

**REGULAR MEETING**  
**BOARD OF WATER SUPPLY**  
**Tuesday, May 16, 2006**

The Board of Water Supply, County of Kaua'i, met in regular meeting at its office in Lihu'e on Tuesday, May 16, 2006. Chairperson Josephine Sokei called the meeting to order at 10:27 a.m. On roll call, the following answered present:

BOARD: Ms. Josephine Sokei, Chairperson  
Mr. Ian Costa  
Mr. Steven Kyono  
Ms. Lynn McCrory  
Ms. Bernie Sakoda  
Mr. Myles Shibata

Absent & Excused: Mr. Donald Fujimoto

STAFF: Ms. Wynne Ushigome  
Mr. Paul Ganaden  
Mr. Les Yoshioka  
Mr. Gregg Fujikawa  
Mr. Bruce Inouye  
Mr. Keith Fujimoto  
Mr. Galen Nakamura, Deputy County Attorney (present at about 10:43 a.m.)

GUESTS: Mr. Dave Jochim, RW Beck (attended Board Meeting)  
Mr. Tom Cutting, RW Beck (attended Board Meeting)  
Ms. Lynn Adams, RW Beck (attended Board Meeting)

**AGENDA**

Mr. Shibata moved to approve the Agenda, seconded by Mr. Costa; motion was carried.

(Note: It was decided to have the Strategic Plan Workshop to be after the Board Meeting is adjourned.)

**MINUTES**

Ms. McCrory made the following corrections:

- Page 20: under Funding: delete "(Attached are the documents forwarded for the Department's review and approval.)  
under Background: delete "Additional information will be provided at the April 2006 Board Meeting.
- Page 22: 3<sup>rd</sup> Paragraph: Corrected Sentence: "Ms. McCrory stated that we are not looking at shutting the island down or causing more traffic jams or add a greater amount of work on the Department that would not get done.
- Page 23: Audit Management Report: Corrected Sentence; "Ms. McCrory wanted to include 'also addressing' the recommendations from the auditor as a result of the DOW's annual audit.

Mr. Costa moved to accept the Regular Meeting Minutes of April 18, 2006, as corrected and placed on file, seconded by Ms. Sakoda; motion was carried.

**CORRESPONDENCE/ANNOUNCEMENTS:**

**Re: Star Bulletin's Article on the Board of Water Supply's Proposed 57% Water Rate Hike Over a 5-Year Period**

Received for the record.

**OLD BUSINESS:**

**Re: Follow up Report Request for 1-Inch Water Meter – KEO Emergency Housing and Transitional Housing, Lot 1-A2, Wehe Road, Lihue, Kauai, TMK:3-8-05:1**

Acting Manager gave the following report:

The Department of Water reviewed and approved the water demand and meter size calculations that were submitted to the Board of Water Supply by the KEO consultant.

The Department informed KEO by letter dated May 3, 2006 that the water demand calculations were conditionally approved. The reply letter to KEO also listed the remaining conditions that must be completed prior to building permit and water meter approval. (See attached letter to KEO). The Department also submitted a revised zoning permit report the Planning Department that included revised DOW conditions as per the Board's approval of the 1-inch water meter at the Board's April 18, 2006 meeting. (A revised DOW zoning permit report was given to the Board for their information).

Received for the record.

**Re: Discussion and Action Steps concerning Selection Process for new Manager and Chief Engineer of the Kauai County Water Department**

Acting Manager Ushigome reported that as there were only two (2) résumés received by the deadline of Friday, March 31, 2006 and as requested by the Board, the Department re-advertised the Manager and Chief Engineer's job announcement in the two newspapers of general circulation within the State, as well as in the major newspapers on Kauai, Maui and Big Island. The job announcement was also placed in the engineering newsletter, Wiliki and on the websites of AWWA, Hawai'i Section, Hawai'i Water Environment Association's (HWEA), UH Alumni Association and the Department of Water. The new deadline date is Wednesday, May 31, 2006.

