

MINUTES
BOARD OF WATER SUPPLY
June 25, 2020

The Board of Water Supply, County of Kaua'i, met in regular meeting **via remote** in Lihue on Thursday, June 25, 2020. Vice Chair Julie Simonton called the meeting to order at 10:00 a.m. The following Board members were present:

BOARD: Ms. Julie Simonton, *Vice Chair*
Mr. Lawrence Dill
Mr. Elesther Calipjo
Mr. Troy Tanigawa
Mr. Gregory Kamm (*Joined @ 10:33 a.m.*)

EXCUSED: Mr. Kurt Akamine, *Chair*
Mr. Ka`aina Hull

Quorum was achieved with 4 members present at Roll Call.

<u>STAFF:</u>	Mr. Bryan Wienand	Mr. Valentino Reyna
(<i>via remote</i>)	Mr. Michael Hinazumi	Mr. Dustin Moises
	Mr. Keith Aoki	Mr. Marcelino Soliz
	Mrs. Marites Yano	Mrs. Mary-jane Akuna
	Mrs. Jonell Kaohelaulii	Mr. Jas Banwait
	Deputy County Attorney Mahealani Krafft	Mr. Darrell Acob

C. ACCEPTANCE OF AGENDA

Mr. Dill moved to approve the Agenda as distributed; seconded by Mr. Tanigawa; with no objections, motion carried with 4 ayes.

D. MEETING MINUTES

Review and Approval of:

Regular Board Meeting – May 28, 2020

Mr. Dill moved to approve the Regular Board meeting minutes of May 28, 2020; seconded by Mr. Calipjo; with no objections, motion carried with 4 ayes – Roll Call: JS, LD, C, TT

Finance Committee Meeting – May 19, 2020

Mr. Dill moved to approve the Finance Committee meeting minutes of May 19, 2020; seconded by Mr. Calipjo; with no objections, motion carried with 4 ayes – Roll Call: JS, LD, C, TT

Finance Committee Meeting – May 20, 2020

Mr. Dill moved to approve the Finance Committee meeting minutes of May 20, 2020; seconded by Mr. Calipjo; with no objections, motion carried with 4 ayes – Roll Call: JS, LD, C, TT

Finance Committee Meeting – May 21, 2020

Mr. Dill moved to approve the Finance Committee meeting minutes of May 21, 2020; seconded by Mr. Calipjo; with no objections, motion carried with 4 ayes – Roll Call: JS, LD, C, TT

Public Hearing Notice Meeting – May 27, 2020

Mr. Dill moved to approve the Public Hearing Notice meeting minutes of May 27, 2020; seconded by Mr. Calipjo; with no objections, motion carried with 4 ayes – Roll Call: JS, LD, C, TT

Review of Executive Session

Executive Session - May 28, 2020

Mr. Dill moved to approve the Executive Session minutes of May 28, 2020; seconded by Mr. Calipjo; with no objections, motion carried with 4 ayes – Roll Call JS, LD, LC, TT

E. CORRESPONDENCE/ANNOUNCEMENTS/PUBLIC TESTIMONY

None.

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 Costs (*Update*)

BACKGROUND:

Civil Engineer Mr. Bryan Wienand mentioned that the membranes were invoiced up to the 90% which the Board approved \$638,000 in February. On June 25th, the Department received notification from Kodani & Associates that all four of the membranes have been completed. An invoice would be received before the July Board meeting. (Refer to totals Page 35.)

DISCUSSION:

Mr. Dill wanted to make sure the Department inspects the membrane work. Chief of Construction Management Mr. Dustin Moises commented that there were no plans for this portion and inspection. He said Mr. Bill Eddy of Kodani & Associates have been overseeing the construction. The actual expansion would have approved plans then Construction Management (CM) would inspect periodically. Mr. Dill suggested the Department coordinate a quick inspection of the SWTP installed membranes. Mr. Wienand agreed to provide the following: an update at the July Board meeting, the water quality stats after membranes are installed before completion and final payment. The work will be completed this week.

2. Manager's Report No. 20-54 - Discussion and Possible Action to Approve the Proposed Operating and Capital Budget for Fiscal Year 2021 (*Update*)

BACKGROUND:

Waterworks Controller Mrs. Marites Yano commented that the proposed Operating and Capital Budget for Fiscal Year 2021 was discussed at the May Board meeting which was updated at this meeting.

Updated Summary of Changes were presented (Page 228):

Estimated Available Resources – are the estimated cash receivables at the end of June 30, 2020; decreased by \$1.6M. Professional Services budget – changes were made to increase Water Resources & Planning by \$150,000 and Admin. increased to \$120,000 for a possible Board Advisor. Engineering Services (not shown) did not need to increase this budget by \$100,000.

