

MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, May 22, 2014

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Līhu'e on Thursday, May 22, 2014. Chairperson Clyde Nakaya called the meeting to order at 10:02 a.m. The following Board members were present:

BOARD: Mr. Clyde Nakaya, *Chairperson*
Ms. Laurie Ho
Mr. Raymond McCormick
Mr. Sherman Shiraishi
Mr. Larry Dill
Mr. Michael Dahilig

EXCUSED/ABSENT: Mr. Hugh Strom

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

STAFF: Mr. Kirk Saiki
Mr. Val Reyna
Ms. Marites Yano
Mr. Dustin Moises
Mr. Keith Aoki
Ms. Kim Tamaoka
Mr. Ryan Smith
Mr. Jeff Mendez
Ms. Mary-jane Garasi
Deputy County Attorney, Andrea Suzuki

GUESTS: Mr. Hall Parrott, Private Citizen

ACCEPTANCE OF AGENDA

Mr. Dill moved to accept the agenda; seconded by Mr. Dahilig; with no objections, motion carried with 6 ayes.

MEETING MINUTES

None

E. CORRESPONDENCE/ANNOUNCEMENTS

None

F. BOARD COMMITTEE REPORTS

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

1. Manager's Report No. 14-50 – Draft Budget FY 14-15

Mr. Dill moved to "Receive for the Record" the Finance Committee Report; seconded by Ms. Ho; with no objections; motion was carried with 6 ayes.

DEPARTMENT OF WATER
County of Kaua'i

"Water has no Substitute – Conserve It!"

BOARD REPORT

May 22, 2014

Subject: Finance Committee Report

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

1. Manager's Report No. 14-50 – Draft Budget FY 14-15

The Finance Committee met with the Department of Water staff on May 12, 2014 and May 13, 2014 to discuss in detail the proposed Draft Budget for Fiscal Year 2014-2015.

Fiscal will provide updated information and/or changes in various sections of the draft budget.

Fiscal was also asked to:

1. Include the following in future presentations:
 - a. YTD actuals
 - b. Fiscal year actuals throughout the report
 - c. Show previous budget numbers

2. Provide a budget schedule for next fiscal year to provide adequate time for Board review

Fiscal's future goal is to present the proposed budget FY 2015-2016 at the March 2015 Regular Board Meeting and to start budget presentations at the May 2015 Regular Board Meeting. This will allow the Board to evaluate the new accounting system.

The Finance Committee meet on May 21st and will provide an updated verbal report at the May 22nd Board meeting.

Sincerely,



Larry Dill, P.E.
Finance Committee Chair

LD/ein

Mgrnp/May 2014 Manager's Report No. 14-50 -- Draft Budget FY 14-15 (5-22-14):ein

Fiscal will prioritize Capital Improvement Projects (CIP) that would generate FRC in BAB list.

The next Finance Committee meeting will be on May 29th for a final review of the draft budget. The budget deadline is June 30, 2014.

Mr. Dill moved to receive the Finance Committee report; seconded by Ms. Ho; with no objections, motion was carried with 6 ayes.

G. OLD BUSINESS

1. Manager's Report No. 14-45 - Resolution No. 14-7 BAB - Project List Changes Resolution for FY 2013-2014, Request for the Addition of Six (6) Projects, H-05 Weke, Anae, and Hee Roads 6" and 8" Main Replacement; K-18 8" Waterline Replacement along Halewili Road; LO-08 Kōloa Road Main Replacement; Ani-01b 'Anini and Kalihiwai Road Main; KP-09 MCC, Chlorination Facilities, Kōloa Well 16-A and 16-E; PLH-35b Kapaia Cane Haul Road 18" Main, BAB update

BACKGROUND:

Civil Engineer VI, Mr. Aoki reported that the BAB project list (Exhibit B) included additional information on the estimated cost and when designs are expected to be completed. The total projected costs for the six (6) projects are \$10.4M. Available Build America Bond (BAB) funds are \$22.375M.

Exhibit B also indicated FRC generated projects and ratings of importance. Rehabilitation projections were not considered since these projects do not provide additional capacity to the system, therefore rehabilitation was identified as "n/a."

