A. CALL TO ORDER

B. ROLL CALL

C. ACCEPTANCE OF AGENDA

D. MEETING TRANSCRIPTS:
   Review and approval of:
   Regular Board Meeting – February 23, 2012
   Regular Board Meeting – March 22, 2012

E. CORRESPONDENCE/ANNOUNCEMENTS
   None

F. BOARD COMMITTEE REPORTS
   1. Report of the Committee of the Whole of the Kauai County Board of Water Supply
      a. Manager’s Report No. 12 – 54 – Debt Service Reserve Fund Policy

G. OLD BUSINESS
   1. Manager’s Report No. 12 – 54 – Debt Service Reserve Fund Policy
   2. Manager’s Report No. 12 – 63 – Rewards Program
   3. Manager’s Report No. 12 – 64 – County Human Resources Reorganization
   4. Manager’s Report No. 12 – 69 - Request to Expend Funds from Contracted Capital Expenditures
   5. Manager’s Report No. 12 – 70 – Non-Potable water systems

NOTE: Special Accommodations for persons with disabilities are available upon request five (5) days prior to the meeting date. Please call the Department of Water, County of Kaua‘i, at 245-5408 or drop by at 4398 Pua Loke Street, Līhu‘e, Kaua‘i. Our mailing address is P. O. Box 1706, Līhu‘e, HI 96766
H. NEW BUSINESS
1. Manager’s Report No. 12 - 71 – Revision of Board Policy No. 22 concerning change order threshold update


4. Manager’s Report No. 12 – 74 - Resolution No. 12-6 (4-12) Mahalo and Aloha Retiree Adlai Hironaka

5. Manager’s Report No. 12 – 75 - Request board approval to receive and expend funds from the Department of Health Safe Drinking Water Branch to Develop and Initiate Implementation of a Statewide Source Water Protection Education Program

I. STAFF REPORTS
MONTHLY
1. Statement of Kaua’i County Water Department’s Revenues and Expenditures
2. Report by the Public Relations Specialist on Public Relations Activities
3. Chief of Operation’s Summary Report on Monthly Operational Maintenance
5. Manager’s Monthly Update Regarding Activities of Note of the Kaua’i County Water Department

QUARTERLY
1. Employee/Crew of the Quarter Award – First Quarter
2. Project Status Update
3. Affordable Housing Update

J. EXECUTIVE SESSION
Pursuant to H.R.S. §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 H.R.S. §92-4 and shall be limited to those items described in H.R.S. §92-5(a).

1. Pursuant to Hawaii Revised Statutes Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to provide the Board with a briefing regarding the dual water system proposal by Grove Farm Company, Inc. This briefing and consultation involves the consideration of the powers, duties, privileges, immunities and/or liabilities of the Board and the Department as they relate to this proposal.

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J. **EXECUTIVE SESSION – contd.**
   2. Review of Executive Session Transcripts: (deferred from March 22, 2012)
      a. December 8, 2011
      b. December 15, 2011
      c. December 22, 2011
         i. Session 1
         ii. Session 2
      d. January 5, 2012
      e. January 23, 2012
      f. January 26, 2012
   3. Review of Executive Session Transcripts from March 22, 2012 Sessions:
      a. Executive Session 1
      b. Executive Session 2
      c. Executive Session 4

K. **TOPICS FOR NEXT WATER BOARD MEETING**
   1. Resolution No. 12-7 (5-12) Employee of the Year
   2. Resolution No. 12-8 (5-12) Mahalo and Aloha Alison Koga

L. **TOPICS FOR FUTURE WATER BOARD MEETINGS**
   1. Final Budget Approval (*June 2012*)
   2. Resolution No. 13-1 – Budget for 2013 (*July 2012*)
   3. Amend BAB Project List
   4. Public Hearing for Part II Rule - Leak Rebate Cancellation

M. **UPCOMING EVENTS**
   1. AWWA – ACE 12 – June 10-14, 2012, Dallas, Texas

N. **NEXT WATER BOARD MEETING**
   1. Thursday, May 24, 2012, 10:00 a.m.
   2. Thursday, June 28, 2012, 10:00 a.m.
   3. Thursday, July 26, 2012, 10:00 a.m.
   4. Thursday, August 23, 2012, 10:00 a.m.
   5. Thursday, September 27, 2012, 10:00 a.m.
   6. Thursday, October 25, 2012, 10:00 a.m.
   7. **Wednesday**, November 21, 2012, 10:00 a.m.

O. **ADJOURNMENT**
COUNTY OF KAUAI

BOARD OF WATER SUPPLY

COMMITTEE OF THE WHOLE MEETING

Thursday, March 22, 2012
10:12 - 10:32 a.m.

Second Floor, Microbiology Lab Building
Kauai County Department of Water
4398 Pua Loke Street
Lihue, Kauai, Hawaii 96766

REPORTED BY:

TERRI R. HANSON, CSR 482
Registered Professional Reporter
APPEARANCES

BOARD MEMBERS:

Daryl Kaneshiro, Chair
Roy Oyama
Raymond McCormick
Randall Nishimura
Clyde Nakaya

STAFF:

Andrea Suzuki, Deputy County Attorney
William Eddy
Carol Beardmore

(Exited meeting page 3, 10:13 a.m.)

Marites Yano
Dustin Moises
Gregg Fujikawa
Val Reyna
Aaron Zambo
Sandi Nadatani-Mendez

GUEST:

Jeremiah Kaluna
COMMITTEE OF THE WHOLE MEETING

CHAIRMAN KANESHIRO: Committee of the Whole meeting is now called to order. Let the record reflect that it's 10:14, Thursday, March 22nd. With that, can I have a roll call, please.

MS. BEARDMORE: Yes, Mr. Chair. Daryl Kaneshiro.

CHAIRMAN KANESHIRO: Here.

MS. BEARDMORE: Clyde Nakaya.

MR. NAKAYA: Here.

MS. BEARDMORE: Randall Nishimura.

MR. NISHIMURA: Here.

MS. BEARDMORE: Mike Dahilig, Larry Dill, Raymond McCormick.

MR. MCCORMICK: Here.

MS. BEARDMORE: Roy Oyama.

MR. OYAMA: Here.

MS. BEARDMORE: We have quorum.

(Carol Beardmore exited meeting.)

CHAIRMAN KANESHIRO: Thank you for that. Motion to accept the agenda.

MR. OYAMA: Mr. Chair, so move to accept the agenda.

CHAIRMAN KANESHIRO: Can I have a second?

MR. NISHIMURA: Second.
CHAIRMAN KANESHIRO: Moved and seconded to accept the agenda. With that we'll move into -- all those in favor.

Any opposed?

Hearing none, we'll move into old business.

Manager's Report No. 12-24. Mr. Eddy.

MR. EDDY: Okay. Thank you, Mr. Chairman.

We have Manager's Report 12-24 before you. It's the emergency operations fund report. I'd like to point out a few changes that -- and corrections that we made from the last meeting.

You'll find that our manager's report there in the background section updated some figures there from our financial statements, and so these are the final numbers for the 2011 audit.

So the important things that you'll see is the number 2.98 million. So this number here gives an indication of the relative size of the emergency operations reserve fund that we're proposing to create here. And that number is based on our operating expenses less our depreciation, and it is 25 percent of that difference. So that number is we're at roughly about $3 million.

CHAIRMAN KANESHIRO: Members, any questions on that revision that was done? I think that was
brought up in the committee meeting, right, that we had? The committee meeting we had some discussions on that and the changes.

MR. EDDY: Right. Yeah, those changes were pointed out.

And then on the following pages we have the actual policy, our proposed policy. So please take a look at Item No. 11 there, and you'll see that we've struck out the five percent of unreimbursed funds and we've added the language, Approximately 20 percent of the value of the fund prior to being expended shall be replaced per year until the OER (sic) fund is approximately 25 percent of the department's total operating costs not including depreciation.

So this policy is the result of several drafts and several months of deliberation.

So we're looking for approval of the Manager's Report 12-24 today and to move it on to the full committee.

CHAIRMAN KANESHIRO: Okay. Let me see.

MR. EDDY: The full board. I'm sorry.

CHAIRMAN KANESHIRO: Let me see if any committee members have any questions on 12-24. Anyone have questions on the cover sheet of the additional material supplied and the emergency operations reserve
fund board policy No. 26?

MR. NISHIMURA: Chair.

CHAIRMAN KANESHIRO: Yes, sir.

MR. NISHIMURA: Can we defer action until we look at the debt service also?

CHAIRMAN KANESHIRO: Pardon again?

MR. NISHIMURA: Can we wait until we look at the debt service policy to determine action?

CHAIRMAN KANESHIRO: Okay. Mr. Eddy, do you have any comments?

MR. EDDY: That's fine. But I would hope that we could at least agree on the language and know that everything looks good so that we can at least in principal knock this one off and then next month — or next meeting at least focus on the debt service.

MR. NISHIMURA: As far as deferring action, we can take it up during this meeting. I just want to cover the debt service first.

CHAIRMAN KANESHIRO: Oh, first, okay. I see what you're saying.

MR. NISHIMURA: Then come back to this.

CHAIRMAN KANESHIRO: So you also want to — before we take action on this —

MR. NISHIMURA: Because if we can do both, we do both.
CHAIRMAN KANESHIRO: Yeah, I got it. I understand.

MR. OYAMA: Yeah.

MR. EDDY: Okay.

CHAIRMAN KANESHIRO: What the commissioner is asking is that before taking any action at all maybe perhaps we go into Manager's Report No. 12-54 and give some summary on that first, if you have any, and then come back and take actions on either one of them. Okay.

So seeing that we don't have any questions on the emergency operations reserve fund policy 26, we'll move on and have some discussion on Manager's Report No. 12-54, the debt service reserve fund policy.

MR. EDDY: Okay. On report 12-54 the debt service reserve, we haven't made any changes from the last meeting, and we're actually asking for deferral of this report today.

The reason being is I know our manager had some specific thoughts regarding the debt service funds and the liquidity issues, and I wasn't able to resolve those in time for this meeting. So we don't have any revisions or anything new regarding the debt service reserve fund today.

CHAIRMAN KANESHIRO: Okay. I guess just to refresh committee members, we were looking for some
definition as to highly liquid account. It was one of
the issues, right, that we needed to address? And we
also had some explanation or clarification regarding
less than three years and so forth. So those issues
haven't been resolved yet with management then?

MR. EDDY: They haven't.

CHAIRMAN KANESHIRO: And that was one of
the big concerns regarding the board policy No. 27 that
members brought up.

MR. EDDY: If there's some direction from
the board, certainly we can note that down today and
help us move forward this month.

CHAIRMAN KANESHIRO: Okay, okay.

Members, any comments on board policy No. 27?
I believe I had that noted that what is the definition
of highly liquid account, more liquid than revenue
generating and things like that were questions that
appeared. So any additions to that board policy No.
27, Members, or comments at this time?

MR. NISHIMURA: Basically the liquidity
issue is just to make sure we can pay off whatever is
due that coming cycle.

The other thing is the -- I guess one of the
things that I'm somewhat concerned about is this
commingling thing. This would be item nine. And I
would ask whether the department has checked to see
whether we are even allowed to commingle because then
we're using it for more than one purpose possibly. And
whether that would be allowable. Or I don't know if the
debt -- you know, where bond issue and stuff came in and
take care of those kinds of things.

MR. EDDY: Tess, would you know if this
Item No. 9, the commingling problem --

MS. YANO: All reserve payments that we
receive from our investments are going to our water
utility account general fund.

MR. NISHIMURA: Would it be possible for
the interest that's generated on the investments to go
directly into the reserve fund so it's not used for any
other purpose?

MS. YANO: We can do it that way. But
usually they pay it out. They don't put it back in.

MR. NISHIMURA: No, I mean -- okay. At
some point what I understand the department wants to do
is establish the reserve -- debt service reserve fund
similar to the emergency operating fund.

MS. YANO: Yes.

MR. NISHIMURA: And what I'm asking is
right now the monies on their investments for whatever
bonds you've floated that are invested and not due yet,
those interest payments are going to the water utility fund.

MS. YANO: Correct.

MR. NISHIMURA: Can the monies go directly to the reserve fund?

MS. YANO: We can set up an account for that.

MR. NISHIMURA: I would like to see something like that happen so that if your debt reserve is going -- you know, is being supplemented by one of the investments you're getting, which is derived from the bond that you floated for that specific issuance.

MS. YANO: The interest payments that we will be receiving from the debt service fund, because it's a combination of all of our debt service for SRF loan, different kinds of loans in SRF, we have several.

MR. NISHIMURA: Well, this is for all debt, right, not just SRF?

MS. YANO: Yes, yes. So what I'm saying is our debt service fund will go into one single account, debt service emergency fund. It would be difficult to separate how much interest is allocated per individual loan account.

MR. NISHIMURA: Okay. Now you've got to help me. Maybe Clyde can help. I float a bond for BAB,
$60 million, and until you spend that money, I'm guessing it's invested in short-term investments. During that time when whatever interest is accrued on that particular bond, does it come back and be reported to the department as interest on this bond?

MS. YANO: We have that reported separately. But when we are talking about a debt service fund, emergency fund, that was different.

MR. NISHIMURA: No, I understand that. But what I'm saying is when you receive that interest, you already have it allocated for that particular bond.

MS. YANO: Yes.

MR. NISHIMURA: So it would be a matter of establishing some accounts within the debt reserve fund.

MS. YANO: Yes.

MR. NISHIMURA: You know, but the debt reserve is, quote/unquote, an emergency fund anyway, right?

MS. YANO: Yes, it is. So we will be using -- that's where the money comes from when we pay our debt service twice a year. Because we're putting in some money every month if we would go that route. So our total debt service for the year is a fixed amount. And if we divide that by 12, every month we will be putting in monthly into that debt service account.
MR. NISHIMURA: I understand.

MS. YANO: And every six months we will be paying out.

MR. NAKAYA: I think Commissioner Nishimura is stating we earn interest on bonds, yeah, that we have for this debt service. So when you get the interest income, you want to revolve it into the reserve fund account, that's what you're saying, instead of the water?

MS. YANO: Okay, okay.

MR. NAKAYA: Is it possible to do it?

MS. YANO: Yes, I thought we were talking about the debt service bond. Yes, the bond float interest we can put it into the debt service reserve fund.

MR. OYAMA: So you haven't done that, but you can do it, you're saying, right?

MS. YANO: Yeah, we can.

MR. NISHIMURA: Right now what account number does it go into?

MS. YANO: The interest?

MR. NISHIMURA: Yeah.

MS. YANO: It goes into our cash treasury account. Whenever there's a payment --

MR. NISHIMURA: No, your budget account.
CHAIRMAN KANESHIRO: Your budget account.

MR. NISHIMURA: In the budget.

MS. YANO: Are you looking at our new budget?

MR. NISHIMURA: I'm looking at the new budget. I'm sure the number for that --

MS. YANO: It's going to be on tab three.

MR. NISHIMURA: Tab three, yeah.

MS. YANO: So page one is a summary of our revenues and page three ...

MR. NISHIMURA: Page three. It's on the revenue, tab three, page three.

CHAIRMAN KANESHIRO: Interest earned.

MR. EDDY: Would there be a benefit to this? I'm not quite sure if there's a benefit.

MR. NAKAYA: We're just going to be using a specific interest income just for debt service reserve and not for other --

MR. OYAMA: Yes.

MR. NISHIMURA: Right now do you have a debt service fund in the -- either the utility fund or the bond fund or wherever where you're setting aside monies to pay out your debt service?

MS. YANO: In our current budget it wasn't set up that way.
MR. NISHIMURA: In past budgets it never had that?

MS. YANO: Yes.

MR. NISHIMURA: If there's no set way, then I would suggest that those monies go into the reserve. Because basically otherwise when you're looking at the accounting, it's just part of the overall money. And if we get enough money, we'll pay our bond payment.

MR. McCORMICK: Yeah.

MR. NISHIMURA: Because that would be the other way is to deal with it within the budget itself to set up a subaccount for paying off your debt service and make sure that is properly funded.

MR. EDDY: That's what we're asking for in this report.

MR. NISHIMURA: No.

MS. YANO: In the debt service --

MR. NISHIMURA: Debt service reserve is a different --

MR. OYAMA: Yeah, yeah, it's different.

MR. NISHIMURA: Because it's an insurance.

MR. EDDY: It's both.

MS. YANO: Well, I think it's both. I think that's where would be getting in the money when we pay our debt service. We're just transferring some
money from our general account into this debt service
fund, and then every six months we pay our debt service.

MR. NISHIMURA: That's why you need the
108 percent?

MS. YANO: Yes. Because initially we would
start with a 50 percent and then every month we're
putting in equal monthly transfers.

MR. OYAMA: Yeah.

MR. NISHIMURA: Okay.

MR. EDDY: If you would allow us another
month, then I think, you know, when our manager comes
back, we can take up this --

CHAIRMAN KANESHIRO: Commingling.

MR. EDDY: -- this idea and try and see
what we can do and figure out the pros and cons of that
idea.

MR. OYAMA: Yeah, good idea.

CHAIRMAN KANESHIRO: Okay. Any other
questions regarding this debt service reserve fund or
comments, Committee Members?

MR. NISHIMURA: Last comment. I want to
get this done before we have the budget.

CHAIRMAN KANESHIRO: Okay.

MR. NISHIMURA: Chair, move to recommend
Manager's Report No. 12-24, emergency operations reserve
fund policy, to the full board and defer action on Manager's Report 12-54 to the next meeting.

MR. OYAMA: Second it.

CHAIRMAN KANESHIRO: Okay. We have a motion on the floor, move the emergency operations reserve fund 12-24 to the full board and defer 12-54 debt service reserve fund policy to the next board meeting.

Any further discussion on the matter?

With that, all those in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

With that, I believe the Committee of the Whole is now adjourned.

(Concluded at approximately 10:32 a.m., Thursday, March 22, 2012.)

* * * * *
STATE OF HAWAII
   )
   ) ss.
COUNTY OF KAUAI

I, TERRI R. HANSON, RPR, CSR 482, do hereby certify:

That on Thursday, March 22, 2012, at 10:12 a.m.
that the foregoing COMMITTEE OF THE WHOLE MEETING,
County of Kauai, Board of Water Supply, was held;

That the foregoing proceedings were taken down by
me in machine shorthand and were thereafter reduced to
typewritten form under my supervision; that the
foregoing represents to the best of my ability, a true
and correct transcript of the proceedings had in the
foregoing matter.

I certify that I am not an attorney for any of
the parties hereto, nor in any way concerned with the
cause.

DATED this 31st day of March, 2012, in Kapaa,
Hawaii.

______________________________
TERRI R. HANSON, CSR 482
Registered Professional Reporter
COUNTY OF KAUA'I

BOARD OF WATER SUPPLY

REGULAR MEETING

Thursday, March 22, 2012
10:40 a.m. - 12:49 p.m.
1:33 - 1:48 p.m.

Second Floor, Microbiology Lab Building
Kauai County Department of Water
4398 Pua Loke Street
Lihue, Kauai, Hawaii 96766

REPORTED BY:

TERRI R. HANSON, CSR 482
Registered Professional Reporter
APPEARANCES

BOARD MEMBERS:

Michael Dahilig
Daryl Kaneshiro, Chair
Roy Oyama
Raymond McCormick
Randall Nishimura
Clyde Nakaya

STAFF:

Andrea Suzuki, Deputy County Attorney
William Eddy
Marites Yano
Dustin Moises
Gregg Fujikawa
Val Reyna
Aaron Zambo
Sandi Nadatani-Mendez
Faith Shiramizu

GUEST:

Jeremiah Kaluna
REGULAR MEETING

CHAIRMAN KANESHIRO: Board of Water Supply

Regular Meeting is now called to order. It's Thursday, March 22nd at 10:40 a.m. With that, can I have the roll call, please.

MS. SUZUKI: Mr. Nakaya.

MR. NAKAYA: Here.

MS. SUZUKI: Mr. Nishimura.

MR. NISHIMURA: Here.

MS. SUZUKI: Mr. McCormick.

MR. MCCORMICK: Here.

MS. SUZUKI: Mr. Kaneshiro.

CHAIRMAN KANESHIRO: Here.

MS. SUZUKI: Mr. Oyama.

MR. OYAMA: Here.

MS. SUZUKI: Mr. Dahilig.

MR. DAHILIG: Present.

MS. SUZUKI: Mr. Dill. We have quorum.

CHAIRMAN KANESHIRO: Thank you for that.

MS. SUZUKI: You're welcome.

CHAIRMAN KANESHIRO: With that, motion to accept the agenda, please.

MR. DAHILIG: So moved.

MR. NAKAYA: Second.

CHAIRMAN KANESHIRO: With that, all those
in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

Meeting transcripts, review and approval of the special board meeting February 9th, 2012.

MR. NISHIMURA: Move to approve the special meeting of February 9, 2012, Mr. Chair.

MR. OYAMA: Second.

CHAIRMAN KANESHIRO: Do we have a second on that? We do.

Any discussion on that? Any additions?

If not, all those in favor.

Any opposed?

Hearing none.

Moving on to regular board meeting of February 23, 2012.

MR. NISHIMURA: Move to defer to the next meeting, Mr. Chair.

MR. DAHILIG: Second the motion.

CHAIRMAN KANESHIRO: The motion was to?

MR. NISHIMURA: Defer to the next meeting.

CHAIRMAN KANESHIRO: Okay. The motion was to defer to the next meeting. Do I have a second on that?

Any comments or additions to that before I call
for the motion to defer?

If not, all those in favor signify by saying aye.

Any Opposed?

Hearing none, motion carried.

We'll move on to correspondence and announcements, letter from KMH LLP concerning the audit.

With that, Mr. Eddy.

MR. EDDY: Okay. Thank you, Chairman.

Before you is a letter from our auditor KMH LLP. We did correspond with our auditor and asked for -- you know, why is this letter coming in now after the audit has been received -- reviewed and received.

And the response we got that this letter is a written documentation of the items communicated to the board during both presentations made by KMH. It is a standard auditing procedure to have this letter and it's not something unusual.

As far as board action, there is nothing specific in this letter requiring board action. This letter is to document the communication -- previous communication to the board on matters required by audit standards and to communicate those matters.

This will be the final correspondence for the fiscal year 2011 audit. We won't be receiving anything
else from our auditors.

There is an Appendix A shown here. It's the schedule of recorded audit adjustments, and these are the same adjustments that were discussed at the previous meeting and shown by our auditor.

CHAIRMAN KANESHIRO: Okay. Committee Members or Board Members, any questions or comments in regards to this letter from KMH LLP?

Hearing none, the motion would be to receive.

MR. OYAMA: Mr. Chair, move to receive.

CHAIRMAN KANESHIRO: Do I have a second on that?

MR. DAHILIG: Second the motion, Mr. Chair.

CHAIRMAN KANESHIRO: Before I call for the vote, do I have any further discussion or anyone have any comments to add to this letter?

If not, all those in favor signify by saying aye.

Any opposed? Hearing none.

Move on to board committee reports. Report of the Committee of the Whole of the Kauai County Board of Water Supply. Oh, I guess that's me.

MR. NISHIMURA: That's you. How soon he forgets.

CHAIRMAN KANESHIRO: Manager's Report No.
12-24, changes were made in committee by the administration, and committee voted to move that on to the full board.

Manager's Report No. 12-54, debt service reserve fund policy, was deferred for more work by the administration to come back to the committee to the next board meeting.

So with that, any additions to that, Committee Members or Board Members?

If not, we don't really need a motion on these, right? It's just a report. Do we?

MS. SUZUKI: I don't think so.

CHAIRMAN KANESHIRO: Yeah, we can move on to -- any other questions or any questions regarding Manager's Report No. 12-24 or 12-54?

Hearing none, I'll move on to old business.

Manager's Report No. 12-24, emergency operations reserve fund.

MR. EDDY: Thank you, Chairman. As discussed in committee, we would like to finalize this Manager's Report 12-24 and ask for board approval of the emergency operating reserve fund as amended.

CHAIRMAN KANESHIRO: Okay. Any board members have questions in regards to 12-24 emergency operations reserve fund? Any further discussion on
that?

If not, I'm going to call for a motion for approval.

MR. NISHIMURA: I have one question, Mr. Chair.

CHAIRMAN KANESHIRO: Yes, sir, Randy.

MR. NISHIMURA: Originally in the rate study, the emergency operations reserve fund was going to be funded over a five-year period. In the reserve policy it's required to be replenished at a rate of 25 percent per year. What are we going to do for this first year? And would -- you know, do we need to put something in there to allow us to build that over five years?

CHAIRMAN KANESHIRO: Question.

MR. EDDY: Okay. Currently in the budget that we've submitted to you today, I believe we're showing an amount of 1.2 million, is that right?

MS. YANO: Yes. In the proposed 2013 budget, if it is approved, we will be transferring 1.2 million into an emergency reserve fund that's part of our funding percent. It's rolled over to the following year. And so we're also budgeting another 1.2 million in 2013. So to start the 2013 we would have 1.2 million in the emergency reserve fund. If you look
at your tab two on the proposed budget if you want to.

MR. EDDY: Jump to our budget real quick.


MS. YANO: The beginning balance --

MR. EDDY: On the first page here.

CHAIRMAN KANESHIRO: Okay.

MS. YANO: The proposed beginning balance is showing a 1.2 million separate from the general fund balance under the fiscal year 2012. And going down, there is another 1.2 million under the expenditures debt reserve, which will be added in 2013.

MR. NISHIMURA: Okay. Mr. Chair, I think it's covered.

CHAIRMAN KANESHIRO: Okay.

MR. NISHIMURA: We get 40 percent if we do it that way for the first year.

CHAIRMAN KANESHIRO: Any additional concerns or comments on the Manager's Report 12-24 or further discussion on that?

I will call for the motion for approval, the motion on the floor for approval of the emergency operations reserve fund policy 12-24.

MR. NAKAYA: So moved.

CHAIRMAN KANESHIRO: Second?

MR. OYAMA: Second.
CHAIRMAN KANESHIRO: Any further discussion on this?

MR. NISHIMURA: I vote with Roy.

CHAIRMAN KANESHIRO: Pardon?

MR. NISHIMURA: I vote with Roy.

CHAIRMAN KANESHIRO: If not, I will call for a vote at this time. All those in favor signify by saying aye.

Any opposed?

Hearing none, Manager's Report 12-24 is passed.

MR. NISHIMURA: Mr. Chair, just for clarification, yeah? As amended, yeah?

CHAIRMAN KANESHIRO: Right.

MR. NISHIMURA: Yeah.

CHAIRMAN KANESHIRO: Okay. With that, I'm moving on to Manager's Report 12-54, debt service reserve fund policy. I believe the deputy requested that this be deferred to the next meeting. So with that, do I have a motion on the floor?

MR. NAKAYA: Mr. Chair, move to defer to the next board meeting.

CHAIRMAN KANESHIRO: Second on that?

MR. MCCORMICK: Second.

CHAIRMAN KANESHIRO: Before I call for the vote, any further discussion on that?
Okay. Hearing none, all those in favor.

Any opposed?

Hearing none, motion carried.

Manager's Report No. 12-63. With that,

Mr. Eddy.

MR. EDDY: Okay. Thank you, Mr. Chairman.
The report 12-63 is before you today. You'll notice we
haven't made any changes to this report, and the one
item that we do have is a letter from the county
attorney. We submitted it to the county attorney. He
gave a written response. And the letter that he
returned to us was in a legal format and it had the
confidentiality statement so that we couldn't -- it's an
attorney-client type of note on it. So we had to put it
into executive session.

CHAIRMAN KANESHIRO: Okay.

MR. EDDY: So we do have the second
executive session item is for the proposed employee
rewards fund program.

CHAIRMAN KANESHIRO: So at this point we
won't be able to release the attorney's letter. So
would you want to go into executive session now and
defer this, we come back or we could go into executive
session and take this issue up at this point.

MS. SUZUKI: Yeah, you can. If you want to
go in exec, you can waive your confidentiality right in exec and move it out.

CHAIRMAN KANESHIRO: And can move it out?

MS. SUZUKI: If you wanted to.

CHAIRMAN KANESHIRO: Members?

MR. NISHIMURA: Chair, move to go into executive session as outlined in Section J2 of the agenda.

MR. DAHILIG: I second.

CHAIRMAN KANESHIRO: Okay.

MR. DAHILIG: Can we take care of the rest of the exec sessions, too?

CHAIRMAN KANESHIRO: Beg your pardon?

MR. DAHILIG: Can we take care of the rest of the exec sessions that are on the agenda?

CHAIRMAN KANESHIRO: Also since we're going to be in executive session. Once we get into executive session, that's the issue Mike brought up, that if we wanted to take any motion on this first, maybe take all executive sessions all at once, you know, and then come back on the floor rather than keep going back into executive session and excusing the staff.

MR. NISHIMURA: I have no problem with that. Withdraw my motion, Mr. Chair.

CHAIRMAN KANESHIRO: Well, we do have a
motion and a second, but we don't have any -- but we
didn't call for a motion on the floor yet so.

If we want to, you know, we can just defer this
until after executive session is held.

MR. OYAMA: Mr. Chair, I defer this to the
next executive session.

CHAIRMAN KANESHIRO: Okay. So we'll go
ahead and defer the Manager's Report No. 12-63 until the
executive session is held.

And at this point we're going to move on to
Manager's Report No. 12-64, the human resource
reorganization issue.

MR. NISHIMURA: Mr. Chair.

CHAIRMAN KANESHIRO: Yes.

MR. NISHIMURA: I've got to make some
notes.

CHAIRMAN KANESHIRO: What's that?

MR. NISHIMURA: I've got to make some
notes.

CHAIRMAN KANESHIRO: Old business.

MR. OYAMA: Yeah, old business.

MR. NISHIMURA: After --

CHAIRMAN KANESHIRO: 12-64.

MR. NISHIMURA: Nobody seconded Roy's
motion to defer.
CHAIRMAN KANESHIRO: Yes, and we already called for the vote.

MR. MCCORMICK: Too late.

MR. OYAMA: It was seconded.

CHAIRMAN KANESHIRO: I recall, and it was already called for the vote.

MR. NAKAYA: Sure, why not.

MR. NISHIMURA: Sure, why not.

CHAIRMAN KANESHIRO: We did have a motion to go into executive session, and we did have a second, but I didn't call for the vote. So we don't have to --

MR. OYAMA: You did right.

CHAIRMAN KANESHIRO: We don't have to retract any of that, is that correct?

MR. OYAMA: I did.

CHAIRMAN KANESHIRO: And then we went to defer.

MR. NISHIMURA: Okay. Got it.

CHAIRMAN KANESHIRO: The rewards program. Technicalities.

MR. NISHIMURA: Got it.

CHAIRMAN KANESHIRO: Until after executive session.

MR. NISHIMURA: Yeah.

CHAIRMAN KANESHIRO: Okay? All right. Now
we're on Manager's Report No. 12-64, the HR organization.

Mr. Eddy, do you have anything new to add to that?

MR. EDDY: Just a little bit, Mr. Chairman.

CHAIRMAN KANESHIRO: Okay.

MR. EDDY: The county is moving forward with their proposed plan to convert their Department of Personnel Services to this new department called Human Resources and submitted in the budget, that would be their fiscal year 2013 budget, this reorganization, and it's before the county council.

They are showing that they're taking one of our positions here at the Department of Water, our human resource coordinator, and moving it to this new human resource department. It's not clear about how they're funding that. I believe they're fully funding it with county funds.

On our side, the Department of Water, we've also submitted in our budget that we'll present later today full funding of our human resource of, you know, our current employee. So there is this matter to resolve still with the county. And we've been talking with them to try and figure out what is the best way to make this change happen so it can work out for both us
and this new HR department.

So otherwise, I don't have anything else to
add. Other than the county's timetable is to have this
HR department fully functional by October of this year.

CHAIRMAN KANESHIRO: But your Manager's
Report 12-64 is asking for approval, right? I believe
in the report for the board action, is that correct?

MR. EDDY: Correct. We're asking for
approval for the board to fully fund the Department of
Water human resource coordinator in this coming budget.

CHAIRMAN KANESHIRO: Okay. Any comments,
Members? My recommendation would be, you know, I know
part of the duties was for me to speak with the mayor
and the task force, but I wasn't able to speak to the
task force. I did have a chance to speak to the mayor,
but the mayor indicated that he was willing to have the
task force come before this body and make a
presentation.

So my recommendation would be that we do that,
is have the HR task force come before this body and we
can address questions to the task force. The board
members will have an opportunity to do that rather than
act on this -- rather than to act on this Report No.
12-64 at this time.

Is there an urgency on your part, Mr. Eddy?
MR. EDDY: We have some time since the budget isn't finalized yet. So we do have some time.