Salaries and Wages – All vacant positions over one year is dollar funded with a new decrease of \$758,000 & Benefits New Capital Outlay - Lihu'e Baseyard Masterplan –\$1,080,000 was deducted

Net Change - Estimate Ending Balance = (\$30,383.00)

Fund Balance Projections (Page 47) – as of June 30, 2021, the Water Utility general fund = \$6.5M.

Water Utility (WU) Reserve & WU Debt Reserve – show zero because Reserve Fund Board Policy No. 31 was approved at the May Board meeting which is not consolidated WU Reserve Fund = \$9.3M

DISCUSSION:

Mr. Dill asked why was there a decrease of \$1.6M on the Estimated Available Resources attributed to? Mrs. Yano explained that the estimated change in the fund balance as of July 1, 2020 due to the change in the estimated cash investments receivable and balances of \$50M and encumbrances of \$16M. This was a comparison from the fund balance projections of last month. Encumbrances are \$15.7M and was updated to \$16.5M. Beginning balance \$50.4M; last month was \$50.8M. Current liabilities changed since the last Board meeting at \$4.1M; up \$4.5M this month.

Mr. Calipjo asked how did the current liabilities add up to \$400,000? The current liabilities consisted of the accounts payable, contracts payable, customer overpayments, customer deposits and advances which are equal to \$4M (updated as of May 31, 2020). Payables are vendors, contracts payables, vacation and comp time accrued for staff. The Short Term Debt Principal payment of \$5M was not included but shown on a separate sheet.

Mr. Dill moved to approve Manager's Report No. 20-54 - Discussion and Possible Action to Approve the Proposed Operating and Capital Budget for Fiscal Year 2021 (*Update*); seconded by Vice Chair Simonton; with no objections, motion carried with 4 ayes – Roll Call: JS, LD, LC, TT

Gregory Kamm joined @ 10:33 a.m.

H. NEW BUSINESS

1. Manager's Report No. 20-55 – Discussion and Possible Adoption of the Budget Resolution No. 20-08 (06/20), of the Department of Water's Operating and Capital Outlay Budgets for Fiscal Year 2021, effective July 1, 2020 – June 30, 2021

BACKGROUND:

Mrs. Yano expressed that the Board Adopt Budget Resolution No. 20-08 (06/20), of the Department of Water's Operating and Capital Outlay Budgets for Fiscal Year 2021, effective July 1, 2020 – June 30, 2021.

Mr. Dill moved to approve Manager's Report No. 20-55 – Discussion and Possible Adoption of the Budget Resolution No. 20-08 (06/20), of the Department of Water's Operating and Capital Outlay Budgets for Fiscal Year 2021, effective July 1, 2020 – June 30, 2021; seconded by Ms. Simonton; with no objections, motion carried with 5 ayes – Roll Call: JS, LD, LC, TT, GK

2. Manager's Report No. 20-56 – Discussion and Possible Action for Board Approval of the Conservation District Use Permit conditions set forth by the Board of Land and Natural Resources for WP2020 Job No. HW-11, Construct 0.2 MG Storage Tank, 144', Ha'ena, Kaua'i, Hawai'i

BACKGROUND:

Mr. Wienand explained that a Conservation District Use Permit is needed to complete the project with the Board's approval. One of the conditions is the permittee would indemnify and hold harmless the State of Hawai'i.

DISCUSSION:

Mr. Kamm mentioned this is a common condition with the State and asked if it was necessary; he didn't agree with the State's process. DCA Krafft agreed this is a general provision with the State and the Department to allow people to enter Board or County property to do any work. This could be negotiated out if the Department goes back to the State.

Mr. Kamm moved to approve Manager's Report No. 20-56 – Discussion and Possible Action for Board Approval of the Conservation District Use Permit conditions set forth by the Board of Land and Natural Resources for WP2020 Job No. HW-11, Construct 0.2 MG Storage Tank, 144', Ha'ena, Kaua'i, Hawai'i; with no objections; seconded by Mr. Dill; motion carried with 5 Ayes – Roll Call: JS, LD, LC, TT, GK

I. STAFF REPORTS MONTHLY

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

BACKGROUND:

Mrs. Yano commented that the Statement of Net Position as of May 31, 2020 was shown on Page 271. She went over the Current Assets – Cash, Short Term Investment/Equity interest in pooled investment, Total Receivables (prepaid materials & other expenses), Total Assets for Facilities Reserve funds, Build America Bond (BAB) receivables, Cash & Investments, Total restricted assets. Equity Interest in Pooled Investment – Noncurrent, Utility Plant assets, In service, Net utility plant, Total Construction in progress, Deferred Outflow of Resources – total assets and deferred outflow of resources Other Post-Employment Benefits and Employee Retirement System expenses.