The Board questioned the staff on the following:

- 1) Why was the Kukuiolono Tank site (rehabilitate 0.2 MG tank) "n/a"?
- 2) From the staff's response which stated "on projects which have started construction were not considered and are identified as "n/a" -- Why were the projects not considered?"

It was noted projects K-05 through PLH-39a construction are not completed. Mr. Aoki explained K-05 0.5M gallon tank is being demolished and will be reconstructed and replaced by another project under design.

H-05 – Weke, Anae, and Hee Roads 6" and 8" Main Replacement and LO-08 – Kōloa Road Main Replacement are the only projects of importance. The Kokolau Tunnel would generate source and should be indicated as "Yes" to generate FRC on Exhibit B. \$22M is unassigned BAB fund but it is not adequate to cover the Exhibit B projects.

Mr. Shiraishi moved to approve Manager's Report No. 14-45 - Resolution No. 14-7 BAB - Project List Changes Resolution for FY 2013-2014, Request for the Addition of Six (6) Projects, H-05 Weke, Anae, and Hee Roads 6" and 8" Main Replacement; K-18 8" Waterline Replacement along Halewili Road; LO-08 Kōloa Road Main Replacement; Ani-01b 'Anini and Kalihiwai Road Main; KP-09 MCC, Chlorination Facilities, Kōloa Well 16-A and 16-E; PLH-35b Kapaia Cane Haul Road 18" Main, BAB update subject to an update from Engineering on projects that would generate FRC; seconded by Ms. Ho.

Mr. Dahilig moved to amend Mr. Shiraishi's motion on Manager's Report 14-45 and to strike *projects K-18, Ani-01b, KP-08, PLH-35b* until the Board can review an updated Exhibit B from Engineering to show FRC generation; seconded by Mr. Dill; motion carried with 5 Ayes, 1 Nay (SS).

Mr. Shiraishi moved to approve the main motion on *Manager's Report 14-45* subject to an update from Engineering on the list that generates FRC projects as amended; seconded by Ms. Ho; with no objections, motion carried with 6 ayes.

The Department will consult with Bond Counsel regarding not meeting the bond deadline to encumber BAB funds. The Department will provide an update at the June Board meeting.

2. Chairperson's Report – Discussion and action steps concerning selection process for a new Manager and Chief Engineer for the County Water Department (2)

Mr. Dahilig moved to "Receive for the Record" the Manager and Chief Engineer Advertisement; seconded by Mr. Dill; with no objections, motion was carried with 6 ayes.

RECEIVED FOR THE RECORD

Attachment to Old Business:

Chairperson's report



MANAGER AND CHIEF ENGINEER

Annual Salary Up to \$107,335.00

This position provides health benefits, retirement, vacation and sick leave.

The Kaua'i County Board of Water Supply invites highly qualified, service-oriented, and motivated individuals of the highest integrity and ethics to submit a comprehensive resumé of their educational and professional qualifications for the position of Manager and Chief Engineer ("Manager") for the Kaua'i Department of Water.

Candidates must possess a minimum of five (5) years of training and experience in an engineering position, at least three years of which shall have been in a responsible administrative capacity. Ideally, this would include administration, planning, designing, developing, operating, and managing of utility water supply systems. The ideal candidate must be a seasoned manager and highly resourceful leader with strong knowledge of and experience in utility water supply systems. Demonstrated experience in financial, public relations, including public speaking engagements, and personnel matters is highly desirable.

The Manager shall be a citizen of the United States and possess a certificate of registration as a professional engineer in the State of Hawaii.

The Manager has significant interaction with consumers, County, State, Federal and private agencies and administers policies, rules and regulations established by the Kaua'i Board of Water Supply. The Manager selected must demonstrate proven experience in the area of utility capacity planning, long-term facility planning, financing, water quality testing and monitoring, and knowledge of rules and regulations regarding potable drinking water established by the U.S. Environmental Protection Agency and enforced by the Hawai'i State Department of Health.

