

REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday October 27, 2011

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Thursday, October 27, 2011. Chairperson Roy Oyama called the meeting to order at 11:54 a.m. On roll call, the following answered present:

BOARD: Mr. Roy Oyama, Chairperson
Mr. Randall Nishimura
Mr. Clyde Nakaya
Mr. Daryl Kaneshiro
Mr. Michael Dahilig
Mr. Larry Dill

ABSENT/EXCUSED: Mr. Raymond McCormick

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

STAFF: Mr. David Craddick
Mr. William Eddy
Mr. Val Reyna
Ms. Marites Yano
Mr. Dustin Moises
Ms. Faith Shiramizu
Mr. Keith Aoki
Mr. Gregg Fujikawa
Ms. Sandi Nadatani-Mendez
Deputy County Attorney Andrea Suzuki

GUESTS: Mr. Clyde Kodani, Kodani and Associates
Mr. Ted Inouye, Conservationist and Public Outreach

AGENDA:

Mr. Nishimura moved to delete G. Old Business Item No. 1 *Manager's Report No. 11-24* because this item was deferred to the November 23, 2011 Regular Board Meeting. Also to be deleted was H. New Business Item No. 5 *Manager's Report No. 12-31*, seconded by Mr. Nakaya; with no objections, the motion to approve the agenda as amended was carried.

Deputy County Attorney Andrea Suzuki requested another roll call vote.

BOARD: Mr. Roy Oyama, Chairperson
Mr. Randall Nishimura
Mr. Clyde Nakaya
Mr. Daryl Kaneshiro
Mr. Michael Dahilig

Mr. Larry Dill

Roll call vote in favor was unanimous.

MINUTES:

Review and approval of:

Regular Meeting Minutes - September 22, 2011

Mr. Dahilig moved to approve the minutes dated September 22, 2011, seconded by Mr. Kaneshiro.

Mr. Nishimura requested some changes be made to the September 22, 2011 Regular Meeting minutes. On Page 9 of the minutes under "Staff Reports" Item #5 is supposed to be defined as Item #34. Mr. Dahilig moved to approve the Regular Meeting Minutes of September 22, 2011 as amended; seconded by Mr. Nishimura, by a unanimous vote, motion was carried.

CORRESPONDENCE

Re: Letter to the Board from County Attorney Alfred Castillo

DISCUSSION:

Manager Craddick explained that this letter from County Attorney Alfred Castillo was addressed to him as well as to the Board requesting to open up a new Procurement Officer Position. This position would be so that the Department of Water's Attorney Andrea Suzuki will not have to do all the procurements and possibly be in a position to defend our Department. In the next budget cycle this position will be looked at. Manager Craddick recognizes that our Attorney Andrea Suzuki is having to spend most of her time dealing with procurement issues and the issue that comes up is when the Department needs to be defended but the Attorney was the one that wrote the procurement up, this would cause a conflict. Manager Craddick suggested to Mr. Dill that getting someone from the Accounting Department to possibly step into this position. It would have to be someone highly educated in procurement issues.

Mr. Dahilig explained that since we are currently into our fourth month of the fiscal year, this issue will not be resolved for another eight months. If the budget is amended now, what will that position look like? How much will it cost? Who will be supervising it? What kind of impact will this have on the finances? Manager Craddick agreed that these issues can be addressed.

Mr. Dahilig moved to receive County Attorney Alfred Castillo's communication and to have the requested information from the Manager in the November 23, 2011 Regular Board Meeting regarding the new Procurement Officer Position concerning the position title, location, and the cost if the budget amendment is opposed; seconded by Mr. Dill, by a unanimous vote, motion was carried.

BOARD COMMITTEE REPORTS

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

Re: Annual Evaluation of the Manager and Chief Engineer

- i. Chart Report to Board

Chair Kaneshiro reported that the Committee of the Whole met at 9:30 a.m. and passed out the annual evaluation chart to the Board Members. Since the chart was disbursed during the meeting to the Board Members only, this item was deferred to the December 22, 2011 Regular Board Meeting. The Manager was provided with a copy and is given the opportunity to review the chart until the next board meeting. The chart did not reflect the responses of each individual, but instead given an overall average scoring based on the Board, Peers, and Staff. Once done, the results will be forwarded to DPS.

