the inspectors is eligible for retirement the next few years. By creating two inspectors there is a minimal risk and high reward factor with the potential staff the Department is trying to get over the next several years.

DISCUSSION:

Mr. Moises mentioned there are privately owned projects that CM oversees and with a possible staff retirement plus there is one employee that may be on leave for two weeks. He said this is difficult on the inspection side to have a project contact in the field, with less staff, even though CM is fully staff now. By creating the additional positions, it gives the Department luxury of having a bench (back up) by not having As-Needed contractor. Currently CM has two unlicensed engineers and a fourth CE IV. If the Department can get higher level engineers, this would reduce the need for an As-Needed CM. Having a CE 1 to a CE IV in the building for Mr. Moises to train them, would provide a level of guidance, compared to a training a consultant at a higher cost. Value can be put on how to build the CM team with the new positions. Mr.

Moises said there is long term work when CIP projects start and the Department can continue future funding. Manager Wienand and Mr. Moises want to be fiscally responsible based on several months of discussion.

Manager Wienand clarified for new Board member Mr. Calipjo that the creation of new positions are formally approved in the approved budget. The Department first provides the Board with justification for the new positions and the creation of the new positions. Until the positions are funded, they don't exist and the budget review is coming up for approval, so the timing is perfect and the Department can request for Board approval to create the new positions, which triggers the process when the positions are before the Finance Committee. Once the funding is approved by the Finance Committee and the Board, then funding is available for the new positions. Reallocations and proposed reallocations shown are not a Board action but an internal action, they're just being shown for transparency. The Manager said that he sees his role as making sure that positions are appropriately classified, but the Department of Human Resources (DHR) will ultimately determine what the classifications are. The Department can make recommendations based on the duties for the new positions. Mr. Moises added that if the Board approves the new positions today, the Department would submit the new positions to DHR for review and if approved by July 1st, funding would be available for hiring.

Mr. Calipjo commented that based on the Manager's Report, as long as the new positions are justified, what is the long range plan for the people that the Department is hiring? What if a project is only for three years with full time employees? The Board would have to consider that possibility. Mr. Moises added since construction goes in cycles, between 2008 and 2012 (during the economic downturn), the public thought the Department of Water (DOW) would be slow but it was not slow. Private projects were slow but CM took advantage of good pricing and the DOW was very busy. When the economy picked up, private projects got busy which is seen today. Mr. Moises said when times are slow, government spends; when the economy is strong the private spends. With a full staff, CM is currently dealing with construction pre-con on projects and private projects.

Mr. Hull asked Mr. Moises if CM's budget is reflecting a significant reduced As-Needed contractor line item? Manager Wienand said for this fiscal year, this is being accounted for in the Water Rate Study because it is not known yet. A direction from the Board is critical if this is what the Department wants to move forward with or if the Board is not comfortable with it. This would be reflected in the Water Rate Study for the next five years either way. For the next fiscal year, Mr. Moises said it reflects \$1.4M reduced to \$500,000 long term. If the new positions cannot be filled, he may have to tap into the \$500,000. Mr. Hull said the numbers make sense but the Board and the public would not be happy if the number for As-Needed is high and that new positions are created. The positions would not be filled immediately and that it would take time for training. Funding should be kept at a level for As-Needed CM costs. But over a period of time, if the Board approves this, this could be monitored when each year's line item is proposed in the budget to eventually reduce the cost substantially to a small number then to zero. Mr. Moises added that \$900K would reduce the budget within the next year.

Manager Wienand agreed that construction goes in cycles. There will always be a baseline and we will pay additional costs on As-Needed CM when there are peaks above the baseline. The goal is to ensure we have enough projects to sustain that level and not be overstaffed in the future. By looking at the next 5 to 10 years from now, he looks at what should the baseline be, to be appropriately staffed? He said the analysis is not one-to-one when comparing As-Needed vs. in house because As-Needed is more expensive. From the business case side, when money is spent on As-Needed CM, it makes sense to air on the conservative side with adding your own staff. He added that it is not a perfect balance because the costs are different. The Department has already spent a lot more than it planned with CM support. Currently spending this much money every year is not responsible without making any changes.

Ms. Ho moved to approve Option 1 Approve the creation of new positions related to proposed revised table of organization for the Construction Management Division on Manager's Report No. 19-53 – Discussion and Possible Action on the Revised Table of Organization for the Department of Water's Construction Management Division (with updated TO tables Received for the Record); seconded by Mr. Hull; with no objections, motion carried with 4 ayes.

