

MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, October 23, 2014

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Līhu'e on Thursday, October 23, 2014. Chairperson Clyde Nakaya called the meeting to order at 10:07 a.m. The following Board members were present:

BOARD: Mr. Clyde Nakaya, *Chairperson*
Ms. Laurie Ho
Mr. Hugh Strom
Mr. Raymond McCormick
Mr. Larry Dill
Mr. Michael Dahilig (*entered meeting at 10:10 am*)

EXCUSED: Mr. Sherman Shiraishi, *Vice Chair*

Quorum was achieved with 5 members present at the time of roll call.

STAFF: Mr. Kirk Saiki
Mr. Val Reyna
Ms. Marites Yano
Mr. Dustin Moises
Mr. Roman Silvestre
Mr. Eddie Doi
Ms. Regina Flores
Ms. Sandi Nadatani-Mendez
Ms. Kim Tamaoka
Ms. Mary-jane Akuna
Deputy County Attorney, Andrea Suzuki

GUESTS: Deputy County Attorney, Ian Jung
Mr. Mark Valencia, represented Mr. Chris Singleton, Makaleha Gardens Subdivision
Mr. Tom Shigemoto, A&B Properties, Inc.
Mr. Hall Parrott, Private Citizen

ACCEPTANCE OF AGENDA

Commission Support Clerk made a correction to the Executive Session Item J2 (page 2, line three) which should read Item G1 (not Item H6).

Mr. Strom moved to approve the agenda as amended; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

At 10:10 a.m., Mr. Dahilig entered the meeting.

MEETING MINUTES

Review and approval of:

Regular Board Meeting – August 28, 2014

Ms. Ho made a correction on page 13 of 16, Paragraph 8: Add “Mr. Strom’s vote was inaudible.”

Ms. Ho moved to approve the Regular Board Meeting minutes of August 28, 2014 as amended; seconded by Mr. McCormick; with no objections, motion carried with 6 ayes.

Regular Board Meeting – September 25, 2014

Ms. Ho made a correction on Page 3 of 9, 5th paragraph: Delete “formally”.

Ms. Ho moved to approve the Regular Board Meeting minutes for September 25, 2014 as amended; seconded by Mr. McCormick; with no objections, motion carried with 6 ayes.

Review and approval of Executive Session:

Executive Session minutes – September 25, 2014 – Corrections will be made in Executive Session.

E. CORRESPONDENCE/ANNOUNCEMENTS

None

F. BOARD COMMITTEE REPORTS

None

G. OLD BUSINESS

1. Discussion and Possible Action on the Appointment of a Hearings Officer as it Relates to the Petition to Appeal the Decision of the Water Department Regarding TMKs (4)-6-06:17, 19, and 20 for Subdivision No. S-2013-23, Makaleha Gardens LLC., filed by Christopher Singleton

Petitioner, Mr. Mark Valencia representing Makaleha Gardens and Deputy County Attorney, Andrea Suzuki with the Department of Water introduced themselves to the Board.

BACKGROUND:

Chair Nakaya explained that this matter concerns a petition for declaratory ruling pursuant to Section 7 of the Board granted a hearing at a Board previous meeting. A motion was approved to refer this matter to mediation. The Petitioner and Deputy County Attorney are still engaged in mediation however, both parties requested that the contested case be scheduled pending the mediation. The Board would decide today who would preside over the contested case hearing.

The Board has three (3) options:

- 1) To conduct a hearing before the entire Board.
- 2) Appoint a Board member as a hearings officer.
- 3) Hire a hearings officer through a professional services contract.

Deputy County Attorney, Ian Jung explained that both sides would be given ample amount of time to present proper positions through the rules. The rules allows for the Board to do the full hearing or have the hearings officer do the full hearing. The procurement process for a hearings officer would take some time.

If the Board selects a hearings officer, only one (1) board member would facilitate the contested case hearings (calling witnesses, taking of testimony, accepting the proposed Findings of Fact, Conclusions of Law, and would make a recommendation to the full Board). The full Board would then take the recommendations from the hearings officer versus the full Board hearing the contested case with the Chair running the contested case with all Board members present.

Deputy County Attorney, Ian Jung recommended the Board elect one (1) member as the hearings officer. The Board would get the submittals of the recommendations from both parties through the hearings officer.

