

MINUTES
BOARD OF WATER SUPPLY
July 23, 2020

The Board of Water Supply, County of Kaua'i, met in regular meeting **via remote** in Lihu'e on Thursday, July 23, 2020. Chair Kurt Akamine called the meeting to order at 10:07 a.m. The following Board members were present:

BOARD: Mr. Kurt Akamine, *Chair*
Ms. Julie Simonton, *Vice Chair (joined @ 10:12 a.m.)*
Mr. Lawrence Dill
Mr. Elesther Calipjo
Mr. Gregory Kamm

EXCUSED: Mr. Troy Tanigawa
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. Claus Bollmann
	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

Public Access Line: Three public listened in, per IT.

C. ACCEPTANCE OF AGENDA

Agenda was unanimously approved.

D. MEETING MINUTES

Review and Approval of:

Regular Board Meeting – June 25, 2020

Regular Board Meeting minutes of June 25, 2020 was unanimously approved.

Review of Executive Session

Executive Session – June 25, 2020

Executive Session minutes of June 25, 2020 was unanimously approved.

At 10:12 a.m., Ms. Simonton joined the meeting.

E. CORRESPONDENCE/ANNOUNCEMENTS/PUBLIC TESTIMONY

Chair announced that Civil Engineer Mr. Michael Hinazumi would be at the County of Kaua'i Emergency Management Agency at 12:30 pm today, to prepare for the potential tropical storm Douglas updates and to will inform the Board.

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

None.

G. OLD BUSINESS

1. Manager's Report No. 19-16 – Discussion and Possible Ratification of the Amendment to the Memorandum of Agreement between the Department of Public Works, County of Kaua'i and the Board of Water Supply, County of Kaua'i and the approval of Funds for the Reconstruction of Weke Road and Reinstallation of Damaged Water Main and Appurtenances, Hanalei Water System, in the amount of \$139,215.00

BACKGROUND:

The County of Kaua'i (COK) and the Department of Water (DOW) will be requesting reimbursements from FEMA for the reconstruction of Weke Road and reinstallation of a damaged water main and appurtenances in the amount of \$139,215.00 by entering into a First Amendment to the Memorandum of Agreement (MOA). The MOA is with the Department of Public Works and the COK which needs to be completed per Hawai'i Emergency Management Agency's (HIEMA) request. The DOW is funding the project to reimburse the COK.

Mr. Kamm moved to approve *Manager's Report No. 19-16* – Discussion and Possible Ratification of the Amendment to the Memorandum of Agreement between the Department of Public Works, County of Kaua'i and the Board of Water Supply, County of Kaua'i and the approval of Funds for the Reconstruction of Weke Road and Reinstallation of Damaged Water Main and Appurtenances, Hanalei Water System, in the amount of \$139,215.00; seconded by Ms. Simonton; with no objections, motion carried with 5 Ayes, Roll Call: KA, JS, LD, LC, GK

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

BACKGROUND:

Civil Engineer Mr. Bryan Wienand provided an update that does not require Board action. The Cost Table on Pages 19-22 showed the construction cost of the project and Grove Farm's cost for the water delivery and water treatment. Updated attachments will be included with this report every month.

The Cost Table on Page 21 (in blue) showed: *Taxes & Additional US Customs Duty Fees, in accordance with SUEZ's proposal* (for membrane units installed at the WSTP) – Total cost for the unit was over \$1M (split 2/3 cost for DOW & 1/3 cost for Grove Farm). Additional cost for State and County taxes & fees are \$47,000. This amount was included in the \$1.015M GF included in the Cost Table. There was a misunderstanding between Grove Farm and SUEZ the membrane manufacturer. The initial invoice was for \$31,901 which was not included in the Cost Table previously from Grove Farm. After discussing this matter with the Board Chair, DOW staff was authorized to approve the invoice for the taxes & fees under two conditions listed on Page 17 as follows for transparency:

1. The request is fair and reasonable, and
2. It is understood and acknowledged by DOW staff and the Board that the actual construction costs may differ from the line item estimates approved by the Board at the February 28, 2020 Board meeting. DOW staff are authorized to exercise judgment in approving invoices as long as the Board-approved project total of \$2,821,347.00 is not exceeded. In the future, should an invoice request an amount that would exceed this project total, the DOW will evaluate the request and, if deemed fair and reasonable, bring the request to the Board for approval of any additional funds.

If invoices are not paid within 15 days, interest costs would be incurred.

DISCUSSION:

Mr. Kamm asked for clarification on the County taxes. Mr. Wienand mentioned that the membranes came from Canada; 4.166 State & County taxes .5%; part of the Kaua'i excise tax.

