

MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, October 29, 2015

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Thursday, October 29, 2015. Chair Sherman Shiraishi called the meeting to order at 10:00 a.m. The following Board members were present:

BOARD: Mr. Sherman Shiraishi, *Chair*
Mr. Clyde Nakaya, *Vice Chair*
Ms. Laurie Ho
Mr. Wally Rezendes, Jr.
Mr. Michael Dahilig (*entered meeting at 10:21 a.m.*)

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

EXCUSED: Mr. Larry Dill

STAFF: Mr. Kirk Saiki
Ms. Marites Yano
Mr. Bryan Wienand
Mr. Dustin Moises
Ms. Kim Tamaoka
Ms. Jonell Kaohelaulii
Ms. Sandi Nadatani-Mendez
Mr. Val Reyna
Mr. Eddie Doi
Mr. Carl Arume
Ms. Debra Peay
Mr. Chris Nakamura
Ms. Christine Erorita
Ms. Mj Akuna
Deputy County Attorney, Andrea Suzuki

ACCEPTANCE OF AGENDA

Mr. Nakaya moved to approve the reorder of the Agenda by Chair Shiraishi to move up Agenda Item H#1, Resolution N. 16-04—Discussion and Possible Action of Resolution No. 16-04, Mahalo DOW Participants 2015 Make a Splash Water Festival; seconded by Ms. Laurie Ho; with no objections, motion carried with 4 ayes.

H. NEW BUSINESS

1. Resolution No. 16-04 – Discussion and Possible Action of Resolution No. 16-04, Mahalo DOW Participants 2015 Make a Splash Water Festival

BACKGROUND:

Public Relations Specialist, Ms. Kim Tamaoka presented Resolution No. 16-04, Mahalo to the DOW Participants 2015 Make a Splash Water Festival; a photo op followed. The Farm Bureau was not included in the Resolution which Ms. Tamaoka would add to the Resolution.

Ms. Ho approved as amended Resolution No. 16-04 – Discussion and Possible Action of Resolution No. 16-04, Mahalo DOW Participants 2015 Make a Splash Water Festival; seconded by Mr. Nakaya; with no objections, motion carried with 4 ayes.

D. MINUTES

Review and approval:

Regular Board Meeting – September 17, 2015

Mr. Nakaya moved to approve as amended the Regular Board Meeting Minutes of September 17, 2015; seconded by Ms. Ho; with no objections, motion carried with 4 ayes.

Special Board Meeting – September 25, 2015

Mr. Nakaya moved to approve the Special Board Meeting Minutes of September 25, 2015; seconded by Ms. Ho; with no objections, motion carried with 4 ayes.

Review and Receipt of Meeting Minutes from Transcripts:

Finance Committee Meeting – May 1, 2012 *Recessed*

Mr. Nakaya moved to receive the Finance Committee Meeting Minutes of May 1, 2012 *Recessed*; seconded by Ms. Ho; with no objections, motion carried with 4 ayes.

Finance Committee Meeting – May 8, 2012 *Recessed*

Mr. Nakaya moved to receive the Finance Committee Meeting Minutes of May 8, 2012 *Recessed*; seconded by Ms. Ho; with no objections, motion carried with 4 ayes.

Special Board Meeting – December 15, 2011

Mr. Nakaya moved to receive the Special Board Meeting Minutes of December 15, 2011; seconded by Ms. Ho; with no objections, motion carried with 4 ayes.

Special Board Meeting – February 9, 2012

Mr. Nakaya moved to receive the Special Board Meeting Minutes of February 9, 2012; seconded by Ms. Ho; with no objections, motion carried with 4 ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS

None.

F. BOARD COMMITTEE REPORTS

None.

G. OLD BUSINESS

1. Manager's Report No. 11-28 – Discussion and Receipt regarding Part 5 of the Rules, Facilities Reserve Charge – Proposed New Rule and Part 4, Section VII affecting the Proposed Rule - Small Business Regulatory Review Board (SBRRB) Results

BACKGROUND:

Manager Saiki recommended the Board receive the correspondence from the Small Business Regulatory Review Board (SBRRB) and the corresponding actions taken by the Department of Water (DOW) for Part 5 of the Rules, Facilities Reserve Charge (FRC).

Mr. Nakaya approved Manager's Report No. 11-28 – Discussion and Receipt regarding Part 5 of the Rules, Facilities Reserve Charge – Proposed New Rule and Part 4, Section VII affecting the Proposed

Rule - (SBRRB) Results and to *receive the correspondence from SBRRB*; seconded by Ms. Ho; with no objections, motion carried with 4 ayes.

