

MEETING MINUTES
BOARD OF WATER SUPPLY
Friday, October 28, 2016

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Friday, October 28, 2016. Chair Laurie Ho called the meeting to order at 10:09 a.m. The following Board members were present:

BOARD: Ms. Laurie Ho, *Chair*
Mr. Clyde Nakaya, *Vice Chair*
Mr. Lyle Tabata
Mr. Larry Dill

EXCUSED: Mr. Michael Dahilig
Mr. Sherman Shiraishi
Ms. Beth Tokioka

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

STAFF: Mr. Kirk Saiki
Mr. Eddie Doi
Mr. Val Reyna
Ms. Ann Parrott
Mr. Keith Aoki
Mr. Jeff Mendez
Ms. Kim Tamaoka
Ms. Sandi Nadatani-Mendez
Ms. MJ Akuna
Deputy County Attorney Mahealani Krafft

GUEST(s): Mr. Hall Parrott, Private Citizen

ACCEPTANCE OF AGENDA

Mr. Dill moved to reorder the agenda and moved up New Business H. No. 1. Resolution No. 17-04 Discussion and Adoption of Resolution No. 17-04, Mahalo DOW Participants 2016 Make a Splash Water Festival *before* the Meeting Minutes; seconded by Mr. Nakaya; with no objections, motion carried with 4 ayes.

New Business H. No. 6. Manager's Report No. 17-15 – Discussion and Possible Action on a Capital Expenditure for the Removal and Replacement of the Air Conditioning System in the Department of Water's Second Floor, Microlab building in the amount of \$17,000.00 was withdrawn from the agenda by Manager Saiki.

H. NEW BUSINESS

1. Resolution No. 17-04 – Discussion and Adoption of Resolution No. 17-04, Mahalo DOW Participants 2016 Make a Splash Water Festival

BACKGROUND:

Public Relations Specialist Ms. Tamaoka read a portion of the Resolution to thank all the volunteers and Board members who participated for a successful Make a Splash Water Festival. A group photo was taken of the Board members and participants.

Mr. Nakaya moved to adopt *Resolution No. 17-04* – Discussion and Adoption of Resolution No. 17-04, Mahalo DOW Participants 2016 Make a Splash Water Festival; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

D. MEETING MINUTES

Review and approval of:

Regular Board Meeting – September 23, 2016

Mr. Dill moved to receive the Regular Board Meeting minutes of September 23, 2016; seconded by Mr. Nakaya; with no objections, motion carried with 4 ayes.

Water Financial Plan and Rate Study Workshop – September 23, 2016

Corrections will be made on: Page 13 (change to “different meters” instead of “difference”), Page 15 (change to “ever” instead of “every”) and Page 16 (...generating “farm” or “agricultural” income) noted by Chair Ho.

Mr. Dill moved to receive as corrected the Water Financial Plan and Rate Study Workshop minutes of September 23, 2016 as corrected; seconded by Mr. Nakaya; with no objections, motion carried with 4 ayes.

Rules Committee Meeting – October 4, 2016

Mr. Nakaya moved to receive the Rules Committee Meeting minutes of October 4, 2016; seconded by Mr. Dill; with no objections, motion carried with 4 ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS

1. Correspondence from Mr. Peter Tausend, Chairperson West Kaua'i Soil and Water Conservation District dated September 20, 2016, regarding an award presentation ceremony for Green Enterprises Outstanding Water Conservationist for 2016

Chair Ho clarified that there were two (2) awards for the *Green Enterprises for the Outstanding Water Conservationist for 2016*, chosen by the East Kaua'i Soil and Water Conservation District and for *McBride Resources, Outstanding Water Conservationist* chosen by the West Kaua'i Soil and Water Conservation District. Mr. Nakaya was thanked for taking a photo op with the awardees recently.

