

REGULAR MEETING  
BOARD OF WATER SUPPLY  
**Tuesday, August 21, 2007**

The Board of Water Supply, County of Kaua'i, met in regular meeting at its office in Lihu'e on Tuesday, August 21, 2007. Chairperson Lynn McCrory called the meeting to order at 10:08 a.m. On roll call, the following answered present:

BOARD: Ms. Lynn McCrory, Chairperson  
Mr. Ian Costa (present at about 10:15 a.m.)  
Mr. Donald Fujimoto (10:15 a.m. to 1:05 p.m.)  
Mr. Leland Kahawai  
Mr. Steven Kyono  
Mr. Roy Oyama  
Ms. Bernie Sakoda

STAFF: Ms. Wynne Ushigome  
Mr. Paul Ganaden  
Mr. William Eddy  
Mr. Gregg Fujikawa  
Mr. Keith Fujimoto  
Mr. Bruce Inouye  
Ms. Faith Shiramizu  
Ms. Amy Esaki  
Deputy County Attorney Rosa Flores

Absent & excused: Mr. Les Yoshioka

GUESTS: Ernest and Valerie Garcia (left at about 10:30 a.m.)  
Ms. Lynn Adams, RW Beck

**AGENDA**

Chair McCrory requested to re-order the Agenda to have Old Business Item No. 2, Request to Testify by Ernest and Valerie Garcia to be taken up after Correspondence/Announcements.

Acting Manager Ushigome added that the following items under New Business be deferred as all were not ready at this time:

14. Request Board Approval of a Conveyance of Water Facility from Kukuiula Development Company (Hawaii), LLC, a Hawaii Limited Liability Company for the Omao Water System 16" Transmission Line (S-2004-45), TMK: (4) 2-7-03 and (4) 2-7-04, Koloa, Kauai, Hawai'i
  
16. Request Board Approval of a Conveyance of Water Facility from the Gaylord and Carol Wilcox Family Limited Partnership, for the Detector Check and Lateral for Kilohana Carriage House, Puhi Road, TMK: (4) 3-4-05:001, Puhi, Kauai, Hawai'i

Mr. Kyono moved to approve the Agenda, as amended, seconded by Mr. Oyama.

Acting Manager Ushigome added that the following item should also be deferred under New Business, as it was also not ready at this time:

13. Request Board Approval of a Grant of Easement from McBryde Sugar Company, Limited, for the Omao Water System 16" Transmission Line (S-2004-45); TMK: (4) 2-7-03: 003; Koloa District, Kauai, Hawai'i

Mr. Kyono moved to amend his motion to approve the amended Agenda further to also include the deferral of New Business Item No. 13, seconded by Mr. Oyama; motion was carried.

## **MINUTES**

Ms. Sakoda moved to accept the Regular Meeting Minutes of July 17, 2007, and placed on file, seconded by Mr. Oyama; motion was carried.

## **CORRESPONDENCE/ANNOUNCEMENTS:**

**Re: Letter of Appreciation Letter from Ms. Tracy Nagata on Behalf of DR Horton to the Board of Water Supply and the Department of Water**

**Re: Letter from Chairperson Lynn McCrory to Mr. Thomas Oi, Land Agent with the Department of Land & Natural Resources , Kaua'i Division on the Land Transfer for the Department of Water's Proposed Kapa'a Homesteads 0.5 MG Storage Tank**

**Re: Letter from Chairperson Lynn McCrory in Response to Mr. James Beyers' Request at the June 19, 2007 Board Meeting**

It was noted that for future letters in response to Board Meeting testifiers, like Mr. James Beyer, that it would be from administration and not Board.

*Mr. Ian Costa and Mr. Donald Fujimoto were both present at about 10:15 a.m.*

Mr. Costa moved to receive the Correspondence and placed on file, seconded by Mr. Oyama; motion was carried.

## **OLD BUSINESS**

**Re: Request to Testify by Ernest and Valerie Garcia for Reconsideration of Enforcement of their Declaration of Non-Development Agreement, Recorded with Bureau of Conveyances on June 21, 2001, Document No. 2001-112764 for Subdivision S-99-12, TMK: 4-6-39:050, Lot 180-B-2; Hoku Road, Kapa'a Homesteads, Kaua'i**

Ernest and Valerie Garcia were present at the meeting.

Acting Manager Ushigome gave the following report:

At its July 17, 2007 Regular Meeting, the Board moved to defer action pending an opinion from the County Attorney's Office whether exceptions can be made to the Non-Development Agreement.

The County Attorney's office stated the Non-Development Agreement cannot be cancelled when the conditions which necessitated the original creation of the agreement still exists.

The Department recommends the Board enforce the Non-Development Agreement (reference Attachment A) and deny the applicant's request to install a new water meter on TMK: 4-6-39:050, Lot 180-B-2 that will service an additional dwelling unit. Mr. and Mrs. Garcia executed a Non-Development Agreement with the Kaua'i Board of Water Supply in lieu of upgrading the existing transmission main in order to obtain final subdivision approval (S-99-12) for a 2-lot subdivision in 1999.

In reviewing the discussion at the last meeting, we wish to clarify the Indemnification Section, Paragraph 10 of the Non-Development Agreement; whereby, the Garcia's agreed to hold harmless the Department, Board and County.

10. Indemnification. The Developer shall forever indemnify, defend, save, and hold harmless the Department, the Board, the County, and their respective officers and employees from and against any and all injury to persons and damage to property, deaths, claims, fines, suits, actions, economic and non-economic damages, costs, losses, and liabilities of every nature and kind arising or growing out of the Department's decision to recommend subdivision approval of the Property. The Developer understands and agrees that if this agreement is terminated for any reason other than the construction of the water-system facilities required by this agreement, this Paragraph No. 10 shall survive the termination of the agreement.

Funding: N/A

Background (reference information, no addition or correction to the July 17, 2007 Board report):

June 15, 1985 - Zoning Amendment ZA-95-5 (Ordinance No. PM-312-95) (reference Attachment B) was adopted by the County Council. The ordinance amended TMK: 4-6-39:030 from "Agricultural District A" to "Residential District R-4". A condition required that the proposed 2-lot subdivision (S-99-12) resolve all applicable conditions as recommended by the Department of Water (DOW).

August 17, 1998 – An application was made to subdivide TMK: 4-6-39:030 (S-99-12) (reference Attachment C). The DOW requirements included but were not limited to the subdivider upgrading the existing waterline to provide adequate domestic and fire-flow demands for the proposed subdivision. As recommended by the Fire Department, the minimum fire-flow demand for the area's zoning was 250 gallons per minute (gpm). In lieu of upgrading the transmission main, the subdivider was allowed to enter into and execute a Non-Development Agreement with the DOW; whereby, the subdivider agreed that the property would not be further developed until adequate water system facilities are constructed, as identified in the subdivision requirements.

The subdivider executed the Non-Development Agreement and obtained final subdivision approval. The Non-Development agreement covered both lots that were created by the subdivision.

February 15, 2007 – The DOW provided the following comments for an Additional Dwelling Unit (ADU) Facilities Clearance Form for Ernest M. Garcia and Valerie N. Garcia to construct an ADU on TMK: 4-6-39:050 (reference Attachment D). The Department's comment read as follows: *"Prior to building permit approval, the applicant will be required to complete necessary water system improvements as required in Subdivision S-99-12. Property is contained within a Non-Development Agreement. Installation of a second water meter (upon request) will be included in the waterline upgrade requirements"*. The applicant was also informed that at the present time, the applicable Facilities Reserve Charge (FRC) of \$4,600 must be paid prior to building permit approval.

March 22, 2007 – DOW letter (reference Attachment E) denied Valerie Garcia's March 1, 2007 request letter (reference Attachment F) to cancel and release them from the Non-Development Agreement so that a new water meter could be installed and an ADU can be constructed on TMK: 4-6-39:050, Lot 180-B-2 without having to increase the size of the water main.

The following information addresses Ernest and Valerie Garcia petitioning the County of Kaua'i, Board of Water Supply (Board) Chairperson, Ms. Lynn McCrory to reconsider the enforcement of the Agreement's letter dated May 12, 2007 (reference Attachment G).

- Item 1  
The DOW reviews subdivision applications and determines if there are adequate domestic and fire-flow system capacities available from the DOW's water system. The DOW's conditions for Subdivision S-99-12 included the upgrade of the existing waterline along Hoku Road to meet the recommended domestic and fire-flow demands for the area's zoning. A Non-Development Agreement was executed and recorded which allowed the subdivider to receive final subdivision approval without upgrading the existing waterline. However, a condition of the agreement provided that no further development would be allowed until adequate transmission facilities were constructed to provide adequate domestic and fire-flow demands for the subdivision.
- Item 2  
The existing transmission facilities along Hoku Road are able to support domestic water demands for more dwelling units in this area. Prior to subdivision S-99-12, adequate fire protection was available for the R-4 zoning designation along the Kawaihau Road frontage of the unsubdivided parcel. The water main extension along Hoku Road was a condition of Subdivision No. S-99-12 and is intended to provide adequate domestic and fire protection demands for the back lot. The water system facilities along Hoku Road need to be improved to provide adequate domestic and fire-flow demands for the proposed subdivision.