Chair Nakaya allowed the Petitioner to provide comments before the Board made their decision on a hearings officer.

Mr. Mark Valencia, representing Makaleha Gardens provide his testimony.

Mr. Valencia commented that the mediation recently was productive and optimistic and that this matter would be resolved in about a week. If the mediation falls through, the Petitioner would like to go forward with the contested case hearing.

Mr. Valencia proposed to have the full Board hear the case. If a pre-hearing conference is scheduled at the next session and a contested case hearing could be done in December or January. Findings would not be required from a hearings officer. Mr. Valencia also mentioned that there was a concern from the October Board meeting regarding one person taking witness testimony in dealing with witness credibility and submitting it in paper. Mr. Valencia agreed with whatever decision the Board makes and that it is resolved as quickly as possible.

Deputy County Attorney Andrea Suzuki recommended the Board appoint a hearings officer because quorum is an issue. This process could take three (3) full days to complete.

DISCUSSION:

Mr. Strom moved to recommend a Board member be appointed as a hearings officer and presiding officer; seconded as Mr. McCormick.

Mr. Strom withdrew his motion, Mr. McCormick withdrew his 2nd.

Mr. Strom moved to appoint a Board member to be the hearings officers and presiding officer and to delegate the authority to begin the contested case proceeding and to schedule a pre-hearing conference; seconded by Mr. McCormick; with no objections, motion carried with 6 ayes.

Ms. Ho moved to appoint Board member, Mr. Michael Dahilig as the hearings officer and presiding officer and to start the pre-hearing conference; seconded by Mr. Strom; with no objections, motion carried with 5 ayes, 1 abstained by Mr. Dahilig.

Mr. Dahilig will contact Mr. Valencia if a pre-hearing conference is done.

Ms. Ho moved to allow the mediation to go beyond the 30 day expiration (which was previously set at the September Board meeting); seconded by Mr. Strom; with no objections, motion carried with 6 ayes.

At 10:23 a.m., Mr. Dahilig read the following Executive Session language.

Mr. Dahilig moved to go into Executive Session; seconded by Ms. Ho; with no objections, motion carried with 6 ayes at Roll Call (LH, HS, RM, MD, LD, CN)

J. 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 Hawaii Revised Statutes (HRS) Section 92-4, 92-5(a)(4), the purpose of this executive session is to review executive session minutes dated **September 25, 2014**. This 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.*
- 2. Pursuant to Hawai'i Revised Statutes Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to provide the Board with a briefing and consultation with regards to Agenda Item G1 and the procedures regarding appointment of a hearings officer pursuant to Department of Water Rules and Regulations, Part I, Section I (5)(e). (Petition to Appeal the Decision of the Water Department regarding TMK (4)-6-06:17, 19, and 20, Subdivision No. S-2013-23, Makaleha Gardens LLC., filed by Christopher Singleton). This briefing and consultation with the Board's counsel involves the consideration of the powers, duties, privileges, immunities and/or liabilities of the Board as they relate to this agenda item.*

At 10:30 a.m., Chair Nakaya called the Regular Board meeting back to order.

Review and approval of Executive Session:

Executive Session – September 25, 2014 – Corrections were made in Executive Session.

Mr. Dahilig moved to approve as amended the Executive Session minutes of September 25, 2014; seconded by Ms. Ho; with no objections, motion carried with 6 ayes.

H. NEW BUSINESS

- 1. Resolution No. 15-05 – Discussion and Possible Action of Resolution No. 15-05, Mahalo DOW Participants 2014 Make a Splash Water Festival*

Mr. Dahilig moved to approve the Resolution No. 15-05 – Discussion and Possible Action of Resolution No. 15-05, Mahalo DOW Participants 2014 Make a Splash Water Festival; seconded by Ms. Ho; with no objections, motion carried, with 6 ayes.

The Board thanked Ms. Tamaoka for her hard work on the Make a Splash Water Festival. A photo op was done with the Board members and the volunteers.

