

MEETING MINUTES
BOARD OF WATER SUPPLY
October 26, 2018

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Līhu'e on Friday, October 26, 2018. Chair Beth Tokioka called the meeting to order at 10:03 a.m. The following Board members were present:

BOARD: Ms. Beth Tokioka, *Chair*
Mr. Sherman Shiraishi, *Vice Chair*
Mr. Lyle Tabata
Ms. Laurie Ho
Mr. Michael Dahilig
Mr. Thomas Canute
Mr. Lawrence Dill (*exited @ 10:03 a.m. before Roll Call, re-entered @ 10:06 a.m.*)

Quorum was achieved with 6 members present at Roll Call.

STAFF: Mr. Bryan Wienand Mr. Dustin Moises
Mr. Valentino Reyna Mr. Michael Hinazumi
Mr. Eddie Doi Mrs. Sandi Nadatani-Mendez
Mr. Marcelino Soliz Mr. Ryan Smith
Mrs. Jonell Kaohelaulii Mr. Jeff Mendez
Mr. Carl Arume Mr. Jason Fujinaka
Mr. Eric Fujikawa Mrs. Mary-jane Akuna
Deputy County Attorney Mahealani Krafft

C. ACCEPTANCE OF AGENDA

Mr. Dahilig moved to approve the agenda as circulated; seconded by Mr. Canute; with no objections motion carried with 6 ayes.

At 10:06 a.m., Mr. Dill re-entered the meeting.

D. MEETING MINUTES

Review and approval of:

Regular Board Meeting – September 28, 2018

Mr. Shiraishi moved to approve as amended the Regular Board Meeting minutes of September 28, 2018; seconded by Mr. Tabata; with no objections motion carried with 7 ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS

None.

F. BOARD COMMITTEE & PERMITTED INTERACTION GROUP REPORTS

None.

G. OLD BUSINESS

1. Manager's Report No. 18-82 – Discussion and Possible Action on the Status Update on Water Plan 2020

DISCUSSIONS:

Mr. Dahilig posed several questions regarding Question No. 1 - *For the Puhi-Līhu'e-Hanamā'ulu water system - Where are the deficiencies in the system with respect to providing water service to future development? The Planning Department's goals include providing housing for local residents.* Mr. Dahilig

stressed water is needed to build affordable housing and that water in the Līhu'e/Puhi area is urgent. He asked what points of infrastructure are deficient? Is it with the water treatment plant not having enough water? Is it with transmissions lines with certain areas that need to be upgraded? Does storage need to be upgraded? What specific projects are needed?

Board action in these areas are critical with a need for 4,000 units to be built by 2035 with a growth rate of 1% a year with the local population. Housing is added at that rate to meet the demand that will increase housing prices which drives local residents leaving Kaua'i. He added that the Water Plan updates need to be pushed up soon.

Manager Wienand mentioned the 250 units in Question No. 1, and asked Mr. Dahilig if it was for the existing source capacity vs. specific source, storage capacity? Mr. Dahilig is looking at this from a tracking backwards perspective and referred to Question No. 4 regarding the projected need for housing development in the Līhu'e/Puhi area. He asked what needs to happen to do that? What source elements need to be taken care of? What storage and transmission requirements are needed (dollars & cents)?

Manager Wienand will provide an updates on Mr. Dahilig's specific questions for the November Board meeting with respect to source and storage, and he noted that transmission facilities are complex in nature. Source and storage would be comparatively simple to address where there is shortage.

Mr. Dill asked if there are other areas on the island slated for growth in the General Plan? Mr. Dahilig said a predominant area for growth is Kalāheo, Kōloa, Lāwa'i, Omao and Po'ipū (South Kaua'i) by keeping housing close to jobs. There are 2,000+ homes projected for in-fill and development. By the Department making investments in those areas, are these private projects for growth? In-fill projects? If there are private developments, are these projects moving forward in a timely basis? Need to make sure infrastructure is available to avoid a bottleneck.

Mr. Dahilig said if there are better levies that can be done by in the loop construction, rather than relay on the Department to put infrastructure in, this could be communicated better. He said development is not a linear process, having the information available to developers if they are looking into a greenfield, helps the Department to communicate for help in sharing the cost of the construction in this area.