Re: Manager's Report No. 12 – 24- Emergency Reserve Fund Policy

Chair Kaneshiro explained that during the discussion on this item, there were some changes and corrections to be made. This item was deferred to the November 23, 2011 Regular Board Meeting.

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

Re: Manager's Report No. 11-24 – Committee Discussion and Possible Action on Part III Rule Amendments – Establishing Standards for Subdivision Water Systems

Re: Manager's Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes

- ii. Rule changes to implement Process Changes

Chair Dahilig stated that the Rules Committee held the last committee meeting on October 20, 2011. This item was deferred to the next Rules Committee Meeting scheduled for Thursday, December 8, 2011 at 8 a.m.

OLD BUSINESS

Re: Manager's Report No. 11-24 – Committee Discussion and Possible Action on Part III Rule Amendments – Establishing Standards for Subdivision Water Systems

This item was amended to be deleted from the agenda.

Re: Manager's Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes

- i. Rule changes to implement FRC in Part Four (Finance Committee)

DISCUSSION:

Mr. Dill questioned if Manager Craddick can have the information requested by R.W. Beck available by the next Regular Board Meeting. Manager Craddick explained that R.W. Beck is

actually waiting to see what the results will be for the water rates in order to go forward. R.W. Beck recommends waiting because if the money that is being allocated is coming to an end, but first they wanted to see the results for the water rates.

Mr. Nishimura moved to defer *Manager's Report No. 11-28* – Request Board Approval of Facilities Reserve Charge Changes to the November 23, 2011 Regular Board Meeting, seconded by Mr. Dill; by a unanimous vote, motion was carried.

ii. Rule changes to implement Process Changes (Rules Committee)

Rules Committee Chair Dahilig moved to defer until the Rules Committee discusses the matter at the next scheduled meeting set for Thursday, December 8, 2011 at 8 a.m., seconded by Mr. Nakaya; by a unanimous vote, motion was carried.

Re: *Manager's Report No. 11-49* – R.W. Beck Report on Financial Planning Analysis and Water Rate Study

DISCUSSION:

Manager Craddick explained that a handout of Option 9 and Option 10 from pages 95-102 be received for the record to the Board and the DOW Staff. Page 101 is the comments made by R.W. Beck which states the two revised rate scenarios incorporating the revised debt service, starting balance and leak rebate correction, the tables summarizes the two scenarios under Option 9, it's dropped from 8 to 7.6% and Option 10 is remaining at 11.2%. The average monthly bill for 5/8" meter rate is with the assumption that the full amount of the debt service payback from the FRC can be paid each year and will require an increase in FRC revenues. Option 10 shows an assumption without an increase in FRC revenues and the debt service payback is only as much as what is available in the fund each year. Manager Craddick also explained that the rate increase for 2012 is only for six months and applies to both options. Based on 10,000 gallons per month for 5/8" meter the rate is the average for the last six months.

In the 2012 budget, the leak rebate is budgeted by the years after it is omitted. So the assumption is made that the leak rebate ends by fiscal year 2012 and if it doesn't the revenues would drop and the rate would be higher.

Manager Craddick stated that an agreement can be made, there would be a scheduled small business meeting next month, a public hearing scheduled for December, and the rates may be implemented by January 1st or February of 2012.

Mr. Nishimura questioned why the cost of power adjustment was taken out. Ms. Yano explained that on Page 101, 2013-2016, of the first worksheet, the debt coverage ratio was at 1.2 and on Page 95 Line 18; the power adjustment charge went from 7.6 to 7.5. Manager Craddick corrected page 101 and explained that the power adjustment charge should be at 7.5 and not 7.6. Ms. Yano also explained that Line 56 was \$1.9 Million so the debt service was updated due to reimbursements made for fiscal year 2011 so now it is shown as \$2.2 Million.

Mr. Nishimura pointed out that the debt service amount paid by FRC is shown as the same in

fiscal year 2012. With Option 9, the FRC would be paying a larger debt service.

Manager Craddick explained that it is projected as that because it is being paid out of the BAB Bonds and the idea was to have some cushion. For example, if the FRC rate is increased, it does not mean that the consumer will be coming in to pay it. Some will think that they do not need to pay and when a whole year goes by they are getting a reduced amount. As the past two years went, the number of consumers coming in has doubled. Anyone who can get the FRC now is coming to get it. There may be a lull before they are required to come in and they do this to lock in their FRC charge.

If the FRC does pick up, there are two choices:

1. Not implement one year's rate increase; defer.
2. More money to do more jobs having an ample amount of jobs to be done.