In addition to managing the day-to-day operations, the Manager will be expected to work with the Board on the revision and implementation of the "Water Plan 2020". This is a comprehensive long-range planning effort to ensure that the Kaua'i Department of Water continues to provide safe, affordable and sufficient drinking water in the 21st century for the community. The plan reviews existing facilities and service standards and provides an outline for new and replacement facilities, a capital improvement program for the next 5-7 years, a financial plan and a rate study.

To be considered for this exceptional career opportunity, submit a resumé with proof of registered professional license, education and degrees, membership in professional organizations such as Hawai'i Water Works or American Water Works Associations, and professional references no later than, Monday, June 30, 2014 to: Board of Water Supply, County of Kaua'i, c/o Paula Morikami, Administrator, Office of Boards and Commissions, 4444 Rice Street, Suite 150, Lihu'e, HI 96766.

An Equal Opportunity Employer

Chair Nakaya reported the ad is posted in the Star Advertiser and The Garden Island newspaper until June 30th. The ad announcements appeared in the AWWA Hawai'i Section and neo.gov web site. Currently there is one (1) applicant with the web site receiving 65 hits to date.

Applications will be reviewed by the Board after the June 30th deadline in an Executive Session. If an applicant is not selected, the second phase would be to hire someone to assist in hiring a new Manager.

Mr. Shiraishi moved to receive the Chairperson's Report – Discussion and action steps concerning selection process for a new Manager and Chief Engineer for the County Water Department (2); seconded by Ms. Ho; with no objections, motion was carried with 6 ayes.

H. NEW BUSINESS

1. Manager's Report No. 14-43 - Request for Board Approval on the proposed and revised Table of Organization Reallocations for the Fiscal Division

BACKGROUND:

Fiscal Division's budget passed the draft budget review during the Finance Committee meetings. The Board's approval is needed before the reallocations can go to the Department of Personnel Services (DPS).

DISCUSSION:

Fiscal Division's duties are more diverse than the county's accounting responsibilities. The reallocations would provide an opportunity to retain staff instead of losing staff to work on the county side.

Mr. Shiraishi does not have the experience regarding the many reallocations presented to the Board during the past two Board meetings. He is not familiar with the Department's operations and if the reallocations are justified or not.

Further clarification by *Acting* Manager and Chief Engineer, Mr. Saiki indicated if DPS does not agree with the position change and/or descriptions, the reallocations will come back to the Department.

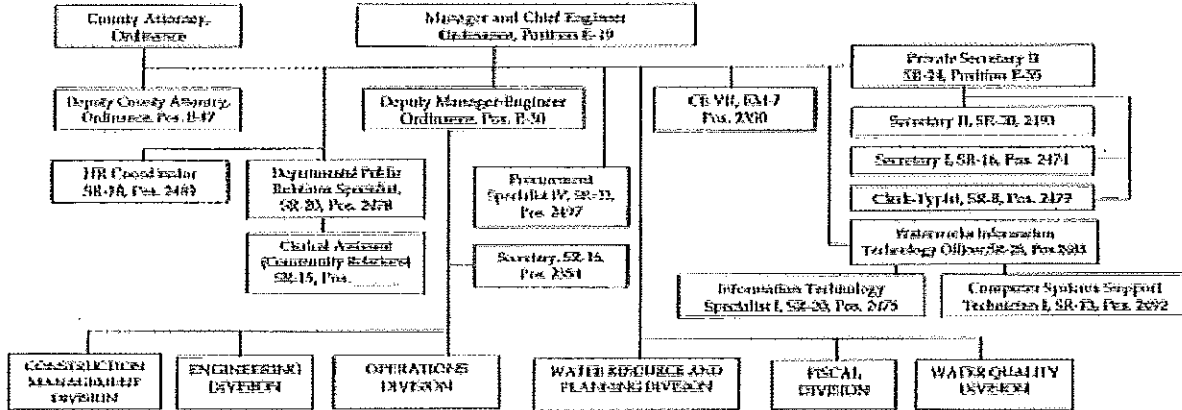
Mr. Shiraishi moved to approve Manager's Report No. 14-43 - Request for Board Approval on the proposed and revised Table of Organization Reallocations for the Fiscal Division; seconded by Ms. Ho; with no objections, motion was carried with 6 ayes.