Mr. Nakaya moved to receive as corrected the correspondence from Mr. Peter Tausend, Chairperson West Kaua'i Soil and Water Conservation District dated September 20, 2016, regarding two (2) awards for the *Green Enterprises for the Outstanding Water Conservationist for 2016*, chosen by the East Kaua'i Soil and Water Conservation District and for *McBride Resources, Outstanding Water Conservationist* chosen by the West Kaua'i Soil and Water Conservation District; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

F. BOARD COMMITTEE REPORTS

None.

G. OLD BUSINESS

1. *Manager's Report 16-38* – Discussion and Possible Action on the Proposed Rule Amendments to Part 5, Facilities Reserve Charge Section III, Applicability relating to Multi-Family Dwelling Units

BACKGROUND:

Manager Saiki commented that a discussion would be needed with Board members Mr. Dahilig and Mr. Shiraishi who were excused to address some questions on Manager's Report No. 16-38.

Mr. Tabata moved to *defer Manager's Report 16-38* – Discussion and Possible Action on the Proposed Rule Amendments to Part 5, Facilities Reserve Charge Section III, Applicability relating to Multi-Family Dwelling Units to the *December 23, 2016 Board meeting*; seconded by Mr. Dill; with no objections, motion carried with 4 ayes.

2. *Manager's Report No. 16-46* - Discussion and Receipt of updated Memorandum of Understanding between Keith P. Robinson/Bruce B. Robinson and the Board of Water, County of Kaua'i for the Existing Hā'ena 100,000 Gallon Storage Tank, Existing Hā'ena 6,500 Gallon Storage Tank, Existing Wainiha Booster Pump Station, Proposed Hā'ena 200,000 Gallon Storage Tank (WP2020 Project No. HW-11), and Proposed Wainiha Well #4 (WP2020 Project No. HW-12, Job No. 05-02), TMK: (4) 5-8-002:003, Hā'ena, Kaua'i, Hawai'i

BACKGROUND:

Civil Engineer Mr. Aoki commented that the owners requested additional language in the Memorandum of Understanding (MOU). The Robinson owners desire the use of the roadways (access easements) on the property. There should be no security or liability issues because the site is exclusive and is fenced. The road way goes into the site and originates from Wainiha Powerhouse Road. There is no existing easement which the Department maintains. The MOU is an understanding that the owner will give the Department an easement. A Grant of Easement (GOE) would allow the Department to repair the roads if needed.

Mr. Dill moved to approve *Manager's Report No. 16-46* - Discussion and Receipt of updated Memorandum of Understanding between Keith P. Robinson/Bruce B. Robinson and the Board of Water, County of Kaua'i for the Existing Hā'ena 100,000 Gallon Storage Tank, Existing Hā'ena 6,500 Gallon Storage Tank, Existing Wainiha Booster Pump Station, Proposed Hā'ena 200,000 Gallon Storage Tank (WP2020 Project No. HW-11), and Proposed Wainiha Well #4 (WP2020 Project No. HW-12, Job No. 05-02), TMK: (4) 5-8-002:003, Hā'ena, Kaua'i, Hawai'i; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

3. *Manager's Report No. 16-58* - Discussion and Possible Action on the Department of Water's proposed Part 2 Rules and Regulations for Water Service Connections, Section II General Conditions, and subsection 1. Rule amendment relating to the DOW's Standard Operating Procedure for Providing Water Service Outside of the Water Zone

BACKGROUND:

Chief of Water Resources and Planning Mr. Doi recommended that the Board discuss and possibly act on the Department's proposed Part 2 Rules and Regulations for Water Service Connections, Section II General Conditions, Subsection 1. as it relates to the DOW's SOP for Providing Water Service Outside of the Zone. In June 30, 2016 Regular Board meeting, Board member Shiraishi recommended that the Department make the necessary revisions to the proposed SOP to conform to the DOW's rules and regulations.

The terms in the rule amendment deleted the term "water service limits" and replaced it with "water service area." A definition for "water service area" was also included in the amendment. If the rule amendment is approved, it can be sent to the Small Business and Regulatory Review Board (SBRRB).