Manager Wienand mentioned the Department is working toward executing a contract for the next Water Plan document which is high priority. The Department has been extremely busy with the Facility Reserve Charge (FRC) requests related to the grace period which may go into December, but at the start of the new year there will be a strong emphasis put on moving the next Water Plan forward.

Manager Wienand will also include an update on Questions No. 1 and the discussion on the South Kaua'i areas relative to source, storage, and transmission for each system.

H. NEW BUSINESS

1. Resolution No. – 19-03 – Farewell to Gloria Rafael (Retiree), Meter Reader/Field Collections Supervisor, Fiscal Division

Mr. Dahilig moved to approve and adopt Resolution No. – 19-03 – Farewell to Gloria Rafael (Retiree), Meter Reader/Field Collections Supervisor, Fiscal Division; seconded by Mr. Dill; with no objections, motion carried with 7 ayes.

2. Resolution No. 19-04 – Discussion and Adoption of Resolution No. 19-04, Mahalo Department of Water Participants 2018 Make a Splash Water Festival

DISCUSSION:

The Board thanked Mrs. Kaohelauii and her team for a successful Make a Splash Water Festival. Mrs. Kaohelauii extended her thanks to everyone that participated in Make a Splash (community volunteers, staff and Board members). Participants present at the meeting were part of the photo op with the Resolution.

Ms. Ho moved to approve and adopt *Resolution No. 19-04* – Discussion and Adoption of Resolution No. 19-04, Mahalo Department of Water Participants 2018 Make a Splash Water Festival; seconded Mr. Tabata; with no objections, motion carried with 7 ayes.

3. *Manager's Report No. 19-19* - Discussion and Possible Action for Board Approval to enter into a Memorandum of Agreement between the Director of Finance, County of Kaua'i and the Board of Water Supply, County of Kaua'i to share the costs of remediation of TMKs: 2-3-005:006 and 2-3-005:007

BACKGROUND:

Manager Wienand explained that the Department of Water (DOW) is working to obtain the land rights for an existing Kalāheo tank site, the site includes a tank in service and space for a new tank that is under design which will be constructed adjacent to the existing tank to supplement storage. There is an abandoned tank nearby since the early 2000's which is owned by the County of Kaua'i (COK) located in Kukui'olono Golf Course, a McBryde property. Referring to Exhibit A, Page 40 – TMK: 2-3-005-015 is owned by McBryde Trust, the site of existing DOW tank and future 0.5 MG tank. Parcels owned by the COK are TMK: 2-3-005:006, 2-3-005:007.

A three-way agreement needs to start between the DOW, COK and McBryde Trust. Manager Wienand said the Department will benefit from obtaining land rights to the existing site tank which is currently leased by McBryde Trust. The Trust initiated the current agreement whereby DOW pays a monthly tank site payment of \$1,667. McBryde is motivated to get the abandoned tank off of the golf course property (a COK parcel) because it is unsightly. A discovery revealed there was an underground storage tank at the abandoned tank site, which is a liability concern for the COK. The Department has been working with the COK to get the agreement executed and to share potential costs of potential remediation for the underground storage tank when the above ground tank is demolished.

Manager Wienand credited Civil Engineer Mr. Eric Fujikawa for his endless efforts in working with the COK and McBryde to get this agreement prepared. Today, the Department wants to first execute the agreement with the COK; the DOW is agreeing to the split the cost of the remediation for the below ground tank. Estimated costs for the above ground tank - \$50K; removing the underground storage tank - \$30K (contamination unknown). The Department has worked with our insurance agent to ensure our current policy (\$3M) includes pollution liability coverage should the below ground tank require contamination mitigation. Next, the three way agreement would be executed with McBryde Trust and COK to begin the land exchange.

DISCUSSION:

Mr. Dill asked if the insurance policy covers the entire COK including the DOW? Manager Wienand indicated the insurance policy is with the COK which covers the DOW.

Mr. Canute inquired if there was anything else in the below ground tank besides water? Manager Wienand said nobody knows what is in the below ground tank which dates back to the 1940's. The tank was only discovered from the surface in the 2000's when the DOW was going to demolish the above ground tank which halted the whole process. Manager Wienand mentioned the Department has

researched the potential costs of contamination remediation and with \$3M in coverage we believe the DOW is more than covered with the insurance, but we cannot guarantee it.