- 2. Manager's Report No. 15-14 - Discussion and Possible Action on the Manager's Recommendation regarding the Reallocation of Water Capacity Approved for Industrial Use from Eleele Industrial Park Subdivision, TMK: 2-1-01:51 to 28-acre Eleele Urban Residential Development, TMK: 2-2-1:Por. 3, A&B Properties, Inc., Eleele, Kaua'i*

BACKGROUND:

Civil Engineer VI, Mr. Doi stated the previous Board approved the source allocation for the A&B industrial subdivision. A&B is currently doing a photo voltaic (PV) system on the parcel and is requesting the Department to transfer the water to another parcel.

The Department's recommendation is not to approve the applicant's request because the site is outside of the service zone.

Chair Nakaya suspended the rules for testimony.

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

Mr. Shigemoto appreciated the Department and Mr. Doi's report. The initial A&B request for water allocation for the subdivision was submitted prior to October 2007 and concluded in November 2008 to resolve the water allocation. The report was based on a prior representation that the company made during the various entitlements, subdivisions and SMA permits.

In the current Staff Report, Mr. Shigemoto clarified the current Manager's Report (page 3): **Findings** – *Related to present request to reallocate water capacity approved for industrial use from Eleele Industrial Park Subdivision on TMK: 2-1-01:051 to the proposed 28-acre Eleele Urban Residential Development on TMK: 2-1-01:Por.3, A&B Properties, Inc.*

This 28-acre got zoned in 2008 for affordable housing and was not considered part of the Eleele service area by the Department.

The June 6, 2008 letter (refer to the Manager's Report) was from Mr. Shigemoto to the former Acting Manager and Chief Engineer, Ms. Wynne Ushigome on how to resolve the water allocation issue. This letter was a result of the June 5, 2008 Board meeting which stated the Board determined that the A&B project was in the service area. The Staff Report – was based on the 1972 General Plan by the Water Department (not in the then Water Plan 2020).

Mr. Shigemoto understood that the subdivision is in the service area and would work with the Department to resolve the water allocation. The Water Plan was approved in 2001. The last County General Plan was adopted in 2000. To say A&B is not in the service area is not accurate. Mr. Shigemoto questioned was the determination based on the latest Master Plan or the General Plan? In the 1972 service plan, was it based on the General Plan, which left A&B out? Was it not in the service plan based on the 1972 General Water Master Plan (which is not included in this plan)?

In the Water 2020 maps, Mr. Shigemoto questioned how could anyone say you are in or out of the service area? When Mr. Shigemoto looked at the County General Plan for future development, the A&B was included in the expanded area.

A second point Mr. Shigemoto made was that the representations made when A&B was going through the entitlements, SMA permits and subdivision approvals complied with the Departments requirements were based on source, storage and transmission. The conditions in the Staff Report refer to necessary improvements. If the conditions are not necessary, why is source, storage and transmission included?

In 2006, it was determined the available source capacity for Eleele was .15 mgd (million gallons per day) and storage capacity was zero. Today, the available source capacity for Eleele water system zero (0). The current report reflects 3.98 mgd source capacity and available storage capacity is .318 mgd. Mr. Shigemoto questioned why there is more capacity today than in 2008.

A&B requested that the 120,000 gallons of water that was previously allocated for the industrial subdivision be reallocated for the current 21 acre affordable housing project.

DISCUSSION:

A& B did not pay the Facility Reserve Charge (FRC) for the 120,000 gallons of water because A&B was in a tentative subdivision stage. An affordable housing plan would be needed first before a timeline could be determined on the development.

Mr. Dahilig asked Mr. Shigemoto if the Board does a reallocation for an affordable housing development, would a timeline be attached to the affordable housing development. Mr. Shigemoto expressed that there would be too many factors needed to determine a timeline at this time (i.e., sewer capacity, construction and grading approvals).

Mr. Dahilig's concern is if there is available capacity, water should be used versus not squatted on in giving a transfer to the affordable housing project. There should be forward progress on the planning efforts if water is available.

Mr. Dill inquired if the A&B's affordable housing project meets the County's affordable housing requirements. Mr. Shigemoto confirmed that A&B's affordable housing project meets 60% of the requirement for the County's criteria on affordable housing projects.

Mr. Dill suggested that Mr. Shigemoto come back to the Board with milestones within the next three (3) years to show forward progress with an update and current plans.

Mr. Strom suggested A&B submit final subdivision approval and to come back to the Board within 10 years. All the lands at the site are owned by A&B and are subjected by the water rates at that time.

