

REGULAR MEETING MINUTES  
BOARD OF WATER SUPPLY  
Thursday, November 29, 2012

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Thursday, November 29, 2012. Chairperson Daryl Kaneshiro called the meeting to order at 10:30 a.m. On roll call, the following answered present:

BOARD: Mr. Daryl Kaneshiro, Chairperson  
Mr. Randall Nishimura  
Mr. Raymond McCormick  
Mr. Michael Dahilig  
Mr. Roy Oyama  
Mr. Larry Dill (*entered meeting @ 10:05 a.m.*)  
Mr. Clyde Nakaya, Vice Chair

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

STAFF: Mr. David Craddick  
Mr. William Eddy  
Mr. Val Reyna  
Mr. Gregg Fujikawa  
Ms. Fay Tateishi  
Mr. Dustin Moises  
Mr. Keith Aoki  
Ms. Sandi Nadatani-Mendez  
Ms. Mary-jane Garasi  
Deputy County Attorney Andrea Suzuki

GUESTS: Mr. George Mukai, Private Citizen

**ACCEPTANCE OF AGENDA:**

Mr. Oyama moved to accept the agenda as circulated; seconded by Mr. McCormick; with no objections, motion was carried with 7 ayes.

**MINUTES:**

**Review and approval of:**

Regular Board Meeting – October 25, 2012

Mr. Dahilig moved to approve the Regular Board Meeting minutes dated October 25, 2012; seconded by Mr. Oyama, with no objections; motion was carried with 7 ayes.

**CORRESPONDENCE/ANNOUNCEMENTS**

Correspondence received from Mr. George Mukai dated October 29, 2012.

Chair Kaneshiro suspended the Rules to hear testimony from Mr. George Mukai.

*Mr. George Mukai provided his testimony.*

On November 27<sup>th</sup> Mr. George Mukai met with Manager Craddick to discuss why he was not receiving ag rates on his property at 4737A Pelehu Road (not 4737C). Mr. Mukai stressed to the Board it is very difficult for a farmer to survive. A recent call from Billing to Mr. Mukai indicated he no longer qualifies for ag rates anymore because he farms on the adjacent property. This adjacent property is family owned by Mr. Mukai. Water is only used on his 4737A property. Mr. Mukai would like to continue to get ag rates for his farm to sell his fruits.

A copy of Mr. Mukai's income from Esaki Produce was circulated for the Board. He asked the Board how can the local farmers grow their products? Farmers are not able to make a profit with all their expenses if they are not able to receive ag rates. Mr. Mukai feels the Department of Water (DOW) discourages farming.

Mr. Mukai's last three water bills totaled over \$300 and \$600. The cost of a back flow preventer is over \$700 to install and needs to be inspected every year. Mr. Mukai requested to the Board to cut his water bill in half because farmers cannot compete with the outside markets when they sell their products.

**DISCUSSION:**

Mr. Mukai confirmed 1) The rental on the adjacent property has its own water meter with no back flow preventer. Water from 4737A property does not go into the rental property, 2) The adjacent family owned property has a separate water meter which is not used by Mr. Mukai and 3) Three ¾ acre rental lots belong to Mr. Mukai. All rental properties have separate ¾ inch meters.

Manager Craddick explained that the Meter Reader saw ag activity on Mr. Mukai's family adjacent property. The meter to this property did not have a back flow permit which Mr. Craddick suggests be put in. After rechecking the property, the ag activity was coming from Mr. Mukai's 4737A property. Mr. Mukai agreed to install a back flow preventer as requested by the Meter Reader then the ag rates would be granted to Mr. Mukai.

Mr. Nishimura moved to receive and refer the correspondence from Mr. George Mukai dated October 29, 2012 to Manager Craddick for a recommendation to the Board. A possible lease agreement could be considered between Mr. Mukai's property and the adjacent family owned property. A confirmation must also be made that Mr. Mukai qualifies for ag rates on the 4737A property; seconded by Mr. Oyama, motion was carried with 7 ayes.

Chair Kaneshiro thanked Mr. Mukai for his testimony.

**BOARD COMMITTEE REPORTS**

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

- a. Water System Development and FRC Proposed Rules, i. Part V Water System Development Fee

*At 10:52 a.m. Chair Kaneshiro called for the Regular Meeting to recess.*

*At 10:55 a.m. Chair Kaneshiro moved for the Regular Meeting back into session.*

Rules Committee Chair, Mr. Dahilig clarified that the report on Section III of Part V was referred to the Finance Committee for further discussion.