DISCUSSION:

On Page 39 of the SOP – Item V a. & Item V b. - *The water service request is for development of land presently zones and/or the development is consistent with the existing Land Use designation...* Mr. Dill asked if this was county or a Land Use designation; this should be clarified in SOP Item V a. & Item Vb. He will provide corrections to typos on Page 36 of Section III – General Conditions.

Page 38, SOP Item V c. - *The water service request is for the development of Workforce Housing projects...* Mr. Dill asked what is the difference between a workforce housing project versus a private developer for a subdivision regarding a water service request. Would they be the same as the other projects previously discussed? Would they be treated differently? Mr. Doi explained that the intent is to assist Workforce Housing on the housing crisis on Kaua'i. If there is private development on land outside water service zone, it would go back to the original land use and change the land use from State to county when closer to build. Workforce housing's normal development requires source, storage and transmission automatically. The Department would require infrastructure to be provided for that area. Workforce housing would be allowed to use some of the Department's capacity if available. If Workforce housing is outside the zone, it requires to put in source, storage and transmission in, even if the Department has capacity.

Mr. Dill requested the Department to clarify the intent (refer to SOP Item V c.) and opposed this. It is a Facilities Reserve Charge issue that covers the cost of source, storage and transmission. Manager Saiki said the only help given to a County certified workforce housing project will be that it will be able to connect to the existing system if there is enough source, storage and transmission capacity. The project will still be required to pay the FRC. Clarification is needed in the rule that Workforce housing would have to pay the FRC. The Department will also review the 3rd paragraph, Page 36.

Mr. Dill moved to *defer* Manager's Report No. 16-58 - Discussion and Possible Action on the Department of Water's proposed Part 2 Rules and Regulations for Water Service Connections, Section II General Conditions, and subsection 1. Rule amendment relating to the DOW's Standard Operating Procedure for Providing Water Service Outside of the Water Zone *back to the Department for clarification*; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

H. NEW BUSINESS (cont'd)

2. Manager's Report No.17-11 – Discussion and Possible Action on the 1st Amendment for Prithibi, LLC., Sole Source Contract No. 618, SS-2106-3, for Oracle Customer Care and Billing and Cloud Service Implementation for As-Needed Technical Support Services and ACH Enhancement in the amount of \$70,000.00

BACKGROUND:

Information Tech. Specialist Sandi Nadatani-Mendez recommended the Board approve Option 1 a First Contract Amendment for contract 618 with Prithibi, LLC in the amount of \$70,000 which include \$50,000 technical services for ACH enhancements and \$20,000 (approx. 20 days) for as needed support services after the annual cost.

- Option 1:
1. DOW customers will have online accessibility.
 2. The DOW would provide a higher standard of customer service without physical or phone contact.
 3. The DOW's IT personnel would have technical support readily available if needed.

Mr. Tabata moved to approve Manager's Report No.17-11 – Discussion and Possible Action on the 1st Amendment for Prithibi, LLC., Sole Source Contract No. 618, SS-2106-3, for Oracle Customer Care and Billing and Cloud Service Implementation for As-Needed Technical Support Services and ACH

Enhancement in the amount of \$70,000.00; seconded by Mr. Nakaya; with no objections, motion carried with 4 ayes.

3. Manager's Report No. 17-12 - Discussion and Possible Action on Use and Occupancy Agreement No. 276 between the State of Hawai'i, Department of Transportation and the Board of Water Supply, County of Kaua'i for Kaumuali'i Highway, Project No. STP-050-1(26), TMK (4) 3-08-05: Road, Līhu'e, Hawaii, Water Plan 2020 Project No. PLH-39, Līhu'e Baseyard Improvements for the Department of Water offsite 12" Waterline

Mr. Tabata moved to *defer to the November 23rd Board meeting* Manager's Report No. 17-12 - Discussion and Possible Action on Use and Occupancy Agreement No. 276 between the State of Hawai'i, Department of Transportation and the Board of Water Supply, County of Kaua'i for Kaumuali'i Highway, Project No. STP-050-1(26), TMK (4) 3-08-05: Road, Līhu'e, Hawaii, Water Plan 2020 Project No. PLH-39, Līhu'e Baseyard Improvements for the Department of Water offsite 12" Waterline; seconded by Mr. Nakaya; with no objections, motion carried with 4 ayes.