CHAIRMAN KANESHIRO: Okay. And, you know, I really don't fully understand the whole concept of that, you know, until perhaps, as I said, we have the task force come before us so we can all ask questions, the duties and responsibilities and so forth.

So I would recommend to this board that we defer this and in the meantime schedule the task force to come before us in a -- do we send this back to committee so we can have the committee meeting? Or do we have enough time to defer to the next meeting, possibly have the task force and then have some action on it? Or we could do it simultaneously anyway.

MR. EDDY: I think that could also give us some time to work out the funding.

MR. OYAMA: Yeah.

CHAIRMAN KANESHIRO: Okay. I'm going to call for a deferral to the next board meeting.

MR. OYAMA: Yes, Mr. Chair.

CHAIRMAN KANESHIRO: Members, unless you have any other comments.

MR. DAHILIG: The presentation that we received -- or that I had was very helpful.

CHAIRMAN KANESHIRO: Okay.
MR. DAHILIG: So I think it would be enlightening for the board members to see what's going on at that end.

CHAIRMAN KANESHIRO: Okay. With that, and I will ask for a board member to make a motion to defer this to the next board meeting.

MR. MCCORMICK: So moved.

CHAIRMAN KANESHIRO: And at the same time would be for the board to request or send a letter or have the department send a letter having the task force come before us.

MR. OYAMA: The task force.

CHAIRMAN KANESHIRO: And before we start our next board meeting.

MR. OYAMA: Thank you.

CHAIRMAN KANESHIRO: Okay.

MR. NISHIMURA: Ray moved to defer already.

CHAIRMAN KANESHIRO: What's that?

MR. NISHIMURA: You're just waiting for a second. Ray already moved to defer.

CHAIRMAN KANESHIRO: Okay. Yeah. And then we needed a second. So based on that communication that we'll be sending over.

MR. OYAMA: Okay. I second.

CHAIRMAN KANESHIRO: Okay. So we have a
motion and a second.

   With that, all those in favor.

   Any opposed?

   Hearing none.

   MR. OYAMA: One at a time huh?

   CHAIRMAN KANESHIRO: Okay.

   THE COURT REPORTER: I got confused about

who made the motion and who seconded it.

   CHAIRMAN KANESHIRO: Ray made the motion

   and Roy seconded it.

   MR. OYAMA: Ray made the motion to defer.

   THE COURT REPORTER: I got it.

   MR. McCORMICK: We're a confusing bunch.

   CHAIRMAN KANESHIRO: Roy's close to me so I

can hear him, but you've got to yell out.

   MR. McCORMICK: I'm sorry. I'll quit

   mumbling.

   CHAIRMAN KANESHIRO: Okay. With that, we

go to new business, and draft fiscal year 2013 budget.

Mr. Eddy, any comments before -- as you know, we're

going to move this on to the finance committee. But any

   comments you want to make before we do that?

   MR. NISHIMURA: I would suggest we receive

   and refer.

   CHAIRMAN KANESHIRO: Receive and refer?
Any --

MR. NISHIMURA: Because we just got some new information today that we -- you know, it's in addition to the stuff that Tess emailed to us earlier this week.

MR. OYAMA: Better look at that, too, that new information.

CHAIRMAN KANESHIRO: Do you want to add to that before we do that, before we make a motion to receive and refer this to the finance committee?

MR. EDDY: We did prepare a bid to present to the board not in any detail but just the organization of the budget to try and help you folks understand how it's organized and laid out. And if you're interested, we could do that presentation now. It might be helpful for when you go into the details.

CHAIRMAN KANESHIRO: And before going to the finance committee? Before we receive and go to -- can you do it in five minutes? Only joking.

MR. NISHIMURA: Mr. Chair.

CHAIRMAN KANESHIRO: Yes, sir.

MR. NISHIMURA: Since the finance committee chair is not here, it might be worthwhile to wait.

CHAIRMAN KANESHIRO: Yeah. That's true also. You brought up a good point. Board Member
Nishimura brought up a good point that maybe we should just receive this and move this out into finance with the finance committee chair present, and then you folks do your presentation. I believe most of the board members would also attend some of the finance committee meetings at that time.

MR. EDDY: Okay.

CHAIRMAN KANESHIRO: Okay. With that, we have a recommendation to do that, to receive and refer this to the finance committee. Do I have a motion on the floor to do that?

MR. NISHIMURA: So moved.

MR. OYAMA: I second Mr. Nishimura's motion.

CHAIRMAN KANESHIRO: Got it. Any further discussion?

All those in favor.

Opposed?

Hearing none.

Moving on to Manager's Report No. 12-64.

MR. DAHILIG: Mr. Chair?

CHAIRMAN KANESHIRO: Yes, sir.

MR. DAHILIG: If I could suggest as an amendment to the report by the manager that it be termed as 64A given the presence of already having received
Manager's Report 12-64 under old business. Or another
formality is to distinguish this from the previous
report.

MR. NISHIMURA: 12-70. New business. We
have a duplicate.

MR. DAHILIG: Just something to distinguish
it from the previous one.

CHAIRMAN KANESHIRO: Right. I see that. I
didn't catch that. Okay.

MR. NISHIMURA: Do you guys have a report
12-70? Already in your file?

Why don't we just make that 70?

MR. EDDY: That would be fine.

MR. NISHIMURA: For lack of confusion -- to
avoid confusion.

CHAIRMAN KANESHIRO: Make this 12-70 then
at this point.

MR. DAHILIG: If the manager wouldn't have
any objection to presenting it in such a manner.

MR. EDDY: No, thank you.

MR. OYAMA: Correct it to 12-70 then.

CHAIRMAN KANESHIRO: As noted by board
members, Manager's Report number for the non-potable
water systems will now be 12-70. Manager's Report
No. 12-70. With that, Mr. Eddy.
MR. EDDY: Okay. Thank you, Chairman.

Before you is our report 12-70 regarding non-potable water systems, and included in this Manager's Report are some copies of an AWWA Manual M-24, and it's entitled, Planning of the Distribution of Reclaimed Water. And this was provided to do give some general information on non-potable water systems.

And I do have a prepared report to give you today to more fully describe how we've researched the topic in the past year or so in regards to a proposed non-potable water system. And so if I may, I would like to just jump right into the report.

CHAIRMAN KANESHIRO: Mr. Nishimura.

MR. NISHIMURA: So the report that you're giving is for the proposed -- a proposed system?

MR. EDDY: It's real general in nature describing our findings of our research and also explaining to board members our past experiences with non-potable -- existing non-potable water systems on the island today.

MR. NISHIMURA: Can we get that in writing instead?

MR. EDDY: Sure.

MR. NISHIMURA: Because one of the things, and -- you know, I wanted to thank you for the report.
But it is, you know, my -- what I'm trying to get is your concerns or, you know, the department's problems that they're having in general with the dual water system.

Now, when I read through the materials that were given, basically it highlights primarily things that need to be considered. And much of that is, you know, addressed in water standards for potable water. And much of the information that's provided here refers to reclaimed water, which may or may not be the case here.

And so what I would hope for was a report that highlights the department's concerns whatever the liabilities might be, you know, in a written format that we could review.

MR. EDDY: Okay.

MR. NISHIMURA: So to that extent I would prefer, you know, to defer this and have you refine the report.

MR. OYAMA: Is that a motion? I'll second it.

MR. NISHIMURA: Well, I leave that to the rest of the board. That is my position.

MR. OYAMA: Yeah, yeah.

CHAIRMAN KANESHIRO: It's just a
MR. OYAMA: Sure.

CHAIRMAN KANESHIRO: Mr. Eddy. I'll give you chance to respond at this point.

MR. EDDY: Well, we can certainly do that. Next month I'm hoping to present to you really a more detailed proposal that we've sent to the developer. So the report that we have here today is more general in nature. And so if you care to defer, that will be fine. I could give it now and then could give it written next month.

CHAIRMAN KANESHIRO: So we have two issues involved here. One is just a general report that you're proposing on the floor today and perhaps later a more detailed report on some potable systems that are moving along or in negotiations, I could say that, at this point.

MR. OYAMA: We're talking about a dual system?

CHAIRMAN KANESHIRO: Right, yeah. So, Members, what Mr. Eddy is presenting before us today, if you would like to listen just about the general overall of the non-potable water system and perhaps getting to the detailed information in a -- you're not prepared to do that at all today, right?
MR. EDDY: Right.

CHAIRMAN KANESHIRO: The detailed information?

MR. EDDY: No.

MR. OYAMA: Which would probably take executive session issues at that time.

MS. SUZUKI: Yeah, I would want to narrow the notice.

CHAIRMAN KANESHIRO: Right.

MS. SUZUKI: To give the public.

CHAIRMAN KANESHIRO: Well, we do have a notice today.

MS. SUZUKI: Yeah, but I think what he's talking about as the specifics of the current negotiations that are going on, I would want to narrow it.

CHAIRMAN KANESHIRO: And you're not prepared to do that today, is that right?

MR. EDDY: No, we're not prepared to do that today.

CHAIRMAN KANESHIRO: Okay. So we'll stick on this non-potable water system issue or general. So, Members, do you still want to defer that also is the question? The general report on that. We can do and take both of them up at that time. I mean, it's not a
problem with me.

MR. NISHIMURA: I think in terms of what we're dealing with in the long term, I would prefer a written report.

CHAIRMAN KANESHIRO: Okay. So a written report would be for generalities, general issues.

MR. NISHIMURA: You know, I would be happy to hear him -- his whatever he has to present, but I would still like some kind of written report so that in the future the board has something to refer back to especially since we are a continuously changing body.

CHAIRMAN KANESHIRO: Okay. So is it the recommendation of the board that we have some discussion on just the general report now and he make a presentation at this point then on the non-potable and then have a written report follow later for the next meeting and get into some other discussions and some issues? Board Members? Okay?

MR. OYAMA: I'm okay with that.

CHAIRMAN KANESHIRO: Okay. Mr. Eddy.

MR. EDDY: Okay. Thank you, Chairman.

So a potential driver and the basis for the department's interest in non-potable water is the possibility of substituting lower quality water that can be used for non-potable purposes in order to preserve
limited and more costly resources of high quality water.
A potential driver for a developer is to provide a
non-potable water system in addition to a potable water
system that allows the potential for reduced development
costs, reduced capital costs.

To step back just a little bit, I'd like to
give a definition of a dual water system. Dual water
systems involve the use of water supplies from two
different sources in two separate distribution networks.
The two systems work independently of each other within
the same service area.

Dual distribution systems are usually used to
supply potable water through one distribution network
and non-potable through another distribution network.

The department does not currently have design
standards for non-potable or dual water systems nor has
the department ever modified or established and tested
water system standards to accommodate for the addition
of non-potable water.

We have experience with several existing
non-potable water systems operating in parallel with our
water systems. These systems exist in Kilauea, Anahola,
Wailua, Lihue, Koloa, Poipu, and formerly in Kekaha. To
the best of our knowledge these developments that built
the dual water systems built the potable water systems
in accordance to our standards and did not modify our
potable water standards.

Interactions and conflicts between these
non-potable water systems and the department's drinking
water systems are not frequent, but we have had several
occasions and several severe problems resulting from the
non-potable and potable water being next to each other.

Some of the problems included cross
connections. There have been some inadvertent cross
connections between the systems. And quite often when
leaks occur in areas where there's the potable and
non-potable water systems, there's confusion over whose
system is leaking and who's responsible to repair it.

Furthermore, we have experienced little benefit
in terms of reduction in demand on the drinking water
system due to the presence of the non-potable water
systems in the areas that I mentioned.

The Honolulu Board of Water Supply is currently
studying and developing standards for non-potable water
systems. We've been in contact with them and are
anxious to see the results of their study. And we
expect that -- well, we understand that they're doing a
quite thorough study, and we hope that the study will
culminate in a well-conceived set of plans and standards
for non-potable water systems.
They're also studying demand factors in this Honolulu study. And so the demand factors will include an analysis of potable water usage versus non-potable water usage in different zoning areas such as residential, commercial and such. And so this should be real good information for us, and we can possibly piggyback on this a little bit.

It is our understanding that the Honolulu plans and study revolve around the use of recycled wastewater and that it is the intention of the Board of Water Supply to own and operate the non-potable water system.

The use of highly treated and disinfected recycled wastewater as the source of non-potable water is fairly commonplace in urban and suburban centers. The use of untreated surface water as a source of non-potable water systems is more common in rural and farming type areas.

And I did this report based on some research that we've done in trying to find out in other areas of the country how things work.

So the department must balance the responsibility we have to our current and future customers with the untested but potentially beneficial prospects of non-potable waters. Any alteration or modification to our standards include potable water...
should be thoroughly vetted and contain provisions to shield the department and ensure that undue burden or risk is not placed on the department. Plans for dual water must include checks and balances.

As you know, we have been working with a developer on a proposed dual water system in the Lihue area. The system as proposed by the developer is unique and innovative in many ways. We are carefully engaging with the developer and are advancing solutions that are allowable under current law in accordance with department rules. We want to make sure that it can be consistently applied for other developments.

We need to minimize the risk and liability on our current and future customers while at the same time striving to achieve the positive benefits that a dual water system can provide.

Some of the planning and proposed management elements of a dual water system that we have identified, I'd like to give you a list of these proposed -- or these planning and management elements.

First of all, we believe that a non-potable water system needs to have a clearly defined ownership and management system. This is needed to ensure longevity and stability. The non-potable water system would be expected to operate in perpetuity as would be
the potable water systems. Mechanisms to prevent
failure of the water systems need to be in place to
prevent undue burden and uncertainty to our customers.

Developers and managers of such non-potable
water systems will be responsible to maintain -- to
update and maintain all government permits. Inclusion
of non-potable water into a community will involve other
agencies besides the Department of Water, and these
other agencies will have oversight on such matters.

Potential users for non-potable water such as
residential, commercial, industrial and public need to
be identified and quantified. The question remains,
Will people use non-potable water?

The general public recognizes the needs and
benefits of a drinking water system. However, it is yet
to be determined if the public will necessarily see the
benefits of non-potable water. Public acceptance of the
non-potable water system is essential if the system is
to succeed in obtaining and retaining customers.

The availability, quantity, quality of the
non-potable water system needs to be established,
including it's source and storage. Recycled wastewater
may provide a reliable and controlled source. Untreated
surface water is more variable in quality and possibly
quantity.
And there are legal issues regarding water rights that need to be addressed from the very start.

The level of treatment that will be required to ensure public health and safety needs to be established. Public health considerations such as a control of pathogenic organisms, controls to limit human exposure to potentially contaminated water, water source protection, et cetera.

While such health considerations may be the purview of other agencies such as the Department of Health, the Department of Water has a staked interest in ensuring that both components of the dual water system are functional and usable.

A business plan and financial analysis of the economic viability of the non-potable water system is needed to ensure long-term stability and operation.

Water sales and rate structures to recover the development, operating and maintenance costs are essential elements in the financial analysis. Again, the financial affairs of a privately owned non-potable water system may not directly be the responsibility of the Department of Water, but the department has a staked interest in ensuring that both components of the dual water system are financially capable of operating in perpetuity.
Usage rates and the corresponding facility improvement requirements for both potable and non-potable water need to be determined. Monitoring water usage as the development matures is needed to provide checks and balances.

Adjustments to design usage rates and the corresponding water system improvements after the water system has matured will be required. Distribution system elements such as waterline materials, valve type signage and most importantly point-of-contact devices that are used to discharge the potable water need to be established.

We hope that the study being done by the Board of Water Supply will give us good guidance in this area.

In summary, the department is committed to exploring such innovative ways to conserve our precious drinking water. Non-potable water has the potential to benefit our current and future costumers. We believe that careful planning is needed to achieve the desired results, and we will continue towards these ends.

CHAIRMAN KANESHIRO: Thank you for that, Mr. Eddy.

Members, any questions or comments?

If you look at the handout that the AWWA had, planning for the distribution of reclaimed water, also
points out a lot of the points that you brought up, I
noticed in here when I went through these documents. So
you can use that as reference in the presentation that
Mr. Eddy brought up because it does talk a lot about
protecting public health and municipal uses and so
forth.

Any questions regarding the report that Mr.
Eddy made on 12-70 on non-potable water systems at this
point for discussion?

MR. NISHIMURA: Mr. Chair, I would like to
move that we receive Manager's Report 12-70 and that it
be sent back to the department for refinement and
resubmission.

MR. DAHILIG: I'll second that motion.

CHAIRMAN KANESHIRO: Okay. With that, any
further discussion or comments with the motion on the
floor?

If not, all those in favor signify by saying
aye.

Any opposed?

Hearing none, motion carried. Thank you.

Manager's Report No. 12-65. Mr. Eddy.

MR. EDDY: Okay. Before the board is the
tenth change order for Job No. 05-06. This is the
pipeline project in Lihue that is underway and nearing
completion. So at this time we're requesting a change
order in -- funding of a change order in the amount of
$13,498. This money is requested to finish up some
paving work at the tail end of the project.

CHAIRMAN KANESHIRO: So this would probably
finish this project at that point?

MR. MOISES: Yes.

CHAIRMAN KANESHIRO: With the paving?

MR. MOISES: Yes. What happened was we had
to redesign some of the pipeline that went beyond the
original paving. And so we had to give Ray guys a new
intersection and Larry.

CHAIRMAN KANESHIRO: Ray.

MR. NISHIMURA: You got two votes already.

Oh, Larry, no say. Sorry. No say.

CHAIRMAN KANESHIRO: Okay. With that, do I
have a motion for approval on the floor, please.

MR. OYAMA: Mr. Chair, move to approve.

CHAIRMAN KANESHIRO: And a second?

MR. MCCORMICK: Second.

CHAIRMAN KANESHIRO: Any further discussion
on this item?

If not, all those in favor signify by saying
aye.

Any opposed?
Hearing none, Manager's Report 12-65 has been approved.

Manager's Report No. 12-66.

MR. NISHIMURA: Mr. Chair.

CHAIRMAN KANESHIRO: Yes.

MR. NISHIMURA: For the record I'm recusing myself from participating in this agenda item. I will record the -- continue to record the information, but I will not be voting on this matter.

CHAIRMAN KANESHIRO: Okay. At this time Board Member Nishimura is recused from this matter and will not be participating in the voting of this report No. 12-65. Mr. Eddy.

MR. EDDY: Okay. Before you is report 12-66, third change order --


MR. EDDY: Third change order for the rehabilitation of Bleelele twin tanks. We're asking for approval of funding in the amount of $150,000.

And with that, Dustin, can you please let us know what's happening.

(Off the record dealing with microphone.)

MR. MOISES: So basically what we have before you is originally $150,000 of additional funding.
The original change order No. 3, which was submitted by Oceanic is in the amount of a little over $12,000, and that's to take care of an inlet piping problem that was discovered after excavating the area.

But beyond that, part of this project, there's two tanks. Some of you case are aware of this situation, but we did a first tank. There's a change order No. 2 in the amount of $86,000, where once we took the tank out of service and looked at the interior, we discovered that we have to do way move work than we initially found. We did the work, and the contractor did a really good job of renovating that tank.

And now that we're finishing up the first tank, I foresee the same problems occurring on the second tank. So since I have to come to you guys for additional funding, I felt it would be prudent to be proactive and ask for that additional funding now. Because the first time after we got the funding, we kind of had like a one-month delay.

So now that I know what's going to happen, I wanted to get approval for additional funding. And then the roughly $50,000 of additional contingency is basically because with this steel tank rehabilitation we're putting in cathodic protection with rectifiers that the department would prefer to have on our SCADA
system.

The original plans for the project didn't have a SCADA design. So what I did was I talked to our SCADA consultant to give us a design proposal so that we can get everything working, not just for the rectifiers, but there are several other infrastructure that wasn't included in the SCADA plans.

So this project would basically -- I mean, this additional funding basically will allow us to complete the SCADA project.

So that being said, initially I asked for $150,000 of additional money. But I got a proposal this morning, and the cost of the design and for our SCADA consultant to fly in and program the RTU to make all of these modifications came in like double of what I thought it would be.

So in essence, the approval that I'm really asking for is $175,000, and I think that additional $25,000 should take care of everything that I foresee at this time.

And I know you guys always ask me this question, Is this going to be enough to finish the project? And my answer to that is, usually I say yes. This time I'll say, Maybe not because we haven't exposed
everything we intend to. And I guess my experience is
that you never know what you're going to find until you
dig it up.

So this will definitely get us to a point where
we don't have massive delays that could escalate the
cost later, but there could be the time where I've got
to come in for something like this $12,000 tank inlet.

MR. DAHILIG: Mr. Chair.

CHAIRMAN KANESHIRO: Go ahead.

MR. DAHILIG: This is more of a general
question then, maybe it's getting the last little bit
out of it. Generally when you do have change orders,
what percentage of that do you find in the range of
under $25,000 or so? It's rare?

MR. MOISES: Yeah, it's very rare.

MR. DAHILIG: It's usually bigger change
orders than that?

MR. MOISES: Yes.

MR. DAHILIG: Okay.

MR. MOISES: I try to make it as low as
possible by -- when I redesign stuff I try to take --
like redesign so if I can get a credit for something
that was already designed so that the new part is not so
high. But when you look at like most of our projects
like this pipeline, you know, the pipe installation
material cost is minimal compared to the final
restoration of paving. So any time you've got something
like that, you know, you look at this, this is two paths
of an intersection on the previous approval you guys
gave, that was like 50 grand.

MR. DAHILIG: And I wonder if from not only
an incentive standpoint but from a process standpoint
whether it makes sense for the board to maybe entertain
this idea of a certain change order threshold amount
that will give the authority to the manager instead of
having to wait for a month or two months to get it
approved through us. So that if, you know, something is
under 25,000 to a contract or something like that. And
maybe, I don't know, the manager, if that might would be
something that could be talked about.

But I just, you know, I know it takes a lot of
effort to put together these proposals and have to
submit them and wait for board approval for things that
are really kind of minor change order requirements. So
I'm sort of starting it off for discussion.

I think something like this, though, that this
amount is a little too much to give without the board
review, but I'm sure there are other minor things that
are out there.

MR. MOISES: Yeah, I think that's
definitely something that would help me expedite a lot of the work. This project is a little bit different because it's BAB funded too. So I feel like even if it's a dollar amount, I want to come to you guys and let you know when we're spending BAB funds. But that's definitely a good recommendation. It will help. And if you could extend that not only to like for construction of 50 grand is maybe like a good small dollar amount. But if you could extend that to design contracts, too, and that would help to expedite design amendments.

MR. DAHLIG: Well, yeah, and I think it's worth a discussion from this standpoint. I don't know what that amount is.

MR. MOISES: Design is usually a certain amount.

MR. DAHLIG: Yeah, but whether that's --

MR. EDDY: Our contingency is gen-- -- is it five percent or?

MR. MOISES: Five percent undesigned. Five percent.

MR. EDDY: So typically we go five percent construction and ten percent on design for contingency funds.

MR. MOISES: And we've kind of got along
the beginning of this project with the five percent
through change order two, which was pretty high.

And if you look at the previous one, I mean, we
had five percent of two and a half million. And that
carried us through like nine change orders. So that
continues to be adequate.

MR. DAHILIG: Mr. Chairman, if you wouldn't
mind, if we request just a draft proposal for discussion
purposes just on the matter to see if it's feasible or
not.

CHAIRMAN KANESHIRO: Yeah, I've already
listed that down as number three for topics 0for the
next board meeting. Just as a note, Mr. Board Member.

MR. DAHILIG: Thank you.

CHAIRMAN KANESHIRO: Okay. Any other
questions or comments or discussions on this matter, on
12-66?

MR. EDDY: I'm just not sure. So we're
asking for 150,000?

MR. MOISES: 175,000.

MR. EDDY: Okay. We're --

MR. MOISES: Adding 25,000.

MR. EDDY: We're asking to add 25,000 to
for change order?

MR. MOISES: Yeah, yeah.
CHAIRMAN KANESHIRO: Okay. So the motion would be as amended with the 175,000 on Manager's Report No. 12-66. So do I have a motion on the floor for that?

MR. MCCORMICK: So moved.

MR. OYAMA: Second.

CHAIRMAN KANESHIRO: Any further discussion on this matter?

If not, all those in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

MR. OYAMA: Good job, Dustin. Looks good.

CHAIRMAN KANESHIRO: Okay. We want to move right along to Manager's Report No. 12-67, board approval to extend funding of staff fitness program.

MR. EDDY: Thank you, Mr. Chairman. We're asking to -- for the board to provide funding to continue our staff fitness program to the end of the fiscal year. So that's another three and a half months or four months or so. The total amount of our request is $5,400.

During the initial three-month period, we called that our pilot program, and during our first request we said we wanted to try this program and call it a pilot and see how the results are at the end of it,
see if we wanted to continue it.

So we just got some numbers in from our fitness people on some health numbers, let's call it, to see if the fitness program was really helpful or successful. So I would like to go over them with you. They're not listed in my manager's report. Sorry. The numbers came in afterwards.

So one of the quantifiable measures is a person's blood pressure. Of course, we all know that we need to get our blood pressure down. So at the beginning of our pilot program, our fitness people, they measured our blood pressure. And throughout the people participating the average was -- average blood pressure 137 over 92.

MR. OYAMA: 92.

MR. EDDY: Over 92. Which is --

MR. OYAMA: High.

MR. EDDY: -- a little bit on the high side.

CHAIRMAN KANESHIRO: Higher than mine.

MR. OYAMA: Higher than mine. At the doctor, too.

MR. EDDY: The good news at the end of the fitness program we were measured again, and our blood pressure was reduced, and it came down to 124 over 84.
MR. OYAMA: Wow, improved.

MR. EDDY: So that was the average of all the people. So we improved there.

Our pulse rate, the resting pulse rate, dropped from 74 beats per minute to 68 beats per minute.

Our waists we measured a total loss of 14.25 inches throughout all our participants. Which is -- it's pretty good. I lost half an inch myself.

MR. OYAMA: That's good.

MR. EDDY: Unfortunately I gained six pounds. And overall, the weight actually increased by two pounds.

MR. DAHILIG: You're making me lose my appetite here.

MR. EDDY: Okay. I'll end the presentation. Well, I did want to bring up one other thing of note. In the Star Advertiser there's an article in the March issue, and the topic was creating healthy workplaces, and it highlighted three companies in Honolulu that have fitness programs. And we're struck that the fitness programs really seem very similar to ours, and the three companies are the Kaneohe Ranch Management Company, First Insurance Company of Hawaii, and Bowers & Kubota. So they're all undertaking fitness programs, and they actually have received an
award from the heart association for these programs.

And so, with that I -- oh, furthermore, in the budget that we did submit today, we are asking for continued funding of this fitness program throughout the next fiscal year, throughout fiscal year 2013. I believe the amount is 20,000. 20,000.

MS. YANO: For the whole year.

MR. EDDY: But today before you we're asking for funding in the amount of 5,400.

CHAIRMAN KANESHIRO: Thank you. Any questions or comments by board members?

Is the manager also participating in this?

MR. EDDY: He is. He started out being able to do one push-up, and he's up to three. So he's making progress.

CHAIRMAN KANESHIRO: Okay. Comments or discussion on the matter, Board Members?

If not, the motion would be to approve 12-67. Do I have a motion on the floor for this?

MR. OYAMA: Mr. Chair, move to approve.

CHAIRMAN KANESHIRO: Do I have a second on that?

MR. McCORMICK: Second.

CHAIRMAN KANESHIRO: Any further discussion?
Hearing none, all those in favor signify by saying aye.

Opposed?

MR. NISHIMURA: No.

CHAIRMAN KANESHIRO: Hearing none, motion carried.

MR. NISHIMURA: No.

CHAIRMAN KANESHIRO: No. One. For the record, we will note one opposed. Same motion is carried.

We'll move on to Manager's Report No. 12-68.

MR. EDDY: Thank you, Chairman. Before you is a manager report requesting funding for design contracts for our Water Plan 2020 Project H-05. It's a pipeline replacement program in Hanalei. We have the roads Weke, Anae, Mahimahi. These are the roads that kind of wrap around the beach side there. We're requesting funding in the amount of 157,965.

So we did a professional services selection and selected a design consultant, and that is the Esaki Surveying, and we asked them for a proposal, and they submitted one in the amount of 143,605. Then we're asking for the approximate ten-percent contingency.

Now, this project here is also on our list of requests for state aid projects, and the legislature
did approve funding for this project in the amount of
$125,000. And that funding is still available to us,
and we're working to get the legislature to -- I believe
they need to reauthorize it, and then we will need the
governor to release the funds in the amount of $125,000.
But we feel pretty confident that we will be able to get
that. Dustin has been working with our
Representative --

MR. MOISES: Kawakami.

MR. EDDY: Kawakami, to make it happen.

MR. MOISES: So what happened was at the
last legislative session they authorized 100,000 for
construction and 25 grand for design. But being that
it's been lapsed at the end of June of this year, I
asked Representative Kawakami and his staff to
reauthorize the full 125,000 for design. So we wouldn't
get anything for construction, but at the end the net is
still going to be $125,000. And they're reauthorizing
that, and I'm not too sure when it will get
reauthorized, but sometime before June so we can get
reimbursed.

MR. NISHIMURA: Dustin, is this going to
come out of SRF or straight grant?

MR. MOISES: This from the state.

MR. NISHIMURA: Yeah.
MR. MOISES: Is a grant.

MR. NISHIMURA: It's a grant.

MR. MOISES: The 100 grand.

CHAIRMAN KANESHIRO: Any further questions or comments on this matter?

Hearing none, I am requesting for a motion to approve 12-68 Manager's Report No.

MR. OYAMA: Move to approve Manager's Report 12-68.

MR. MCCORMICK: Second.

CHAIRMAN KANESHIRO: Moved and seconded.

Any further discussion?

Hearing none, all those in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

We're going to the Manager's Report No. 12-69.

MR. EDDY: Thank you, Mr. Chairman. Val, can I ask you to come up front and help me out on this one.

Okay. Before you is our Manager's Report 12-69. We're requesting to expend funds that are in the current budget in the amount of $800,000. And the budget line item is called, install electrical safety device.
MR. REYNA: Saving device.

MR. EDDY: Electrical savings device.

Thank you.

Now, if I could please ask you folks to move to the budget status report that is given by our fiscal section, you'll see on page 11 of our project status report, a line item called, install electrical savings device $800,000.


Proposed budget status report.

MR. EDDY: Okay. It's here in the budget status, it's 11. So I just wanted to let you know where it's located in our package here.

Now, the original intent of establishing this $800,000 budget was for the department to purchase some devices to save electricity and save money. And in our research of the topic over the past year, we just don't feel comfortable that there is such simple devices that we can just buy and install.

And so what we're asking for today is to utilize this budget line item to fund three projects, and they're all energy reduction projects. And they're all in motion already, but we haven't expended anything other than department labor funds so far.

So the three projects are, number one is the
Kalaheo Deep Well No. 1 and No. 2 capacitors. So we actually do have -- have spent some money on design to design the replacement of these. And we hope to go out to bid, and we would like to utilize this budget funds for that. We expect a savings on our KIUC bill once we do change out the capacitors. One of them in particular is showing that the very low efficiency or a low power factor, and we really need to change that.

The second item is we're proposing to replace out a whole list of our deep-well motors, these are our hollow-shaft motors. And on the second page of our report is a list of the motors and the estimated purchase price. And so we're proposing to purchase these motors and do the change-outs ourselves with our own crews, which we're equipped and capable of changing out these motors. So we show the estimated purchase price and our estimated annual savings of going with these new premium efficiency motors.

So if you look at the bottom line there, it really looks like a payback period of three years or less. Is that right? Yeah.

MR. NAKAYA: Three years.

MR. EDDY: Okay. The third item is an energy audit and implementation of energy savings recommendations. So what we would like to do is to hire
an electrical engineer who will work in conjunction with an electrical contractor or licensed contractor to go to each one of our pump sites and measure the wire -- the so-called wire-to-water efficiency and determine which of our pump stations are on the lower end of efficiency and try and focus on those sites for -- to change out equipment that is old and inefficient.

So we have some -- 70 some pumping sites.

We've got about 50 deep-well sites and 20 booster-pump sites.

So the first phase of this would be to do this testing, to go to each site, and it does require quite a bit of work to do this.

And the second phase would be the design of the equipment replacement. Once the inefficient equipment is identified, then we'll go to design the replacement and prepare a bid package.

And then the third phase would be to go out to bid and have a contractor replace this inefficient equipment.

So with that, Val, do you have anything to add?

Val will be our project engineer on this project.

MR. REYNA: I have nothing to add unless you have questions.

CHAIRMAN KANESHIRO: I have a question.
MR. REYNA: Yes, sir.

CHAIRMAN KANESHIRO: So I see the estimated unit purchase price here for different pumps or efficiency motors, right?

