

MEETING MINUTES
BOARD OF WATER SUPPLY
Tuesday, May 17, 2016

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Līhu'e on Tuesday, May 17, 2016. Chair Laurie Ho called the meeting to order at 10:00 a.m. The following Board members were present:

BOARD: Ms. Laurie Ho, *Chair*
Mr. Clyde Nakaya, *Vice Chair*
Mr. Wallace Rezentes, Jr.
Mr. Lyle Tabata
Mr. Larry Dill
Mr. Sherman Shiraishi
Mr. Michael Dahilig (*entered meeting @ 10:44 a.m.*)

Quorum was achieved with 7 members present at the time of roll call.

<u>STAFF:</u>	Mr. Kirk Saiki	Mr. Chris Nakamura
	Ms. Marites Yano	Ms. Regina Flores
	Mr. Dustin Moises	Ms. Jonell Kaohelaulii
	Mr. Keith Aoki	Mr. Carl Arume
	Ms. Sandi Nadatani-Mendez	Mr. Joel Bautista
	Mr. Val Reyna	Ms. Christine Erorita
	Mr. Ryan Smith	Deputy County Attorney, Andrea Suzuki

<u>GUEST(s):</u>	Mayor Bernard P. Carvalho, Jr.	Ms. Nancy Kanna, Kaua'i Board of Realtors
	Ms. Kanani Fu, Housing Director	Mr. Tom Shigemoto, A&B Properties
	Mr. Kaaina Hull, Deputy Planning Director	Mr. Chris Goodloe, Prithibi Consultant
	Mr. Hall Parrott, Private Citizen	Ms. Helene Arroyo, Prithibi Consultant

ACCEPTANCE OF AGENDA

Chair Ho reordered the Agenda to move up Executive Session Agenda Item J1 after Agenda Item E2.

Mr. Nakaya moved to approve the reorder of the Agenda to move up Executive Session Agenda Item J1 after Agenda Item E2; seconded by Mr. Rezentes; with no objections, motion carried with 6 ayes.

D. MEETING MINUTES

Review and approval of:

Regular Board Meeting – April 28, 2016

Mr. Shiraishi moved to approve the Regular Board Meeting minutes of April 28, 2016; seconded by Mr. Nakaya; with no objections, motion carried with 6 ayes.

Finance Committee Meeting – April 20, 2016

Mr. Dill moved to approve the Finance Committee Meeting minutes of April 20, 2016; seconded by Mr. Nakaya; with no objections, motion carried with 6 ayes.

Finance Committee Meeting – April 26, 2016 - *Recessed*

Mr. Dill moved to approve the Finance Committee Meeting minutes of April 26, 2016 – *Recessed*; seconded by Mr. Nakaya; with no objections, motion carried with 6 ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS

1. Correspondence from Mayor Bernard P. Carvalho, Jr., dated May 5, 2016, regarding Affordable Housing and the Proposed Additional Rental Units Bill No. 2627

Mayor Bernard P. Carvalho, Jr. provided his testimony.

Mayor Carvalho expressed a critical need for affordable housing on Kaua'i and is looking at various ways of addressing affordable housing. Affordable housing has challenges and the Department of Water (DOW) can be big solution in moving forward with this effort. Land acquisition and building infrastructure are big challenges in developing affordable housing; also,

More than 80% of residents of Kaua'i fall into the household income limits that qualify for affordable housing. In order to meet Kauai's housing demand, over 1,300 homes are needed. By 2025, an additional 5,000 affordable homes are projected to be required.

The County's Administration is working to providing affordable housing inventory through affordable housing projects. `Eleele I'luna Phase I, 18 units; Pa'anau Phase II 50 units; Kolopua 44 units; Kaniko`o Phase I 90 units; and Lima Ola, Phase I, 150 units.

Mayor Carvalho looks forward to working with the DOW on possible options in addressing affordable housing in general and to partner for families on the island.