- Item 3

Real property records indicate that a dwelling was constructed on TMK: 4-6-09:071 in 2005. The DOW signed the building permit for the construction of a second dwelling unit on TMK: 4-6-09:071 on December 22, 2006. The conditional recommendation for approval of the building permit to construct a second dwelling on TMK: 4-6-09:071 from the Department included the payment of the then current applicable fees (Attachment H). The approval to construct this second dwelling did not prompt a DOW requirement to provide adequate fire-flow for the area's zoning, as opposed to subdividing an existing parcel. This parcel (TMK: 4-6-09:71) was not subdivided and Parcel 71 is not encumbered by a non-development agreement

To help further explain the fire protections requirements for above-mentioned parcel, reference is made to the "2005 Errata" to the 2002 Water System Standard adopted by the Kaua'i County Department of Water which states when application is made for a first or second five-eighths inch (5/8") water meter only, to serve a subdivided lot of record, the fire flow requirements of Table 100-19A shall not apply. However, the requirements of Table 100-19 shall apply when application is made for any five-eighth inch (5/8") water meter to serve a subdivided lot of record in excess of the second 5/8" water meter. The foregoing exception for 5/8" water meters shall not apply to applications for any other size water meters.

In the instance of the Garcia property, the subdivision application (S-99-12) process triggered the fire protection requirements for TMK: 4-6-39:50 which required the water system facilities along Hoku Road to be improved to provide adequate domestic and fire flow requirements.

- Item 4

Yes, as cited there is limited expansion potential as a result of the Non-Development Agreement executed as part of Subdivision S-99-12. The subdivider was required to upgrade necessary water system facilities to provide the recommended domestic and fire-flow demands of Subdivision S-99-12. In lieu of constructing necessary water system facilities, the subdivider chose to enter into a Non-Development Agreement and agreed that no further development shall occur until necessary water system facilities are constructed.

Board Discussion:

Chair McCrory reported that the County Attorney's Office submitted a legal opinion on that Non-Development Agreements are binding and cannot be cancelled. Deputy County Attorney Flores stated that the conditions, under which the agreement was made, still remains the same.

Testimony:

Ernest and Valerie Garcia appeared before the Board.

Mrs. Garcia testified that based on the County Attorney's decision, they would not have a choice but to go to a higher level. She felt that since they executed their Non-

Development Agreement, the DOW approved 2 new water meters on the same waterline that services their property, which she felt was discrimination.

In response to Mrs. Garcia's statement on the 2 additional water meters that were installed, Acting Manager Ushigome referenced Item 3 above:

- Item 3

*Real property records indicate that a dwelling was constructed on TMK: 4-6-09:071 in 2005. The DOW signed the building permit for the construction of a second dwelling unit on TMK: 4-6-09:071 on December 22, 2006. The conditional recommendation for approval of the building permit to construct a second dwelling on TMK: 4-6-09:071 from the Department included the payment of the then current applicable fees (reference Attachment H). The approval to construct this second dwelling did not prompt a DOW requirement to provide adequate fire-flow for the area's zoning, as opposed to subdividing an existing parcel. This parcel (TMK: 4-6-09:71) was not subdivided and Parcel 71 is not encumbered by a non-development agreement*

*To help further explain the fire protections requirements for above-mentioned parcel, reference is made to the "2005 Errata" to the 2002 Water System Standard adopted by the Kaua'i County Department of Water which states when application is made for a first or second five-eighths inch (5/8") water meter only, to serve a subdivided lot of record, the fire flow requirements of Table 100-19A shall not apply. However, the requirements of Table 100-19 shall apply when application is made for any five-eighth inch (5/8") water meter to serve a subdivided lot of record in excess of the second 5/8" water meter. The foregoing exception for 5/8" water meters shall not apply to applications for any other size water meters.*

*In the instance of the Garcia property, the subdivision application (S-99-12) process triggered the fire protection requirements for TMK: 4-6-39:50 which required the water system facilities along Hoku Road to be improved to provide adequate domestic and fire flow requirements.*

Mrs. Garcia responded that she knows it is past practice but does it make sense with insufficient water in the area, which is the bottom line, as she and her neighbor are both on the same waterline.

Acting Manager Ushigome further explained that her neighbor did not subdivide their lot and they had one lot that could potentially have 2 water meters – one for the lot of record and potentially for one additional dwelling unit (ADU); however, in Mrs. Garcia's case, they subdivided their lot; therefore, one lot becomes 2 lots with the potential of 2 water meters per lot or a total of 4 water meters.

Mr. Kyono added that we should not lose sight of the genesis of the Non-Development Agreement that was drafted to help families that wanted to subdivide their property (to give their lands to their children) but would not have been able to do due to cost restrictive water improvements. The Non-Development Agreement was drafted to allow our water customers to finalize their subdivision process and subdivide their lands, as long as it was agreeable that no development could be done on their lands until the water improvements were constructed.

Chair McCrory stated to Mrs. Garcia that they chose to subdivide back then in order to keep their existing houses on the front lot. Chair McCrory suggested that since

they own the back property and her brother-in-law, who owns the front property, should share the cost of the water improvements

Mrs. Garcia asked what is the responsibility of the Department of Water (DOW) to the people? Chair McCrory stated that the DOW has it on their schedule to upgrade the waterline in their area in about 5 years; however, the issue is that they want it done now.

Mr. Garcia stated that this waterline was initially slated to be upgraded 2 years ago and now it is 5 years later, so why should they have to suffer when the DOW should be doing the waterline. Chair McCrory stated that there are many areas like this that need to have upgrades.

Chair McCrory stated that it would have been a good idea for them when they initially subdivided to have approached the front lot homeowners to jointly share the cost of upgrading the waterline as the front lot homeowners benefitted by being able to keep the existing houses on that property. The cost sharing of the waterline would also benefit all of the homeowners on the back lots and front lot, as they may all one day want to subdivide their land further. However, that was not done but the Garcias' instead decided to take the risk that the ADU would always be there. Chair McCrory added that if the ADU was in place and the Garcias' wanted to subdivide, there still would be this waterline requirement.

Mrs. Garcia asked what happens if the DOW does not have monies in the future to do this waterline upgrade. Chair McCrory stated that the DOW is in the process of reviewing our Water Plan 2020, long-term planning tool, and working on pushing our planned projects forward, while also looking at various avenues to financially support our projects.

Mrs. Garcia asked Deputy County Attorney Flores under what circumstances could the Board terminate a Non-Development Agreement. Deputy County Attorney Flores apologized as she could only answer questions from the Board due to attorney/client privilege. Mr. D. Fujimoto asked Deputy County Attorney Flores if there could be an amendment to the Non-Development Agreement versus canceling the Agreement. Deputy County Attorney Flores advised that due to attorney/client privilege to the Board, any further detailed discussions should be held in Executive Session. She stated that no exceptions could be made to the Non-Development Agreement. Any sort of exceptions would be in fact a cancellation of the Agreement.

Chair McCrory reiterated that the Garcias should work something out with their family that owns the front lot. Mrs. Garcia shook her head acknowledging that would not work. Mrs. Garcia added that they were trying to provide for their family. Chair McCrory stated that the Board empathized with her situation.

Ms. Sakoda moved to approve staff's recommendation to deny the Garcias' request, seconded by Mr. Fujimoto; motion was carried.

*Mr. and Mrs. Garcia left the meeting at about 10:30 a.m.*

## **OLD BUSINESS**

### **Re: Discussion and Action Steps concerning Selection Process for new Manager and Chief Engineer of the Kaua'i County Water Department 1) Contract Hire to Assist the Acting Manager**

Acting Manager Ushigome reported on the following:

#### **Advertisement for Manager and Chief Engineers Job Announcement**

The job announcements for the Manager's position are currently being advertised in the Sunday issue of the two (2) newspapers of general circulation within the State. To date, we received a couple of informal inquiries; however, no one has submitted a résumé. The deadline for applying for the Manager's position is Friday, August 31, 2007.

Also, we posted the job announcement on the County of Kaua'i's website. Since the Water Manager is an appointed position, the job announcement is not included with the (civil service) recruitment listing under the Department of Personnel Services' NEOGOV website. Instead the notice has been posted on the County's webpage.

#### **Discussion on Procuring Job Search Firm**

If this most recent Water Manager's job announcement ad campaign proves to be unsuccessful, the Board may want to consider procuring the services of a consultant to assist with searching for a qualified candidate. Recently, the Police Commission hired a Mainland consultant to help with the assessment and selection of the police chief. Similarly, the Water Board could take a similar path in order to secure the services of a job recruitment firm.