Deputy County Attorney Galen Nakamura will report on the following items at the next Board Meeting:

- Since it appears the one-year residency requirement for the Water Manager's position is still valid, the Board wanted to clarify the definition of a resident.

As defined under H.R.S, the questions was raised whether someone who lived here previously, and is going to maintain a place of residency here, be eligible to apply for the Manager's position, if they wanted to move back to Kauai?

Acting Manager Ushigome stated that there have been no applications received yet for the Manager's position, but it being still early in the month and hopefully we will receive applications before the May 31<sup>st</sup> deadline.

**Re: Discussion and Action Steps to Increase Water Manager's Salary**

The following is an update on the various avenues the Board is researching to increase the Water Manager's Salary:

- Proposed Rule Amendment (update)

The Board requested at the last Board Meeting to have Deputy County Attorney Nakamura work on a proposed rule amendment to allow the Water Board to have authority to set the Water Manager's salary. However, County Attorney Lani Nakazawa does not support such a rule amendment; therefore, Deputy County Attorney Nakamura has been directed to not work on it. Please note our signature protocol is that the County Attorney signs our rule amendments prior to sending to the Mayor and County Clerk for their signatures, therefore, it seems imperative that the County Attorney concurs and supports the Boards intentions prior to proceeding with the rule making process.

In order to facilitate discussions, the Department requested County Attorney Lani Nakazawa to attend the May 16, 2006 Board Meeting since she was on vacation during the last Board Meeting.

- Salary Commission (status quo)

Currently, the nine-member salary commission has not been established, nominations and selection have not been finalized. Mayor Baptiste continues to look for individuals to fill three (3) Mayoral seats on the Salary Commission while the Council has filled one (1) of their three (3) seats.

- Charter Commission (update)

The Charter Review Commission held their last community meeting on Monday, April 24, 2006 at the Kapa'a Middle School cafeteria. Board Chair Joey Sokei gave oral testimony at that meeting. Community members Ron Sakoda and Lorna Nishimitsu also gave supporting testimony. Board Member Lynn McCrory was also in attendance.

Our proposed charter amendment was also previously submitted to the Charter Review Commission at their Monday, March 6, 2006 meeting. Board members felt that the Charter Review Commission was receptive on our proposed charter amendment.

- Legislation Amending HRS, Chapter 54 – Water Systems (update)

Another avenue could be to lobby legislation to amend the HRS, whereby allowing the Board to set the salaries of the Managers and Deputy Managers. The Hawaii Revised Statutes provides statutory authority which establishes and controls the operations of the Water Departments; however, amending the HRS provisions would also affect the other County Water Departments.

As recommended by the Board, if this avenue is also chosen, that the other Water Departments would have to be informed and supportive of this legislation. This would be for the 2007 Legislature.

Acting Manager Ushigome stated that she and Chair Sokei met with County Attorney Lani Nakazawa and she stated her reservations about a rule amendment that would authorize the Board to set the Manager's and Deputy Manager's salaries as it would not be legally defensible as the Charter would override the rule. County Attorney Nakazawa did offer another option for the Board to amend the salary ordinance to delete the Department of Water's Manager's and Deputy Manager's salaries from the salary ordinance. The ordinance amendment process would be through the County Council. She thought this would be a do-able process.

Ms. McCrory asked why did County Attorney Nakazawa feel that the Charter would not also override the salary ordinance. Acting Manager Ushigome stated that County Attorney Nakazawa felt that the charter was a broad type of guidance and the ordinance specifically stated how the department heads would get paid. Then eliminating the salaries of the Manager and Deputy Manager would allow some type of mechanism so that the Board would be able to set the salaries. The question was whether that would be included in the amended salary ordinance or not.

Mr. Shibata suggested that Deputy County Attorney Nakamura look at the last recommendations of the Salary Commission, which could be used as a baseline.

It was noted that the Salary Commission was still not totally formed.