2. Manager's Report No. 14-24 – Discussion and Receipt regarding Part 4 Section I of the Rules, General Use Rates Proposed Amendments, Small Business Regulatory Review Board (SBRRB) Results

BACKGROUND:

Manager Saiki recommended the Board receive correspondence from the SBRRB and the corresponding actions taken by the DOW.

Ms. Ho moved to approve Manager's Report No. 14-24 – Discussion and Receipt regarding Part 4 Section I of the Rules, General Use Rates Proposed Amendments, SBRRB Results and to *receive the correspondence from SBRRB*; seconded by Mr. Rezendes; with no objections, motion carried with 4 ayes.

3. Manager's Report No. 16-17 - Discussion and Receipt regarding Part 3 Standards for Subdivisions Water Systems, Section III affecting Part 5 Facilities Reserve Charge (FRC) Proposed Amendments, Small Business Regulatory Review Board (SBRRB) Results

BACKGROUND:

Manager Saiki recommended the Board receive correspondence from the SBRRB and the corresponding actions taken by the DOW.

Ms. Ho moved to approve Manager's Report No. 16-17 - Discussion and Receipt regarding Part 3 Standards for Subdivisions Water Systems, Section III affecting Part 5 Facilities Reserve Charge (FRC) Proposed Amendments, SBRRB Results to *receive the correspondence from SBRRB*; seconded by Mr. Rezendes; with no objections, motion carried with 4 ayes.

H. NEW BUSINESS

2. Discussion and Possible Action on *Tentative Board Meeting Dates for 2016*

Chair Shiraishi announced the Board meetings will be on the fourth Thursday of the month for 2016 to allow the Fiscal Division to complete their reports, with the exception of the November Board meeting. Water Works Controller, Ms. Marites Yano clarified the financial reports presented to the Board will be one month in arrears instead of two months behind.

Ms. Ho moved to approve the *Tentative Board Meeting Dates for 2016*; seconded by Mr. Rezendes; with no objections, motion carried with 4 ayes.

3. Election of Officers for 2016

Election results are as follows:

Mr. Nakaya nominated **Ms. Ho as Chair (effective January 1, 2016).**

Mr. Nakaya closed the nominations for Chair; seconded by Mr. Rezendes; with no objections, motion carried with 4 ayes.

At 10:21 a.m., Mike Dahilig entered the meeting.

Ms. Ho nominated **Mr. Nakaya as Vice Chair (effective January 1, 2016).**

Mr. Dahilig closed the nominations for Vice Chair; seconded by Mr. Rezendes; with no objections, motion carried with 5 ayes.

Ms. Ho nominated **Mr. Shiraishi as Secretary (effective January 1, 2016)**.

Mr. Rezendes closed the nominations for Secretary; seconded by Mr. Dahilig; with no objections, motion carried with 5 ayes.

The Board congratulated Ms. Ho as Chair, Mr. Nakaya as Vice Chair and Mr. Shiraishi as Secretary for 2016.

Chair Shiraishi asked that *Chair Elect*, Ms. Ho appoint the committee members effective January 1, 2016.

I. **STAFF REPORTS**
MONTHLY

1. Discussion and Receipt of the Kaua'i County Water Department's Statement of Revenues and Expenditures
 - a. September Monthly Summary Budget

BACKGROUND:

Water Works Controller, Ms. Marites Yano presented the Fiscal Report as of September 30, 2015 and the Monthly Summary highlights based on the budget. Revenues went up 13% above projection and Water Sales exceeded projection by 23%. Expenditures is \$2,497,146.51, Capital Expenditures are about \$4M and the Summary of Meter consumption went up 54 million gallons.

Ongoing Fiscal Activities based on the result of the audit, Fiscal received the Government Accounting Standards Board (GASB) 68 Reports' Reissuance from Employers Retirement System (ERS)'s consultants on October 31st. This caused a delay on the anticipated schedule of releasing the draft financial statement.

Ms. Yano requested the Board have a Special Board Meeting to receive the final draft financial statement the week of November 9th to November 13th or one week after the November 19th Regular Board Meeting. On the Regular Board Meeting, November 19th, the Board could receive the draft audit financial statement to allow the Department to meet County deadline of December 1st.

From the last Board meeting, there were discussions regarding the encumbrance rollover. The following highlights of the DOW Fiscal Systems PowerPoint and handout were presented as follows:

1. Overview
2. Fiscal System
3. Two Main Types of Fiscal Documents
4. DOW Budget
5. DOW Budget Components
6. Encumbrance Rollovers
7. Financial Statements
8. DOW Net Position Reporting
9. DOW Net Position: Unadjusted FY 2014-2015
10. DOW Net Position Reporting
11. Timeline Overview, Fiscal Affairs
12. Achievements

DISCUSSION:

On Line 13, Ms. Yano clarified for Mr. Rezendes that Unexpended Prior Year Income Expenses are for FY 2015 rolling over into 2016.