Current Liabilities (Page 272) – Listed Accounts payable and accrued liabilities, Contracts, Accrued Vacation and Compensatory Pay, current portion, etc. This includes the short term portion of the long term debt. Total assets less liabilities = net position. Net position is broken down with WU Reserves, Restricted FRC (non-spendable projects),

BAB funds, Invested in Capital Assets Net of Related Debt includes investment in infrastructure assets, & Unrestricted (billable use for any operating or capital projects by Board approval).

DISCUSSION:

Mr. Kamm asked if the Deferred Outflow of Resources is a liability and fully funded? Mrs. Yano explained that these are payment that the Department paid. It is not recognized as an expense during this fiscal year. It is an asset but deferred which is not a liability.

Mr. Dill referred to the five year Water Rate Study on Page 257 and recommended further discussion with the Board. Mrs. Yano was in agreement to discuss the Water Rate Study with Mr. Dill and another Board member whether to hold or to proceed with the study.

The federal and State grants that are anticipated for \$400,000 are yet to be received (Page 258). Mrs. Yano referred to the YTD column and the State grant is pending receipt is \$2M for Kapaia which is on hold with no movement on the project. The Hanapēpē project will be completed soon and the Department will request reimbursement from the State grant. The Variance is \$2M based on completed projects.

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 provide the following highlights:

1. A reminder news release was sent out to request customers of a weekly flushing of all plumbing fixtures including hot water to avoid micro bacteria legionella prior to normal use. This directive was part of the Department of Health Safe Drinking Water Branch. Reminders were sent by mail and email to large customers as hotels in the data base.
2. 2020 Water Quality Report was published on line for public viewing on June 4th. The report is produced by the Water Quality Division. On June 15th there was an update on the reporting method which will be published in a news release on June 23rd. Revised reports were reposted and mailed to customers requesting a hard copy.

Received for the Record

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

BACKGROUND:

Mr. Valentino Reyna provided highlights:

1. Three (3) well refurbishments: Puhi Well 3 & Anahola A – completed and will test water quality and Kōloa Well B.
2. Hydrant hits – 5 hydrants were hit. When curfew was lifted that evening, 2 hydrants were hit.

Received for the Record

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

DISCUSSION:

The Report of the Advisor to the Board of Water Supply was "Received for the Record" submitted by Mr. Steve Kyono. Mr. Kyono clarified he is still retained on contract with the Department. At the end of May, his responsibility was delegated to him by the Chair which was not under Mr. Kyono's contract. He continues to serve as an Advisor to the Board.

Received for the Record

Vice Chair Simonton read the Executive Session language.

Mr. Dill moved to go into Executive Session then Adjourn the Meeting after Executive Session; seconded by Mr. Tanigawa; with no objections, motion carried with 5 ayes – Roll Call: LD, LC, TT, GK, JS

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)(2) and (4), the purpose of this Executive Session is for the Board to consider the hiring, evaluation, dismissal, or discipline of the 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; and 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.

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

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

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. Report of the Finance Committee of the Kaua'i County Board of Water Supply, Financial Management Planning and Water Rate Analysis for the Department of Water's FY2020 through FY2024 held on November 4, 2019
5. Manager's Report No. 20-51 – Discussion and Possible Action regarding the communication from the Salary Commission requesting for the Board's opinion on the challenges that the Board is facing while hiring a Manager & Chief Engineer(Update)
6. Baseyard Master Plan Workshop

M. UPCOMING EVENTS

1. Make a Splash Project WET Festival (Tentative, September 18, 2020)

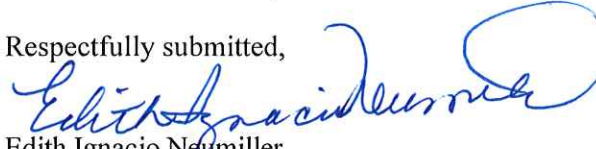
N. NEXT WATER BOARD MEETING

1. ~~Friday, July 24, 2020, 10:00 a.m.~~ Thursday, July 23, 2020, 10:00 a.m.
2. Friday, August 28, 2020, 10:00 a.m.
3. Friday, September 25, 2020, 10:00 a.m.
4. Friday, October 23, 2020, 10:00 a.m.

O. ADJOURNMENT

Mr. Dill moved to Adjourn the Regular board meeting at 11:12 a.m.; seconded by Ms. Simonton, with no objections, motion carried with 4 ayes Roll Call: LD, TT, GK, JS

Respectfully submitted,


Edith Ignacio Neumiller
Commission Support Clerk

Approved,


Elesther Calpjo
Secretary, Board of Water Supply