

MEETING MINUTES
BOARD OF WATER SUPPLY
October 25, 2019

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Friday, October 25, 2019. Chair Thomas Canute called the meeting to order at 10:05 a.m. The following Board members were present:

BOARD: Mr. Thomas Canute, *Chair*
Ms. Laurie Ho
Mr. Lawrence Dill
Mr. Kurt Akamine
Mr. Elesther Calipjo

EXCUSED: Mr. Ka`aina Hull

Quorum was achieved with 5 members present at Roll Call.

<u>STAFF:</u>	Mr. Bryan Wienand	Mr. Darrell Acob
	Mr. Ryan Smith	Mr. Dustin Moises
	Mrs. Marites Yano	Mr. Valentino Reyna
	Mrs. Mary-jane Akuna	Mr. Eddie Doi
	Mr. Eric Fujikawa	Mr. Keith Aoki
	Mrs. Jonell Kaohelaulii	Mr. Andrew Canavan
	Mr. Jason Fujinaka	Mrs. Brandi Ventar
	Mr. Jas Banwait	Ms. Christine Ererita
	Deputy County Attorney Mahealani Krafft	Mr. Michael Hinazumi

GUESTS: Councilwomen, Felicia Cowden

C. ACCEPTANCE OF AGENDA

Mr. Akamine moved to accept the Agenda as distributed; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

D. MEETING MINUTES

Review and approval of:

Regular Board Meeting – September 27, 2019

Ms. Ho moved to approve the Regular Board Meeting minutes of September 27, 2019; seconded by Mr. Calipjo; with no objections, motion carried with 5 ayes.

Workshop – Baseyard Master Plan Presentation – October 7, 2019

Ms. Ho moved to approve the Workshop – Baseyard Master Plan Presentation minutes of October 7, 2019; seconded by Mr. Calipjo; with no objections, motion carried with 5 ayes.

Review and approval of:

Executive Session – September 27, 2019

Mr. Calipjo moved to approve the Executive Session minutes of October 25, 2019; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS/PUBLIC TESTIMONY

None.

F. BOARD COMMITTEE & PERMITTED INTERACTION GROUP REPORTS

None.

G. OLD BUSINESS

1. Manager's Report No. 19-60 - Discussion and Possible Action for Water Plan 2020 Project No. WK-39 Drill & Develop Kapa'a Homesteads Well No. 4 & Package A-Well and Drainage Package of Water Plan 2020 Project No. WK-08, Job No. 02-14, Kapa'a Homesteads 325' Tanks, Two 0.5 MG Tanks Projects, Kapa'a, Kaua'i, Hawai'i for additional construction funding in the amount of \$140,843.18 (*Update*)

Received for the Record was a letter from Mr. Godwin M. Esaki dated October 24, 2019 requesting a deferral on related matters to this project to consult with legal counsel.

Chair Canute moved to defer to the October Board meeting Manager's Report No. 19-60 - Discussion and Possible Action for Water Plan 2020 Project No. WK-39 Drill & Develop Kapa'a Homesteads Well No. 4 & Package A-Well and Drainage Package of Water Plan 2020 Project No. WK-08, Job No. 02-14, Kapa'a Homesteads 325' Tanks, Two 0.5 MG Tanks Projects, Kapa'a, Kaua'i, Hawai'i for additional construction funding in the amount of \$140,843.18 (*Update*); seconded by Ms. Ho; with no objections, motions carried with 5 ayes.

2. Manager's Report No. 20-24 – Discussion and Possible Action for the Proposed Amendment to the Memorandum of Agreement (Drainage) between Godwin M. Esaki and Janet M. Esaki, individually and as trustees of the Godwin M. Esaki Revocable Living Trust, and the Janet M. Esaki Revocable Living Trust, TMK: (4) 4-6-011:125, Kapa'a, Kaua'i, Hawai'i) and the Board of Water Supply, dated August 21, 2017

Chair Canute moved to defer to the October Board meeting Manager's Report No. 20-24 – Discussion and Possible Action for the Proposed Amendment to the Memorandum of Agreement (Drainage) between Godwin M. Esaki and Janet M. Esaki, individually and as trustees of the Godwin M. Esaki Revocable Living Trust, and the Janet M. Esaki Revocable Living Trust, TMK: (4) 4-6-011:125, Kapa'a, Kaua'i, Hawai'i) and the Board of Water Supply, dated August 21, 2017; seconded by Ms. Ho; with no objections, motions carried with 5 ayes.