I. CONSENT CALENDAR

None.

**J. 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
 - b. Accounts Receivable Aging Summary

BACKGROUND:

Waterworks Controller Ms. Yano provided the Fiscal reports (pages 252–271), Monthly Summary highlights of the Fiscal activities shows the budget summary vs. receipts and spending, and a list of certification of funds year to date for new contracts (pages 242-254), Billed Revenues Comparative Report, receipts and water consumption (page 261) and Statements of Net Positions as of January 31, 2019 (page 268).

Received for the Record

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

BACKGROUND:

Information Specialist Mr. Fujinaka highlighted the following:

1. Fix a Leak Week – thanked the staff for the distribution of the kits (from March 18–22). Customers can ask for the kits all year long.
2. “Understanding Your Water Meter” brochure are available to customers (in the lobby).
3. Public Relations (PR) participated in Eleele Elementary School Career Day which featured Water Quality Division and Administration Division. At Kekaha Elementary School, PR participated at STEM Night and interacted with students and parents by educating them about water conservation, water meter brochures, a water meter display and Fix A Leak kits.

Received for the Record

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. Personnel – Darren Horner was promoted to Pipefitter effective April 1st.
2. Water Loss Chart (page 290) – At the March Board meeting, Mr. Dill requested for a format change on the Water Loss Chart to include the percentages. Going forward the percentages will no longer be presented on the Water Loss Chart. Water loss is 50 gallons per connection, per day, a low average is an acceptable industry standard. Other water utilities industries show 70 to 80 gallons per connection, per day.

Received for the Record

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

BACKGROUND:

Manager Wienand highlighted the following:

1. CONTRACT NO. 682, 2019-PROF-1, A.1 SPECIAL LEGAL SERVICES AWARDED TO ES&A, INC. A LAW CORPORATION IN THE AMOUNT OF \$50,000.00
2. CONTRACT NO. 683, JOB NO. 18-09, RAIN18 MAKALEHA TUNNEL WATER LINE REPAIRS, KAPA'A, HAWAII AWARDED TO ESAKI SURVEYING AND MAPPING, INC. IN THE AMOUNT OF \$335,820.00
3. Personnel Matters – The Department continues to fill vacancies. By the April Board meeting, there may be several new hires to announce.
 - CE I in CM started March 16th
 - Pipefitter promotion in Operations starts on April 1st
4. Customer Care and Billing (CC&B) – The Cloud hosting services is being utilized for the billing system. The vendor had unexpected glitches with the system and the IT and Billing staff are working through the glitches and making sure they get corrected. Credit card options will soon be offered to customers.
5. IT Strategic Plan (draft) – The Department staff reviewed the draft IT plan and submitted it back to the consultant with comments for a final draft. Recommendations in the plan have significant financial impacts. This will be presented by the consultant Brio to the Finance Committee on April 5th on the major cost items this year and in the future. Refer to page 294 for the 13 major strategies that support the DOW's vision. At the May Board meeting, the full IT Strategic Plan will be presented.
6. Baseyard Master Plan – The consultant HDR Engineering hosted two stakeholder meetings for all staff to attend a presentation. Staff were offered the opportunity to provide input on the process on the baseyard master plan on how to look at the plan for the future. Next to the new DOW building, affordable housing will be built which will affect DOW's parking and how the Department will use the old Administration building and moving staff. This will all be done in phases (page 296).
7. Special Counsel Contract No. 651 Update – A Civil Case related to the 18" Kapaia Water Line project. There was a Motion for Summary Judgment on January 18, 2019 regarding improper segmentation under HRS 343. On March 13, 2019, a hearing on the motion was held before Judge Watanabe who ruled in favor of the partial Motion for Summary Judgment in favor of the Department on segmentation. The case is still on going.
8. Utility Management Conference – At this conference, Manager Wienand spoke to utility industry leaders in California and throughout the West coast on similar challenges. In Southern California water bills are higher than in Hawaii because they pay for water reservations upstream and water allocations are a challenge because California is so dry. He said a typical water bill was about \$120.00 per month but \$30 of that cost is for consumption. The other \$90 is based on fixed fees for water allocation rights on purchased water upstream. Hawaii is fortunate because water quantity is not an issue as compared to the mainland but Hawaii has high cost of construction and unique challenges (acquiring staff and the cost of living). Other industries are looking at the "smart utility" by connecting data sets between multiple platforms (Geographic Information System, Supervisory Control & Data Acquisition systems, meter technologies, asset management, and quality data) to make informed decisions. The Department tends to treat these separately. In the next few years, the Department will transition to a new asset management system that is recommended in the IT Strategic Plan for smarter financial decisions.

