

MINUTES  
BOARD OF WATER SUPPLY  
November 19, 2020

The Board of Water Supply, County of Kaua'i, met in regular meeting **via remote** in Lihu'e on Thursday, November 19, 2020. Chair Kurt Akamine called the meeting to order at 10:00 a.m. The following Board members were present:

**BOARD:** Mr. Kurt Akamine, *Chair*  
Ms. Julie Simonton, *Vice Chair*  
Mr. Troy Tanigawa  
Mr. Ka'aina Hull  
Mr. Elesther Calipjo  
Mr. Lawrence Dill  
Mr. Gregory Kamm

Quorum was achieved with 7 members present at Roll Call.

**STAFF:** Mr. Dustin Moises  
*(via remote)* Mr. Michael Hinazumi  
Mr. Bryan Wienand  
Mr. Carl Arume  
Mrs. Jonell Kaohelaulii  
Board Advisor Steve Kyono  
Deputy County Attorney Mahealani Krafft

Mr. Valentino Reyna  
Mr. Claus Bollmann  
Mr. Marcelino Soliz  
Mrs. Mary-jane Akuna  
Mr. Jas Banwait  
Mrs. Marites Yano

**GUESTS:** Mr. Eddie Doi, DOW Retiree  
Mr. Matthew Oda, Accuity LLP Consultant  
Mr. Donn Nakamura, Accuity LLP Consultant

**C. ACCEPTANCE OF AGENDA**

Mr. Dill moved to accept the Agenda as distributed, seconded by Ms. Simonton; with no objections.

**D. MEETING MINUTES**

**Review and Approval of:**

Regular Board Meeting – October 22, 2020

Mr. Dill moved to approve the Regular Board Meeting of October 22, 2020; seconded by Mr. Tanigawa; with no objections, motion carried with 7 ayes.

**Review and Approval of the Executive Session:**

Regular Board Meeting – October 22, 2020

Ms. Simonton moved to approve the Executive Session of October 22, 2020; seconded by Mr. Kamm; with no objections, motion carried with 7 ayes.

**E. CORRESPONDENCE/ANNOUNCEMENTS/PUBLIC TESTIMONY**

No voice or written testimonies were received as of November 18<sup>th</sup>.

**F. BOARD COMMITTEE & PERMITTED INTERACTION GROUP REPORTS (PIG)**

None.

**G. OLD BUSINESS**

1. Manager's Report No. 20-41 - Waiahi Surface Water Treatment Plant Renovation Construction Cost Progress Report (*Update*)

No update.

**G. OLD BUSINESS (cont'd)**

2. Manager's Report No. 21-12 - Discussion and Possible Action on the Fourth Amendment to Contract No. 639 Job No. 17-10, WP2020 Project No. KW-07 Rehabilitate Paua Valley Tank #1, 0.5MG Concrete, with KAI Hawaii Inc. for a time extension of 150 days and for additional design funding in the amount of \$292,719.00

An updated Manager's Report No. 21-12 was "Received for the Record" (Page 143)

**BACKGROUND:**

Civil Engineer Mr. Bryan Wienand commented from the last Board meeting, the Department was going to provide a baseline sampling of polychlorinated biphenyl (PCB's) at the site. This information would be used prior for the work at the tank. He has a preliminary estimate from the consultant that is not updated. The Department is working on the estimate for the additional work estimate of \$80,000. The initial proposal would possibly be reduced as a line item of \$40,000 may be eliminated. The Department could move forward to finalize the amendment before the December Board meeting. Amounts listed in the Options are not finalized.

The "as needed" Engineering Services contract could help develop better water quality filtration specs to remove the water in the tank. Funds are available in the contract and the consultant is qualified. An estimate was provided for this service and funds in this contact are approved. He added that this might reduce the contractor's proposed change order.

The Environment Protection Agency (EPA) Region IX representative provided clarification if it was possible to demolish and build a new tank in lieu of remediating the PCB's in the paint and liner (costs have escalated). The representative provided a "Reinterpretation Guidance Document" which allows the entire tank demo to occur without first eliminating the PCB's from the tank. Mr. Wienand said this is important and the Department should do a holistic evaluation of the project again to continue on this path or to pivot to demolish and build a new tank.

