

MINUTES  
BOARD OF WATER SUPPLY  
August 27, 2020

The Board of Water Supply, County of Kaua'i, met in regular meeting **via remote** in Lihue on Thursday, August 27, 2020. Chair Kurt Akamine called the meeting to order at 10:01 a.m. The following Board members were present:

**BOARD:** Mr. Kurt Akamine, *Chair*  
Ms. Julie Simonton, *Vice Chair*  
Mr. Lawrence Dill  
Mr. Elesther Calipjo  
Mr. Gregory Kamm  
Mr. Ka`aina Hull (*joined approx., 10:45 am*)

**EXCUSED:** Mr. Troy Tanigawa

Quorum was achieved with 6 members present at Roll Call.

**STAFF:** Mr. Dustin Moises  
(*via remote*) Mr. Michael Hinazumi  
Mr. Keith Aoki  
Mr. Bryan Wienand  
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

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

**GUEST(s):** Deputy County Attorney Hugo Cabrera

**C. ACCEPTANCE OF AGENDA**

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

**D. MEETING MINUTES**

**Review and Approval of:**

Regular Board Meeting – July 23, 2020

Ms. Simonton moved to approve the Regular Board Meeting minutes of July 23, 2020; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

Finance Committee meeting minutes of August 14, 2020

Ms. Simonton moved to approve the Finance Committee Meeting minutes of August 14, 2020; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

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

Commission Support Clerk read six (6) names of the public who provided testimonies which came in by the 10 am deadline on 8/26/20 (Bridget Hammerquist, Eliel Starbright, Frank Kelly, Kip Goodwin, Renee Harper, Rhoda Libre). Late public testimonies after 10 am on 8/26/20 were from Faith Chase and Matt Rosener.

Received for the Record relating to Manager's Report No. 17-50 & 21-04.

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

1. 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 August 14, 2020 (*Update*)

**BACKGROUND:**

Finance Chair Mr. Dill reported that the Finance Committee met on August 14<sup>th</sup> and reviewed the status of the Water Rate Study. The Finance Committee recommended the Board approve Option 1 – To Terminate the Water Rate

Study and start fresh with new data when ready. The study will be given back to the Department and will come back to the Board with a recommendation on a new Water Rate Study.

**DISCUSSION:**

Assistant Waterworks Controller Marcelino Soliz reported that the Department has been in deliberation on the Water Rate Study. Due to the current pandemic situation, it would not be prudent to complete the Water Rate Study at this time. The Department will wait for reliable data.

Received for the Record

**G. OLD BUSINESS**

1. Manager's Report No. 17-29 - Financial Management Planning and Water Rate Analysis for the Department of Water's FY2020 through FY2024 held on August 14, 2020 (*Update*)

**DISCUSSION:**

Mr. Kamm asked if there was any penalty clause in the contract? Mr. Soliz replied no penalty clause.

Mr. Dill moved to approve Option 1: To terminate the Water Rate Study until new data is ready; seconded by Ms. Simonton; with no objections, motion carried with 5 Ayes, Roll Call KA, JS, LD, LC, GK

1. Manager's Report No. 17-50 - Discussion and Possible Action to enter into a Use and Occupancy Agreements No. 362 and No. 362-A between the State of Hawai'i and the Board of Water Supply, County of Kaua'i for Job No. 16-02, Water Plan 2020 No. PLH-35b, Kapaia Cane Haul Road 18" Main, Lihue, Kaua'i, Hawai'i (*Update*)

**BACKGROUND:**

Civil Engineer Mr. Keith Aoki commented that when the Department installs new facilities with the State right of ways, this agreement addressed new facilities being installed on Kūhi'ō Highway by Ehiku Street. This is part of the State's requirements. Individuals who provided public testimonies included Michael Goodman, Renee Harper, Bridget Hammerquist, Matt Rosener and Faith Chase.

Chair Akamine called for a 10 minute Recess at 10:22 a.m. and Reconvene at 10:30 am.

At 10:30 a.m. Chair Akamine called the Regular Board meeting back to order.