Acting Manager Ushigome stated that County Attorney Nakazawa was not able to make this Board Meeting but would update Deputy County Attorney Nakamura. This matter was deferred until Deputy County Attorney Nakamura was present at the meeting.

Ms. McCrory stated that proposed Charter Amendment No. 11 is still alive on the list of charter amendments that would support the Board's process to fill the Manager's position.

Deputy County Attorney Nakamura was present at about 10:43 a.m.

On query by Acting Manager Ushigome, Deputy County Attorney Nakamura stated that the Charter Commission is still working on about 30 proposed charter amendments. The due date for final amendments to be submitted to the Clerk would be August, 2006.

On query by Ms. McCrory, Deputy County Attorney Nakamura stated that the process would probably be to: 1) repeal the ordinance to take off the Manager and Deputy Manager's salaries; and 2) also a complimentary ordinance to empower the Board to set the Manager's and Deputy Manager's salaries. The process would have to be such that there would be the most buy-in.

On query by Ms. McCrory, Deputy County Attorney Nakamura stated he was not sure if the Mayor would be okay with this process but the Department of Water is semi-autonomous. Mr. Shibata added that it is the trend of the other water departments to independently designate the Manager's and Deputy Manager's salaries.

On query by Mr. Shibata, Deputy County Attorney Nakamura responded that this process could take about 2-4 months. The Board agreed that they would need to get support from each member of the Council in order to accelerate the process.

Deputy County Attorney Nakamura volunteered to draft an ordinance for the Board. The Board thanked him.

Ms. McCrory suggested having a HWWA Manager's Meeting to get the support of the other water departments of our Board's processes, especially if the Board decides to also seek to change the HRS in the next Legislature. This meeting could be held at our annual HWWA Conference that Kauai is hosting this year in October, 2006. This would be an appropriate time to network and if need be, prepare for the next Legislature. Acting Manager Ushigome concurred that a separate meeting for the water managers and board members could be setup as part of the HWWA Conference.

Ms. McCrory summarized that this ordinance process can be grueling; whereby, each of the Council members would need to be given a heads up prior to the introduction of the ordinance. This would expedite the process in case the Councilmembers want to have some language tweaked, which would allow some time to do it prior to the hearing of the ordinance. The Board has to be at every meeting at every step of the way to be able to answer any questions, from Council Committee to the Full Council to a public hearing. There would need to be at least 5 votes for the ordinance, otherwise the Mayor can veto the amendment. She asked for the Board's commitment to be part of the process. Ms. McCrory will check with each of the Board members for their commitment to assist with the process.

**Re: Contract between R.W. Beck, Inc. and Kaua'i Water Department for Strategic and Business Plan and Needs Assessment for the Kaua'i County Water Department**

The Board approved the scope of work from R.W. Beck at the April 18, 2006 Board Meeting. A copy of the final contract and scope of work were given to the Board for their information.

Acting Manager Ushigome stated that she was reluctant to proceed with: 1) implementing pay incentives; and 2) retention of a professional Program Sustainability Team (PST) into the Consultant's scope of work and contract at this time. Currently, with several key management vacancies in the Department, exploring the benefits and costs associated with various incentive pay programs may be appropriate, however, if the intent is to implement these incentives, then she believed management's participation and "buy-in" is essential. Also, the long-term ramifications of the implementation of a professional PST into the Department will be tremendous and a huge undertaking for the staff. In addition, she was concerned and uncomfortable with the extremely "open-ended" nature of the PST phase of the contract and associated potential costs. Finally, will all of the employees (realistically), as a Department, be prepared to handle the implementation of a PST within the next 6-months to a year?