Manager Craddick's recommendation would be Option 10 because it is more conservative with a higher rate. This option would have the Department of Water in a position to get FRC revenue because there will not be enough consumers coming in.

Mr. Nishimura stated that we are looking at Option 10 at an 11.2% increase for four years resulting in a 44% rate increase. Option 9 would be for the same period of time.

At 10:58 a.m., Chair Oyama called the Regular Board Meeting to a recess.

At 11:15 a.m., Chair Oyama called the Regular Board Meeting back to order.

Mr. Nishimura suggested to schedule a special board meeting next week and to request a revised Manager's Report to the board that includes the content of the data that was handed out which incorporates the findings of Option 9 and Option 10.

Mr. Nishimura moved *Manager's Report No. 11-49* – R.W. Beck Report on Financial Planning Analysis and Water Rate Study to be deferred to a Special Meeting to be held on Friday, November 4 at 9 a.m. and that the Manager be directed to provide an updated Manager's Report No. 11-49 and include the contents of the information on Pages 95 to 102 passed out in this meeting and to receive the handouts provided to the Board of Option 9 and Option 10, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Re: *Manager's Report No. 12 – 24- Emergency Reserve Fund Policy*

DISCUSSION:

Manager Craddick explained that the committee deferred this item to the November 23, 2011 meeting.

Mr. Nishimura moved to defer *Manager's Report No. 12 – 24- Emergency Reserve Fund Policy* to the November 23, 2011 Regular Board meeting, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.

Re: Board Discussion on the FY 2012 Goals for the Manager

DISCUSSION:

Mr. Kaneshiro stated that the Goals for the Manager was discussed in the Committee of the Whole meeting and was moved to the full board. Dates have been set for the Goals for the Manager as well as a timeline that has to be met. The packet titled "Goals for the Manager" has the finalized format of what has been set.

Manager Craddick explained that Best Practices is included in the packet and the graphs were requested from the Board to review. The Water Treatment Cost that is being worked on and the System Water Loss are missing. There is still quality control checking that still has to be done.

Mr. Kaneshiro approved *Board Discussion on the FY 2012 Goals for the Manager*, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.

Re: Annual Evaluation of the Manager and Chief Engineer

i. Chart Report to Board

Mr. Kaneshiro moved to defer the Annual Evaluation of the Manager and Chief Engineer to the December 22, 2011, Regular Board Meeting, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.

Re: Manager's Report No. 12-27 -- REVISED Request Board Approval of Change Order #5 with Goodfellow Brothers for Job No. 04-06, KW-05, Kekaha Well "B" Renovations, Kekaha Water System; Kekaha, Kauai

Mr. Nishimura recused himself from voting on this item.

DISCUSSION:

Manager Craddick recommended that the Board approve the additional funds in the amount of \$42,760.82 for Contract #503 with Goodfellow Bros. Inc. for proposed Change Order #5.

Mr. Moises explained that Change Order #3 for \$216,074.00 was the initial design to repair the pump. Change Order #5 for \$53,564.82 was used for the purpose during the pulling of the pump, it had trapped air and the major additional components of this project are to install a new thrush air vent, install a new concrete encased conduit and wires, and to install new column piping and shafts.

Mr. Dahilig moved to approve *Manager's Report No. 12-27 -- REVISED Request Board Approval of Change Order #5 with Goodfellow Brothers for Job No. 04-06, KW-05, Kekaha Well "B" Renovations, Kekaha Water System; Kekaha, Kauai*, seconded by Mr. Nakaya; by a unanimous vote, motion was carried.

NEW BUSINESS

Re: Tentative Board Meeting dates for 2012

Mr. Kaneshiro moved to approve *Tentative Board Meeting dates for 2012*, seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

Re: *Manager's Report No. 12 – 17 – Second Change order for Job 05- 02, Drill and Test Hanalei Well #2 & Job 05 – 02, Drill and Test Wainiha Well #4*

Mr. Nishimura moved to approve *Manager's Report No. 12 – 17 – Second Change order for Job 05- 02, Drill and Test Hanalei Well #2 & Job 05 – 02, Drill and Test Wainiha Well #4*, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Re: *Manager's Report 12 - 29 – Request Board Approval of the Annual Extension (11-18-11 to 11-17-12) of the Volunteer Agreement with Mike Fernandes for Grounds Maintenance of our Nonou 0.2 MG Tank Site*