Chair Akamine clarified that Manager's Report No. 17-50 was about the Use and Occupancy Agreement (UOA) between the State of Hawai'i and the Board of Water Supply.

**DISCUSSION:**

Mr. Kamm requested DCA Krafft's advice. He mentioned that Ms. Hammerquist's testimony was complicated and referenced litigation. Chair Akamine reminded Board members this matter is about the UOA and not related to the litigation. DCA Krafft responded by saying an Executive Session item would discuss the litigation which is privileged communication and not to be discussed in open session. DCA Krafft commented that the Board could go into ES on Kapaia related matters.

Ms. Simonton commented that the UOA would not incur any costs and that the Department is not liable for damages if there are no facilities in the road. DCA Krafft mentioned that the agreement requires indemnification for any damages during construction. If there are future liabilities, there is a risk. If the UOA is signed and the Department does not go into construction in two years, Ms. Simonton added there would be no financial risk.

Mr. Dill moved to defer Board's decision after Executive Session; seconded by Mr. Kamm; motion carried with 4 ayes.

Votes after Executive Session discussions:

Mr. Dill moved to approve Manager's Report No. 17-50 - Discussion and Possible Action to enter into a Use and Occupancy Agreements No. 362 and No. 362-A between the State of Hawai'i and the Board of Water Supply, County of Kaua'i for Job No. 16-02, Water Plan 2020 No. PLH-35b, Kapaia Cane Haul Road 18" Main, Lihue,

Kaua'i, Hawai'i (*Update*); seconded by Ms. Simonton; with no objections, motion carried with 4 ayes, Roll Call KA, LD, JS, KH

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

**BACKGROUND:**

Civil Engineer Mr. Bryan Wienand reported no invoices were received since the last Board meeting. No updates.

*Mr. Hull joined the meeting at approximately 10:45 a.m.*

**H. NEW BUSINESS**

1. Manager's Report No. 21-02 - Discussion and Possible Action on the Approval of the Department of Water's Supplemental Budget for Fiscal Year 2021

**BACKGROUND:**

Mr. Soliz reported Fiscal did Purchase Order (PO) rollovers which are encumbrances for contracts. The rollovers would be added to Fiscal's approved budget. Encumbrances over \$20M were for existing contracts, existing POs for equipment and professional services.

Mr. Soliz addressed the encumbrances totaling \$20,016,881. The following are the breakdown for Water Utility Fund (WUF) \$16.5M, Facilities Reserve Charge (FRC) \$451,109, Bond fund \$2.9M. The Transfer In amount of \$1,300,000 will transferred back to replenish the WUF (funds that were withdrawn from the FRC).

**DISCUSSION:**

Mr. Dill referenced the updated Fund Balance Projected to implement the rollovers (Page 132). An estimated ending balance of \$6.855M was for the WUF. He asked how does the estimated ending balance compare when the Board approved the annual budget? Mr. Soliz said the estimated fund balance grew from the encumbrance rollovers over \$20M. The estimated WUF balance at the time of the approved budget was \$6.5M which currently grew to \$6.855M.

Other comparative balances:

WUF Emergency Reserve balance: remains @ \$0

Debt Reserve WURF: remains @ \$9.3M

FRC approved budget \$1.2M: down to \$214,000

Bond Fund approved budget \$229,807 – increased to \$987,712

TOTAL approved budget \$17,303,750 – increased to \$17,357,787

Mr. Dill mentioned there has not been any significant impact on the overall numbers.

Ms. Simonton moved to approve Manager's Report No. 21-02 - Discussion and Possible Action on the Approval of the Department of Water's Supplemental Budget for Fiscal Year 2021; seconded by Mr. Dill; with no objections; motion carried with 6 ayes, Roll Call KA, LD, GK, JS, LC, KH

2. Manager's Report No. 21-03 - Discussion and Possible Action on a Request for Proposal Contract to Glenmount Global Solutions, Inc., Job No. 20-03, Supervisory Control & Data Acquisition System Maintenance and Professional Consultation Services

**BACKGROUND:**

Chief of Operations Mr. Valentino Reyna mentioned that Glenmount Global Solutions provided a fair and reasonable offer. The annual cost for professional service and maintenance on the contract is \$166,702.00. Mr. Reyna recommended to continue with Glenmount Global Solutions.