2. Manager's Report No. 14-51 - Request for Board Approval on the proposed and revised Table of Organization Reallocations for the Administration Division

Ms. Ho moved to "Receive for the Record" the *updated* Table of Organization for Administration; seconded by Mr. Shiraishi; with no objections; motion was carried with 6 ayes.

PREPARED BY: _____ DEPARTMENT HEAD _____ DATE _____
 APPROVED BY: _____ BOARD CHAIRPERSON _____ DATE _____

COUNTY OF KAUAI
 KAUAI DEPARTMENT OF WATER
 ORGANIZATIONAL CHART
 ADMINISTRATION



BACKGROUND:

Acting Manager and Chief Engineer, Mr. Saiki recommended to the Board to approve the request to reclassify and upgrade four (4) positions (Senior Clerk, Commission Support Clerk, Secretary and Private Secretary) in the Administration Division to be submitted to DPS.

The Procurement Specialist IV would be added to the Administrative Division which was shown in Fiscal’s Table of Organization. The Secretary position will not be filled.

Mr. Dahilig moved to approve Manager’s Report No. 14-51 - Request for Board Approval on the proposed and revised Table of Organization Reallocations for the Administration Division; seconded by Mr. Shiraishi; with no objections, motion was carried with 6 ayes.

3. Manager’s Report No. 14-52 - Board Discussion on the Acting Manager and Chief Engineer being on the Board of the Hawaii Rural Water Association

BACKGROUND:

Board approval and nomination was requested for Acting Manager and Chief Engineer, Mr. Saiki to be considered as a candidate for the Hawai’i Rural Water Association (HRWA) Board of Directors.

DISCUSSION:

HRWA provides operator training and assists the Department at no cost, which is an advantage of being a member. Board meetings are done on the phone quarterly and there are no travel costs.

Mr. Dill moved to approve Manager’s Report No. 14-52 - Board Discussion on the Acting Manager and Chief Engineer being on the Board of the Hawaii Rural Water Association; seconded by Mr. Shiraishi; motion carried with 6 ayes.

4. Manager’s Report No. 14-53 – Request for Board Approval for the proposed new “Civil Engineer I” position and the revised Table of Organization for the Water Resources and Planning Division

Mr. Dill moved to defer Manager's Report No. 14-53 – Request for Board Approval for the proposed new “Civil Engineer I” position and the revised Table of Organization for the Water Resources and Planning Division contingent on Board approval of the 2014-2015 Budget; seconded by Mr. Shiraishi; with no objections, motion was carried with 6 ayes.

5. Manager's Report No. 14-54 – New Board Policy for Department of Water Inter-fund Transfer Withdrawn by Waterworks Controller, Ms. Yano; will be submitted in the June Board meeting.

6. Manager's Report No. 14-55 – FY 14/15 Goals / Annual Evaluation for the *Acting* Manager and Chief Engineer

BACKGROUND:

Acting Manager and Chief Engineer, Mr. Saiki requested that the Board review and accept the results to date of the goals for Manager and Chief Engineer FY 2013-2014 and to implement Option 2 to carry over incomplete goals to the next fiscal year, and define additional goals for the next fiscal year.

DISCUSSION:

Mr. Shiraishi questioned Item I, page 2 - (*The Engineering Division submitted a draft project list to the previous Manager in July 2013. It is not known if the previous Manager reviewed and submitted this list to the Board*) and requested to see and compare the list to the Manager's goals at the next Board meeting.

The Private Secretary will check when evaluations are due to Department of Personnel Services.

Mr. Shiraishi moved to receive and accept Option 2: Board accepts results of the Manager's Goals to date, carry over incomplete goals to next fiscal year, and define additional goals for the next fiscal year in Manager's Report No. 14-55 – FY 14/15 Goals / Annual Evaluation for the *Acting* Manager and Chief Engineer; seconded by Ms. Ho; with no objections, motion was carried with 6 ayes.

