

BOARD OF WATER SUPPLY of the COUNTY OF KAUA'I

FINANCE COMMITTEE MEETING

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

TUESDAY, OCTOBER 15, 2013

4:30 p.m.

AGENDA

1. CALL TO ORDER
2. ROLL CALL
3. ACCEPTANCE OF AGENDA
4. ACCEPTANCE OF MINUTES
5. OLD BUSINESS
 - a. Part 4 Fixing Rates for Water Service (Section VII) - Rates Reserve Charge
6. NEW BUSINESS
7. ADJOURNMENT

CANCELLED

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Page 1 of 1

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

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

MANAGER'S REPORT NO. 14-16

October 15, 2013

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

RECOMMENDATION: It is recommended that the Finance Committee adopt Part 4 Section VII of the DOW's Rules & Regulations and forward recommendation to the full board.

BACKGROUND: The Rules Committee has met on October 4, 2013 reconvened October 10, 2013.

The Rules Committee is concerned about further delay of the expansion fee rules and is proposing no changes to Parts 2 and 3 of the rules. Since the Part 5 rule is considerably modified with none of the deletions from Part 2, 3, and 4 that were previously proposed, Part 5 consists of HRS references and some language for affordable housing and rule challenge references. There were no comments from the Rules Committee at this time on phasing.

The attached revised Part 4 follows this same philosophy and keeps previous language for offsets and other items for clarification.

The portion of the Part 4 rule for indexing and administrative charges remains in this revision. The percentages for source, storage and transmission determined by SAIC are incorporated into the old Part 4 rules and the reference to over 100% deleted as the total of the percentages now equals 100%.

The schedule is simplified as fixture units are no longer used to determine the fee. The staff will still need to apply engineering principles and standards to determine the fee for larger meter sizes.

Fixture units will still be calculated for the admin fee to get staff familiar with the use of fixture units.

Options:

1. Approve

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

Cons: Items have been added back that were raised as concerns in community comments.

2. Not Approve

Pros: Relief to those that are near getting meters.

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

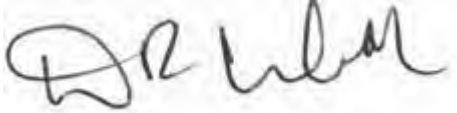
3. Revise the rule

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

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

Thank you for your attention to this matter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "DRC", written over a light gray rectangular background.

David R. Craddick, P.E., C.E.M.,
Manager and Chief Engineer

DRC/mjg

Attached: DOW revised proposed changes on Part 4 Section VII (10-15-13)

Mgrrp/Finance/October/14-6 Part 4 Fixing Rates for Water Service, Section VII Facilities Reserve Charge(10-15-13)mjg

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

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

PART 4 SECTION VII – FACILITIES RESERVE CHARGE

1. The water system facilities reserve charge shall be assessed against all new developments and subdivisions requiring supply of water from the County of Kauai, Department of Water, and existing developments requiring additional supply of water from the Department's system. The facilities reserve charge must be paid before water services are made available to the new or existing development.

2. The water system facilities reserve charge will be raised or lowered each year according to the percentage increase or decrease in the Engineering News Record Construction Cost Index change over previous year index held as the base. This shall not increase more than four percent average per year determined from the effective date of this rule.

3. The water system facilities reserve charge shall be paid by all applicants for water service, including but not limited to the following:

- a. All irrigation services and/or meters.
- b. Additional buildings to be connected to existing services where additional demands or supplies are indicated. The charges shall be based on the meter sizes required if the buildings were metered separately.
- c. Additional units connected to existing services and meters under the categories of single family and multi-family residential units. The charges will be based on the established schedule of charges for the respective categories.

4. The water system facilities reserve charge shall be determined from the following Schedule 1:

Schedule 1

	<u>\$ per Fixture Unit</u>	<u>\$ per gallon</u>	<u>\$ per 5/8" meter</u>	<u>MAXIMUM PERCENTAGE*</u>
<u>SOURCE</u>	<u>\$104.00</u>	<u>\$4.15</u>	<u>\$3,120</u>	<u>18%</u>
<u>STORAGE</u>	<u>\$196.00</u>	<u>\$7.86</u>	<u>\$5,880</u>	<u>34%</u>
<u>TRANSMISSION</u>	<u>\$272.00</u>	<u>\$10.87</u>	<u>\$8,160</u>	<u>48%</u>
<u>TOTAL</u>	<u>\$572.00</u>	<u>\$ 22.88</u>	<u>\$17,160</u>	<u>100%</u>

*** Maximum Offset Percentage allowed when developer provides all of source, storage or transmission capacity according to DOW standards. For developments providing less than 100% of source, storage**

or transmission capacity according to Hawaii Water Standards 2002 as amended the maximum percentage listed in the schedule for offset will be reduced according to Part 5 rules.