MR. REYNA: Correct.

CHAIRMAN KANESHIRO: So you're going to replace those first before you do the test wire-to-water efficiency analysis?

MR. REYNA: We are thinking of doing that as they come or as they are supplied to us. We cannot do all of this all at one time. This will have to be done little by little. It might take a few months, maybe even a year to actually complete all these change-outs.

CHAIRMAN KANESHIRO: Okay. Because the concern will be, you know, some -- if you're going to do some of this analysis, it may point to some inefficient pump, right?

MR. EDDY: Right. Yeah, so the timing is --

CHAIRMAN KANESHIRO: So my question is, why change the pump first before the analysis?

MR. EDDY: I guess, we're actually proposing to change the motors.

CHAIRMAN KANESHIRO: Oh, the motors.
MR. EDDY: So the motors are -- the one's that we're talking about are above-ground motors.

MR. REYNA: Okay. Right.

MR. EDDY: And then the pump is down in the hole.

CHAIRMAN KANESHIRO: But isn't that part of the wire-to-water efficiency analysis?

MR. EDDY: It is.

MR. REYNA: It will be. What we're going to do is we will have the -- we will inform the prospective -- or the contractor or the electrical engineer, we will inform them of what our plan is, and they could include that already in their analysis.

CHAIRMAN KANESHIRO: I see.

MR. REYNA: If they have anything to add to it, then we will be better equipped when we change out everything.

MR. NAKAYA: We're basically just moving some project from water fund to this project, right? What is the water utility fund?

MR. NISHIMURA: It's a general account.

MR. NAKAYA: General account. What is the balance in there? Is this going to bring it down to zero or do we have a balance in there?

MR. EDDY: We intend to stay within that
$800,000. But the reason that we're coming to the board is we're somewhat changing the intent of the project, and so we thought we better get board approval to change the -- the intent was originally to purchase these black boxes that say to improve electrical efficiency, and that idea seems to really have fallen through. And we still have confidence that that would be helpful to us. So in lieu of purchasing these black boxes, we would like to undertake these three projects.

MR. NAKAYA: Okay.

CHAIRMAN KANESHIRO: Do you have any questions?

MR. OYAMA: Just one.

CHAIRMAN KANESHIRO: Yeah, Board Member Oyama.

MR. OYAMA: And I understand what I read. Okay. So your total of the estimated power savings is in dollars, $22,000, yeah?

MR. REYNA: Correct.

MR. OYAMA: And then you're comparing with the price of purchase of the motors, right?

MR. REYNA: Correct.

MR. OYAMA: But I'd like to know, is it -- is real savings going to be exactly to that or you may still have a percentage of off base or extra savings?
MR. REYNA: This is an estimate, and it's all based on the kilowatt hour cost. That comparison is based on that. So if KIUC's rate would go down, which probably will not, then if it goes down --

MR. OYAMA: Wishing, wishing.

MR. REYNA: We will realize more savings. If it was goes up, then we will realize less savings.

MR. OYAMA: So then because of the higher cost model shows in dollar sense a large amount, how would you replace this? You're going to go in order of lot size or do you have a different phaseout?

MR. REYNA: We have to take a look at our -- the condition of our motors. So the motors that are least efficient right now or the motors that are kind of not as reliable anymore will be the first one to be changed out.

MR. OYAMA: Okay. So you have an idea which ones you're talking about?

MR. REYNA: Yeah, we are in the process of doing that.

MR. OYAMA: So you're going to save a lot of money.

MR. REYNA: We're trying.

MR. EDDY: Some of the motors are very old, you know, 30 years old. And we just keep rewinding them
putting them back out there, but, you know, the
suspected efficiency is very low.

MR. OYAMA: They worked their time so they
can retire.

MR. EDDY: Yeah, 30 years. That's right.

MR. REYNA: And this is based on
five-percent reduction only. This is conservative. It
could be higher.

MR. OYAMA: Okay. That's what I wanted to
know. You know, you wish for higher because of the oil
prices also.

MR. REYNA: We'll strive for higher
savings.

MR. OYAMA: Okay. Does that show up in the
annual report also?

MR. REYNA: It could show up on our annual
energy consumption.

MR. OYAMA: We would be able to make a
comparison when that happens. That's all. Thank you.

MR. NISHIMURA: A couple questions.

CHAIRMAN KANESHIRO: Go ahead, Randy.

MR. NISHIMURA: On the second project, you
folks check with KIUC if you qualify for the rebate from
them?

MR. REYNA: Not yet, but we are going to.
MR. NISHIMURA: Because, as I recall, for
replacements, they will replace -- I believe they're
willing to fund up to, not all of it, but up to
50 percent of the material costs.

MR. REYNA: They do have a certain set
amount for that.

MR. NISHIMURA: Yeah, I understand.

MR. REYNA: So if they've already consumed
all of it, then we might not qualify anymore.

MR. NISHIMURA: Okay. The other thing is,
I got no problem really with items one and two. I have
some concerns about item three. And because your
pumping cost is the highest consumption, after you have
replaced all of these pumps and you bring in a
consultant and he says, Okay, give me $120,000. And,
you know, you guys did pretty good or this is about the
best you can do. And if it's strictly a budgetary
thing, I would be willing to support, you know,
encumbering those funds, but I don't know that the rush
to spend the money is necessary.

MR. REYNA: The $120,000 over there is for
budgetary purposes. It's not set in stone. There's a
possibility it could be lower being that our sites are
simple, one pump, one motor, a pump house or a booster.
It's not as complicated as, for example, an actual
treatment plant where there are so many moving parts.

MR. NISHIMURA: No, and that's kind of sort of what I'm looking at because, you know, we have -- you have 800,000 that was budgeted last year. We never used anything up till now. You're going to spend another 300,000, which leaves about 500,000. I could support leaving that money in the budget but not necessarily having to spend it right away. I think there's ways you can possibly look at other things and, you know, we decide at the end of next year whether, you know, if it's worth continuing that budgetary item.

MR. REYNA: Okay.

MR. NISHIMURA: That is my perspective on -- you know, from a budgetary standpoint. As far as the first two items, I really have no problem with that except, you know, we only have the material costs. You may want to save some of the rest of the money for -- to allocate for the CRP portion. Because isn't this CRP?

MS. YANO: CRP, rehab division.

MR. NISHIMURA: So it should not be coming out of operations then.

MS. YANO: Well, originally this 800,000 was coming from our operations.

MR. NISHIMURA: Yeah. Okay.

CHAIRMAN KANESHIRO: So with that, we would
have a motion on the floor to move and approve items one
and two. And again, Randy's --

MR. NISHIMURA: That's just my perspective.

CHAIRMAN KANESHIRO: -- suggestion was that
perhaps at this time maybe encumber some of the
remaining funds and look at other areas, right, that can
be an advantage of efficiency for the department?

MR. OYAMA: Yeah.

MR. REYNA: Our hope is to be able to get
the services of a consultant within this fiscal year, if
we can.

MR. EDDY: Maybe a little clarification.
The second item, we're talking about purchasing motors.

CHAIRMAN KANESHIRO: Right.

MR. EDDY: So a motor is just a -- maybe
not even half of the equation of the efficiency at a
pump site. You have the motor is of equal importance as
the pump itself. So we're not talking about replacing
pumps at this time.

And then the other equipment involved is the
motor control center, which we hope to gain some
efficiencies in the motor control center.

So by, you know, planning to replace our
inefficient motors while at the same time doing an
energy audit, I don't think really creates a conflict or
a waste of money. And the information gathered by the audit is valid whether we put a new motor on there or leave the old motor. It would be better if we could get the new motor on first, but they are not exclusive of each other.

CHAIRMAN KANESHIRO: Okay. Board Member Dahilig has a question.

MR. DAHILIG: Mr. Chair, I am going to make a motion -- or I'm going to make a motion to approve the manager's report as to items one and two and defer action on item three to give you guys a second at-bat on this. If really what I'm hearing is that totally is not going to interfere and is to more adequately address Board Member Nishimura's concern regarding, you know, whether this makes sense for the next fiscal budget. I think those items need to be fleshed out a little more and be brought up at a second at-bat.

MR. REYNA: Okay.

MR. DAHILIG: Just to explain more clearly why now versus why not later.

MR. OYAMA: Yeah.

MR. DAHILIG: And I'd like to understand that. If that is the position of the manager and the department head and not now -- having it now is innocuous. Too much hot stuff. So that's my motion,
Mr. Chair.

CHAIRMAN KANESHIRO: Okay.

MR. OYAMA: Okay. Second.

CHAIRMAN KANESHIRO: We have a motion on the floor and a second as recommended by Commissioner Dahilig. Any further discussion on that or comments?

MR. NISHIMURA: Chair.

CHAIRMAN KANESHIRO: Sure.

MR. NISHIMURA: To what extent does the department feel that the pumps are involved?

MR. EDDY: Well, to a great extent. The deep-well pumps are --

MR. NISHIMURA: Because your program for replacement is run it till it breaks.

MR. EDDY: Right.

MR. NISHIMURA: Okay. Which one is going to break in the next five years?

MR. EDDY: We get about one, two or three pumps go down a year, let's say. So five years, 10, 12 pumps.

MR. NISHIMURA: That's half of the list.

MR. EDDY: Well, we have about 50 deep wells, so it's a fifth.

MR. NISHIMURA: And you guys have motors in stock right now, do you not?
MR. REYNA: Yeah, we have spares.

MR. NISHIMURA: Yeah. And those spares are not high efficiency?

MR. EDDY: Some are. In the past five years maybe, we've been buying high-eff- -- or premium efficiency exclusively. Any new sites --

MR. NISHIMURA: So this list is to supplement that?

MR. EDDY: This list is to change out the remaining old motors that are not premium efficiency. There's a total of 22 motors I'm showing here.

MR. NISHIMURA: But the likelihood of your pumps on those 22 going down?

MR. REYNA: They're not going to all go down at one time.

MR. NISHIMURA: No, I understand that. I think the point is if the pump systems are in as bad shape as you're suggesting, then you may not want to just replace the motors.

MR. EDDY: Yeah, the energy audit might identify some pumps that are very inefficient, that are really operating out of their range. And you're right, we may want to pull some pumps as well.

MR. NISHIMURA: Do you have enough spares right now, high-efficiency spares?
MR. REYNA: We have some to allow us to survive in an emergency.

MR. EDDY: I guess the reason that we kind of are coming in with the motors and the energy audit at the same time is that we know we can realize energy savings by changing out these motors. I mean, there is really no question about that. And for that reason, we've just thinking, okay, let's just go and get that done. And the energy audit part is a little bit more complicated and harder to figure out. So that was kind of the thinking in doing these in parallel.

MR. REYNA: Because actually changing out the old motors is the extent of our expertise. We need the help of other experts to point out to us what we don't know.

MR. EDDY: I don't know if I could possibly suggest going with the first two items and then just 3A, and then kind of putting 3B and C -- since we've probably won't be spending the 3B and 3C anytime soon because it's going to take us awhile to get to that point.

CHAIRMAN KANESHIRO: So the other issue you also stated that you might not be able to get a consultant for a period of time, right?

MR. EDDY: It would take some time, yeah.
We're thinking of doing a request for proposals on this one. And --

CHAIRMAN KANESHIRO: So I think the motion on the floor is just to defer it at this point until, you know, that defer three and then have you come back and make more detailed information, right? To get more detailed information.

MR. DAHILIG: It's a $120,000 decision, and I'd like to -- I what is being talked to right now is an effort to get our arms around what exactly this thing is going to look like. And I'd rather it be itemized out and planned out and documented versus --

MR. EDDY: Okay. Yeah.

CHAIRMAN KANESHIRO: Come with a plan.

MR. EDDY: All right. That sounds good.

CHAIRMAN KANESHIRO: Yeah, we're not disagreeing or saying no.

MR. EDDY: Right.

CHAIRMAN KANESHIRO: I mean, most -- the majority of the board members agree on items 1 and 2.

MR. EDDY: Okay. I got it.

CHAIRMAN KANESHIRO: And get the motion moving and then perhaps come back at the next board meeting.

MR. OYAMA: Right.
CHAIRMAN KANESHIRO: Or, you know, whatever you're prepared to do so and come up with a plan on how you're going to approach this matter.

MR. EDDY: Okay. Yes. Additionally, we're also looking for grant monies through different -- a few different sources. Energy savings is really the hot topic, and there's some grant money out there, so we are looking to grab some of that.

CHAIRMAN KANESHIRO: We're still looking at that --

MR. DAHILIG: They're all good ideas.

CHAIRMAN KANESHIRO: Regardless if we did three or not, you're going to continue to do that, right?

MR. EDDY: Right.

CHAIRMAN KANESHIRO: You may come back with a report, oh, we did find some of this to do that.

MR. OYAMA: Yeah.

CHAIRMAN KANESHIRO: That's all we're asking for. So Board Member Dahilig's motion on the floor is to defer this and give you some time to come up with a plan of action.

MR. EDDY: Okay.

MR. OYAMA: Yeah. We just want to be cautious.
CHAIRMAN KANESHIRO: So any further discussion on the floor?

If not, I'm going to call for a motion that was made by Mr. Dahilig. We do have a second on the motion. Again, any further discussions or comments?

If not, all those in favor signify by saying aye.

Any Opposed?

Hearing none, motion carried.

Okay. Go back to staff reports.

MR. OYAMA: Fun time.

MS. YANO: Mr. Chairman, all reporting on for fiscal, I have two reports. One is for the budget status summary as of January 31st, 2012. And the other one is a status update on the scheduled findings of the financial audit fiscal year 2011. Both reports are in your packets. So if you have any questions, please ask.

MR. EDDY: Tess, can you explain the newly added section on the audit scheduled findings, please?

MS. YANO: The audit schedule findings I highlighted the reply that was submitted to the auditors in gray area and the status update underneath. Behind the report also attached is a draft or a chart of billed water sales, revenue receipts, there's two pages. And the other one is a report of actual billed revenues.
called collections assumptive to the 2012 rate study projection.

CHAIRMAN KANESHIRO: Okay. Any questions, Board Members?

MR. NISHIMURA: Is 1101 the one on the bylines?

MS. YANO: I'm sorry?

MR. NISHIMURA: 1101, finding 1101. That was the one that at the last meeting we said we would have that completed?

MS. YANO: Yes. Actually we're still working with the Honolulu Board of Water Supply. The last time I spoke to them, they only changed the AFS billing configuration in March 2 -- March 4 of this year.

So the prior year -- for the prior year and previous months, the AFS billing hasn't been corrected, and they're still working on it.

After the configuration is fully in place for the correction, that's where we could go back and make the adjustments that showed up in our overstated revenues for fiscal year 2011.

MR. NISHIMURA: What is that AFS?

MS. YANO: Automatic fire sprinkler. I think we call it our private fire lines.
MR. NISHIMURA: Okay. So AFS, this is the fire line rate?

MS. YANO: Yes.

MR. NISHIMURA: If we do not get this resolved, say, by this month or next month, is it going to affect the audit for this coming year?

MS. YANO: It will still affect our revenues -- reported revenues.

MR. NISHIMURA: And we're going to have to make adjustments again?

MS. YANO: We're going to have to make adjustments.

MR. NISHIMURA: So what is the current timeframe we're looking at getting this done? We were told this month.

MS. YANO: That's true. We are dependent on the Honolulu Board of Water Supply. Unfortunately, we are competing with their ongoing billing conversion. And they keep saying, We're going to work on it.

But I believe what I could do is I'm going to get our manager involved or probably help us, Bill Eddy, to help me follow up with that. Apparently my request is not as important as when our managers get involved.

MR. NISHIMURA: The adjustments cannot be made locally?
MS. YANO: It would just be an estimated adjustment, so I'd rather wait for the correction until the adjustments are reported.

MR. EDDY: Tess, just to clarify. The errors are not continuing anymore, right? It was corrected March, early March?

MS. YANO: The March, when I last talked to the employee that I'm working with, she told me that she made the correction on March 4th. Because before that, she told us that she corrected the current year new rates.

And when I tried to test the rates that came out, the 2012 billing that came out didn't reflect the correction that she said she did.

So then I went back and asked her it's not showing the correct calculation, she just told me that she only went on March 4 to change the rates for 2012. So at the time I didn't have enough data to verify if the billings for this particular AFS is calculating correctly.

MR. NISHIMURA: How much money were we talking about, the adjustments?

MS. YANO: Probably 300,000.

MR. NISHIMURA: So that revenue we are collecting or we have not collected?
MS. YANO: For 2011 we collected some that are overbilled, but we set aside an allowance for that overcollection.

If 2012 the overbill would be from July to December. Or I'll take it back. Until February if March has been corrected.

MR. NISHIMURA: But do we have a lot of customers that are not paying their bill?

MS. YANO: When we changed the rates, a few active accounts are affected by this overbilling because when the rates went up, a lot of those accounts closed those AFS fire line accounts.

MR. NISHIMURA: How many accounts are we looking at?

MS. YANO: Active accounts? More or less 15. We started with 200.

MR. NISHIMURA: And we're down to 15?

MS. YANO: Yes, active accounts.

MR. EDDY: You mean 15 active accounts with

MS. YANO: That has usage.

MR. EDDY: That has usage.

MS. YANO: Yes.

MR. EDDY: And that need to have the bill corrected?
MS. YANO: Yes. Because the error only --
MR. EDDY: Only occurs when there's usage.
MS. YANO: Yes.
MR. EDDY: And fire lines typically don't have usage. They're not supposed to have usage.
MR. NISHIMURA: If we have only 15 accounts, why can't we do it manually?
MR. EDDY: We'll have to look into that and see if that's possible. It's hard because the entire billing is with Honolulu, and we just aren't quite sure how that can be done right now.
MR. NISHIMURA: 15 accounts, brah.
MS. YANO: 15 accounts that has usage. We oftentimes don't know if other accounts will have usage every now and then.
MR. NISHIMURA: Okay.
CHAIRMAN KANESHIRO: Okay. Any further questions in regards to the update on schedule of findings on fiscal year 2011 audit and the statement of Kauai County Water Department's revenues and expenditures and fiscal report?
MR. EDDY: Could I just point out one other thing. Towards the end of the report there's these three colorful drafts that are new additions to the report. They're intended to allow us to kind of track
our revenue as we move through the year. And it's particularly the last graph there it shows our 2012 actual billed, our 2012 actual collected, and then the 2012 rate study. So we're comparing our actual collected against the rate that SAIC did to see how our actual are comparing to the projected revenue.

CHAIRMAN KANESHIRO: Any questions or comments by board members on the graphs?

Okay. If not, the motion would be to approve the fiscal report -- or receive.

MR. McCORMICK: Receive.

MR. NISHIMURA: Receive.

CHAIRMAN KANESHIRO: Receive.

MR. OYAMA: Second.

CHAIRMAN KANESHIRO: To receive the reports. The motion is to receive fiscal report. All those in favor.

Any opposed?

Hearing none.

Okay. The report by the public relations specialist of public relations activities.

MS. SHIRAMIZU: Thank you. Good morning.

Let me come up front.

CHAIRMAN KANESHIRO: Please.

MS. SHIRAMIZU: So my report is before you.
If you have any questions.

CHAIRMAN KANESHIRO: Okay. Members, any questions on the report that was submitted by the public relations specialist?

MR. DAHILIG: If we don't accept this, does that mean she has to stay?

CHAIRMAN KANESHIRO: We're not going to have a motion on this.

MR. NISHIMURA: She might quit.

CHAIRMAN KANESHIRO: The motion would be to defer so -- (laughter) -- at the next meeting.

MS. SHIRAMIZU: But if you don't have questions, I would like to thank the board. It's been a great experience.

But as part of my leaving, I have to complete an exit interview. So I wanted -- I don't know what the general process is, but I would hope that you guys would get to see the exit interview because I don't know where it goes once it's completed.

But I also was making a note to Debra because the exit interview asks a lot of questions about the supervisor and how it is to be working at the department. And we don't generally keep up with job performance reviews here, and the only one I've had was with my six-months' probation. And I think it would be
really good that if the department would try to do the
JPRs in a somewhat timely manner. Which to be honest, I
was just as guilty as with Joy's. You know, I was not
timely on that.

But if the employee that is being reviewed
could fill out a similar questionnaire like this exit
interview, I think it would help the supervisors do a
better job and maybe the employees can help hold
supervisors more accountable for what could make this
place be a more accountable department.

Anyway, that's just the comment I wanted to
make, and I'm putting it in writing to Debra as I turn
in my exit interview.

CHAIRMAN KANESHIRO: Thank you. So be
noted.

MR. NISHIMURA: Is Joy familiar with your
Lihtiaco contract?

MS. SHIRAMIZU: She has been sitting in on
most of our meetings and I have the notes for this.

MR. NISHIMURA: Okay.

CHAIRMAN KANESHIRO: Any questions or
comments for Faith?

If not, thank you very much for that support.

MS. SHIRAMIZU: Thank you.

MR. NISHIMURA: Move to receive the public
relations report.

MR. OYAMA: Second.

CHAIRMAN KANESHIRO: All those in favor.

Any opposed?

Hearing none.

Chief of the operations summary report.

MR. REyna: Good afternoon. The monthly report for February is before you. And most notable on the personnel, we lost another employee, our utility worker retired effective of March 1. But we did gain one last February, a new pipefitter helper started last month.

We recently conducted interviews for two pipefitter currently vacant. So some of the helpers might move up, and we are expecting two more vacancies for the helpers.

For our source and storage, Amfac shaft pumping and water quality sampling was completed as of 10:00 a.m. February 9th, last month. Water quality is with our micro lab.

Kilohana wells A, B and I as well as Puhí wells 5A and 5B are now converted to hypochlorite we are close to 50 percent conversion of all our chlorine gas sites. So we're moving forward with that, slowly but surely.

And if you have questions, please let me know.
CHAIRMAN KANESHIRO: Members, any comments or questions?

MR. NISHIMURA: Do you get budget requests for bigger trucks for your plant operators to take care of the hypochlorite or are they going to use the small trucks yet?

MR. REYNA: Right now the plant operators are still using the smaller trucks, but recently when we bidded out some of the trucks, large -- large, around 1500, came out to be cheaper than the small Ford Rangers. So we ended up with some Dodge 1500s, which has a larger truck bed, larger capacity.

MR. NISHIMURA: I'm just worried that your small trucks not -- I don't know how you guys taking care of our hypochlorite versus the gaseous chlorine, but I would imagine you would need more payload unless you deliver in bulk.

MR. REYNA: They deliver it here. Our guys pick it up. Sometimes when they're out, they do go and pick it up. But they have not complained about the size of the trucks that they are using.

MR. NISHIMURA: And you've had input into the budget? You have had your input into the budget?

MR. REYNA: For some vehicles, yes, sir.

MR. NISHIMURA: No. Overall?
MR. REYNA: Overall, yes.

MR. NISHIMURA: Okay.

CHAIRMAN KANESHIRO: Okay. Go ahead.

MR. OYAMA: You mentioned the Amfac well quality of the water. Where are we?

MR. REYNA: Testing and sampling of the waters over there are completed and the reports are with our micro lab. I have not seen the report.

MR. OYAMA: Any results that were mentioned?

MR. REYNA: Well, the quantity is good.

MR. OYAMA: Yes, yes, I understand the quantity, but the quality.

MR. REYNA: Quality, quality, they did not raise any red flags. They have not mentioned anything questionable to us. So no news is good news.

MR. EDDY: We're compiling the data that we already have, and it's been sent to the EPA, who we have under contract to -- no answer, but I mean, the data looks good.

We did several different types of tests, bacteria, bacteriological tests. And then when you test for surface water intrusion, that's called a microscopic particle analysis where you pump water through a filter, and then you take the filter, with a microscope you'd
look on the filter to see what's stuck on there. And I
guess the laboratories, they look for plant life. They
look for plants that have chlorophyll or anything with
chlorophyll. And they figure if there's chlorophyll in
there, then it's seen the light of day sometime
recently, and then that's an indication that it's under
the influence of surface water.

So we did two of those types of tests this past
winter, and they both came out good, very good. And we
did them after rain events, too. So we feel good about
that. So our steps will be to get this report from EPA.
Our consultant is going to combine it into this report
in the format that the Department of Health will accept,
and then we send it to the Department of Health as a new
drinking water source, and then we hope to get approval
from them, and then we can develop the source.

MR. OYAMA: Quite long yet it took.

MR. EDDY: Yes, it's a lot of steps to
bring a new drinking water source online. It's time
consuming.

CHAIRMAN KANESHIRO: Any other questions or
comments for chief of operations report?

If not, we'll have a motion to receive.

MR. OYAMA: Move to receive.

MR. NISHIMURA: Second.
CHAIRMAN KANESHIRO: Moved and seconded.

All in favor?

Any opposed?

Hearing none.

Water resources and planning subdivision report. Any questions on that, on the report that we have before us? And the monthly subdivision summary for comments?

MR. NISHIMURA: Same question for the division head. You've had input into your budget?

MR. FUJIKAWA: Which budget?

MR. NISHIMURA: The proposed budget.

MR. FUJIKAWA: Yes.

MR. NISHIMURA: Okay.

CHAIRMAN KANESHIRO: Okay. Any other questions or comments?

If not, the motion would be to receive this report from our water resources and planning subdivision area.

MR. NAKAYA: Move to receive.

MR. OYAMA: Second.

CHAIRMAN KANESHIRO: Further discussion?

Hearing none, all those in favor.

Any opposed?

Hearing none, motion carried.
Manager's monthly update. Mr. Eddy.

MR. EDDY: Thank you, Chairman. So we did one contract amendment this past month with Architects Hawaii for our base area improvement projects.

Dustin, do you think you could give us a quick explanation of that one, please.

MR. MOISES: It's our favorite project next to Kahili. So as far as this second amendment, it's good that we're bringing it up because we had contingency for this project. So this is an aside.

But, you know, this project has been well discussed over the last year and a half or so. So, you know, the fact that this is a manager's update and not a report, you know, it's more of a functional thing within the board process.

But as far as the second amendment, what it really is, is when we initially did the concept of our schematics, you know, we had like eight different schematics. At that point in time we initially didn't think we'd have four individual subdivided lots when we started the process through the Architects Hawaii. You know, in the midst of that we subdivided this triangle and the road with parcel into four sections which requires rezoning the existing parcel for our uses.

So right now that entire parcel is open and
we're looking to make the new building lot and the
public works lot, the existing zoning of this lot, which
is R1 with special treatment.

So what we have to do after talking to the
consultant, since they didn't intend to go through the
zoning partition process was we got a consultant to come
on board and expedite the zoning for us and do it
properly so that we can take care of water, and we can
take care of public works needs. So that's roughly a
little over $20,000.

But doing the EA, we also had some issues as
far as somebody brought up nene birds sitting in the
triangle. So Fish and Wildlife asked us to do a nene
bird survey, which we didn't intend to do at the
beginning. So that was a couple grand.

And then the third portion of this was part of
the four-lot subdivision. We actually had to come back
and retopo across at King Auto and topo every
encumbrance that's going to be part of the future
subdivision and zoning of the parcels. Because
initially we thought we could take the entire parcel in
one and divide it into two lots.

But once we met with planning, and they said we
should take a portion and dedicate as a roadway. We had
to make sure we had all the encumbrances. So that was
like $2,000. So, in essence, that's the $29,000 that we show in this amendment, which we're not asking for any more money. It's just to be transparent that we're making an amendment to the contract.

And I'm pretty confident that this should take us through the final design. So the next time I come back this will be for construction funding. And we're trying to get the initial construction estimate through a lot of value engineering design. So that's it.

CHAIRMAN KANESHIRO: Any questions?

MR. OYAMA: So the shearwater project is done?

MR. MOISES: Nene birds.

CHAIRMAN KANESHIRO: Nene birds.

MR. OYAMA: Oh, the nene birds.

MR. MOISES Yeah, it was nene birds.

MR. OYAMA: Did any --

MR. MOISES: Apparently. I never see them.

MR. OYAMA: In the field and on the golf course.

MR. MOISES: But when someone says it does, and Fish and Wildlife have to make comments for the EA, we felt that we should take care of that potential issue. And they didn't find -- when they came here, I mean, they literally come in like for a couple days, sit
in the triangle and see if any nene birds basically touch ground. And they said none touched ground, but they were flying in the area.

MR. OYAMA: I want to be a nene, protected for life.

MR. MOISES: So that's done already. We did that part of the EA. That was finalized in December.

MR. OYAMA: Okay.

MR. MOISES: We got a final EA in January.

MR. OYAMA: Very good. Thank you. So moving on.

MR. MOISES: So we're moving. I mean, we finalized the final layout when I came back from vacation Tuesday. So, you know, now that that's done, we're starting the full-blown design.


Thank you.

CHAIRMAN KANESHIRO: Any other questions or comments? If not --

MR. McCORMICK: Just one question.

CHAIRMAN KANESHIRO: Go ahead.

MR. McCORMICK: Just for information.

There's a movement on by the community over here in Pua Loke to put that connection back to Kaumualii Highway.
It's actually gone a little bit political now. We're dealing with that over at highways. Just for your information.

MR. MOISES: And for the record, I've been in discussion with Ray, and we're against that.

MR. MCCORMICK: I'll send you over to that community.

MR. MOISES: Yeah, yeah.

MR. NISHIMURA: You live there, huh?

MR. MOISES: I live across --

MR. NISHIMURA: They might not burn you out.

(Many people speaking at one time.)

MR. MOISES: Just for, I guess, informational purposes, if they were to reconnect to the main highway, it will totally disrupt everything that we had planned.

MR. MCCORMICK: It causes operational problems with the highway as well, severe operational problems. We're against it as well.

MR. MOISES: I just want to say, we -- everybody's got their own opinions. But I would be -- basically if you ask me what do I think, I would say -- I would not recommend supporting it in my opinion.

MR. NISHIMURA: Bill, just got to make a
correction, yeah. Oceanic, on the funding, you show
Oceanic contract, but, you know --

MR. EDDY: Oh, yeah, yeah.

MR. MOISES: But the contract number is correct.

MR. NISHIMURA: 512.

MR. MOISES: Would be 512.

MR. NISHIMURA: Yeah.

MR. EDDY: Okay. Thank you.

MR. MOISES: Incorrect.

MR. NISHIMURA: Yeah, because we show the initial contract amount, that's what you've got to correct.

MR. EDDY: Okay.

CHAIRMAN KANESHIRO: Okay, Bill.

MR. EDDY: Okay. Just looking at the recruitment and position changes, in the engineering division we're running a little short on inspectors. We're down to one. But we did interview --

MR. NISHIMURA: This past year?

MR. EDDY: We just -- no, the inspector just has to drive faster. So we did interview one. Hopefully we can pick somebody up.

In the administration side, the secretary that's been vacant for some time, we do have five
applicants that will be interviewed.

And then finally on the monthly employee
meeting, the manager asked staff for ideas on our
mission statement. And so we did receive some ideas
there and we may be proposing a new mission statement
coming up.

MR. NISHIMURA: On the position status,
what is, No action? That means you're not going to fill
them right now? The welder, the pipe electrician.

CHAIRMAN KANESHIRO: Civil engineer,
computer technicians. All has, No action.

MR. EDDY: I believe it's no action in the
past month. Some of these may be dollar funded in the
coming budget, particularly in admin there's a civil
ingineer 7. We proposed to dollar fund that position.
Some of the other ones, I guess, no action, some of them
we're having difficulty filling.

CHAIRMAN KANESHIRO: Any other questions
for Bill on his manager's report? Comments?

If not, the motion would be to receive.

MR. DAHILIG: So moved, Mr. Chair.

CHAIRMAN KANESHIRO: Do I have a second on
that?

MR. NAKAYA: Second.

CHAIRMAN KANESHIRO: Moved and seconded.
Any further discussion?

If not, all those in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

I believe we have some items in executive session.

MR. DAHILIG: Mr. Chair, move to --

CHAIRMAN KANESHIRO: Do we need to take off?

MR. DAHILIG: -- go into executive session as listed in the -- as the four items listed in the memorandum as part of the agenda.

CHAIRMAN KANESHIRO: Okay. Do I have a second on that?

MR. MCCORMICK: Second.

MR. NISHIMURA: Second.

CHAIRMAN KANESHIRO: Any discussion or comments?

If not, all those in favor signify by saying aye.

Any opposed?

Hearing none --

MS. SUZUKI: We need a roll call vote.

CHAIRMAN KANESHIRO: Oh, we need a roll
call vote for executive session. Sorry. We'll have a roll call vote for executive session. Roll call, please.

MS. SUZUKI: I should ask. Board Member Nakaya.

MR. NAKAYA: Aye.

MS. SUZUKI: Board Member Nishimura.

MR. NISHIMURA: Aye.

