

REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, October 25, 2012

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Thursday, 25, 2012. Chairperson Daryl Kaneshiro called the meeting to order at 10:06 a.m. On roll call, the following answered present:

BOARD: Mr. Daryl Kaneshiro, Chairperson
Mr. Clyde Nakaya, Vice Chair
Mr. Randall Nishimura
Mr. Michael Dahilig
Mr. Raymond McCormick (*entered at 10:45 am*)

ABSENT/EXCUSED: Mr. Larry Dill
Mr. Roy Oyama
Mr. Clyde Nakaya, Vice Chair (*exited meeting @12:00 noon*)

Quorum was achieved with 4 members present at the time of roll call.

STAFF: Mr. David Craddick
Mr. William Eddy
Mr. Val Reyna
Ms. Joy Buccat
Mr. Gregg Fujikawa
Ms. Marites Yano
Mr. Aaron Zambo
Ms. Sandi Nadatani-Mendez
Ms. Cherrisse Zaima
Deputy County Attorney Andrea Suzuki

GUESTS: Mr. Terry Kamen, Manager for Kiahuna Mauka Partners

ACCEPTANCE OF AGENDA:

Mr. Nishimura moved to approve the agenda as circulated, seconded by Mr. Dahilig; with no objections, motion was carried with 4 ayes.

MINUTES:

Review and approval of:

Regular Board Meeting – September 20, 2012

Mr. Dahilig moved to approve the Regular Board Meeting minutes dated September 20, 2012; seconded by Mr. Nishimura; with no objections, motion was carried with 4 ayes.

CORRESPONDENCE/ANNOUNCEMENTS

1. Correspondence from Michelle Swartman, President, Kauai Developers Council dated October 15, 2012

Mr. Nishimura moved to receive the correspondence from Michelle Swartman, President, Kauai Developers Council dated October 15, 2012; seconded by Mr. Nakaya; by a unanimous vote, motion was carried with 4 ayes.

DISCUSSION:

Manager Craddick stated a meeting with Michelle Swartman, Kauai Developers Council regarding the FRC procedures will be arranged with Limtiaco, PR firm.

BOARD COMMITTEE REPORTS

No Board Committee Reports were presented at this meeting.

OLD BUSINESS

Re: *Manager's Report 13-5 – 2012 Goals for the Manager / Employee Morale*

DISCUSSION:

Manager Craddick reviewed the comparison of percentages on the chart for Overall Job Satisfaction FY 2010 – FY 2011 as follows:

2010 – Overall Job Satisfaction = 20%	2011 – Overall Job Satisfaction = 46%
2010 & 2011 – Overall Job Satisfaction = 59% (<i>No change</i>)	
2010 – Less Satisfied = 88%	2011 – Less Satisfied = 62%

The number of customer complaints is dropping and the technical complaints may be due to construction jobs related to water pressure. The DOW did not use the 2010 audited numbers but the 2011 numbers were better and the direction of percentages may be reversed. All performance indicators are monitored by the DOW. The AWWA (American Water Works Association) continues to collect data.

DISCUSSION:

Mr. Nakaya inquired why Item #5, Inter Agency Coordination between the DOW, Planning and the Department of Public Works for the Mayor's Holo Holo 2020 Plan was not complete.

Manager Craddick stated there have not been any DOW discussions except on affordable housing. This could be due to the transition of the new Housing Manager, Mr. Kamuela Cobb-Adams. The main project is the Ele`ele affordable housing. A question was raised at a Holo Holo meeting regarding when the FRC (Facilities Reserve Charge) will be implemented. There were no questions related to the recent rate change regarding water or affordable housing in the Holo Holo plan.

Mr. Nishimura stated in the Employee's Overall Satisfaction Survey, only 61 employees responded out of the entire Department. The first two items on the graph indicated a downward trend but the last two items showed an upward trend which made the results confusing. Last year

Manager Craddick changed Item #1 from the “Department is a leader in the industry” to “The individual employee is a leader in the Department” and to distinguish if the employee is not doing anything to upgrade the department. Their response correlates with their satisfaction with their work. Only a very small number of employees participated.

Mr. Nishimura questioned the Performance Indicator report which was submitted on June 18, 2012 with recent data from June 30, 2011.

Manager Craddick stated the survey data is one year behind.

Mr. Eddy clarified that the survey data is based on audited information for FY 2011 which ended on June 30, 2011.

