

REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, September 20, 2012

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Thursday, September 20, 2012. Chairperson Daryl Kaneshiro called the meeting to order at 10:12 a.m. On roll call, the following answered present:

BOARD: Mr. Daryl Kaneshiro, Chairperson
Mr. Clyde Nakaya
Mr. Randall Nishimura
Mr. Raymond McCormick
Mr. Roy Oyama
Mr. Michael Dahilig
Mr. Larry Dill

Quorum was achieved with 7 members present at the time of roll call.

STAFF: Mr. William Eddy
Mr. Val Reyna
Ms. Joy Buccat
Mr. Gregg Fujikawa
Ms. Marites Yano
Mr. Dustin Moises
Mr. Keith Aoki
Ms. Sandi Nadatani-Mendez
Deputy County Attorney Andrea Suzuki

GUESTS: Mr. Donald Nagamine, East Kauai Lions Member

ACCEPTANCE OF AGENDA:

Mr. Nakaya moved to accept the agenda as circulated, seconded by Mr. Dahilig; with no objections, motion was carried with 7 ayes.

MINUTES:

Review and approval of:

Regular Board Meeting – August 21, 2012

Public Hearing – August 21, 2012

Special Board Meeting – August 28, 2012

Mr. Nakaya moved to approve the Regular Board Meeting minutes dated August 21, 2012, the Public Hearing minutes dated August 21, 2012, and the Special Board Meeting minutes dated August 28, 2012, seconded by Mr. Dahilig; with no objections, motion was carried with 7 ayes.

Review & Receive Executive Session Minutes:

Executive Session – a. July 20, 2012

- i. Session 1
 - ii. Session 2
- b. July 23, 2012
c. August 21, 2012

Mr. Nishimura moved to approve the Executive Session minutes dated July 20, 2012 Sessions 1 and 2; Executive Session minutes dated July 23, 2012, and Executive Session minutes dated August 21, 2012, seconded by Mr. Dill; with no objections, motion was carried with 7 ayes.

CORRESPONDENCE/ANNOUNCEMENTS

1. Correspondence from KMH, LLP dated September 6, 2012

BACKGROUND:

Ms. Yano stated the correspondence from the auditors, KMH, LLP, is a standard letter that is sent out every year before the audit begins. The letter explains the components of the audit, their independence in conducting the audit, and the audit planning process. Ms. Yano stated the audit began on September 17th and the completion of the audit will be on time.

Mr. Dill moved to receive the correspondence from KMH, LLP dated September 6, 2012, seconded by Mr. Oyama; by a unanimous vote, motion carried with 7 ayes.

BOARD COMMITTEE REPORTS

No Board Committee Reports were presented at this meeting.

OLD BUSINESS

Re: *Manager's Report No. 13 -5 - 2012 Goals for the Manager / Employee Morale*

BACKGROUND:

Deputy Manager, Mr. Eddy stated the Kauai Department of Water (KDOW) Employee Satisfaction Survey has been conducted the past two years. The KDOW Employee Satisfaction Survey is a detailed report updated from last month in red with 12 categories broken up in sections. The first section is the Leadership survey which listed five questions for employees to answer. The survey represented approximately an 80% return of responses from the employees.

DISCUSSION:

Mr. Eddy explained how the score of 2.52 was computed in the “Average FY 2010” column with “1” being the lowest score and “5” being the highest score. The arrow depicted in 5 of the columns indicated an increase or decrease in the responses for each of the questions relating to KDOW Leadership from FY2010 and FY2011.

Mr. Oyama inquired if any concerns or remarks were made by the employees regarding the direction the DOW is headed. He would like to see the scores continue to improve. Mr. Eddy stated there were no sections in the survey for comments to be made by the employees. Since

the scores are now available, the surveys can be resubmitted to the employees to pin point problem areas for improvement.

Mr. Nishimura agreed with Chair Kaneshiro that more time is needed to review the KDOW Employee Satisfaction Survey. Mr. Nishimura commented on the Overall Job Satisfaction which seemed fair for FY2010 and FY2011. The results may be skewed by using strict numbers and he questioned how the results would compare if the numbers were converted to percentages. Mr. Nishimura suggested management review the number of employees who responded and how the employees impact the results. Mr. Eddy stated since the employees were more familiar with the survey process, there was a higher participation rate.