MS. SUZUKI: Board Member McCormick.

MR. McCORMICK: Aye.

MS. SUZUKI: Chair Kaneshiro.

CHAIRMAN KANESHIRO: Aye.

MS. SUZUKI: Board Member Oyama.

MR. OYAMA: Aye.

MS. SUZUKI: Board Member Dahilig.

MR. DAHILIG: Aye.

MS. SUZUKI: We got --

CHAIRMAN KANESHIRO: Okay. Motion carried.

We're going to proceed into executive session in about five minutes.

(Executive Sessions at 12:49 p.m. to 1:33 p.m. in separate transcripts.)

CHAIRMAN KANESHIRO: We're now in regular session.

MR. NISHIMURA: Mr. Chair, for old
business, Item G3.

CHAIRMAN KANESHIRO: Right.

MR. NISHIMURA: I move that we defer this to the next meeting.

CHAIRMAN KANESHIRO: Okay. Do we have a second on that?

MR. OYAMA: Second.

CHAIRMAN KANESHIRO: Moved and seconded.

With that, all in favor.

Any opposed?

Hearing none, motion is to defer Item No. 12-63 rewards program to the next board meeting.

Now we have topics for next water board meeting. Any additional on that? I'm not certain if Bill or the administration has anything else to add.

There's a quarterly report, employee of the year resolution, and number three, extension of funds in regards to Mr. Dahilig on large projects, possibly up to $50,000. So that's another one that we probably put on the agenda item.

MR. NISHIMURA: What is that?

CHAIRMAN KANESHIRO: Mr. Dahilig --

MR. NAKAYA: Change order.

MR. NISHIMURA: Change order. Delegate.

MR. NAKAYA: Authorize -- yeah.
MR. DAHILIG: Authorize for minor change orders.

CHAIRMAN KANESHIRO: Yes, for minor change orders. So we'll have possibly some discussion on that on the next meeting.

MR. NISHIMURA: Mr. Chair.

CHAIRMAN KANESHIRO: Yes, sir.

MR. NISHIMURA: It doesn't have to be at the next meeting, but I would really like to -- I would like to revisit, and I will --

CHAIRMAN KANESHIRO: Future.

MR. NISHIMURA: Yes. And this is part of the rules.

CHAIRMAN KANESHIRO: Hold on one second. Let me try to finish this one first.

MR. NISHIMURA: Oh, sorry.

CHAIRMAN KANESHIRO: On number three, you prefer having something back by the next meeting or just future meetings?

MR. DAHILIG: It's only going to assist them so, you know, at whatever pace.

CHAIRMAN KANESHIRO: Well, we'll put it on for the next meeting and then we'll decide. Okay. And go ahead, Randy.

MR. NISHIMURA: Okay. The topic for
future.

CHAIRMAN KANESHIRO: Yeah.

MR. NISHIMURA: I would like to bring back the rule -- we got rid of adjustments to water bills for leaks or excessive use. I would like to revisit that. Having personal experience where the water department broke a line, and my house, my neighbor's house and there were about a dozen affected residences, we had to run the water for half an hour, and that is after the meter. So I would like to --

MR. OYAMA: To clear it?

MR. NISHIMURA: I would like to provide a means for the department to adjust bills in cases where it is caused by the department.

MR. OYAMA: Yeah, caused by the department, right.

MR. NISHIMURA: Yeah.

MR. OYAMA: That's horrible.

MS. SUZUKI: But not related to a leak?

MR. NISHIMURA: Yeah. But it is an adjustment on your bill because the water does pass through your meter, yeah?

MS. SUZUKI: Because of leak.

MR. NISHIMURA: The leak is out on the lateral.
CHAIRMAN KANESHIRO: The leak is on the main line. It's not on the lateral.

MR. NISHIMURA: No, it can be on the lateral, but in order to flush -- in order to flush the lines to the residences, you have to clean up the residents' water in order to flush the lines.

MR. OYAMA: To complete the circuit.

CHAIRMAN KANESHIRO: Instead of opening the fire hydrant, you individually --

MR. NISHIMURA: Ell, even if they open the fire hydrant, it's not adequate.

MR. OYAMA: The congested water is in the area.

MS. SUZUKI: But it's not related to the leak?

MR. NISHIMURA: It is not a leak rebate, but it is an adjustment to the bill. Is there a mechanism now?

MS. SUZUKI: Well, that one we still have to do public hearing on it.

CHAIRMAN KANESHIRO: Well, this one is not anything to do with the leak.

MS. SUZUKI: Right, that's why I'm just concerned.

CHAIRMAN KANESHIRO: So you're just asking
if there is adjustments currently in effect where the
water department had to go repair broken.

    MS. SUZUKI: Yeah.

CHAIRMAN KANESHIRO: And then we have to
run our water for at least a half an hour to an hour to
clear the system.

    MS. SUZUKI: Right. So the only adjustment
rule is the one that the --

    MR. NISHIMURA: That's the one they still
considered a leak because there's no other provision for
adjusting a bill.

    MS. SUZUKI: Right, so this one is
completely different type of adjustment.

    MR. NISHIMURA: Yeah, yeah.

    MS. SUZUKI: I just wanted to make sure.

It's not on the rule currently.

CHAIRMAN KANESHIRO: No. This is
completely different. How do we deal with that issue?

    MR. NISHIMURA: How do we address this
issue?

CHAIRMAN KANESHIRO: In other words, I've
got to run my water for an hour.

    MR. OYAMA: Who pays for it?

CHAIRMAN KANESHIRO: Okay. All right.

    MR. NISHIMURA: And I'll go send a -- you
know, I'll go send a memo to probably you and Daryl.


And also, Members, if you have others as we move along before our next board meeting, you can also send correspondence to us so we can put it on before we meet for our agenda meeting. Okay.

MR. NISHIMURA: Daryl.

CHAIRMAN KANESHIRO: Yes, sir.

MR. NISHIMURA: Never mind. Keep going, keep going.

CHAIRMAN KANESHIRO: Okay. Upcoming events, Poipu Beach party, March 25. AWWA Hawaii section. Any discussion?

(Bill Eddy entered meeting.)

MR. NISHIMURA: There is -- Bill, there's a dual water session at AWWA conference?

MR. EDDY: There is.

CHAIRMAN KANESHIRO: In the hawaii one there is, a non-potable one at Honolulu, right?

MR. EDDY: Right.

CHAIRMAN KANESHIRO: I saw the tentative agenda. It was on Friday morning?

MR. EDDY: Yes, yes.

CHAIRMAN KANESHIRO: Is it still on?
MR. EDDY: It is, yeah.

CHAIRMAN KANESHIRO: On the non-potable water systems.

MR. NISHIMURA: I just wanted to bring that up because since it's an item of interest to the board. Mr. Nakaya said he no can go but.

CHAIRMAN KANESHIRO: That's correct.

MR. NISHIMURA: You're sure you no can go? Friday.

CHAIRMAN KANESHIRO: Even to the Friday session in the morning?

MR. NISHIMURA: Just go for the Friday session. No.

CHAIRMAN KANESHIRO: Because it's in regards to non-potable water.

MR. NAKAYA: It's all day. No, no, not three days.

CHAIRMAN KANESHIRO: I mean, the Friday session is a non-potable water discussion that's going to be brought up by the Honolulu board. So ...

MR. NAKAYA: Okay.

MR. NISHIMURA: I would suggest that anybody who can make it be allowed to go.

CHAIRMAN KANESHIRO: Okay. Well, I know I was going to sign up for the conference from Wednesday
morning until Friday. So I don't know who else, you
know, wanted to attend. And I did talk to Mike. It's a
possibility that Mike might be able to attend. And
again, I know I received the email from Clyde saying
that he probably couldn't attend all sessions, all
three.

And then, if you are and you want to attend, we
need to have you fill out the applications today. We
need to get it in. Right? We've got to get it done.

MR. EDDY: Right.

CHAIRMAN KANESHIRO: So, again, what would
help, Bill, if you could probably get Marge to print out
what's going to be coming out for the sessions. So we
may have some board members that may want to attend,
especially the non-potable and some other sessions.

Did you all receive a copy of the session
itself?

MR. NISHIMURA: No.

MR. DAHILIG: No.

CHAIRMAN KANESHIRO: I wonder why.

MR. EDDY: I'm not sure why. It turned out
AWWA members, I guess, would get it mailed to them. I
can run down and make some copies right now.

MR. DAHILIG: I'm sure it's a pdf.

CHAIRMAN KANESHIRO: Okay. Anyway, if
we're -- if whoever is going to attend the Hawaii
Section Annual Conference, we need to get it set up by
today and no later by tomorrow. That's for sure.
Because it's coming up the 17th through the 20th.
Especially if you need flight reservations and room
reservations. To fly out.

MR. NISHIMURA: I would encourage our
attorney to attend that, too.

MR. DAHILIG: Second that.

MR. McCORMICK: Aye.

MS. SUZUKI: Is that a motion? Is it up
for discussion now?

CHAIRMAN KANESHIRO: We already voted.

It's unanimous.

Okay. So work on that right away. Let me know
so we can get you going. I believe we have appropriated
how much money for that slot? Just the Hawaii one, I'm
saying.

MR. EDDY: Yeah, just three, I believe it
is. Three.

MR. NISHIMURA: No, how much money we've
got in the account?

CHAIRMAN KANESHIRO: Well, we'll check and
see how much money we've got in the account and we can
figure out who's going to go, who's not going to go,
who's staying and who's not staying. Because some
people may just fly in for some sessions and then fly
back out, which is good.

MR. DAHILIG: Yeah, I would just need
airfare and registration. I wouldn't -- so.

CHAIRMAN KANESHIRO: What's that?

MR. DAHILIG: I would just need airfare and
registration.

CHAIRMAN KANESHIRO: Yeah. So, you know,
we might have enough money to send all those who want
to. So can you please get Marge to make a copy of the
sessions that are going to start from Wednesday.

MR. EDDY: Okay.

CHAIRMAN KANESHIRO: That starts from
Wednesday. You don't have it on this right now?

That's okay. I don't know how to work it
anyways.

MR. OYAMA: Good job.

CHAIRMAN KANESHIRO: Okay. So again,
Members, today you can get one before you leave, right?

MR. EDDY: Yes.

CHAIRMAN KANESHIRO: For just, you know,
the sessions itself. So they may, you know, like Clyde
because of his really tight schedule might really want
to attend the non-potable one or some stuff like or
some, and then we see how we can accommodate the board
members to do that. Okay?

MR. EDDY: Okay.

CHAIRMAN KANESHIRO: Okay. The AWWA, we're
all set for the Dallas one, right? We've got everybody
set. Randy.

MR. NISHIMURA: No, I just got the
application.

CHAIRMAN KANESHIRO: Which one? For the
AWWA one?

MR. NISHIMURA: I don't know what this is.

North American individual application.

CHAIRMAN KANESHIRO: That's the main one.

MR. NISHIMURA: Member information, dues
and benefits. What is this? To apply for --

MR. EDDY: I think membership into AWWA.

MR. NISHIMURA: I thought we automatically
get that.

MR. OYAMA: Individually, right?

MR. NISHIMURA: I thought everybody was
automatically.

CHAIRMAN KANESHIRO: Yeah. I think we all
are. Check on it.

MR. OYAMA: It used to be.

MR. McCORMICK: Carol does that.
MR. NISHIMURA: It's part of the budget.

CHAIRMAN KANESHIRO: I thought we are all.

MR. OYAMA: You should, you should.

MR. MCCORMICK: I answered.

CHAIRMAN KANESHIRO: It's just a renewal.

We just got to pay the renewal.

MR. OYAMA: It should be paid by this.

CHAIRMAN KANESHIRO: Yeah, check on that.

Because I had a renewal notice, and I passed it on.

MR. MCCORMICK: Me too.

CHAIRMAN KANESHIRO: You know, because it says, Renewal notice for AWWA members. So anyway.

Okay. So that's set, right?

We haven't got word back from the mayor yet on that. I know we sent a correspondence to the mayor, is that correct?

MR. EDDY: We did send a correspondence. I don't think --

MR. OYAMA: No answer.

CHAIRMAN KANESHIRO: Yeah. So I believe Randy, Roy Oyama -- Mr. Oyama, and Larry Dill, and also the mayor was going do attend that conference in Dallas, Texas. I got my cowboy hat, Randy, I got my cowboy boots if you want to wear it.

MR. NISHIMURA: That's why you may as well
CHAIRMAN KANESHIRO: Giddy up.

MR. NISHIMURA: Giddy up.

MR. EDDY: One thing we need to do on this one, is we reserved the rooms, four rooms on somebody’s credit card.

CHAIRMAN KANESHIRO: I know. And I think I told Marge to go ahead and send emails out to each one of them.

MR. EDDY: Okay. Yeah.

CHAIRMAN KANESHIRO: So I'm not certain if you received the email from Marge, but I did give her the go-ahead to contact Randy, contact Roy, and also contact the mayor so we can get that moving along.

No, he's not going to the national one. So is Ray and also Clyde cannot. So it's the three of you along with the mayor.

Okay. Next water board meetings. Anything else? Upcoming events. Anything else to add there, Bill?

MR. EDDY: No, Poipu Beach party is this Sunday.

CHAIRMAN KANESHIRO: Okay. Just going back. One of the topics that Randy (sic) brought up about future water board meetings and also one of the
topics for next water board meeting was the extension of
the funds. So you're going to do some research on that,
bring it up for water projects, you know, with minor
change orders. Do you know what I mean? That we had
some discussion on. So we're going to talk about that
at the next meeting.

MR. NISHIMURA: That was Mike, not me.

CHAIRMAN KANESHIRO: And then Randy had

the --

MR. NISHIMURA: Talk to Mike about it.

CHAIRMAN KANESHIRO: The future water board
meetings in regards to how do you make adjustment when
the water department fixes a pipe or fixes something and
the homeowner has to run his water --

MR. OYAMA: Flush it out.

CHAIRMAN KANESHIRO: Flushing water out for
about an hour. Are there adjustments to that? So that
will give you some time to look at that. Here's the
envelop for that. I think it is.

MR. NISHIMURA: Is this yours?

CHAIRMAN KANESHIRO: Oh, sorry. No.

Okay. Next water board meetings. Everybody on
schedule? April 26, May 24, June 28, July 26. We don't
have to go that far. But April 26. All okay.

MR. DAHILIG: I will be here for half a
day. I have a rehearsal.

CHAIRMAN KANESHIRO: Okay. Other than that, any other issues regarding water board meeting, next water meeting?

If not, the meeting is adjourned.

(Concluded at approximately 1:48 p.m., March 22, 2012.)

* * * * *
STATE OF HAWAII
    )
  ss.
COUNTY OF KAUAI
    )

I, TERRI R. HANSON, RPR, CSR 482, do hereby certify:

That on Thursday, March 22, 2012, at 10:40 a.m. that the foregoing REGULAR MEETING, County of Kauai, Board of Water Supply, was held;

That the foregoing proceedings were taken down by me in machine shorthand and were thereafter reduced to typewritten form under my supervision; that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings had in the foregoing matter.

I certify that I am not an attorney for any of the parties hereto, nor in any way concerned with the cause.

DATED this 3rd day of April, 2012, in Kapaa, Hawaii.

TERRI R. HANSON, CSR 482
Registered Professional Reporter
Old Business
MANAGER'S REPORT No.12-54

January 26, 2012
Revised April 26, 2012

Re: DEBT SERVICE RESERVE FUND POLICY No. 27

Recommendation:
Your approval is requested for the attached proposed Debt Reserve Fund Policy. We also recommend implementing this policy at the start of the next budget year.

Background:
During the budget process for FY 2012 the Board started setting aside funds for Emergencies. There was a restriction put on the expenditure of funds from the emergency fund until such time as a policy position was taken by the Board. Subsequently the Board wanted to separate the debt service reserve from operational emergency reserves. This is a much more conservative position that is desirable from the perspective of the person owed the debt and rating agencies.

The debt service reserve fund would be funded from the fund that would be required to pay the debt service. In some cases this may result in funding from the Water Revenue fund or the Facilities Reserve Charge fund.

The proposed policy holds 6 months plus 8 eight percent of annual debt payments until the final payment then monthly adds a month of debt service payments to the reserve resulting in a full years debt service being in reserve when the semiyearly payment is made.

When that payment is made the reserve would fall back to the 6 months plus 8 eight percent. This continues until the final payment is due. At that time no further payments are made to the reserve. During the course of holding the reserves they are invested according to law.

This policy requires the investments be dispersed at a minimum of every three years or as required by any specific debt issue. At the time the last debt service payment is made on the issue the remaining interest plus the eight percent would be returned to the fund that paid into the reserve when it was started.

Two signatures are required to wire transfer or sign checks from the fund.

Funding Example:
Our current long term debt for bonds and loans is $6.513 million. Half of this plus eight percent of the total is (1/12+1/2) * (6.513) = $3.8 million. This initial reserve would go up by 1/12 * 6.513 = $0.543 each month for 6 months. That would total $3.256 million, at which time a $3.257 million payment would be made. This theoretical cash flow would only happen if all debt started and ended on the same day. All debt does not start and end on the same day.
recommendation to fund this is to start this next budget year with the full reserve being reached in four years.

This example is for FY 2012 and would be different for FY 2014 when principle payments for the BAB are required. Just for your information the total debt service requirement for 2014 is $8.264 million less federal interest subsidy of approximately $0.800 million.

Respectfully submitted,

David R. Craddick, P.E., C.E.M.
Manager and Chief Engineer

Attachment: Draft Board Policy #27
RE: DEBT SERVICE RESERVE FUND

The Department of Water shall establish and maintain a Debt Service Reserve Fund (DSRF) for all outstanding debt except those that are initially for ten years or less. The purpose of the DSRF is to provide a reserve source of payment for principal and interest as these obligations are due and provide proper oversight of debt obligations.

The DSRF shall be an element of the Department's annual operating budget. The DSRF minimum level shall be not less than 58% fifty eight percent and not more than 108% of the average annual debt service. The DSRF shall be funded through a contribution from the fund that created the debt obligation or as designated by resolution of the Board. Initially the DSRF is to be funded over a four year period for debt issuances occurring prior to the date this policy was approved. For new debt issuances the DSRF is to be immediately funded with an amount equal to the last payment plus eight percent.

Conditions for Deposit, Disbursement and Handling of investment of DSRF monies:

1) DEPOSITS INTO DSRF
   i) The DSRF shall be a separate account.
   ii) Funds shall be deposited into the DSRF from either the Water Utility Fund or the Facility Reserve Charge Fund depending on the source of funding for the debt.
   iii) Funds shall be deposited on the initial date of debt issuance in an amount equal to six (6) months of debt service payments plus eight percent (8%) of the annual debt service.
   iv) Thereafter, one twelfth (1/12) of the annual debt service requirement for each issue shall be deposited monthly from the source paying the debt service until there is only one (1) payment remaining on the debt issue.
   v) Monthly deposits to the fund shall cease when there is only one payment remaining to pay in full or defease the debt.
   vi) Sub-accounts shall be established and maintained for each debt obligation. In cases where the obligation is funded for a combination of replacement and expansion purposes, separate sub-accounts shall be established.

2) DISBURSEMENTS FROM DSRF
   i) Two signatures shall be required to withdraw or authorize check payments or wire transfer DSRF funds. The two signatures required shall be from: (1) the Manager or Deputy Manager; and (2) the Controller or Chairperson of the Board.
ii) Any balance or overage in the DSRF after the final payment shall be returned to the fund or funds which are paying the debt in the same ratio that was initially paid into the DSRF.

iii) In order to ensure that payments are made on a timely basis, disbursements from the fund shall occur on or about the day debt service payments are due.

3) INTEREST FROM DSRF

i) DSRF monies shall be invested in permissible interest-bearing instruments as specified by law. For purposes of this policy, long term investments are defined to mean any time funds are invested, with an early withdrawal clause that gives less interest if funds are removed from the investment, for more than twenty five percent of the time between fund deposit and required payment of debt service. For example, funds invested with early withdrawal clause for more than five years that do not need to be paid out until the last debt service payment in twenty years, are a long term investment. The five monthly deposits that will be paid out within six months will be considered long term if it exceeds 60 days for all but the fifth monthly payment which would be 30 days.

ii) When DSRF monies are used to pay a combination of expansion (Facilities Reserve Charge Fund) and replacement (Water Revenue Fund) project debt, the DSRF interest shall be deposited into the sub-account as accrued in the same ratio as the sub-accounts that were established by the obligation.

iii) Should any specific debt issue require investment time to maturity of less than three years, the reserves for that specific debt issue shall be invested as in accordance with the debt issuance documents.

iv) Investments of DSRF monies shall mature no later than the final maturity of any individual debt issuance and shall be invested at the highest interest allowed by law. Should any specific issue require investment time to maturity less than three years, the reserves for that specific issue shall be invested as defined in the debt issuance documents.

APPROVED BY:

Chairperson, Board of Water Supply

Dated: April 26, 2012

Effective date: ___________________________
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MANAGERS REPORT No. 12-63

February 23, 2012

RE: Rewards Program

RECOMMENDATION:
It is recommended that the Board approve a revised employee rewards system.

FUNDING: $1,400.00

Funds Available:
- Budget Code #36 - Public Relations $ 86,500.00
- YTD Expenditures as of 1/31/12 $(32,903.33) 53,596.67

Funds Requested: (1,400.00)

Funds Remaining 52,196.67

BACKGROUND:

Prior to my tenure with the Department a program was set up to boost employee morale. This program envisioned using a Water Buck system to reward outstanding employee performance.

Currently, each employee receiving a Water Buck in each quarter receives $10, and the winner of the Employee of the Quarter receives $25. Two employees of the quarter then go to the Hawaii AWWA conference each spring, the other two employees of the quarter then attend the HWWA conference in the fall. The employee of the year attends the national AWWA conference on the mainland.

Travel to conferences, both local and mainland, is costly, both fiscally and in terms of time away from staff duties resulting in additional coverage of their role while away and after their return. As the Department of Water is enterprise funded (providing goods or services to the public for a fee that makes the entity self-supporting), we have a fiscal responsibility to our rate-payers to use the funds as wisely as we can.

The participation by employees and benefit to the Department is limited at times with this system of reward. We would like to propose another system of reward.

We propose to increase the Employee of the Quarter reward to $200 and the Employee of the Year award to $600. This amounts to a total of $1400. We believe much more employee effort would be expended with this system versus conference attendance.
Conference attendees would now be required to report on what benefits conference attendance will have for the Department, and conduct subsequent training for staff in their related field after the conference by the attendee.

Currently conference attendance is approximately $800 for conference fees, $1200 for air travel and per diem charges in the $145 per day range with excess cost added about $800 for a total of $2,800. The proposed reward system saves about $1400 per year.

Respectfully Submitted:

[Signature]

David R. Craddick, P.E., C.E.M.

DRC/cab
Mgrrp-Rewards Program (2-23-12)
MANAGER’S REPORT NO. 12-64

February 23, 2012

Re: County Human Resources Reorganization

Recommendation
We recommend that the Board budget our HR position as usual and provide no funds to the county if they decide to move our HR position to a new HR Department that is proposed to be created.

This matter is being brought to the Board’s attention before it becomes a charter or budget issue so we know the Board’s standing on the matter.

Background:
The Kauai County Charter Article XV, Section 15.01 states that

“There shall be a Department of Personnel Services consisting of a civil service commission, a director, and the necessary staff for the purpose of establishing a system of personnel administration based upon merit principles devoid of any bias or prejudice and providing a systematic and equitable classification of all positions through adequate job evaluation.”

Within that structure, the powers and duties of the civil service commission include:

A. Adopting rules and regulations to carry out the civil service and compensation laws of the State and county. Such Rules and regulations shall distinguish between matters of policy left for determination of the commission and matters of technique and administration to be left for execution by the director.
B. Hear and determine appeals made by any officer or employee aggrieved by actions of the director or appointing authority.
C. Advise the mayor and director of personnel services on problems concerning personnel and classification administration.
D. Execute such powers and duties as may be provided by law.

The Director of Personnel Services, per Charter, is appointed by and may be removed by the commission. It states in the Charter that "the director shall be the head of the Department of Personnel Services and shall be responsible for the proper conduct of all administrative affairs of the department, and for the execution of the personnel program" (see Hawaii Revised Statutes §76-12 and §76-13 attached for further details regarding the authorized duties and powers of the director).

In discussions with the Personnel Director this structure is set up to maintain the independence of the Director in rating new positions. The Personnel Department appears to be underfunded in this endeavor as well as taking funds for existing services provided within each department for the proposed “coordination” being sought. Most of the existing services must still be provided by the department.
The County of Kauai Administration is proposing to reorganize the Department of Personnel Services into a Human Resources (HR) Department, servicing all County Departments. An HR Taskforce was created to research and report on their findings regarding this reorganization. The proposed plan is yet to be presented to Council this spring with the goal of it being implemented beginning July 1, 2012 without any charter change. **The Water Department was not a part of the reorganization taskforce group. The previous Board Chair and the Manager met with the Mayor on this matter. Our comments were similar to what is proposed today.**

As delineated in the Kauai County Charter, the Civil Service Commission, with its Director and staff, exist to support the County of Kauai. If an improvement is sought through reorganizing the Department of Personnel Services, it can be done from within its existing structure and modified from there. The Director of Personnel Services, appointed by the Civil Service Commission would then be responsible for implementing the reorganization. It is my general feeling a person cannot report to two bosses. If this proposal is going to work Charter Amendments should be enacted with the Charter overriding the state laws or keeping that independent Civil Service structure in place and have a separate HR Director that does report to the Mayor and works for betterment of services provided to the various departments.

By creating a HR Department the intent is to provide consistency throughout the County on personnel functions, eliminating duplicity and providing technical expertise to the Departments throughout the County, as well as decrease liability. **The concern with the intent is these are not the issues that are delaying position and reorganization review and approval.** The proposal to reorganize via a charter amendment was driven by the Cost Control Commission. To create this new Human Resources Department, it is currently proposed that other Department’s “Personnel” positions would be transferred to a centralized HR Department. Funding would come from the department’s budget.

In other words, the plan to improve the Personnel services to the County of Kauai is to be done throughout the County by removing staff from various departments to implement the goals suggested by the proposed HR Taskforce within the existing Chartered structure. If it is determined that an increase in staff is needed, the Department of Personnel Services must identify positions needed and increase their budget to include fulfilling that need. No specific plans have been presented regarding any of this that we are aware of. To aim to effectuate this reorganization by July 2012 is interesting. Without specific planning, implementation and involvement with the Departments and updated procedures prior to such an endeavor detailing level of service this proposal appears to be a knee-jerk reaction to poor performance by the current setup that will not organizationally change other than to remove current service and replace it with an unknown.

In terms of the budget, the Department of Water currently funds its portion to the County for Personnel Department services and Finance Department services through the Hydrant Contra Account costing the DOW approximately $950,000.00 annually. We also fund one in-house Personnel position in the DOW operating budget. In the proposed transition to an HR Department, the DOW may be expected to additionally fund the transferred DOW HR position, with it being located in the County’s new HR Department. This relocated position would not be dedicated to DOW support. It is unclear to us how funding this transferred position while losing the dedicated support we currently receive would be in the best interest of the DOW either
logistically or financially. Keep in mind nothing appears to speed up the organizational reviews and position filling with the HR reorganization.

Additionally, funded or not, it is our concern that the County and the DOW may be in danger of experiencing immediate challenges through reassigning our personnel position to the embryonic HR Department with a lack of transitional implementation directives. The proposed reassignment of the DOW's HR Coordinator to the HR Department coincides with its very creation. There could be a steep learning curve as this new HR department determines how to best to serve all of Kauai County. It seems even more important that we retain the DOW HR position and enhance our interface with this new Department to ensure DOW's personnel servicing needs are effectively met in a timely manner with the current funds we provide.

As an integrated Water Utility team, our employees rely on our internal HR Coordinator for guidance, training, external interface, and overall efficiency in all facets of personnel activity operating as coordinated function. Such support at the departmental level is necessary for smooth employee relations and timely responses, being on-site and familiar with the Water Utility itself. Currently, DOW managers, supervisors and staff have been able to offload to the DOW’s HR Coordinator many personnel related tasks to be researched, worked on and completed. Without this position here, these tasks will fall back on DOW employees to pursue such endeavors independently working with HR Specialists who service the County at large.

Finally, we mention that our incumbent DOW HR Coordinator has gained a wealth of experience, having served at the Department of Water for more than 17 years. There has been involvement in the position creation and hiring of practically the entire current DOW staff. Dealing with bargaining unit contracts has developed into specific union personal relations to meet the requirements of the various issues that arise within DOW. Loss of this person as well as the position could present unforeseeable challenges and difficulties as we attempt to navigate DOW personnel responsibilities at the departmental level now and into the future.

Our recommendation, therefore, is that the DOW continues to fully fund the DOW Human Resources Coordinator position, strive to retain the position in-house, and expect equal or better service from the new HR Department under the existing funding relationship we hold with the County’s Personnel Department.

Respectfully submitted,

David R. Craddick, P.E., C.E.M.
Manager and Chief Engineer

DRC/cab
Mgrp-County Human Resources Reorganization (2-23-12)

Attachment: Reference to sections of HRS
Reference to Hawaii Revised Statues regarding the Civil Service Commission:

§76-12 General powers and duties of director. The director shall:

(1) Represent the public interest in the improvement of human resources administration in the civil service;

(2) Assist in fostering the interest of institutions of learning and civic, professional, and employee organizations in the improvement of human resources standards in civil service;

(3) Advise the chief executive on policies and problems concerning the human resources program; and

(4) Make investigations concerning the administration of human resources policies in the civil service, including any matter respecting the enforcement or effect of this chapter or the rules adopted thereunder, or the action or failure to act of any officer or employee with respect thereto. [L 1955, c 274, pt of §1; RL 1955, pt of §3-17; am L Sp 1959 2d, c 1, §11; HRS §76-12; am L 1994, c 56, §7; am L 2000, c 253, §10]

§76-13 Specific duties and powers of director. The director shall direct and supervise all the administrative and technical activities of the director's department. In addition to other duties imposed upon the director by this chapter, the director shall:

(1) Establish and maintain a roster of all persons in the civil service;

(2) Appoint employees necessary to assist the director in the proper performance of the director's duties and for which appropriations shall have been made;

(3) Foster and develop, in cooperation with appointing authorities and others, programs for the improvement of employee efficiency;

(4) Cooperate fully with appointing authorities, giving full recognition to their requirements and needs, in the administration of this chapter to promote public service by establishing conditions of service that will attract and retain employees of character and capability, and to increase efficiency and productivity in governmental departments by continuously improving methods of human resources administration and maximizing the use of advanced technology;

(5) Encourage and exercise leadership in the development of effective human resources administration within the several departments and make available the facilities of the director's department to this end;

(6) Investigate from time to time the operation and effect of this chapter and the rules adopted thereunder;

(7) Develop and maintain classification systems;

(8) Make recommendations and advise the chief executive on appropriate adjustments for employees excluded from collective bargaining as authorized under chapter 89C; and
(9) Perform any other lawful acts deemed by the director to be necessary or desirable to carry out the purposes and provisions of this chapter. [L 1955, c 274, pt of §1; RL 1955, pt of §3-19; am L 1957, c 157, §1 and c 206, §1; am L Sp 1959 2d, c 1, §11; am L 1964, c 28, §2; HRS §76-13; am L 1976, c 35, §1; gen ch 1985; am L 1989, c 102, §2; am L 1994, c 56, §8; am L 2000, c 253, §11]
MANAGER’S REPORT No. 12-69

March 22, 2012

RE: Request to Expend Funds from Contracted Capital Expenditures

RECOMMENDATION:

Your approval is requested to re-describe the project shown as “Install of Electrical Saving Device” budgeted in FY 2012 in the amount of $800,000.00. The proposed re-description title is “Energy Saving Projects at Pumping Facilities” and will include the three (3) projects shown below.

FUNDING:

No additional funding is requested. We propose to utilize the current funding in the amount of $800,000.00 in the Water Utility Fund.

BACKGROUND:

The Department budgeted in the current fiscal year a project described as “Install of Electrical Saving Device” in the amount of $800,000.00 from the Water Utility Fund. The intent of this project was to reduce our electrical consumption by installing such devices at our pump facilities. Our engineering staff researched some of the available and marketed electrical savings devices and has found that the technology complexity requires specialized knowledge beyond our capabilities.

Accordingly, we propose to re-describe the current budget item to include other projects for the purposes of energy savings at pump facilities. Below is a list of the proposed projects:

1. Kalaheo Deep Wells 1 & 2 Capacitors, Surge Protection and Soft Starter replacement. This project is currently under design and we expect to bid with a month. The new capacitors will improve the “power factor” at this site resulting in reduced power costs. The total cost is estimated at $75,000.00.