Mr. Dill was concerned that the insurance policy expires on November 1, 2019 until it is renewed by the COK. He asked who initiates the renewal, the COK? If the rest of the COK doesn't renew the policy, it is assumed the Department has to get their own policy? Manager Wienand said this was not considered to be a substantial concern because it is a County-wide policy. Mr. Dill questioned if the DOW is covering 100% of the demolition cost and 50% of remedial work to be done. Mr. Fujikawa commented that the agreement is to share the cost of the underground tank only with the possible remediation of contaminated soils. Mr. Shiraishi clarified and referred to Item IV. Cost Sharing, #d. of the Memorandum of Agreement (MOA) – *The County and the Board agree to share all expenses related to and arising from all actions performed pursuant to, and to effectuate, this Agreement on a 50%-50% basis.* This relates to all expenses related to Part II Site Assessment and Demolition of County Parcels – Mr. Shiraishi, Mr. Dill and Mr. Fujikawa agreed that this encompasses all structures from the COK parcels, which includes both the above ground tank and underground tank.

Chair Tokioka questioned the time line and Manager Wienand said the three party agreement is intended to be executed by next month for the Board. The remediation work could start after today's Board approval. The Department has a contract prepared with the environmental services consultants to start the sampling on the remediation and the duration of the contract is four (4) months. If all goes as planned, by next fiscal year, the DOW could be free of the lease cost which is currently \$20,000 per year.

Mr. Tabata moved to approve Manager's Report No. 19-19 - Discussion and Possible Action for Board Approval to enter into a Memorandum of Agreement between the Director of Finance, County of Kaua'i and the Board of Water Supply, County of Kaua'i to share the costs of remediation of TMKs: 2-3-05:006 and 2-3-05:007; seconded by Mr. Dahilig; with no objections; motion carried with 7 ayes.

4. Manager's Report No. 19-20 – Discussion and Possible Action to Request Board Approval for Indemnification, Attorney's Fees, and Governing Law for use of Veritas Technologies, LLC software between the Board of Water Supply, County of Kaua'i and Veritas Technologies, LLC

Mr. Dahilig moved to approve Manager's Report No. 19-20 – Discussion and Possible Action to Request Board Approval for Indemnification, Attorney's Fees, and Governing Law for use of Veritas Technologies, LLC software between the Board of Water Supply, County of Kaua'i and Veritas Technologies, LLC; seconded by Mr. Canute; with no objections, motion carried with 7 ayes.

5. Manager's Report No. 19-21 – Discussion and Possible Action to Request Board Approval for RFP IT-2019-1, Customer Care & Billing Cloud Hosting and Support for additional funding in the amount of \$62,500.00

BACKGROUND:

Manager Wienand explained that the proposed contract with Prithibi Consulting with Customer Care and Billing (CC&B) would be moved to Cloud hosting solution and technical support. Customer service improvements include credit card payment options, a payment app and online portal for bill payments. Estimated initial budget was \$200,000 (best guess) but after review from the proposal, \$250,000 is reasonable. The additional funds of \$62,500.00 is necessary for the contract. This software is critical for the billing system. He added that Oracle notified the Department that they will not support

this software by this December. The current staff does not have the technical expertise to do all the technical support for CC&B. The additional technical support and improvement will be valuable.

DISCUSSION:

Mr. Dahilig inquired if there was a migration plan to the new software? Manager Wienand mentioned that CC&B will remain as is. The contract is for the technical support and any software related updates for the system to work smoothly. The \$62,500 funding would be moved from the Water Utility fund.

Mr. Dahilig moved to approve Manager's Report No. 19-21 – Discussion and Possible Action to Request Board Approval for RFP IT-2019-1, Customer Care & Billing Cloud Hosting and Support for additional funding in the amount of \$62,500.00; seconded by Mr. Tabata; with no objections, motion carried with 7 ayes.

I. CONSENT CALENDAR

None.

J. 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
 - b. Accounts Receivable Aging Summary

DISCUSSION:

Mr. Marcelino Soliz reported for Waterworks Controller Ms. Yano on the Statement of Revenues. Mr. Shiraishi asked what was the different on the water revenue that was 18% lower from last year? Mr. Soliz explained there was a down slope on the water consumption the last two month, and it's hard to say why, but it's possibly due to heavy rainfall throughout the year.