Ms. McCrory explained her concerns to Acting Manager Ushigome if we do not proceed with this contract: 1) The DOW is running about 200% to 400% over the budgeted amount now; 2) we are 3-5 years behind now on various projects. She also asked down the road what would be the comfort level that we could achieve Water Plan 2020, especially with construction going up 30 plus percent every year now, we are looking at a huge over budget amount with no way to get a handle on that. Initially, this year we were closing in on completing CIP projects, but it does not look like we are now. Then what it is going to cost the Department and all of the citizens of Kauai, in terms of their water bill and not getting this

done will be huge. We cannot get a handle on that either so, if we do not look into other ways to get this done, whether a company(s) could be brought in for the next 10, 15 years, they would not be doing their fiduciary duty as a Board.

Acting Manager Ushigome stated that she thought the Strategic Plan would be to do an overview of all the divisions of the DOW but it seems that the Board's focus is on the Engineering Division. Ms. McCrory rebutted that the plan would have to review all the divisions in order to see how the DOW could meet the schedule of Water Plan 2020.

Ms. McCrory added that the Board is aware that the staff already has a lot of work to do above and beyond; therefore, the proposed incentive program would help to compensate the employees during this period. Everyone has to work together to make this work and the Board is willing to assist in any way by bringing in help.

Mr. Shibata stated that it is important that other options be looked at to stimulate the progress of our water projects, especially when we ask for water rate increases. The cost benefit of doing these projects versus the cost of not doing these projects may result in missed opportunities or increased costs when we defer the projects. Therefore, he thought that the Strategic Business and Sustainability Plans were good to include in this process and he looks forward to this process and to support the DOW. Other water departments have also done this before and we could also learn from them.

Mr. Shibata expressed his appreciation of having this open discussion to know of the concerns; whereby, all concerned could learn from it.

Acting Manager Ushigome added that the contract included the sustainability plan cost encumbering \$118,000, which we would be incurring costs in the next 6 months in the upcoming fiscal year's budget. The reason is that she was concerned on logistics on how we are going to house the consultants that would be on site as part of the review process for the sustainability plan. Acting Manager Ushigome added that she felt more comfortable doing the Strategic Plan first to see the outcome before starting on the Sustainability Plan, whereby, the concentration would then be more on the Engineering Division.

Mr. Shibata stated that from his experience once you do Phase I, interest naturally diminishes so along the way adjustments could be made to re-direct focus. He felt that this is a huge implementation; therefore, support to the Department is important; therefore, the consultants would be on notice that they would have to focus on this project.

Ms. McCrory felt that doing it all at once has its benefits as the consultants may find areas that could be immediately be adjusted.

On query by Acting Manager Ushigome, Deputy County Attorney explained that the contract provides language which limits the consultant's services, however, provides the opportunity for the Board to amend the contract as necessary.

Mr. Shibata thanked Acting Manager Ushigome for expressing her concerns as it brought a healthy discussion.

**Recommendation:**

It was recommended that the Board approve to award a contract to R.W. Beck to provide services to complete a Strategic Business Plan and Needs Assessment Study for the Department of Water for \$220,000 plus 5% contingency of \$11,000 for a total of \$231,000.

It was further recommended that the Board approve the additional funding of \$31,000 from Account No. 106B, CIP Reserve.

**Funding:**

Account No. 27, Contractual Services ..... \$200,000.00  
RW Beck..... <\$220,000>  
5% Contingency..... <\$ 11,000>  
TOTAL .....<\$231,000.00>

Additional Funds Requested (Acc. #106B, CIP Res.) .....<\$ 31,000.00>

**Background:**

The Board and Department have negotiated with RW Beck to provide the engineering consultant services required to complete a Strategic Business Plan and Needs Assessment Study for the Department of Water.

Ms. McCrory moved to approve to award a contract to R.W. Beck to provide services to complete a Strategic Business Plan and Needs Assessment Study for the Department of Water for \$220,000 plus 5% contingency of \$11,000 for a total of \$231,000 and to approve the additional funding of \$31,000 from Account No. 106B, CIP Reserve, seconded by Mr. Kyono; motion was carried.