2. Replace old deep well pump motors with premium efficiency motors. The majority of our 51 deep well pumps utilize hollow-shaft motors. Some of these motors are very old with electrical efficiency far below what is currently available. We typically use a motor until it fails and then send it to an electrical repair shop for rewinding. We are proposing to retire our oldest motors and replace them with new premium efficiency motors. We estimate that our electrical costs can be reduced by approximately 5% by utilizing premium efficiency motors. Table No. 1 below is a list of the motors we propose to replace:
Table No. 1 - Purchase of Premium Efficiency Motors

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<td><strong>$261,161.00</strong></td>
<td><strong>$92,138.54</strong></td>
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3. **Energy Audit and Implementation of Energy Saving Recommendations.** We propose to hire a consultant and contractor to conduct a comprehensive audit of our energy consumption at all deep well and booster pump facilities (70 total). Below is a summary of the proposed energy audit:

a. **Phase 1** – Test “wire to water” efficiency and investigate each site. Identify inefficient pump facility components. Conduct cost analysis. Prepare an engineering report with findings and recommendations. Total estimated cost of approximately $120,000.00.

b. **Phase 2** – Design, prepare plans, specifications and bidding documents for replacement of identified inefficient pump facility components. Provide preliminary cost estimates, services during bidding, construction and close-out. Total estimated cost of approximately $120,000.00.

c. **Phase 3** – Replacement of inefficient pump facility components. This phase will be competitively bid separate from Phases I and II. The cost of this phase is difficult to estimate as the extent is unknown at this time.

Please note that we will also be investigating the possibility of grant funding for these energy savings projects.

Respectfully submitted,

Valentino P. Reyna  
Chief of Operations

CONCURRED:

William Eddy, P.E.  
Deputy Manager-Engineer

VR/cab  
Mgrp-Request to Expend Funds from Contracted Capital Expenditures (3-22-12)
MANAGERS REPORT No. 12-70

March 22, 2012
Revised April 26, 2012

RE: Non-Potable Water Systems

RECOMMENDATION:
It is for informational purposes only and no Board action is required.

BACKGROUND:
The Board asked for general information on issues related to dual water lines. Below are excerpts from AWWA Manuals of Water Supply Practices M24 2nd third edition regarding dual water systems.

The information given below is related to policies and procedures for managing dual water systems. Technical issues are not part of this presentation. Non-potable water managers are water purveyors. However, unlike potable systems, non-potable purveyors do not have a natural base with inherent demand for the product. The attachment from the AWWA M24 manual all pertain to systems being operated by the water utility that is operating the potable system. Also, the EPA Guidelines for Water Reuse can be found at: http://www.epa.gov/nrmrl/pubs/625r04108/625r04108.pdf

Another possibility is a developer proposing a dual system they do not intend to turn over to the Board for operation or maintenance that proposes to reduce system infrastructure requirements based on hoped for performance standards.

In this case the system must be operated and maintained in perpetuity as the potable system is operated. At no time should “failure” of the system result in additional expenses for the rate payers. This means the developer or user of the system must bear responsibility for failure or inability to meet its performance standards. Failure is used here with a fairly restricted definition which is a service that doesn’t meet it’s hoped for demand reduction as compared to the standards.

Respectfully Submitted:

[Signature]

David R. Craddock, P.E., C.E.M.
Manager and Chief Engineer

DRC/cab
Mgrp-Non-Potable Water Systems (3-22-12)(4-26-12)

Attachment: Dual Water Talking Points from March 22, 2012 Meeting
March 22, 2012 Dual water comments from William Eddy.

- A **potential driver and basis for the Department’s** interest in non-potable water is the possibility of substituting lower quality water that can be used for non-potable purposes in order to preserve limited and more costly resources of high quality water.

- A **potential driver for a developer** to provide a non-potable water system in addition to the potable water system is the potential reduction in development costs as non-potable system will likely have lower capital costs than the potable water systems.

- **Definition of dual water.** Dual water systems involve the use of water supplies from two different sources in two separate distribution networks. The two systems should work independently of each other within the same service area. Dual distribution systems are usually used to supply potable water through one distribution network and non-potable water through the other.

- The Department does not currently have **design standards for non-potable or dual water systems** nor has the Department ever modified established and tested Water System Standards to accommodate for the addition of non-potable water.

- **We have experience with the several existing non-potable water systems** operating in parallel with our drinking water systems. Such systems exist in Kilauea, Anahola, Wailua, Lihue, Koloa-Poipu and formerly in Kekaha. To the best of our knowledge, these developments that built dual water systems built the potable water system in accordance with standards and did not under design.
• Interaction or conflicts between these non-potable systems and the Department’s drinking water systems are not frequent but there have been several severe problems including cross-connections and confusion over responsibility for leak repairs. Furthermore, we have experienced little benefit in terms of reduction in demand on the drinking water system due to the presence of the non-potable water systems.

• The Honolulu Board of Water Supply is currently studying and developing standards for non-potable water systems. We have been in contact with them and are anxious to see the results of their study that will hopefully culminate in well-conceived plans and standards. Demand factors including analysis of potable vs. non-potable demands are part of the study. It is our understanding that the Honolulu plans and study revolve around the use of recycled wastewater and that it is the intention of the BWS to own and operate the non-potable water systems.

• The use of highly treated and disinfected recycled wastewater as the source of non-potable water systems is fairly commonplace in urban and suburban centers. The use of untreated surface water as the source of non-potable systems is more common in rural and agricultural regions.

• The Department must balance the responsibility we have to our current and future customers with the untested but potentially beneficial prospects of non-potable water. Any alteration or modification to standards due to inclusion of non-potable water should be thoroughly vetted and contain provisions to shield the Department and ensure that
undue burden or risk is not placed on the Department. Plans for dual water include must include checks and balances.

- **As you know, we have been working with a developer** on a proposed dual water system for the Lihue area. The system as proposed by the developer is unique and innovative in many ways. We are carefully engaging with the developer and are advancing solutions that are allowable under current law, in accordance with Department rules and regulations, may be consistently applied to other future developments, minimize the risk and liability to our current and future customers, while striving to achieve the positive benefits a dual water system.

**Some of the planning and proposed management elements** of any proposed non-potable water system to be used in conjunction with a Department drinking water system must include the following:

1. **Clearly defined ownership and management of the non-potable water** system. This is needed to ensure longevity and stability. The non-potable water system would be expected to operate in perpetuity as would be expected of the potable water system. Mechanism to prevent failure of the water systems need to be in place to prevent undue burden and uncertainty to our customers.

2. Developers and managers of such non-potable water systems will be responsible to obtain and maintain all required governmental permits. Inclusion of non-potable water into a
community will involve other agencies besides the Department of Water who have oversight on such matters.

3. Potential users for non-potable water such as residential, commercial, industrial and public open spaces must be identified and quantified. The question remains, will the non-potable system be used? The general public recognizes the need and the benefits of the drinking water system, however, it is yet to be determined that the public will necessarily see the benefit of non-potable water. Public acceptance of the non-potable water system is essential if the system is to succeed in obtaining and retaining customers.

4. The **availability, quantity and quality of the non-potable water to be established including source and storage**. Recycled wastewater may provide a reliable and controlled source. Untreated surface water is more variable in quality and possibly quantity. **Legal issues** regarding water rights for now and into the future need to be addressed.

5. **The level of treatment that will be required to ensure public health and safety needs to be established**. Public health considerations such as control of pathogenic organisms, controls to limit human exposure to potentially contaminated water, water source quality protection, etc. While such health considerations may be the purview of other agencies, the Department of Water has a staked interest in ensuring that both components of the dual water system are functional and usable. Furthermore, measures to protect the potable water system from contamination by the non-potable water system are essential.

6. A business plan and financial analysis of the economic viability of the non-potable water system is needed to ensure long-term stability of the operation. Water sales and rate
structure to recover development, operating and maintenance costs are essential elements of the financial analysis. Again, the financial affairs of a privately owned non-potable water system may not directly be the responsibility of the Department of Water, but the Department has a staked interest in ensuring that both components of the dual water system are financially and functionally capable of operating in perpetuity. Lacking this the Department should be protected from any liability and have an escape plan in the event of individuals going over the allowed limits that would be set by the developer.

7. **Usage rates and the corresponding facility improvement requirements** for both potable and non-potable water systems need to be determined. Monitoring water usage as the development matures is needed to provide checks and balances. Adjustments to design usage rates and the corresponding water system improvement after the water system has matured may be required.

8. Non-potable system operations and maintenance procedures and protocols are to be developed and adhered to.

9. Distribution system design elements such as waterline materials, valve types, signage and most importantly, point of contact devices that are used to discharge the non-potable water.

The Department is committed to exploring such innovative ways to conserve our precious drinking water. Non-potable water has the potential to benefit our current and future customers. We believe that careful planning is needed to achieve the desired results and we will continue toward these ends.
New Business
MANAGERS REPORT No. 12-71

April 26, 2012

RE: Revision of Board Policy No. 22 concerning change order threshold update

RECOMMENDATION:
It is recommended that the Board approve revised Board Policy No. 22.

FUNDING: Through the budget process and contract change orders through the emergency operations reserve.

BACKGROUND:
The Board wanted to accelerate the change order approval process and generally review its Policy No. 22 dealing with contracts and amendments. Previously once change orders exceeded the allowable 5% contingency, DOW Staff had to come to the Board for additional funding approval. The Board has received a number of small design, construction, material supply, service and equipment contract change orders for approval in the past. The Board has discussed allowing staff to provide an option to deal with these items in a more comprehensive manner than a few thousand dollars at a time.

The changes in this proposal allow up to $200,000 of the operations reserve to be used for change orders that do not exceed 10 percent of the original contract or $25,000, whichever is lower. The emergency operations reserve must be reimbursed every budget year from funds reimbursed at the same ratio as the contract changes were originally made.

The current policy only allows award of construction contracts to the lowest responsible bidder. During fiscal year 2012-2013, all contracts will be awarded on a Request for Proposal (RFP) basis. If the current provision of the policy remains, all future contracts will have to come to the board for approval. We are requesting that the awarding requirement include the low bid award process while also allowing contracts awarded by the RFP process which would be to the highest rated responsive and responsible offeror who may or may not have the lowest cost proposal.

Respectfully Submitted:

David R. Craddick, P.E., C.E.M.
Manager and Chief Engineer

DRC/cab
Mgrrp-Revision of Board Policy No. 22 (4-26-12)

Attachments:
Revised Board Policy No. 22
Original Board Policy No. 22
Re: Budget and Contract Award Process

Purpose:
To streamline and improve the efficiency of the procedure for the department to procure and award formal contracts for services, equipment, materials, and construction and implement change orders while maintaining Board of Water Supply oversight.

Procedure:
1. The Board approves the Department’s Annual Operating and Capital Improvement Projects Budget.

2. The Board authorizes the Manager and Chief Engineer to procure, award and approve formal contracts and required change orders for services, equipment, materials, and construction as approved in the budget that previously would come before the Board for its approval (e.g., formal bid contracts), provided that the following guidelines are followed:

   a. The contract for services, equipment, materials and supplies, or construction is within the approved budget amount.

   b. The contingency percentage, unless otherwise approved by the Board, shall be (5) five percent of the total contract award amount.

   c. The department follows applicable procurement laws.

   d. The County Attorney or Deputy approves and signs contract as to form and legality.

   e. In addition to the five percent contingency allowed per project, each budget year there shall be up to two hundred thousand dollars of the emergency operations reserve that can be used for change orders that do not exceed 10% of the total contract, or $25,000, whichever is lower.

   f. Redirection of funds for other purposes not approved in the budget shall come to the Board for its approval.

   g. Projects that are dollar funded must come to the Board for approval.

   h. When the emergency operations reserve is used per (e.) above, the reserve shall be replenished the following budget year in the ratio of the funding source(s) that was initially used to fund the project.
3. The Department shall report to the Board, on a monthly basis, contracts and changes awarded under this policy (e.g., contracts awarded by formal bid request for proposal, or change orders associated with either).

4. The Manager and Chief Engineer is authorized to sign such contracts.

5. The Board Chair is authorized to sign such contracts, as necessary.

6. When a competitive bid process is used and a proposed contract award will be to other than the lowest bidder, the Board must approve the contract prior to award.

7. When the Request for Proposal process is used and the proposed contract award is to the highest rated responsive and responsible offeror who is other than the lowest cost offeror, the Board must approve the contract prior to award.

APPROVED BY:

Chairperson, Board of Water Supply

Dated: April 26, 2012

Effective Date: May 1, 2012

Bd. Gen/Bd. Policy No. 22 (revised 4-26-12)
Re: Budget and Contract Award Process

Purpose:
To streamline and improve the efficiency of the procedure for the department to procure and award formal contracts for services, equipment, materials, and construction while maintaining Board of Water Supply oversight.

Procedure:
1. The Board approves the Department's Annual Operating and Capital Improvement Projects Budget.

2. The Board authorizes the Manager and Chief Engineer to procure, award and approve formal contracts for services, equipment, materials, and construction as approved in the budget that previously would come before the Board for its approval (e.g., formal bid contracts), provided that the following guidelines are followed:
   a. The contract for services, equipment, materials and supplies, or construction is within the approved budget amount.
   b. The department follows applicable procurement procedures.
   c. The County Attorney approves and signs contract as to form and legality.
   d. Should the department require additional funds above the approved budget amount (e.g., contract amount exceeds the approved budget amount, additional funds required for contingencies or change orders that exceed the approved budget amount, etc.), the department will come to the Board for its approval.
   e. The contingency percentage, unless otherwise approved by the Board, shall be 5 percent of the total contract award amount.
   f. Redirection of funds for other purposes not approved in the budget shall come to the Board for its approval.

3. The Department shall report to the Board, on a monthly basis, contracts awarded under this policy (e.g. formal bid contracts).

4. The Manager and Chief Engineer is authorized to sign such contracts.

5. The Board Chair is authorized to sign such contracts, as necessary.

6. When a competitive process is used and if a proposed contract award will be to other than the lowest bidder, the DOW will seek Board approval prior to award.

APPROVED BY:

[Signature]
Chairperson, Board of Water Supply

Re: Budget and Contract Award Process

Effective Date: June 12, 2002

Bd. Gen./Bd. Policy No. 22 (6-12-02).rm
MANAGERS REPORT 12-72

April 26, 2012

Re: Job No. 04-06, KW-05, Kekaha Well “B” Renovations, Kekaha Water System; Kekaha, Kauai, Change Order No. 6, Goodfellow Bros. Inc.

RECOMMENDATION:
It is recommended that the Board approve the additional funds in the amount of $3255.23 for Contract #503 with Goodfellow Bros. Inc. for proposed change order #6.

FUNDING:
Original Amount Budgeted:
Goodfellow Brothers, Inc.
Job No. 04-06, KW-05, Kekaha Well “B” Renovations,
Kekaha Water System .......................................................... $444,000.00
Contingency, approximately 5% ........................................... $ 22,200.00
Account No. 101b.CRP, BC683, Kekaha Well “B” Renovations,
Kekaha Water System Total Available ...................................... $466,200.00

Original Contract Amount .................................................. $444,000.00
Change Order #1 ................................................................ $ no cost
Change Order #2 ................................................................ $ 21,824.94
Change Order #3 ................................................................ $216,074.00
Change Order #4 ................................................................ $ no cost
Change Order #5 ................................................................ $ 53,564.82
Requested Change Order #6 ...................................................... $ 3,255.23
New Total Contract Amount .................................................... $738,718.99

Current Corrected Funded Amount ........................................... $<735,463.76>

Additional Funds Requested from Account No. 201-01 Bond – BAB
For Change Order #6 ................................................................. <$3,255.23>

Current Funds Available from Account #201-01 BAB Bond
$19,335,826.45

Available Balance: Account # 201-01 BAB Bond after
Change Order #6
$19,332,571.22

BACKGROUND:
The major additional components of this project are:

• Relocating the VFD
• Installing a power saver control circuit

Subsequent to the planning and design of this project, it was discovered that the inlet piping was creating air gaps in the new pipeline between pump cycles which caused the mechanical seals in the pumps to fail.
In addition, the existing conduits were rusted and corroded and several lengths of the existing pipe column and shafts need to be replaced after further inspection. We recommend relocating the VFD and installing a power saver to control circuit.

Respectfully submitted,

Aaron A. Zambo, P.E.
Civil Engineer V

Concurred:

David R. Craddick, P.E., C.E.M.
Manager and Chief Engineer

AZ/cab
Manager’s Report No. 12-73

April 26, 2012

Re: Request Board Approval of Resolution No. 12-5, (4-12), Mahalo and Aloha Retiree Warren Yoshioka

It is requested that the Board approve Resolution No. 12-5 (4-12), Mahalo and Aloha Warren Yoshioka, who retired from the Department of Water effective December 31, 2011.

The resolution is not included in your agenda packet; however, it will be available and read at the Thursday, April 26, 2012 Board Meeting.

Respectfully submitted,

David R. Craddick, P.E., C.E.M.
Manager and Chief Engineer

cab
Mgrp/Res. #12-5 (4-12) Retiree Warren Yoshioka (4-26-12): cab
Manager’s Report No. 12-74

April 26, 2012

Re: Request Board Approval of Resolution No. 12-6, (4-12), Mahalo and Aloha Retiree Adlai Hironaka

It is requested that the Board approve Resolution No. 12-6 (4-12), Mahalo and Aloha Adlai Hironaka, who retired from the Department of Water effective March 1, 2012.

The resolution is not included in your agenda packet; however, it will be available and read at the Thursday, April 26, 2012 Board Meeting.

Respectfully submitted,

[Signature]

David R. Craddick, P.E., C.E.M.
Manager and Chief Engineer

cab
Mgrn/Res. #12-6 (4-12) Retiree Adlai Hironaka (4-26-12):cab
Manager’s Report No. 12-75

April 26, 2012

Re: Request board approval to receive and expend funds from the Department of Health Safe Drinking Water Branch to Develop and Initiate Implementation of a Statewide Source Water Protection Education Program

Recommendation:
It is recommended that the Board approve the grant application and actions to receive and expend the funds as described in the grant application to the Department of Health Safe Drinking Water Branch to develop and initiate implementation of a Statewide Source Water Protection Education with the Project WET Program.

Purpose:
The purpose of this grant is to reach educators and train them to reach our students using the Project WET Curriculum and Activity Guide and other available education resources. The Project WET Curriculum and Activity Guide, as well as other available education resources have already been field tested by educators and can be used to educate and train our students at an early age about the necessity and benefits of protecting our water sources.

The scope of work would include:
- Contractual Services
  - State Project WET Facilitator
  - Correlate Project WET Source Water Protection Education Activities to Hawai‘i State Education Standards
- Supplies and Other Costs
  - Materials and supplies
  - Travel
  - Workshop Expenses
  - Curriculum and Activity Guides
  - Equipment
  - Other
- Annual Make a Splash Festival

One benefit to DOW is this person could be used to coordinate some of our own Project WET activities eliminating the need for the second DOW position in Public Relations.

Respectfully submitted,

Joy Buccat
Public Relations Specialist

Concurred:

David R. Craddick, P.E., C.E.M.
Manager and Chief Engineer
Staff Reports
# Department of Water
## Budget Status Summary
### February 29, 2012

## I. WATER UTILITY FUND

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance 07/1/2011</td>
<td></td>
<td>$16,914,045.74</td>
</tr>
<tr>
<td>Add: Revenues</td>
<td>$2,073,473.16</td>
<td>$15,821,335.49</td>
</tr>
<tr>
<td><strong>TOTAL RESOURCES:</strong></td>
<td></td>
<td><strong>$32,735,812.23</strong></td>
</tr>
<tr>
<td>Less: Expenditures</td>
<td>$1,568,701.04</td>
<td>$15,820,275.02</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES:</strong></td>
<td></td>
<td><strong>$15,820,275.02</strong></td>
</tr>
<tr>
<td>Ending Balance</td>
<td></td>
<td>$16,915,106.21</td>
</tr>
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</table>

## II. FACILITIES RESERVE CHARGE

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance 07/1/2011</td>
<td></td>
<td>$4,367,931.68</td>
</tr>
<tr>
<td>Add: Revenues</td>
<td>$34,557.68</td>
<td>$292,682.48</td>
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<tr>
<td><strong>TOTAL RESOURCES:</strong></td>
<td></td>
<td><strong>$4,660,614.16</strong></td>
</tr>
<tr>
<td>Less: Expenditures</td>
<td>-</td>
<td>$21,893.30</td>
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<tr>
<td><strong>TOTAL EXPENDITURES:</strong></td>
<td></td>
<td><strong>$21,893.30</strong></td>
</tr>
<tr>
<td>Ending Balance</td>
<td></td>
<td>$4,638,720.86</td>
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</tbody>
</table>

## III. BOND FUND

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance 07/1/2011</td>
<td></td>
<td>$401,056.43</td>
</tr>
<tr>
<td>Add: Revenues</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL RESOURCES:</strong></td>
<td></td>
<td><strong>$401,056.43</strong></td>
</tr>
<tr>
<td>Less: Expenditures</td>
<td>-</td>
<td>$401,056.43</td>
</tr>
<tr>
<td>Ending Balance</td>
<td></td>
<td>-</td>
</tr>
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</table>

## IV. WATERWORK BUILD AMERICA PROJECT FUND

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance 07/1/2011</td>
<td></td>
<td>$42,251,093.01</td>
</tr>
<tr>
<td>Add: Revenues</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL RESOURCES:</strong></td>
<td></td>
<td><strong>$42,251,093.01</strong></td>
</tr>
<tr>
<td>Less: Expenditures</td>
<td>$1,470,697.02</td>
<td>$7,220,163.65</td>
</tr>
<tr>
<td>Ending Balance</td>
<td></td>
<td><strong>$35,030,929.36</strong></td>
</tr>
</tbody>
</table>

### TOTAL - ALL FUNDS at February 29, 2012

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$56,584,756.43</td>
</tr>
</tbody>
</table>
STATEMENT OF REVENUES AND EXPENDITURES
WATER UTILITY FUND
February 29, 2012

REVENUES:

Cash on hand as of July 1, 2011 $ 16,914,045.74
Add: Revenues To Date $ 15,821,335.49
Sub-Total $ 32,735,381.23

EXPENDITURES:

Less: Expenditures to Date $ 15,820,275.02

BALANCE AT THE END OF THE MONTH $ 16,915,106.21

SHORT TERM INVESTMENTS - WATER UTILITY FUND

BANK OF HAWAII

CENTRAL PACIFIC BANK

FIRST HAWAIIAN BANK

T3002008137 0.09000% INT. DUE 09/07/12 $ 1,200,000.00

MERRILL-LYNCH

CUSIP# C31331KDM9 0.2800% INT. DUE 03/09/12 $ 1,000,000.00
CUSIP# C313384N70 0.1300% INT. DUE 11/08/12 $ 998,707.22
CUSIP#

SUB-TOTAL FOR PAGE A $ 3,198,707.22
<table>
<thead>
<tr>
<th>CUSIP#</th>
<th>Multi-Bank</th>
<th>UBS</th>
<th>TOTAL SHORT-TERM INVESTMENTS - WATER UTILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>85508VAC3</td>
<td>2.70000% INT. DUE 11/18/13 98,000.00</td>
<td>C3136FTDU0 1.12500% INT. DUE 10/29/15 1,997,625.00</td>
<td>$ 7,390,592.22</td>
</tr>
<tr>
<td>06610PAR4</td>
<td>4.50000% INT. DUE 07/27/12 98,000.00</td>
<td>C31331G2N8 2.04000% INT. DUE 04/29/13</td>
<td>$ 1,464,433.40</td>
</tr>
<tr>
<td>3138FRTH6</td>
<td>0.75000% INT. DUE 08/30/16 1,000,000.00</td>
<td>C313589WG8 0.18000% INT. DUE 05/01/12 998,260.00 $ 4,191,885.00</td>
<td></td>
</tr>
</tbody>
</table>

**Cash Balance at the End of the Month** $16,915,106.21
## DEPARTMENT OF WATER
### County of Kauai
#### JULY 1, 2011 TO JUNE 30, 2012
##### February 29, 2012

### WATER UTILITY FUND

<table>
<thead>
<tr>
<th>% Budget Elapsed</th>
<th>66.67%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>CASH RECEIPTS:</th>
<th>BUDGETED RECEIPTS</th>
<th>TOTAL RECEIPTS TO DATE</th>
<th>RECEIPTS FOR THE MONTH</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL RECEIPTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEGINNING CASH BALANCE</td>
<td>$ 16,914,045.74</td>
<td>$ -</td>
<td>-</td>
<td>$ 16,914,045.74</td>
</tr>
<tr>
<td>1 Water Sales</td>
<td>$ 20,714,175.00</td>
<td>$ 13,350,957.67</td>
<td>$ 1,561,422.79</td>
<td>64%</td>
</tr>
<tr>
<td>2 Net Miscellaneous Receipts</td>
<td>$ 111,999.00</td>
<td>$ -</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>3 Interest Income</td>
<td>$ 355,000.00</td>
<td>$ 36,902.23</td>
<td>$ 838.38</td>
<td>10%</td>
</tr>
<tr>
<td>4 County Service Charge</td>
<td>$ 925,133.00</td>
<td>$ -</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>5 State Revolving Fund</td>
<td>$ 1,431,562.00</td>
<td>$ 1,431,562.00</td>
<td>$ -</td>
<td>100%</td>
</tr>
<tr>
<td>5a Other Receipts</td>
<td>$ -</td>
<td>$ (20,394.81)</td>
<td>$ 57.80</td>
<td>0%</td>
</tr>
<tr>
<td>6b OTHER - BAB Subsidy</td>
<td>$ 715,616.00</td>
<td>$ 1,022,308.20</td>
<td>$ 511,154.10</td>
<td>143%</td>
</tr>
<tr>
<td>5c FRC Debt Service Payback</td>
<td>$ 1,989,115.00</td>
<td>$ -</td>
<td>-</td>
<td>$ 1,989,115.00</td>
</tr>
<tr>
<td>5d Grant, Drought Mitigation</td>
<td>$ 126,500.00</td>
<td>$ -</td>
<td>-</td>
<td>$ 126,500.00</td>
</tr>
<tr>
<td><strong>TOTAL RESOURCES</strong></td>
<td><strong>$ 43,283,146.74</strong></td>
<td><strong>$ 15,821,335.49</strong></td>
<td><strong>$ 2,073,473.16</strong></td>
<td><strong>37%</strong></td>
</tr>
</tbody>
</table>

### DISBURSEMENTS:

<table>
<thead>
<tr>
<th>SALARIES:</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct 1994 PR Advance Reimbursement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Salaries - DOW</td>
<td>$ 5,326,518.00</td>
<td>$ 2,900,677.70</td>
<td>$ 349,423.89</td>
<td>54%</td>
</tr>
<tr>
<td>Provision for Accrued Vacation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 Accrued Vacation</td>
<td>$ 100,000.00</td>
<td>$ (2,247.88)</td>
<td>-2%</td>
<td>$ 102,247.88</td>
</tr>
<tr>
<td><strong>TOTAL SALARIES:</strong></td>
<td><strong>$ 5,426,518.00</strong></td>
<td><strong>$ 2,898,429.82</strong></td>
<td><strong>$ 348,559.39</strong></td>
<td><strong>53%</strong></td>
</tr>
</tbody>
</table>

### NORMAL EXPENDITURES

| 19 COUNTY SERVICE CHRG | $ 925,133.00 | $ - | 0% | $ 925,133.00 |

### ADMINISTRATIVE OFFICE and ENGINEERING:

| 21 Utilities | $ 210,227.00 | $ 139,901.68 | $ 15,238.99 | 67% | $ 70,325.34 |
| 22 Postage and Printing | $ 192,000.00 | $ 69,661.15 | $ 15,546.86 | 31% | $ 132,338.85 |
| 24 Office Equipment Maintenance | | | | |
| 24b Con 461 Four Winds Group MMIS Phases I & II | | | | |

---

**2-2012 WU BUDGET STATUS**

1
<table>
<thead>
<tr>
<th>ITEM</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Contractual Services</td>
<td>$32,570.00</td>
<td>$23,070.00</td>
<td>$7,570.00</td>
<td>71%</td>
</tr>
<tr>
<td>27a</td>
<td>Con 521 R. W. Beck Inc. Financial Management Planning &amp; Rate Analysis</td>
<td>$31,350.00</td>
<td>$2,047.38</td>
<td>$1,103.48</td>
<td>48%</td>
</tr>
<tr>
<td>27b</td>
<td>Con 506 R. W. Beck Inc. FRC Study for DOW</td>
<td>$32,570.00</td>
<td>$23,070.00</td>
<td>$7,570.00</td>
<td>71%</td>
</tr>
<tr>
<td>27c</td>
<td>Con 535 Fukunaga &amp; Assoc.</td>
<td>$19,768.00</td>
<td>$1,047.38</td>
<td>$1,103.48</td>
<td>48%</td>
</tr>
<tr>
<td>27d</td>
<td>WRP 01 FY 05-06, Kausal Water Use &amp; Development Plan update</td>
<td>$31,350.00</td>
<td>$2,047.38</td>
<td>$1,103.48</td>
<td>48%</td>
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<tr>
<td>27e</td>
<td>Water Monitoring Program for the period 10/1/11-9/30/12</td>
<td>$31,350.00</td>
<td>$19,768.00</td>
<td>$1,047.38</td>
<td>48%</td>
</tr>
<tr>
<td>28</td>
<td>Travel and Incidental - Board</td>
<td>$19,768.00</td>
<td>$1,047.38</td>
<td>$1,103.48</td>
<td>48%</td>
</tr>
<tr>
<td>29</td>
<td>Travel and Incidental - Staff</td>
<td>$37,780.00</td>
<td>$18,047.38</td>
<td>$1,103.48</td>
<td>48%</td>
</tr>
<tr>
<td>30</td>
<td>Collector's Commission</td>
<td>$16,000.00</td>
<td>$13,888.36</td>
<td>$3,228.15</td>
<td>21%</td>
</tr>
<tr>
<td>31</td>
<td>Miscellaneous</td>
<td>$10,000.00</td>
<td>$8,000.00</td>
<td>$2,000.00</td>
<td>20%</td>
</tr>
<tr>
<td>32</td>
<td>Auditing Fee</td>
<td>$66,000.00</td>
<td>$66,000.00</td>
<td>$0.00</td>
<td>0%</td>
</tr>
<tr>
<td>32c</td>
<td>Annual Audit Contract No. 537 KMH, LLP</td>
<td>$59,600.00</td>
<td>$32,212.91</td>
<td>$6,872.50</td>
<td>54%</td>
</tr>
<tr>
<td>33</td>
<td>In-Service Training</td>
<td>$38,000.00</td>
<td>$20,874.49</td>
<td>$4,117.35</td>
<td>20%</td>
</tr>
<tr>
<td>34</td>
<td>Supplies - Office &amp; Eng.</td>
<td>$20,000.00</td>
<td>$20,000.00</td>
<td>$0.00</td>
<td>0%</td>
</tr>
<tr>
<td>35</td>
<td>Operating Reserve Fund</td>
<td>$59,600.00</td>
<td>$32,212.91</td>
<td>$6,872.50</td>
<td>54%</td>
</tr>
<tr>
<td>36</td>
<td>Public Relations</td>
<td>$59,600.00</td>
<td>$32,212.91</td>
<td>$6,872.50</td>
<td>54%</td>
</tr>
<tr>
<td>36.1</td>
<td>Grant: The Nature Conservancy</td>
<td>$75,000.00</td>
<td>$75,000.00</td>
<td>$0.00</td>
<td>0%</td>
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<tr>
<td>36.2</td>
<td>Con 531 Limtaco Co, Inc. Public Relations Services</td>
<td>$59,600.00</td>
<td>$32,212.91</td>
<td>$6,872.50</td>
<td>54%</td>
</tr>
<tr>
<td>36.3</td>
<td>Computer Support and Supplies</td>
<td>$84,600.00</td>
<td>$32,212.91</td>
<td>$2,647.12</td>
<td>31%</td>
</tr>
<tr>
<td>38</td>
<td>Computer Support and Supplies</td>
<td>$84,600.00</td>
<td>$32,212.91</td>
<td>$2,647.12</td>
<td>31%</td>
</tr>
<tr>
<td>38</td>
<td>Microturb Materials and Supplies</td>
<td>$20,000.00</td>
<td>$3,653.09</td>
<td>$665.44</td>
<td>18%</td>
</tr>
</tbody>
</table>