Received – 7 members

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

Information & Education Specialist Mrs. Kaohelaulii added to Mr. Soliz response regarding the reason for low water consumption which could be from "Fix A Leak Week" tablets that were given to customers in its effort for water conservation.

Mrs. Kaohelaulii highlighted Make a Splash and was grateful for the many partners that assisted with the water education event. She commended the staff, division heads and Board members who came out for this public relations event.

Received – 7 members

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

BACKGROUND:

Chief of Operations, Mr. Reyna highlighted the following:

1. Operations vacancies – are being aggressively worked on with the Department of Human Resources to fill 20% of the Operations staff. At the end of this year, 60% of the lead Pipefitters may be transferring, in temporary assignments, and retirement. There are five (5) Lead Pipefitters and Operations could end up with two (2) Pipe Fitters by the end of the year. This affects daily response time to emergencies (day or night). Recently a Lead Pipefitter requested to be taken off Stand by regarding family matters. This situation may lead to burn out with one (1) Pipefitter and supervisors but could provide opportunity to existing personnel to step up to the plate to assist.
2. Gas Chlorine – Operations is 100% off of gas chlorine to sodium chlorine which is safer. Operations was notified by Brewer Environmental Industries that they would no longer be delivering gas chlorine. Conversions were done in-house the past 7 – 8 years.
3. Pilot project – Operations will generate their own on-site sodium hypochlorite and will no longer have to purchase this product.

Received – 7 members

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

BACKGROUND:

Manager Wienand highlighted:

1. **CONTRACT AWARD TO ENVIROSERVICES & TRAINING CENTER, LLC IN THE AMOUNT OF \$25,692.54, JOB NO. 18-07: KUKUIOLONO UST AND TANK REMOVAL**
CONTRACT AWARD TO PRITHIBI CONSULTING IN THE AMOUNT OF \$250,000.00, JOB NO. IT-2019-01: CC&B CLOUD HOSTING AND SUPPORT
2. Personnel Matters – Department continues to recruit vacant positions.
3. IT Strategic Plan – Brio consultants interviewed staff the first week of October. The final draft recommendations for the next IT Strategic Plan will be submitted soon and are anticipated to be presented to the Board in the December Board meeting. Brio’s initial feedback and recommendations had far-reaching implications across the Department.
4. HWWA Conference – Approximately 140 people will be in attendance.
5. FRC Updates:
 - a. Po’ipū Beach Estates (refer to Page 93) – Letter was sent to Mr. Chet Hunt memorializing what was discussed and agreed upon at the previous Board meeting.
 - b. Kukui’ula Development (Page 93) – The Manager is working on an a draft agreement that grants an exemption to the FRC increase in exchange for the operations and maintenance component cost to be covered for undeveloped lots until a full build out occurs. Intent was to find a fair proportionate agreement to capture the fair share of costs to operate and maintain the system in place so that it is not subsidized by all other ratepayers. There may be another update in December if Kukui’ula agreements with the terms.
6. Meter Installation Charge (Update) – A question was posed by the Board to find the means to assess the monthly service charge without physically installing a meter based on the internal process. By excluding the Kukui’ula situation (separate agreement), it would be complex and could create potential problems within the Department to try to introduce this capability. The Department does not have a system to track and charge the connection between meter and process (mixing and matching who has meter or not).
7. CIP – The Department is working on procurement for a legislative liaison by November or December with a final request for State aid.

Received – 7 members

K. QUARTERLY (July – September 2018)

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

BACKGROUND:

Chief of Construction Manager, Mr. Moises highlighted the following:

1. Executive Summary – Reviewed plans & specs for Paua Valley Tank Rehabilitation.
2. Water Plan 2020 Projects (Page 114) – Managing \$19M in current construction.
3. Project Management Software – Received electronic Project Management software that is new to the State of Hawai'i. The DOW is the only agency in Hawai'i that has a Construction Management System with all users from design contractors and internal user on the same platform. Kinks on the software are being worked out.
4. Staffing Levels – are back on track from beginning of the year. CM is waiting to fill the CE III & CE V positions and pending an applicant list. Inspection positions are fully staff and are not working on projects that were on moratorium.