Mr. Dahilig moved to receive the Rules Committee report and to act on a recommendation to the full Board to formulate a task force to investigate edits to accommodate the R. W. Beck Study to Part V of the Board Rules. A report will be provided for action after finalization. The task force will consist of Mr. Nishimura, Mr. McCormick and Mr. Dahilig; seconded by Mr. Oyama, motion was carried with 7 ayes.

### **OLD BUSINESS**

**Re: *Manager's Report No. 13-12 - (revised) Reorganization for the Fiscal Division***

#### **BACKGROUND:**

The Board requested to see other proposals on the reorganization for the Fiscal Division. Manager Craddick presented two separate proposals on a VISIO flow chart from the Water Controller and the Operations Chief, titled Inventory Procedures.

The Operations plan is to use the Maintenance Productivity Enhancement Tool (MPET) system to provide the necessary controls. The person who is taking the inventory out would be the same person entering information into the MPET system. The cost of the MPET proposal and implementation did not charge for an additional module. There would also be an accounting cost. There is a concern of separating the supervisory control with who is taking inventory out.

In Manager's Craddick's research, the use of a radio frequency ID on inventory items could be used but is expensive. This entails driving in and out of the warehouse with a forklift through a double locked gate which reads if a person is entering and leaving the warehouse.

On the Operations and Fiscal inventory procedures, there is cross over work and shared responsibilities with Accounting. Any inventory discrepancies would be determined at the end of the year which has been current practice.

#### **DISCUSSION:**

All functions should be under Procurement based on the two comparative flow charts. Manager Craddick and Mr. Reyna agreed that there is a structural deficiency in the way the Department is handling the inventory.

During the past few months, Operations has been following the SOP and found an additional \$18,000 of materials issued. Operations plans to perform a year end physical inventory to verify if the SOP procedures they are following are actually being implemented. Only the Chief of Operations, the Warehouse Clerk and the Supervisors are authorized in the warehouse. A crew member entering the warehouse must be under the direction of their supervisors.

If the following positions are filled, Superintendent for Field Operations, Warehouse Clerk and the Meter Mechanic, this could help with a stricter implementation or an upgraded SOP.

The Board recommended the Operations Division and Fiscal Division handle the inventory issues with the current SOP which may result in significant changes in the number of discrepancies. If there are no changes, then structural changes need to be made.

Mr. Dahilig moved to receive *Manager's Report 13-12 - (revised)* Reorganization for the Fiscal Division; seconded by Mr. Oyama, motion was carried with 6 ayes.

### **NEW BUSINESS**

**Re: Final Audit**

### **DISCUSSION:**

Mr. Dill requested the Department to move aggressively to correct the material weaknesses before the Target Competition date of June 30, 2014.

*At 11:25 a.m. Board Member, Mr. Nishimura exits.*

*At 11:28 a.m. Board Member, Mr. Nishimura re-enters.*

*At 11:30 a.m. Board Member, Mr. Dahilig exits.*

Mr. McCormick moved to receive the Final Audit report which will be forwarded to the County Administration; seconded by Mr. Oyama, motion was carried with 6 ayes.

**Re: Manager's Report No. 13-14 – Request Board Approval on Additional Funding for Three (3) Read Center/Handheld Units**

### **BACKGROUND:**

Manager Craddick proposed to the Board to fund an additional \$14,000 for three (3) Read Center/Handheld Units. The additional units would be back up equipment if any damages occur.

### **DISCUSSION:**

Mr. Eddy was responsible for the initial budget of \$15,000 from Account 103. In the process of ordering the handheld units, new software has to be purchased for each unit which is the reason the budget was short.

It was noted by Mr. Nishimura that Account 105 was intentionally left blank which is designated for recording meters. In the future, Mr. Nakaya recommended the DOW budget items in the appropriate line item.

Mr. Dill moved to approve the *Manager's Report 13-14 - Additional Funding for Three (3) Read Center/Handheld Units*; seconded by Mr. McCormick, motioned carried with 6 ayes.

*At 11:40 a.m. Board Member, Mr. Dahilig enters.*

**Re: Manager's Report No. 13-15 -- Sixth Change Order for Job No. 04-06, Waimea Well A Renovation (Water Plan 2020 Project No. KW-20), Waimea, Kaua'i**

**BACKGROUND:**

Manager Craddick proposed to the Board approval of additional funding required for Contract No. 525 with R. Electric, Inc.

A recommendation by Mr. Nishimura was to take the funding from the design account due to excess funds. Manager Craddick indicated the contract is still open and if the final billing is submitted it will be short.

**Line Item #647**

There is \$17,000 of unexpended funds in the Kennedy/Jenks contract. Mr. Moises was not sure if the \$17,000 included the contract plus a contingency amount. The consultants are expected to bill the 100% in January.