Manager Craddick stated the audited information was received in December 2011 and the form was received in April 2012.

Mr. Nakaya’s main concern was there were less unhappy employees based on job satisfaction at 62% (high score). Mr. Nakaya recommended that Manager Craddick work to improve the percentages in the future.

Manager Craddick explained that he will possibly change the methodology next year on the first four survey items if they correlate with the employee’s job satisfaction.

Mr. Nishimura suggested the questions should stay the same. Fifty-one (51) out of seventy five (75) employees participated which was higher than the last survey.

Mr. Nishimura moved to receive *Manager’s Report 13-5 - 2012 Goals for the Manager / Employee Morale* for Manager Craddick to incorporate into future goals; seconded by Mr. Dahilig; by a unanimous vote, motion carried with 4 ayes.

NEW BUSINESS

Re: *Manager’s Report 13-11 – Request Board Approval of Board Resolution No. 13-2 (10/12), Mahalo to the DOW Participants of the Make a Splash Water Festival*

BACKGROUND:

Manager Craddick read Resolution 13-2 to the Board and division heads and thanked all that participated in the event as well as those who stayed behind to ensure business services ran smoothly.

DISCUSSION:

Chair Kaneshiro was amazed with the participation of the youth and different organizations and how water is important in the community. He felt it was a good learning experience for everyone.

Ms. Buccat recognized Chair Kaneshiro and Mr. Dill for their participation in Make a Splash (MAS). Ms. Beth Tokioka represented the Mayor’s Office who attended the event for the first time and was appreciative of her participation. Mr. Nishimura was acknowledged for donating

the ice and requested thank you letters to be sent to all the organizations, companies and volunteers who assisted in the booths with a copy of the letter to the Board members.

Mr. Nishimura moved to approve Resolution No.13-2; seconded by Mr. Dahilig; by a unanimous vote, motion carried with 4 Ayes.

At 10:42 a.m. Chair Kaneshiro called for a recess for a photo op of the MAS participants.

At 10:45 a.m. Chair Kaneshiro reconvened the Board meeting.

Mr. McCormick entered the meeting at 10:45 a.m.

Chair Kaneshiro requested to rearrange the agenda by moving up Manager's Report 13-13 before Manager's Report 13-12.

**Re: Manager's Report 13-13 – Board Discussion and Possible Action on budget
LO-11, Omao 6-Inch Main Replacement**

BACKGROUND:

Manager Craddick requested the Board to approve a budget amendment for \$301,021 to pay Kukuiula Development for a 6-inch water line constructed on the DOW's behalf.

On April 2006, the Board approved a funded project for \$301,000 to do a fire line nearby a 6-inch water line which was by Kukuiula Development. An invoice dated October 11, 2012 was received by the DOW.

DISCUSSION:

Mr. Nishimura inquired on why the funding for this project is coming from Account No. 106b instead of Account No. 101b which stated in the original budget?

Ms. Yano explained this was from an unbudgeted surplus and did not know how this amount was taken out from the previous budget. Ms. Yano explained the budget was from 2006 and 2008.

Manager Craddick explained that in 2006, a report to the Board stated that the project was budgeted for Account 101b. When the DOW signs up a contract, the amount is not minused. Next year if something does not get budgeted to the remaining balance on a contract, it can get lost. After Mr. Michael Hinazumi left the DOW in 2007, nobody made sure the project was re-budgeted and it was dropped. There is an asset being turned over to the DOW which was not paid. This came from the CIP funding that originally took funding from the Waimea job.

Mr. Terry Kamen, Manager for Kiahuna Mauka Partners provided his testimony.

Mr. Terry Kamen stated he has a cost sharing agreement with Kukuiula to do sewer and water lines. Kiahuna Mauka Partners built the Omao water tank. Kukuiula never told Kiahuna Mauka Partners about the Board meeting notice which he learned about from the DOW a few days ago. Kiahuna Mauka Partners paid 22% of the line and is requesting the Board, if approved, to give

Kiahuna Mauka Partners the check for the 22% or to wait until Kukuiula gives Kiahuna Mauka Partners a letter stating Kukuiula will give the 22% to Kiahuna Mauka Partners. Kiahuna Mauka Partners gave Kukuiula the funding in 2004 and finished the line in 2006. This was forgotten until Mr. Kamen learned about the meeting notice.

DISCUSSION:

Mr. Nishimura stated the Board should not get involved with inter-party disagreements and recommended not supporting Mr. Kamen's request.