H. NEW BUSINESS

1. Resolution No. 20-01 - Discussion and Adoption of Resolution No. 20-01, Mahalo Department of Water Participants 2019 Make a Splash Water Festival

Chair Canute deferred reading all of the volunteer names but continued to read Resolution No. 20-01 and thanked all of the volunteers. A photo op followed with the Board members and volunteers.

Ms. Ho moved to approve & adopt Resolution No. 20-01, Mahalo Department of Water Participants 2019 Make a Splash Water Festival; seconded by Mr. Dill; with no objections, motions carried with 5 ayes.

2. Manager's Report No. 20-16 – Discussion and Possible Action for the Board to approve Concept B in the Master Plan of the Department of Water's former Administration Building, Baseyard, and Micro Lab

BACKGROUND:

Manager Wienand recommended the Board approve and to move forward with Concept B. At the Workshop, three of the four members were ready to approve Concept B (Mr. Dill & Mr. Calipjo was excused). The current baseyard was assessed for current and future spatial needs and resources. At this time, no funding is being requested. Parking shortage is expected in the next few years regarding the upcoming affordable housing project adjacent to Department of Water building by the end of next year. Parking that will be eliminated is mostly used by Operations. This plan will be done in phases and is intended to provide for the next 30 years. Currently, the master plan is at a 70% phase of conceptual design. The magnitude of cost is high but will be spread out over approximately 10 years (2020 – 2030). Staff interviews, a charrette, and a Board workshop

were held to gather with input from a wide variety of sources. Manager Wienand referred to Page 129 for a detailed comparison summary of Concept A, B, & C.

Concept A:

- Adapting existing structures to be more resilient
- Maintain the old Administration building
- Re-grade storm water retention field to the north for a new Operations and garage
- A new multi-level parking garage over the existing parking lot
- Highest cost and longest construction time
- Staff did not recommend this concept

Concept B:

- Lowest cost and best demolition and using existing space
- New Operations warehouse; will exist from the existing warehouse
- Demo old Administration building for additional parking
- Storm water retention to the north would potentially be re-graded with a retaining wall to accommodate more parking in that area.
- Benefit: Department is looking for a long-term lease for parking on the Kukui Grove side of this property to eliminate building new parking and the storm water retention field
- Shorter construction time line
- Benefit: new Operation positions are without desk space; allows temporary office space on the 2nd floor of the Micro Lab for Operations staff. Hiring could move forward to fill the new office space
- Maintains phased demolitions
- Maintain Operations throughout a 10 year period during construction with low impact to customers

Concept C:

Would have a significant three story parking structure with in the baseyard; could include new parking to for Operations and staff, new office space

Benefit: Nothing would be done with the storm water retention area

Lowest construction time line

Challenge: Getting approvals for a three story parking structure

Manager Wienand intends to approach the State legislature for additional design funding in 2020. Funding could also be through the rate study in 5 to 10 year increments, but there will need to be decisions made now to face future impacts. Separate meetings with the Board members and with staff were offered by the Manager. The Manager recommended moving forward with Concept B and to stop working on Concept A & C with the consultant, then move forward with the design.

DISCUSSION:

Mr. Dill requested an explanation on Concept B and regarding the filling of the storm water retention area, how is drainage adjusted? Manager Wienand said that first, additional parking may be avoided if the DOW can work out a lease agreement for parking next to the Department of Water (DOW) on the Kukui Grove side. If not, and parking is built in the field, the storm water retention would be relocated. Ms. Ho mentioned the golden arches buried would have to dug out, raised up; then rebury it.

Mr. Calipjo inquired if the Department is anticipating any grants. Manager Wienand said the funding strategy for now is to request funding from the legislature for the design which is estimated at approximately \$1.5M. Construction phases would be looked at next with five or six phases spread out over approximately 7 years. The Department could go back to the legislature to request for additional funding for each of the phases. The rate study would not include construction funds without Board approval. More discussions should be held during the rate study meetings, but today's focus is on the conceptual plan.

Mr. Dill asked if Phase 1 & 2 is a single phase? Manager indicated that temporary offices in the Mirco Lab would not be identified as a construction phase and could be done internally. Mr. Dill mentioned if there are pauses between the phases for funding, would there be a fully functioning Water Department? The Manager referred to Page 107 for Phases 1 & 2 that would go together on the demolition of the old Administration building and construction of the new Operations garage. The Department would still be functioning if the Department had to wait for funding. Phase 3 may be eliminated if the Department could find additional off-site parking that is close and less expensive. Phases 4 & 5 would be one construction contract; Phase 6 is stand alone. Refer to Page 116 for the cost of each of the phases. Phase 1 - \$10.4M, Phase 2 - \$.75M, Phase 3 - \$4.9M, Phase 4 - \$6.1M, Phase - 5 \$3.9M & Phase 6 - \$5.8M (2022 to 2029). Every phase of the Master Plan ensures that the DOW can continue to function continuously.