$2,658,921.80 $729,575.74 $114,844.76 27% $1,929,346.06
<table>
<thead>
<tr>
<th>ITEM</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATIONS AND 40724</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>Vehicle - Materials &amp; Service</td>
<td>$107,600.00</td>
<td>$88,242.77</td>
<td>$9,313.86</td>
<td>82%</td>
</tr>
<tr>
<td>41</td>
<td>Vehicle - Fuel</td>
<td>$168,000.00</td>
<td>$105,449.98</td>
<td>$21,195.76</td>
<td>63%</td>
</tr>
<tr>
<td>42</td>
<td>Utilities</td>
<td>$86,400.00</td>
<td>$48,977.82</td>
<td>$5,763.30</td>
<td>57%</td>
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<tr>
<td>43</td>
<td>Meter Parts</td>
<td>$8,300.00</td>
<td>$1,707.94</td>
<td>$1,707.94</td>
<td>21%</td>
</tr>
<tr>
<td>43a</td>
<td>Electrical Parts</td>
<td>$20,000.00</td>
<td>$16,422.52</td>
<td>$452.06</td>
<td>82%</td>
</tr>
<tr>
<td>44</td>
<td>Miscellaneous</td>
<td>$5,000.00</td>
<td>$509.98</td>
<td></td>
<td>10%</td>
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<tr>
<td>44a</td>
<td>Misc. - Tapping Team</td>
<td>$8,000.00</td>
<td>$ -</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>44b</td>
<td>Misc. - Drought Mitigation</td>
<td>$126,500.00</td>
<td>$63,963.24</td>
<td>$103.98</td>
<td>51%</td>
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<tr>
<td>45</td>
<td>Contractual Services</td>
<td>$200,000.00</td>
<td>$2,176.09</td>
<td>$701.32</td>
<td>1%</td>
</tr>
<tr>
<td>45a</td>
<td>Con Ed, FluidIQS, LLC, SCADA Maintenance</td>
<td>$100,000.00</td>
<td>$86,577.40</td>
<td>$49,370.00</td>
<td>87%</td>
</tr>
<tr>
<td>47</td>
<td>Materials and Supplies</td>
<td>$227,000.00</td>
<td>$130,650.92</td>
<td>$18,408.98</td>
<td>58%</td>
</tr>
<tr>
<td>48</td>
<td>Collective Bargaining Items</td>
<td>$24,000.00</td>
<td>$11,793.25</td>
<td>$1,018.51</td>
<td>49%</td>
</tr>
<tr>
<td>51</td>
<td>Pump Electrical</td>
<td>$3,000,000.00</td>
<td>$2,037,332.26</td>
<td>$212,831.53</td>
<td>68%</td>
</tr>
<tr>
<td>55</td>
<td>Purchase of Water</td>
<td>$2,248,700.00</td>
<td>$1,026,580.30</td>
<td>$122,700.15</td>
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<tr>
<td>58</td>
<td>Chemicals</td>
<td>$60,000.00</td>
<td>$33,510.70</td>
<td>$4,796.83</td>
<td>55%</td>
</tr>
<tr>
<td>59a</td>
<td>Safe Drinking Water Act Program</td>
<td>$50,000.00</td>
<td>$4,197.97</td>
<td>$1,665.43</td>
<td>8%</td>
</tr>
<tr>
<td>59g</td>
<td>Contract No. 496 10/08 MWH Laboratories</td>
<td>$ -</td>
<td>$ -</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td><strong>TOTAL OPERATIONS:</strong></td>
<td>$6,339,500.00</td>
<td>$3,658,092.14</td>
<td>$450,029.66</td>
<td>58%</td>
<td>$2,681,407.86</td>
</tr>
</tbody>
</table>

| 60  | Insurance and Bonds | $200,000.00 | $ - | | 0% | $200,000.00 |
| 60a | Small Claims | $10,000.00 | $3,676.28 | | 37% | $6,323.72 |
| 61  | Workmen’s Compensation Insurance | $150,000.00 | $ - | | 0% | $150,000.00 |
| 62  | Retirement System | $826,878.00 | $401,943.12 | $53,788.78 | 49% | $424,732.88 |
| 63  | FICA Taxes - Employer’s | $407,479.00 | $191,966.66 | $26,005.03 | 47% | $215,512.34 |
| 64  | Health, Life, & Dental (EUTF) | $493,780.00 | $236,753.09 | $31,628.50 | 48% | $257,026.91 |

2-2012 WU BUDGET STATUS
<table>
<thead>
<tr>
<th>ITEM</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health &amp; Life Insurance - Retirees &amp; OPEB</td>
<td>$ 1,655,955.00</td>
<td>$ 136,133.34</td>
<td>$ 136,133.34</td>
<td>8%</td>
<td>$ 1,519,721.66</td>
</tr>
<tr>
<td>TOTAL INSURANCE &amp; EMPLOYEE BENEFITS</td>
<td>$ 3,743,790.00</td>
<td>$ 970,472.49</td>
<td>$ 247,535.66</td>
<td>26%</td>
<td>$ 2,773,317.51</td>
</tr>
<tr>
<td>TOTAL NORMAL EXPENDITURES</td>
<td>$ 13,667,344.80</td>
<td>$ 5,358,140.37</td>
<td>$ 812,410.07</td>
<td>39%</td>
<td>$ 8,309,204.43</td>
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<tr>
<td>DEBT SERVICE REQUIREMENT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>SRF Loan Job 97-5 Hanapepe River Crossing</td>
<td>$ 96,555.50</td>
<td>$ 96,555.50</td>
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<td>100%</td>
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<tr>
<td>SRF Loan Job 97-6</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>SRF Loan Job 98-33 WK-21 Wallua HmsIds Well #3</td>
<td>$ 31,005.96</td>
<td>$ 31,005.96</td>
<td>$ 15,419.14</td>
<td>100%</td>
<td></td>
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<tr>
<td>SRF Loan Job 97-2 PLH-31 Lihue Steel Tanks 1 &amp; 2</td>
<td>$ 98,692.86</td>
<td>$ 98,692.86</td>
<td></td>
<td>100%</td>
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<tr>
<td>SRF Loan Job 98-5 WK-07 Ohmalas 0.2 MG Tank</td>
<td>$ 63,803.49</td>
<td>$ 63,803.49</td>
<td>$ 31,734.58</td>
<td>100%</td>
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<tr>
<td>SRF Loan Job 97-11 WK-03 16&quot; W/L Along Kuhio Hwy</td>
<td>$ 181,669.20</td>
<td>$ 181,669.20</td>
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<td>100%</td>
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<tr>
<td>DOW Bond 2005 Issue</td>
<td>$ 214,950.00</td>
<td>$ 214,950.00</td>
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<td>100%</td>
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<tr>
<td>DOW Bond 2005 Series, Partion Refund 2001 Series A</td>
<td>$ 149,987.50</td>
<td>$ 149,987.50</td>
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<tr>
<td>SRF Loan Job 98-2 KP-07</td>
<td>$ 405,375.85</td>
<td>$ 405,375.85</td>
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<tr>
<td>SRF Loan Job WK-42</td>
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<td></td>
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<tr>
<td>PH 1 Stable 1.0 MG Tank</td>
<td>$ 611,331.29</td>
<td>$ 611,331.29</td>
<td>$ 304,144.81</td>
<td>100%</td>
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<tr>
<td>SRF Loan Job KW-27</td>
<td>$ 20,270.97</td>
<td>$ 20,270.97</td>
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<td>100%</td>
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<tr>
<td>Kaumualihi Hwy 12” Main Repl</td>
<td>$ 313,502.00</td>
<td>$ 333,772.97</td>
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<td>106%</td>
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<td>SRF Loan Job K-7, LO-13</td>
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<td></td>
<td></td>
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<tr>
<td>Waha, Waawae &amp; Niho Rds</td>
<td>$ 153,883.08</td>
<td>$ 153,883.08</td>
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<td>100%</td>
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<tr>
<td>DOW Bond Series 2010A</td>
<td>$ 2,920,880.60</td>
<td>$ 2,920,880.60</td>
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<td>100%</td>
<td>(0.04)</td>
</tr>
<tr>
<td>FmHfa $300,000 @5%</td>
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<tr>
<td>20 year Bond</td>
<td>$ 18,825.00</td>
<td>$ 18,825.00</td>
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<td>100%</td>
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<tr>
<td>SRF Loan Job</td>
<td>$ 182,415.87</td>
<td>$ 308,262.87</td>
<td></td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Kapilinao 0.5 MG Tank</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>DOW 2011A</td>
<td></td>
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<tr>
<td>Series 2005A(2001A Refnd)</td>
<td>$ 440,830.00</td>
<td>$ 440,830.00</td>
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<tr>
<td>DOW Bond 2001A Issue</td>
<td>(440,830.00)</td>
<td>$</td>
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<tr>
<td>Series 2005A Refunded</td>
<td>$ 872,319.00</td>
<td>$</td>
<td>0%</td>
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<td>$ 231,989.00</td>
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<tr>
<td>SRF Loan Job 97-1</td>
<td>$ 128,168.93</td>
<td>$ 128,168.93</td>
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<td>100%</td>
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<tr>
<td>SRF Loan Job 96-4</td>
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<tr>
<td>Kapilinao Valley Well</td>
<td>$ 69,136.82</td>
<td>$ 34,757.23</td>
<td></td>
<td>50%</td>
<td>$ 34,379.39</td>
</tr>
<tr>
<td>rounding</td>
<td>(382.78)</td>
<td>(382.78)</td>
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<tr>
<td>Job KW-27</td>
<td>(20,270.97)</td>
<td>(20,270.97)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kapilinao 0.5 MG Tank</td>
<td>(162,415.87)</td>
<td>(162,415.87)</td>
<td></td>
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<td></td>
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<tr>
<td>SRF Loan</td>
<td>$ 320,000.00</td>
<td>$</td>
<td>$ 138,930.36</td>
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<tr>
<td>TOTAL DEBT SERVICE REQ</td>
<td>$ 6,649,861.19</td>
<td>$ 6,246,562.48</td>
<td>$ 351,298.53</td>
<td>94%</td>
<td>$ 403,298.73</td>
</tr>
<tr>
<td>TOTAL SALARIES, NORMAL EXPENDITURES, AND DEBT SERVICE REQUIREMENTS</td>
<td>$ 25,743,723.99</td>
<td>$ 14,503,132.65</td>
<td>$ 1,512,267.99</td>
<td>58%</td>
<td>$ 11,240,591.34</td>
</tr>
</tbody>
</table>

**PROOF**

$ 25,742,723.99  $ 14,503,132.65  $ 1,512,267.99  $ 11,240,591.34
<table>
<thead>
<tr>
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<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
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</tr>
</thead>
<tbody>
<tr>
<td>06/30/11</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>101 Capital Improvements</td>
<td>$ (50,000.00)</td>
<td>$ 435,000.00</td>
<td>$ -</td>
<td>0%</td>
<td>$ 355,000.00</td>
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<tr>
<td>101b Capital Rehabilitation</td>
<td>$ (75,000.00)</td>
<td>$ 129,471.19</td>
<td>-</td>
<td>0%</td>
<td>$ 3,011,772.81</td>
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<tr>
<td>Misc. Other Capital</td>
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<tr>
<td>102 Expenditures, OPS</td>
<td>$ 550,000.00</td>
<td>$ 240,623.81</td>
<td>$ 46,588.00</td>
<td>44%</td>
<td>$ 309,376.19</td>
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<tr>
<td>(Lease Computers)</td>
<td></td>
<td>$ 110,000.00</td>
<td>-</td>
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<tr>
<td>103 Office and Engineering</td>
<td>$ 821,701.00</td>
<td>$ 69,880.75</td>
<td>$ 7,544.02</td>
<td>11%</td>
<td>$ 661,920.25</td>
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<tr>
<td>105 Recording Meters</td>
<td>$ -</td>
<td>$ -</td>
<td>-</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<p>| 106 Vehicles and Equipment | $ 128,696.25 | $ 183,612.99 | $ 2,301.03 | 56% | $ 273,085.28 |
| | $ (110,000.00) | $ (15,260.00) | $ (28,866.25) | $ (716.26) | $ (16,077.00) | $ (118,562.00) | $ (5,000,000.00) |
| 108b CIP Reserve Fund | $ 7,938,428.20 | $ - | - | 0% | $ 2,549,116.89 |</p>
<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>107</td>
<td>Purchase of Meter and Meter Boxes</td>
<td>$160,000.00</td>
<td>$ -</td>
<td>0%</td>
<td>$160,000.00</td>
</tr>
<tr>
<td>370</td>
<td>WK-23 Con #259, Job 93-1 Nishimura, Katayama, .25 MG Walua Tank</td>
<td>$53,751.00</td>
<td>$ -</td>
<td>0%</td>
<td>$53,751.00</td>
</tr>
<tr>
<td>401</td>
<td>Contract #37348, Job 91-13 R.M. Towill Corp., Drill Hanamauu Well #1 (Kalepa Well #2)</td>
<td>$645.08</td>
<td>$ -</td>
<td>0%</td>
<td>$645.08</td>
</tr>
<tr>
<td>464</td>
<td>Contract #309, Job 97-1 PLH-02 SSFM Engineers, Repair Kokolau Tunnel</td>
<td>$118,381.66</td>
<td>$ -</td>
<td>0%</td>
<td>$118,381.66</td>
</tr>
<tr>
<td>499</td>
<td>Contract #346, Job 97-7 KP-06a Wagner Eng. Replace Lawai Rd. 8&quot; W/L</td>
<td>$4,900.00</td>
<td>$ -</td>
<td>0%</td>
<td>$4,900.00</td>
</tr>
<tr>
<td>519</td>
<td>KP-01 Con. #355 Okahara &amp; Assoc., Inc Job 92-4 Koloa Well &quot;F&quot; Pump</td>
<td>$6,638.00</td>
<td>$ -</td>
<td>0%</td>
<td>$6,638.00</td>
</tr>
<tr>
<td>540</td>
<td>Contract #368 (103) Century Computers Job 99-17 Fin. Accntg.</td>
<td>$12,245.67</td>
<td>$ -</td>
<td>0%</td>
<td>$12,245.67</td>
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<tr>
<td>561</td>
<td>Con 334 (101) LO-07 Fukunaga &amp; Assoc. Job 99-9 Drill Omea Well No. 1</td>
<td>$79,860.00</td>
<td>$ -</td>
<td>0%</td>
<td>$79,860.00</td>
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<tr>
<td>578</td>
<td>Con 397 PAREN, Inc. KW-14, KW-15 Job 02-03 12&quot; W/L Along Waiamea Canyon/Kaumualii</td>
<td>$3,150.00</td>
<td>$ -</td>
<td>0%</td>
<td>$3,150.00</td>
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<tr>
<td>586</td>
<td>Con 401 Control Mfg. Co. Job 94-4 SCADA Systems</td>
<td>$63,068.03</td>
<td>$30,448.51</td>
<td>33%</td>
<td>$63,068.03</td>
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<tr>
<td>587</td>
<td>Con 403 RM Towill Corp WK-25 Job 02-15 Wailua Ha'iai W/L Repl</td>
<td>$82,637.00</td>
<td>$1,700.00</td>
<td>2%</td>
<td>$82,637.00</td>
</tr>
<tr>
<td>588</td>
<td>Con 404 Fukunaga &amp; Assoc. WK-32 Job 02-18 Kapaa Hmstds W/L Repl</td>
<td>$51,100.00</td>
<td>$ -</td>
<td>0%</td>
<td>$51,100.00</td>
</tr>
</tbody>
</table>
| 589 | Con 405 Kodani & Assoc. WK-12 Job 02-19 Waipouli Main Replacement | $ - | $ - | # # # # | $
<p>| 591 | Con 408 Wagner Eng. Inc. H-01 H-02 H-03 Job 02-17 Maka Ridge Deepwell, Tank | $17,309.20 | $12,290.00 | 42% | $17,309.20 |</p>
<table>
<thead>
<tr>
<th>ITEM</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
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<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>552</td>
<td>2/12/03 (101b, 106b) Con 409 Esaki Surveying WK-36 Job 02-16 Ohana Anolani &amp; Kuamoo Rds</td>
<td>$24,475.06</td>
<td>24%</td>
<td>$76,949.94</td>
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<tr>
<td>600</td>
<td>8/28/03 (27d) Con 407 Esaki Surveying Job 02-26 As-Needed Surveying Services</td>
<td>$ -</td>
<td>-</td>
<td>$ -</td>
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<tr>
<td>601</td>
<td>9/03/03 (101b) Con 420 Hawaii Pacific Eng, Job 02-08 HE-08 Elelele Twin 0.4 MG Tanks</td>
<td>$ -</td>
<td>0%</td>
<td>$8,326.68</td>
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<tr>
<td>607</td>
<td>12/05/03 (101) Con 425 HI Pacific Eng. Job 02-21PLH-37 Rehab &amp; Depon Existing Wells</td>
<td>$ -</td>
<td>0%</td>
<td>$3,149.00</td>
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<tr>
<td>609</td>
<td>2/19/04 (101b) Con 428 Brown Calwell Job 03-02 HW-02, HW-03 A-04, KW-06 Renovations: Wainiha Booster, Haena Steel Tank, Anahola 0.15 MG Tank, Kekaha Shaft</td>
<td>$1,874.43</td>
<td>6%</td>
<td>$29,585.97</td>
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<tr>
<td>610</td>
<td>2/27/04 (101) Con 429 Esaki Surveying M-01, M-02 Job 02-11 Molaa 50,000 Gal SS Storage Tank</td>
<td>$125,200.00</td>
<td>0%</td>
<td>$125,200.00</td>
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<tr>
<td>617</td>
<td>9/15/04 (106b) Con 439 Strykers Weiner &amp; Yokota - Public Relations Servicss</td>
<td>$ -</td>
<td>-</td>
<td>$ -</td>
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<tr>
<td>618</td>
<td>9/30/04 (101) PLH-41 Contract 52243 Earthworks Pacific, Inc. Ulaula &amp; Uliuli Rds; PRV, BP &amp; 6&quot; Main, Lihue</td>
<td>$40,058.47</td>
<td>53%</td>
<td>$19,009.33</td>
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</tr>
<tr>
<td>621</td>
<td>10/13/04 (101) Con 440 Kodani &amp; Assoc. WKK-15 Job 02-06 Kilauea 1.0MG Tanks</td>
<td>$ -</td>
<td>-</td>
<td>$ -</td>
<td></td>
</tr>
<tr>
<td>630</td>
<td>6/30/05 (101b, 106b) Con 447 Fukunaga &amp; Assoc WK-14 Job 04-02 Vivian Heights Main Repl</td>
<td>$ -</td>
<td>0%</td>
<td>$5,791.00</td>
<td></td>
</tr>
<tr>
<td>633</td>
<td>7/12/05 (106b) Con 7296 Kodani &amp; Assoc. HE-11 Lele Rd to Salt Pond Rd 6&quot; Main Repl.</td>
<td>$ -</td>
<td>-</td>
<td>$ -</td>
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<tr>
<td>634</td>
<td>10/20/05 (101b) WK-30 Con 450 ParEn Inc. Job 04-03 Waipouli-Olohe Rd, Pipeline</td>
<td>$ -</td>
<td>0%</td>
<td>$136,280.00</td>
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<tr>
<td>635</td>
<td>9/07/05 (101b) Con 449 HI Pacific Eng Inc KW-16 Job 05-01 Waimea Main Replacement</td>
<td>$6,269.25</td>
<td>52%</td>
<td>$5,878.00</td>
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<td>ITEM</td>
<td>BUDGETED AMOUNT</td>
<td>TOTAL ACTUAL EXPENDITURES TO DATE</td>
<td>EXPENDITURES FOR THE MONTH</td>
<td>%</td>
<td>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</td>
</tr>
<tr>
<td>------</td>
<td>-----------------</td>
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<td>-----------------------------------------------</td>
</tr>
<tr>
<td>636</td>
<td>10/25/05 (101b, 106b) Con 451 Bow Eng &amp; Dev PLH-12 Job 05-06 Elwa, Umi, Akahi, Elua, Hardy St. 8&quot; Main Replacement</td>
<td>$1,557.10</td>
<td>59%</td>
<td>$10,827.00</td>
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<tr>
<td>637</td>
<td>11/16/05 (101b, 106b) Con 452 Aikinaka &amp; Assoc. K-7 Job 05-07 Waha, Niho, Wawae Rd Repl.</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td></td>
</tr>
<tr>
<td>638</td>
<td>01/12/06 (101b) Con 453 Belt Collins HI PLH-30 Job 05-05 Nawiliwilu, Niumalu &amp; Kupolo Main</td>
<td>$4,500.00</td>
<td>18%</td>
<td>$20,478.00</td>
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<tr>
<td>640</td>
<td>01/12/06 (101b) Con 455 Fukunaga &amp; Assoc KW-27 Job 05-04 Kaumualii Hwy 12&quot; Main Repl, Kekaha</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td></td>
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<tr>
<td>644</td>
<td>38936 Con 464 Kodani &amp; Assoc. &quot;As-Needed&quot; Eng, Surveying &amp; Govt Permit Services</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
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<tr>
<td>645</td>
<td>5/19/06 (101b, 106b) Con 460 Brown &amp; Caldwell KW-25 Job 05-03 Kapilima'o 0.5 MG Tank</td>
<td>$5,775.00</td>
<td>$-</td>
<td>0%</td>
<td>$5,775.00</td>
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<tr>
<td>647</td>
<td>06/04/06 (101b) Con 462 Eng Solutions Inc now Kennedy/Jenks Consultant KW-05 KW-20 Job 04-06 Waimea Well A &amp; Kekaha B</td>
<td>$10,186.38</td>
<td>33%</td>
<td>$20,777.62</td>
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<tr>
<td>651</td>
<td>9/21/06 (101b) Con 469 Brown &amp; Caldwell KW-23 Job 06-01 Amfac Shaft Renovation, State Well No.584-02 Phase 1A</td>
<td>$159,946.39</td>
<td>0%</td>
<td>$159,946.39</td>
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<tr>
<td>664</td>
<td>8/21/07 (101b, 106b) Con 479 SS FM International WK-2 Job 02-24 Renovate Akulikula Tunnel, Phase 2</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
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<tr>
<td>668</td>
<td>01/14/08 (101) Con 484 Wagner Eng. Services Job 02-01 Kukulolono Tank Site Exchange, Kalaheo</td>
<td>$5,210.47</td>
<td>$-</td>
<td>0%</td>
<td>$5,210.47</td>
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<td>675</td>
<td>11/28/08 (101) Con 497 Kauai Builders Ltd. KW-25 Job 05-03 Kapilima'o 0.5 MG Storage Tank</td>
<td>$221,268.15</td>
<td>$120,588.00</td>
<td>54%</td>
<td>$100,682.15</td>
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<td>683</td>
<td>7/31/09 (101b) Con 503 Goodfellow Bros. Job 04-08 KW-05 Kekaha (Waipao) Well &quot;B&quot; Renovations</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
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<tr>
<td>690</td>
<td>2/28/2010 Con 510 SS FM International, Inc. Job No. 05-03, KW-25 Kapilima'o 0.5 MG Tank &amp; Job No. 03-03</td>
<td>$716.26</td>
<td>&quot;FINAL&quot;</td>
<td>$-</td>
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<tr>
<td>690</td>
<td>2/28/2010 Con 510 SS FM International, Inc. Job No. 05-03, KW-25 Kapilima'o 0.5 MG Tank &amp; Job No. 03-03</td>
<td>$3,515.49</td>
<td>100%</td>
<td>$4,231.75</td>
<td>$0.00</td>
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<tr>
<td>ITEM</td>
<td>BUDGETED AMOUNT</td>
<td>TOTAL ACTUAL EXPENDITURES TO DATE</td>
<td>EXPENDITURES FOR THE MONTH</td>
<td>%</td>
<td>BALANCE OF TOTAL ACTUAL EXPENDITURES</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-----------------</td>
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<td>---------------------------</td>
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<tr>
<td>4/30/2010</td>
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<tr>
<td>693 USGS Joint funding Agrmt. Water Monitoring Program for the Period 10/1/09 to 3/31/10 &amp; Y10/1/10-6/30/11</td>
<td>7,650.00</td>
<td>7,650.00</td>
<td></td>
<td>100%</td>
<td>$</td>
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<tr>
<td>694 Con 532, Allied Machinery Corp (106) GS-2010-5, One (1) Compact Excavator and Equipment Trailer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>3/24/2011</td>
<td></td>
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<tr>
<td>687 Con 507, Koga Engineering &amp; Construction, Job 02-03, KW-14 12&quot; W/L Kaumualii Hwy, Waimea</td>
<td>817,259.94</td>
<td>562,187.20</td>
<td></td>
<td>69%</td>
<td>$255,072.74</td>
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<tr>
<td>XXX</td>
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<tr>
<td>Install Electrical Saving Device</td>
<td>800,000.00</td>
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<td></td>
<td>0%</td>
<td>$800,000.00</td>
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<tr>
<td>9/1/2011</td>
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<tr>
<td>694 Con 538, Enaki Surveying &amp; Mapping, Inc. Job 11-05, As Needed Surveying Services</td>
<td>30,000.00</td>
<td></td>
<td></td>
<td>0%</td>
<td>$30,000.00</td>
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<tr>
<td>9/22/2011</td>
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<tr>
<td>695 Con 545, AECOM Technical Service, Job 11-11, K-17, PLH-42 Water Treatment Facilities</td>
<td>129,471.19</td>
<td></td>
<td></td>
<td>0%</td>
<td>$129,471.19</td>
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<tr>
<td>696 Con 546, SSFM International, Inc Job 11-01, As Needed Construction Management Services</td>
<td>50,000.00</td>
<td></td>
<td></td>
<td>0%</td>
<td>$50,000.00</td>
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<tr>
<td>11/23/11 BOO</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>697 Con Job 02-15, WK-28, Wailua Hse-Its Main Replacement</td>
<td>5,000,000.00</td>
<td></td>
<td></td>
<td>0%</td>
<td>$5,000,000.00</td>
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<tr>
<td>Con Kauai Habitat for Humanity Over Sizing ML Ext-Elele Luna Subd</td>
<td>118,562.00</td>
<td></td>
<td></td>
<td>0%</td>
<td>$118,562.00</td>
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<tr>
<td>699 Con Lyon Associates Job 11-10, K-18; 8-inch Main Replacement, Haleiwi Rd, Kalaheo</td>
<td>75,000.00</td>
<td></td>
<td></td>
<td>0%</td>
<td>$91,077.00</td>
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<tr>
<td>TOTAL CAPITAL EXPENDITURES:</td>
<td>$17,539,421.75</td>
<td>$1,317,142.37</td>
<td>$56,433.05</td>
<td></td>
<td>$16,222,279.38</td>
</tr>
<tr>
<td>TOTAL SALARIES, NORMAL EXPENDITURES, DEBT REQUIREMENTS AND CAPITAL EXPENDITURES:</td>
<td>$17,539,421.75</td>
<td>$1,317,142.37</td>
<td>$56,433.05</td>
<td></td>
<td>$16,222,279.38</td>
</tr>
<tr>
<td>ITEM</td>
<td>BUDGETED AMOUNT</td>
<td>TOTAL ACTUAL EXPENDITURES TO DATE</td>
<td>EXPENDITURES FOR THE MONTH</td>
<td>%</td>
<td>BALANCE OF BUDGET OVER ACTUAL EXPENDITURES</td>
</tr>
<tr>
<td>------</td>
<td>----------------</td>
<td>----------------------------------</td>
<td>---------------------------</td>
<td>---</td>
<td>------------------------------------------</td>
</tr>
</tbody>
</table>
| 12/27/02 Contract #50153 Kodani & Associates, Inc. Job 02-05 Ulaula Rd (Eieele) 12" W/L; 8" PRV, 400 gpm BP & 6" M/L Lihue Water System | $4,200.00 | $4,200.00 | $4,200.00 | 100% | $-
| | $- | $- | $- | $-
| TOTAL: | $4,200.00 | $4,200.00 | $4,200.00 | 100% | $-
STATEMENT OF REVENUES AND EXPENDITURES  
FACILITIES RESERVE CHARGE FUND  
February 29, 2012

REVENUES:
Cash on hand as of July 1, 2011  $ 4,367,931.68
Add: Revenues To Date $ 292,682.48
Sub-Total $ 4,660,614.16

EXPENDITURES:
Less: Expenditures To Date $ 21,893.30
BALANCE AT THE END OF THE MONTH $ 4,638,720.86

SHORT TERM INVESTMENTS-FRC  
BANK OF HAWAII
CUSIP#  
CENTRAL PACIFIC BANK
CUSIP#  
FIRST HAWAIIAN BANK
CUSIP#  T30020174  0.10000% INT. DUE 02/15/13 $ 500,000.00
CUSIP#  
MERRILL LYNCH
CUSIP#  313384FB7  0.14200% INT. DUE 09/14/12 $ 499,290.28
MULTI-BANK
CUSIP#  402194CU6  2.50000% INT. DUE 12/23/13 $ 240,000.00
CUSIP#  70455AAG5  2.30000% INT. DUE 12/31/12 $ 245,000.00
CUSIP#  36160VCH2  5.00000% INT. DUE 08/06/13 $ 97,000.00
CUSIP#  89214PAJ8  5.00000% INT. DUE 08/13/13 $ 97,000.00
CUSIP#  92705SAE3  1.50000% INT. DUE 06/17/03 $ 248,000.00
CUSIP#  70153RG19  1.50000% INT. DUE 09/09/13 $ 249,000.00
CUSIP#  02004MN74  1.50000% INT. DUE 09/03/13 $ 248,000.00

TDI (CSA)
CUSIP#  
VINING SPARKS
CUSIP#  

TOTAL SHORT-TERM INVESTMENTS - FRC $ 2,423,290.28

CASH ON WITH TREASURER - COK 02/29/12 $ 190,929.68
Claims Payable Paid
CASH ON HAND - FHB Savings (30-288435) 02/29/12 $ 2,024,500.90
Due from BAB Bond Fund
Less: CLAIMS PAYABLE  

CASH BALANCE AT THE END OF THE MONTH $ 4,638,720.86
### Facilities Reserve Charge

<table>
<thead>
<tr>
<th>CASH RECEIPTS</th>
<th>Budgeted Receipts</th>
<th>Actual Receipts to Date</th>
<th>Receipts for the Month</th>
<th>%</th>
<th>Balance of Budget Over Actual Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Cash Balance</strong></td>
<td>$4,367,931.68</td>
<td>$</td>
<td>$</td>
<td></td>
<td>$4,367,931.68</td>
</tr>
<tr>
<td>(FRC Refunds)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4a Facilities Reserve Charge</td>
<td>$504,000.00</td>
<td>$266,500.00</td>
<td>$27,600.00</td>
<td>53%</td>
<td>$237,500.00</td>
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<tr>
<td>5a Interest Earned</td>
<td>$43,750.00</td>
<td>$26,182.48</td>
<td>$6,967.68</td>
<td>60%</td>
<td>$17,967.52</td>
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<tr>
<td>5b BAB Subsidy</td>
<td>$306,692.00</td>
<td></td>
<td></td>
<td>0%</td>
<td>$306,692.00</td>
</tr>
<tr>
<td><strong>Total Resources</strong></td>
<td>$5,222,373.68</td>
<td>$292,682.48</td>
<td>$34,557.68</td>
<td>0%</td>
<td>$4,928,691.20</td>
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</tbody>
</table>