7. Manager's Report No. 14-56 – Board Approval to procure solicitation to replace padlocks and locks at the DOW baseyard, warehouses, and remote sites

BACKGROUND:

Chief of Water Operations, Mr. Reyna recommended the Board approve the funding appropriation for the subject locks and key replacement project to install a CyberLock and CyberKey system for all DOW facilities due to lost and stolen keys. This project is not in the budget and the recommendation is to use unexpended funds from Account No. 47 Materials and Supplies – State Roadway Restoration Services. The CyberLock and CyberKey system monitors who has a key and with what lock they are opening.

Lost keys for the warehouse and Administration are still missing. Keys for remote sites were stolen and tools were also stolen from a water plant staff's vehicle.

Mr. Reyna will check the county's key systems before the padlocks go to bid. A total of 200 padlocks will be needed to be replaced in 93 remote sites and around the baseyard.

Mr. Dill moved to approve Manager's Report No. 14-56 – Board Approval to procure solicitation to replace padlocks and locks at the DOW baseyard, warehouses, and remote sites; seconded by Mr. McCormick; with no objections, motion was carried with 6 ayes.

I. STAFF REPORTS
MONTHLY

1. Statement of Kaua'i County Water Department's Revenues and Expenditures

DISCUSSION:

Chair Nakaya questioned the BAB Project Fund ending balance of \$24M. The Budget Status Summary showed available cash from the BAB fund which included incurred interest income. Ms. Yano explained that \$22M is the balance of unencumbered BAB shown in Manager's Report 14-45.

At 11:14 a.m., Mr. Dahilig exited the meeting.

\$1.3M was an appropriation from the State for the Kīlauea Waterline which is pending the submission of the contract.

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

\$1.75M was budgeted for SRF grant funds for Wailua Houselots and \$1M for the Kahili project. Total Resources of \$66M included a beginning balance of \$26.6M. The County Service Charge of \$1.6M is a non-cash item.

Mr. Dill moved to receive the Statement of Kaua'i County Water Department's Revenues and Expenditures; seconded by Mr. Shiraishi; with no objections, motion was carried with 6 ayes.

2. Report by the Public Relations Specialist on Public Relations Activities

BACKGROUND:

Ms. Tamaoka highlighted Project Wet Water Protection Grant locations have been scheduled for the teacher's workshop this summer.

Mr. Shiraishi moved to received the Report by the Public Relations Specialist on Public Relations Activities; seconded by Mr. McCormick; with no objections, motion carried with 6 ayes.

3. Chief of Operation's Summary Report on Monthly Operational Activities Report

BACKGROUND:

Mr. Reyna missed the Water Audit Report in his April report. The Operations staff attended training with HRWA on how to use new software designed for non-reduction and identification of non-revenue water (unaccounted water). Accurate metering of water used will be monitored by Operations.

A monthly report will be provided by Mr. Reyna on non-revenue percentage for one (1) sub-system within six (6) months.

Acting Manager, Mr. Saiki will request Mr. Dill to have HRWA do training for DOW staff and the Fire Department on non-revenue water (fire hydrant use).

Information needed for a Water Audit:

- 1) Need to know how many trucks get filled.
- 2) How long a hydrant was turned on/washed down.
- 3) The Fire Department will identify:
Fire hydrant number

Fire hydrant location
Duration of flushing
Time and date of flushing during the Fire Department's training

At 11:26 a.m., Mr. Shiraishi exited the meeting.

Ms. Ho moved to accept the Chief of Operation's Summary Report on Monthly Operational Activities Report with the addition of the Water Audit Report; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

4. Manager's Monthly Update Regarding Activities of Note of the Kaua'i County Water Department

Acting Manager and Chief Engineer, Mr. Saiki highlighted the following:

1. Recruitment:
 - ✓ Interviewed three (3) Pipe Fitter Helpers; did not meet qualifications.
 - ✓ Interviewed the Accountant I position; selected candidate declined the offer.
 - ✓ Status of Engineering VI position – The list from DPS has not changed; previous applicants were not suitable for the position.
 - ✓ Fiscal Division/Procurement Specialist IV – should be under Administration Division.
2. IT Strategic Plan – Brio is with the Department all week to prepare the new accounting system changeover.