Mr. Calipjo commented out of the \$11.M, could Phase 1 be grant funded for \$5M from the State? Manager Wienand stated the intent for today is not to discuss the funding in detail, but to answer the question it could be debt funded or rate funded. This will not be added to the current rate study. Funds would be identified for construction in fiscal year 2022 or 2023. If the Department is not able to get funds from the legislature, the rate study could be considered. Operations staff volunteered to do the construction management so this project would not have to be delayed in the base yard. The Manager did not recommend adding additional funds to the rate study for the base yard at this time. A full analysis has not been done in considering satellite base yards on the east and west side of the island.

Mr. Dill agreed with the Manager's recommendation and that this project is not funded by the rate payers. Mr. Dill asked what future growth capacity would the new facility accommodate? Would this handle the Department's needs through 5, 20, 30 or 40 years? Manager Wienand said the concept design is for 30 years. Parking stalls would be for approximately 80 staff which includes the existing parking at the new Administration building. Parking would be for 55 fleet vehicles, plus staff parking with future growth (refer to parking on Page 103). Assumptions have been made to ensure the parking needs are reasonable and minimize costs.

Ms. Ho mentioned Board member Mr. Ka`aina Hull's concern was that the design the Department chooses would not pass Planning Department because the Planning Commission wants a building up front and parking in the back. Ms. Ho suggested to flip the building and parking design. Civil Engineer Mr. Eric Fujikawa mentioned it is zoned residential with an exemption as light industrial. Concerns discussed: liability with parking & traffic on affordable housing with children in the area and the base yard. Real Property shows the property as commercial with the use permit. The Manager feels it should be considered light industrial with affordable housing. Mr. Dill asked if the parking can be moved behind the building and if Phase 1 & 2 could put the parking behind the building? Manager Wienand said there would be challenges based on the flow of traffic.

Mr. Akamine moved to approve Manager's Report No. 20-16 – Discussion and Possible Action for the Board to approve Concept B in the Master Plan of the Department of Water's former Administration Building, Baseyard, and Micro Lab; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

3. Manager's Report No. 20-17 – Discussion and Possible Action to grant an easement for the purpose of allowing a support pole for the Kauai Island Utility Cooperative and Hawaiian Telcom, Inc. (fka Verizon Hawai'i, Inc., fka GTE Hawaiian Telephone Company Incorporated) on a portion of the Department of Water's Kōloa 1.0 Million Gallon Tank site, TMK: (4) 2-7-003:008, Lot 426, Kōloa, Hawai'i

BACKGROUND:

Manager Wienand commented that the County will be repaving part of the project along Kōloa Road. There is a conflict with the push pole along Kōloa Road on the Department's 1.0 MG tank site. There are no risks with

the existing operations on the location of the support pole. The Manager recommended an easement in favor of Kaua'i Island Utility Cooperative and Hawaiian Tel to move forward with their project.

Mr. Dill moved to approve Manager's Report No. 20-17 – Discussion and Possible Action to grant an easement for the purpose of allowing a support pole for the Kauai Island Utility Cooperative and Hawaiian Telcom, Inc. (fka Verizon Hawai'i, Inc., fka GTE Hawaiian Telephone Company Incorporated) on a portion of the Department of Water's Kōloa 1.0 Million Gallon Tank site, TMK: (4) 2-7-003:008, Lot 426, Kōloa, Hawai'i; seconded by Ms. Ho with no objections, motion carried with 5 ayes.

4. Manager's Report No. 20-18 – Discussion and Possible Action to approve final condemnation documents between the Board of Water Supply, County of Kaua'i and Visionary, LLC and Grove Farm Company, Incorporated, TMK: 3-8-018:001 to allow the Department of Water to obtain five (5) lots and six (6) easements for existing Department of Water facilities in Maalo, Hanamā'ulu, and Līhu'e

BACKGROUND:

Civil Engineer Eric Fujikawa commented that in the late 1990's the Department completed well projects with this TMK in Hanamā'ulu near Ma'alo Road. There have been negotiations with Līhu'e Plantation at that time to obtain the land rights of the new sites and did not come to an agreement. At the January 2000 Board meeting, a Resolution was passed by the Board to excise an eminent domain that resulted in filing a complaint to condemn the parcels from the land owner. There is a transfer of ownership of the property from Līhu'e Plantation to Visionary, LLC currently with Grove Farm Company. The Department negotiated with Grove Farm Company to complete the subdivision of the five (5) parcels and easements to execute the condemnation documents for the conveyance of the properties. A total of \$46,000 was deposited based on a judgement for the value of the land on a number of appraisals submitted and withdrawn. The Department also was granted the rights to maintain the sites until those documents are completed for final execution. Manager Wienand added that staff have worked very hard, Eric Fujikawa in particular, to finalize these documents and prepare them for the Board.

