

BOARD OF WATER SUPPLY of the COUNTY OF KAUA'I

## FINANCE COMMITTEE MEETING

Second Floor, Microbiology Lab Bldg.  
Kaua'i County Department of Water  
4398 Pua Loke Street, Līhu'e, Kaua'i, Hawai'i 96766  
Līhu'e, Kaua'i, Hawai'i 96766

**THURSDAY, MAY 28, 2015**

**1:00 p.m.**

## AGENDA

1. CALL TO ORDER
2. ROLL CALL
3. ACCEPTANCE OF AGENDA
4. ACCEPTANCE OF MINUTES
5. OLD BUSINESS
  1. Manager's Report No. 14-16 – Part 4 Section VII, Facilities Reserve Charge, Proposed Rule Amendments
6. NEW BUSINESS
7. ADJOURNMENT

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**NOTE: NOTE:** If you need an ASL Interpreter, materials in an alternate format, or other auxiliary aid support, please contact Edie at 245-5406 or email: [eineumiller@kauaiwater.org](mailto:eineumiller@kauaiwater.org) at least seven calendar days before the meeting.

# DEPARTMENT OF WATER

County of Kaua'i

*"Water has no Substitute – Conserve It!"*

## MANAGER'S REPORT No. 14-16

May 28, 2015

Re: Part 4 Fixing Rates for Water Service, Section VII Facilities Reserve Charge

### **RECOMMENDATION:**

It is recommended that the Finance Committee approve Part 4 Section VII of the DOW's Rules and Regulations and to forward the recommendation to the full Board.

### **BACKGROUND:**

This version of the of the revisions to Part 4 Section VII of DOW's Rules and Regulations considers the assessment of Facilities Reserve Charge (FRC) by Flat Rate per meter size, single family dwellings, multi-family residential development, resort development, newly created lots, inactive water service and other request for water service as applicable. The basis of the FRC is the water meter and the level of service provided by the DOW. FRC rationalization included the existing Rules and Regulation of the Department of Water, Water System Standards and AWWA Manual of Water Supply Practices M22.

### **Options:**

#### **1. Approve**

Pros: We will have a recommendation to the Board so we may move forward.

Cons: None

#### **2. Not Approve**

Pros: Relief to those that are near to getting meters.

Cons: Will cause further delay in increasing funds in the FRC fund for expansion projects.

#### **3. Revise the rule**

Pros: Would have to reserve comment until the revisions are identified.

Cons: Would have to reserve comment until the revisions are identified.

Thank you for your attention to this matter.

Respectfully submitted,



Kirk Saiki, P.E.,  
Manager and Chief Engineer

KS/ein

Attachments: DOW revised proposed changes on Part 4 Section VII (rev. 4-22-15)

Mgrrp/Finance/May 2015/14-16 Part 4 Fixing Rates for Water Service, Section VII Facilities Reserve Charge (FCM 01-15-14, 9-12-14:5-28-15):ein

**PART 4**  
FIXING RATES FOR THE FURNISHING OF WATER SERVICE IN THE  
COUNTY OF KAUAI

Administrative rule material to be repealed is bracketed. **New material is underscored.** Deleted material is ~~stricken through~~ or [bracketed.] In printing this rule amendment, the brackets, bracketed material, underscoring, strikes need not be included.

SECTION VII - FACILITIES RESERVE CHARGE

1. The following rules shall govern the assessment of impact fees for the Board of Water Supply, County of Kauai capital water facilities expansion. These rules are authorized pursuant to Hawaii Revised Statutes (H.R.S.) §46-141, H.R.S. §54-33 and other applicable State law. New development and/or additional demand shall be assessed impact fees in proportion to its demand on capital water facilities and the impact fees assess shall be expended for public capital water facilities projects. The Facilities Reserve Charge (FRC) was adopted in accordance with the report prepared by an independent consultant retained by the County of Kauai, Board of Water Supply (Board) to assess and study water facilities. The report calculated the proportionate costs associated with the water development needs as laid out in the Board approved Department facilities needs assessment study entitled "Water Plan 2020", as amended.
2. The water system facilities reserve charge shall be assessed against all new developments and subdivisions requiring supply of water from the County of Kauai, Department of Water, and existing developments requiring additional supply of water from the Department's system. The facilities reserve charge must be paid before water services are made available to the new or existing development.
- ~~3~~2. The water system facilities reserve charge shall be paid by all applicants for water service, including but not limited to the following:
  - a. All irrigation services and/or meters.
  - b. Additional buildings to be connected to existing services where additional demands or supplies are indicated. The charges shall be based on the meter sizes required if the buildings were metered separately.
  - c. Additional units connected to existing services and meters under the categories of single family and multi-family residential units. The charges will be based on the established schedule of charges for the respective categories.
  - d. All water service(s) which have been inactive for more than one year. A water service is considered inactive when no monthly water service is being assessed.
- ~~4~~3. The water system facilities reserve charges shall apply to all applicants for water service as follows:
  - a. For each parcel created by subdivision, including the first lot created; and for every new single family residential dwelling unit not yet metered and a facilities reserve charge has not yet been paid, the charge shall be \$14,115.00 ~~4,600.00~~.