The allocation would not be needed as long as the Department acknowledges there is capacity for Eleele and A&B is in the service area with capacity. When A&B is ready to develop with source, storage and transmission available at that time, they need to be able to use the water

Mr. Dill stated if the Department concurs that A&B is in the service area, this matter is moot. If the Board agrees, refer to June 5, 2008 Board minutes, Conclusion on Page 9 of 32 for previous discussion.

Mr. Doi distributed the 1972 Domestic Water Plan for the Department of Water. The service area first mentioned in the initial permit was not in the service area in the 1972 General Plan. In 2000, Water Plan 2020 showed the A&B site within the service area. A disclaimer stated Kukui'ula would be in the General Plan and the DOW Water Plan plus they would have to abide by the previous requirements (source, storage and transmission).

If A&B is in the service area, facilities built in 1972 would have been for that service area. In 1994, A&B wanted to do a development but was out of the zone and had to provide facilities. In 2002, Water Plan 2020 expanded the zone to include A&B's site (no facilities were built in the development area).

Deputy County Attorney, Andrea Suzuki specified that the Department is not always obligated to provide water in a service area because there may not be capacity. Generally, to be out of service area means the Department is not obligated to provide service. A&B needs to provide the facilities which was previously required.

Currently there is more capacity because Mr. Doi did not include the pending potential developments. The previous Board elected to approve the A&B application with capacity based on .15mgd. The service area means to provide and identify locations for growth. The next plan update will identify and staff will follow to see how the Department can service the water needs for Planning Department's plan.

Mr. Dill mentioned that the Department would plan for infrastructure and reserve capacity for development in the areas within the service area and outside the service area.

The PV was in the service area in 2001 but the water would not be in this area all the time. The Board approved A&B the source but A&B did not have a definite timeframe.

Acting Manager and Chief Engineer, Mr. Saiki stated the previous Board allocated water to the PV site. When the Department allocated water to that project it was guaranteed water.

Mr. Strom inquired about the PV site, and asked how long was there no limitations to move the project to a different site with lesser density and time limits.

Deputy County Attorney, Andrea Suzuki mentioned in the August 14, 2008 minutes there was a question about the transferring of one parcel to another parcel. A&B indicated they would not be making any transfers that was a concern of the Board and the Department. The discussion of allocations and timelines were discussed in these minutes.

Mr. Strom recommended A&B move the site with a time limit.

Mr. Dill mentioned that the recommendation in the Manager's Report is not to approve the applicant's request to reallocate 120,000 gpd source capacity from A&B Properties' Eleele Industrial Park Subdivision to A&B Properties' proposed residential development. Option 1 is to approve the recommendation with source capacity. If the Board denies the recommendation, then A&B would take the allocation. "Pro" - A&B would be able to move forward with the project. Another "Pro" Mr. Dill mention is that DOW would generate FRC revenue and generate operating revenue.

Mr. Doi indicated that Lima Ola may require future demands if the allocation is given to A&B.

Acting Manager and Chief Engineer, Mr. Saiki would look at Lima Ola as a phased project but may have to put source and transmission in phase 2.

Mr. Dill stated both projects are outside the service area and is there an opportunity to share outside infrastructure.

Mr. Shigemoto indicated A&B sold Lima Ola the property and has been talking to Housing Director, Kamuela Cobb-Adams. Lima Ola's master plan shows upgraded pumps in the valley and they would build an intermediate water tank on their site. The plan does not include source improvement. Lima Ola is not in the service area.

Based on the Manager's Report, Mr. Shigemoto felt A&B's project does not have to be reallocated to the affordable site if the Board agrees on the past Board's approval that A&B is in the service area with excess capacity. Mr. Shigemoto was not asking for the capacity to be reserved.

Chair Nakaya was not comfortable if the water is reallocated and if the Board says okay A&B does not have to reallocate... but if there is not enough capacity, Mr. Shigemoto understood that if there is not enough capacity and if the Department gives the allocation to Lima Ola that would be okay with him. Deputy County Attorney, Andrea Suzuki commented that this is exactly what Mr. Shigemoto mentioned in 2008.