Mr. Dill noticed in every survey category the average dropped from last year. He would like to know what will be done to improve the scores. Mr. Eddy stated management needs to turn the survey scores around to make improvements at the employee level.

Mr. Eddy stated the third section of the report included 5 categories of the performance indicators which the Board requested last year:

- 1) Organization Best Practices
- 2) Customer Service Complaints per 1000 Customer Accounts
- 3) Technical Quality Complaints per 1000 Customer Accounts
- 4) Customer Service Cost per Account
- 5) Water System Loss

The final part of the Manager's goal is the complete Overall Performance Indicators for Water and Wastewater Utilities Benchmarking Survey that includes 70 questions and criteria.

Mr. Nishimura requested an explanation on the description of the different matrix graph for the National Median, 74th Percentile, Trend Regression of OBP and 25th Percentile. Mr. Eddy stated the blue line with the dots represent actual points. The solid blue line is the National Median of participating utilities in the AWWA of the performance program for utility population size from 50,000 to 100,000. Kauai's population is 67,000 based on the 2010 Census.

Mr. Nishimura needed clarification on the second and third matrix which listed the exact same numbers as last year. Mr. Eddy explained last year management administered the entire performance program and mixed FY2010 and FY2011 data which was a problem but was corrected this year. This year the 2011 data was reported which ended on June 30, 2011. The reason management cannot get current information from FY2012 financial statement is because the information is not available in time. All of the fiscal data from 2010 are the Complaints per Customers from 2011 and the data for the Unaccounted for Water are from 2011. Mr. Eddy stated the Board will have to accept the 2011 data with a time delay.

The 2010 – 2011 data is the same because it was reported in last year's performance indicators (Customer Complaints per 1000 Customer Accounts data and the Technical Quality Complaints per 1000 Customer Accounts data). The data in the Customer Service Cost per Account are not the same numbers because last year the data used was from FY2010 data and this year's data is from FY2011. Mr. Eddy clarified FY2011 started July 1, 2010 and ended June 30, 2011. The

charts are from the DOW data gathered from each division. Each division logs down the number of complaints and are counted for each of the 5 categories once a year.

The majority of the DOW calls for leaks include multiple complaint calls on the same leaks. Mr. Eddy stated the report was published by AWWA for FY2010. The data from 2009 or 2010 is no longer available. The AWWA instructions and definition of the Technical Quality Complaints were not clear.

Mr. Dill requested an explanation on the big leap of complaints from 2009 - 2010. Mr. Eddy did not know where the data originated from 2006 - 2009 which excluded leaks. The data included leaks from 2010 - 2011 and is accurate except for the data involving fiscal and accounting data. The Customer Service Cost per Account for 2010 – 2011 data is different. Mr. Dill stated the trend is up but the DOW is below the National Median. The Department is doing well but the trend should be addressed.

Mr. Eddy stated the AWWA defines customer service as the cost involved in billing, accounting, public relations and the Consumer Confidence Reports. The \$708,748 for FY2011 in the Customer Service column is indicated for billing and accounting. The Consumer Confidence Reports are contracted out for printing.

Mr. Nakaya questioned the highest jump in scores with the Technical Quality Complaints which is defined by AWWA as follows: *Related to core service, water quality, taste, order, appearance, disruption or pressure.* The 2007 score was 4.77 and the 2010 score jumped to 18.68 that included leakage. Leakage was part of the Technical Quality Complaints but is not listed in the AWWA definition or the manual. Mr. Nakaya inquired if the score should include leakage.

Mr. Eddy explained management provided the following comments to the AWWA question on Line 115 at the end of the survey form: *Please provide comments regarding the length and adequacy of definitions within this survey. Question #42 – “Number of technical quality of service complaints...” It is unclear if the report of leaks by the general public should be included in the data set. We did include the number report of leaks in this data set as they are a substantial percentage of the phone calls we receive. Please clarify if report of leaks should be included in this data. Need definitions for the Metrics Summary at the end of the survey.*

Mr. Eddy added all surveys have been submitted to the AWWA before the deadline of September 30th. The AWWA will receive surveys from all utilities and a report will be presented to the Board this year.