DISCUSSION:

Chair Canute understood that Grove Farm Company filed a suit to overturn the condemnation of the eminent domain but the court was in favor of the DOW. The main issue was the valuation of the property. Mr. Fujikawa commented that once the documents are in place, the property would be conveyed with no cost at this time.

Mr. Akamine moved to approve Manager's Report No. 20-18 – Discussion and Possible Action to approve final condemnation documents between the Board of Water Supply, County of Kaua'i and Visionary, LLC and Grove Farm Company, Incorporated, TMK: 3-8-018:001 to allow the Department of Water to obtain five (5) lots and six (6) easements for existing Department of Water facilities in Maalo, Hanamā'ulu, and Līhu'e; seconded by Mr. Dill; with no objections; motion carried with 5 ayes.

5. Manager's Report No. 20-19 - Discussion and Possible Action on the Third Amendment to Contract No. 666 Review and Update the Department's Information Technology Strategic Plan and I.T. Project Implementation and Support with Brio Consulting for a time extension of 90 days and additional funding in the amount of \$97,000.00

BACKGROUND:

Manager Wienand mentioned funding was approved by the Board for the Information Technology (IT) Strategic Plan in this fiscal year for five (5) of the initiatives. Two (2) initiatives are included a) SharePoint upgrades and b) financial system Great Plains (Workplace) upgrades. Funds are in place and the request for \$97,000.00 is to provide staff augmentation support. On October 8th, available funds were used to execute a second amendment to bring more staff due to the DOW's current situation with extremely short staffing in I.T. The Manager introduced Jas Banwait who has been with the Department for 2-1/2 weeks and is anticipated to

be on contract through the end of the year. One of the DOW's existing IT staff is on long-term leave until the end of the calendar year. The scope of this Third Amendment includes additional funds for staff. Another consultant would be added through this contract. Manager recommended the Board to approved Option 1. One position was in recruitment last week, IT Specialist III and the IT Officer position is still pending review with Department Human Resources.

Mr. Akamine moved to approve Option 1 through the end of 2019 for Manager's Report No. 20-19 - Discussion and Possible Action on the Third Amendment to Contract No. 666 Review and Update the Department's Information Technology Strategic Plan and I.T. Project Implementation and Support with Brio Consulting for a time extension of 90 days and additional funding in the amount of \$97,000.00; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

6. Manager's Report No. 20-20 - Discussion and Possible Action for the Board of Water Supply to enter into the Hawai'i Water Agency Response Network Mutual Aid and Assistance Agreement with the City and County of Honolulu, Honolulu Board of Water Supply, the County of Hawai'i Department of Water Supply, and the County of Maui Department of Water Supply

BACKGROUND:

Manager Wienand mentioned that the Hawai'i Water Agency Response Network (HIWARN) is about each county's water departments coming together to help each other in emergencies and sharing resources and staff as needed. Honolulu Board of Water Supply, County of Hawai'i & County of Kaua'i have agreed on the HIWARN but County of Maui had not previously been part of HIWARN agreement. Now the County of Maui wants to take part in HIWARN. Each county wanted to update the agreement. The Department is working on an operational plan. There is a provision in the agreement for indemnification in the recommendation and has gone through legal review. The Manager recommended that the Board approve the DOW to enter in this agreement. This month Hawai'i and Kaua'i will approve the agreement and in November, County of Maui and Honolulu Board of Water Supply have it on their next board agenda. Each county will then counter sign the agreement.

Chair Canute moved to approve Manager's Report No. 20-20 - Discussion and Possible Action for the Board of Water Supply to enter into the Hawai'i Water Agency Response Network Mutual Aid and Assistance Agreement with the City and County of Honolulu, Honolulu Board of Water Supply, the County of Hawai'i Department of Water Supply, and the County of Maui Department of Water Supply; seconded by Mr. Dill; with no objections; motion carried with 5 Ayes.