Mr. Wienand referred to Option 3 to approve \$292,719.00 in additional funds for the contract to include baseline PCB sampling and testing.

**DISCUSSION:**

Ms. Simonton asked if the Department has the final impact of construction costs to handle all of the PCB's and water needs to be filtered. Chief of Construction Management Mr. Dustin Moises commented they did not get the Earthwork's cost which was due today regarding the discharge water. Mr. Wienand shared that the primary tank structural consultant is KAI Hawai'i and the "as needed" Engineering Services contract is with Brown and Caldwell. This project deals with the 1) soil, 2) water in the tank and 3) the tank rehab or replacement. Ms. Simonton inquired if Brown and Caldwell could assist with the analysis of the tank remediation vs. demo? Based on procurement, Mr. Wienand said the Department would have to be intentional on how to utilize Brown and Caldwell's services with the existing scope with KAI Hawai'i. Ms. Simonton questioned if KAI Hawai'i is the right fit to guide the Department or if there is needs to be more discussion with Brown and Caldwell. If there are no PCB's in the soil samples, this would be good for the contractor. If PCB's occurs after the remediation, this would be the contractor's liability not the Department of Water's (DOW) responsibility. The \$80,000 insurance policy for testing is worth the investment. Mr. Wienand agreed and the initial proposal from KAI Hawai'i included the physical break where the water would be filtered and drained. That portion of their amendment would be removed in the baseline sampling because it is included in the \$80,000, by removing a \$40,000 portion.

Mr. Dill would allow Mr. Wienand to provide the additional information by deferring this Manager's Report. He asked if there were time pressures to move quickly on the project? Is the Department incurring late charges? Construction is stalled and delay costs will continue to escalate according to Mr. Wienand. Mr. Moises added that last summer when RFI's were processed to be responded by the design team, a stop work order was issued

before they could be mobilized by the crews. To date, there has not been any delay charges and lifted stop work order via a modified stop work order last month so work could be done on the change order for the water discharge on an RFI response. Office overhead costs could incur relating to pricing. The stop work order was to minimize potential costs during the delay which may not be significant. Any costs are documented by the contractor's stop work order. Civil Engineer Claus Bollmann received the stop order cost of \$900,000 for the water discharge, office overhead claims and the contractor are working on the change orders.

Ms. Simonton addressed Mr. Dill and Mr. Wienand to approve just the additional sampling. If the soil comes back with PCB, it shifts the scope of the construction. She suggested to approve up to \$80,000 in additional funds. Mr. Wienand added it could be potential that the original scope could be broken into two amendments but signatures, etc. that could take weeks to execute.

Mr. Dill added if there is new information from the EPA to do a complete demo, he asked if this would have an effect on the PCB testing? According to Mr. Wienand, the PCB testing at the site is the timing. If the tank is demolished, he would need to see how to break out the construction phasing. Would the contract be kept, cancel for convenience or back out again due to phases?

Mr. Dill moved to *defer* to the December Board meeting Manager's Report No. 21-12 - Discussion and Possible Action on the Fourth Amendment to Contract No. 639 Job No. 17-10, WP2020 Project No. KW-07 Rehabilitate Paua Valley Tank #1, 0.5MG Concrete, with KAI Hawaii Inc. for a time extension of 150 days and for additional design funding in the amount of \$292,719.00; seconded by Ms. Simonton; with no objections, motion carried with 7 ayes.

3. 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

After Executive Session:

Mr. Dill moved to approve 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. Simonton; with no objections, motion carried with 7 ayes.

## H. NEW BUSINESS

1. Resolution No. 21-01 – Farewell to Edward K. Doi (Retiree), Chief of Water Resources & Planning Division

### DISCUSSION:

Chair Akamine read Mr. Doi's Resolution and he thanked the Board and County. He served the public and made good relationships during his 35 years with DOW. Mr. Hull thanked Mr. Doi in getting him acclimated with the DOW as a new Board member. Mr. Dill has known Mr. Doi several years and a pleasure to always work with him who was fair, even handed with lots of knowledge. Mr. Doi acknowledged his successor who is easy to work with moving forward. Mr. Wienand expressed Mr. Doi's knowledge that he has given the Department. Chair Akamine added that Mr. Doi comes with wisdom and has supported the Department for many years.