Regarding encumbrances, Mr. Rezendes inquired if the Department does an annual review on contracts to determine if there is a need to close out or to continue to be in that contract? Construction Project Management Officer, Mr. Dustin Moises replied yes. Civil Engineer, Mr. Keith Aoki reviews the design contracts and Mr. Moises looks at the construction contracts that are done annually with the budget. Of the \$8M encumbrances on the Build America Bond (BAB), \$7,000,000 is for the new building. The BAB will be spent down by June 2016.

Chair Shiraishi commented because of Mr. Rezendes background, looking forward to him lending his expertise on the Department's finances.

Mr. Dahilig moved to receive the Kaua'i County Water Department's Statement of Revenues and Expenditures and the September Monthly Summary Budget; seconded by Mr. Nakaya; with no objections, motion carried with 5 ayes.

2. Discussion and Receipt of the Report by the Public Relations Specialist on Public Relations Activities

Ms. Ho moved to receive the Report by the Public Relations Specialist on Public Relations Activities; seconded by Mr. Rezendes; with no objections, motion carried with 5 ayes.

3. Discussion and Receipt of the Chief of Operation's Summary Report on Operational Activities

BACKGROUND:

Operations Chief of Operations, Val Reyna mentioned September's highlight was a surprise inspection by the Hawai'i Occupational Safety & Health (HIOSH) inspector who examined the baseyard and remote sites. This inspection was completed within three (3) to four (4) days.

Minor violations and verbal infractions were immediately corrected. One of the major findings was there was not enough eye wash solution near the sodium hydrochloride installations. The eye wash solution was purchased and infraction was corrected right away at the remote sites and the baseyard. The official written findings report is due in December.

Mr. Dahilig inquired what systems are in place so that the Department is in compliance and the citing does not reoccur? Mr. Reyna is the Safety Officer for Operations and baseyard. Manager Saiki added Operations does regular safety trainings. Mr. Dahilig stressed this should not reach a level to have infractions corrected.

Mr. Rezendes asked when was the last time the Department was inspected? Does HIOSH come back to see if the citing have been corrected? This was Mr. Reyna's first experience with an unannounced HIOSH inspection.

The Department has not appointed a Safety Officer. Mr. Rezendes suggested having a third party risk management person come to check the properties. The Department will consider doing periodic checks on their properties to determine best practices on what should be done. This will help on reducing the liabilities to the Department.

Mr. Moises added the previous Manager wanted to create a Safety Officer position for the new building.

Deputy County Attorney, Andrea Suzuki mentioned the county has a vendor resource for risk management.

Mr. Reyna will work with the Department to provide the status of OSHA recommendations and Operations results (if public record) to the Board when they occur.

Mr. Nakaya moved to receive the Chief of Operation's Summary Report on Operational Activities; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

4. Discussion and Receipt of the Manager and Chief Engineer's Monthly Update Regarding Activities of Note for the DOW

BACKGROUND:

Manager Saiki highlighted the following:

1. Contracts Awarded to:
 - Akinaka & Associates, Ltd. for the Hanapēpē waterline; \$4M is from the state.
 - Ka'iwa Construction, Inc. for Halewili Road; construction is \$6M.
2. Personnel Matters Update:
 - CE III – Interviews are planned for November.
 - Deputy Manager – A list of qualified candidates was received. Interviews to begin in November.
 - Met with Department of Human Resources (DHR) to discuss their review for Operations and Fiscal Table of Organization (TO) changes. DHR reviews were received; Operations and Fiscal conducted follow up meetings.
3. IT Strategic Plan:
 - Began process to procure Project Management and documents imaging for the Construction Management projects and documents.

DISCUSSION:

Chair Shiraishi referred to Contract No. 610 Awarded to Local Landscaping for Job No. 15-9, Kalāheo Well Site Tree Trimming, Kalāheo site is on state property. Mr. Reyna commented the Department communicated with the state who said they will not pay for the tree trimming.

Mr. Reyna will follow up with a letter to put the State on notice of the needed contract work. The Department is committed to cut down the Albizia trees to avoid unsafe conditions.

Mr. Rezentes moved to receive the Manager and Chief Engineer's Monthly Update Regarding Activities of Note for the DOW; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

a. Report of the BAB pay down as of September 2015

Mr. Rezentes moved to receive the Report of the BAB pay down as of September 2015; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

QUARTERLY *(July – September 2015)*

1. Discussion and Receipt of the DOW's Quarterly Project Status Update
 - a. Construction Management

BACKGROUND:

Mr. Moises provided the Executive Summary for the Construction Quarterly Project Status Update.