***Ms. Kanani Fu, County Housing Agency Director and
Mr. Kaaina Hull, Deputy Planning Director provided their testimony.***

Ms. Kanani Fu provided a PowerPoint presentation and a handout for the Board members titled "Affording Housing Overview" (Received for the Record). The overview consisted of the following topics: Kaua'i County Housing Agency's Mission Statement, Kaua'i Needs 1,312 Units by 2016, "Home Demand Outweighs Supply" news article, Reality Check information, New Inventory Since 2011, Future Inventory in Progress, Create Inventory through Partnerships and Leverage Opportunity & Policy. The County Housing Agency works with other non-profit and private developers, community organizations like Habitat for Humanity and Mutual Housing with affordable housing. The main purpose in this meeting was to establish County funds for affordable housing.

Lower income groups need affordable housing. The Housing Agency serves 120% of the area medium income and below. A family of four that earns \$112,000 this year qualify for affordable housing. A study by Department of Business, Economic Development & Tourism (DBEDT) puts the inventory need due to 19% population growth by 2025 at 5,287 units. Some families look for subsidies through the Housing and Urban Development (HUD) or in rentals. The County built 450 homes in the last five years, through partnerships, other opportunities and creating policies through legislative branches. The Housing agency is working on developing a policy with the Planning Department on affordable rental units. The completed affordable housing inventory and future inventory is in progress total 685 homes (a deficit).

Mr. Kaaina Hull commented that the Administration drafted an Additional Rental Unit (ARU) Bill 2627 and referred to Section 1. Findings and Purpose of the ARU. Lihue will need an additional 4,600 units by 2035. Population growth is from Kaua'i's existing population and not just from the in-migration of people from other places.

Mr. Hull discussed how the County will meet the resident/local demands as opposed to the demands to luxury high end homes. Property owners within Līhu'e District (Hanamā'ulu, Līhu'e & Puhi) could build an additional rental unit with a kitchen on their property to serve the market or Kaua'i family members.

Requirements: rental unit has to be up to 800 sq. ft.; cannot be subsequently subdivided or CPR'd to always stay with the primary resident. Bill 2627 prohibits transient accommodations. By limiting the square foot area of the ARU, it become affordable by design for the workforce population.

There were various ordinances passed for Līhu'e the past five to six years which increased the density allowance to build four to five houses. Only one or two property owners took advantage of these entitlements with the Līhu'e Town Court Plan. Mr. Hull met with the Kaua'i Board of Realtors, property owners, and contractors who did not do anything with the Līhu'e Town Court Plan and asked if there would be any action on the ARU's. The result of inaction was due to infrastructure and labor costs. Planning also met with Real Property and the Wastewater Department to reduce fees as incentives on types of housing units which fill the workforce housing population. Guiding development is zoning and entitlements which is not the only thing that steers development to serve workforce housing.

The Mayor added he would like the Board and Department to look over the additional rental unit Bill 2627 for the entire island collectively.

DISCUSSION:

Mr. Nakaya asked if the ARU would be for the rest of the island. Mr. Hull said the ARU is for the Līhu'e District based on two reasons 1) A policy measure directed to the County to provide entitlements by getting private property owners to build in the Līhu'e area (increase density) and 2) If adopted this could move to other parts of the island. Barriers were taken out of the Bill to allow property owners to take advantage of entitlements. This is similar to a pilot program and could be proposed to other districts.

Mr. Shiraishi requested an explanation on the Real Property tax exemption for the ARU. Mr. Hull is in discussion with Real Property to see what type of tax incentives/exemptions could be given to property owners. An increase in value may be exempt from the assessment which is a possibility. This is an exemption to potentially wait up to 5 years and is not permanent. Some exemptions could be placed on only those that provide affordable housing rates. Mr. Hull agreed with Mr. Shiraishi's concern that the demand to increase public services and a possibly of not getting any tax revenue. Once affordable housing is built, with the value increased, the County would have access to the monies.