At 11:28 a.m. Mr. Shiraishi re-entered the meeting.

Mr. Shiraishi moved to receive Manager's Monthly Update Regarding Activities of Note of the Kaua'i County Water Department; seconded by Ms. Ho; with no objections, motion was carried with 6 ayes.

- a. Report of the BAB pay down as of March 2014

Mr. Shiraishi moved to receive the Report of the BAB pay down as of March 2014; seconded by Ms. Ho; with no objections, motion was carried with 6 ayes.

Chair Nakaya read the following:

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).

Mr. Shiraishi moved to go into Executive Session; seconded by Mr. McCormick; with no objections, motion was carried with 6 Ayes at Roll Call (LH, RM, SS, MD, LD, CN)

1. *Pursuant to Hawaii Revised Statutes (HRS) Section 92-4, 92-5(a)(4), the purpose of this executive session is to review executive session minutes dated April 24, 2014. This consultation involves the consideration of the powers, duties, privileges, immunities, and/or liabilities of the Board and the Department as they relate to this agenda item. [Will be on June Agenda]*

Chair Nakaya read the following:

2. Pursuant to Hawai'i Revised Statutes Sections 92-4 and 92-5(a)(5) and 92-5(a)(4), the purpose of this executive session is to investigate proceedings regarding criminal misconduct and to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities and liabilities as it relates to said misconduct.

Chair Nakaya reconvened the Regular Board Meeting at 12:31 p.m.

K. TOPICS FOR NEXT WATER BOARD MEETING (June 2014)

1. FY 14-15 Budget
2. Manager's Report No. 13-7 – Part 2 Section IX of the Rules, Adjustment of Bills for Undetected Leaks and Unforeseen Damages Proposed Amendments, Public Hearing Results
3. Manager's Report No. 14-45 - Resolution No. 14-7 BAB - Project List Changes Resolution for FY 2013-2014, Request for the Addition of Six (6) Projects, H-05 Weke, Anae, and Hee Roads 6" and 8" Main Replacement; K-18 8" Waterline Replacement along Halewili Road; LO-08 Kōloa Road Main Replacement; Ani-01b 'Anini and Kalihiwai Road Main; KP-09 MCC, Chlorination Facilities, Kōloa Well 16-A and 16-E; PLH-35b Kapaia Cane Haul Road 18" Main, BAB update
4. Manager's Report No. 14-54 – New Board Policy for Department of Water Inter-fund Transfer
5. Board discussion and possible action for Unaccounted Water Reporting
6. Meter Restriction Board Policy

L. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Manager's Report No. 14-24 - Part 4 Section I of the Rules, General Use Rates Proposed Amendments, SBRRB Results (awaiting Part 4 Section VII, Facilities Reserve Charge to be submitted together)
2. Manager's Report No. 11-28 – Part 5 of the Rules, Facilities Reserve Charge – New Rule, SBRRB Results (awaiting Part 4 Section VII, Facilities Reserve Charge to be submitted together)
3. Source Limitation Board Policy

M. UPCOMING EVENTS

1. Table of Organization Workshop (Date Pending)
2. Make a Splash, Project WET (September 18, 2014)
3. HWWA 2014 Conference, Kaua'i, HI (October 15-17, 2014)

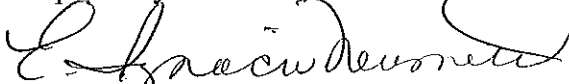
N. NEXT WATER BOARD MEETING

1. Thursday, July 24, 2014, 10:00 a.m.
2. Thursday, August 28, 2014, 10:00 a.m.
3. Thursday, September 25, 2014, 10:00 a.m.
4. Thursday, October 23, 2014, 10:00 a.m.

O. ADJOURNMENT

Mr. Shiraishi moved to adjourn the Regular Board meeting at 11:36 a.m.; seconded by Mr. Dill; with no objections, motion carried with 6 ayes.

Respectfully submitted,



Edie Ignacio Neumiller
Commission Support Clerk

Approved,



Sherman Shiraishi
Vice Chair – Board of Water Supply