Mr. Shigemoto stated A&B is exploring partnering with Lima Ola without Board intervention. If the Board does not take action on A&B's request and if A&B comes in for development and if there is water, A&B does not want the Board to say they are not in the service zone. If there is capacity, give it to whoever needs it. The quantity of allocation is unknown at this time because A&B plans to build 210 units, multi-family, with fire flow.

Mr. Doi stated A&B's previous two master plans would still be honored today. He confirmed that the project is in the 2001 Water Plan 2020 service area. In 2001, developments that had previous requirements need to provide source, storage and transmission. The capacity for the service area is for the facilities which were constructed in 2001.

If Lima Ola's projects and other projects come up with capacity outside the 2001 service area, Mr. Doi asked how the Department would give those project's allocation.

Deputy County Attorney, Andrea Suzuki mentioned two (2) items that work together but are different:

- 1) The service area is established.
- 2) Projects planned for the service area -- The Board may be asking:
 - a) Were the projects that the Department planned in 2001 and service area the Board planned to fund and construct ... did the projects include developments that were being considered?
 - b) What projects did the Board decide to construct and for what part of the service area?

Mr. Strom requested clarification on the "requirements." There is excess but there are no requirements to supply the community with water. What other requirements are there?

Mr. Dill clarified that in 1972 – 2001 infrastructure was expanded planned to pick up the water service area, except for areas that were going to provide their own water system. Being in or out of the service area may not be the only issue if there is capacity given to a developer.

Mr. Dahilig moved to defer Manager's Report No. 15-14 to the November Board meeting until the Department can provide the Board with an analysis of what infrastructure has been constructed as a consequence of the 1972 plan and whether or not it coincides with the 2001 plan. The Department will check if there is adequate source, storage and transmission to develop in Lima Ola and the proposed A&B development and if there are water deficiencies; seconded by Ms. Ho; with no objections, motion carried with 5 ayes, 1 Nay (Mr. Strom).

The Department will also explain:

- 1) How the allocation system works.
- 2) How does the system interface with two different plans?
- 3) What is the situation within the plan and outside the plan?
- 4) Has the anticipated infrastructure plan been implemented?
- 5) Has a wastewater system been constructed?
- 6) What is the liability?
- 7) What is capacity?

At 11:56 a.m., Chair Nakaya called for a 10 minute recess.

At 12:02 p.m., Chair Nakaya called the Regular Board meeting back to order.

At 12:02 p.m., Mr. Dahilig was excused and exited the meeting.

H. NEW BUSINESS

3. Manager's Report No. 15-15 - Discussion and Possible Action on the Honolulu Board of Water Supply Proposed Memo of Understanding regarding DOW's Water Billing Services

BACKGROUND:

Waterworks Controller, Marites Yano stated the Honolulu Board of Water Supply (HBWS) currently hosts the billing system. The HBWS Memorandum of Agreement (MOA) ended September 30, 2014.

The Board approved the Department to negotiate for a temporary agreement with HBWS and to check for other alternative billing options. A proposed agreement was presented to the Board with some key points; the term is effective immediately upon approval and ends September 30, 2024. HBWS recognized that it is the Department's best interest to have their own billing system so as a consideration, the Department could get out of the agreement within 180 day notice to HBWS. The new agreement would move from a per bill fee into a cost recovery allocation system. The Department would pay a portion of the investment recovery cost which means HBWS spent in developing the new billing system (Oracle), the Department would pay a proportionate share if the Department stays with HBWS for the next 10 years.

Ms. Yano already checked with billing software vendors if the Department decides to have their own billing system. There are three (3) vendors who will possibly be giving some presentations. Currently, the Big Island has their own billing system.

DISCUSSION:

Acting Manager and Chief Engineer, Mr. Saiki recently spoke to Maui's Water Department Manager, Mr. Dave Taylor and heard that Mr. Ernie Lau, HBWS would like all of the counties to get off their billing system.

Ms. Yano will follow up and contact Mr. Ed Tschupp, Wastewater Division to see if the DOW and the County's Wastewater billings could be combined to share the costs. This was a suggestion from Mr. Dill.

Ms. Ho moved to approve the signing of the Memorandum of Agreement with Honolulu Board of Water Supply and Manager's Report No. 15-15 - Honolulu Board of Water Supply Proposed Memo of Understanding regarding DOW's Water Billing Services; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

4. Discussion and Suggestions for Capital Improvement Projects (CIP) for the 2015 Legislative Session

BACKGROUND:

Acting Manager and Chief Engineer, Mr. Saiki provided the list of proposed CIP which would be sent to the 2015 Legislative Session for state funding.