Mr. Rezentes commented the County did go for the owner occupant or renter under certain affordable housing guidelines incentivized by the Real Property tax code. A separate class was created for homesteads that includes people who ran out at the affordable levels. If a person is renting at the affordable level with the Affordable Housing agency, this would be under a homestead class category. This would not be at two different tax rates for homesteads and rentals.

Ms. Fu added that the long term rental rate is already in place. If you have a rental and rent at the affordable rate, the rental unit is considered a homestead tax class. Proposed Bill 2627 is the additional value that is added on to build which would be waived.

Mr. Shiraishi gave an example of a homeowner with two dwelling units. A parent lives in one unit and is rented out and owned by a child living in another unit. The Real Property Tax office is taxing both units at two different rates. The Bill being proposed is different of what is being practiced. Mr. Rezentes and Ms. Fu said there are criteria to qualify for the program Mr. Shiraishi mentioned. A one year rental agreement every year by September, rental documentations and property taxes need to be provided. Mr. Hull added the ARU may or may not require the one year rental agreement. The Housing Agency is looking into how to eliminate bad tenants with long term rental agreements. The Council wants to require the ARU entitlement to tenants who enroll in the long term program. This would de-incentivize the ARU program resulting in less units.

The Honolulu Board of Water Supply (HBWS) does not have any water incentives added to their effort and are looking at waivers or other subsidies. Manager Saiki added that managers on the other islands do not have any FRC subsidies for affordable housing.

The status of Bill 2627 was up for Council committee Wednesday but was deferred for two weeks.

***Ms. Nancy Kanna, Government Affairs Advocate for
Kaua'i Board of Realtors provided her testimony.***

Ms. Kanna found out for every available Kaua'i Realty market rate property being advertised, there are at least 10 applications for such property. Young people and the elderly are applying for rental units. She asked the Board to consider supporting affordable rentals/housing at a reduced FRC fee not just for ARU but for future development.

Mr. Shiraishi moved to receive Correspondence from Mayor Bernard P. Carvalho, Jr., dated May 5, 2016, regarding Affordable Housing and the Proposed Additional Rental Units Bill No. 2627; seconded by Mr. Nakaya; with no objections, motion carried with 6 ayes.

2. Correspondence from Mr. Wallace Rezentes, Jr. dated April 27, 2016, regarding his resignation from the Department of Water's Board of Water Supply effective May 31, 2016

Mr. Shiraishi moved to receive Correspondence from Mr. Wallace Rezentes, Jr. dated April 27, 2016, regarding his resignation from the Department of Water's Board of Water Supply effective May 31, 2016; seconded by Mr. Dill; with no objections, motion carried with 6 ayes.

Chair Ho ordered to go into Executive Session.

At 10:44 a.m., Mr. Dahilig entered the meeting and read the follow Executive Session language:

J. EXECUTIVE SESSION

1. Pursuant to Hawaii Revised Statutes Sections 92-4, 92-5(a)(2), and County Charter Section 3.07(E), the purpose of this executive session with the Board of Water is to discuss matters pertaining to the Department Head Evaluation Results as it relates to the Manager and Chief Engineer and as it is used to determine the Manager and Chief Engineer's salary effective July 1, 2016. This session pertains to the Manager and Chief Engineer's job performance evaluation where consideration of matters affecting privacy will be involved; if the Manager requests an open meeting, an open meeting shall be held. (Refer to Executive Session minutes for motion.)

At 11:48 a.m., Chair Ho reconvened the meeting.

Chair Ho reordered the Agenda to move up Old Business Item G2, Manager's Report No. 16-38 before Item F1 Finance Committee Board Report to allow for public testimony on Manager's Report No. 16-38.

Mr. Rezentes moved to reorder the Agenda to move up Old Business Item G2, Manager's Report No. 16-38 before Item F1 Finance Committee Board Report to allow for public testimony on Manager's Report No. 16-38; seconded by Mr. Dill; with no objections, motion carried with 7 ayes.