On query by Chair McCrory, Deputy County Attorney Flores stated that she worked closely with the search firm that assisted the Police Commission in hiring the police chief. She felt that they did a great job from recruiting nationwide, doing the ads, screen the initial applicants, etc. and they kept the Commission in the loop on the process.

Deputy County Attorney Flores did ask the firm and it was confirmed that they do job search work for all types of positions and not only for the legal profession. She will get some of their informational brochures for the Board.

Deputy County Attorney Flores added that the Commission did give a conditional offer to one of the police chief candidates as the candidate would still need to do a post offer psychiatric and physical exams and a drug test.

On query by Mr. D. Fujimoto, Deputy County Attorney Flores stated that for the 1-year residency requirement for the police chief's position, it was opened nationally as they felt that it was not inconceivable or impossible for an applicant to wait and live here for a year before starting with the County.

Deputy County Attorney Flores added that if the Board wanted to further discuss this matter that it should be in Executive Session.

Chair McCrory asked the Board for concurrence in using a job search firm in case there are no applicants for the Water Manager position. Acting Manager Ushigome added that this would have to go through the procurement process.

Mr. Costa moved to approve to start to go through the procurement process, seconded by Mr. Kyono.

On query by Mr. D. Fujimoto, Chair McCrory stated that if the process is started with putting the ad in the newspaper, we would be ready to act once it is known whether we have any applicants or not. Chair McCrory requested that the ad be in the newspaper soon.

Motion was carried.

### Update on the Rule Change and Amendment of HRS

Acting Manager Ushigome gave the following report:

Chair McCrory would be updating the Board on the status of the rule change and discussion related to amending the HRS for fixing the annual salaries of the Manager and Deputy Manager.

The question before the County Attorney is whether he concurs with the legal interpretation that the Board's semi-autonomous status and legal authority under State and County law is unique among all other County departments. And that, withholding the salary-setting authority from the Board, hinders and interferes with the Board's independent authority to manage, control and operate the County's waterworks under State and County law.

Also, related to the abovementioned question is whether the Board can establish the salaries for the Manager and Deputy Manager through an administrative rule without contravening the Kaua'i County Charter, as amended in 2006. The County Charter dictates that the salaries of all appointed and elected officers shall be established by the Salary Commission. The Commission's findings shall be adopted by resolution of the commission and forwarded to the Mayor and Council. The question exists whether an administrative rule can supersede the County Charter.

Finally, the Board could pursue amending the HRS that establishes the Board's authority to fix the Manager's and Deputy Manager's salary.

Chair McCrory reported that she would be asking Mr. Gary Slovin, Esq. if he would be willing to work on amending the HRS so that Kauai Board of Water Supply would be able to set the Manager's salary similar to Oahu and the Big Island. She stated that Mr. Slovin strongly believed that he would be to assist the Board. Chair McCrory stated that she would personally hire Mr. Slovin at her own expense and she requested that once this is at the Legislature that all of the Board members submit testimony in support of the proposed revision of the HRS.

Chair McCrory will start working with Mr. Slovin to draft a legislative bill for this upcoming legislative session.

Acting Manager Ushigome indicated that the County Attorney has stated that our rules did not supersede the County Charter. Chair McCrory stated that the County Attorney told her that he felt that the Rules should be used only in an emergency situation, which she felt that the DOW is in, due to our Manager's position that has been vacant for 1-1/2 years. Therefore, the next step would be to change the HRS.

**Re: Job No. 97-11, Installation of 16-inch Waterline along Kuhio Highway, North Leho Drive to North Papaloa Road, Wailua, Kauai, Hawai'i (Water Plan 2020 Project No. WK-03)**

Mr. Inouye gave the following report:

**RECOMMENDATION:** It was recommended that an amount of \$ 299,223.94 be budgeted from Account No. 106b, CIP Reserve, to pay for the increase and decrease in quantities for the various unit price bid items that were installed for the subject project due to the actual conditions encountered in the field during construction.

**FUNDING:**

Contract No. 446, Koga Engineering & Construction, Inc.

Total Funds Certified ..... \$ 3,502,000.00

Koga Engineering & Construction, Inc. .... \$<3,494,166.15>

Balance Remaining ..... \$ 7,833.85

Proposed Change Order ..... \$<307,057.79>

Additional Funds Requested, Account 106b, CIP Reserve..... \$<299,223.94>

**BACKGROUND:**

The estimated quantities of the various items that are shown on the bid form (proposal quantities) are approximate only and the total amount the Department pays for these items is based on the actual quantity installed during the construction phase of the project. The actual quantities installed may be greater or less than the estimated proposal quantities due to the actual conditions encountered in the field. The final quantity for each unit price bid item was measured and verified by M&E Pacific, Inc., who provided construction inspectional services for the Department of Water for the subject project. The adjustment in quantities due to the actual field conditions is approximately 8% of the current contract amount.

A summary of the increase and decrease in quantity for the affected bid items were shown on Exhibit A that was attached to the Board Report.

The largest portion of the cost increase was due to the pavement restoration of Kuhio Highway, which included Item 29, 4" AC Pavement Mix IV; Item 30, 2" Cold Planing and Resurface with AC Pavement, Mix IV; Item 31, Aggregate Basecourse; and Item 32, Aggregate Subbase Course. The additional cost for the pavement restoration was necessary in order to meet the requirements of the State Department of Transportation, Highways Division and to provide a properly restored pavement structure for vehicular traffic traversing Kuhio Highway between North Leho Drive and North Papaloa Road.

Mr. D. Fujimoto moved to approve the staff's recommendation, seconded by Mr. Costa; motion was carried.

**NEW BUSINESS**

**Re: Request Board Approval of Resolution No. 1 (07/08), Budget for Fiscal Year 2007-08**

Mr. Kyono moved to approve Resolution No. 1(07/08), Budget for Fiscal Year 2007-08, seconded by Mr. Kahawai; motion was carried.

**Re: Resolution No. 2 (07/08), Mahalo and Aloha Les Yoshioka**

Although Les Yoshioka was unable to attend the Board Meeting, Acting Manager Ushigome read Resolution No. 2 in reverence to Les Yoshioka's retirement.

Mr. Costa moved to approve Resolution No. 2 (07/08), seconded by Mr. Oyama; motion was carried.

**Re: Resolution No. 3 (07/08), Mahalo and Aloha Mel 'Soul' Lorenzo**

Although Mel Lorenzo was also unable to attend the Board Meeting, the Secretary read Resolution No. 3 in reverence to Mel Lorenzo's retirement.

Ms. Sakoda moved to approve Resolution No. 3 (07/08), seconded by Mr. Oyama; motion was carried.

**Re: Job No. 02-24 (WP 2020 Project No. WK-2), Renovate Akulikuli Tunnel – Phase 2, Wailua-Kapa'a Water System, Kapa'a, Kaua'i, Hawai'i**

**Recommendation:**

It was recommended that the Board authorize the Department to award a contract for the subject project to SSFM International Inc. in the amount of 391,700.00 and approve a contingency of \$39,200.00 (approximately 10%) for a total amount of \$430,900.00. It was further recommended that the Board allocate \$120,900.00 in additional funds to the subject project.

**Funding:**

Account 101B, Capital Rehabilitation Projects.....	\$310,000.00
Current Estimate.....	<\$391,700.00>
10% Contingency.....	<\$ 39,200.00>
Total.....	<\$430,900.00>
Totals Funds Requested.....	\$120,900.00
Account No. 106B, CIP Reserve	

**Background:**

Consultant review and selection committees consisting of Department staff evaluated and ranked consultants according to Department consultant procurement procedure. In July, the selection committee recommended to the Manager that the Department commence contract negotiations with SSFM International, Inc. for the subject project. Contract terms, scope of work, and fee estimate have been negotiated and are acceptable to both parties.

This phase of engineering work will provide construction document preparation, environmental documentation, permitting, and engineering support during bidding and construction. Work will begin shortly after approval of this request.

Mr. Kyono moved to approve the Board authorize the Department to award a contract for the subject project to SSFM International Inc. in the amount of \$391,700.00 and approve a contingency of \$39,200.00 (approximately 10%) for a total amount of \$430,900.00; and also to approve the allocation of \$120,900.00 in additional funds to the subject project, seconded by Mr. Costa; motion was carried.

**Re: Job No. 06-01 (WP 2020 Project No. KW-28), AMFAC Shaft 11 Renovation Phase 1B, Kekaha-Waimea Water System, Kekaha, Kaua'i, Hawai'i**

**Recommendation:**

It was recommended that the Board approve a contract modification to Brown and Caldwell, Inc. in the amount of \$537,106.00 and approve a contingency amount of \$54,000.00, or approximately ten percent. Phase 1A of this project has been completed, and this contract modification will allow the Department of Water to proceed with Phase 1B. It was further recommended that additional funding in the amount of \$191,106.00 be appropriated from Account No. 106b, CIP Reserve as the fee submitted exceeds the budgeted amount of \$400,000.