7. Manager's Report No. 20-21 – Discussion and Possible Action to Adopt Board Policy 31 for the Application of the Facilities Reserve Charge to Guest Houses

BACKGROUND:

Manager Wienand indicated that this report could be deferred to the Department for action. This is brought before the Board for transparency and to take action at the Board level. This year the Kaua'i County Council amended the County Code definition for guest houses. There are two definitions of guest house and the amended definition. The original definition said a guest house contains "no kitchen" but the amended guest house says it "may contain a kitchen" used for dwelling purposes. The Department assessed the Facilities Reserve Charge (FRC) because the Department's interpretation is that a dwelling may contain a kitchen. The Kaua'i County Council was attempting to make housing more affordable which changed the code and zoning for affordable housing. There was an unintended consequence on the Council that the current Department's interpretation would have an amended definition that says it may contain a kitchen used for dwelling purposes and therefore the Department would still assess an FRC. Many applicants are not happy to pay the FRC when their guest house does not contain a kitchen. Manager Wienand commented there is a gap because over the next year, the Department will complete the next FRC assessment. During this assessment, the Department will examine the impact of guest homes, Additional Dwelling Units (ADU), rental units, and tiny homes if there is less of an impact on the water system, then the FRC should be less.

Board Policy 31 was proposed and recommended that if the Planning Department indicates a guest house that is permitted and approved as an accessory structure that has no kitchen, then an FRC would not be assessed. If the Planning Department indicates there is a kitchen, the Department would assess an FRC. The risk is that the DOW would not be able to enforce this in the sense that there is no way of knowing if an applicant intentionally circumvents this by saying they do not have kitchen, but then they come back and build a kitchen in a guest house to avoid paying the FRC. Manager Wienand recommended Option 1 for the Board to adopt a Board Policy to this effect of no kitchen, no FRC.

DISCUSSION:

Chair Canute asked if someone currently builds a guest house with no kitchen, they would be charged FRC which the Manager agreed because the amended definition of guest house may contain a kitchen as a dwelling unit. Chair Canute mentioned if there is a stove, hot plate, microwave, water basin, and sink this may be considered a kitchen; water use could be the same.

Ms. Ho was in favor of identifying Transient Vacation Rentals (TVR) or Visitor Destination (VD) areas and should be included in the Board Policy and assessed the FRC.

Mr. Dill mentioned if there was a stove, water usage would be increased for cooking but a 500 square feet guest home would not use more water than a typical dwelling unit. The Board has a responsibility of addressing the FRC. The Manager commented that staff is getting the FRC Assessment scope finalized within this calendar year to start a contract by early 2020 that may take several years to complete (i.e., are tiny homes the same thing? What about conversions?). Mr. Dill encouraged the Department to get the contract in place as a priority because the Finance Committee will be working on this. He agreed that the Department does not have the resources to double check the guest houses have installed a stove after being permitted. Mr. Dill asked if the Planning Department does enforcement inspections? Chief of Water Resources & Planning Mr. Doi commented that Planning Department would not be checking guest houses but only to check if there are complaints.

Councilmember Felicia Cowden provided her testimony.

Councilmember Cowden mentioned that on the County Council agenda several items are about affordable additional rental units which may pass. She is the least supportive of it but feels there is a need of additional affordable rental units. An element she is less resistive to is additional rental units intended as affordable to take away the FRC and the building permit fee and taking away about \$19,000 of permitting fees. Councilmember Cowden said it is important for the DOW to testify during the meetings on this subject.

Another concern was to add an additional rental unit availability along the new Līhu'e Town corridor when it went from R20 per acre to R40 about one year ago. By adding this additional rental unit she said, it would become R80 and if they were affordable rental units. There could be lots of housing coming on to the market without any FRC. There will be a 10" pipe going along Rice Street and that this choice is being made recklessly because the traffic study for R20 and the road is narrowed to two lanes instead of four lanes with parking issues. It appears that it doesn't matter on what the Council says if the Department is planning no FRC for an affordable rental unit for three years which can go to market after three years to avoid the FRC. Councilmember Cowden added there may be infrastructure costs of \$30M in 10 years. This is a big burden on people who are building units and agrees that there is a need for the affordable rental units. The Council addressed the Planning Department and Planning's enforcement at the Council meeting. This summer there was a \$10,000 per violation a day for unofficial kitchens, which Councilmember Cowden was a lone no vote, to go against the mortgage and Bureau of Conveyances. Neighborhoods could be shut down if Planning Department hired another person to check for kitchen violations. Councilmember Cowden will be asking Council to defer two of those points. For the Līhu'e Town Core, she may not get a majority on a deferral for greater conversation.