G. OLD BUSINESS

2. *Manager's Report No. 16-38* – Discussion and Possible Action on Amendment of Part 5, Facilities Reserve Charge Section III, Rules of the Board of Water Relating to Multi-Family Dwelling Units (*Update*)

BACKGROUND:

Manager Saiki stated that under the proposed Amendment, the Department would assess 50% (\$9,800) of multi-family units at \$4,900 FRC to ADU, multi-family conversions and Additional Dwelling Unit (ADU), Special Planning area residential units and County Housing Agency affordable projects.

No other water department in the State has written rules that assess different rates for affordable housing. The Department is currently researching water consumptions for smaller cluster homes 900 sq. ft. or less. Modeling will be based on past year's FRC receipts to get a dollar amount which would be presented to the Board. The Department will work with the Planning Department and Finance Department to determine potential property tax increases and General Excise Tax (GET).

If the County receives a financial benefit from the properties, the DOW should share in the benefit instead of taking a loss in revenue due to the loss in FRC revenue. The Department may have to increase water rates to supplement a loss.

Mr. Tom Shigemoto, A&B Properties provided his testimony.

Mr. Tom Shigemoto was in support of the FRC proposal amendment and commended Board members Dahilig and Rezentes for its introduction. Nobody develops affordable housing except for the Housing Agency or Grove Farm. Building 1,312 affordable housing this year will not be reached.

In previous FRC rule change testimonies, there was a need to consider cost going into development before the increase was adopted. The water component is a small part of the total cost to develop a house, the infrastructure cost and fees.

If the development market is weak in developing affordable housing, affordable housing needs to be provided based on the affordable housing policy that is currently in place. Since FRC of \$14,000 applies to all housing, it becomes impractical to accomplish affordable housing.

Mr. Shigemoto suggested the Department reduce water rates for all affordable units not just multi-family units.

DISCUSSION:

Mr. Dahilig explained to Mr. Shigemoto that the proposed Amendment in Section III 3e addresses multi-family units, which Mr. Shigemoto accepted the language as presented.

Ms. Kanani Fu, County Housing Agency Director provided her testimony.

Ms. Fu thanked Board members Dahilig and Rezentes for introducing the amendment proposal which she supports. The County is the leader in developing affordable housing through subsidies and works with all County departments. Fee waivers for affordable housing projects include Sewer, Wastewater, Building, Planning and eventually DOW lessens the subsidies.

Mr. Kaaina Hull, Deputy Planning Director his testimony.

Mr. Hull accepted the proposed amendments as discussed. State housing, County housing and Department of Hawaiian Home Lands (DHHL) are tasked in providing housing for local families and the workforce population.

DISCUSSION:

Manager Saiki commented the Department is researching the regional plan (cluster homes) and to figure a way to determine to assess at a lower rate.

Mr. Nakaya asked if there was a time constraint regarding the amendment proposal. Mr. Dahilig mentioned it has been three months from when this amendment proposal was sent to the Department and a decision has not been made as of today. If the Board is not proactive on policies of concern to the County, the County Council may propose a Charter amendment which take away the semi-autonomous status of the Water Department. By the Board moving forward on this issue and submitting the proposed rule changes to the Small Business Regulatory Review Board (SBRRB), the Department will be addressing affordable housing concerns. Pending review by SBRRB, the Department and Board could still review and provide input.

Mr. Rezentes pointed out that the County worked with the other County departments to assist in affordable housing and it is time for the DOW to assist as well. Legislation is common to promote affordable housing in various departments and counties (except for DOW).

Mr. Shiraishi felt rushed into accepting a reduction of one-half of the FRC and asked how the one-half reduction was arrived at? Have other alternatives and incentives (i.e., fixture counts) been considered? If waivers are considered and adopted, the burden of the FRC is shifted to other sources. During the FRC discussions, it was decided that each additional units needed to pay their fair share for infrastructure development.