Mr. Kaneshiro moved to approve *Manager's Report 12 - 29 – Request Board Approval of the Annual Extension (11-18-11 to 11-17-12) of the Volunteer Agreement with Mike Fernandes for Grounds Maintenance of our Nonou 0.2 MG Tank Site*, seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

Re: *Manager's Report 12 - 30 – Request Board Approval to Investigate the Operation of Non-Potable Waterworks of the County*

DISCUSSION:

Manager Craddick recommended the Board's approval to allow the Manager and the DOW Staff to investigate the operation of non-potable waterworks of the County for the purpose of supplying water to the public, and to provide a report to the Board on the feasibility, risk and cost of such as operation.

The Manager's Background as stated:

Background:

I do not believe there is any legal impediment to this request. In the County of Kauai Charter, section 17.03, Powers and Duties of the Board - "The board shall manage, control, and operate the waterworks of the county and all the property thereof for the purpose of supplying water to the public, and shall collect, receive, expend and account for all sums of money derived from the operation thereof and all other monies and property provided for the use or benefit of such waterworks." The state laws say:

HRS chapter §54-15 Powers and duties of board. "The board of water supply shall manage, control, and operate the waterworks of the county and all property thereof, for the purpose of supplying water to the public in the county, and shall collect, receive, expend, and account for all sums of money derived from the operation thereof and all other monies provided for the use or

benefit of the waterworks and all property used for or held in connection therewith.” [L 1961, c 155, pt of §1; Supp, §145A-5; HRS §54-15]

Waterworks are not restricted to potable systems in the County of Kauai Charter or in state laws.

There are some non-potable water systems in the County which may go out of use that recharge groundwater sources where DOW currently has wells. There are other non-potable water systems which are in use but not managed in a manner that protects the public and which DOW has depended on the non-potable system being operated to reduce potable demand.

It is my recommendation to take a deeper look at these systems which could undermine the integrity of the potable system. In addition there may be an advantage to having non-potable water available for agricultural uses rather than the general water system user subsidizing the agricultural water system user.

I expect this deeper look to be done by DOW staff resulting in a cost/benefit report to the Board on the feasibility, risk and potential cost being taken on when operating any non-potable system which we find that could provide some benefit to the DOW in its future operations.

DISCUSSION:

Mr. Nishimura questioned if this purpose is to look primarily to recharge systems or non-potable systems as a whole? Manager Craddick explained that in his conversations with Ed Tschupp at the Wastewater division, the R1 system in Lihue can treat more water than what is available or on the contract. The numbers of reservoirs in the county are potentially going out of service due to liability to the landowner. The goal is to recharge the main grounds that supplies wells to be available, and to bring it to a level to be operated safely. Kilauea's system of the county can have an agricultural park, but no water available. The benefits would be to protect the current supply, to reduce future pressure on the potable water system to agricultural users if they are able to use non-potable water. The expected cost of study would be with the current DOW Staff.

Mr. Inouye testified to the Board as a water conservationist and as a public outreach consumer. He thanked the Board for giving the funds as part of their operations. For public outreach, Mr. Inouye participated in recognizing a farmer or rancher who makes an outstanding effort to conserve water using innovative means to conserve. With the water conservation part of their project, their public relations annually awards a fifth grader on drawings that are entered describing how they can conserve water.

Mr. Kaneshiro emphasized that the goal would be to preserve resources for better use for agriculture.

Mr. Nakaya moved to approve *Manager's Report 12 - 30* – Request Board Approval to Investigate the Operation of Non-Potable Waterworks of the County, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Re: *Manager's Report 12 - 31* – This report removed at the request of the Manger

No discussion of this item was held because this item was deleted.

Re: *Manager's Report 12 - 32 – Request Board Approval of Budget Amendment to purchase one additional vehicle*

DISCUSSION:

Manager Craddick explained that the Department had 7 vehicles budgeted for this year and the request is for 8 vehicles altogether. The \$7,795.92 is left over even if this eighth vehicle is purchased for \$35,985.50. The proposed amount was reduced.

Deputy Manager William Eddy explained that with the 7 vehicles that were budgeted, the 4-Wheel Van budgeted was \$27,000 more than what was needed.

Manager Craddick explained that this Nissan Leaf was initially bought by grants, but in exchange the funds for the vehicle of \$35,985.50 will be used to purchase chargers.