Mr. Nishimura moved to receive and defer the *Manager's Report No. 13 – 5 – 2012 Goals* for the Manager / Employee Morale and Goals for the Manager and Chief Engineer FY2012-2013 to the next Board meeting; seconded by Mr. McCormick; by a unanimous vote, motion carried with 7 ayes.

NEW BUSINESS

Re: Manager's Report No. 13 – 7 – Board Discussion and Possible Action on Part 2 Section IX of the Rules: Adjustment of Bills for Undetected Leaks and Unforeseen Damages, a. DOW Revised Proposed Changes on Part 2 Section IX of the Rules

BACKGROUND:

Part 2 Section IX Public Hearing was held at 6:00 pm on August 21st right after the Water Board's Regular Meeting. Three written testimonies were received regarding the DOW's proposed elimination of leak rebates. The three testimonies and some Board members were in opposition to eliminating the leak rebates.

Mr. Eddy presented a revised recommendation to modify the section of the rule which would be fair to the customer. The DOW will make the requirements tighter on the leak rebate program. The current rules do not allow the DOW to challenge the customer. There are many requests for leak rebates from repeat customers which appear suspicious.

DISCUSSION:

Deputy County Attorney Andrea Suzuki stated the Board needs to have another Public Hearing because it is a substantial amendment to the rule.

Chair Kaneshiro recommended the Board receive or kill the original intent and come up with a new proposal. The new proposal would be referred to the Rules Committee to schedule a Public Hearing rather to amend the rule due to substantial changes. Mr. Nishimura stated he would receive and refer Manager's Report 13 – 7 to the Rules Committee and agenda both proposals for the next meeting. Chair Kaneshiro called Mr. Donald Nagamine for his testimony.

Mr. Donald Nagamine, Professional Engineer (PE) and East Kauai Lions Member provided his testimony.

Mr. Nagamine introduced himself to the Board with a background of a 30 year employment for the State Highways Division and a retiree for 18 years. Mr. Nagamine expressed concerned about the proposed rule change item 4.5 because of a disaster a couple months ago. He explained somebody may have opened his garden faucet while he was away for 22 days and 6 hours. The bill he received from the Department was for \$1,900. Mr. Nagamine talked to the DOW staff and was told he cannot get a rebate for an above ground water leak as stated in the DOW regulations. Mr. Nagamine told the staff he was not here to get a rebate. He requested to adjust the water bill to be charged according to the first block instead of the second block. Mr. Nagamine's understanding of the second block was made for customers to conserve water which he explained the previous month's water consumption was only 9,000 gallons. Mr. Nagamine supports the Department's proposal and stated that the water rate regulations are good and it actually will make people aware to take care of their pipes. Mr. Nagamine felt somebody opened his faucet maliciously, which in the future may happen to anybody and then, the consumer would not have recourse especially when the owner is away. Mr. Nagamine believes that in paying the first block rate, there will still be responsibility held to the consumer when water is being wasted on their property.

Mr. Oyama and Chair Kaneshiro thanked Mr. Nagamine for his testimony.

Mr. Nakaya exited and was excused from the meeting at 11:04 a.m.

DISCUSSION:

Mr. Dill mentioned No. 8 of Section IX states Reduction in water bills for underground leaks is allowed only once in ten years for the premise the leak is found on. Ten years is a long time for customers to come back for a leak rebate.

Mr. Eddy said the Rule change has not been reviewed within the Department. Chair Kaneshiro recommended sending the proposal to the Rules Committee with staff to participate and review the proposal.

Mr. Nishimura moved to receive the *Manager's Report 13 – 7 – Board Discussion and Possible Action on Part 2 Section IX of the Rules: Adjustment of Bills for Undetected Leaks and Unforeseen Damages, a. DOW Revised Proposed Changes on Part 2 Section IX of the Rules* recommending to revise the rules rather than eliminate the leak rebate and to refer this matter to the Rules Committee and the Department to submit a draft of the proposed amendments to the Rules Committee after further review with staff; seconded by Mr. Dahilig; by a unanimous vote, motion carried with 6 ayes.