Mr. Hull moved to approve and adopted Resolution No. 21-01 - Farewell to Edward K. Doi (Retiree), Chief of Water Resources & Planning Division; seconded by Mr. Tanigawa; with no objections, motion carried with 7 ayes.

2. Manager's Report No. 21-13 - Discussion and Receipt of the Department of Water's Draft Audit Financial Statements and Independent Auditor's Report by Accuity, Inc. for Fiscal Year 2020 and 2019

**DISCUSSION:** (Refer to Board packet for details)

Guest Accuity consultants Mr. Matthew Oda and Mr. Donn Nakamura thanked the Board and Waterworks Controller for running a smooth audit. Their opinion was presented to the Department with a clean unmodified opinion as of June 30, 2020 and 2019 (Page 41). Mr. Oda presented a quick overview of the Report of the Independent Auditors from Pages 41 to 93.

Mr. Dill referred to Page 60, GASB Statement No. 87 – is effective after June 2021; Statement No. 95 states postponement effective date by 18 months, which Mr. Oda said that 2021 is inclusive of the 18 months. Since the effective date is June 2021, *the Department needs to make sure and be ready for the next fiscal year (Periods July 1, 2021 or FY ending June 30, 2022).*

Information Technology General Controls (Page 96) – Turnovers in IT; there were deficiencies in the Departments controls. Correction Action Plan for IT is listed on Page 102.

Mr. Donn Nakamura gave his presentation on the Required Communications on Pages 30 – 37 of the report. GASB Statement No. 89 was adopted this year with no impacts to the Department. The Audit Plan for June 30, 2021 – Timeline listed on Page 37.

The final Financial Statement will be transmitted to the County of Kauai by November 23, 2020.

Mr. Dill moved to receive and approve Option 1 in Manager's Report No. 21-13 - Discussion and Receipt of the Department of Water's Draft Audit Financial Statements and Independent Auditor's Report by Accuity, Inc. for Fiscal Year 2020 and 2019; seconded by Mr. Kamm; with no objections, motion carried with 7 ayes, Roll Call: KA, JS, KH, LD, GK, TT, LC

Option 1 - It is recommended that the Board receive and accept the DOW's Financial Statements as of June 30, 2020 and 2019 with the accompanying Independent Auditor's Report as presented.

3. Manager's Report No. 21-14 – Discussion and Possible Action for Board Approval on the Tenth Amendment to Contract No. 427, Job No. 02-14, WP2020 WK-08 Kapa'a Homesteads 325' Tanks – Two 0.5 Million Gallon (MG) Storage Tanks, Kapa'a, with Belt Collins Hawai'i for a time extension of 365 calendar days and expenditure of an additional \$45,000.00

Updated Manager's Report No. 21-14 was "Received for the Record" (Page 148)

**BACKGROUND:**

Mr. Wienand is working with the consultant to finalize an amendment on the redesign and intent. A recommendation he suggested was to provide renderings or concept sketches of the finalized redesign for the owner to review prior to visualize the final outcome; part of the amendment. There are two options to address the storm water runoff. Mr. Wienand is working with the consultant on the Public Works requirements. Funds could be approved because there is an estimate from the consultant.

**DISCUSSION:**

Chair Akamine and Civil Engineering Mr. Keith Aoki planned to walk the site with Mr. Esaki to informally discuss the plan to work on concerns before the designs. If the Board approves the estimate of \$45,000, it would allow the design to continue by the next Board meeting. Mr. Wienand agreed and once an amendment is agreed upon, the funds would already be approved prior to December. Mr. Dill wanted to defer this item until after Executive Session.

After Executive Session:

Mr. Dill moved to approve *Manager's Report No. 21-14* – Discussion and Possible Action for Board Approval on the Tenth Amendment to Contract No. 427, Job No. 02-14, WP2020 WK-08 Kapa'a Homesteads 325' Tanks – Two 0.5 Million Gallon (MG) Storage Tanks, Kapa'a, with Belt Collins Hawai'i for a time extension of 365 calendar days and expenditure of an additional \$45,000.00; seconded by Ms. Simonton; with no objections, motion carried with 7 ayes.