Deputy Manager William Eddy informed the Board that the current Chevy Cavalier for the mail runner will be auctioned and taken out of inventory. The standard vehicle replacement for a DOW car is 7 years or 100,000 miles.

Mr. Nakaya questioned if the battery life expectancy is the standard 5 year. Deputy Manager William Eddy stated that there is the standard 3 year, 36,000 expectancy. Chair Oyama also questioned that although it is constantly charged, how long will the battery expected to last? Deputy Manager William Eddy explained that the DOW is hoping to receive the expected life of 7 years before purchasing a new battery.

Mr. Nishimura moved to approve *Manager's Report 12 - 32 – Request Board Approval of Budget Amendment to purchase one additional vehicle and charger*, seconded by Mr. Nakaya; by a unanimous vote, motion was carried.

Re: *Manager's Report 12 - 33 – Request Board Approval of Grant of Easement “W-1” and “W-2” from the County of Kauai for the 6” Water Line (12” Water Line Alternative) Construction Plans For Kaumuali’i Highway for the Kauai Habitat for Humanity, Eleele, Kauai*

Mr. Dill moved to approve *Manager's Report 12 - 33 – Request Board Approval of Grant of Easement “W-1” and “W-2” from the County of Kauai for the 6” Water Line (12” Water Line Alternative) Construction Plans For Kaumuali’i Highway for the Kauai Habitat for Humanity, Eleele, Kauai*, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.

Re: *Manager's Report No. 12 - 34 – Amend Previously Adopted First Contract Amendment with Architects Hawaii for Job No. PLH-39, Lihue Baseyard Improvements (Water Plan 2020 Project No. PLH-39) Lihue, Kauai*

RECOMMENDATION:

It is recommended that the Board amend the previous adoption of Manager's Report No. 12-3, previously adopted at the August 18th, 2011 Board Meeting and allow notice to proceed for the first contract amendment of Contract No. 512 with Architects Hawaii Limited for the subject project once the County of Kauai authorizes the Department of Water to subdivide the adjacent triangle parcel N-1 on their behalf.

DISCUSSION:

Manager Craddick explained that there are different requirements than what was originally planned and they are wanting to subdivide something out and this issue delayed the process of the DOW and the County's Administration entering into the contract and the DOW did not want to have the potential of losing what Architects Hawaii Limited have offered. The DOW is still waiting for the Finance Director to sign off.

Mr. Moises explained that he attended the meeting last week with the County's Administration to discuss how the DOW can amicably clear up this subdivision line. The discussion brought up the retail office space for the County which consisted of the old public storage idea at the County. This is currently being reviewed right now. Basically this is cutting out what the Department needs over the next 30-50 years. If the Department would have to cut out so much that it does not fit the needs, we would have to reevaluate what our options are. Initially the contract amendment for the land transfer authorization included three months extra into their contract line. Since the Master Plan was approved by the Board and some members of the County, there was no authorization for the land transfer and Architects Hawaii Limited is still waiting. Their proposal is supposed to start in October and the bid date would be December 12th of 2012. With the three months contingency, it was thought that this would have been enough time.

The funds spent on the Master Plan would be spent and then it would have additional cost for a new Plan for the existing facility and to work from that. Manager Craddick explained that a chunk of the cost for the Master Plan was used to design the spacing needs of the Department and would not result in a loss. With the Environmental Assessment already done and the County changing their mind at the eleventh hour, resulted with the sewer line that was agreed to be for the storage building and not retail office space. The Manager recommends that because Architects Hawaii Limited is knowledgeable of what the needs of the Department are, we do not want to lose their price offer that they had proposed. Mr. Moises explained that Architects Hawaii Limited has bent over backwards in order to accommodate with all the scenarios, changes, and the needs of the department.

Mr. Dahilig explained that the needs of the landowner need to be addressed. This is a due diligence standpoint at their end. As of this morning, their questions have not been answered. This is an issue of have the new needs of the landowner been addressed? This does not make sense to extend a contract if there is no firm agreement with the landowner.

Mr. Moises noted the contract amendment got approved earlier, but we cannot issue the Notice To Proceed (NTP). This contract amendment is once the County's Finance Director signs off and even if this is signed off today, that does not mean we will issue the NTP because the DOW will still have to work with the County on their issues.