*At 11:45 a.m. Chair Kaneshiro rearranged the agenda to move Manager's Report No. 13-15 to the end of the agenda for further discussion after checking the status of the engineering contract.*

**Re: Request Board Approval of Resolution No. 13-3 Mahalo and Aloha Water Board Commissioner Roy Oyama**

The Board personally thanked Mr. Oyama for his service to the Water Board. The Resolution will be read at the December 6<sup>th</sup> DOW Annual Breakfast meeting at 7:30 a.m. Mr. Oyama will be honored on the same day with a farewell dinner at Kintaro's Restaurant at 5:30 pm.

Mr. Nishimura moved to approve Resolution 13-3 Mahalo and Aloha Water Board Commissioner Roy Oyama; seconded by Mr. McCormick, motion was carried with 7 ayes.

**STAFF REPORTS**

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

Ms. Tateishi reported that the Revenues were \$29,032,375.10 and Expenditure Balance is \$33,039,173.90.

Mr. Dahilig moved to receive the Statement of Kaua'i County Water Department's Revenues and Expenditures; seconded by Mr. Nishimura, motion was carried with 7 ayes.

**Re: Report by the Public Relations Specialist on Public Relations Activities**

The following Public Relations Activities on Ms. Buccat's report included:

Press releases sent out regarding:

1. Dedication ceremony for the completion of the Wailua Pipeline Replacement project.
2. Water conservation request for the Hanapēpē – Eleele area.
3. Blessing and dedication ceremony for the Waipouli Pipeline Replacement project (phase I – Fuji Beach & phase II – Keaka Road to Ohio Street).

Other activities included:

1. The DOW as selected for the East & West Soil Water Conservation Districts Outstanding Water Conservationist for the 2012 awards ceremony.
2. Community public meeting held at King Kaumuali'i Elementary School Cafeteria to present the Kaua'i Water System Energy Conservation Project, Kahili Horizontal Directionally Drilled Well.

Meetings and Trainings attended:

1. Employee Council meeting
2. 9<sup>th</sup> Annual Spooktacular Halloween Event meeting
3. Annual Holly Jolly event for December planning meeting
4. DOW Emergency Preparedness Procedures meeting
5. IT consultant meeting to discuss IT future technological needs
6. Kaua'i liaison for the 1<sup>st</sup> Annual Joint State Water conference for January 2013
7. 9<sup>th</sup> Biennial Water Reuse Conference in Kailua-Kona, Hawai'i meeting

Mr. Dahilig moved to receive the Report by the Public Relations Specialist on Public Relations Activities; seconded by Mr. Dill, motion was carried with 7 ayes.

**Re: Chief of Operation's Summary Report on Monthly Operational Maintenance**

**DISCUSSION:**

Mr. Reyna reported that the calculation for unaccountable water dated January 1, 2012 to July 1, 2012 totaled 277,239.86 (KGals). Operations previously purchased five (5) locators and leak detection equipment. In October interviews for the Water Service Investigator was conducted but a selection has not been made.

Last week, two supervisors trained with a crew on Maui regarding leak detection methods and water service investigation. The field operations can now assist with leak detections until a Water Service Investigator is hired.

To lower the unaccountable numbers, Mr. Dill recommended Operations to seek formal structure by setting goals.

Mr. Oyama moved to receive the Chief of Operation's Summary Report on Monthly Operational Maintenance; seconded by Mr. Dill, motion was carried with 7 ayes.

**Re: Water Resources and Planning Subdivision Report**

The Monthly Subdivision Summary included the following applicants: Visionary, LLC, Grove Farm Properties, Inc. Princeville Prince Golf Course, LLC and Kukui'ula Development Co. The updates and recommendations were provided on the report.

Mr. Nishimura moved to receive the Water Resources and Planning Subdivision Report; seconded by Mr. Oyama, motion was carried with 7 ayes.

**Re: Manager's Monthly Update Regarding Activities of Note of the Kaua'i County Water Department**

Manager Craddick highlighted the following DOW activities:

1. Contract #506 with SAIC (fka R. W. Beck) – Facility Reserve Charge Study in the amount of \$3,750.00 will update the system deficit and obtain fixture unit cost.
2. Personnel Matters pertained to Department positions in Operations, Fiscal, Engineering and Administration.
3. Warrant Vouchers were paid in the amount of \$1,402,520.81.
4. Conveyances amounted to \$16,659.00.
5. Emergency Response Plan Update – The DOW staff met in Honolulu with Civil Defense who will bring an exercise program to Kaua'i early next year. The Emergency Response Plan continues to be updated by the staff.
6. Affordable Housing Update is being worked on by Mr. Kamuela Cobb-Adams, Housing Director.
7. 2010 Bond Spend Down Status – Actual Amount is \$30,000M

Mr. Oyama moved to receive the Manager's Monthly Update Regarding Activities of Note of the Kaua'i County Water Department; seconded by Mr. Dahilig, motion was carried with 7 ayes.