**DISCUSSION:**

Mr. Dill inquired if this was a flat rate, or does Glenmount Global Solutions send a bill for monthly services or the number of times called for support? Mr. Reyna indicated billing is a flat rate and technicians are sent to perform repairs twice a year on 96 remote terminal units, server equipment, relay stations, and over the phone tech support.

Technicians remain on Kaua'i two to four weeks at a time. Last year the expense for this vendor was \$148,000. This is a three year term contract with the option to renew with no additional cost.

Mr. Kamm inquired if the Operations staff should be trained in house to do service and maintenance? Mr. Reyna said the level of expertise required is not within United Public Workers (UPW) realm. This could be done in house if recruitment with a qualified applicant if the position was properly compensated which is unlikely.

Mr. Dill moved to approve *Manager's Report No. 21-03* - Discussion and Possible Action on a Request for Proposal Contract to Glenmount Global Solutions, Inc., Job No. 20-03, Supervisory Control & Data Acquisition System Maintenance and Professional Consultation Services for the additional amount of \$16,702.00; seconded by Ms. Simonton; with no objections, motion carried with 6 ayes; Roll Call KA, LD, GK, JS, LC, KH

3. *Manager's Report No. 21-04* - Discussion and Possible Action for the Board to approve a Right of Entry Agreement from Grove Farm Company, Inc., Visionary LLC, Haile Moe Inc., and Haupū Land Company LLC for Job No. 16-02, Water Plan 2020 No. PLH-35b, "Kapaia Cane Haul Road 18" Main" project that will allow the Department to construct the project, affecting Lihue, Kaua'i, Hawai'i in the following:
  - a. TMK: (4) 3-7-001:001
  - b. TMK: (4) 3-8-018:001
  - c. TMK: (4) 3-8-018:002

Mr. Dill moved to defer Board decision after Executive Session discussions; seconded by Mr. Kamm; motion carried with 6 ayes.

Votes after Executive Session discussion:

Mr. Hull moved to approve *Manager's Report No. 21-04* - Discussion and Possible Action for the Board to approve a Right of Entry Agreement from Grove Farm Company, Inc., Visionary LLC, Haile Moe Inc., and Haupū Land Company LLC for Job No. 16-02, Water Plan 2020 No. PLH-35b, "Kapaia Cane Haul Road 18" Main" project that will allow the Department to construct the project, affecting Lihue, Kaua'i, Hawai'i in the following: a) TMK: (4) 3-7-001:001, b) TMK: (4) 3-8-018:001, c) TMK: (4) 3-8-018:002; seconded by Ms. Simonton; with no objections, motion carried with 5 ayes, Roll Call KA, LD, JS, LC, KH

4. *Manager's Report No. 21-05* – Discussion and Possible Action on the Manager's approval relative to the Rules and Regulations of the Board for the Pua Loke 'Ohana Zone Project which postponed the requirement of the grant of easement for the Project's water meter located on TMK: 3-8-005: Por 002, Lihū'e, Kaua'i, Hawai'i and permits the issuance of a Certificate of Completion for the Project pending the County's receipt of an Executive Order from the Governor

#### **BACKGROUND:**

DCA Krafft briefed the Board that the Pua Loke O'Ohana Zone project is next to the Department of Water building. A concern on the title of the lands are not in the County's name and the Rules require that the Board enter into an Grant of Easement (GOE) with the applicant and owner of the land. The County is in the process of obtaining an Executive Order (EO) which the Board of Land and Natural Resources approved for the Governor to sign. To not hold up the project, there needs to be a small change to the Rule. The Board Chair, as delegated by the Board as Manager, has approved the deferral of the GOE until the County obtains the EO.

#### **DISCUSSION:**

Once the GOE is finalized, Mr. Dill asked if there would be a temporary Right of Entry? DCA Krafft said there is a Right of Entry but this is not an issue.