Re: Manager's Report No. 13 – 8 - Board Discussion and Possible Action on Part 3 Section XII of the Rules: Modification of Requirements

BACKGROUND:

Deputy County Attorney Andrea Suzuki stated when the Modification to the Rules were distributed to the Board, there were many grammatical errors in the first rule. Corrections were made but are not significant changes to the rules. Any changes can be reflected in a motion.

Deputy County Attorney Andrea Suzuki commented on the older proposal on the discussion of the super majority versus 2/3 vote. The Board agreed on the super majority which is 2/3 without the fraction after it for a seven member Board.

Mr. Eddy stated at the Public Hearing on August 21st, there was only one submitted comment from Grove Farm Company who was not in opposition to the rule change. Grove Farm took exception with the super majority vote by the Board. Grove Farm felt a simple majority should be sufficient for the Board to waive or modify the rules but it is the Department's feeling that a higher level is appropriate to waive or modify the rules. The Department recommends leaving it as a super majority vote.

Mr. Eddy noted after the Manager's Report are three sheets which state "revised." The correct rule is in the agenda package. (See upper right corner heading: "To Be Received for the Record 9/20/2012.")

Part 3 of the rule change in Section XII, Modification of Requirements deals with subdivision requirements. The intent is to clarify who has the authority and under what condition modifications can be made to waive or modify the rules for subdivisions. This was previously approved by the Board that the Manager has the authority to waive or modify the rule

requirements for subdivision. The Manager will report any such waiver or modification in the Monthly Manager's Report. The Board still has the authority to nullify the Manager's waiver only by a super majority vote. If the Manager does not agree with the applicant or developer to waive the subdivision rules, what is the developer or applicant's remedy? The second part of this change is if the developer is denied the subdivision rule, the developer may come to the Board to ask for the rules to be waived or modified. If the Board sees fit under the four conditions, the Board has the authority to waive or modify the rules with a super majority vote.

Mr. Eddy requested the Board give final approval for this rule change.

At 11:16 a.m. Chair Kaneshiro called the Regular Meeting into a 5 minute recess.

At 11:30 a.m. Chair Kaneshiro reconvened the Regular Meeting back to order into session.

Mr. Nishimura moved to receive a revised copy of the revised draft of the Resolution dated September 20, 2012; seconded by Mr. Oyama; by a unanimous vote, motion carried with 6 ayes.

Mr. Nishimura moved to approve the *Manager's Report 13 - 8* regarding Modification of Requirement Section XII to the Rules of the DOW.

Mr. Nishimura moved to amend Modification of Requirement Section XII to the Rules of the DOW Paragraph 1, 2, and 3. The Resolution stated: Any waiver or modification made by the Manager and Chief Engineer will not be considered to have final approval until the Board is notified of the action through the Manager and Chief Engineer's monthly report. The Board may overturn or nullify the Manager's waiver or modification only by a super majority vote to eliminate the words "only" and "super"; seconded by Mr. Oyama; by a unanimous vote, motion was carried with 6 ayes.

Mr. Nishimura stated the intent is to enable the Board to approve or disapprove the action by the Manager but would require a super majority should the Board want to do something different of what is proposed.

Re: Manager's Report 13 – 9 – Board Discussion and Possible Action on the proposed Amendment Rules and Regulations, Part 2 Water Service Connections Section XV, Ingress and Egress from Consumer's Premises

BACKGROUND:

Mr. Eddy stated the Manager's Report 13-9 is a recommended rule change to Part 2 Section XV, Ingress and Egress from a Consumer's Premises. The DOW is in the process of updating the rules of changing the Facility Reserve Charge (FRC) and possibility changing the fee based on fixture units with residential customers. The FRC flat rate is \$4,600 for new water service per house. If a large house has a lot of fixtures the water charge would be higher than that for a smaller house. During the building permit process, a fixture count would be used to determine the fee. The DOW has to determine how to enforce this fee change to prevent cheating and adding water fixtures after construction. This rule change is to enforce or prohibit adding fixture units post building permit approval or to potentially add more water usage.

This proposal is to change the current rules to allow the Department authority to ingress and egress into properties to inspect and count fixture units within residential structures.