**Re: Board HWWA Conference Reports**

Mr. Oyama moved to receive the Board HWWA Conference Report submitted by Mr. Nishimura; seconded by Mr. Dahilig, motion was carried with 7 ayes.

*At 11:50 a.m. Chair Kaneshiro convened the Board into an Executive Session.*

**EXECUTIVE SESSION:**

*Pursuant to Hawaii Revised Statutes Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to provide the Board with a briefing regarding a County Attorney opinion. This briefing and 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*

1. *Pursuant to Haw. Rev. Stat. §§92-4 and 92-5(a)(4) the purpose of this executive session is to receive and consider a letter from the Manager and Chief Engineer responding to certain inquiries posed by the Board at the October 25, 2012 Board meeting. The purpose of this 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 the Manager's response letter dated October 29, 2012.*

Deputy County Attorney Andrea Suzuki announced that Deputy County Attorney Marc Guyot was not available to discuss Item No. 1.

2. *Pursuant to Haw. Rev Stat. §§92-4 and 92-5(a)(4) the purpose of this executive session is to provide the Board with a briefing regarding Jennings Pacific LLC. vs. Board of Water Supply of the County of Kauai, et al., Civil No. 12-1-0284 (Fifth Circuit Court), and related*

*matters. The briefing and consultation involves consideration of the powers, duties, privileges, immunities, and liabilities of the Board as they relate to this agenda item.*

*At 11:51 a.m. Chair Kaneshiro rearranged the agenda to move the Executive Session to the end of the Regular Board meeting and reconvened the Board to continue discussion on Manager's Report 13-15.*

**Re: Manager's Report No. 13-15 – Sixth Change Order for Job No. 04-06, Waimea Well A Renovation (Water Plan 2020 Project No. KW-20), Waimea, Kaua'i**

**DISCUSSION:**

In reference to the \$17,592.31, Kennedy/Jenks Consultants was billed 90% of their original contract. There is a little over \$9,000 remaining to be paid. The consultants have a contingency of \$1,447 that is certified within their contract which could be used.

The DOW engineers have accountability to assist in reviewing the plan details that would be incorporated in the construction plans. Mr. Moises recommended not deducting any funds from the consultant's contract. There are no other contingencies and \$8,000 has already been paid to Kennedy/Jenks from this account.

Mr. Nishimura moved to approve *Manager's Report No. 13-15 – Sixth Change Order for Job No. 04-06, Waimea Well A Renovation (Water Plan 2020 Project No. KW-20), Waimea, Kaua'i*; seconded by Mr. Oyama, motion was carried with 7 ayes.

**TOPICS FOR NEXT WATER BOARD MEETING**

1. Election of Officers for 2013
2. 2013 Legislative Package
3. Vehicle Policy
4. Impact Fee

**TOPICS FOR FUTURE WATER BOARD MEETINGS**

**UPCOMING EVENTS**

1. 1<sup>st</sup> Annual Joint State Water Conference Kaua'i Community College (*January 14, 2013*)
2. AWWA Annual Conference Denver, CO (*June 9-13 2013*)
3. 39<sup>th</sup> Annual AWWA Hawaii Section Conference Honolulu, HI (*May 14-17 2013*)

**NEXT WATER BOARD MEETING**

1. Thursday, January 24, 2013, 10:00 a.m.
2. Thursday, February 28, 2013, 10:00 a.m.
3. Thursday, March 21, 2013, 10:00 a.m.
4. Thursday, April 25, 2013, 10:00 a.m.

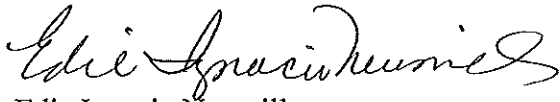
*At 12:10 Mr. Dahilig moved the Regular Meeting to go into an Executive Session; seconded by Mr. Oyama, motion was carried with 7 ayes.*



**ADJOURNMENT**

There being no further business, Chair Kaneshiro adjourned the Regular Board meeting at 12:10 a.m.; with no objections, motion was carried.

Respectfully Submitted,



Edie Ignacio Neumiller  
Commission Support Clerk

Approved,



Randall Nishimura  
Secretary – Board of Water Supply