**Funding:**

Account No. 101b, Capital Rehabilitation Projects.....	\$400,000.00
Brown and Caldwell, Inc.....<\$537,106.00>	
10% Contingency.....< <u>\$ 54,000.00</u> >	
Total.....	<\$591,106.00>
Total Funds Requested.....	\$191,106.00
Account No. 106B, CIP Reserve	

**Background:**

Brown and Caldwell completed Phase 1A, Pump Test Planning, in June 2007. Phase 1A included preparation of a Work Plan and Pumping Test Specifications, and preparing a Request for Proposals for contractors to provide pumping equipment and support to Brown and Caldwell in conducting and documenting the pump testing. Proposals were received from contractors in April 2007. These proposals were reviewed by Brown and Caldwell and a contractor was selected. A formal proposal describing Brown and Caldwell's and the pumping subcontractor's scope of work and fees was received June 4, 2007 and is the basis for the values above.

In Phase 1B, Brown and Caldwell will contract with the selected contractor and conduct field pump testing of the shaft to determine its production capability and water quality. Brown and Caldwell will also document the physical condition of the shaft and its ancillary components and submit a Basis of Design Report, a Department of Health Engineering Report, and a Steel Tanks Removal Report. These reports will be used to support final design and regulatory agency permitting of the new water source. Final design, permitting, and environmental documentation will be the subject of a future third phase and funding request.

The estimated amount of the fee proposal is acceptable for the amount and complexity of work required.

Mr. Costa moved and approved a contract modification to Brown and Caldwell, Inc. in the amount of \$537,106.00 and approved a contingency amount of \$54,000.00, or approximately ten percent; and also approved additional funding in the amount of \$191,106.00 that would be appropriated from Account No. 106b, CIP Reserve, seconded by Mr. Kyono; motion was carried.

**Re: Conveyance of Water Facility from Ricki and Lauren Bundschuh, for the Elysian Fields Condominium, Ala Kinoiki Street; TMK: (4) 2-8-22:015, Unit A & B, Weliweli, Koloa, Kauai, Hawaii**

It was recommended that the Conveyance of Water Facility document be approved; whereby, Ricki and Lauren Bundschuh transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to the following items:

Waterline:

- 1 ea. Double Service Lateral
- 1 ea. Fire Hydrant assembly

in place complete, in accordance with the as-built construction drawings for CONSTRUCTION PLANS FOR INSTALLATION OF DOUBLE SERVICE LATERAL AND FIRE HYDRANT FOR ELYSIAN FIELDS CONDOMINIUM, prepared by PORTech Engineering, LLC., Weliweli, Koloa, Kauai, Hawaii.

A Grant of Easement was not required at this time.

Mr. Kyono moved to approve the Conveyance of Water Facility from Ricki and Lauren Bundschuh, seconded by Mr. Kahawai; motion was carried.

**Re: Conveyance of Water Facility from Self-Help Housing Corporation, for Parcel 4 Subdivision, S-2004-34, TMK: (4) 3-3-03:040, Puhi, Kauai, Hawaii**

It was recommended that the Conveyance of Water Facility document be approved; whereby Self-Help Housing Corporation transfers unto the Board of Water Supply, County of Kauai, all of its right, title and interest to the following items:

Waterline:

- 181 linear feet of 8" Ductile Iron Waterline, in place complete
- 464 linear feet of 6" Ductile Iron Waterline, in place complete

- 308 linear feet of 4" Ductile Iron Waterline, in place complete
- 1 ea. 8" Gate Valves, including C.I. Valve Box and Cover
- 2 ea. 6" Gate Valves, including C.I. Valve Box and Cover
- 1 ea. 1-inch copper air relief valve assembly, in place complete
- 20 ea. 1 ½ inch Copper Double Service Lateral for 5/8-inch water meter, in place complete
- 1 ea. 1-inch Copper Single Service Lateral for 5/8-inch water meter, in place complete
- 2 ea. Cleanout and Riser, in place complete

Fire Hydrants:

- 2 ea. Fire Hydrant Assembly with 1 – 4 ½" & 1 – 2 ½" Outlet, in place complete.
- 2 ea. 6" Gate Valve, including C.I. Valve Box & Cover for Fire Hydrant

in place complete, in accordance with the as-built construction drawings for CONSTRUCTION PLANS FOR PARCEL 4 SUBDIVISION prepared by Esaki Surveying and Mapping, Inc., Puhi, Kauai, Hawaii.

Mr. Kyono moved to approve the Conveyance of Water Facility from Self-Help Housing Corporation, seconded by Mr. Kahawai; motion was carried.

Chair McCrory commended the Department for assisting the Self-Help Housing Project.

**Re: Conveyance of Water Facility from Opaekaa Falls Land Company 2, LLC, a Hawaii limited liability company, for TMK: (4) 4-2-003:065, Lot 23-B, Wailua, Kawaihau District, Kauai, Hawaii**

It was recommended that the Conveyance of Water Facility document be approved; whereby, Opaekaa Falls Land Company 2, LLC, a Hawaii limited liability company, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to: one (1) each, 1½-inch copper double service lateral for 5/8" water meter, for TMK: (4) 4-2-003:065, Lot 23-B, Wailua, Kawaihau District, Kauai, Hawaii.

A Grant of Easement not required.

Mr. Kyono moved to approve the Conveyance of Water Facility from Opaekaa Falls Land Company 2, LLC, seconded by Mr. Kahawai; motion was carried.

**Re: Conveyance of Water Facility from Opaekaa Falls Land Company, LLC, a Hawaii limited liability company, for TMK: (4) 4-2-003:066, Lot 23-A-2, Wailua, Kawaihau District, Kauai, Hawaii**

It was recommended that the Conveyance of Water Facility document be approved; whereby, Opaekaa Falls Land Company, LLC, a Hawaii limited liability company, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to: one (1) each, 1 ½-inch copper double service lateral for 5/8" water meter, for TMK: (4) 4-2-003:066, Lot 23-A-2, Wailua, Kawaihau District, Kauai, Hawaii.

A Grant of Easement is not required.

Mr. Kyono moved to approve the Conveyance of Water Facility from Opaekaa Falls Land Company, LLC, seconded by Mr. Kahawai; motion was carried.

**Re: Conveyance of Water Facility from Kalalea Plantation, LLC, a Hawaii limited liability company, for TMK: (4) 4-9-003:001, Lot 74, Aliomanu, Kawaihau District, Kauai, Hawaii**

It was recommended that the Conveyance of Water Facility document be approved; whereby, Kalalea Plantation, LLC, a Hawaii limited liability company, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to: one (1) each, 1 ½-inch copper double service lateral for 5/8" water meter, for TMK: (4) 4-9-003:001, Lot 74, Aliomanu, Kawaihau District, Kauai, Hawaii.

A Grant of Easement is not required.

Mr. Kyono moved to approve the Conveyance of Water Facility from Kalalea Plantation, LLC, seconded by Mr. Kahawai; motion was carried.

**Re: Conveyance of Water Facility from County of Kauai, Housing Agency, for the KEO (Kaua'i Economic Opportunity) Emergency Shelter and Transitional Housing Project, Wehe Road, TMK: (4) 3-8-05:001, Lihue, Kauai, Hawaii.**

It was recommended that the Conveyance of Water Facility document be approved; whereby, County of Kauai, Housing Agency, transfers unto the Board of Water Supply, County of Kauai, all of its right, title and interest to the following item:

Waterline: 1 ea. 1-1/2-Inch Single Service Lateral for 1" Water Meter

in place complete, in accordance with the as-built construction drawings for CONSTRUCTION PLANS FOR KEO EMERGENCY SHELTER AND TRANSITIONAL HOUSING, prepared by AGOR ARCHITECTURE, Lihue, Kauai, Hawaii.

A Grant of Easement is not required.

Mr. Kyono moved to approve the Conveyance of Water Facility from the County of Kauai, Housing Agency, seconded by Mr. Kahawai; motion was carried.

**Re: Conveyance of Water Facility from Susan W. Ochwat, for the Water Service Installation Plan for Lot 58, TMK: (4) 5-9-02: 058, Haena, Hanalei District, Kauai, Hawaii**

It was recommended that the Conveyance of Water Facility document be approved; whereby, Susan W. Ochwat, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to: one (1) each, 1-inch copper single service lateral for 5/8" water meter, for the Water Service Installation Plan for Lot 58, TMK: (4) 5-9-02: 058, Haena, Hanalei District, Kauai, Hawaii.

A Grant of Easement is not required

Mr. Kyono moved to approve the Conveyance of Water Facility from Susan W. Ochwat, seconded by Mr. Kahawai; motion was carried.

**Re: Conveyance of Water Facility from Salvatore Abbruzzese, Hookui Road, TMK: (4) 5-2-11:013, Kilauea, Kauai, Hawaii**

It was recommended that the Conveyance of Water Facility document be approved; whereby, Salvatore Abbruzzese transfers unto the Board of Water Supply, County of Kauai, all of its right, title and interest to the following item:

One half (½) of one each - 1½" double service lateral for 5/8" water meters

in place complete, in accordance with the as-built construction drawings for WATER SERVICE INSTALLATION PLAN FOR LOT 8-A-10-A, prepared by Wagner Engineering Services, Inc., Hookui Road, Kilauea, Kauai, Hawaii.