Deputy County Attorney Andrea Suzuki explained that the first step would be for the Director of Finance to sign the authorization form to allow the Department to proceed with the subdivision process, once the Board signs authorization for the Department, Mr. Moises can issue the NTP for Architects Hawaii then will go to subdivision as a Department on the County's behalf, then to Council for Resolution. The amendment for the NTP was assumed to begin in October so the contract amendment had an end date assuming that the NTP would begin in October, but since it was issued, this pushes everything back. This contract is to amend the condition that the board took action on this item from the last Regular Board Meeting.

Mr. Nishimura stated to not stipulate with the NTP until the Finance Director signs off on the authorization form. Mr. Nishimura moved to allow the DOW to proceed with the first contract amendment with Architects Hawaii once the Finance Director authorizes the DOW to subdivide the adjacent triangle parcel and on their behalf, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried. Mr. Dahilig voted with reservations.

Chair Oyama amended the agenda to take Quarterly Reports No.1 Employee of the Quarter Award – Third Quarter out of order and to be discussed next.

QUARTERLY

Re: Employee of the Quarter Award – Third Quarter

Manager Craddick presented a certificate of achievement to Dustin Moises as “Employee of the 3rd Quarter.”

Mr. Moises has worked tirelessly and in a professional manner to keep our projects moving at a steady flow toward completion. He has done this while maintaining a busy home life and participating in water department activities after work. During the last year over \$37 million in projects have been managed to meet on time completion and for the most part have been within budget. Changes have been for additional work that had it not been allowed in a timely manner would have cost the Department in delays and/or dollars. This effort has required coordination with all divisions as well as getting out information to the public about the projects and the effect they may have on the community. We are very fortunate to have such a person that can roll with the blows as Dustin has and keep on going.

At 12:50 p.m. Chair Oyama called the Regular Meeting to recess.

At 1:09 p.m. Chair Oyama called the Regular Meeting back to order.

STAFF REPORTS

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

DISCUSSION:

Ms. Yano gave an explanation in response to Mr. Nishimura's question during the last Regular Board Meeting. He questioned why Line Item #34 Office Supplies was already 30% of our budgeted amount. \$10,972.02, computer listed expense, is supposed to have to been credited under its own Line Item 103. This has been corrected and shown in this report.

Mr. Dahilig moved to approve the Statement of Kaua'i County Water Department's Revenues and Expenditures, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Re: Report by the Public Relations Specialist on Public Relations Activities for August and September

DISCUSSION:

Ms. Shiramizu provided a breakdown in her report regarding the Source/Wellhead Protection Plan. Chair Oyama also recognized Board Member Larry Dill for volunteering for another year with the Project Wet event with the 5th graders on the island. Also, the Board recognized the Farm Bureau for donating their tents for the day for this project.

Mr. Dill moved to approve the Report by the Public Relations Specialist on Public Relations Activities for August and September, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

Re: Chief of Operation's Summary Report on Monthly Operational Maintenance for August and September

DISCUSSION:

Mr. Reyna stated that the Operations Division personnel attended a "Pump Stations" training course sponsored by the Department of Public Works, Wastewater Management Division in coordination with the Department of Health, Wastewater Branch.

For source and storage, the Pukaki and KCC wells from Chlorine to Hypochlorite has been completed with the help from our microbiologist.

With Hanamaulu Well #3, there has been preliminary work being done to determine the condition of the well by videotaping then cleansing of the well through bailing.

Bids for pump and motor replacements of Waimea Heights booster pumps #1 and #2 were received and awarded to the lowest bidder. We are expecting to receive these pumps in 60 days.

Mr. Nishimura moved to receive the Chief of Operation's Summary Report on Monthly Operational Maintenance for August and September, seconded by Mr. Nakaya; by a unanimous vote, motion was carried.

Re: Manager's Monthly Update Regarding Activities of Note of the Kaua'i County Water Department for August/September and September/October

CONTRACTS AWARDED BY THE MANAGER:

Re: First Contract Amendment with Belt Collins Job No. K-01, K-12 Kalaheo 1111' and 1222' Water System Improvements, Kalaheo, Kaua'i, HI, Contract No. 533

The Department approved the first contract amendment for Contract No. 533 with Belt Collins, Ltd., for the subject project. This change is based on additional scope requested by the DOW, the water main along the access road between the existing clearwell site and its intersection with Pu'uwai Road is to be replaced and an additional topographic survey is required. No additional time is being requested with this additional scope and the project completion date of 4/30/2013 remains.