**NEW BUSINESS**

**Re: Conveyance of Water Facility from Samuel P. Pangdan, Brigida M. Pangdan, Samuel M. Pangdan Jr., and Zenaida J. Pangdan for the Installation of Water Meter and Backflow Preventer Parcel 4, TMK: 5-1-04, Kilauea, Kauai, Hawaii at Kilauea, Kauai, Hawaii Project; TMK: (4) 5-1-04:004; Kilauea, Kauai, Hawaii**

Ms. McCrory recused herself from voting as Mr. Pangdan Jr. is her employee. Mr. Kyono moved to approve the Conveyance of Water Facility from the Pangdans, seconded by Mr. Shibata; motion was carried.

**Re: Grants of Easement from the Mary G. Tutt Trust, c/o Leslie Knudsen, TMK: (4) 4-6-42: 024 and from Ho Enterprises, Limited TMK: (4) 4-6-12: 018 & 025, Kapa'a, Kaua'i, Hawai'i for the Ho Enterprises Subdivision (S-2004-39)**

Ms. Sakoda moved to approve the Grant of Easement from Mary G. Tutt Trust, seconded by Mr. Kyono; motion was carried.

**REPORTS**

**Re: Statement of Kaua'i County Water Department's Revenues and Expenditures**

Mr. Costa moved to receive for the record, seconded by Mr. Kyono; motion was carried.

**Re: Manager's Update for April, 2006 to May, 2006**

CONTRACTS AWARDED BY THE MANAGER: None

PUMP INSTALLATION PERMITS SIGNED BY MANAGER: None

**Automatic Meter Reading (AMR) Project.**

The Evaluation Committee and the Department's AMR consultant continue to finalize contract negotiations with the highest ranked vendor.

During the interim period (prior to the Contractor installing the AMR system), the Department needed to purchase 200 water meters to replace existing defective meters. Badger Meter Company notified the Department that as part of our order, we bought their one millionth (1,000,000) Orion meter. In order to commemorate their company's milestone achievement, Badger Meters will be presenting the Department with a plaque at the AWWA National Conference in San Antonio. They are also requesting the Department pose for a photo with their company president.

Ms. McCrory added that once our Public Relations person is on board, that a press release would need to be made to include that the DOW received this Badger Meter award and won the Ono Water Contest, our girls' pipetapping team taking 2<sup>nd</sup> place, both at the AWWA, HI Section Conferences.

**Strategic Plan and Needs Assessment**

Dave Jochim, RW Beck is scheduled to attend this month's meeting to provide a "face-to-face" discussion on the revised project scope. (See Manager's Report, Item F.3 for project update.)

Board can still Note: Upon reviewing RW Beck's revised scope of services, if Board members have any specific questions or need additional information, please transmit to Rona and we will forward requests to Dave Jochim.

**AWWA Conference** The May 10-12, 2006 Hawaii Section Conference was held at the Renaissance Ilikai Hotel on Oahu.

**HWWA Conference**

We are hoping to schedule the conference October 25-27, 2006. We have contacted prospective hotels on their availability during the month of October, 2006 for the HWWA Conference that the Kauai Department of Water is hosting this year. We are reviewing their proposals and hope to make a decision very soon for the date and the place. We received hotel cost proposals from the Courtyard Marriott, Aloha Beach Resort, Kaua'i Beach Hotel and Resort and the Grand Hyatt.

The Board was asked for any suggestions for topics and speakers for the program and to volunteer to assist with the introductions of speakers.

Ms. Sakoda suggested having a speaker from Aloon Farms on Oahu to talk about agriculture water. It was also suggested to talk to Stacy Sproat from Project Waipa to be a speaker. Project Waipā has been active in the watershed councils.

It was also suggested by the Board to contact the Kauai Marriott Hotel for a cost proposal. It was so noted.

Some of the suggestions for topics that Ms. McCrory had for the Manager's Meeting were: 1) 2007 Legislature to revise that statute on Board's setting Manager's and Deputy Manager's salaries; 2) reserves and investments vehicles; 3) the archaic statute of limits on how much can be invested and the limit of the amount of reserves on the State level.