Chair Kaneshiro asked Manager Craddick if Kiahuna Mauka Partners was involved with any signatures in the agreement with Kukuiula. Manager Craddick answered there were no written agreements, only the email from Mr. Hinazumi which stated "the Board approved this project and can you add this to the pipeline project."

Mr. Kamen stated he would have to check if there were any written agreements with the department and believes eight (8) years ago, the original master water plans were submitted by Mr. Tom Nance, however; will try to settle this with Mr. Lindsey Crawford at Kukuiula.

Mr. Dahilig stated this appears to be a third party agreement and is not in support of deferring payment.

Mr. Kamen fully understands the Board's position on this matter.

Chair Kaneshiro thanked Mr. Kamen for his testimony.

Mr. Dahilig moved to approve *Manager's Report 13-13* on the budget amendment to fund completed Job No. LO-11, Omao 6-inch Main Replacement; seconded by Mr. McCormick; by a unanimous vote, motion carried with 5 Ayes.

Mr. Nakaya moved to go into executive session due to prior commitments; seconded by Mr. Dahilig; by a unanimous vote, motion carried with 5 ayes.

At 10:59 p.m. Chair Kaneshiro recessed the Regular meeting, while the Board convened into an executive session.

Pursuant to Hawaii Revised Statutes Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to receive a letter from HGEA dated August 20, 2012. The Purpose of this executive session is 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 HGEA letter dated August 20, 2012.

At 11:45 a.m. Chair Kaneshiro called the Regular Meeting back into session.

**Re: Manager's Report No. 13 – 12 – Board Discussion and Possible Action on
Reorganization for the Fiscal Division**

BACKGROUND:

Manager Craddick recommended that the Board approve an organizational change by putting the warehouse operation and meter repairs under the supervision of the Fiscal Division.

In the revised Table of Organization chart, the Warehouse/Inventory Clerk would report to the Procurement Specialist IV. The Meter Mechanic would report to the Meter Reader Supervisor. These changes would not be in effect until Fiscal's reorganization is implemented but will be placed before the next audit.

DISCUSSION:

Mr. McCormick inquired if any staff will be displaced or reduced in their grade and if the union gets involved with the reorganization.

Manager Craddick stated staff is just being moved and is not aware of the union getting involved with the organization.

Mr. Nakaya and Mr. Nishimura asked what procedures in monitoring the inventory are being used and if there is a way to change the procedures instead of creating a new position?

Manager Craddick stated this would still be a problem from Purchasing to discharge inventory which is under one section. Accounting only pays the invoice and if there is a dollar discrepancy at the end of the year, Fiscal cannot figure out the discrepancy. The person who is currently handling the inventory would be moved under a supervisory position. This person enters the inventory and discharges it out and is currently reporting to the Operations Division which also orders materials. Since there is over \$1 million of inventory, this reorganization would warrant a better oversight.

Mr. Nakaya inquired if Operations does the ordering, does the Controller do the oversight?

Manager Craddick explained Fiscal only approves the invoices. If the money is not matching up and the actual item cost is put into the inventory but not the shipping and handling cost, this should match up at the end of the year. Matching the smaller items might not have been done.

Mr. Nishimura asked how much percentage is the inventory off?

Ms. Yano stated Fiscal's inventory is off by 11%.

Mr. Nishimura inquired if there is a DOW Standard Operating Procedure (SOP) that is being followed. If DOW does not have an SOP, could an SOP be generated? Does this position currently fulfill the Dispatch position which is not reflected in the current Table of Organization chart.

Manager Craddick stated personnel no longer use Dispatch; they now use their cell phones. When a trouble calls comes in to Operations, the call goes straight to the supervisor.

Mr. Reyna added during office hours, there is a phone number a customer can call. After hours, holidays and weekends a customer can call the emergency dispatch number directly.

Manager Craddick clarified that under the Fiscal Officer in the reorganizational chart shows an Accountant II, and Procurement Specialist IV. Both positions have already been approved by the Board and budgeted. Both positions are pending with the Department of Personnel Services (DPS) for the positions to be in place.

Mr. Nakaya questioned if the Procurement Specialist IV, SR-22, NEW should be labeled "Vacant?" Manager Craddick explained that this position has not been approved by DPS as an official chart. The DPS has not accepted the approved position by the Board. The Procurement Officer's role on inventory control is to purchase materials and supervise the warehouse. The Procurement Officer also discharges the materials but does not use the materials.