- The new building is progressing quickly.
- Haleko Road has issues with the public navigating through the detour. Haleko Road is under redesign and the detour should be done by the end of December.
- Kīlauea waterline will be done by the end of the year.
- Project Manager position had 20 applicants; 1 applicant qualified, but declined to relocate to Kaua'i.

DISCUSSION:

Chair Shiraishi and Mr. Moises mentioned King Auto, 76 Gas Station and Kawamura Farms businesses are affected by the Haleko Road detour. Directional signs have been put up to help the public access these businesses.

Ms. Ho moved to receive the Quarterly Project Status Update of Construction Management; seconded by Mr. Dahilig; with no objections, motion carried with 5 ayes.

b. Engineering Design

Civil Engineer, Mr. Bryan Wienand reported for Civil Engineer, Keith Aoki. They are currently overseeing 23 ongoing DOW Design projects. Eleven (11) Engineering design projects were presented from the Executive Summary.

DISCUSSION:

Mr. Wienand explained the abbreviations from the charts (D) = Design and (P) = Preliminary Budget or Initial Budget. The Board requested that future Engineering Design quarterly reports include a column of potential FRC generating projects.

Mr. Dahilig moved to receive the Quarterly Project Status Update of Engineering Design; seconded by Mr. Nakaya; with no objections, motion carried with 5 ayes.

c. Water Resources and Planning

BACKGROUND:

Chief of Water Resources and Planning, Mr. Eddie Doi commented that the Needs Assessment and Facilities Reserve Charge (FRC) study were completed; and the amendments received. A Public Hearing will be held on Tuesday, November 10th.

The Water Use and Development Plan is moving forward with Community meetings. Mr. Doi recognized the work of Manager Saiki and staff, Deputy County Attorney, Andrea Suzuki and Public Relations Specialist, Kim Tamaoka.

Mr. Rezentes, moved to receive the Quarterly Project Status Update of Water Resources and Planning; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

Mr. Dahilig read the following Executive Session language:

J. EXECUTIVE SESSION

1. Pursuant to Hawai'i Revised Statutes Sections 92-4 and 92-5(a)(4), the purpose of this executive session is for the Office of the County Attorney to provide the Board with a briefing and request authority for a possible settlement proposal in a claim filed by Victorino Nunez on August 14, 2015 for damages allegedly caused by a Department of Water employee hitting the claimant's vehicle. This briefing and consultation involves the consideration of the powers, duties, privileges, immunities and/or liabilities of the Board and the Department as they relate to this agenda item.

Mr. Dahilig moved to go into Executive Session; seconded by Mr. Nakaya; with no objections, motion carried with 5 ayes at Roll Call MD, LH, WR, CN, SS.

At 11:40 a.m. Chair Shiraiishi reconvened the Regular Board meeting.

Mr. Dahilig moved to receive Agenda Items, K, L, M, & N; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

K. TOPICS FOR NEXT WATER BOARD MEETING (November 2015)

1. Draft Annual Audit
2. Discussion and Possible Action of Proposed Delegation of a Meter Restriction Board Policy No. 30
3. Discussion and Receipt of the Department of Water's Capital Improvement Projects (CIP) for the 2016 Legislative Session

L. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Discussion and Possible Action relating to Providing Water Service Outside of the Water Zone
2. Discussion and Possible Action on Board Policy No. 20 – Facilities Reserve Charge (FRC) Credits for Developers of Affordable Housing (December 2015)

M. UPCOMING EVENTS

1. Annual Meeting (December 11, 2015)
2. AWWA/Hawai'i Section Hawai'i Water Environment Association 2016 Pacific Water Conference, Honolulu, HI (February 2-6, 2016)
3. AWWA, Chicago, IL (June 9-12 2016)

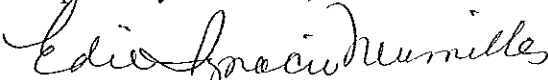
N. NEXT WATER BOARD MEETING

1. Tuesday, November 10, 2015, 5:00 p.m. – *Public Hearing, Location: Council Chambers*
2. Thursday, November 19, 2015, 10:00 a.m.
3. Thursday, December 17, 2015, 10:00 a.m.
4. Thursday, January 28, 2016, 10:00 a.m.
5. Thursday, February 25, 2016, 10:00 a.m.

O. ADJOURNMENT

Mr. Dahilig moved to adjourn the Regular Board Meeting at 11:45 a.m.; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

Respectfully submitted,


Edie Ignacio Neumiller
Commission Support Clerk

Approved,


Laurie Ho
Secretary – Board of Water Supply