DISCUSSION:

Mr. Moises said the As Needed consultants are working on:

Kapa'a Well No. 4. – RM Towill

Koloa well No. 16 – SSFM

Hanapēpē Pipeline – RM Towill

Eleele Booster – Internal; future is to maintain internal projects

Mr. Moises has trained the As Needed CM's with the Department's jobs who are getting paid 4 x the dollar amount. The SSFM contract is paid \$200,000 a year to manage two (2) projects. If he had two CE's, they would be paid about \$500,000 to manage 50 projects.

- b. Engineering Division Design Status

BACKGROUND:

Mr. Fujikawa was reporting for Civil Engineer Mr. Keith Aoki. Engineering Division completed design for Packages A, B, & C of the Kalāheo improvement projects. The packages involved 1/2M gallon tank, 100,000 gallon tank and 11,000 feet of transmission and distribution mains along Kikala Road, Pu'uhiwi Road & Pu'uwai Road. Projects Kīlauea MCC & Well Replacement and Paua Valley Tank Rehabilitation in Kekaha are anticipated to be completed this fiscal year.

- c. Water Resources & Planning Division Status

BACKGROUND:

Chief of Water Resources & Planning Mr. Doi highlighted the Water Use and Development Plan. A meeting was held to discuss the Līhu'e aquifer system. Based on feedback from the meeting, a draft was finalized and work is being done on other aquifer systems around the island. The FRC grace period issue and implementation is ongoing.

L. EXECUTIVE SESSION

1. Pursuant to Hawai'i Revised Statutes § 92-4 and § 92-5(a)(4), the purpose of this Executive Session is for the Board to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as they may relate to this agenda item.

M. TOPICS FOR NEXT WATER BOARD MEETING (November 2018)

1. Discussion and Receipt of the Department of Water's Draft Audit Financial Statements and Independent Auditor's Report by Accuity, Inc. for FY 2017-18
2. Manager's Report No. 17-29 (Update) - Discussion and Possible Action on the Financial Management Planning and Water Rate Analysis for the Department of Water for July 2018 through June 2023 and submit an Impact Statement to the Small Business Regulatory Review Board *Water Rate Study – SBRRB Results; Recommend Public Hearing
3. Election of Officers for 2019
4. Board Meeting Dates for 2019
5. Department of Water Employees of the Year Resolution
6. Discussion and Suggestions of the Department of Water's Capital Improvement Projects for 2019-2020 (Update)
7. Workshop presentation regarding the Table of Organization for the Operations Division

N. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Resolution No. 19-XX - Farewell to Warren Rita (Retiree), Lead Pipefitter, Operations Division (December 2018)
2. Workshop presentation regarding the Table of Organization
3. Department of Water Performance Audit (Update)
4. Discussion and Possible Action to hire a consultant to provide a Policy in the Development of Priorities for the Current Rate Study & 2018-2019 Budget Process for:
 - a. Capital Budget
 - b. Operating Budget
 - c. Reserves
 - d. Debt
5. Workshop presentation regarding the Master Plan of the Department of Water's former Administration Building, Baseyard, Micro Lab, Information Technology (2019)

N. UPCOMING EVENTS

1. HWWA Conference, Lihu'e, Hawaii (November 7 – 9, 2018), Kōloa Landing
2. Annual Employee Meeting (December 7, 2018)
3. HWWA & HWEA Pacific Water Conference, Honolulu, Hawaii (February 21 – 23, 2019)

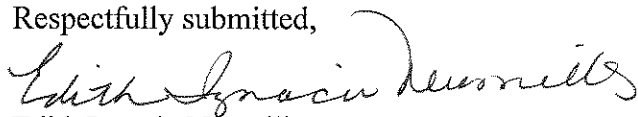
O. NEXT WATER BOARD MEETING

1. **Wednesday**, November 21, 2018, 10:00 a.m.
2. Friday, December 28, 2018, 10:00 a.m.
3. Friday, January 25, 2019, 10:00 a.m.
4. Friday, February 22, 2019, 10:00 a.m.

P. ADJOURNMENT

Mr. Shiraishi moved to adjourn the Regular Board meeting at 11.04 a.m.; seconded by Ms. Ho; with no objections, motion carried with 7 ayes.

Respectfully submitted,


Edith Ignacio Neumiller
Commission Support Clerk

Approved,


Thomas Canute
Secretary – Board of Water Supply