A Grant of Easement is not required.

Mr. Kyono moved to approve the Conveyance of Water Facility from Salvatore Abbruzzese, seconded by Mr. Kahawai; motion was carried.

**Re: Conveyance of Water Facility from the Canela Group, LLC, for the Water Facilities for the Subdivision of Lots 83-B and 84-B, S-2005-43 and 44, TMK: (4) 5-8-12:005 Hanalei, Kauai, Hawaii**

It was recommended that the Conveyance of Water Facility document be approved; whereby the Canela Group, LLC transfers unto the Board of Water Supply, County of Kauai, all of its right, title and interest to the following item:

Waterline:

- Approximately 203 linear feet of 6" Ductile Iron Waterline
- 1 ea. 8" x 6" Tapping tee
- 1ea. 6" Tapping Valve with valve box and cover
- 1ea. 2 ½" Gate Valve with valve box and cover
- Approximately 60 linear feet of 2 ½" copper waterline
- 4 ea. 1" Single Service laterals for 5/8" water meters
- 1 ea. 1 ½" Double service lateral for 5/8 water meters

Fire Hydrants:

- 1 ea. Fire Hydrant Assembly with 1 – 4 ½" & 1 – 2 ½" Outlet, in place complete.
- 1 ea. 6" Gate Valve, including C.I. Valve Box & Cover for Fire Hydrant

in place complete, in accordance with the as-built construction drawings for CONSTRUCTION PLANS FOR SUBDIVISION OF LOTS 83-B AND 84-B ROADWAY AND UTILITY IMPROVEMENTS prepared by Kodani and Associates, Inc., Hanalei, Kauai, Hawaii.

Mr. Kyono moved to approve the Conveyance of Water Facility from the Canela Group, LLC, seconded by Mr. Kahawai; motion was carried.

**Re: Grant of Easement from the Eric A. Knudsen Trust, for the On-Site Fire Hydrant shown on the As-Built Construction Plans of the 12" Waterline along Hapa Road, Weliweli Road, and Koloa Road, TMK: (4) 2-8-06: 005 Koloa, Koloa District, Kauai, Hawaii**

It was recommended that the Board approve the grant of easement; whereby, the Eric A. Knudsen Trust grant to the Board of Water Supply, County of Kauai, a perpetual easement on, over and under that certain parcel of land located in TMK: (4) 2-8-06:005, Koloa, Koloa District, Kauai, Hawaii, for the construction, installation, reinstallation, and maintenance of a Fire Hydrant, and for the construction, installation, reinstallation, maintenance, repair and removal of potable water pipelines, related meters, valves, and other associated waterworks facility improvements and appurtenances, together with the right of ingress and egress at any time to, from, and through the easement area, with or without vehicles or equipment, as the Department of Water shall deem necessary for the proper operation of its water system for the on-site Fire Hydrant shown on the As- Built Construction Plans of the 12" Waterline along Hapa Road, Weliweli Road, and Koloa Road, TMK: (4) 2-8-06:005, Koloa, Koloa District, Kauai, Hawaii.

Further, Board approval was specifically requested of the indemnification provision in this agreement, wherein the Board agrees to indemnify and hold harmless the Grantee from property damage and injuries to person (including death), when such damages and injuries are caused by the Department's negligence while using the area.

Mr. Kyono moved to approve the Grant of Easement from the Eric A. Knudsen Trust, along with the indemnification provision, seconded by Mr. Kahawai; motion was carried.

**REPORTS**

**Re: Statement of Kaua'i County Water Department's Revenues and Expenditures**

Waterworks Controller Ganaden reported on the fiscal year's end report. Total revenues amounted to \$23.8 million, while total expenditures that included CIP was \$23.0 million and as a result, cash on hand increased by approximately \$800,000. This past fiscal year we started with a cash balance of \$17.9 million and ended the fiscal year at \$18.7 million. For water sale revenues, we budgeted \$14.7 million and where actual water sales were \$14.8 million, which was a pretty close projection.

For salaries, we budgeted \$5.2 million and an expended \$4.4 million, which is due to the vacancies and unfilled positions in the Department. For total normal expenditures, we budgeted \$18.7 million and expended \$13.8 million. The difference was due to contract encumbrances and other items that we budgeted but did not expend and needed to encumber. Total water sales amounted to \$15.7 million and less operating expenditures of \$13.8 million indicated a net income of \$1.9 million. However, including depreciation, we would show a net loss on paper.

On query by Chair McCrory on the new depreciation structure, Waterworks Controller Ganaden stated it would be the next fiscal year.

On query by Chair McCrory, Waterworks Controller Ganaden stated that we would probably need to procure services to work on aligning the financial statements as the Board requested. He added that after conferring with our auditors, it would probably be after the annual audit for the previous fiscal year is completed and the books are closed.

Waterworks Controller Ganaden stated that they probably would be working on doing a quarterly report.

Chair McCrory stated that the Notice of Professional Services should go out shortly in order to have the auditors on board in time to start working with the staff on the Board's request. It was so noted.

**Re: Public Relations Specialist's Monthly Update Regarding DOW Public Relation Activities**

Public Relations Specialist Faith Shiramizu gave the following report:

**Kuleana:** The Department of Water's second appearance on the Mayor's Kuleana Show aired in early August. It was geared toward familiarizing people with our website where they can find a wealth of information as well as many of the application forms. It was called "DOW Website 101", addressing viewers that generally would not feel comfortable exploring websites. It was a very basic walk through of how to get to the different pages and sections of the site.

The Board commended Public Relations Specialist Shiramizu on her informative Kuleana.

**Employee Events:** The afternoon of July 31<sup>st</sup> unveiled a cool delight! Mahalo to Board Chair, Lynn McCrory for sponsoring an Ice Cream Sundae Party to thank the entire department for supporting the Pipe Tapping Team! It was a very scrumptious treat, enjoyed by everyone in attendance.

DOW's 3<sup>rd</sup> Annual Golf Outing was held on Saturday, August 11, 2007 at the Puakea Golf Course, thanks to the well-organized committee of Rona Miura, Tommy Tokuda, Keith Aoki and Paul Ganaden. The 22 golfers had a fun time on the course and returned to a delicious lunch thanks to the efforts of Keith A., Karen, Eddie, Bruce, Debra, Peggy and Faith.

The County's Employee Councils 3<sup>rd</sup> Annual Employee Picnic took place on Saturday, August 4<sup>th</sup> at Poipu Beach Park Main Pavilion. Food was plentiful and delicious; the families that attended especially enjoyed the dessert contest and swimming. There were many activities to choose from, like children's fishing tournament, volleyball, bingo, lots of other games and even reiki and massage! The best part for our employees was meeting fellow county employees, connecting faces

with names and voices on the phone. Like any other event, the fellowship and fun is as good as you as an individual allow it to be.

The 4<sup>th</sup> Annual County of Kaua'i Employee Cook-Off will be in early September. This year, chili is out and chicken is in, with the **Iron "County" Chef – Chicken!**

Chair McCrory volunteered to donate aprons for the cooks and helpers.

**Project WET:** Plans for the DOW 2007 Make-A-Splash (MAS) Water Festival are in full gear! All public, private and home schools have been invited and responses are coming in daily. "Invitations" for volunteers have been sent out, student items have been ordered, services are being secured and we're looking forward to another exciting and fun day!

**Drinking Water State Revolving Fund:** Working on applications for SRF loans to cover costs of 1) Stable 1.0 MG Tank and Connecting Waterline, 2) Kapilimao 0.5 MG Tank, 3) Waimea Canyon Drive Main Replacement and 4) Wailua Houselots Main Replacement, Ph I and II. The Stable Tank loan application will be submitted before the end of August.

### **Re: Report of the Finance Committee of the Kaua'i County Board of Water Supply**

The Budget for FY 2007-08 was approved at this Regular Meeting.

### **Re: Summary Report of Monthly Operational Maintenance**

Acting Chief of Operations Bill Eddy submitted an overview of the maintenance that the Shop personnel had done the previous month, which he has worked to fine tune this report to be more informative. The Board liked the new report format and information.

On query by Mr. Kyono on the industrial accident that occurred while using our new pipetapping machine, Mr. Eddy stated that the men did have training; however, time had passed between training and their initial use of the new pipetapping machine. He will be going over the manual with the men again.

On query by Mr. D. Fujimoto, Mr. Eddy said that the new machine is a different type of pipetapping machine and also a different brand and model. They tried to fix the old machine but the estimated cost was about \$9,000.

Chair McCrory requested for a month-to-day and year-to-day pie charts in color to be able to distinguish between pie parts. On query by Chair McCrory, Mr. Eddy stated that our consultant was on Kaua'i and created this information for the Board.