Manager Saiki commented if Public Works and Wastewater waives their fees and falls short, they have the General Fund to fall back on. The Department gets nothing if fees are cut. There are only two sources of income 1) water rates & 2) FRC. To make up a shortfall in FRC due to the waiver, it would help if there were an agreement with the County to share revenue with the DOW to recoup some of the FRC monies lost due to the FRC waiver

Chair Ho acknowledged written testimony distributed to the Board members from the Contractor's Association of Kaua'i (CAK) received before the meeting started today. (Note: CAK supports the proposed Amendment to Part 5, Section III; Received for the Record.)

Mr. Rezentes said a potential loss cannot be quantified on how many affordable housing units would not be built. To quantify would be when someone comes in for an affordable unit.

The rule reflects units that are affordable by design vs. affordable by the rule.

Mr. Dill supports affordable housing and agreed with Mr. Dahilig that the Board did not hear back from the Department on the proposed amendment. By not hearing back from the Department, it is still open for discussion to meet the Board's concerns. He added when FRC was established there was an elaborate cost of service study and user base scenario. Projects have been identified but not accomplished. Collections of fees are to do certain projects. If subsidies are given to certain customer homes, there would be a shortfall. The Department would go back to the customers to collect a second time because money was used for another purpose. The County waivers and the subsidy belongs in the County's property tax General Fund subsidy. The Manager, based on the Charter, could amend the Hawai'i Water Systems Standards applied to the Kaua'i County to change to fixture units to calculate FRC. Mr. Dill would be acceptable to do this but was not in favor of an arbitrary discount.

Sending the proposed amendment to the SBRRB, prior to the Board's approval, would send the wrong message. If there is a public hearing, then when it comes back to the Board, it would be difficult to go back on this proposal. This Board should do things for the right reason and not pressured from other

agencies, the Board's duties are to the customers (rate payers). Mr. Dill was not in support of this proposal.

Mr. Dahilig said rate payers are not treated the same. The ag rate is a conscious choice to promote agriculture by design. This proposal is the same thing. Rate payers based on fairness have the least ability to afford this with development.

Mr. Shiraishi shared an article on Impact fees and Affordable Housing and stated that he would provide a copy of the article to Board members. The article states that home builders (such as the CAK) are advocates of affordable housing. However, these associations fail to mention that waivers of impact fees lead to higher property taxes or utility rates. These higher property taxes and utility rates are regressive in that they impact lower income households greater than higher income households. If the Department adopts waivers on FRC, the revenue loss would eventually have to be recouped by raising water rates or property taxes. The proposal needs to be looked at in more detail.

Mr. Nakaya asked if another month would jeopardize this proposal? Manager Saiki said one month may matter because he would be meeting with Council Member Mason Chock today.

Mr. Shiraishi commented that if the County administration adopts a policy to promote affordable housing, it should be refunding the reduction in fees through the General Fund. As a Water Board appointee, he wants to make sure there are revenues to pay for infrastructure and expansion.

Manager Saiki commented during the ARU discussion, there was talk to put away funds to compensate the DOW but has been taken off the table.

Mr. Rezentes added there are special County funds that support affordable housing. The balance of the water fund is sounder than the County's General Fund.

Mr. Dill asked if there are any legal issues before making a Board decision. Deputy County Attorney, Ms. Suzuki stated when affordable housing and FRC fees was brought up to the Board over five years ago, she informed the Board to always "charge less" but could never "charge more." *For every supplement to charge less cannot be made up for another impact fee and have to be made up through the water rates.* When the Board goes forward, they need to consider about how this rule will be funded. Some departments have discounts for affordable housing which was brought to the Board when the initial rules were drafted, but the Board decided not to do this. Subsidizing affordable housing has not been tested in the courts yet because there should be a rational nexus to the benefit that is received. The Department could apply affordable housing reductions and there is nothing in HRS says you can't have a reduction. He Department was asked to do more FRC projects by the Board (67 in total); 90% are expansion projects. Because of the six year restriction to spend FRC, the Department would be in debt to build out the projects.