DISCUSSION:

Mr. Oyama inquired if this proposal will receive more income. Mr. Eddy stated this proposal is to be fair with the homeowner on the fixture units but not to get more income. If a large house has more water demand covered by the FRC, the flat rate is unfair to the small homeowners who cover the cost of the larger home owner. Mr. Oyama inquired if there are stats to prove this information. Example: If a home has three bedrooms and a shower and eventually the homeowner adds a pool, he asked if more fixtures are shown on the plans and reflected in the Block Rate #2?

Deputy County Attorney Andrea Suzuki suggested the discussion on fixture counting should be properly noticed. At this meeting, the discussion is ingress and egress.

Chair Kaneshiro inquired on the appropriateness to wait for the completed changes before the adoption of the ingress and egress report or other ingress and egress issues. Mr. Eddy stated this should be part of the discussion of ingress and egress with the Rules Committee.

Mr. Dahilig stated part of the discussion is the enforcement of fixture rates, no type of recommendations have come from the Board regarding fixtures.

Mr. Dill inquired if there are limitations in the current rule from preventing the DOW in getting the inspections done by ingress and egress. Mr. Eddy stated the current rule is satisfactory to the Department's current needs therefore Mr. Dill would agree with the deferral.

Mr. Eddy stated there is an added portion in the rule change which is the verification of agricultural usage. The Department is suspecting applicants are getting agricultural rates which are not engaging in agricultural activities. The rule does not mention the Department can go on private property to check for agricultural usage.

Mr. Nishimura disagreed with Mr. Eddy because the agricultural rates are reapplied every year. The burden of proof is on the applicant. If the applicant does not allow access, the Department does not have to give them the rate. This should address the ingress and egress to go beyond the property line. Mr. Nishimura clarified that the Department's responsibility ends at the water meter, in which case why should the Department enter the owner's property without a good reason? In some cases, property owners would allow the Department to enter their property. The fixture count issue should be brought to the Board after the staff considers all issues.

Mr. Dahilig had a concern if the Department was going to go forward with an accounting change, how will this be enforced? The current proposal has no discussion concerning enforcement. The current discussion with the fixture units has a missing element and has asked for further information from the Department.

Mr. Oyama stated the Board deals with issues with the AWWA and wanted to know if they have a position on ingress and egress. Mr. Eddy will explore the ingress and egress issue in the AWWA manual in colder country areas in the nation.

Mr. Dahilig asked Deputy County Attorney Andrea Suzuki if the Rules Committee decided to propose additional changes based on inspections, this should be allowable moving forward without the actual submittal of a rule change. Example: If the Rules Committee makes a change in the proposal verses a formal transmittal of a rule amendment, then it would be sent to the full Board to make additional recommended changes beyond what was recommended to the Rules Committee for review. Deputy County Attorney Andrea Suzuki stated this could work, because it relates to the rules when a recommendation is made by the Rules Committee. The Board will decide on how to handle the recommendation. This rule deals with the 4th Amendment, Search and Seizure.

Mr. Nishimura moved to defer indefinitely *Manager's Report 13 – 9* - Board Discussion and Possible Action on the proposed Amendment Rules and Regulations, Part 2 Water Service Connections Section XV, Ingress and Egress from Consumer's Premises based on certain assumptions to the proposal; seconded by Mr. Oyama; by a unanimous vote, motion carried with 6 ayes.

Re: *Manager's Report 13 – 10 – Right of Entry Agreement for the Water System Energy Conservation Project, Kahili Horizontal Directional Drilled Well, Job No. 11-13, Water Plan 2020 Project No. PLH03, Land Owner, Grove Farm Company*

Chair Kaneshiro stated he will be conducting the Manager's Report but will recuse himself from voting.

Mr. Nishimura stated a point of order on the Resolution for Section XII Modification of Requirements of a technical change on the signature line regarding the County Clerk being Ricky Watanabe and not Eddie Topenio. Correction will be made by the Private Secretary.

BACKGROUND:

Mr. Moises announced the new title for the project as the Water System Energy Conservation PLH 03 project formerly known as Kahili Horizontal Directional Drilled Well. The new title better addresses the DOW's goal. The Environmental Impact Statement (EIS) process has begun.