Acting Manager Ushigome reported that one of our Kīlauea pumps' output gradually declined from about 700 gpm to 430 gpm and is presently offline, which leaves only one other pump online. The pump that is offline will not be pulled until the new pump arrives. The new pump has been ordered from Texas and should be received and installed by a pump contractor in a few weeks. She added that the DOW will be

sending out a letter to our Kīlauea customers soon to inform them of this situation and to remind them to conserve water.

**Re: Manager's Monthly Update from July, 2007 to August, 2007**

**CONTRACTS AWARDED BY THE MANAGER:**

1. KMH LLP - Account No. 32, Annual Audit Fees.....Correction:... ~~\$75,000.00~~  
\$66,000.00

**PUMP INSTALLATION PERMITS SIGNED BY MANAGER:** None.

**WAIVER, RELEASE, AND INDEMNITY AGREEMENTS SIGNED BY THE MANAGER:**

1. Kukui'ula Development Company (Hawai'i), LLC for Kukui'ula Village, TMK: (4) 2-6-015:001 for the construction of a series of thirteen (13) commercial buildings and facilities

**Affordable Housing Update:**

Updates on Affordable Housing Task Force (AHTF) Projects:

1. DHHL – Anahola Residence Lots Unit 6, Pi'ilani o Kekai, Phase 1: No progress
2. Habitat - Eleele I Luna Subdivision Phase 1: Habitat preparing to submit building permit for the remaining 8-10 lots in Phase 1. No waiver of County fees will be available
3. Hookena at Puhi- Grove Farm is responsible for completing the booster pump and off-site waterline improvements by September 2007. Removed from AHTF list
4. Puhi Self Help Subdivision – Grove Farm is responsible for completing the booster pump and off-site waterline improvements prior to DOW building permit/water meter approvals. Self Help Housing is preparing for final subdivision approval at the (8/14/07) Planning Commission meeting, the booster pump and waterline project will not affect the final subdivision approval.
5. Kauai Lagoons – Kapule Project: The water demand study being prepared by their consultant indicates that the 31 affordable units will be service by a new water meter which is will require development of off-site source and storage improvements. According to the Housing Agreement, these affordable units must be completed prior to February 2010 or before 50% of the market units are completed.
6. Kauai Lagoons – Waipouli Courtyard-Outstanding items include the Kaua'i Lagoon's request to use a Waiver, Release and Indemnity (WR&I) agreement (including posting a bond) with the Department. Announcement that the 50/50 ownership of the project between Kauai Development LLC and Marriott Hotels was terminated by agreement. Marriott Hotels will take ownership of the Kapule Project and Kaua'i Development LLC will take ownership of the Courtyard at Waipouli project.
7. KEO Transitional Housing Project Phase I & II: Phase 1 is completed. Phase II: Construction of the water meter and fire connections are underway
8. Kalepa Village Phase III & IV – Phase III- 40 unit multi-family development is under construction.
9. Princeville Employee Homes: No report

10. Kukui'ula Employee Housing – No progress
11. Koheha Loa (Hanama'ulu Triangle): Since Fall 2006 there has been no updates or revisions to the Water Infrastructure Masterplan. Inadequate wastewater transmission mainlines in Lihu'e will require Grove Farm/DR Horton to build an oversized interceptor sewer line along Ahukini Road.
12. County-State parcel affordable housing projects: No report.

On query by Chair McCrory, Mr. Fujikawa stated that the DOW has received a draft Water Master Plan from Grove Farm and it is being reviewed.

On query by Chair McCrory, Acting Manager Ushigome stated that the deadline for the unions to comment on their concerns of the DOW installing the AMR system was Friday, August 17, 2007 and she had not seen any correspondence from the unions.

**Puhi Booster Pump Update:**

Grove Farm submitted their monthly Status Report for the Kilohana 16-inch Transmission Line dated July 20, 2007, which was given to the Board for their information. The report indicates the pipeline installation is on schedule.

Acting Manager Ushigome added that the pumps are in and the electrical work is done.

On query by Chair McCrory, Mr. Kyono stated that he did sign the permit to allow Grove Farm's contractor to dig up the newly paved road.

Mr. Kyono moved to receive all of the above Reports for the record and place on file, seconded by Mr. Oyama; motion was carried.

**STRATEGIC AND BUSINESS PLAN AND NEEDS ASSESSMENT**

**Re: Updates on the Kaua'i Water Department's Strategic and Business Plan and Water Plan 2020 Program Sustainability Services**

Ms. Lynn Adams of RW Beck was present at this meeting.

Acting Manager Ushigome gave the following update:

**Strategic Plan Implementation:** An updated summary of the highlights of the task plans and affordable housing projects are provided for your review. (See enclosed "Board Briefing: Strategic Plan Implementation Status Report" dated August 6, 2007, prepared by RW Beck.)

Ms. Adams reported on the following:

R.W. Beck staff was on site for one week during July. Limited support from our office staff was required during July 2007. Plan implementation is underway with many action items planned, initiated or completed, as summarized below and noted on the revised Task Plans.

DOW staff continues to make progress on various implementation action items. These efforts are led by many of the assigned Issues Champions with others stepping forward to volunteer expertise and assistance. The combined teams of DOW staff and R.W. Beck staff continue to work through the detailed Task Plans. The latest revisions of the Task Plans were given to the Board for their reference. There have been some new tactics added related to the Time Entry Study completed by Moss-Adams. Also of note is that one of the tactics to do a Customer Service Survey was put on hold as it was felt that there was so many other important things presently on everyone's plate. However, this will be revisited 1<sup>st</sup> quarter of next year 2008.

The following highlights items that are noteworthy since the July Board briefing document:

- ✓ *Issue Champion Meetings:* We met with several DOW Issue Champions during July to review progress on tasks and plan future activities associated with each Issue. Vacations and the short week on site precluded being able to meet with all Issues Champions during July.
- ✓ *Time Entry Assessment:* Task plan preparation is underway and will be completed by the end of July and will appear in the August Board Briefing. R.W. Beck will work with DOW Issues Champions in August to develop tasks associated with the new tactics added to the task plans.
- ✓ *Operations Division Re-organization:* As a result of the re-organization of the Operations Division, there is a need to hire additional positions to allow the re-organization to fully function. R.W. Beck prepared position descriptions for the three new positions in order for job postings and recruiting to take place. DOW staff will now assemble the necessary documents to present to County Personnel Services for job postings to be initiated.
- ✓ *Cell Phone Policy:* The cellular phone policy team has been meeting since May to review and discuss a cell phone policy for the DOW. A cellular phone policy has been drafted and submitted to the Acting Manager for approval and distribution.
- ✓ *Comprehensive Employees Manual:* The Manual has been reviewed by County offices and HEC. Modifications to the Manual have been made and the Manual has been sent to the Unions for their review. We expect to hear back from the Unions in August. Current plans are to distribute the Manual to all employees in September at the Monthly Employee Meeting.

It was noted that Supervisory training for division heads was already done in June, 2007. There will be ongoing supervisory training, with the working supervisors training next on the schedule, along with the division heads that did not make the June, 2007 training. There will also be followup training for reinforcement.

- ✓ *GIS:* Team members were identified for future tasks associated with GIS evaluations. This team met in July 2007 and discussed the current GIS system. Action items were developed and future meetings planned.

- ✓ *Asset Management*: This team met in June and developed a set of recommendations regarding the DOW direction on Asset Management. The recommendations have been summarized in a memo and sent to the Acting Manager. A few actions items were identified and further significant activities related to this topic will be re-visited in June 2008.
- ✓ *Automated Meter Reading*: A consultation session with the UPW Union regarding the AMR installation project was held in June. Unions have been given until August 15<sup>th</sup> to respond. After the Union response period is over, staff will proceed to issue a Notice to Proceed to the installation contractor and initiate installation of the new automated water meters.
- ✓ *Progress Schedules*: Updated Issues schedules are attached for your review.

Progress on these and other items specified in the Task Plans is noted in the attached updates. Note that a ✓ in the Task Plan “Dates” column indicates task or element completion.

On query by Mr. D. Fujimoto, Ms. Adams stated that the positions are posted on salary range, the salary survey has been completed, the next step is to make those adjustments to close the salary range gaps, and finally to work with the Department of Personnel Services (DPS) on how adjustments could be made, which is where the Department is now. Chair McCrory added that she would assist and followup by contacting DPS.

Ms. Adams will also followup with the rest of the RW Beck members on the status of Mr. D. Fujimoto’s salary recommendations that he had submitted previously.

#### Time Card System

On query by Chair McCrory, Ms. Adams stated that the time card issue has not been resolved yet. Acting Manager Ushigome added that when the time cards system is implemented, it would be department wide. Mr. Kyono discussed what happened at the DOT, Highways Baseyard that when they tried to implement a card system for security purposes, the UPW union filed a class action grievance to take back all of the cards. The reason was the union felt that management was using the cards to track the attendance of their employees. He added that when the cards were re-issued, they had to assure the union and their employees that the cards were not being used to track attendance, as they say that is what supervisors are for.