- b. For each unit or hotel room in a multi-family residential development and/or resort development, which applies to each unit or hotel room, the charge shall be ~~\$9,880.00~~ 4,600.00.
- c. For all other uses, the facilities reserve charge shall be determined by the size of the meter as follows:

<u>Meter Size</u>	<u>Amount</u>
5/8"	\$ <del>4,600</del> <u>14,115.00</u>
3/4"	\$ <del>14,300</del> <u>21,170.00</u>
1"	\$ <del>26,400</del> <u>35,290.00</u>
1 1/2"	\$ <del>53,200</del> <u>70,580.00</u>
2"	\$ <del>90,700</del> <u>112,920.00</u>
3"	\$ <del>170,000</del> <u>211,730.00</u>
4"	\$ <del>283,400</del> <u>352,880.00</u>
6"	\$ <del>566,800</del> <u>705,750.00</u>
8"	\$ <del>907,000</del> <u>1,129,200.00</u>

Meter sizes shall be determined by the Department and not by the Developer or Applicant. The facilities reserve charge for multi-family and/or resort development will be determined by the approved meter size or the number of units, whichever number is larger.

d. Water services which have been inactive for one year will be required to pay the difference of the FRC prior to the rule change and the FRC in effect at this time.

Example assumes inactivity of 1 year for a 5/8-inch water meter:

<u>Current FRC</u>	<u>\$ 14,115.00</u>
<u>FRC Prior to the Rule Change</u>	<u>\$ 4,600.00</u>
<u>FRC Owed Before Reactivation</u>	<u>\$ 9,515.00</u>

Facilities reserve charges are periodically adjusted by the Department. These adjustments may increase or decrease existing facilities reserve charge amounts. Where adjustments to facilities reserve charges result in decreases of such charges, no refund will be made of the difference between the higher, pre-existing charges and the lower, adjusted charges.

54. FRC Offsets.

- a. Definitions and construction of words. As used in this paragraph ~~54~~, the following definitions shall apply:

“Applicant” means any person, individual, corporation, partnership, business, organization, association, or other entity whatsoever that applies for water service from the Department.

“Consumer” has the meaning ascribed to it under Section I of Part 2 of the Department’s Rules and Regulations.

“FRC” means the facilities reserve charges described in section VII of Part 4 and Section III of Part 3 of the Department’s rules.

“Offset” means reduced or reduction.

“Subdivider” has the meaning ascribed to it under section I of Part 3 of the Department’s Rules and Regulations.

“Subdivision” has the meaning ascribed to it under section I of Part 3 of the Department’s Rules and Regulations.

“Water transmission main” or “main” means a main extension under Paragraph 2.d [2.a.(4)] of Section II of Part 2 of the Department’s Rules and Regulations.

As used in this Paragraph 4, the following rules of construction shall apply:

Number. Words in the singular or plural number signify both the singular and plural number.

"Or", "and". Each of the terms "or" and "and", has the meaning of the other or of both.

- b. When an applicant, consumer, or subdivider is required to construct and dedicate water source or water storage facilities, or water transmission mains, to the Department, the following rules shall apply.

Subject to the provisions of this paragraph ~~54~~, the applicable FRC liability of such applicants, consumers, or subdividers shall be offset by up to ~~33.22%~~ 33.22% each where water source improvements are constructed, or up to 41% each ~~water storage improvements are constructed~~, and up to ~~50.37%~~ 37% where water transmission mains are constructed; provided that the total amount of all offsets that an applicant, consumer, or subdivider receives shall not exceed 100% of the applicant’s, consumer’s, or subdivider’s FRC liability, and provided further that the offset for any source or storage improvement or transmission main shall not exceed the actual cost of the source or storage improvement or transmission main.

The Department, and not the applicant, consumer, or subdivider, shall calculate and determine the total amount of an applicant’s, consumers, or subdivider’s FRC offset in any given case. The Department may require the applicant, consumer, or subdivider to submit documentation verifying the actual cost of a source or storage improvement or transmission main.

- c. The offsets described in this Paragraph ~~54~~ “FRC Offsets” shall not apply to water transmission mains constructed by a subdivider, applicant or consumer which are within or adjacent to a subdivision or lands either 1) owned by the applicant or consumer, or 2) developed by the applicant or consumer for uses such as, but not limited to, residential, agricultural, commercial, resort, industrial, governmental, religious, or educational uses. Where water transmission mains are constructed within, adjacent to, or outside of such subdivisions or lands, the offsets shall apply only to mains constructed outside of and off-site from such subdivisions or lands.”