At 12:45 p.m., Mr. Shiraishi exited the meeting.

Manager Saiki added the Board has to decide if the Department will or will not recoup the cost. If the cost is not recouped, it would need a general obligation bond or revenue bond financing or grants.

At 12:45 p.m., Mr. Shiraishi re-entered the meeting.

At 12:47 p.m., Chair Ho called for a five minute recess.

Mr. Dahilig moved to take a five minutes recess; seconded by Mr. Dill; with no objections.

At 12:59 p.m., Chair Ho called the meeting back to order.

Mr. Dahilig moved to suspend the rules for public testimony; with no objections.

Ms. Kanani Fu, County Housing Agency Director provided her testimony.

Ms. Fu stated that entitlement to start a project would take 3-5 years from land acquisition but suggested the Board consider a longer term.

DISCUSSION:

Mr. Tabata suggested to make an amendment to extend County determined affordable projects.

Mr. Shiraishi suggested that if the proposed rule amendment is adopted, that a Sunset provision be included. The purpose of the Sunset provision is to alleviate a revenue shortfall in FRC charges which affects to expand the system. The Sunset provision would allow the Board to reexamine the issue in the future. Manager Saiki mentioned the Department doesn't have the revenue to expand the system.

Ms. Fu said the ARU Bill establishes a Sunset of five years.

Manager Saiki said a provision in Part 5 says if affordable housing obtains a grant to fix the water system it is considered off sets.

Ms. Fu said if the Housing Agency secures CIP funding by lobbying with the DOW used towards infrastructure and water improvements, it would get off set credits.

Board members discussed several amendments.

Mr. Dahilig moved to approve for referral of Amendment of Part 5, Facilities Reserve Charge Section III – Applicability, Rules of the Board of Water Relating to Multi-Family Dwelling Units (*Update*) to the Small Business Regulatory Review Board (SBRRB) for *review* and comment of the Rules minus Section III, 3b & 3d and allow the County Attorney to make non-substantive edits before submittal with a five (5) year Sunset; Mr. Rezendes seconded; with no objections; motion carried with 6 Ayes and 1 Nay (LD).

Mr. Dahilig moved to amend the Agenda to move up New Business, Items H1, H2, & H3 before F1; seconded by Mr. Shiraishi; with no objections, motion carried with 7 ayes.

H. NEW BUSINESS

1. Manager's Report No. 16-52 - Resolution No. 16-08 Mahalo and Aloha Board Member, Wallace "Wally" Rezendes, Jr.

Mr. Shiraishi moved to approve Manager's Report No. 16-52 - Resolution No. 16-08 Mahalo and Aloha Board Member, Wallace "Wally" Rezendes, Jr.; seconded by Mr. Dahilig, with no objections, motion carried with 7 ayes.

A photo op followed with Mr. Rezendes with Manager Saiki and Board Chair Ho.

2. Manager's Report No. 16-53 - Discussion and Possible Action to Request Board Approval to enter into Memorandum of Understanding (MOU) between Office of the Auditor, State of Hawai'i ("Auditor"), and the County of Kaua'i, Department of Water ("DOW") regarding the audit of actuarial information provided by Gabriel, Roeder, Smith & Company ("GRS"), the State of Hawaii Employees Retirement Service ("ERS") Actuary

Mr. Shiraishi moved to approve Manager's Report No. 16-53 - Discussion and Possible Action to Request Board Approval to enter into Memorandum of Understanding (MOU) between Office of the Auditor, State of Hawai'i ("Auditor"), and the County of Kaua'i, Department of Water ("DOW") regarding the audit of actuarial information provided by Gabriel, Roeder, Smith & Company ("GRS"), the State of Hawaii

Employees Retirement Service (“ERS”) Actuary; seconded by Mr. Dahilig; with no objections, motion carried with 7 ayes.