Ms. Simonton requested for the next portion of the work if it could be assured that DOW has input on the bids for the 2/3 cost? Make sure there is adequate number of contractors who receives the plans for the bids. If the bids come back high, have an opportunity to discuss with Grove Farm and the contractors to bring down costs; this would avoid bills that are over budget. Mr. Wienand said Grove Farm has a reasonable interest for the cost of the project and DOW would work with them. The agreement may not have an instrument to exercise. Ms. Simonton added that not only back money is due but how to move forward by working with Grove Farm.

Mr. Dill requested updates for next month for Mr. Wienand to add to this report and the cost table:

- Track Grove Farm expenditures
- Show the 1/3 payment Grove Farm pays

- Change total cost estimate to the total taxes and fees column
- Indicate what changed from the original total cost estimate
- Correct typo in columns to show that Grove Farm pays 1/3 (not 2/3) & DOW pays 2/3

The Board requested at the June meeting information on the new membrane performance. Mr. Wienand visited the SWTP this month to inspect the membranes and to speak with the Grove Farm staff. Attachment 2 was provided by Grove Farm who worked with Aqua Engineers on a comprehensive report that outlined the basic need for replacing membranes and performance to date.

Ms. Simonton commented that construction bids could be discussed on the finance issues with staff.

H. NEW BUSINESS

1. Manager's Report No. 21-01 - Discussion and Possible Action to Request Board Approval for Indemnification for CrowdStrike Falcon Complete software between the Board of Water Supply, County of Kaua'i and CrowdStrike

BACKGROUND:

Mr. Michael Hinazumi and Information Technology (IT) researched security software features and intrusion prevention and decided to switch from Semantic to CrowdStrike for remote access. CrowdStrike would provide the needs of the Department to address monitoring and repair issues. Mr. Hinazumi requested the Board to indemnify sections of the Terms and Conditions.

DISCUSSION:

Mr. Dill asked if the software is within the existing budget for the fiscal year? Mr. Hinazumi said the software was not incorporated in the budget and will remove some of the software programs with no impact on the IT budget.

Mr. Kamm questioned the indemnity on certain sections and requested clarification. Mr. Hinazumi said that certain section of the Terms & Conditions, CrowdStrike would not change it for companies. The Department is requesting the Board agree to the Terms & Conditions that includes the limited liability and the governing law in the State of California.

Mr. Dill approved; Ms. Simonton seconded. No legal review of the agreement has been done according to DCA Krafft.

Mr. Dill moved to defer Manager's Report No. 21-01; Ms. Simonton seconded. – After discussion there was a need to approve rather than defer prompting the approval subject to legal review.

Mr. Dill withdraw his first motion; Ms. Simonton withdrew her motion.

Mr. Dill approved Manager's Report No. 21-01 subject to DCA Krafft's legal review and approval; seconded by Ms. Simonton; with no objections, motion carried with 5 Ayes, Roll Call: KA, JS, LD, LC, GK

Chair Akamine acknowledged Mr. Hinazumi who is the Acting IT Manager which is above his Water Resources & Planning position along with the assistance with Jas Banwait and Darrell Acob on amazing job with IT.

I. STAFF REPORTS MONTHLY

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

Fiscal reports were "Received for the Record" as distributed.

BACKGROUND:

Waterworks Controller Mrs. Marites Yano went over the fiscal reports on the Received for the Record Pages 1 to 20 that included: Monthly Summary Highlights for June, 2020, Monthly Budget Summary vs. Actual, FY 2019 – 2020 Certification of Funds, Billed Revenues Comparative Report, Cash Receipts (W/U) Comparative Report,

Metered Consumption (000 gallons) Monthly Comparative Charts, Accounts Receivable Aging Summary, Summary of Meter Cuts (Mcut), Statement of Net Position June 30, 2020 and 2019.

DISCUSSION:

Mr. Dill referred to Page 3 relating to the Water Rate Study and for the Department to decide if they should proceed with the study in light of the COVID pandemic this year or next year. Mrs. Yano recommended that the Finance Committee meet for discussion. Mr. Dill agreed to have a Finance Committee meeting to determine if the Water Rate Study would be completed this year or next year. Commission Support Clerk will coordinate a meeting date.

Aging on Page 17 was mentioned by Mr. Dill that in June the jump was 120 +days and 90 +days which was related to the pandemic. He asked if the Department was doing something for customers who can't pay their bills? Mrs. Yano explained the Department's Meter Cut (Mcut) disconnections for customer's delinquent payments. Mcut is a Rules and Regulations of the Department. The Department *may charge late fees* for delinquent accounts. Because of the pandemic, late fees were waived if requested by the customer. Mr. Dill requested that Mrs. Yano keep the Board updated on the Department's Rules & Regulations on discretionary decisions. The Department have been calling customers on delinquent bills which customers have been paying.