9. Business Essentials for Engineers Course – This was about transitioning from engineer based decisions to business based decisions for the Board’s benefit.
10. CIP Update – The legislative liaison has updated the Department on legislative support on CIP projects. By mid-April, the Department should know the State aid results on CIP projects. Five projects were submitted, but any funding from the State would be appreciated.

DISCUSSION:

Mr. Hull inquired about the Sprinkler Bill on residential sprinkler costs in new one-and two-family dwellings (page 302). Manager Wienand said this is an issue on O’ahu which identifies the need for certain sprinkler requirements. From 2012 to 2017, some requirements sunset, but may be extended. The State would like a task force on cost data. Part of the task force would include the County Engineer and the Manager and Chief Engineer to provide cost data impacts.

HCR4 and SCR3 - “R” for Resolutions (pages 301 – 302).

Received for the Record

K. 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).

L. TOPICS FOR NEXT WATER BOARD MEETING

1. Manager’s Report No. 17-29 - Discussion and Possible Action on the Financial Management Planning and Water Rate Analysis for the Department of Water for July 2019 through June 2023 and submit a Small Business Impact Statement to the Small Business Regulatory Review Board (*Update*)
2. Manager’s Report No. 19-40 – Discussion and Possible Action to Rescind Existing Board Policy No. 12 for Retention Periods and Destruction of Fiscal Division Records (*Update*)
3. Manager’s Report No. 19-47 - Discussion and Possible Action for Board Approval to enter into a Memorandum of Agreement between the Department of Public Works, County of Kaua’i and the Board of Water Supply, County of Kaua’i and the approval of New Funds for the County’s Kahiliholo Road Culvert Repair Project that includes work associated with the reconstruction of the damaged water main and appurtenances, in the amount of \$40,000.00 (*Update*)
4. Discussion and Possible Action on Third Amendment to Contract No. 535, Job No. WRP 01 FY 05-06 Kaua’i Water Use and Development Plan Update, Līhu’e Kaua’i, Hawai’i with Fukunaga and Associates, Inc. for additional funding in the amount of \$114,400.00 and a contract time extension of 900 calendar days
5. IT Strategic Plan Presentation
6. Manager’s Report No. 19-48 - Resolution 19-13 (3/19) Mahalo and Aloha Board Member, Lyle Tabata
7. Manager’s Report No. 19-49 - Resolution 19-14 (3/19) Mahalo and Aloha Board Member, Beth Tokioka

M. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Department of Water Performance Audit (*Update*)
2. Discussion and Possible Action to establish Fiscal Policies and Procedures

3. Workshop presentation regarding the Master Plan of the Department of Water's former Administration Building, Baseyard, Micro Lab, Information Technology *(October/November 2019)*

N. UPCOMING EVENTS

1. AWWA ACE 20th Conference, Denver, Colorado *(June 9-12, 2019)*
2. HWWA/HRWA Conference, Honolulu, Hawai'i *(TBA)*
3. Make a Splash, Project WET *(September 20, 2019)*
4. DOW's Annual Meeting *(December 13, 2019)*

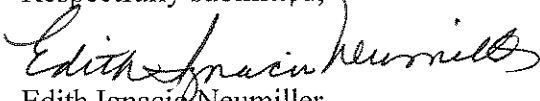
O. NEXT WATER BOARD MEETING

1. Friday, April 26, 2019, 10:00 a.m.
2. Friday, May 24, 2019, 10:00 a.m.
3. Friday, June 28, 2019, 10:00 a.m.
4. Friday, July 26, 2019, 10:00 a.m.

P. ADJOURNMENT

Ms. Ho adjourned the Regular Board Meeting at 11:29 a.m.; seconded by Mr. Hull; with no objections, motion carried with 4 Ayes.

Respectfully submitted,


Edith Ignacio Neumiller
Commission Support Clerk

Approved,


Ka'aina Hull
Secretary, Board of Water Supply