4. Manager's Report No. 17-13 - Discussion and Possible Action on the 8th Amendment for Belt Collins for Contract No. 427, Job No. 02-14 WP2020 #WK-08 Kapa'a Homesteads 325' Tanks – Two 0.5 Million Gallon Storage Tanks Project for the additional design funding of \$51,911.26

BACKGROUND:

Civil Engineer Mr. Aoki discussed with the land owner who would receive additional water from the Department's site. The Department is still waiting for a response from the land owner to agree to accept the drainage of additional water. The addition drainage line is on a downward slope. The original contract excluded the National Pollutant Discharge Elimination System (NPDES) permitting. This design project has been worked on for over 10 years and the contract amendment is needed for design.

Mr. Tabata asked the Department to check on other items (i.e., amendment language and if the landowner accepts the additional water, would they accept the liabilities and NPDES requirement for the site?).

Mr. Tabata moved to approve Manager's Report No. 17-13 - Discussion and Possible Action on the 8th Amendment for Belt Collins for Contract No. 427, Job No. 02-14 WP2020 #WK-08 Kapa'a Homesteads 325' Tanks – Two 0.5 Million Gallon Storage Tanks Project for the additional design funding of \$51,911.26; seconded by Mr. Dill; with no objections, motion carried with 4 ayes.

5. Manager's Report No. 17-14 - Discussion and Possible Action on Amendment No. 3 to the February 19, 2004 Water Treatment and Delivery Agreement between Grove Farm Properties, Inc./Visionary LLC and the Board of Water Supply, County of Kaua'i to Increase the Treatment and Delivery Sales Fee for the Waiahi Surface Water Treatment Plant

BACKGROUND:

Manager Saiki recommended the Board approve the rate increase from \$1.75/kgal to \$1.90/kgal this would provide a 10% rate of return. This catch up rate good until the end of the 2019 contract. 2.2 MGD is used per day but using 3.0 MGD overflowed the Hanamā'ulu Tank. Manager Saiki will clarify the funding table.

Mr. Dill moved to *defer to the November 23rd Board meeting clarification on the funding table*; seconded by Mr. Nakaya; with no objections, motion carried with 4 ayes.

6. Manager's Report No. 17-15 – Discussion and Possible Action on a Capital Expenditure for the Removal and Replacement of the Air Conditioning System in the Department of Water's Second Floor, Microlab building in the amount of \$17,000.00

Manager Saiki withdrew Manager's Report No. 17-15.

7. Board Meeting Dates for 2017

Mr. Dill moved to receive the Board Meeting Dates for 2017; seconded by Mr. Nakaya; with no objections, motion carried with 4 ayes.

8. Election of Officers for 2017

Mr. Dill moved to nominate **Mr. Shiraishi as Chair, Chair Ho as Vice Chair** and **Ms. Tokioka as Secretary**; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

QUARTERLY (July – September 2016)

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

Mr. Dill moved to receive the DOW's Quarterly Project Status Update for the Construction Management Division Status; seconded by Mr. Nakaya; with no objections, motion carried with 4 ayes.

- b. Engineering Division Design Status

BACKGROUND:

Mr. Aoki highlighted that many design plans will be approved soon. Kōloa Wells 16-A & 16-B designs were completed. The consultant followed up on the application use permit which was submitted it to the Planning Department.

DISCUSSION:

At the request of Mr. Dill, Mr. Aoki will include the two (2) vacancies on the next Quarterly Report to get the projects out. These positions need to get filled.

Mr. Nakaya moved to receive the DOW's Quarterly Project Status Update for the Engineering Division Design Status; seconded by Mr. Dill; with no objections, motion carried with 4 ayes.