Mr. Dill move to approve *Manager's Report No. 21-05* – Discussion and Possible Action on the Manager's approval relative to the Rules and Regulations of the Board for the Pua Loke 'Ohana Zone Project which postponed the requirement of the grant of easement for the Project's water meter located on TMK: 3-8-005: Por 002, Lihū'e, Kaua'i, Hawai'i and permits the issuance of a Certificate of Completion for the Project pending the County's receipt

of an Executive Order from the Governor; seconded by Ms. Simonton; with no objections, motion carried with 6 ayes, Roll Call KA, JS, KH, LD, LC, GK

**I. STAFF REPORTS MONTHLY**

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

**BACKGROUND:**

Assistant Waterworks Controller Mr. Soliz provided a detailed overview of the Fiscal Report's Budget summary vs. Actual, Revenues, Operating Expenses reflected on Pages 149 & 150, net Operating Income, Non-Operating Proceeds & Disbursements, and Capital Projects Budget. FY 2020-2021 Certification of Funds YTD, Comparative Charts, Comparative Balance Sheet and Other Fiscal Ongoing Activities/Initiatives on Page 150 & 151. Fiscal Year (FY) end closed is in progress and working with the financial auditors for the FY 2020 audit, the 2019 Water Audit is ongoing and Purchase rollovers were completed.

Meter cuts were suspended due to the pandemic but the federal mandate moratorium ended July 27, 2020. The penalty for delinquent accounts are waived if a customer requests a waiver of the late fees.

**DISCUSSION:**

Mr. Dill referred to Page 153 on the Operating Supplies budgeted \$78,484.00 but spent \$418,000 and asked for the reason on the large variance? Mr. Soliz explained that the large variance was due to the rollover of the POs and year end encumbrances. Fiscal added it to the revised budget line item for operating supplies.

Fiscal has reached out to the County of Maui Department of Water Supply and the Honolulu Board of Water Supply and there has been no response regarding their policy on meter cuts.

Mr. Dill requested that the Department provide a recommendation of a proposed policy on Meter cuts and to be added to the September Board agenda for discussion.

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. Education & Outreach Event in October – "Image a Day without Water" a National education and awareness online Campaign is on October 21<sup>st</sup>. This campaign highlights how water is essential and vital and has brought together water utilities, water resources and diverse stakeholders the past five years. The Department has agreed with other County water department partners and other State agencies on this campaign. Activities would be planned leading up to the campaign which will highlight water services and will include a community questionnaire about water. The Board's participation was requested and the questionnaire would be sent out in September with answers to be provided in October.

Received for the Record

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

**BACKGROUND:**

Mr. Valentino Reyna shared that Operations continues to be busy with leak repairs and emergency water service disruptions.

Received for the Record

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

Chair Akamine highlighted the following:

1. Board Advisor's Report to the Board (Page 188)
2. County Rice Street TIGER Project Status (Page 188-189)
3. Charter Amendment - CRC 2019-21 C Charter Section 17.04 relating to the minimum requirements for the position of Manager and Chief Engineer of the Department of Water, ballot question, and educational material (Page 189) – The public will be voting on this Charter Amendment in November.

Chair discussed the Charter Amendment on the November ballot regarding hiring a Manager & Chief Engineer without a Professional Engineer license and asked the Board's position to: 1) Support, 2) Oppose or 3) be Silent

### **DISCUSSION:**

Chair Akamine commented that the Department has been without a Manager and Chief Engineer for 8 months. He clarified that in absence of a Manager, the Board Chair holds the position of the Manager. The Department secured Mr. Steve Kyono as the Board Advisor who was a previous interim Manager. Mr. Kamm said this explanation should inform the Board's position. Mr. Bryan Wienand is available to the Board if here are any questions on this matter. He was previously the Manager and Chief Engineer and has knowledge on this Charter Amendment.

Received for the Record

Mr. Michael Hinazumi and DCA Krafft was invited to Executive Session Item No. 1.

Chair Akamine mentioned that the Regular Board meeting would Reconvene at 11:50 a.m.