The position of the DOW should be known with the Council members. Councilmember Cowden will ask for agenda space briefing from the DOW. The Council and DOW should be working collaboratively but not to dump affordable housing on the gap housing which does not quality. Regarding the three years, she asked

Planning Department why not five years? It is easier administratively for Planning Department and Real Property Tax to look for three years.

At 11:35 a.m., Mr. Calipjo exited the meeting.

DISCUSSION:

Manager Wienand commented on what Councilmember Cowden mentioned that the proposal would take away FRC. The Board of Water Supply sets rules and determines the charge and assesses the FRC. The Manager asked that the Council read Part 5 of the Board of Water Supply Rules. The last rules which were last updated in 2014 set the current charges and it is the law. Council would not have the authority to determine whether the Board can or can't assess the FRC. Manager Wienand asked if possibly the Council is proposing a subsidy from the County? Councilmember Cowden said the Housing Revolving Fund would pay for the FRC that would remove the problem.

Manager Wienand could follow up after the Board meeting and appreciates if the Council members could come to the Department first to talk through these issues before Council action. There could be anticipated issues that are identified first. He did received a request from Council regarding potential impacts of R20 to R40 earlier this year. The Department provided a response on the availability of source, storage and transmission in the Lihu'e area. Significant impacts are with R80 because currently there are certain available units (possibly 150 current available units in Lihu'e) as first come, first serve with no guarantee of affordable housing being built in the Rice Street area. Councilmember Cowden did address that question and asked how big the pipe for 70 acres was.

At approximately 11:40 a.m., Mr. Calipjo re-entered the meeting.

DCA Krafft mentioned Board Policy 31 has not been reviewed by legal.

Manager Wienand requested the Board to take action because there have been requests from applicants who are unhappy with the Department's current interpretation of assessing the FRC on a guest house that could have a kitchen. Mr. Akamine asked if this could be the purview of the Department instead of the Board. If this is deferred to the Department, the Manager would have internal procedures and not assess the FRC for guest houses as long as the Planning Department says there is no kitchen. Applicants are waiting until this Board meeting for action. Mr. Dill asked if the application of the FRC be part of the rules? Because this is an interpretation, the Manager said this would not require a rule amendment because it does not address guest homes for a 5/8 inch meter and the rules do not identify a dwelling unit.

Mr. Dill and Mr. Akamine agreed to defer this matter to the Department for legal review on the best action to take and to be legally strong (to be a Board Policy or change in the rules). Manager Wienand said the Department could move forward for an internal procedure.

Mr. Doi commented that staff looked at the rule change and identified dwelling to assess the fee. The Department followed the Planning Department to determine a dwelling and the problem if the kitchen was in or not. The Department's concern was to assess it as a dwelling. The Planning Department has a part to add safe guards for the applicants who say they don't have a kitchen or they do. If an applicant comes in for plumbing or electrical to put in a stove or add a hotplate, this does not come to DOW for review. External concerns have to come in to the Department to resolve this issue soon.

Civil Engineer Michael Hinazumi clarified dwelling unit by CZO is defined the by the kitchen. In terms of guest houses and if a kitchen goes in, it is a dwelling unit. If a kitchen does not go in, it falls in as an accessory structure (not a dwelling unit). In the past, the definition said no kitchen would be allowed, it is treated as an accessory structure and no FRC was assessed to a guest house. The guest house was excluded from having a kitchen. With the recent change that may allow a kitchen in a dwelling guest house in the form, the Department does not have enforcement capability or Planning Department. As a Department policy that is being proposed

would be to go back and review what the Department is doing. Based on the new wording, Mr. Doi said it is used as a dwelling.

DCA Krafft's concern on the process is if it comes back and the determination is a Board authority and if the Board makes a motion to allow the Department to do it, the Board may have delegated what may not have been done to the Department.

Manager Wienand commented that if legal determined that this matter could this be handled at the Department level, would the Board entrust the Department to act on it if it was determined in a month? An update could be done in a Manager's Update report. If legal said, it is the Board's authority, it would come back to the Board in the next meeting.