Mr. Nakaya recommended seeing procedural changes to resolve this matter instead of creating a new a reorganizational department. The SOP can be improved to cut down on discrepancies.

At 12:00 noon Mr. Nakaya was excused and existed the meeting.

Chair Kaneshiro is concerned about emergencies on the weekends, because there are no warehouse procedures for the inventory.

Manager Craddick stated he is not aware of an SOP for the warehouse and that the Fiscal office is closed on the weekends and is not aware of inventory used. Would the person doing the purchasing be able to discharge inventory to themselves? If the Procurement Officer would be procuring, but not entering into the warehouse based on a request for materials, this would leave to no oversight control.

Mr. Nishimura stated if the Procurement Officer is in place and discharge is left for Operations procedures could change to make this part of the procurement process. Operations will receive the materials and send the packing list to procurement to enter it in the inventory system. This would be the check and balance.

Manager Craddick stated once the Procurement Officer is in place, they would not be able to check items in the warehouse and do all the contracts. If the Procurement Officer is supervising the staff, who is responsible for those procedures? On another matter the potential monthly meter reads will begin January 2013. To fill the Accountant II, we took the extra position that the Board approved for the Meter Reader and tried to do an understudy with the Accountant IV position which was moved. The biggest inventory issues are the meters. This meter mechanic position as approved by the Board is proposed to be taken from Operations and put under Customer Service under meters.

Mr. Dahilig moved to defer *Manager's Report No. 13-12* on the Reorganization for the Fiscal Division to give Manager Craddick an opportunity to explore procedures by the next Board meeting; seconded for Mr. McCormick; by a unanimous vote, motion carried with 4 ayes.

Re: Suggestions for Capital Improvement Projects (CIP) for 2013 Legislative Session

BACKGROUND:

Manager Craddick reported on the following priority CIP projects:

1. Kilauea School Waterline
2. Kapa'a 80 Gallon Storage Improvements
3. Drilling Well at Kapa'a Storage site
4. Kekaha Amfac Shack and Waterline
5. Hanapepe / Eleele Transmission Line – Manager Craddick stated the DOW asked the Administration to help with the Eleele affordable housing project. The Administration did not want to pursue the CIP last year.
6. Kawaihau Pipeline

DISCUSSION:

Manager Craddick stated the Board can add or change the priority projects. Manager Craddick will send the CIP priority project to the Administration. The Housing Director may fund the Ele'ele Transmission Line through a Community Block Grant.

Mr. Dahilig moved to approve the *Capital Improvement Projects for 2013 Legislative Sessions*; seconded by Mr. McCormick; by a unanimous vote, motion carried with 4 Ayes.

STAFF REPORTS

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

BACKGROUND:

Ms. Yano reported on the Fiscal Budget Status Summary for August 31, 2012 and addressed questions raised from the last Board meeting as follows (reflected on online pages):

1. Page 108 - Cash on Hand, Page A was corrected to "as of July 1, 2012" not 2011.
2. Page 110 - Salaries and Wages - Line Item "County Overcharge to Payroll" (was identified as "Worker's Comp") has been moved to Line Item 61 on Page 112.
3. Pages 127-129 – Is the chart for Revenue Receipts and consumption and imbalance.
4. Page 130 - Letter dated September 26, 2012 from SAIC (R. W. Beck) was a follow up from Mr. Nishimura's request for a written report.
5. Page 113 - Debt Service Requirements – At last Board meeting, Item 97.2 showed zero under the Budgeted column. This was due to the refunding bond issue finalized in 2012. This issue was used to refund Item 86 and part of Item 87. With this refunding issue, some principal payments were accelerated which caused an addition of \$63,755 Budget Debt Service which needs to be funded. In the 2013 budget, there was a provision of additional Budget Debt Service of \$320,000. In Item 99 the numbers reflect the illustration that is on Page 131, on how the 2005 fund issue was refunded.

Mr. Dahilig moved to receive the Statement of Kauai County Water Department's Revenues and Expenditures; seconded by Mr. McCormick; by a unanimous vote, motion carried with 4 Ayes.