Re: Time Extension Request, Anini Road Waterline – Job No. 10-01, Kilauea-Kalihiwai-Anini Water System, Kauai, Hawaii, Contract No. 520 with Fukunaga and Associates, Inc.

The Department approved the time extension request of 272 days for Contract No. 520 with Fukunaga and Associates, Inc. for the subject project/contract.

SUMMARY OF WARRANT VOUCHERS PAID – September 30, 2011

Warrant vouchers were paid in the amount of \$1,699,287.95

With the Conveyance of Water Facility, this is currently being tied down to the amount of money collecting with the FRC and this would be a new report being given along with the Water Quality Report.

RECAP OF MANAGER'S MEETINGS AT AWWA WUC AND NRWA

The AWWA WUC discussed hexavalent chromium, well fracturing and EPA regulations. The issue relevant to Kauai DOW is the hexavalent chromium. The AWWA is requesting that the current regulation process of determining benefit be followed rather than regulation by fiat.

I was not able to attend all of the NRWA conference but I can say the joint meeting with IUCEE allowed for some interesting information gathering. Some equipment was found that may benefit DOW. I do not know at this time whether a joint meeting will be held next year.

The NRWA legislative committee, which I am on, is still working to recover training funds lost during the 2011 budget process. Senator Inouye was instrumental in retaining the USDA Circuit Rider funding. Senator Inouye was so instrumental that the Hawaii Rural Water Association got some recognition at the conference. Mr. Sakoda, Kaua'i's field representative for Senator Inouye, was instrumental in setting up the meeting in Washington DC.

Deputy Manager William Eddy commended our former Chief of Operations, Les Yoshioka, who won the highest Officer Award given from the HWWA.

Mr. Nishimura questioned Manager Craddick if he was able to find out about Kahili Mountain High Level Well funding from the last Regular Board Meeting. Ms. Shiramizu explained that the DOW would spend down the principle forgiveness of the grant.

With the Bond Funds on projects, Mr. Nishimura requested that for projects which go out for design, that preference is given to the local consultants and contractors within the limitations of procurement to stimulate our local community.

Mr. Nishimura moved to receive the Manager's Monthly Update Regarding Activities of Note of the Kaua'i County Water Department for August/September and September/October, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

QUARTERLY

Re: Employee of the Quarter Award – Third Quarter

Chair Oyama amended this item on the Agenda to be discussed before the Staff Reports.

Re: Project Status Update

Mr. Nishimura moved to receive the report of the Project Status Update, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

Re: Affordable Housing Update

DISCUSSION:

Mr. Dill asked about the Affordable Housing in Eleele. Manager Craddick explained that the Mayor will get back to the DOW regarding the CIP projects. The County is not doing any CIP project requests to the legislature this year.

Mr. Fujikawa explained that there are source, storage, and transmission issues in Port Allen and Eleele.

Mr. Dahilig moved to accept the report of the Affordable Housing Update, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

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).

1. *Pursuant to Haw. Rev. Stat §§92-4 and 92-5(a)(2), the purpose of this executive session is to consider the Job Performance Evaluation of the Department of Water's Manager and Chief Engineer. This deliberation involves matters affecting the privacy of the Manager and Chief Engineer. If the individual concerned requests an open meeting, an open meeting shall be held.*

There was no executive session held at this meeting.

TOPICS FOR NEXT WATER BOARD MEETING

1. Draft Annual Audit
2. Final Annual Audit
3. Board Meeting Dates for 2012

TOPICS FOR FUTURE WATER BOARD MEETINGS

4. Election of Officers (*December 2011*)

UPCOMING EVENTS

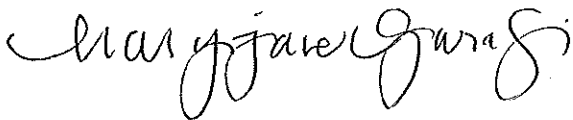
NEXT WATER BOARD MEETING

1. **Wednesday**, November 23, 2011, 10:00 a.m.
2. **Thursday**, December 22, 2011, 10:00 a.m.

ADJOURNMENT

There being no further business, Chair Oyama adjourned the meeting at 2:28 p.m.

Respectfully Submitted,



Mary-jane Garasi
Acting Commission Support Clerk

Approved,



Randall Nishimura
Secretary – Board of Water Supply