### Capital Expenditures

<table>
<thead>
<tr>
<th>Capital Expenditures</th>
<th>Budgeted Amount</th>
<th>Total Actual Expenditures to Date</th>
<th>Expenditures for the Month</th>
<th>%</th>
<th>Balance of Budget Over Total Actual Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>301 FRC CIP</td>
<td>$500,000.00</td>
<td>$0</td>
<td>$0</td>
<td>0%</td>
<td>$500,000.00</td>
</tr>
<tr>
<td>301b FRC Fund Balance</td>
<td>$125,000.00</td>
<td>$2,170,481.48</td>
<td>$0</td>
<td>0%</td>
<td>$2,295,481.48</td>
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<tr>
<td>301c FRC Debt Service</td>
<td>$1,989,115.00</td>
<td>$0</td>
<td>$0</td>
<td>0%</td>
<td>$1,989,115.00</td>
</tr>
<tr>
<td>10/12/08</td>
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<tr>
<td>302 Contract #322</td>
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<tr>
<td>GMP Assoc, Inc. Job 87-1</td>
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<td></td>
<td>$0</td>
<td>0%</td>
<td>$2,050.00</td>
</tr>
<tr>
<td>Poipu Storage Tank</td>
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<td></td>
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</tr>
<tr>
<td>08/01/99</td>
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<tr>
<td>304 WK-21 Contract #345</td>
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<tr>
<td>Fukunaga &amp; Assoc. Job 98-33</td>
<td>$10,500.00</td>
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<td>$0</td>
<td>0%</td>
<td>$10,500.00</td>
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<td>Waialua Well 3</td>
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<tr>
<td>6/28/04 (301, 301b)</td>
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<tr>
<td>LO-04 Con #436 Fukunaga</td>
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<tr>
<td>Assoc Inc Job 02-02 Omao 0.5 MG Tank</td>
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<tr>
<td>314</td>
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<tr>
<td>3/8/06 (301, 301b)</td>
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<tr>
<td>Con 457 Kudani &amp; Assoc Inc</td>
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<td>0%</td>
<td>$160,340.00</td>
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<tr>
<td>H-8 HW-12 Job 05-02 Drill &amp; Test Wainiha Well No. 4</td>
<td>$285,340.00</td>
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<td>0%</td>
<td>$160,340.00</td>
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<tr>
<td>CAPITAL EXPENDITURES</td>
<td>BUDGETED AMOUNT</td>
<td>TOTAL ACTUAL EXPENDITURES TO DATE</td>
<td>EXPENDITURES FOR THE MONTH</td>
<td>%</td>
<td>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</td>
</tr>
<tr>
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<tr>
<td>1/17/2007 (301)</td>
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<tr>
<td>Con 471 PORTech Eng.</td>
<td></td>
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<tr>
<td>WK-23 Job 93-1 Wallau</td>
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<tr>
<td>250,000 MG Tank Survey</td>
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<tr>
<td>$28,187.00</td>
<td>$28,187.00</td>
<td>$-</td>
<td>$-</td>
<td></td>
<td>$28,187.00</td>
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<tr>
<td>7/19/07 (301, 301b)</td>
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<tr>
<td>Con 475 TOMCO Corp</td>
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<td></td>
<td></td>
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<tr>
<td>A-11 Pump, Controls, Pmp Stn &amp; Pipeline-Anahola Well #</td>
<td>$72,294.00</td>
<td>$-</td>
<td>$-</td>
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<td>$72,294.00</td>
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<tr>
<td>3/31/08 (301, 301b)</td>
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<td>Con 488 HDR Engineering</td>
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<td>WK-39 Kapaa Hmtsts Well No. 4 Drill &amp; Test</td>
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<td>16%</td>
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<tr>
<td>7/2/2008 (301)</td>
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<tr>
<td>Con 492 Earthworks Pacific</td>
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<tr>
<td>WK-42 Phase II Offsite Waterline on Kaapuni Road for Stable Tank</td>
<td>$25,582.90</td>
<td>$-</td>
<td>$-</td>
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<td>$25,582.90</td>
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<tr>
<td>TOTAL EXPENDITURES</td>
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<td>$21,893.30</td>
<td>$-</td>
<td></td>
<td>$5,200,480.38</td>
</tr>
</tbody>
</table>
STATEMENT OF REVENUES AND EXPENDITURES
BOND FUND
February 29, 2012

REVENUES:
Cash on hand as of July 1, 2011 $ 401,056.43
Add: Revenues To Date
Sub-Total $ 401,056.43

EXPENDITURES:
Less: Expenditures To Date $ 401,056.43

BALANCE AT THE END OF THE MONTH

SHORT TERM INVESTMENTS - BOND

BANK OF HAWAI'I

FIRST HAWAIIAN BANK
CUSIP# $ -

TOTAL SHORT-TERM INVESTMENTS - BOND $ -

CASH ON HAND WITH TREASURER - COK

LESS CLAIMS PAYABLE ON $ - $ -

BALANCE AT THE END OF THE MONTH

0.00

2-2012 BOND BUDGET STATUS
# DEPARTMENT OF WATER
County of Kauai
STATUS OF THE BUDGET
JULY 1, 2011 TO JUNE 30, 2012
February 29, 2012

<table>
<thead>
<tr>
<th>BOND FUND</th>
<th>% Budget Elapsed</th>
<th>66.67%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>CASH RECEIPTS:</th>
<th>BUDGETED RECEIPTS</th>
<th>TOTAL ACTUAL RECEIPTS TO DATE</th>
<th>RECEIPTS FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL RECEIPTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEGINNING CASH BALANCE</td>
<td>$ 401,056.43</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 401,056.43</td>
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<tr>
<td>TOTAL RESOURCES</td>
<td>$ 401,056.43</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>0% $ -</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>CAPITAL EXPENDITURES:</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>201 Bond - CIP</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
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<tr>
<td>326 Con 518, Unlimited Builders, LLC Job 02-02, Piwai 777&quot; 0.5 MG Storage Tank &amp; Connecting Pipeline, Lawai (part BAB)</td>
<td>$ 401,056.43</td>
<td>$ 401,056.43</td>
<td>$ 401,056.43</td>
<td>100% $ -</td>
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</tr>
</tbody>
</table>

| TOTAL EXPENDITURES | $ 401,056.43 | $ 401,056.43 | $ - | 100% $ - |
STATEMENT OF REVENUES AND EXPENDITURES
BOND - BAB FUND
February 29, 2012

REVENUES:
Cash on hand as of July 1, 2011 $ 42,251,093.01
Add: Revenues To Date
Sub-Total $ 42,251,093.01

EXPENDITURES:
Less: Expenditures To Date $ 7,220,163.65

BALANCE AT THE END OF THE MONTH $ 35,030,929.36

SHORT TERM INVESTMENTS - BOND

BANK OF HAWAII

FIRST HAWAIIAN BANK
CUSIP# 1062140 1.3050% INT. DUE 10/31/13 $ 35,500,000.00

TOTAL SHORT-TERM INVESTMENTS - BOND $ 35,500,000.00

CASH ON HAND WITH TREASURER - COK 02/29/12 708,831.95
Due to W/U - BAB 0.00
Due to W/U - BAB 0.00
Claims paid in February 292,794.43
LESS CLAIMS PAYABLE ON 02/29/12 (1,470,697.02) $ (469,070.64)

BALANCE AT THE END OF THE MONTH $ 35,030,929.36
### BUILD AMERICA BONDS (BABS) - FUND

<table>
<thead>
<tr>
<th>CASH RECEIPTS:</th>
<th>BUDGETED RECEIPTS</th>
<th>TOTAL ACTUAL RECEIPTS TO DATE</th>
<th>RECEIPTS FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL RECEIPTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEGINNING CASH BALANCE</td>
<td>$42,251,093.01</td>
<td>$ -</td>
<td>$ -</td>
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<td>$42,251,093.01</td>
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<tr>
<td>Bond Proceeds</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
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<tr>
<td>Interest Income</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
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<td>$ -</td>
</tr>
<tr>
<td><strong>TOTAL RESOURCES</strong></td>
<td>$42,251,093.01</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$42,251,093.01</td>
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### CAPITAL EXPENDITURES:

<table>
<thead>
<tr>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ (94,222.00)</td>
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<tr>
<td>$ (247,087.00)</td>
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<tr>
<td>$ (255,867.97)</td>
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<tr>
<td>$ (348,900.00)</td>
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<tr>
<td>$ (100,540.00)</td>
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<tr>
<td>$ (121,000.00)</td>
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<tr>
<td>$ (49,500.00)</td>
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<tr>
<td>$ (201,500.00)</td>
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<tr>
<td>$ (32,430.00)</td>
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<tr>
<td>$ (42,760.82)</td>
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<tr>
<td>$ (115,500.00)</td>
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<tr>
<td>$ (2,500,000.00)</td>
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<tr>
<td>$ (50,000.00)</td>
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<tr>
<td>$ (8,796.00)</td>
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<tr>
<td>$1,276,268.06</td>
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<tr>
<td>$ (95,425.00)</td>
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<tr>
<td>$ 8,028.00</td>
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<tr>
<td>$22,511,355.89</td>
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<td></td>
<td>0%</td>
<td>$19,524,323.16</td>
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</tbody>
</table>

**201-01** BOND - BAB, CIP

**201-01** BOND - BAB, CIP

218 6/11/10 CON 513 Jennings Pacific, LLC
Job No. 02-18, WK-32, Kapaa Hmtds Pine Repi
$966,251.51 $819,130.56 $60,087.50 80% $147,123.95

219 5/11/10 CON 514 Earthworks Pacific
Job No. 04-02, WK-14, Pipeline Repi for Vivian Hts
$615,842.01 $478,365.60 77% $135,278.41

220 Unlimited Builders, LLC
Job No. 03-02, HWY-02, Wainaha Booster Pump Stn
$2,011,060.79 $60,843.81 $60,843.81 3% $1,950,225.98

684 8/11/09 Con 504 Goodfellow Bros., Inc.
Job 05-01 KW-18 Waiman Main Replacement
$112,544.24 $112,524.38 $112,524.38 100% $19.86

687 12/18/09 Con 507 Koga Engineering & Const.
Job 02-03, KW-14 12" WL, Waimanl Drive
$8,798.00 $127,268.00 $127,268.00 0% $8,798.00

688 9/30/10 Con 520 (201-01) Fukunaga & Associates
Job #10-01, Ali-01a Pipeline Repi - Anini Rd
$665,369.00 $331,900.00 $331,900.00 50% $333,560.00

221 9/30/10 Con 519 (201-01) Park Engineering
Job #10-02, Upsizing of the Kaumualii Hwv, 18"
$14,102.70 $ - $ - 0% $14,102.70

**TOTAL EXPENDITURES** $23,918,689.41 $1,800,664.35 $233,455.69 8% $22,117,425.06
<table>
<thead>
<tr>
<th>CAPITAL EXPENDITURES:</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>223 10/31/10 Con 523 (201-01) BCP Constr. Of Hawaii Job 06-06, P-H-25 Elwa, Umi, Akahi., 8&quot; ML Repl</td>
<td>$2,027,685.69</td>
<td>$1,211,352.26</td>
<td>$133,430.24</td>
<td>60%</td>
<td>$816,313.43</td>
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<tr>
<td>224 10/31/10 Con 524 (201-01) Koga Eng. &amp; Constr., Inc. Job 02-16, WP 2020 Proj WK 36, Pipeline Repl along Wallua Ohana, Anolani &amp; Kuamoo Rds.</td>
<td>$346,900.00</td>
<td>$1,045,800.00</td>
<td>-</td>
<td>0%</td>
<td>$1,392,700.00</td>
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<tr>
<td>225 Con 405 3rd n 4th Amm Kodani &amp; Associates, Inc. Job 02-19, KV-12 Waipouli Main Repl Wallua-Kapaa</td>
<td>$13,540.00</td>
<td>$6,170.00</td>
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<td>46%</td>
<td>$7,370.00</td>
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<tr>
<td>227 Con 525 KV-20 R. Electric Waimea Well A Renovations</td>
<td>$80,000.00</td>
<td>$529,053.35</td>
<td>$285,860.82</td>
<td>54%</td>
<td>$303,202.53</td>
</tr>
<tr>
<td>325 Con # 518 (LO-04) Unlimited Builders, LLC Job # 02-02, Piwai 677&quot; 0.5MG Storage Tank and Connecting Pipeline - Lawai</td>
<td>$725,382.16</td>
<td>$561,183.47</td>
<td>-</td>
<td>77%</td>
<td>$164,198.69</td>
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<tr>
<td>592 6/28/11 Con 409 Esaki Surveying &amp; Mapping, Inc.; Job 02-16, WK-38, P/L replace - Wallua</td>
<td>$100,000.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$100,000.00</td>
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<tr>
<td>230 Con 529 (201-01) Oceanic Company, Inc. Job 02-08, HE-08 Rehabilitation of Eleele Twin 0.4 MG Steel Tanks</td>
<td>$1,718,184.98</td>
<td>$618,775.46</td>
<td>$171,731.27</td>
<td>36%</td>
<td>$1,099,409.50</td>
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<tr>
<td>440 Con 440 Kodani &amp; Associates, Inc. Kilauea 1.0 MG Tank and Pipeline, Ph I (fr WU)</td>
<td>$201,500.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$289,825.00</td>
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<tr>
<td>621 Con 436 Fukunaga &amp; Associates Omao 0.5 MG Tank (fr FRC)</td>
<td>$88,325.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$88,325.00</td>
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<tr>
<td>314 Job 02-02 (LO-04)</td>
<td>$62,996.00</td>
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<td>$62,996.00</td>
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<tr>
<td>SUB - TOTAL</td>
<td>$6,919,347.16</td>
<td>$2,683,332.01</td>
<td>$305,161.51</td>
<td>$4,236,015.15</td>
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</table>
### BUILD AMERICA BONDS (BABs) - FUND

<table>
<thead>
<tr>
<th>CAPITAL EXPENDITURES:</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURE S TO DATE</th>
<th>EXPENDITURE S FOR THE MONTH</th>
<th>% Budget Elapsed</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
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</thead>
<tbody>
<tr>
<td>Con 530 (201-01)</td>
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<tr>
<td>Earthworks Pacific</td>
<td>$ 255,667.97</td>
<td>$ 707,145.21</td>
<td>$ 242,721.21</td>
<td>35%</td>
<td>$ 1,593,522.76</td>
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<tr>
<td>Job 02-19, WK-12</td>
<td>$ 2,045,000.00</td>
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<tr>
<td>Waipouli Main Replacement</td>
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<tr>
<td>Con 427 (201-01)</td>
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<tr>
<td>Belt Collins Hawaii, Ltd.</td>
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<tr>
<td>Job 02-14, Kapaa Hmstds</td>
<td>$ 74,965.54</td>
<td>$ 38,176.34</td>
<td>$ 6,429.80</td>
<td>51%</td>
<td>$ 36,789.20</td>
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<tr>
<td>0.5 MG Storage Tank &amp; Kapahi 1.0 MG Storg Tank</td>
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<tr>
<td>Con 427 (201-01)</td>
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<tr>
<td>Belt Collins Hawaii, Ltd.</td>
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<tr>
<td>Job 02-14, Kapaa Hmstds</td>
<td>(8,028.00)</td>
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<tr>
<td>0.5 MG Storage Tank &amp; Kapahi 1.0 MG Storg Tank</td>
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<tr>
<td>Con 533 (201-01)</td>
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<tr>
<td>Belt Collins Hawaii, Ltd.</td>
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<tr>
<td>Job K-01, K-12, Kualoa 1111' and 1222&quot; Water System Improvements</td>
<td>$ 971,715.72</td>
<td>$ 139,292.05</td>
<td></td>
<td>14%</td>
<td>$ 832,423.67</td>
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<tr>
<td>683 Job 04-06, KW-05, Kekaha Well &quot;B&quot; Renovations</td>
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<tr>
<td>233 Job 05-05, PLH-30, Niulamu &amp; Kupolo 6-inch, 8-inch and 12&quot; Main Replacement PHI</td>
<td>$ 262,036.12</td>
<td>$ 265,908.83</td>
<td>$ 160,683.32</td>
<td>118%</td>
<td>$ 36,198.31</td>
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<tr>
<td>234 Job 05-05, PLH-30, Niulamu &amp; Kupolo 6-inch, 8-inch and 12&quot; Main Replacement PHI</td>
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<tr>
<td>Con 534 (201-01)</td>
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<tr>
<td>Goodfellow Brothers, Inc.</td>
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<tr>
<td>Job 05-05, PLH-30, Niulamu &amp; Kupolo 6-inch, 8-inch and 12&quot; Main Replacement PHI</td>
<td>$ 3,202,500.00</td>
<td>$ 1,327,461.60</td>
<td>$ 453,574.85</td>
<td>41%</td>
<td>$ 1,875,038.40</td>
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<tr>
<td>235 Job 10-02, MOA Dept of Transportation/Kauai-Kaumualii Hwy widening, Annon Rd and Lihue Mill Bridge.</td>
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<tr>
<td>6/28/2011 (201-01)</td>
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<tr>
<td>Con 536, Esaki Surveying &amp; Mapping, Inc., Job 11-02, PLH-01a Replace Grove Farm Tanks #1 &amp; #2</td>
<td>$ 229,858.00</td>
<td>$ 31,635.00</td>
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<td>14%</td>
<td>$ 198,023.00</td>
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<tr>
<td>237 Con 536, Esaki Surveying &amp; Mapping, Inc., Job 11-02, PLH-01a Replace Grove Farm Tanks #1 &amp; #2</td>
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<tr>
<td>Con 544, HONUA Engineering, Job 11-04 (L-08, L-10) Water Main Replacement &amp; Service Improvement</td>
<td>$ 95,425.00</td>
<td>$ 24,678.75</td>
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<td>26%</td>
<td>$ 70,746.25</td>
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<tr>
<td>238 Con 544, HONUA Engineering, Job 11-04 (L-08, L-10) Water Main Replacement &amp; Service Improvement</td>
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<tr>
<td>6/28/11 Con 512 - Architects Hawaii, Ltd., Job No. PLH-39; Lihue Baseyard Improvements for DOW</td>
<td>$ 129,603.00</td>
<td>$ 193,629.71</td>
<td>$ 63,920.84</td>
<td>29%</td>
<td>$ 603,069.29</td>
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<tr>
<td>692 6/28/11 Con 512 - Architects Hawaii, Ltd., Job No. PLH-39; Lihue Baseyard Improvements for DOW</td>
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<tr>
<td>TOTAL EXPENDITURES</td>
<td>$ 38,990,814.01</td>
<td>$ 7,211,613.65</td>
<td>$ 1,465,947.02</td>
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<td>$ 31,779,200.36</td>
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<tr>
<td>CAPITAL EXPENDITURES:</td>
<td>BUDGETED AMOUNT</td>
<td>TOTAL ACTUAL EXPENDITURE S TO DATE</td>
<td>EXPENDITURE S FOR THE MONTH</td>
<td>%</td>
<td>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</td>
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<tr>
<td>Con 542, (201-01)</td>
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<tr>
<td>MEI Corporation</td>
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<tr>
<td>Job 02-17, H-01, H-02, H-03 Maka Ridge Facilities Rehab &amp; Princeville Interconnection Plan</td>
<td>$2,500,000.00</td>
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<td></td>
<td>0%</td>
<td>$2,500,000.00</td>
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<tr>
<td>Con 543, (201-01)</td>
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<tr>
<td>Oceania Laboratories, Inc.</td>
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<td>$49,500.00</td>
<td>$8,550.00</td>
<td>7%</td>
<td>$156,450.00</td>
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<tr>
<td>Job 11-03, M-03 Land &amp; Well Acquisition, Moloa and Waimea, Kauai</td>
<td>$116,500.00</td>
<td>$8,550.00</td>
<td>$4,750.00</td>
<td>7%</td>
<td>$156,450.00</td>
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<tr>
<td>Con 457, (201-01)</td>
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</tr>
<tr>
<td>Kodani &amp; Associates Inc. Job 05-02, H-8, HW-12 Drill &amp; Test Hanalei Well #2 &amp; Wainaha Well #4</td>
<td>$32,430.00</td>
<td>$</td>
<td></td>
<td>0%</td>
<td>$32,430.00</td>
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<tr>
<td>242 Job 02-11, M-02 Land Acquisition</td>
<td>$121,000.00</td>
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<td>0%</td>
<td>$121,000.00</td>
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<tr>
<td>Contract 12-550 (201-01) Honua Engineering, Inc. Job 11-06, WK-01</td>
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<tr>
<td>243 Con 551, (201-01) Esaki Surveying &amp; Mapping, Inc Job K-05A, Kukuiliono 0.5 MG Tank</td>
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<td>$</td>
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</table>

TOTAL EXPENDITURES $42,251,093.01 $7,220,163.65 $1,470,697.02 $35,030,929.36

% Budget Elapsed 66.67%
PR SPECIALIST REPORT

April 26, 2012

Press Releases: A press release was issued for a planned water outage/low water pressure for Puhi and portions of Līhuʻe. Connect CTY notification was also sent following the press release.

Revised postcard notifications were sent out to customers in Kapaʻa along Hoʻi and Fernandes roads for work beginning April 2012. Previous notification was sent back in December 2011 with start date of January 2012. That date was pushed out to April.

Conservation: In commemoration of last month’s Detect-A-Leak Week, our 2nd Annual Water Conservation Contest was held on April 16 – 20, 2012. This has been collaborative effort with the Department of Education and the Līhuʻe Subway. Assembly and delivery of contest packets to over 775 fourth grade students and teachers was a joint effort from our members in the Op’s, Fiscal, Engineering, Micro-Lab and IT divisions.

Leak detection dye tabs, plumbers tape, and low flow shower heads were made available in the DOW lobby area for customers who wanted to detect and fix leaks in their homes during the week of March 11 – 17, 2012. Response from the public was positive. A more conscious effort to get conservation information/tips onto our water bills will be made moving forward in light of the feedback/response.

The Water Conservation Advisory Group (WCAG) held their fourth meeting to and focused on goal setting for all water use sectors and reassessed best management practices (BMP’s) based on the goals set. The dynamic group is comprised of individuals and professionals in various fields (municipal, military, Ag, golf course). It was suggested at our following DOW weekly staff meeting that it would be beneficial for someone from our WRP or Engineering section to be a part of this advisory group.

SRF Program: SRF files and responsibilities have been transferred over to Engineering – Aaron Zambo.

DOW Activities: The Picnic in Poʻipū on Sunday, March 25th was a success. About 15 DOW Employees (including Board members) and their families turned up for the event. The Fun Committee will be planning another “fun activity/event” for our employees and their families during the summer.

A Spring Food Drive in conjunction with the County-wide food drive will run from March 5 – April 23, with internal employee incentives.

County has finalized the deadline for the 2011 Outstanding Employee Nominations for April 20th. The DOW Rewards Committee meets on April 16th to select our departments EOY.

An Aloha ‘Oe lunch was organized for Scott Shibuya, Chad Yamamoto and Faith Shiramizu on March 29th. Cake and ice cream were enjoyed as we bid farewell to our colleagues.
Public Relations: The Limtiaco Company is working on a FAQ sheet pending the final proposed FRC rate.

McGruff Truck Program: Back in February of this year, all participating McGruff Truck Program companies, nationwide were given notice that the national office was terminating the program, effectively immediately. Since then discussion has taken place between the national McGruff office and our local Attorney General Department Crime Prevention and Justice Assistance Division. A statewide conference call was held and it has been decided that the state of Hawaii will continue the concept of the McGruff Truck Program under a new logo and name. Discussion with our automotive mechanic has been initiated and plans to remove or cover up the current McGruff Truck Program decals are in the works.

Attended a McGruff Character training on O’ahu on April 20, 2012. Airfare and ground transportation was covered by the Department of the Attorney General’s Crime Prevention and Justice Assistance Division.

Meetings, Webinars and More:
- Attended the fourth meeting of the Water Conservation Advisory Group (WCAG).
- Attended the Appreciation Luncheon for County Employee Council. Aaron Zambo will be serving as our primary DOW Employee Council Representative.
- Met with DOH – Dan Chang. Discussed a grant request to establish a source protection education with Project WET program, status of the Well Head Protection Program, and a state wide water conference the DOH is working on which would allow various agencies such as DOH, DOW, USGS, UH, and CWRM to highlight or present current/future projects each are working on to key community stake holders and to the general public.
- Attended the Proclamation for the Kaua‘i Independent Food Bank Spring Drive Kick Off.
- Guest speaker for Kōloa Elementary School’s Career Day. Power point presentation on a career in the water industry given to over XX students. DOW goodie bags were also distributed to students in each session.

Recognition: Faith Shiramizu and the Department received a note of appreciation from KIUC’s President & CEO, David Bissell, for our quick and effective actions in immediately reducing our energy use during a recent widespread power outage. This resulted in a dramatic reduction in megawatts used and helped to avoid scheduled rollout outages around the island. Letter attached.

Respectfully submitted,

Joy Buccat
Joy Buccat
Public Relations Specialist

JB/cab
Mgrps/PR Specialist Report (4-26-12):cab
March 27, 2012

Mr. David Craddick
County of Kauai, Department of Water
PO Box 1706
Lihue, HI 96766
Copy: Ms. Faith Shiramizu

Subject: Note of Appreciation

On behalf of the members and staff of KIUC, I want to thank you and the County of Kauai, Department of Water ohana for the assistance that was provided on Tuesday, March 20, 2012.

Shortly after 5:30 a.m. that morning, KIUC experienced a widespread power outage caused by a problem with our largest generator at the Kapaia Power station. We started backup generation to restore service, but the Kapaia unit remained offline pending repairs. At the time, KIUC’s second largest generator was also offline at Port Allen for routine maintenance and was not available for service. The temporary unavailability of KIUC’s two largest generators resulted in a potential shortage of power supply during peak load times, which occur between 8 a.m. and noon, and again between 5 to 10 p.m.

While our crews at Port Allen and Kapaia worked on the repairs to bring the generators back into service, we called our largest members to explain the urgent situation and solicit help in voluntarily cutting back on non-essential electrical loads. If we could shave off a few megawatts during those peak load periods, we could avoid having to implement 15-20 minute outages in a scheduled sequence around the island.

When your facility engineering people were contacted, they immediately understood the gravity of the situation and responded quickly. The results were dramatically effective as shown by the attached graph comparing Monday’s morning peak and Tuesday’s morning peak. By early afternoon, repairs were completed on the Kapaia unit. It was brought back to full operation and the “all clear” was communicated to our large customers so that they could resume normal operations.

What might have been an island-wide disruption affecting everyone on Kauai was averted by your timely and effective actions to reduce your energy use during that vulnerable period. I am grateful to you and your team for making those operational changes and taking on the inconveniences that must have come up as you responded to our call for help. Thank you very much.

Sincerely,

[Signature]

David Bissell
President & CEO
Kauai Island Utility Cooperative

The power of human connections:

4463 Pahe’ e Street, Suite 1  •  Lihue, Kaua‘i, HI 96766-2000  •  (808)246-4300  •  www.kiuc.coop

KIUC is an equal opportunity provider and employer.
Operations Division Report for the Month of March 2012

Personnel

- Three (3) in-house applicants were interviewed for two (2) vacant pipefitter positions.

Source and Storage

Plant Operations and Maintenance

- Kalaheo DW #2 pump pulled, shaft broke due to defective material, bearings outside of acceptable tolerance will be replaced
- Puhi Well #4 pump pulled, Beryl to replace appurtenances and install new 200 gpm pump
- Kilohana Well B motor saver and main line no flow problems, motor saver replaced, possible damaged flow switch, troubleshooting ongoing
- Puhi 510’ Tanks level transmitter giving bad data, troubleshooting revealed water inside of box causing short in system, box dried out and a flashing was constructed to keep water from entering box
- Nawiliwili Tank level transmitter failed, replaced with new
- Nawiliwili Tank control valve tripped and non-responsive, cause determined to be faulty APC power supply, replaced
- Paanau Tank #2 control valves tripped and non-responsive, cause determined to be faulty APC power supply, replaced
- Wailua Homesteads Well B tripped on motor saver, fuses blown, troubleshooting in progress
- Waimea Heights BP #2, installed new pump, currently installing new spool pieces and motor
- Waipao Valley Well, pump placed online, troubleshooting problems with soft starter tripping on Thermo Overload, problem seems to be corrected
- Hansapepe Cliffside Tank level transmitter faulty, replaced
- Kilaeua Well #2 motor burned, replaced motor
- Nonou Well C motor burned, replaced motor
- Anahola Well A motor burned, replaced motor
- Kekaha-Waimea BPs pressure transmitters giving false data, troubleshooting and fixed transmitter
- Kekaha-Waimea submaster down, troubleshoot and reinstall submaster program with help of FluidIQs
- Kilohana Tank site, replace burnt line conditioner with new alternate brand, new brand seems to be an improvement over initially installed version, will investigate installation of new brand into other SCADA submasters
• Hanapepe Well A main line no flow trip, troubleshoot and repair flow meter
• Lawai Well #22 chlorine BP breaker failed, replaced with new circuit breaker
• Paua Valley Well air compressor failed, replace with new compressor
• Haena Well communication failure, troubleshoot and replace power supply for radio
• Corrective actions to address significant deficiencies and recommendations by the sanitary survey inspector commenced and are on-going.

NOTE: Most of the abovementioned electro-mechanical problems were caused by the March 2nd through March 10th storms.

Distribution

• Operations crews continue to perform leak repair of service laterals and mainlines damaged by contractors of Water Plan 2020.

• Operations crews assisted in overnight new waterline tie-in by operating valves along Akahi Street, Ahukini Road, Eiwa Street, and Hardy Street.

• Four (4) new residential water meters were installed, one (1) was replaced and two (2) temporary hydrant meters we installed.

• Operations Division is preparing a flushing procedure.

Fleet, Inventory, Warehouse and Baseyard Area

• We received a total of 52 calls from customers reporting leaks on the mainline, service laterals, meters, and fire hydrants including 5 called-in complaints of low water pressure and 1 call for no water. Also, 4 calls were received for exposed water line due to erosion, 2 calls reporting potholes and 2 calls seeking assistance in locating the customer’s meter valve.

• Two (2) new Dodge Ram 1500 P/U trucks were delivered on March 12, 2012. One truck is for the Operations Division Water Service Supervisor and the other is for Special Projects.
### Work Orders by Job Reason Code for Selected Date Range

03/01/2011 to 03/31/2012

<table>
<thead>
<tr>
<th># of W/O's</th>
<th>Job Reason Code</th>
<th>Description</th>
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<tr>
<td>26</td>
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<td>Meter Box Leak Repair</td>
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<tr>
<td>29</td>
<td>LEAK-CUST</td>
<td>Customer-Side Leak Repair</td>
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<tr>
<td>147</td>
<td>LEAK-MAIN</td>
<td>Mainline Leak Repair</td>
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<tr>
<td>179</td>
<td>LEAK-S/L</td>
<td>Service Lateral Leak Repair</td>
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</table>

#### Work Orders by Job Reason Code

- **LEAK-BOX**: 6.8%
- **LEAK-CUST**: 7.6%
- **LEAK-MAIN**: 38.6%
- **LEAK-S/L**: 47.0%
- Total: 100.0%

#### Number of Leak Repairs per Month

![Graph showing the number of leak repairs per month](image-url)
April 26, 2012
MEMO

TO: David R. Craddick, P.E., C.E.M., Manager and Chief Engineer
FROM: Gregg Fujikawa, Water Resources and Planning Division

SUBJECT: MONTHLY SUBDIVISION SUMMARY

<table>
<thead>
<tr>
<th>Subdivision Number</th>
<th>FMI Number</th>
<th>Applicant</th>
<th>Received Date</th>
<th>Response Date</th>
<th>Subject</th>
<th>DOW Response to Planning</th>
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<td>3/21/2012</td>
<td>Application</td>
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<td>S-2010-12</td>
<td>4-6-03:004; 4-6-03:010; 4-6-03:021; 4-6-03:034</td>
<td>State of Hawaii (DLNR)</td>
<td>3/15/2012</td>
<td>3/21/2012</td>
<td>Pre-Final Subdivision Map Review &amp; approval</td>
<td>Recommend Final</td>
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<td>S-2012-04</td>
<td>4-7-02:003</td>
<td>Cornerstone Hawaii Holdings, LLC</td>
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<td>3/22/2012</td>
<td>Pre-Final Subdivision Map Review &amp; approval</td>
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<tr>
<td>S-2008-01</td>
<td>2-6-14:032</td>
<td>Stanley B. Narramore</td>
<td>3/19/2012</td>
<td>3/21/2012</td>
<td>Pre-Final Subdivision Map Review &amp; approval</td>
<td>Domestic Service Connections for New Lots Not Constructed</td>
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<td>4-6-15:048</td>
<td>Melvin Soong &amp; Clarence Soong</td>
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<td>Cameron K. Burgess, etal.</td>
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<td>3/21/2012</td>
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<td>S-2012-03</td>
<td>1-6-02:074</td>
<td>Joanna M. Keahi &amp; Randall W. Yates</td>
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<td>S-2012-11</td>
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<td>3/30/2012</td>
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MANAGER’S UPDATE

April 26, 2012

MANAGER’S UPDATE for MARCH 2012 to APRIL 2012

CONTRACTS AWARDED BY THE MANAGER:

Re: Water Plan 2020 Job No. KP-09, Job No. 11-07, MCC, Chlorination Facilities, Koloa Well "16-A" & "E", & "16-B" Site and Bldg Improvements, Kauai, Hawaii

Contract was awarded to Okahara and Associates, Inc. in the amount of $181,447.00.

FUNDING:
Water Plan 2020 Job No. KP-09, MCC, Chlorination Facilities, Koloa Well "16-A" & "E", & "16-B" Site and Bldg Improvements ................................................................. $ 181,447.00
Contingency (~10%) ................................................................. $ 18,145.00
Total Requested from Water Utility Fund .............................. $ 199,592.00

BALANCE REMAINING (prior to subject fund request)
Capital Rehabilitation Project (CRP) Water Utility Fund .............. $ 300,000.00
Total Requested from CRP Water Utility Fund ............................ $<199,592.00>
New CRP Water Utility Fund Balance ........................................ $ 100,408.00

Re: Solicitation No. GS-2012-04, Furnishing and Delivery of Drive-By Acoustic Leak Noise Logging System and Services

Contract was awarded to Badger Meter, Inc. in the amount of $45,000.00 for the subject solicitation.