Mr. Dill moved to defer and amend his motion on Manager's Report No. 20-21 – Discussion and Possible Action to Adopt Board Policy 31 for the Application of the Facilities Reserve Charge to Guest Houses back to the Department for a legal review, and if determined that the Department does have the authority, the Manager will provide an update in his Manager's Update Report at the next Board meeting. If it is determined that the Department does not have the authority, the Manager will present the Board with the appropriate Manager's Report to update Board Policy No. 31 at the next Board meeting; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

8. Manager's Report No. 20-22 – Discussion and Possible Action to Approve Indemnification, Governing Law in Licensing Agreement with Microsoft Software and Adobe Flash Player Terms of Service between the Board of Water Supply, County of Kaua'i, Microsoft and Adobe

BACKGROUND:

Windows 10 needs to be updated to eliminate functions for staff and legal review was done.

Mr. Dill moved to approve Option 1 in Manager's Report No. 20-22 – Discussion and Possible Action to Approve Indemnification, Governing Law in Licensing Agreement with Microsoft Software and Adobe Flash Player Terms of Service between the Board of Water Supply, County of Kaua'i, Microsoft and Adobe; seconded by Mr. Akamine; with no objections; motion carried with 5 ayes.

9. Manager's Report No. 20-23 - Discussion and Possible Action to Approve Indemnification, Governing Law in Licensing Agreement with Google Chrome Terms of Service between the Board of Water Supply, County of Kaua'i and Google

Mr. Dill moved to approve Manager's Report No. 20-23 - Discussion and Possible Action to Approve Indemnification, Governing Law in Licensing Agreement with Google Chrome Terms of Service between the Board of Water Supply, County of Kaua'i and Google; seconded by Mr. Akamine; with no objections, motion carried with 5 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

BACKGROUND:

Waterworks Controller Mrs. Yano highlighted the following:

1. Closing the year-end audit

2. Working with divisions for extensions on FEMA projects
3. Working with the Manager, staff and consultant on the rate study
4. Upcoming Water Audit on December 31st
5. Preparing the proposed budget for FY 2020-2021

Received for the Record

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

BACKGROUND:

Information and Education Specialist Mrs. Jonell Kaohelaulii highlighted the following:

1. PR team extended their appreciation to over 200 volunteers for a successful Make a Splash even with the new location and its challenges. The Board's continued support was appreciated by PR efforts and Project Wet and Make a Splash Festival.
2. The Department participated as a water sponsor at the North Shore Community Foundation's Fit Fest held at the Aina Hou Community Center in Kīlauea on October 5th. This was a fundraiser to benefit non-profit organizations that focus on fitness. The Department should support community event awareness because it is in line with the community outreach efforts in promoting safe and healthy drinking water. This allowed PR to share informational brochures with the North Shore residents.

Received for the Record

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

BACKGROUND:

Chief of Operations Mr. Reyna provided highlights:

1. Filled three (3) new positions that were approved last year that included promotions. Interviews were done on the Water Works Technician, Lead Pipefitter position. In September five (5) positions were filled.

Received for the Record

4. Discussion and Receipt of the Manager and Chief Engineer's Monthly Update Regarding Activities of Note of the DOW
 - a. Build America Bond Quarterly Report (*July – September 2019*)

BACKGROUND:

Manager Wienand highlighted the following:

1. Contract Amendment 3 for the IT Strategic Plan approved by the Board.
2. Personnel Matters (Page 531)
3. Update on Billing System – Total registered users are over 2,000 by October 1st (Page 532)
4. First quarterly update with IT will be discussed in today's Board meeting.
5. 2019 HWWA Annual Conference October 9th -11th (Page 533) Ms. Jonell Kaohelaulii was awarded a prestigious William Y. Thompson Service Award for Excellence.
6. Water Quality Report (Page 534)

Received for the Record

QUARTERLY (*July - September 2019*)

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

Highlights

Mr. Dustin Moises briefly went over the Executive Summary:

1. Worked on design reviews.
2. Held two dedications for Hanapēpē and Eleele Booster pump and Kōloa Well 16 A/B projects. Those contracts would be closed by the end of the year.
3. Kaumuali'i Highway and Kapa'a Well No. 4 are in construction but are delayed due to design issues.
4. Kapaia is on a Stop Work Order.
5. Staff busy with private projects.
6. Bids to be open on Paua Valley tank on October 31st.

Received for the Record

b. Engineering Division Design Status

Highlights:

Mr. Keith Aoki shared Engineering highlights:

1. Kukuilono Tank Demo Plans that is tied with the land exchange agreement with the McBryde Trust. The design was completed and ready for construction.
2. Engineering met with the owner of the Kīlauea Well 3 site. The Right of Entry (ROE) draft would be sent and reviewed by the owner's attorney. Trust documents are being worked on with the Owner and Administration regarding signing the agreement for the trust.

Received for the Record

c. Water Resources & Planning Division Status

Received for the Record was the Quarterly Report for WR&P.