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

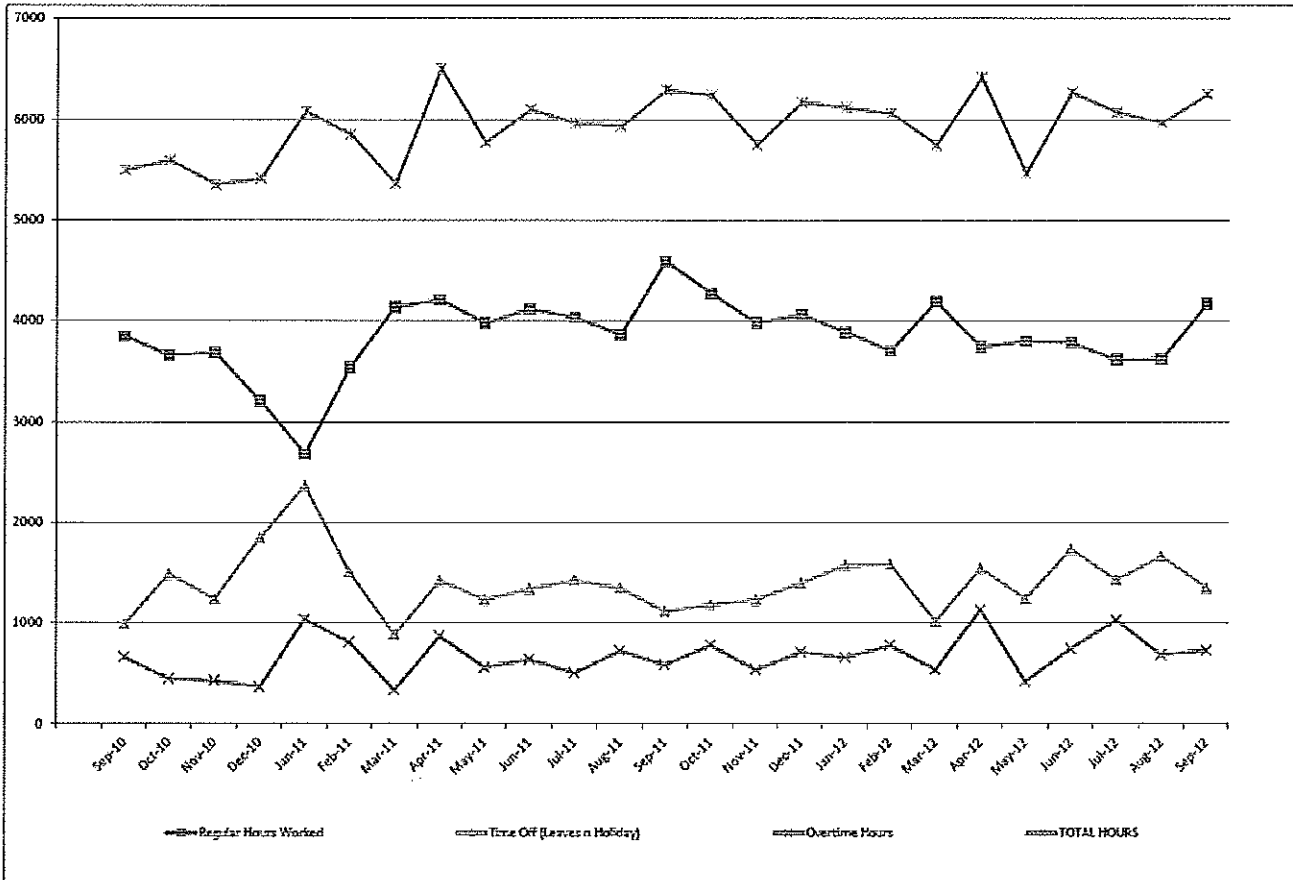
Mr. Dahilig moved to receive the Report by the Public Relations Specialist on Public Relations Activities; seconded by Mr. McCormick; by a unanimous vote, motion carried with 4 Ayes.

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

Mr. Reyna distributed an updated graph which replaces Page 176 of Page 173. The earlier submitted graph showed overtime and corrections were made.

Received for the Record

Total Hours for the Month
Operations: Plant & Field Divisions
For the Period: September 2010 to September 2012



Mr. Dahilig moved to receive the amended report by the Chief of Operation's Summary Report on Monthly Operational Maintenance; seconded by Mr. McCormick; by a unanimous vote, motion carried with 4 Ayes.

DISCUSSION:

Mr. Nishimura thanked Mr. Reyna for the Work Order Summaries which showed the completions. Mr. Reyna stated the high efficiently motors have not been received yet. The finalized contract was signed yesterday by Manager Craddick.