4. Election of Officers for 2021

**DISCUSSION:**

Mr. Hull nominated Mr. Gregory Kamm as Chair.

Mr. Hull nominated Mr. Kurt Akamine as Vice Chair.

Mr. Hull nominated Ms. Julie Simonton as Secretary.

Ms. Simonton closed the nominations for Chair, Vice Chair & Secretary; seconded by Mr. Dill; with no objections, motion carried with 7 ayes.

Ms. Simonton moved to approve Officers for 2021: *Chair*, Gregory Kamm; *Vice Chair*, Kurt Akamine & *Secretary*, Julie Simonton; seconded by Mr. Tanigawa; with no objections, motion carried with 7 ayes.

5. Board Meeting Dates for 2021

Received for the Record

**I. STAFF REPORTS MONTHLY**

1. Discussion and Receipt of the Kaua'i County Water Department's Statement of Revenues and Expenditures
  - a. October Monthly Summary Budget
  - b. Accounts Receivable Aging Summary

**BACKGROUND:**

Waterworks Controller Mrs. Yano thanked her staff in Billing and Accounting on the Financial Statements Audit for a clean audit. She also acknowledged the other divisions on the audit.

Received for the Record

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

**BACKGROUND:**

Information & Education Specialist Mrs. Jonell Kaohelaulii said there were no major highlights this month.

Received for the Record

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

**BACKGROUND:**

Mr. Valentino Reyna highlighted the following:

1. Overtime – June, July, August increased; October OT tapered off. The first 18 days in November, OT started treading down. OT budget has already been consumed for this fiscal year. Mr. Reyna gave kudos to the Operations crew for a lot of overnight calls with no complaints.

Received for the Record

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

Chair Akamine announced that on Monday, November 23<sup>rd</sup> the Acting Manager and Chief Engineer, Mark Knoff will start and will be sworn in that morning. His duties will commence on Tuesday, December 1<sup>st</sup>. The permanent manager position interviews are ongoing.

Received for the Record

At 11:13 a.m., Mr. Dill read the Executive Session language.

Chair Akamine and the Board went into Executive Session with no objections.

**J. 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).

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 it relates to 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.  
(Refer to Mgr's Report No. 20-24 for motion)
2. Pursuant to Hawai'i Revised Statutes § 92-4 and § 92-5(a)(2), the purpose of this Executive Session is for the Board to consider the discipline of an officer or employee or of charges brought against the officer or employee, where consideration of matters affecting privacy will be involved; provided that if the individual concerned requests an open meeting, an open meeting shall be held.  
No update.

At 11:28 a.m., Chair Akamine called the Regular Board meeting back to order.

After Executive Session:

Mr. Dill moved to approve 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. Simonton; with no objections, motion carried with 7 ayes.

After Executive Session:

Mr. Dill moved to approve Manager's Report No. 21-14 – Discussion and Possible Action for Board Approval on the Tenth Amendment to Contract No. 427, Job No. 02-14, WP2020 WK-08 Kapa'a Homesteads 325' Tanks – Two 0.5 Million Gallon (MG) Storage Tanks, Kapa'a, with Belt Collins Hawai'i for a time extension of 365 calendar days and expenditure of an additional \$45,000.00; seconded by Ms. Simonton; with no objections, motion carried with 7 ayes.

**K. TOPICS FOR NEXT BOARD OF WATER SUPPLY MEETING (December 2020)**

**L. 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
4. Baseyard Master Plan Workshop

**N. UPCOMING EVENTS**

**O. NEXT WATER BOARD MEETING**

1. Thursday, December 17, 2020, 10:00 a.m.
2. Thursday, January 21, 2021, 10:00 a.m.
3. Thursday, February 25, 2021, 10:00 a.m.
4. Thursday, March 25, 2021, 10:00 a.m.

**P. ADJOURNMENT**

Ms. Simonton moved to adjourn the Regular Board Meeting at 11:36 a.m., seconded by Mr. Tanigawa; with no objections.

Respectfully submitted,

  
Edith Ignacio Neumiller  
Commission Support Clerk

Approved,

  
Elesther Calipjo  
Secretary, Board of Water Supply