Highlights:

Mr. Edward Doi presented WR&P highlights.

1. The FRC needs to be working on the grace period matter and to work on previous approvals to the grace period.
2. Water Development Plan – submitted the prototype of Līhu'e approved with comments. All sectors are done and providing information for a conclusion.

Received for the Record

d. Information Technology Strategic Plan Status

Highlights:

Manager Wienand highlighted the following:

1. Update Five Initiatives (Page 578) – 1) to replace the MPET system with a GIS based work management system but delayed due to staffing. The IT Officer, once hired, will take the lead with the GIS implementation, 2) Upgrading SCADA and server is funded this fiscal year. At the November meeting, a contract will be presented to the Board for approval with Glenmount to continue services, 3) Upgrade of financial system; Department is moving forward with the third amendment with work on the scope with Brio's contract on the IT Strategic plan, 4) Development of GIS technologies with ESRI but procurement has not been worked out to create a GIS roadmap, 5) Maintain new hydraulic software; contract is pending execution that will go through the WR&P Division, 6) Core IT infrastructure upgrades; supported with contractor Jas Banwait, 7) Completed emergency communication equipment. Honolulu Board of Water Supply purchased satellite radios to test next week with the neighbor islands. Radios would be kept with the Chief of Operations or Manager.
2. Personnel Matters (Page 580) – Manager is waiting to hear from Department of Human Resources (DHR) on the final review on the IT Officer position. An initial determination from DHR was an EM3 with disagreement by the Manager who wanted the position as an EM5 level. The new IT Specialist III position is posted.

Received for the Record

Chair Canute called for a Recess at 12:27 pm; with no objections.

K. EXECUTIVE SESSION

Pursuant to Hawai'i Revised Statutes (HRS) §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 HRS §92-4 and shall be limited to those items described in HRS §92-5(a).

L. TOPICS FOR NEXT BOARD OF WATER SUPPLY MEETING (November 2019)

1. Election of Officers for 2020
2. Board Meeting Dates for 2020
3. Discussion and Receipt of the Department of Water's Draft Audit Financial Statements and Independent Auditor's Report by Accuity, Inc. for FY 2019-2020
4. Manager's Report No. 19-60 - Discussion and Possible Action for Water Plan 2020 Project No. WK-39 Drill & Develop Kapa'a Homesteads Well No. 4 & Package A-Well and Drainage Package of Water Plan 2020 Project No. WK-08, Job No. 02-14, Kapa'a Homesteads 325' Tanks, Two 0.5 MG Tanks Projects, Kapa'a, Kaua'i, Hawai'i for additional construction funding in the amount of \$140,843.18 (*Update*)
5. Manager's Report No. 20-24 – Discussion and Possible Action for the Proposed Amendment to the Memorandum of Agreement (Drainage) between Godwin M. Esaki and Janet M. Esaki, individually and as trustees of the Godwin M. Esaki Revocable Living Trust, and the Janet M. Esaki Revocable Living Trust, TMK: (4) 4-6-011:125, Kapa'a, Kaua'i, Hawai'i) and the Board of Water Supply, dated August 21, 2017
6. Manager's Report No. 20-21 – Discussion and Possible Action to Adopt Board Policy 31 for the Application of the Facilities Reserve Charge to Guest Houses

M. TOPICS FOR FUTURE BOARD OF WATER SUPPLY MEETINGS

1. Department of Water Performance Audit (*Update*)
2. Table of Organization Workshop
3. Discussion and Possible Action to establish Fiscal Policies and Procedures

N. UPCOMING EVENTS

1. DOW's Annual Meeting (December 13, 2019)
1. AWWA HWWA & HWEA 7th Annual Joint Conference (February 2-6, 2020)
2. AWWA ACE 20th Conference, Orlando, Florida (June 14-17, 2020)
3. HWWA & HWEA Pacific Water Conference (*TBA*)

O. NEXT WATER BOARD MEETING

1. Friday, November 22, 2019, 10:00 a.m.
2. Friday, December 20, 2019, 10:00 a.m.
3. Friday, January 24, 2020, 10:00 a.m.

Chair Canute called the meeting back to order at 12:39 p.m.

P. ADJOURNMENT

Mr. Dill moved to adjourn the Regular Board meeting at 12:39 p.m.; seconded by Ms. Ho; with no objections; motion carried with 5 ayes.

Respectfully submitted,

Edith Ignacio Neumiller
Commission Support Clerk

Approved,

Ka`aina Hull
Secretary, Board of Water Supply