- c. Water Resources & Planning Division Status

BACKGROUND:

Chief of Water Resources and Planning Mr. Doi highlighted that the Water Use and Development Plan draft is progressing with updates. This will be reviewed with an advisory group and public participation.

Mr. Nakaya moved to receive the DOW's Quarterly Project Status Update for the Water Resources & Planning Division Status; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

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:

Accountant Ms. Anne Parrott reported that the Water Revenue was over budget the first three (3) months of the year. There has been less consumption and Fiscal does have the power adjustment. Operating expenses is under budget at \$1.4M for the first three (3) months. Capital projects are \$9.5M under budget. Expenses this year include the last payment for the new building and the billing system.

A request for a new balance sheet called "Statement of New Position" was prepared by Ms. Yano (see Page 149).

DISCUSSION:

Mr. Tabata asked if the Unbilled Accounts are Accounts Receivables. Ms. Parrott explained that it is the amount of water consumed but has not charged to the customer yet. The bulk of unbilled accounts is the \$2M and \$1.4M is as of June 30th is updated at year end but is not as accurate. The unbilled accounts are very high because of how the billing cycles falls. The billing cycle is every month with 18 cycles. Current Liabilities of \$240,000 include advance payments from some customers. The accounting is done on a budget bases it does not reduce the debt and does not increase the capital; the numbers are off until year end when it is adjusted.

Mr. Dave Spanski of the County Treasury Department tracks the investment portfolio, Accountant Mr. Fay Tateishi keeps tracks also and First Hawaiian Bank takes care of the Build America Bond investments.

Mr. Tabata and Mr. Nakaya requested Fiscal to include last year's year-to-date with a side-by-side comparison on net position and to add a footnote on the Allowance for Doubtful Amount in the future.

Mr. Nakaya moved to receive the Discussion and Receipt of the Kaua'i County Water Department's Statement of Revenues and Expenditures, b) September Monthly Summary Budget; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

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

BACKGROUND:

Public Relations Specialist Ms. Tamaoka highlighted:

1. Press releases from the media.
2. Make a Splash Festival.

Manager Saiki commented that there has been no word from the legislature on fluoridation in the water.

Mr. Nakaya moved to receive the Report by the Public Relations Specialist on Public Relations Activities; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

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

BACKGROUND:

Chief of Operations Mr. Reyna highlighted:

1. Field Operations personnel completed asbestos operations and maintenance training.
2. Field Operations and Plant Operations personnel attended a driver improvement class provided by the Department of Human Resources.
3. Resumed in-house work in the Eleele area on the repair of an 18" main line.
4. Overtime for September is lower and in line with the rest of the months.

Mr. Tabata will meet with Mr. Reyna and Mr. Aoki on other questions after the meeting.

Mr. Dill moved to receive the Chief of Operation's Summary Report on Operational Activities; seconded by Mr. Nakaya; with no objections, motion carried with 4 ayes.

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

BACKGROUND:

Manager Saiki provided the following highlights:

1. Deputy Manager's position has been posted.
2. CC&B new billing system is progressing smoothly.

Upper diversion issue update – Mr. Adam Asquith and the community had issues with the 18" pipeline and demanded the Department to do an Environmental Impact Statement (EIS) since they perceived that the project would take more water from the diversions that feed into the Kapaia reservoir. Manager Saiki said the Department is not increasing the treatment plant capacity. Vandals destroyed the upper part division which feeds the powerhouse that is run by Kaua'i Island Utility Cooperative (KIUC). KIUC filed a police report and the FBI is also involved. The damage did not affect the Surface Water Treatment Plant.

Mr. Nakaya moved to receive the Manager and Chief Engineer's Monthly Update Regarding Activities of Note of the DOW; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

- a. Report of the BAB pay down as of September 2016

Mr. Nakaya moved to receive the BAB pay down as of September 2016; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

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).