Ms.McCrory offered to pay for the dinner for the Manager/Board Meeting and to make a personal invitation to all of the Manager and Board.

Mr. Costa moved to receive this report for the record, seconded by Mr. Shibata; motion was carried.

**Re: Report of the Public Affairs Committee of the Kaua'i County Board of Water Supply**

This matter was already taken care of in Committee Meetings.

**Re: Report of the Rules Committee of the Kaua'i County Board of Water Supply**

This matter was already taken care of in Committee Meetings.

**Re: Report of the Finance Committee of the Kaua'i County Board of Water Supply**

This matter was already taken care of in Committee Meetings.

**Re: TOPICS FOR NEXT WATER BOARD MEETING**

1. Board's Finance, Public Affairs, and Rules Committee Meetings
  - a. Separate Finance Committee Meeting after May 16, 2006 Board Meeting to Discuss the Proposed Budget for Fiscal Year 2006-07
2. Board Approval of Department of Water's Budget for Fiscal Year 2006-07 (June, 2006)

**Re: TOPICS FOR FUTURE WATER BOARD MEETINGS**

1. Board's Finance, Public Affairs, and Rules Committee Meetings
3. Quarterly Report regarding Kaua'i County Water Department Manager's Top 5 Goals for 2006 (July, 2006)
4. Kauai County Water Department Briefing on Departmental Projects (July, 2006)
5. Board Approval of Resolution No. 1 (06/07), Budget for Fiscal Year 2006-07 (August, 2006)

**Re: NEXT WATER BOARD MEETINGS**

1. Tuesday, June 6, 2006, 10:00 a.m. (revised date)
2. Tuesday, July 18, 2006, 10:00 a.m.
3. Tuesday, August 15, 2006, 10:00 a.m.

**Re: WATER BOARD'S UPCOMING EVENTS**

1. American Water Works Association (AWWA) National Conference **June 11-15, 2006** at San Antonio, Texas
2. Hawai'i Water Works Association Conference (**October, 2006**)

**Re: EXECUTIVE SESSION**

Pursuant to Hawaii Revised Statutes (HRS) §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 HRS §92-4 and shall be limited to those items described in HRS §92-5(a).

1. **Review of Executive Session Minutes for March 21, 2006 and April 18, 2006**  
Ms. McCrory moved to approve the Executive Session minutes of March 21, 2006 and April 18, 2006, seconded by Mr. Shibata; motion was carried.

2. **Executive Session**

**[There was no Executive Session Meeting.]**

**ES-1:** Pursuant to Haw. Rev. Stat. §§92-4, 92-5(a)(4), the purpose of this executive session is to permit the Board of Water Supply to deliberate upon and consult with the Board's legal counsel on questions and issues relating to the Strategic and Business Plan and Needs Assessment for the Kaua'i County Water Department

This consultation involves consideration of the powers, duties, privileges, immunities, and/or liabilities of the Board and the Department of Water as they relate to this agenda item.

The Board may take any appropriate action or make any decision arising from its deliberations concerning this item, including approval or modification of the proposed settlement in this case. Actions may be taken or decisions may be made in executive session pursuant to Haw. Rev. Stat. §92-5(b).

**ADJOURNMENT**

There being no further business, Mr. Costa moved to adjourn the meeting at 11:45 a.m., seconded by Mr. Shibata; motion was carried.

**Re: Strategic and Business Plan and Needs Assessment for the Kaua'i County Water Department**

Mr. Dave Jochim and his RW Beck team were present at the Tuesday, May 16, 2006 Board Meeting and conducted a Strategic Planning Workshop with the Board after the adjournment of this meeting. It was also noted that RW Beck will then meet with the DOW's core team on Wednesday, May 17, 2006 for an all-day session.

Respectfully submitted,

Rona Miura, Secretary

APPROVED:

Wynne M. Ushigome  
Acting Manager and Chief Engineer

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