The ROE is attached with the Exhibit for final execution by October 1st. The prime consultant, Mears Group will start the field work in November. The consultant's insurance policy requirement is \$3 million. Since the consultant is self-insured, the Department did not want to cover the DOW's consultant. The Mears Group did their own ROE document for Grove Farm which lawyers are reviewing. Mr. Dill inquired on the status of the insurance mentioned. Mr. Moises stated the Mears Group will provide their insurance certificate with Grove Farm which is the same clause in their agreement.

Deputy County Attorney Andrea Suzuki stated in terms of what Grove Farm wants, the DOW will have to ask Risk Management what can be provided which the DOW will follow up on.

Once the Board understands the technical details, they can sign the agreement. Mr. Nishimura stated typically if a company is self-insured, the limits are not high enough. Deputy County Attorney Andrea Suzuki will verify if a Rider is needed for additional coverage.

Five Board Members, Randall Nishimura, Roy Oyama, Larry Dill, Michael Dahilig, and Ray McCormick signified ayes to approve the *Manager's Report 13 – 10 – Right of Entry Agreement* for the Water System Energy Conservation Project, Kahili Horizontal Directional Drilled Well, Job No. 11-13, Water Plan 2020 Project No. PLH03, Land Owner, Grove Farm Company; with no objections and Chair Kaneshiro's recusal to this item; motion was carried with 5 ayes.

Re: Selection of (3) Attendees for HWWA Conference 2012 – October 17-19, 2012, Honolulu, Hawaii

Mr. Eddy stated the HWWA Conference will be on October 17-19, 2012 with three slots open for Board members. The first day of the conference will cover Energy Efficiency Track and Water Resources. Emergency Response Track and Operations Track will be on the second day.

Mr. Eddy added on Thursday, Part of the Emergency Response Track is the main topic of WARN. WARN is a nationwide agreement with water and waste water utilities. These are agreements that are put in place prior to emergencies so utilities will help each other to provide labor and equipment in the event of disasters without implementing any agreements during the emergencies. The four county water agencies are trying to finalize the WARN agreements which will be brought to the Board within the next six months.

Chair Kaneshiro will not be able to attend the conference but he recommended Mr. Nakaya as one attendee. The Board members will be contacted individually by the Private Secretary before Friday, September 28th of their conference attendance.

Re: Tentative Board Meeting Dates for 2013

Mr. Nishimura suggested tentative changes to the following meeting dates:

Instead of March 28, *change date to March 21* (Mike is not available on March 21)

Instead of June 27, *change date to June 20* – (for budget considerations)

Instead of December 26 *change date to December 19*

The Board members will be contacted individually by the Private Secretary regarding the Board Meeting dates for 2013.

STAFF REPORTS

Re: Statement of Kaua'i County Water Department's Revenues and Expenditures

DISCUSSION:

Ms. Yano stated the second part of the report shows the revenue receipts and gallons of consumption. The third report reflects a change in the Budget Status Report as of July 31, 2012. This report was previously used for cash receipts and cash expenditures. A bank account was receiving automatic bill payments, part of the water sales revenue but was not part of the Budget Status Report. As of June 30, 2012, this account accumulated \$2.5 million.

Ms. Yano proposed to add and include this bank account in the Budget Status Report so that when the revenue receipts are credited into this bank account, reporting of this revenue is done immediately. There may be concerns with this change because this is a management report that the Board uses for planning control and other special uses.

As soon as DOW discovered this account was not reported, DOW asked the SAIC (R.W. Beck) consultant if the water rate study was affected. The consultant indicated there was no effect from the study on the water rate projection. The financial statement was used for historical data and number of water meter sizes. The projected consumption in gallons for the water rate revenues and the established Budget Status Report was used for projecting future expenditures.

Ms. Yano emphasized by not including this bank account in the Budget Status Report the financial statements were not affected. The data used in the chart report is the same data used for recording the financial statements and was added as part of the report because the Budget Status Report was on a cash basis. The chart reflects year-to-date revenues. Ms. Yano stated Page B lists all bank accounts showing monies reported for the statement of revenues.