- 1) Hanapepe/ Eleele Transmission Waterline Improvements Project - This would allow funding for A&B and Lima Ola if the projects moves forward.
- 2) Kapaia Cane Haul Road 18" Main.
- 3) Drill and Develop Kapa'a Homesteads Well No. 4.
- 4) Kapa'a Storage Improvements.
- 5) Kawaihau, Kahuna and Piliamoo Roads - 12" and 18" Mains.

Mr. Strom suggested the Department consider the priority for state assistance to Mahelona Hospital and the Kalaheo/Lawai sub system (also referred as the Jelly Factory booster pump).

Ms. Ho moved to approve Capital Improvement Projects for the 2015 Legislative Session; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

5. Manager's Report No. 15-16—Discussion and Possible Action for the Proposed New Clerical Assistant – Community Relations Position

BACKGROUND:

Public Relations Specialist, Kim Tamaoka requested to create the proposed new Clerical Assistant-Community Relations position which was originally created in 2009 and filled but became vacant in 2012. The position number has since been reallocated to Information Technology (IT).

Acting Manager and Chief Engineer, Mr. Saiki advocated that during emergencies, Ms. Tamaoka needs a back-up person.

Chief of Operations, Mr. Val Reyna added on a daily basis, Ms. Tamaoka is on call 24 hours and coordinates emergency PR with the County PR team with no relief. Mr. Reyna recommended approval of this request.

Ms. Yano explained that the position is not being recreated. There are no other HGEA positions to take a position number from. The Board's approval would help get started with DPS to establish a position number. The position is \$1 funded line item. Ms. Yano added there are some savings from the Manager's vacant position. Funds are available this year but would have to be funded next year.

Mr. Dill pointed out in the Manager's Update report that all the positions are vacant funded positions and many are HGEA positions.

Acting Manager and Chief Engineer, Mr. Saiki stated Fiscal, Construction Management, Engineering, Water Quality, Water Resources, and Administration are HGEA positions.

Mr. McCormick supported the position but did not agree to increasing DOW staff.

Mr. Dill moved to approve the Proposed New Clerical Assistant – Community Relations Position; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

6. Manager's Report No. 15-17 - Discussion and Possible Action on Water Plan 2020 Project PLH-39, Lihue Base Yard Improvements (Phase I), Lihue Water System, Lihue Kauai, Hawai'i, Third Amendment to Contract No. 512

BACKGROUND:

Ms. Yano stated that the Third Amendment was processed but the funds were not encumbered. When the net roll over went to the new budget, the encumbrance was not included in the FY 2014 budget. Due to a timing issue, the encumbrance was not approved. This request is to roll over the encumbrance to FY 14-15 budget.

Mr. Dill moved to approve Water Plan 2020 Project PLH-39, Lihue Base Yard Improvements (Phase I), Lihue Water System, Lihue Kauai, Hawai'i, Third Amendment to Contract No. 512; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

7. Discussion and Possible Action on *Tentative Board Meeting Dates for 2015*

Mr. Dill moved to receive the Tentative Board Meeting Dates for 2015; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

STAFF REPORTS

MONTHLY

1. Statement of Kaua'i County Water Department's Revenues and Expenditures

BACKGROUND:

Ms. Yano reported on the September Monthly Budget Summary Highlights:

- Water Sales Revenue is up by 8%.
- Total Revenue is down 8%.
- Water consumption comparative chart showed a drop in water usage for this fiscal year as of September 30, 2014. The drop is attributed to the Department's proactive conservation initiatives through public relations and the media.
- Financial Accounting System (FAS) implementation was effective July 1, 2014.
- Year-end Finance Closing – Auditor's ended their field audit on September 26th.
- Drafted a new Billing Operations Procedures (based on the new billing system) which was part of what the Board requested.

DISCUSSION:

Mr. Dill mentioned the Total Revenue was off 8% but all expenses are ahead of the budget.

Ms. Yano commented that the Operating Expenses were higher than budgeted; this is due to the depreciation and amortization line items under operating expenses. These are non-cash expenses that did not have a budget amount but was included in this report.