FUNDING:
Funds for the procurement of the leak noise logging system were available from the FY2012 Budget Line Item 44b – Miscellaneous - Drought Mitigation.

PUMP INSTALLATION PERMITS:
None

WAIVER, RELEASE AND INDEMNITY AGREEMENTS SIGNED BY THE MANAGER:
None

PERSONNEL MATTERS UPDATE:

Update: April 13, 2012
RECRUITMENT AND POSITION CHANGES

Operations Division
1. Pipefitter #2418 and #2443. Interview selection pending.
2. Lead Pipefitter #2481. Pending referred list of eligible.
3. Water Service Investigator II #2486. Interviews to be scheduled.
4. Power Generator Repairer #2469 to be reallocated to Heavy Vehicle and Construction Equipment Mechanic I. Revising position description for submittal to DPS (Department of Personnel Services) for recruitment.
5. Utility Worker #2438. Updating position description for submittal to DPS (Department of Personnel Services) for recruitment.

Fiscal Division
1. Accountant II (New) – Billing Section. Drafting position description.
3. Billing Section positions being updated due to upcoming implementation of new billing system.

Engineering Division, Special Projects Division, and Water Resources & Planning Division
1. Engineering, Construction Management (currently Special Projects) and Water Quality Divisions Re-Organization. Pending DPS status report.
2. Civil Engineer II #2458 (Engineering Division). Acquired referred list of eligible. Next step interviews.
3. Civil Engineer II #2468 (Engineering Division). No action at this time.
4. Water Inspector II #2355 (Engineering Division). Conditional job offer made. Pending clearance to start work.
5. Civil Engineer III #2360 (Water Resources and Planning Division). Acquired referred list of eligibles. Next step interviews.

Administration
1. Commission Support Clerk #2493. Submitting Request to Fill to DPS.
2. Private Secretary #E-35 reallocation to Private Secretary/Administration Office Manager. Pending DPS review and response.
3. Secretary #2354. Interviews being scheduled.
4. Public Relations Specialist #2478. Updating position description to be submitted to DPS for recruitment.

SUMMARY OF WARRANT VOUCHERS PAID – March 31, 2012
Warrant vouchers were paid in the amount of $1,134,972.56.
Please see attached Warrant Vouchers Report.
MANAGER’S UPDATE
Re: Manager’s Update for March 2012 to April 2012
April 26, 2012
Page 3 of 4

STAFF REPORTS - FY 12:
Conveyance of Water Facility:

None for this period

Total

Water Quality Report – First Quarter 2012:
1. No new dedicated sample sites to be installed by operations at this time.
2. One new site in Puhi added to Sample Site list for Routing Sampling
3. Main break monitoring program cancelled. In place now, Operations or Engineering informs the Lab of major breaks (that require sampling) or installation of new infrastructure so that Lab can sample/monitor water quality.
4. Decided to go with Triggered Monitoring Plan for the new GWR. Plan submitted to SDWB (accepted by SDWB). One hit so far. Monitoring plan seems to be workable. No hits in 2011.
5. Sampling sources to see if any will present problems with fecal indicators if triggered monitoring is required. So far only Garlinghouse Tunnel seems to be problematic. Ongoing.
6. Kalaeo, Lawai/Omao and Koloa became one system under the GWR, Kalaeo/Koloa System #434.
7. Keith Aoki has taken the initiative to require developers to install sampling stations in future subdivisions. They will be installing the same kind of stations we already have in use.
8. Koloa Well F first year initial sampling is complete. Kapaa #3 first year initial sample will start as soon as the well is running.
9. Lead and Copper Sampling for this year scheduled for summer 2012. Except for Sys #400. It will revert to initial sampling regimen due to Kapaa Well #3.
10. Andy is monitoring Kapilimaо chloride levels until Waipao Valley Well is back on line. Chlorides are holding steady. Note: Waipao Valley Well is back. Kapilimaо monitoring terminated.
11. Lab certification inspection by DOH scheduled for May, 2012.
12. Sampling for DOH Lab scheduling for 2012 completed using the State Drinking Water Information System (SDWIS). Sampling is occurring as scheduled.
14. CCR data to be reported to Sandi for the Water Quality report.

COUNTY ATTORNEY QUARTERLY REPORT
This report is submitted pursuant to Board Policy No. 25.
CLAIMS SETTLED: No Claims for First Quarter 2012

<table>
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<tr>
<th>Claimant Name</th>
<th>Date of Incident</th>
<th>Filed with Office</th>
<th>Nature of Claim</th>
<th>Amount Requested</th>
<th>Settlement Amount</th>
<th>Remedial Recommendation</th>
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AFFORDABLE HOUSING UPDATE:

Update will be provided after the next Task Force Meeting is held.

Respectfully submitted,

[Signature]

David Craddick, P.E., C.E.M.
Manager and Chief Engineer
**DEPARTMENT OF WATER**  
*Summary of Warrant Vouchers Paid*  
**March 31, 2012**

**WATER UTILITY FUND**

- Other Expenses, Department of Water  
  - Capital Expenditures $77,697.39
- Other Expenses, Department of Water  
  - Normal Expenditures $818,477.91

**TOTAL WATER UTILITY FUND**  
$896,175.30 $896,175.30

**BOND FUND**

**TOTAL BOND FUND**  
$ -

**FRC FUND**

- FRC REFUNDS $ -

**TOTAL FRC FUND**  
$ - $ -

**BOND - BAB**

- UNLIMITED BUILDERS, LLC. $162,283.49
- BELT COLLINS HAWAII, LTD. $76,513.77

**TOTAL BAB BOND FUND**  
$238,797.26 $238,797.26

**TOTAL CLAIMS PAYABLE**  
$1,134,972.56

**WATER UTILITY FUND**

- 3/31/12 AP $896,175.30 $896,175.30

**BOND FUND**

**FRC FUND**

**BOND - BAB:**

- 3/31/12 AP $238,797.26 $238,797.26

**BANK TRANSFER -**

$1,134,972.56

**Bank Transfer Adjustments:**
Due to W/U - Transfer Adjustment
# DEPARTMENT OF WATER

**WATER UTILITY FUND**

**RECAP OF NORMAL EXPENDITURES**

*March 31, 2012*

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**TOTAL NORMAL EXPENDITURES**

$818,477.91
DEPARTMENT OF WATER
WATER UTILITY FUND
RECAP OF CAPITAL EXPENDITURES
March 31, 2012

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<th>CAPITAL EXPENDITURES:</th>
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<td>MISCELLANEOUS CAPITAL EXPENDITURES</td>
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<td>VEHICLES &amp; EQUIPMENT</td>
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<td>CIP RESERVE</td>
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<td>PURCHASE OF METER &amp; METER BOXES</td>
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WATER UTILITY FUND

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</tr>
<tr>
<td><strong>TOTAL WATER UTILITY - CAPITAL EXPENDITURES</strong></td>
<td></td>
<td></td>
<td>$77,697.39</td>
</tr>
</tbody>
</table>

BOND

| CONTRACT PAYMENTS - BOND: | $ | - |

FRC

| Frc Refund -               | 4a |            |
| FRC PAYMENTS               | $  | -           |

BOND - BAB

| CON                        | 516 UNLIMITED BUILDERS, LLC. | 220 | $162,283.49 |
| CON                        | 533 BELT COLLINS HAWAII, LTD. | 233 | $76,513.77 |
| **CONTRACT PAYMENTS - BAB** | $  | 238,797.26 |

**TOTAL CAPITAL EXPENDITURES** | $316,494.65
Quarterly Status of DOW Projects

April 26, 2012

Department of Water
April 26, 2012
EXECUTIVE SUMMARY

The significant changes for this quarter are:

Design:
1. Job No. PLH-03, (RFP-02-11) Kahili Horizontal Directional Drilled Well. The DOW has been unable to attain right of entry from Grove Farm and the project is on hold until right of entry attained.

Construction:
1. Job No. WK-36, Pipeline Replacement along Wailua, Ohana, Anolani and Kuamoo Roads and Lehia Lane, construction began.
2. Job No. KW-14, 12" Waterline along Kaumualii Highway and Waimea Canyon Drive attained DOT sign off. Project being closed out for final payment.
3. Job No. WK-32 Phase II, Kapaa Homesteads Pipeline Replacement, DOW and Contractor in discussions over contract requirements and compensation requests.
4. Job No. LO-04, Piwai 0.5 MG Tank passed final inspection. Contractor providing closeout documents.
5. Job No. PLH-30, Nawiliwili, Niulalu, and Kupolo Pipeline Replacements on-going. Niulalu Road portion completed and connected to system.
6. Job No. PLH-25, Eiwa, Umi, Akahi, Elua, Hardy, Alohi, Uki, and Lalei 8" Waterline Improvements connections were successfully completed and the project area has been repaved. Working with contractor to closeout the project.
7. Job KW-20, Waimea Well A – Existing pump removed and new submersible to be installed as planned.
Design Projects
# WEST SIDE DESIGN PROJECTS

KEKAHA, WAIMEA, HANAPEPE, ELE EELE

<table>
<thead>
<tr>
<th>WP 2020 NUMBER</th>
<th>PROJECT TITLE</th>
<th>% COMPLETE Dec. 2011</th>
<th>% COMPLETE March 2012</th>
<th>EST. COMPLETE</th>
<th>BUDGET COST</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>KW-28</td>
<td>AMFAC SHAFT RENOVATION, Phase B</td>
<td>90</td>
<td>92</td>
<td>Q1 2012</td>
<td>$699,147 (D)</td>
<td>Pump installation complete. Awaiting water quality results.</td>
</tr>
<tr>
<td>HE-03</td>
<td>Hanapepe and Koloa Well MCC Improvements</td>
<td>-</td>
<td>-</td>
<td>Q2 2013</td>
<td>$300,000 (D)</td>
<td>Finalizing Contract Award for Koloa Portion</td>
</tr>
</tbody>
</table>
# South Side Design Projects

**Kalaheo, Lawai, Poipu, Ko'Olau**

<table>
<thead>
<tr>
<th>WP 2020 NUMBER</th>
<th>PROJECT TITLE</th>
<th>% COMPLETE Dec. 2011</th>
<th>% COMPLETE March 2012</th>
<th>EST. COMPLETE</th>
<th>BUDGET COST</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-01</td>
<td>Kalaheo Water System Improvements (North)</td>
<td>15</td>
<td>26</td>
<td>Q4 2012</td>
<td>$964,510 (D)</td>
<td>Under Design</td>
</tr>
<tr>
<td>LO-10, LO-08</td>
<td>Koloa Road 6&quot; and 8&quot; Main Replacement</td>
<td>28</td>
<td>28</td>
<td>Q4 2012</td>
<td>$86,750 (D)</td>
<td>Under Design</td>
</tr>
<tr>
<td>K-05A</td>
<td>Construct Kalaheo 0.5 MG Tank, 886'</td>
<td>-</td>
<td>-</td>
<td>Q2 2013</td>
<td>$400,000 (D)</td>
<td>Finalizing Contract</td>
</tr>
<tr>
<td>K-17, WK-02</td>
<td>Construct Kalaheo, Kokolau, and Akulikuli</td>
<td>5</td>
<td>5</td>
<td>Q2 2013</td>
<td>$117,701 (D)</td>
<td>Under Design</td>
</tr>
<tr>
<td>K-18</td>
<td>8&quot; Waterline along Haleiwi Road (Kaumualii Highway to Haku Hale Road)</td>
<td>-</td>
<td>-</td>
<td>Q4 2012</td>
<td>$75,000 (D)</td>
<td>Finalizing Contract</td>
</tr>
</tbody>
</table>

April 26, 2012
## EAST SIDE DESIGN PROJECTS

### LIHUE-PUHI, WAILUA-KAPAA, ANAHOLA

<table>
<thead>
<tr>
<th>WP 2020 NO.</th>
<th>PROJECT TITLE</th>
<th>% COMPLETE Dec. 2011</th>
<th>% COMPLETE March 2012</th>
<th>EST. COMPLETE</th>
<th>BUDGET COST</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLH-01A</td>
<td>REPLACE GROVE FARM TANKS 1 &amp; 2</td>
<td>14</td>
<td>14</td>
<td>Q1 2013</td>
<td>$229,658(D)</td>
<td>Under Design</td>
</tr>
<tr>
<td>PLH-03</td>
<td>KAHILI HORIZONTAL DIRECTIONAL DRILLED WELL</td>
<td>-</td>
<td>0</td>
<td>Q4 2015</td>
<td>$1,924,300 (Phase IA)</td>
<td>Under Design</td>
</tr>
<tr>
<td>PLH-37</td>
<td>DEEPEN PUHI WELL NO. 2</td>
<td>PH 1 – 100</td>
<td>PH 1-100</td>
<td></td>
<td>$67,000 BUDGET</td>
<td>PHASE 2 PROPOSAL PENDING</td>
</tr>
<tr>
<td>PLH-39</td>
<td>LIHUE BASEYARD IMPROVEMENTS (PH 1)</td>
<td>100</td>
<td>100</td>
<td>Q4 2011</td>
<td>$279,719 (P)</td>
<td>Master Plan and Final EA completed. County land transfer authorization attained. Design started</td>
</tr>
<tr>
<td></td>
<td>LIHUE BASEYARD IMPROVEMENTS -DESIGN</td>
<td>10</td>
<td>26</td>
<td>Q4 2012</td>
<td>$586,413 (D)</td>
<td></td>
</tr>
<tr>
<td>WK-01</td>
<td>REHABILITATE MOALEPE TUNNEL AND ACCESS ROAD</td>
<td>-</td>
<td>-</td>
<td>Q1 2013</td>
<td>$100,540 (D)</td>
<td>Finalizing Contract</td>
</tr>
<tr>
<td>WK-2</td>
<td>REHAB AKULIKULI TUNNEL (PHASE I)</td>
<td>100</td>
<td>100</td>
<td>Q1 2006 (Ph. 1)</td>
<td>$300,000 (D)</td>
<td>Ph.1 – Completed</td>
</tr>
<tr>
<td></td>
<td>REHAB AKULIKULI TUNNEL (PHASE II)</td>
<td>40</td>
<td>-</td>
<td>Q3 2009 (Ph. 2)</td>
<td>$392,000</td>
<td>Ph.2 – on hold</td>
</tr>
<tr>
<td>WK-8</td>
<td>KAPA'A 1.0 MG TANK (313 ZONE) (PHASE I - PLANNING)</td>
<td>92</td>
<td>93</td>
<td>Q1 2012</td>
<td>$681,128 (D)</td>
<td>Final Review Set Submitted</td>
</tr>
<tr>
<td>WK-28</td>
<td>WAILUA HOUSELOTS PIPELINE REPLACEMENTS</td>
<td>96</td>
<td>98</td>
<td>Q2 2012</td>
<td>$240,260 (D)</td>
<td>Final Review Set Submitted</td>
</tr>
</tbody>
</table>
### EAST SIDE DESIGN PROJECTS
#### LIHUE-PUHI, WAILUA-KAPAA, ANAHOLO

<table>
<thead>
<tr>
<th>WP 2020 NUMBER</th>
<th>PROJECT TITLE</th>
<th>% COMPLETE Dec. 2011</th>
<th>% COMPLETE March 2012</th>
<th>EST. COMPLETE</th>
<th>BUDGET COST</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>WK-12</td>
<td>WAIPOULI AREA MAIN REPLACEMENT (KUHIO HIGHWAY)</td>
<td>99</td>
<td>99</td>
<td>Q1 2012</td>
<td>$292,300 (D)</td>
<td>Tracings being routed for signature</td>
</tr>
<tr>
<td>WK-23</td>
<td>WAILUA HOMESTEADS 0.25 MG TANK (U.H. EXPERIMENT STN.)</td>
<td>80</td>
<td>80</td>
<td>PENDING UH R-O-E</td>
<td>$100,000</td>
<td>Added to Oceanit land research scope</td>
</tr>
<tr>
<td>WK-39</td>
<td>KAPAA HOMESTEADS WELL #4</td>
<td>99</td>
<td>100</td>
<td>Q1 2012</td>
<td>$352,000 (D)</td>
<td>Tracings being finalized.</td>
</tr>
<tr>
<td>WK-30</td>
<td>WAIPOULI &amp; HAUJIKI ROADS PIPELINE REPLACEMENT</td>
<td>75</td>
<td>85</td>
<td>Q2 2012</td>
<td>$237,400 (D)</td>
<td>Under design</td>
</tr>
<tr>
<td>WK-36</td>
<td>WAILUA AREA MAIN REPLACEMENT (State Right of Way)-Kuhio Highway</td>
<td>95</td>
<td>100</td>
<td>Q1 2012</td>
<td>$157,844 (D)</td>
<td>Redesign, EA, AIS &amp; AMP completed.</td>
</tr>
<tr>
<td>WK-02, PLH-42</td>
<td>AKULIKULI &amp; KOKOLUA TUNNEL REVISIONS</td>
<td>-</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>Treatment plant to be designed by AECOM with Kalaheo Surface Water Treatment Plant</td>
</tr>
</tbody>
</table>

April 26, 2012
# NORTH SHORE DESIGN PROJECTS

MOLOAA, KILAUEA, ANINI, HANALEI, HAENA

<table>
<thead>
<tr>
<th>WP 2020 NUMBER</th>
<th>PROJECT TITLE</th>
<th>% COMPLETE Dec. 2011</th>
<th>% COMPLETE March 2012</th>
<th>EST. COMPLETE</th>
<th>BUDGET COST</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>M-3</td>
<td>MOLOAA TANK SITE ACQUISITION AND OTHER LAND RESEARCH</td>
<td>10</td>
<td>15</td>
<td>Q4 2012</td>
<td>$105,000 (P)</td>
<td>NTP Issued.</td>
</tr>
<tr>
<td>M-1, M-2</td>
<td>KOOLAU PIPELINE IMPROVEMENTS MOLOAA 0.10 MG TANK</td>
<td>15</td>
<td>15</td>
<td>Q1 2013</td>
<td>$119,207 (D)</td>
<td>Working on ROE</td>
</tr>
<tr>
<td>WKK-2</td>
<td>KILAUEA WELL NO. 4 Site Selection Study (Phase I)</td>
<td>100</td>
<td>100</td>
<td>Q3 2004</td>
<td>$37,451(P) $160,000 (D)</td>
<td>REQUEST MOLOAA WELL EO</td>
</tr>
<tr>
<td>WKK-15</td>
<td>KILAUEA 1.0 MG TANK (PHASE I)</td>
<td>70</td>
<td>75</td>
<td>Q4 2012</td>
<td>$12,700 (P) $236,600 (D)</td>
<td>Under design</td>
</tr>
<tr>
<td>H-8</td>
<td>Drill and Test Hanalei Well #2.</td>
<td>33</td>
<td>35</td>
<td>Q1 2012</td>
<td>$425,000 (Combined with Wainiha Well 4)</td>
<td>Under design</td>
</tr>
<tr>
<td>HW-12</td>
<td>Drill and Test Wainiha Well #4.</td>
<td>99</td>
<td>100</td>
<td>Q1 2012</td>
<td>$425,000 (Combined with Hanalei Well 2)</td>
<td>Under design</td>
</tr>
</tbody>
</table>

April 26, 2012
# NORTH SHORE DESIGN PROJECTS

## MOLOAA, KILAUEA, ANINI, HANALEI, HAENA

<table>
<thead>
<tr>
<th>WP 2020 NUMBER</th>
<th>PROJECT TITLE</th>
<th>% COMPLETE Dec. 2011</th>
<th>% COMPLETE March 2012</th>
<th>EST. COMPLETE</th>
<th>BUDGET COST</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANI-01</td>
<td>KILAUEA TO ANINI PIPELINE REPLACEMENT</td>
<td>37</td>
<td>56</td>
<td>Q4 2012</td>
<td>$ 750,760 (D)</td>
<td>Under design</td>
</tr>
</tbody>
</table>
Construction Projects
## Construction Projects

<table>
<thead>
<tr>
<th>WP 2020 NUMBER</th>
<th>PROJECT TITLE</th>
<th>% COMPLETE Dec. 2011</th>
<th>% COMPLETE March 2012</th>
<th>EST. COMPLETE</th>
<th>BUDGET COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>KW-05</td>
<td>Kekaha Well B Renovation</td>
<td>75</td>
<td>99 (1)</td>
<td>Q4 2011</td>
<td>$ 681,899</td>
</tr>
<tr>
<td>KW-14, KW-15</td>
<td>WAIMEA CYN DR. 12&quot; MAIN REPL. &amp; WAIMEA 6&quot; MAIN REPL.</td>
<td>99</td>
<td>100</td>
<td>Q1 2012</td>
<td>$2,108,796</td>
</tr>
<tr>
<td>KW-16,23</td>
<td>WAIMEA MAIN REPLACEMENT</td>
<td>99</td>
<td>100</td>
<td>Q4 2011</td>
<td>$3,311,289</td>
</tr>
<tr>
<td>WK-14</td>
<td>Phase II VIVIAN HEIGHTS 8-INCH AND 6-INCH WATERLINE REPLACEMENT</td>
<td>100</td>
<td>100(2)</td>
<td>Q4 2011</td>
<td>$2,686,000</td>
</tr>
<tr>
<td>HE-08</td>
<td>ELEELE STEEL TANKS RENOVATION</td>
<td>33</td>
<td>42</td>
<td>Q4 2012</td>
<td>$1,755,000</td>
</tr>
<tr>
<td>LO-04</td>
<td>Piwai Tank</td>
<td>99</td>
<td>100</td>
<td>Q2 2012*</td>
<td>$2,540,000</td>
</tr>
<tr>
<td>PLH-25</td>
<td>EIWA, UMI, EKAHI, ELUA AND HARDY STREETS 8&quot; MAIN REPLACEMENT</td>
<td>70</td>
<td>76</td>
<td>Q2 2012</td>
<td>$2,566,000</td>
</tr>
<tr>
<td>WK-32</td>
<td>Phase II KAPA'A PIPELINE REPLACEMENT</td>
<td>98</td>
<td>100(3)</td>
<td>Q4 2011</td>
<td>$2,942,000</td>
</tr>
<tr>
<td>WK-36</td>
<td>PIPELINE REPLACEMENT ALONG WAILUA, OHANA, ANOLANI, AND KUAMOO ROADS</td>
<td>0</td>
<td>5</td>
<td>Q4 2012</td>
<td>$996,000</td>
</tr>
<tr>
<td>Job No. 10-02</td>
<td>Kaumualii Highway Widening Vicinity of Anonui Street to Vicinity of Lihue Mill Bridge</td>
<td>98</td>
<td>99</td>
<td>Q4 2011</td>
<td>$4,350,000</td>
</tr>
<tr>
<td>HW-03</td>
<td>Phase II Wainiha Booster and Haena Tank Renovations</td>
<td>4</td>
<td>15</td>
<td>Q3 2012</td>
<td>$2,070,000</td>
</tr>
</tbody>
</table>

(1) Change order issued which extended project schedule.
(2) Awaiting Dept. of Public Works redesign response for guardrail at Kanaele Bridge.
(3) Awaiting contract dispute resolution

April 26, 2012
## Construction Projects

<table>
<thead>
<tr>
<th>WP 2020 NUMBER</th>
<th>PROJECT TITLE</th>
<th>% COMPLETE</th>
<th>% COMPLETE</th>
<th>EST. COMPLETE</th>
<th>BUDGET COST</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Dec. 2011</td>
<td>March 2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KW-20</td>
<td>WAIMEA WELL A RENOVATIONS</td>
<td>56</td>
<td>56</td>
<td>Q1 2012</td>
<td>$591,992</td>
</tr>
<tr>
<td>WK-12 COUNTY ROADS</td>
<td>WAPOULI MAIN REPLACEMENT</td>
<td>24</td>
<td>46</td>
<td>Q4 2012</td>
<td>$1,947,620</td>
</tr>
<tr>
<td>PLH-30</td>
<td>Nawiliwili, Niumalu and Kupolo Pipeline Replacement</td>
<td>30</td>
<td>57</td>
<td>Q3 2012</td>
<td>$3,050,000</td>
</tr>
<tr>
<td>H-01, 02, 03</td>
<td>Maka Ridge Facility Rehabilitation Plan and Princeville Interconnection Plan</td>
<td>-</td>
<td>0</td>
<td>Q1 2013</td>
<td>$2,500,000</td>
</tr>
</tbody>
</table>
# Pending Water Plan 2020 Projects

<table>
<thead>
<tr>
<th>FY 2011-2012</th>
<th>PROJECT TITLE</th>
<th>STATUS</th>
<th>BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>KP-05</td>
<td>CONSTRUCT POIPU 1.0 MG TANK (245')</td>
<td>CONSULTANT SELECTION</td>
<td>$400,000</td>
</tr>
<tr>
<td>H-05</td>
<td>WEKE, ANAE, MAHIMAHI AND HE'E ROADS, 6&quot; AND 8&quot; MAIN REPLACEMENT</td>
<td>CONSULTANT SELECTION</td>
<td>$125,000</td>
</tr>
</tbody>
</table>
MANAGER'S REPORT

April 26, 2012

Re: Affordable Housing Projects – Quarterly Summary Status as of March 31, 2012 (formerly prepared by R.W. Beck)

This report is a summary of progress on the Affordable Housing Projects.

Job No. 05-03, KW-25, Kapilimao 0.5 million gallon tank:
  A. Project construction completed.

Job No. KW-28, Amfac Shaft:
  A. DOW Operations installed the pump. Water quality testing completed by microlab and source deemed adequate for well development. Consultant submitting results to DOH.

Job No. 02-14, WK-08, Kapahi 1.0 million gallon tank:
  A. Proceeding with two 0.5 MG circular tanks at the existing Ornellas Tank site. Final EA/FONSI posted with OEQC. Final review set submitted to DOW.

Job No. 02-14, WK-09, Kapaa Homesteads 0.5 million gallon tank:
  Project construction completed.

Job No. WK-39, Kapaa Homestead Well #4:
  A. Tracings approved. Finalizing construction RFP.
Job No. 02-24, WK-02, Akulikuli Tunnel:

A. Department conducted water testing and results indicate treatment is required. DOW staff met and are researching package treatment plants as a solution. The treatment plant will be located at the new Kapahi 1.0 MG tank site and AECOM Technical Services has been selected to design the treatment facility. The contract has been awarded and notice to proceed given on November 1, 2011.

Respectfully submitted,

Dustin Moises
Project Manager

CONCURRED:

David R. Craddick, P. E., C.E.M.
Manager and Chief Engineer

DM: cab
Mgr/H Affordble Housing Status Report (4-26-12)
The Department of Water, County of Kaua'i

Proudly presents this certificate of achievement to

Darwin Bukoski

awarded one of our

Crew Members of the 1st Quarter

"For superior service and unselfish devotion to duty performed during the "Storm of 2012" and the weeks following the event. The storm event required long hours at all times of the day and night to perform emergency corrective maintenance in order to keep our wells operational and provide uninterrupted service to our customers. On several occasions all five employees were dispensed to different locations around the island to combat multiple equipment failures. The storm resulted in three burned motors, power failures at more than 15 different sites from Kekaha to Ha'ena that required troubleshooting, two separate main line breaks (one in Anahola and the other in Kōloa) that were found and isolated prior to our tanks emptying completely, three different Booster Pump sites that required MCC repair to restore operation, and communication failures at more than 20 sites that threatened automatic pump and tank operation. Needless to say, all five employees responded to the emergencies promptly and efficiently. The quick response, teamwork and technical knowledge of the above mentioned employee(s) reflects a great credit upon themselves and were in keeping with the highest standards of the Water Department. Through their combined efforts, no community was without water during this event."

Given this 26th day of April 2012

Manager & Chief Engineer — David Craddick

Water Buck Authors — Val Reyna & Ryan Smith
The Department of Water, County of Kaua‘i

Proudly presents this certificate of achievement to

Neal Iseri

awarded one of our

Crew Members of the 1st Quarter

"For superior service and unselfish devotion to duty performed during the “Storm of 2012” and the weeks following the event. The storm event required long hours at all times of the day and night to perform emergency corrective maintenance in order to keep our wells operational and provide uninterrupted service to our customers. On several occasions all five employees were dispatched to different locations around the island to combat multiple equipment failures. The storm resulted in three burned motors, power failures at more than 15 different sites from Kekaha to Ha‘ena that required troubleshooting, two separate main line breaks (one in Anahola and the other in Koloa) that were found and isolated prior to our tanks emptying completely, three different Booster Pump sites that required MCC repair to restore operation, and communication failures at more than 20 sites that threatened automatic pump and tank operation. Needless to say, all five employees responded to the emergencies promptly and efficiently. The quick response, teamwork and technical knowledge of the above mentioned employee(s) reflects a great credit upon themselves and were in keeping with the highest standards of the Water Department. Through their combined efforts, no community was without water during this event."

Given this 26th day of April 2012

Manager & Chief Engineer — David Cracknell

Water Buck Authors — Val Reyna & Ryan Smith
The Department of Water, County of Kaua‘i

Proudly presents this certificate of achievement to

David Okamoto

awarded one of our

Crew Members of the 1st Quarter

For superior service and unselfish devotion to duty performed during the “Storm of 2012” and the weeks following the event. The storm event required long hours at all times of the day and night to perform emergency corrective maintenance in order to keep our wells operational and provide uninterrupted service to our customers. On several occasions all five employees were dispensed to different locations around the island to combat multiple equipment failures. The storm resulted in three burned motors, power failures at more than 15 different sites from Kekaha to Hanalei that required troubleshooting, two separate main line breaks (one in Anahola and the other in Koloa) that were found and isolated prior to our tanks emptying completely, three different Booster Pump sites that required MCC repair to restore operation, and communication failures at more than 20 sites that threatened automatic-pump and tank operation. Needless to say, all five employees responded to the emergencies promptly and efficiently. The quick response, teamwork and technical knowledge of the above mentioned employee(s) reflects a great credit upon themselves and were in keeping with the highest standards of the Water Department. Through their combined efforts, no community was without water during this event."

Given this 26th day of April 2012

Manager & Chief Engineer — David Craddick

Water Buck Authors — Val Keana & Ryan Smith
The Department of Water, County of Kaua'i

Proudly presents this certificate of achievement to

Lance Nakata

awarded one of our

Crew Members of the 1st Quarter

“For superior service and unselfish devotion to duty performed during the “Storm of 2012” and the weeks following the event. The storm event required long hours at all times of the day and night to perform emergency corrective maintenance in order to keep our wells operational and provide uninterrupted service to our customers. On several occasions all five employees were dispatched to different locations around the island to combat multiple equipment failures. The storm resulted in three burned motors, power failures at more than 15 different sites from Kekaha to Hāʻena that required troubleshooting, two separate main line breaks (one in Anahola and the other in Kōloa) that were found and isolated prior to our tanks emptying completely, three different Booster Pump sites that required MCC repair to restore operation, and communication failures at more than 20 sites that threatened automatic pump and tank operation. Needless to say, all five employees responded to the emergencies promptly and efficiently. The quick response, teamwork and technical knowledge of the above mentioned employee(s) reflects a great credit upon themselves and were in keeping with the highest standards of the Water Department. Through their combined efforts, no community was without water during this event.”

Given this 26th day of April 2012

[Signatures]
Manager & Chief Engineer – David Craddick
Water Buck Authors – Val Reyna & Ryan Smith
The Department of Water, County of Kaua‘i

Proudly presents this certificate of achievement to

Galen Shigeta

awarded one of our

Crew Members of the 1st Quarter

“For superior service and unselfish devotion to duty performed during the “Storm of 2012” and the weeks following the event. The storm event required long hours at all times of the day and night to perform emergency corrective maintenance in order to keep our wells operational and provide uninterrupted service to our customers. On several occasions all five employees were dispatched to different locations around the island to combat multiple equipment failures. The storm resulted in three burned motors, power failures at more than 15 different sites from Kekaha to Hā‘ena that required troubleshooting, two separate main line breaks (one in Anahola and the other in Kōloa) that were found and isolated prior to our tanks emptying completely, three different Booster Pump sites that required MCC repair to restore operation, and communication failures at more than 20 sites that threatened automatic pump and tank operation. Needless to say, all five employees responded to the emergencies promptly and efficiently. The quick response, teamwork and technical knowledge of the above mentioned employee(s) reflects a great credit upon themselves and were in keeping with the highest standards of the Water Department. Through their combined efforts, no community was without water during this event.”

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