Re: Water Resources and Planning Subdivision Report

Ms. Dahilig moved to receive the Water Resources and Planning Subdivision Report; seconded by Mr. McCormick; by a unanimous vote, motion carried with 4 Ayes.

Re: Manager's Monthly Update Regarding Activities of Note of the Kauai County Water Department

BACKGROUND:

Manager Craddick stated one contract was awarded to Goodfellow Bros. for \$4,671,000 for the Wailua Houselots Main replacement.

The second contract was awarded to Glenmount Global Solutions, Inc. (formerly FluidIQS) for \$100,000 for the DOW Supervisory Control and Data Acquisition (SCADA) system.

The third contract was awarded to R. Electric for \$73,722 for Job No. 12-9 Kalaheo Deep Wells No. 1 and No. 2 Starter Replacement.

Manager Craddick introduced Ms. Cherisse Zaima, Mr. Eddy's new Deputy Secretary to the Board.

Manager Craddick reported there is a Conveyance of Water Facility from Kukuiula Development Company and the BAB spend down graph shows expenditures.

Mr. Dahilig moved to receive Manager's Monthly Update Regarding Activities of Note of the Kauai County Water Department; seconded by Mr. McCormick; by a unanimous vote, motion carried with 4 Ayes.

QUARTERLY

1. Quarterly Update on Project Status
 - a. Construction Management Division Status
 - b. Engineering Division Design Status
2. Quarterly Update on Affordable Housing

DISCUSSION:

Mr. Eddy stated the format has changed with two separate reports from the Construction Management Division and Engineering Division. Special projects were eliminated. The Board stated the new format is good.

Mr. Dahilig moved to receive both Quarterly Update on Project Status and Affordable Housing as of October 25, 2012; seconded by Mr. McCormick; by a unanimous vote, motion carried with 4 Ayes.

TOPICS FOR NEXT WATER BOARD MEETING

1. Board HWWA Conference Reports – Conference was on October 17-19, 2012, Honolulu, Hawaii (*November 2012*)

DISCUSSION:

Mr. Nishimura will provide the HWWA Conference Report at the next Board meeting. Manager Craddick attended the conference on Friday, October 19th and reported the DOW is moving ahead in a water use development plant, energy efficiency and he also listened to what the other water agencies are doing.

Mr. Eddy participated in the WARN session and explained that the four water agencies provide assistance during an emergency. There is an agreement in place where the DOW can send out a crew to assist in an emergency right away. Manager Craddick added the DOW received the WARN agreement in December 2010 to participate in the WARN project. The added partner is Civil Defense which would be the difference from what the Board approved. If there are any changes with the project, the agreement would come before the Board again.

1. Draft Annual Audit (*November 2012*)

DISCUSSION:

Ms. Ignacio Neumiller, Commission Support Clerk, stated the Special Board Meeting tentative date is Friday, November 16th and the agenda posting would be on November 9th. Mr. McCormick stated he will be on Honolulu. The Board suggested Ms. Ignacio Neumiller send an email to all Board members of their availability on November 16th.

TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Election of Officers for 2013 (*December 2012*)
2. Board Committee Assignments (*December 2012*)
3. Resolution No. 13-3 Mahalo and Aloha Water board Commissioner Roy Oyama (*December 2012*)

DISCUSSION:

Mr. Nishimura requested on the next Manager's Status Report, an update on the Emergency Response Plan (i.e., hurricane, tidal wave) and when this plan was last practiced.

Mr. Dahilig noted to correct the numbering for Resolution No. 13-3; Resolution No. 13-2 was just passed.

UPCOMING EVENTS

DISCUSSION:

1. DOW Annual Employee Meeting & Farewell to Board of Water Member Roy Oyama (*Thursday, December 6, 2012*)
2. AWWA Annual Conference Denver, CO (*June 9-13 2013*)
3. 39th Annual AWWA Hawaii Section Conference Honolulu, HI (*May 14-17 2013*)

NEXT WATER BOARD MEETING

1. Thursday, November 29, 2012, 10:00 a.m.
2. Thursday, December 27, 2012, 10:00 a.m.
3. Thursday, January 24, 2013, 10:00 a.m.
4. Thursday, February 28, 2013, 10:00 a.m.

ADJOURNMENT

There being no further business, Chair Kaneshiro adjourned the Regular Board meeting at 12:37 p.m.; with no objections, motion carried.

Respectfully Submitted,



Edie Ignacio Neumiller
Commission Support Clerk

Approved,



Randall Nishimura
Secretary – Board of Water Supply