Ms. Yano will continue to work on improving the Fiscal report and to work on the new Billing Operating Procedures.

Mr. McCormick moved to receive the Kaua'i County Water Department's Revenues and Expenditures; seconded by Mr. Strom; with no objections, motion carried with 5 ayes.

2. Report by the Public Relations Specialist on Public Relations Activities

DISCUSSION:

Mr. Dill asked Ms. Tamaoka how PR is coordinated with the County's Public Information Officer (PIO) in keeping DOW's customers updated through the media.

Ms. Tamaoka coordinates with the County's PIO team, Beth Tokioka, Mary Daubert and Sarah Blane as a backup or is part of a paired team if needed. Ms. Tamaoka could be on standby with the County's PIO team and the Department of Water (DOW) PR during emergencies.

Acting Manager and Chief of Engineer, Mr. Saiki stated in the future, if there is a County request for the DOW's Administrative staff to assist at the Emergency Operating Center (EOC) during emergencies, the Administrative staff would not be available to assist because they would be needed at the DOW. Ms. Ho moved to receive the Public Relations Specialist on Public Relations Activities; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

3. Chief of Operation's Summary Report on Monthly Operational Activities Report

BACKGROUND:

Chief of Operations, Val Reyna is actively interviewing vacant positions.

Mr. Strom requested Mr. Reyna to elaborate and provide more details on the leak calls (i.e., how calls are resolved and outstanding calls).

Mr. McCormick moved to receive the Chief of Operation's Summary Report on Monthly Operational Activities Report; with no objections, motion carried with 5 ayes.

4. Manager's Monthly Update Regarding Activities of Note of the Kaua'i County Water Department

BACKGROUND:

Acting Manager and Chief Engineer, Mr. Saiki highlighted the following:

1) Recruitment:

Clerk Dispatcher II - Interviewed

Accountant I - Starting December 1, 2014

Customer Service Rep. – Declined offer

Engineering positions – Have been open for a year with no suitable candidates.

Chief of Water Resources & Planning position – Have been open for a year.

DISCUSSION:

Acting Manager and Chief Engineer, Mr. Saiki has considered downgrading entry level engineering positions. It takes time to train (3-5 years) entry level engineers to get them up to speed.

Chair Nakaya indicated he would like to get jobs out. Mr. Strom suggested the Department look at other ways of getting projects out.

Deputy County Attorney, Andrea Suzuki clarified that this would be a goal for the Manager to get jobs out but not to dictate who to hire.

2) Council's Water Workshop on October 9th - The Department attended this workshop regarding education on water issues, designation and the law.

DISCUSSION:

Ms. Ho questioned how to address public inquiry relating to the DOW's comments at the end of the Council's Water Workshop regarding incorrect data presented. Deputy County Attorney, Andrea Suzuki explained that the DOW was not given prior notice of what was going to be said at the workshop. The Council was not looking for comments from the Department. The workshop speakers included an expert on bugs and University of Hawaii law students. It was noted Vice Chair, Sherman Shiraishi attended the workshop on behalf of the Board.

Deputy County Attorney, Andrea Suzuki also commented on how to get designation would involve a process and that the Board would have to be consulted.

Ms. Tamaoka will attend another workshop at Kauai Community College which is open to the public that would include Professor D. Kapua`ala Sproat, with the Ka Huli Ao Center for Excellence in Native Hawaiian Law and the Environmental Law Program at UH, United States Geological Survey (USGS) and a bug expert (Thursday, October 24, 9:00 am to 2:00 p.m.

Ms. Ho moved to receive the Manager's Monthly Update Regarding Activities of Note of the Kauai County Water Department; seconded by Mr. Strom; with no objections, motion carried with 5 ayes.

a. Report of the BAB pay down as of September 2014

Ms. Ho moved to receive the Report of the BAB pay down as of September 2014; seconded by Mr. Strom; with no objections, motion carried with 5 ayes.

QUARTERLY

1. Quarterly Update on Project Status
 - a. Construction Management Division Status

BACKGROUND:

Construction Project Management Officer, Mr. Moises reported on several contracts that closed out:

1. Job No. WK-28, Wailua Houselots Main Replacement.
2. Job No. WK-30, Pipeline Replacement along Waipouli and Olohena Roads.
3. Job No. PLH-39, Lihue Baseyard Improvements – Construction contract awarded to Unlimited Construction Services. Notice to Proceed will be in January 2015 (a month lag due to holidays).
4. Job No. WK-12, Waipouli Main Replacement along Kuhio Highway.