K. TOPICS FOR NEXT WATER BOARD MEETING (November 2016)

1. Manager's Report No. 17-12 - Discussion and Possible Action on Use and Occupancy Agreement No. 276 between the State of Hawai'i, Department of Transportation and the Board of Water Supply, County of Kaua'i for Kaunualii Highway, Project No. STP-050-1(26), TMK (4) 3-08-05: Road, Lihu'e, Hawaii, Water Plan 2020 Project No. PLH-39, Lihu'e Baseyard Improvements for the Department of Water offsite 12" Waterline
(Deferred due to lack of quorum w/Dill recusal)
2. Manager's Report No. 17-14 - Discussion and Possible Action on Amendment No. 3 to the February 19, 2004 Water Treatment and Delivery Agreement between Grove Farm Properties, Inc./Visionary LLC and the Board of Water Supply, County of Kaua'i to Increase
3. Manager's Report No. 17-15 – Discussion and Possible Action on a Capital Expenditure for the Removal and Replacement of the Air Conditioning System in the Department of Water's Second Floor, Microlab building in the amount of \$17,000.00
4. Discussion and Possible Action on a Right of Entry Agreement for a portion of the Department of Water's Koloa 1.0 MG Tank site, TMK: (4) 2 7-003:008, Lot 426, Affecting the following:
 - a. Kauai Island Utility Cooperative (KIUC), TMK: (4) 2-7-003:008, Koloa, Kaua'i, Hawai'i
5. Annual Evaluation of the Department of Water's Manager and Chief Engineer for Fiscal Year 2015-2016
6. Discussion and Receipt of the Department of Water's Fiscal Year 2015-2016 Financial Statements and Independent Auditor's Report

(DOW's auditor James Nakayama will present this item at the November Board meeting and the audit will be transmitted to the County thereafter - Due 11/23.)

L. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Manager's Report 16-38 – Discussion and Possible Action on the Proposed Rule Amendments to Part 5, Facilities Reserve Charge Section III, Applicability relating to Multi-Family Dwelling Units *(December 2016)*
2. Manager's Report No. 16-58 - Discussion and Possible Action on the Department of Water's proposed Part 2 Rules and Regulations for Water Service Connections, Section II General Conditions, and subsection 1. Rule amendment relating to the DOW's Standard Operating Procedure for Providing Water Service Outside of the Water Zone
3. Discussion and Possible Action on Board Policy regarding Proposed Delegation of a Meter Restriction
4. Workshop presentation regarding the Long Range Plan of the Department of Water's former Administration Building
5. Discussion and Possible Action on Proposed Board Policy for Delegating Routine Actions from the Water Board to the Department of Water's Manager and Chief Engineer regarding Right of Entry
6. Discussion and Possible Action on Financial Management Planning and Water Rate Analysis for the Department of Water, an update by Raftelis Financial *(February 2017)*

M. UPCOMING EVENTS

1. HWWA, Hawai'i Section, Maui, HI *(November 2 – 4, 2016)*
2. Department of Water's Annual Meeting *(December 16, 2016)*
3. AWWA Annual Conference, Philadelphia, PA *(June 11 - 15, 2017) Need attendance by January 2017*

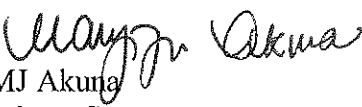
N. NEXT WATER BOARD MEETING

1. **Wednesday**, November 23, 2016, 10:00 a.m. *(Excused: Clyde Nakaya)*
2. Friday, December 16, 2016 – *Annual Meeting*
3. Friday, December 23, 2016, 10:00 a.m.
4. Friday, January 27, 2017, 10:00 a.m.

O. ADJOURNMENT

Mr. Nakaya moved to adjourn the Regular Board Meeting at 11:45 a.m.; seconded by Mr. Dill seconded; with no objections, motion carried with 4 ayes.

Respectfully submitted,


MJ Akuna
Private Secretary

Approved,


Sherman Shiraishi
Secretary – Board of Water Supply