Mr. Nishimura requested Ms. Yano review and correct the following items in the report:

- 1) Change the receipt amount on the Schedule of Accounts, Page 3, Line Item 2, Prior Year Receipts, Miscellaneous column.
- 2) Check the Sub-Total on Page A – dated 10/31/11 which is the investments portion.
- 3) Correct the revenue statement on Page A which should be Cash on Hand as of July 1, 2012 (not 2011)

Mr. Nishimura inquired if there are potential accounts that may have been missed? Ms. Yano stated a bank account was turned over to the DOW accounts payable account that is not part of the report. The authorized signers are the County Finance Director or Deputy Finance Director. The DOW transfers money when payments are made to accounts payable to the County Treasury. One account will offset the other account. Mr. Eddy stated the Waterworks Controller is responsible for the accounts and reconciles accounts monthly.

Mr. Oyama questioned that in the Budget Status Summary; the Bond Fund under Budgeted Amount is blank. Ms. Yano explained that there are two separate Bond proceeds that were received. The bond that is zero is a different bond proceeds account and the new bond is BAB.

Mr. Nishimura requested an explanation on the county Over Charge to Payroll, Salaries on Line 15, Page 3. Ms. Yano explained after every payroll, expenditures are done by the County Treasury by automatically transferring money from the cash treasury account. At the end of every month, the payroll register is reconciled from the County Treasury. The DOW will check for any differences, based on what the County Treasury should take out from the DOW Treasury account to the actual payroll. If the amount exceeds the actual payroll generated for the DOW, DOW checks with the County Treasurer for items needed to reconcile.

Ms. Yano provided an explanation regarding Line 97.2, Page 2 – DOW Bond 2012A Issue Series 2005A Refunded. This is a new bond series which is a refunding bond at the end of the FY2012.

This was budgeted last year as an old bond series. Mr. Nishimura requested a budget amount in the blank column. Ms. Yano will write up an explanation for the money that was spent and not budgeted. A separate report will not be necessary. Ms. Yano will also provide a copy of a response from SAIC on the change in the Budget Status Summary Report.

Mr. Nishimura moved to receive the Statement of Kauai County Water Department's Revenues and Expenditures subject to receipt of, a. Revenue Comparative Report, b. Report of Changes to the Budget Status Report in regards to Automatic Bill Payment Accounts; seconded by Mr. Oyama; by a unanimous vote; motion carried with 6 ayes.

Re: Report by the Public Relations Specialist on Public Relations Activities

DISCUSSION:

Ms. Buccat reported Project-Wet Make A Splash will be on Thursday, September 27th and encouraged the Board members to attend and participate. The set up of the tents, tables and benches will be on Wednesday, September 26th and security has been hired throughout evening. The activities will be set up at 6:30 a.m. on Thursday, September 27th. Volunteers will sign up at 7:30 a.m. with students and teachers arriving at 8:15 a.m. and the activities begin at 8:30 a.m. Six hundred students (the average attendance) will be participating. Last year there was a lower turn out. Ms. Buccat added this is her first year of organizing MAS.

Mr. Nishimura moved to receive the Report by the Public Relations Specialist on Public Relations Activities; seconded by Mr. Oyama; by a unanimous vote, motion carried with 6 ayes.

Re: Chief of Operation's Summary Report on Monthly Operational Maintenance

DISCUSSION:

Mr. Reyna stated the August Operations report was comprised with two major projects: 1) Site preparation for the temporary Kalaheo Nursery tanks which will be demolished and 2) Site preparation for Hanapepe Valley partial part replacement and relocation of an existing 12" PC pipe with a 12" DI pipe approximately 150' in length.

Mr. Oyama moved to receive the Chief of Operation's Summary Report on Monthly Operational Maintenance; seconded by Mr. Dill; by a unanimous vote, motion carried with 6 ayes.

Re: Water Resources and Planning Subdivision Report

Mr. Eddy stated there were no updated recommendations on the subdivision report for August.

Mr. Dill moved to receive the Water Resources and Planning Subdivision Report; seconded by Mr. Oyama; by a unanimous vote, motion carried with 6 ayes.

Re: Manager's Monthly Update Regarding Activities of Note of the Kaua'i County Water Department

DISCUSSION:

Mr. Eddy stated a contract was awarded for the Technology Review Assessment, Strategic Planning & Implementation. By mid-October, the consultant will be reviewing the computer system, hardware, software, and word processing. Information has been given to the consultant

ahead of schedule. The consultant will also review the financial package and the Budget Status Report format which may change.