3. Manager’s Report No. 16-54 - Discussion and Possible Action on Grant of Easement for Water Meter Plan for Morita Subdivision (S-2013-23), Affecting the Following Landowner, TMK: 4-6-06:17 & 19, Kapa’a, Kaua’i, Hawai’i
 - a. Makaleha Gardens, LLC

Mr. Shiraishi moved to approve Manager’s Report No. 16-54 - Discussion and Possible Action on Grant of Easement for Water Meter Plan for Morita Subdivision (S-2013-23), Affecting the Following Landowner, TMK: 4-6-06:17 & 19, Kapa’a, Kaua’i, Hawai’i, a. Makaleha Gardens, LLC; seconded by Mr. Nakaya; with no objections, motion carried with 7 ayes.

F. BOARD COMMITTEE REPORTS

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

1. Draft Budget for Fiscal Year 2016-2017
 - a. Fiscal Year 2016 – 2017 Draft Operating Budget
 - b. Fiscal Year 2016 – 2017 Draft Capital Outlay Budget

BACKGROUND:

Finance Chair Dill stated the committee met regarding the draft Budget for FY 2016-2017 to recommend to the Board for approval. Mr. Dill recommended the Department review the Capital Improvement Project (CIP) list for the Board to understand what projects are recommended for funding this year. The Board directed the Department, in the past, to prioritize CIP expansion projects to develop FRC revenues. In the budget overview to be presented, the majority of the projects proposed are FRC as well as Rehab projects.

G. OLD BUSINESS

1. Draft Budget for Fiscal Year 2016-2017
 - a. Fiscal Year 2016 – 2017 Draft Operating Budget
 - b. Fiscal Year 2016 – 2017 Draft Capital Outlay Budget

BACKGROUND:

Waterworks Controller, Ms. Yano presented an overview of the Water Utility Fund Project Resources (Page 33), Allocation of Projected Resources (Page 35), and New Capital Outlay–All Funds (Page 37).

A few of the new capital outlay projects were deleted (Refer to updated Fund Balance Projections handout; Received for the Record).

Page 54 – Account 10-20-604120 – Kilauea 1M Gallon Tank - \$6,000 deleted.

Page 55 – Account 20-20605-017 - \$20,800 deleted.

Page 55 – Account 20-20605-120 - \$49,000 deleted.

Page 56 – Title for Bond Fund Capital Projects – R&R was taken out and left as Expansion.

Mr. Dahilig moved to approve only the Draft Operating Budget for FY 2016-2017; seconded by Mr. Tabata; with no objections, motion carried with 7 ayes.

Mr. Dahilig moved to *defer* the Capital Improvement Projects (CIP) for discussion with a follow up report at the next Board meeting; seconded by Mr. Rezentes; with no objections, motion carried with 7 ayes.

Mr. Dahilig will meet on CIP items with Manager Saiki and the Construction Management in a separate meeting.

At 1:38 p.m., Mr. Nakaya exited the meeting.

At 1:40 p.m., Manager Saiki exited the meeting.

At 1:41 p.m. Mr. Nakaya re-entered the meeting.

I. STAFF REPORTS
MONTHLY

1. Discussion and Receipt of the Kaua'i County Water Department's Statement of Revenues and Expenditures
 - a. April Monthly Summary Budget

Mr. Dahilig moved to receive the Kaua'i County Water Department's Statement of Revenues and Expenditures, a. April Monthly Summary Budget; seconded by Mr. Dill; with no objections, motion carried with 7 ayes.

Commission Support Clerk distributed the handouts for Waterworks Controller, Ms. Yano Monthly Fiscal Report (Received for the Record) and the Project Priority List prepared by Civil Engineer, Mr. Aoki (Received for the Record).

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

Mr. Dahilig moved to receive the Report by the Public Relations Specialist on Public Relations Activities; seconded by Mr. Dill; with no objections, motion carried with 7 ayes.

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

Mr. Dahilig moved to receive the Chief of Operation's Summary Report on Operational Activities the Chief of Operation's Summary Report on Operational Activities; seconded by Mr. Dill; with no objections, motion carried with 7 ayes.