Chair McCrory stated that she liked the fingerprint system as it is cleaner and takes away any objectivity as compared to a card system that someone else could have stamped. It also takes away the angst if someone unwillingly gets asked to stamp a card for someone else.

Acting Manager Ushigome discussed that there we need to check for pilot programs out there that we could model our system

Chair McCrory requested that a letter be written to the unions to inform them of our intention to incorporate a time card system at the DOW and our next step would be

based on their reaction. Then if that does not work then reinforcement needs to be done with all supervisors of their role by doing more supervisory training.

Mr. D. Fujimoto stated that it would be important to all if RW Beck would work on his salary recommendations as soon as possible. He wanted some of the DOW's positions to be re-evaluated to verify that they are making equitable pay for their position. Ms. Adams that this type of information should be kept confidential as what is recommended may not be possible. Chair McCrory recommended that a report be made at the next Board Meeting.

### **Affordable Housing Projects**

Although not directly a part of Plan Implementation, we include a summary of the Affordable Housing Project activities here for your reference.

Contract issues that had slowed progress on five of the six projects have been resolved. Contracts for four projects are currently being executed, and one is being negotiated. The limited progress of recent weeks will accelerate.

- ✓ The Kapilimao 0.5 MG Storage Tank final design is proceeding. The 35% design submittal was reviewed by staff and returned to the consultant in early July. The 65% design submittal is due in August. The internal draft EA was submitted, reviewed and returned to the consultant in July. EA process is approximately one month behind schedule. Engineering contract has expired and an amendment is under preparation.
- ✓ A contract amendment for AMFAC Shaft 11 Phase 1B is out for signature. Work on field testing should begin shortly. The current DOW budget is less than the fees for this phase and a request for supplemental funding will be presented to the Board in August. Brown and Caldwell continue to delay preparing a proposal for early design following repeated requests. Discussions with management at Brown and Caldwell are in progress.
- ✓ A contract amendment for final design services for the Kapahi 1.0 MG Storage Tank is out for signature. Work should resume on this project shortly.
- ✓ DOW staff returned 100% design plans and specs to consultant for construction of Kapa'a Homesteads 0.5 MG Tank the week of August 6. Generator shelter is still to be added to the plans at DOW request. Contract amendment is in consultant's hands for signature. DLNR land transfer process revived and permission to construct will reportedly be granted in August.
- ✓ A draft scope and contract are at Hawai'i Pacific Engineers for design of Kapa'a Homesteads Well No. 4. Consultant expressed some concerns about the tight schedule, but no further details were available.
- ✓ Contract executed for Akulikuli Tunnel final design. A request for supplemental funding will be presented to the Board in August.

A status report was also given to the Board for their information.

### **Affordable Housing Projects:**

1. **(KW-25), Kapilimao 0.5 MG Tank** – Summary Project Status June '07  
Project Manager: Mark Salmon  
Design Consultant: Brown and Caldwell

Work underway: final design, environmental assessment

Work ahead: complete final design, construction

Current Major Area of Focus: environmental assessment, 65% design submittal

Potential obstacles: none currently

Tentative Date Project in Service: December 2008

- Summary: Internal draft EA submitted in July, currently under review by staff. EA process is approximately one month behind schedule. 35% design submittal reviewed by staff and returned to consultant with comments July 6.
- Contract Status: Design contract executed.
- Schedule: Project slightly behind schedule (EA overdue).
- Permits: No issues.
- Land & Easements: No issues.
- Agency Coordination: No issues.
- Problems and Proposed Mitigation: EA behind schedule. Will work with consultants to catch up.

**2. (KW-28), Amfac Shaft 11 Renovation – Summary Project Status June '07**

Project Manager: Mark Salmon

Design Consultant: Brown and Caldwell

Work underway: Phase 1B contract amendment execution and final design proposal.

Work ahead: final design, environmental/permitting, construction

Current Major Area of Focus: contract execution, getting pump testing underway, early final design proposal

Potential Obstacles: water quantity and quality unknown – testing pending

Tentative Date Project in Service: December 2008

- Summary: Contract amendment for consultant for signature. Board will be asked at August meeting to approve approximately \$191,000 in supplemental funding for Phase 1B
- Contract Status: Amendment for Phase 1B at consultant for signature.
- Schedule: See Problems and Proposed Mitigation below.
- Permits: No issues.
- Land & Easements: No issues.
- Agency Coordination: Department of Health has expressed interest in project status. DOW and design consultant will contact Department of Health.
- Problems and Proposed Mitigation: Still need proposal for early design from consultant. Will continue to prod them.

**3. (WK-08), Kapahi 1.0 MG Storage Tank – Summary Project Status June '07**

Project Manager: Mark Salmon

Design Consultant: Belt, Collins

Work underway: contract amendment execution

Work ahead: final design, environmental/permitting, construction

Current Major Area of Focus: contract amendment execution for final design  
Potential obstacles: easement acquisition from private landowner  
Tentative Date Project in Service: March, 2009

- Summary: Contract amendment for final design at consultant for signature.
- Contract Status: Contract amendment at consultant for signature
- Schedule: Current schedule shows project completion in March '09.
- Permits: No issues.
- Land & Easements: Discussing easement acquisition with landowner. No recent activity.
- Agency Coordination: No issues.
- Problems and Proposed Mitigation: Project configuration and landowner issues not yet resolved. Analysis and final resolution part of next phase scope of work.

#### **4. Kapa'a Homesteads 0.5 MG Storage Tank – Summary Status Report – June '07**

Project Manager: Mark Salmon  
Design Consultant: Belt, Collins

Work underway: contract amendment, easement acquisition

Work ahead: construction

Current Major Area of Focus: contract amendment execution, DLNR land transfer, generator shelter addition

Potential obstacles: none currently

Tentative Date Project in Service: July 2008

- Summary: Contract amendment for adding generator shelter to plans, bid period services and construction services at consultant for signature. DLNR land transfer issue is resolved sufficiently to allow construction.
- Contract Status: Contract amendment at consultant for signature.
- Schedule: No issues.
- Permits: No issues.
- Land & Easements: DLNR to grant permission for construction at August 10, 2007 DLNR Board Meeting.
- Agency Coordination: DLNR land transfer needed. See above.
- Problems and Proposed Mitigation: None

#### **5. (WK-39) Kapa'a Homesteads Well No. 4 – Summary Status Report – June '07**

Project Manager: Mark Salmon  
Design Consultant: Belt, Collins

Work underway: contract negotiation

Work ahead: well design, environmental/permitting and construction

Current Major Area of Focus: consultant contract

Potential obstacles: none currently

Tentative Date Project in Service: December 2008

- Summary: Draft scope of work and contract at consultant for fee proposal. Negotiations will follow.
- Contract Status: See above.
- Schedule: No issues.
- Permits: No issues.
- Land & Easements: No issues.
- Agency Coordination: No issues.
- Problems and Proposed Mitigation: Consultant worried about tight schedule. Will find out details and report.

## **6. (WK-02) Akulikuli Tunnel Renovation – Summary Status Report – June '07**

Project Manager: Mark Salmon  
Design Consultant: Belt, Collins

Work underway: final design contract execution

Work ahead: final design, environmental/permitting and construction

Current Major Area of Focus: contract execution and notice to proceed for final design.

Potential obstacles: water quantity and quality unknown – testing pending

Tentative Date Project in Service: December 2008

- Summary: New contract executed. Board will be asked at August 2007 Board Meeting to approve \$391,700.00 + a contingency of \$39,200.00 for a total of \$430,900.00 in supplemental funding for final design.
- Contract Status: See above.
- Schedule: Preliminary schedule developed by SSFM without contract. Project is currently behind schedule.
- Permits: No issues.
- Land & Easements: No issues.
- Agency Coordination: No issues.
- Problems and Proposed Mitigation: Contract executed so progress should recommence. Will work with consultant to condense schedule.

### **Water Plan 2020 Sustainability Program Implementation Plan:**

The Board held a WP2020 Sustainability Plan workshop on July 26<sup>th</sup>. Dave Jochim, Mark Salmon and Tom Jacobs from RW Beck presented an overview of the plan and answered questions.

As presented in the workshop, this is a brief summary of RW Beck's recommendations:

- Target 2012 for Phase 1 CIP completion (59 projects);
- Budget for \$165 M capital cost;
- Move forward with Programmatic approach;
- Implement 13.5% annual rate increase 2008 through 2012;
- Increase facilities reserve charges;
- Control and manage O&M costs (O&M costs include purchased water from Grove Farm WPF, contractual services, O&M material and supplies, power and other operating expenses);

- Structure program to create DOW staff career opportunities, and;
- Identify CIP Phase 2 activities in year 5.

Although everyone agreed that completing Water Plan 2020 is important and a priority, there needs to be a balance in providing the necessary infrastructure while minimizing the financial impacts on our existing customers and ensuring the Department's ability to cover its debts.