A second contract was awarded to Four Winds Group for a computerized maintenance management system. The award was for \$35,000 annually for support services.

The third contract was awarded to Goodfellow Bros., Inc. for a Water Plan, Waipouli Main Replacement along Kuhio Highway, Wailua-Kapaa Water System for \$2 million. Mr. Moises stated this is on the BAB list and was reprioritized as a BAB funded project for this year which got knocked off. The BAB is from the CIP reserve fund. This is the first construction project that went through the RFP process with the highest points. Goodfellow Bros. bid was approximately \$4,000 higher.

Mr. Moises stated the location of the project will be on the Makai side and will start from Keaka Road to Ohia Street (Kapaa Chevron to Pono Kai). The existing main line will be taken out and replaced with a new main line in the same trench on the shoulder. The project will begin on December 16th after shearwater season with limited disruption. Mr. McCormick suggested coordinating the DOW project with the county who will be constructing a path on the shoulder beginning in November by Coco Palms.

Mr. Dill asked Mr. Moises his opinion on the RFP process for bidding a construction project. Mr. Moises felt the RFP process was beneficial and made him aware of the quality of work that should be provided whether it is a private project or a DOW project. Mr. Moises learned the evaluators need to be transparent and concrete on evaluating each proposal with consistent criteria. He also learned the low bid is not always the best quality and the lowest bid is not the lowest total outcome.

Mr. Moises stated the benefit of the RFP process is the consultant methods must be comprised from the minute they are awarded the RFP completed project. The downfall in the RFP process is not every contractor has the resources to develop the proposal that the DOW requires. This may be a drawback because the DOW encourages competition.

Mr. Eddy reported on the Personnel Matters Update and highlighted the Engineering Division, Construction Management Division and Water Quality Division and Water Resources & Planning Division completed the Organization process with the Department of Personnel Services. Recruiting has begun for the top positions in Engineering and Construction Management. A big accomplishment was to improve the Table of Organization and structure.

Mr. Dill moved to receive the Manager's Monthly Update Regarding Activities of Note of the Kaua'i County Water Department; seconded by Mr. McCormick; by a unanimous vote, motion carried with 6 ayes.

QUARTERLY

No quarterly reports were given at this meeting.

TOPICS FOR NEXT WATER BOARD MEETING

1. *Manager's Report No. 12-86 (revised)* – Qualification for Agriculture Charges and Rates in Part 4 Section III of the Rules Draft
2. Annual Extension (11-18-12 to 11-17-13) of Volunteer Agreement with Mike Fernandes for Grounds Maintenance of our Nono`u 0.2 Tank site located in Wailua Houselots
3. Quarterly Update on Project Status
4. Quarterly Update on Affordable Housing
5. Quarterly Report on Manager's Goals
6. Suggestions for Capital Improvement Projects (CIP) for 2013 Legislative Session

TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Draft Annual Audit (*November 2012*)
2. Election of Officers for 2013 (*December 2012*)
3. Board Committee Assignments (*December 2012*)

UPCOMING EVENTS

1. Project Wet-Make a Splash – September 27, 2012
2. HWWA Conference – October 17-19, 2012, Ala Moana Hotel, Honolulu
3. Kahili Energy Project PLH03 Public Hearing – October 17, 2012, 6:30-8:30 p.m., King Kaumuali'i Elementary School Cafeteria

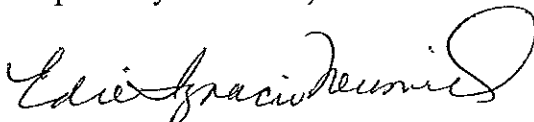
NEXT WATER BOARD MEETING

1. Thursday, October 25, 2012, 10:00 a.m.
2. Thursday, November 29, 2012, 10:00 a.m.
3. Thursday, December 27, 2012, 10:00 a.m.

ADJOURNMENT

There being no further business, Chair Kaneshiro adjourned the Regular Board meeting at 12:46 p.m.; with no objections, motion was carried.

Respectfully Submitted,



Edie Ignacio Neumiller
Commission Support Clerk

Approved,



Randall Nishimura
Secretary – Board of Water Supply