Chair Akamine mentioned that the Governor sent out information regarding utility charges and cut offs during the emergency situations. DCA Krafft mentioned when COVID started, most utilities decided to waive late fees. The Department has discretion to waive late fees. Emergency Rules are a Board function.

Mr. Wienand suggested doing a Rule change on Part 2 to allow late payment with exceptions. Chair requested to take this up at the next Agenda meeting with Mrs. Yano.

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. Promoted Water Emergency Preparedness Awareness Campaign that was kicked off late May at the start of the hurricane season. This included social media posts, radio, newspaper ads, news release updates and a water storage jug distribution event. The water storage jug distribution outreach event was held early July, the Department's first event since March. The Department provided water storage jugs to approximately 600 families. An on-going partnership began last October with the County's Agency of Elderly Affairs who helped distribute the emergency storage water jugs to seniors to continue during the hurricane season. The Water Emergency Preparedness Campaign efforts are done year round and focuses on natural disasters during the hurricane season. Mrs. Kaohelaulii thanked the Kauai Department of Education's District Office and participating schools for allowing the Department to offer the water jug distribution during at the free meal program sites this month. Also acknowledged were DOW employees Jason Fujinaka, Terrilyn Amorin, Gina Gudoy and Virgil Kapanui for their assistance with the community distribution of the water jugs. Special thanks to the partner Hawai'i Emergency Management Agency who provided additional jugs at no cost to the Department.
2. Make A Splash Project WET has been cancelled by the Department for this year due to COVID-19 precautions. This would have been the 16th year of offering the State's only water education event to about 800 5th grade students, 20 volunteers and 15 water agencies to promote the importance of water & conservation. Public Relations is working on an alternative option to a physical in person event this year and is in consultation with Project WET and local teachers to assist with the water education criteria for 5th graders.

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. Hawai'i Rural Water Association provided a virtual Safety Training for Operations; 2 days for 12 people.
2. Puhi Well No. 3 & Anahola Well No. A are back in service for redundancies.

Received for the Record

3. 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 (*April – June 2020*)

Received for the Record

QUARTERLY (*April – June 2020*)

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

Received for the Record

- b. Engineering Division Design Status

Mr. Aoki highlighted the following:

1. Kūhi'ō Hwy., Oxford, Hardy Street waterline project, a 60% plan submittal was received and in review.
2. Hā'ena .2M Tank project - CDUA Permit completed; "As Needed" Engineering services contract negotiations were completed and the contract was executed this month.
3. Last quarter, Engineering completed 22 private project reviews which included 9 new projects.

Received for the Record

- c. Water Resources & Planning Division Status

Received for the Record

- d. Information Technology Strategic Plan Status

Received for the Record

Ms. Simonton moved to defer Executive Session Item 1 until a report is received from the Department of Human Resources; seconded by Mr. Dill with no objections, motion carried with 5 Ayes, Roll Call: KA, JS, LD, LC, GK

J. EXECUTIVE SESSION

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.

Any future Agenda topics could be discussed with the Chair or Commission Support Clerk.

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

1. Discussion and Possible Action on the Approval of the Department of Water's Supplemental Budget for Fiscal Year 2021
2. *Manager's Report No. 19-47* - Discussion and Possible Action for Board Approval to enter into the First Amendment to the Memorandum of Agreement between the Department of Public Works, County of Kaua'i and the Board of Water Supply, County of Kaua'i for the County's Kahiliholo Road Culvert Repair Project and expenditure of funds in the amount of \$44,100.00

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
7. Discussion and Suggestions of the Department of Water's Capital Improvement Projects for 2021-2022 (September)
8. 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 (November 2020)
9. Election of Officers for 2021 (November 2020)
10. Board Meeting Dates for 2021 (November 2020)

M. UPCOMING EVENTS


N. NEXT WATER BOARD MEETING

- | | |
|---|------------------------------|
| 1. Friday, August 28, 2020 , 10:00 a.m. | THURSDAY, August 27, 2020 |
| 2. Friday, September 25, 2020 , 10:00 a.m. | THURSDAY, September 24, 2020 |
| 3. Friday, October 23, 2020 , 10:00 a.m. | THURSDAY, October 22, 2020 |
| 4. Friday, November 20, 2020 , 10:00 a.m. | THURSDAY, November 19, 2020 |
| | THURSDAY, December 17, 2020 |

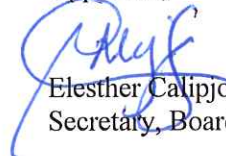
O. ADJOURNMENT

Chair Akamine adjourned the meeting at 11:15 a.m. with no objections.

Respectfully submitted,


Edith Ignacio Neumiller
Commission Support Clerk

Approved,


Elesther Calipjo
Secretary, Board of Water Supply