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

Mr. Dahilig moved to receive the Manager and Chief Engineer's Monthly Update Regarding Activities of Note of the DOW; seconded by Mr. Tabata; with no objections; motion carried with 7 ayes.

- a. Report of the BAB pay down as of April 2016

Mr. Dahilig moved to receive the Report of the BAB pay down as of April 2016; seconded by Mr. Tabata; with no objections; motion carried with 7 ayes.

Mr. Dahilig suspended the rules for the Prithibi consultants to provide an updated report on the CC&B conversion; seconded by Mr. Tabata; with no objections.

At 1:44 p.m., Mr. Dill exited the meeting.

Mr. Chris Goodloe provided a status of the CC&B conversion and thanked Ms. Sandi Nadatani-Mendez for pushing things through. The CC&B conversion is 1-1/2 months ahead of schedule. Testing would be done next week. The CC&B data version 2.3 will be upgraded to version 2.4 with no major obstacles. Project plan will be updated in a phase implementation by doing CC&B first. Other functions are being worked on this week. The new system go live on August 22, 2016.

Mr. Dahilig thanked Mr. Goodloe for the update.

At 1:50 p.m., Chair Ho called the meeting back to order.

K. TOPICS FOR NEXT WATER BOARD MEETING (June 2016)

1. Draft Budget for Fiscal Year 2016-2017
 - a. Fiscal Year 2016 – 2017 Draft Capital Outlay Budget (CIP will be discussed)
2. Budget Resolution No. 17-01 (07/16), Budget for Fiscal Year 2016-17
3. Discussion and Possible Action on the Manager and Chief Engineer's goals for July 2016 – June 2017
4. Discussion and Possible Action on Board Policy No. 3 to increase the Water Utility Fund expenditure threshold on equipment furniture, fixtures in excess of \$5,000.00
5. Discussion and Possible Action on Proposed Board Policy for Delegating Routine Actions from the Water Board to the Department of Water's Manager and Chief Engineer regarding Right of Entry

L. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Discussion and Possible Action on Board Policy regarding Proposed Delegation of a Meter Restriction
2. Discussion and Possible Action on Board Policy regarding Providing Water Service Outside of the Water Zone
3. Discussion and Receipt of the American Water Works Association Chicago, IL Conference Reports (June 19-22, 2016) (July)
 - a. Report from Kaua'i Board of Water Supply Member, Sherman Shiraishi
 - b. Report from Kaua'i Board of Water Supply Member, Larry Dill
 - c. Report from Kaua'i Board of Water Supply Member, Michael Dahilig
4. Workshop presentation regarding the Long Range Plan of the Department of Water's Building

M. UPCOMING EVENTS

1. AWWA, Chicago, IL (June 19-22, 2016)
2. Project Wet - Make a Splash (September 22, 2016)
3. HWWA, Hawai'i Section, Maui, HI (November 2 – 4, 2016)

N. NEXT WATER BOARD MEETING

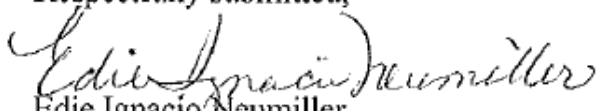
1. Thursday, June 30, 2016, 10:00 a.m.
2. Friday, July 22, 2016, 10:00 a.m.
3. Friday, August 26, 2016, 10:00 a.m.
4. Friday, September 23, 2016, 10:00 a.m.

O. ADJOURNMENT

Mr. Dahilig moved to adjourn the Regular Board Meeting at 1:58 p.m., seconded by Mr. Shiraishi with no objections; motion carried with 7 ayes.

Chair Ho appointed Mr. Tabata to the Rules Committee.

Respectfully submitted,


Edie Ignacia Neumiller
Commission Support Clerk

Approved,


Sherman Shiraishi
Secretary – Board of Water Supply