Ms. Simonton moved to go into Executive Session and read Item No. J2 at 11:26 a.m.; seconded by Mr. Dill; with no objections motion carried with 6 ayes.

Chair Recessed for 5 minutes to go into Executive Session then adjourned the Regular Board meeting.

### **J. EXECUTIVE SESSION**

2. 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 those relate to CIV-5CC-18-1-0063, Kia'i Wai O Wai'ale'ale vs. Department of Water.  
No Action.

*Mr. Kamm exited the meeting at 11:50 a.m.*

Chair Akamine called the Regular Board meeting back to order at 11:50 a.m.

#### Votes after Executive Session discussions:

Mr. Dill moved to approve *Manager's Report No. 17-50* - Discussion and Possible Action to enter into a Use and Occupancy Agreements No. 362 and No. 362-A between the State of Hawai'i and the Board of Water Supply, County of Kaua'i for Job No. 16-02, Water Plan 2020 No. PLH-35b, Kapaia Cane Haul Road 18" Main, Lihue, Kaua'i, Hawai'i (*Update*); seconded by Ms. Simonton; with no objections, motion carried with 4 ayes, Roll Call KA, LD, JS, KH

#### Votes after Executive Session discussion:

Mr. Hull moved to approve *Manager's Report No. 21-04* - Discussion and Possible Action for the Board to approve a Right of Entry Agreement from Grove Farm Company, Inc., Visionary LLC, Haile Moe Inc., and Haupu Land Company LLC for Job No. 16-02, Water Plan 2020 No. PLH-35b, "Kapaia Cane Haul Road 18" Main" project that will allow the Department to construct the project, affecting Lihue, Kaua'i, Hawai'i in the following: a) TMK: (4) 3-7-001:001, b) TMK: (4) 3-8-018:001, c) TMK: (4) 3-8-018:002; seconded by Ms. Simonton; with no objections, motion carried with 5 ayes, Roll Call KA, LD, JS, KH, LC

Mr. Hull moved to go back into Executive Session as read previously read by Ms. Simonton and to Adjourn the meeting right after; seconded by Ms. Simonton; with no objections, motion carried with 5 ayes.

**J. EXECUTIVE SESSION (cont'd)**

1. Pursuant to Hawai'i Revised Statutes § 92-4 and § 92-5(a)(6), the purpose of this Executive Session is for the Board to consider sensitive matters related to ensuring the continued safety and security of the Department's information technology systems.
3. 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 of an interim manager and chief engineer 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.
4. 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 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; 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 (September 2020)**

1. Discussion and Suggestions of the Department of Water's Capital Improvement Projects for 2021-2022
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 (*Update*)
3. *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 \$150,311.48 and 298 calendar day time extension for proposed Change Order #14 (*Update*)
4. Discussion and Possible Action on the Department's recommendation of a proposed policy on Meter-cuts

**L. TOPICS 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. *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*)
5. Baseyard Master Plan Workshop
6. 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)
7. Election of Officers for 2021 (November 2020)
8. Board Meeting Dates for 2021 (November 2020)

**M. UPCOMING EVENTS**

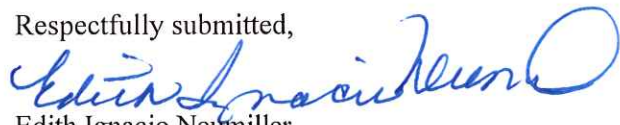
**N. NEXT WATER BOARD MEETING**

1. Thursday, September 24, 2020, 10:00 a.m.
2. Thursday, October 22, 2020, 10:00 a.m.
3. Thursday, November 19, 2020, 10:00 a.m.
4. Thursday, December 17, 2020, 10:00 a.m.

**O. ADJOURNMENT**

Mr. Hull adjourned the Regular Board meeting after Executive Session at 12:19 p.m.; seconded by Mr. Dill; with no objections.

Respectfully submitted,



Edith Ignacio Neumiller  
Commission Support Clerk

Approved,



Elesther Calipjo  
Secretary, Board of Water Supply