3. The water system facilities reserve charges shall apply to all applicants for water service as follows:

- a. For each parcel created by subdivision, including the first lot created; and for every new single family residential dwelling unit not yet metered and a facilities reserve charge has not yet been paid, the charge shall be ~~\$4,600.00~~ the charge for a 5/8" meter.
- b. For each unit or hotel room in a multi-family residential development and/or resort development, which applies to each unit or hotel room, the charge shall be ~~\$4,600.00~~ the charge for a 5/8" meter.
- c. For all other uses, the facilities reserve charge shall be determined by the size of the meter as follows shown in Schedule 2 and schedule 3 :

<u>Meter Size</u>	<u>Amount</u>
<u>5/8"</u>	<u>\$ 4,600.00</u>
<u>3/4"</u>	<u>\$ 14,300.00</u>
<u>1"</u>	<u>\$ 26,400.00</u>
<u>1 1/2"</u>	<u>\$ 53,200.00</u>
<u>2"</u>	<u>\$ 90,700.00</u>
<u>3"</u>	<u>\$ 170,000.00</u>
<u>4"</u>	<u>\$ 283,400.00</u>
<u>6"</u>	<u>\$ 566,800.00</u>
<u>8"</u>	<u>\$ 907,000.00</u>

d. For meter sizes up to two inch the water system development fee will increase according to the AWWA Standard C-700-latest edition for Cold Water Meters-Displacement type, Bronze Main Case Recommended Maximum Rate for Continuous operations gpm flow rate ratio of larger sizes to the 5/8" meter which is as follows in Schedule 2:

Schedule 2

<u>SIZE</u>	<u>Ratio to 5/8"</u>	<u>Maximum Meter Cost</u>
<u>5/8 "</u>	<u>1</u>	<u>\$ 17,160</u>
<u>3/4"</u>	<u>1.5</u>	<u>\$ 25,740</u>
<u>1"</u>	<u>2.5</u>	<u>\$ 42,900</u>
<u>1-1/2"</u>	<u>5</u>	<u>\$ 85,800</u>
<u>2"</u>	<u>8</u>	<u>\$137,280</u>

e. For meter sizes beyond two inch the water system development fee will be determined by the application of engineering principles and standards. For AWWA Standard C-702-latest edition for Cold-Water Meters- Compound Type Class II given as a reference type of meter the fee shall not to exceed schedule 3:

Schedule 3

<u>SIZE</u>	<u>Maximum Meter Cost</u>
<u>3"</u>	<u>\$5,720,100</u>
<u>4"</u>	<u>\$9,884,160</u>
<u>6"</u>	<u>\$22,239,360</u>
<u>8"</u>	<u>\$29,652,480</u>

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

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

4. FRC Offsets.

- a. Definitions and construction of words. As used in this paragraph 4, the following definitions shall apply:

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

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

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

“Offset” means reduced or reduction.

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

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

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

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

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

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

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

Subject to the provisions of this paragraph 4, the applicable FRC liability of such applicants, consumers, or subdividers shall be offset by up to 33% each where water source or water storage improvements are constructed, and up to 50% where water transmission mains are constructed; provided that the total amount of all offsets that an applicant, consumer, or subdivider receives shall not exceed 100% of the applicant's, consumer's, or subdivider's FRC liability, and provided further that the offset for any source or storage improvement or transmission main shall not exceed the actual cost of the source or storage improvement or transmission main.

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

- c. The offsets described in this Paragraph 4 "FRC Offsets" shall not apply to water transmission mains constructed by a subdivider, applicant or consumer which are within or adjacent to a subdivision or lands either 1) owned by the applicant or consumer, or 2) developed by the applicant or consumer for uses such as, but not limited to, residential, agricultural, commercial, resort, industrial, governmental, religious, or educational uses. Where water transmission mains are constructed within, adjacent to, or outside of such subdivisions or lands, the offsets shall apply only to mains constructed outside of and off-site from such subdivisions or lands."

5. Should the Department use meters different than the meters currently used by the Department, the same methodology for FRC determination shall be used for other meters approved by the Department.

6. The administrative charge for review of Water Requests is \$2 per fixture unit as defined by the Uniform Plumbing Code latest edition. This same definition for fixture unit will be used for the schedule above as adjusted by Department staff for low flow devices which are built as part of the structure and are not easily changed to high flow devices.

7. Fix U's are the fixture units determined by application of the Uniform Plumbing code as adjusted for low flow devices that are built into the structure.