Acting Manager Ushigome's concern was the Water Plan 2020 Sustainability Program as outlined by RW Beck is extremely aggressive. As she stated, there will likely be a trade off between "time and money".....there is a price to pay, the quicker you want it done. She understood the Board's desire to expedite the CIP projects, but at what cost? Often the primary focus is the projects, the misperception is that "engineering" is unable to complete its projects, but engineering is only one aspect of the Department. Operations, Fiscal, Planning and the Administrative staff would be hard-pressed to keep up with the schedule as outlined by RW Beck. The ultimately "cost" may not just be measured in dollars. For example, in an attempt to save time..... you cut corners (whether unintentionally or purposefully). Loss of control over projects may end up costing more money in the long run, in addition to becoming an operations and maintenance headache.

Acting Manager Ushigome stated that she voiced her reservations; however, it was her understanding that the Board would like adopt the Water Plan 2020 Sustainability Plan structure and have the Department proceed with drafting a Request for Proposal. She strongly recommended that the Board keep in mind that the sustainability plan is conceptual; therefore, there will be a lot of work needed to "iron out" the details. For instance, the Department cannot simply implement the recommended 13.5% annual rate increase and increase facilities reserve charges without conducting a needs assessment study.

On query by Chair McCrory, Mr. Fujikawa stated that he met with Tom Jacobs of RW Beck and it was recommended to not look at individual projects but to look at total costs. Mr. Jacobs felt that if the Board was comfortable with expending the proposed total cost estimate, then we should start addressing the priority projects.

Acting Manager Ushigome stated that she thought it would be the reverse; whereby, you would identify the priority projects and that drives what type of funding would be needed. She added that there would be a lot of front-end things to do like identifying what projects would need environmental assessments, agreements, etc. that would need to be factored in and done prior to even starting the projects.

Chair McCrory asked Mr. Fujikawa if the Board stated that they would expend \$150 million towards the Sustainability Plan would he be comfortable that within the next 4 months he could identify the priority projects. Mr. Fujikawa stated that staff has a list of 245 projects, some may be done, some underway and others not done, and they have a pretty good idea of what projects are needed. They have also divided the projects into Phase 1 and 2 and a Phase 3 later on. At their last meeting they did move some of their Phase 3 projects up to Phase 1 or 2, depending on its urgency.

Mr. Fujikawa added that the Affordable Housing Projects are already part of Phase 1 and 2. Chair McCrory added that these projects would be separate and not be part of Water Plan 2020.

Mr. Fujikawa stated that once it is known what is the amount of money that would go toward the Sustainability Plan, the projects would need to be reviewed again to verify that there is enough money.

On query by Chair McCrory, Mr. Fujikawa concurred that a 4-month period would be doable if, for example, the budget was \$150 million, and he had to prioritize the projects. Chair McCrory concurred that this effort would be supported by RW Beck's assistance.

Mr. Fujikawa stated that RW Beck is working on 3-4 different scenarios to start the Sustainability Plan that would be keeping in mind the designated funding, debt ratio, rate increases, and the FRC adjustments. They will be reporting to the Board shortly.

Chair McCrory discussed that there are a few things that are already known and structured like the hiring of outside consultants, etc. and even though we do not know what the projects are or the amount of the rate increases, drafting a Request for Proposal (RFP) or a Request for Information (RFI) could be started.

Acting Manager Ushigome added that with the repeal of Act 190 on Privatization, the Plan's proposed Table of Organization may have legal issues. Mr. D. Fujimoto concurred that it is good to identify all the problems that will be encountered and be prepared to handle them.

Chair McCrory discussed that initially the Honolulu Board of Water Supply was going to be consulted to assist with the drafting of the documents for the RFP; however, Waterworks Legal Advisor Amy Esaki has volunteered to assist. Ms. Esaki will be assisted by engineers Dustin Moises and Gregg Fujikawa.

Mr. Fujikawa responded to Chair McCrory that the RFP is not in his area of responsibility but if the Board so deems that he would want to request to be temporarily transferred to do this task. Then someone in his staff could also be temporarily assigned to carry on his duties. On query by Chair McCrory, there were no objections.

Ms. Esaki stated that this would be a first-time venture that they will use all the resources available and do their best. She wanted it to be known that there would probably be a lot of obstacles to face, like taking away County positions, having an environmental impact statement (EIS) especially doing a massive project like this, land acquisition, etc. All this in consideration, the RFP process may take longer than expected. Chair McCrory added that starting the RFP process would be helpful to identify what the issues are and her biggest concern would be if we did not start this process at all.

On query by Mr. D. Fujimoto, Chair McCrory stated that the RFP was budgeted for this fiscal year and that \$200,000 was budgeted.

Mr. Oyama moved to approve to have the DOW draft the RFP or RFI, seek a company to prepare a response, setup and complete the to-be determined Water Plan 2020 projects for a 5-year period, with the structure as defined in the July 26, 2007 workshop by RW Beck to include the 3 options for implementation of the projects, design/bid/build, design/build, and general contractor's construction management, seconded by Mr. Costa; motion was carried.

Chair McCrory thanked Ms. Esaki for volunteering.

Mr. D. Fujimoto added that he felt that if the Program Manager position was filled it would help with this RFP process and moving forward. He asked if the EM-7 position was being filled. Acting Manager Ushigome was not sure on the status of that position; however, she knew that there was an eligible list that may have expired. Chair McCrory requested that the process to fill the EM-7 position needed to be re-initiated.

Ms. Esaki stated that she and Dustin would need assistance from someone who had knowledge of the scope of work, background information, what is the RFP looking for in a program manager and the evaluation criteria. This person would need to know clearly what is this program manager expected to do, what are the responsibilities of a program manager will be, etc. She felt that RW Beck would be the best resource but they are unable to assist us with the RFP as they may want to submit a RFP.

Mr. Costa suggested an alternative route to instead do a Request for Qualifications (RFQ) process first and then have the top ranking company assist with the scope of work.

Ms. Esaki added that she does not mind to collect the information and giving advice as it is part of her position description but she felt the doing the actual RFP does not fit with what she suppose to be doing as the Waterworks Legal Advisor.

There was more discussion on possibly outsourcing the RFP process or doing a RFP scaled down version as a pilot project to verify that everything is doable.

Chair McCrory suggested that this matter be deferred to the next Board Meeting and for staff to submit recommendations on how they want the RFP to be handled.

### **Approach and Schedule**

At the request of the Board Chair and the Acting Manager, R.W. Beck has been engaged in an ambitious schedule to support Plan implementation. The results – in terms of effective, focused and timely action – have been extremely positive. Due to the increased on-site time commitment and office support efforts in early 2007, current budget authorizations will be expended by the end of August 2007. It is expected that staff will be recommending, at the August Board Meeting, a continuation of the on-site services through December 2007 or possibly until June 2008. The level of effort for these services will be reviewed on a quarterly basis with the Acting Manager to determine if any adjustment to the level of services is necessary.

The DOW staff continues to contribute to plan implementation progress and make a difference in the organization. Staff participation continues to be the highest priority of the Plan Implementation Phase.

It was reported that Tom Jacobs will attend the September Board Meeting. RW Beck's attendance beyond September will depend upon DOW authorizations. Should the Board have any questions, please do not hesitate to contact either Lynn Adams or Tom Jacobs at any time.

Received for the record.

Chair McCrory thanked and excused the staff at 1:05 p.m. Mr. D. Fujimoto also was excused at 1:05 p.m.

Lunch Recess: 1:05 p.m. to 1:50 p.m.

**EXECUTIVE SESSION:**

Pursuant to Hawaii Revised Statutes (HRS) §92-7(a), the Board may, when deemed necessary, hold an executive session on any agenda item without written public notice if the executive session was not anticipated in advance. Any such executive session shall be held pursuant to HRS §92-4 and shall be limited to those items described in HRS §92-5(a).

**1. Review of Executive Session Minutes: June 19, 2007**

**2. Executive Session Meeting**

- ES-1** Pursuant to Haw. Rev. Stat §§92-4 and 92-5(a)(2), the purpose of this executive session is to consider the Job Performance Evaluation of the Department of Water's Acting Manager and Chief Engineer. This deliberation involves personnel matters affecting the privacy of the Acting Manager and Chief Engineer. This consultation involves consideration of the powers, duties, privileges, immunities, and/or liabilities of the Board and the Department as they relate to this agenda item.

Chair McCrory read the Executive Meeting Session notice for ES-1, Job Performance Evaluation of the Department of Water's Acting Manager and Chief Engineer, to be discussed in Executive Session. There was no public testimony. Ms. Sakoda moved to enter into Executive Session at 1:53 p.m., seconded by Mr. Oyama; motion was carried. The Regular Meeting reconvened at 3:00 p.m.

**ADJOURNMENT:** There being no further business, Ms. Sakoda moved to adjourn the meeting at about 3:00 p.m.

Respectfully submitted,

Rona Miura, Secretary

APPROVED:

Wynne M. Ushigome  
Acting Manager and Chief Engineer

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