Other Construction Management (CM) highlights included:

1. There were no other design projects in CM.
2. Construction projects – Maka Ridge Facility Rehabilitation should be done on Monday, October 27th.
3. Previous four (4) quarters - one (1) construction contract was done during the last year.
4. Upcoming Water Plan 2020 construction projects include: Weke Road, Halewili Road that would go out before the end of this year.
5. Private projects are coming along and taking some time to do.
6. Staffing – Reclassification of positions has been 17 months with no response from DPS with no formal response from the initial submittal.

Mr. Strom moved to receive the Quarterly Update on Project Status, a) Construction Management Division Status; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

b. Engineering Division Design Status

BACKGROUND:

Civil Engineer III, Mr. Roman Silvestre highlighted the Executive Summary: Halewili Road, Weki Road and Kolo Road are ready to go out to bid in about a month.

Mr. Strom moved to receive the Quarterly Update on Project Status, b) Engineering Division Design Status; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

Chair Nakaya read the following Executive Session language.

At 1:01 p.m., Chair Nakaya called the Executive Session to order with no objections at Roll Call (LH, HS, RM, LD, CN).

J. EXECUTIVE SESSION

3. Pursuant to Hawaii Revised Statutes Sections 92-4, 92-5(a)(4), and the purpose of this executive session is to provide the Board of Water with a briefing regarding the process of hiring a new Manager and Chief Engineer. Furthermore, this briefing and consultation with the Board of Water's legal counsel involves the powers, duties, privileges and/or liabilities of the Board of Water as it relates to this agenda item.

At 1:13 p.m., Chair Nakaya reconvened the Regular Board meeting.

Agenda Items K, L, & M was accepted with no objections.

K. TOPICS FOR NEXT WATER BOARD MEETING (November 2014)

1. Discussion and Possible Action of Proposed Delegation of a Meter Restriction Board Policy
2. Discussion and Possible Action on the DOW's Draft Annual Audit for FY 13-14 (*Special Board Meeting*)
3. Manager's Report No. 15-14 - Discussion and Possible Action on the Manager's Recommendation regarding the Reallocation of Water Capacity Approved for Industrial Use from Eleele Industrial Park Subdivision, TMK: 2-1-01:51 to 28-acre Eleele Urban Residential Development, TMK: 2-2-1:Por. 3, A&B Properties, Inc., Eleele, Kaua'i

L. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Billing Reconciliation Standard Operating Procedures (SOP)
2. Emergency Standard Operating Procedures (SOP)
3. Election of Officers for 2015 (*December 2014*)
4. Manager's Report No. 11-28 – Discussion and Possible Action regarding Part 5 of the Rules, Facilities Reserve Charge – Proposed New Rule, SBRRB Results (awaiting Part 4 Section VII, Facilities Reserve Charge to be submitted together)
5. Manager's Report No. 14-24 – Discussion and Possible Action regarding Part 4 Section I of the Rules, General Use Rates Proposed Amendments, SBRRB Results (awaiting Part 4 Section VII, Facilities Reserve Charge to be submitted together)

M. UPCOMING EVENTS

1. DOW Annual Meeting (*December 12, 2014*)
2. AWWA Hawaii Section, Honolulu, HI (*February 3-5, 2015*)
3. AWWA Annual Conference, Anaheim, CA (*June 7-10, 2015*)


N. NEXT WATER BOARD MEETING

1. Wednesday, November 5, 2014, *Special Board Meeting, 1:00 p.m.*
2. Thursday, November 20, 2014, 10:00 a.m.
3. Thursday, December 18, 2014, 10:00 a.m.
4. Thursday, January 22, 2015, 10:00 a.m.

O. ADJOURNMENT

Ms. Ho moved to adjourn the meeting at 1:13 p.m.; seconded by Mr. Strom; with no objections.

Respectfully submitted,


Edie Ignacio Neumiller
Commission Support Clerk

Approved,


Hugh A. Strom
Secretary – Board of Water Supply