

**REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, August 19, 2010**

The Board of Water Supply, County of Kaua'i, met in regular meeting at its office in Līhu'e on Thursday, August 19, 2010. Chairperson Randall Nishimura called the meeting to order at 10:07 a.m. On roll call, the following answered present:

BOARD: Mr. Randall Nishimura, Chairperson
Mr. Ian Costa *(present at about 10:15 a.m.)*
Mr. Dee Crowell
Mr. Donald Fujimoto
Mr. Leland Kahawai
Mr. Raymond McCormick
Mr. Roy Oyama *(present at about 10:09 a.m.)*

Quorum was achieved.

STAFF: Mr. David Craddick
Mr. William Eddy
Mr. Keith Aoki
Mr. Gregg Fujikawa
Mr. Keith Fujimoto
Ms. Faith Shiramizu
Ms. Marites Yano
DOW Deputy County Attorney Andrea Suzuki
First Deputy County Attorney Amy Esaki

GUESTS: Mr. Dan Chang, State Department of Health Safe Drinking Water Branch
Max W. J. Graham, Jr., Esq., Belles Graham Proudfoot Wilson & Chun, LLP
Mr. Léo Azambuja, The Garden Island newspaper

AGENDA:

Chair Nishimura requested to have Manager's Report No. 11-16 – Request Board Approval for Grant Funding from the Department of Health Safe Drinking Water Branch to Develop and Initiate Implementation of a Wellhead Protection Program for the County of Kauai, taken up after Correspondence/Announcements.

Mr. Crowell moved to approve; seconded by Mr. Kahawai; as there were no objections, the Agenda was so re-ordered by Chair Nishimura.

MINUTES:

Mr. Oyama moved to approve the Public Hearing Meeting Minutes of July 15, 2010, seconded by Mr. Crowell; by a unanimous vote; motion was carried.

Mr. Kahawai moved to approve the Regular Meeting Minutes of July 15, 2010, seconded by Mr. Oyama; by a unanimous vote; motion was carried.

Mr. Oyama moved to approve the Special Meeting Minutes of July 26, 2010, requesting Board Approval to Allow Extending an Additional 1,000 feet of our

Waterline for the Department of Transportation, Highway Division's Ongoing Kaumualii Highway Waterline, seconded by Mr. McCormick; by a unanimous vote; motion was carried.

CORRESPONDENCE/ANNOUNCEMENTS:

Re: Letter from Belles Graham Proudfoot Wilson & Chun, LLP, on behalf of Patrick L. Ibbs and Stephanie A. Ibbs, requesting that the Water Board exempt the Subdivision from Part 3 of the Rules and Regulations of the County of Kaua'i, Department of Water

Mr. Oyama moved to receive the letter from Belles Graham Proudfoot Wilson and Chun, place on file and refer to staff for report; seconded by Mr. D. Fujimoto; by a unanimous vote; motion was carried.

PRESENTATION

Mr. Graham then made a presentation on behalf of his clients, Patrick L. Ibbs and Stephanie A. Ibbs, who own a land condominium unit on Hauiki Road in Kapaa. Mr. Graham shared two maps showing the units. There are five agricultural units with farm dwelling unit density, the sixth, which the Ibbs own has no unit density. The Ibbs own a fee simple separate parcel which is approximately 1,700 square feet and then separating the Ibbs condominium unit from their fee simple parcel is a County owned old railroad Right-of-Way. The Ibbs predecessor approached the Department of Public Works (DPW) to do a land exchange, which was continued by the Ibbs, which would relocate the Right-of-Way on to Hauiki Road and then create a single lot out of this entire portion of property. This would allow the County to have property for future road widening and it would allow the Ibbs to have a larger fee simple lot to use for their farm dwelling unit. DPW agreed to the Exchange Agreement, as did the County Council agree, through Resolution. The final step is the consolidation and resubdivision of the big CPR piece with the railroad ROW and the remnant parcel, combine them into a single large lot and subdivide it out. They start out with three lots and end up with three lots. Mr. Graham pointed out on the maps which would be the units for the Ibbs, their neighbors and the County.

They have preliminary approval from everyone until they got to the Department of Water. There still is not an exception in the Department's Rules concerning these boundary adjustment subdivisions where you do not increase the number of lots or density. The water meter is already installed for this lot, so the subdivision would not require any new water improvements. From the strict reading of the Rules, it is a subdivision, therefore you have to upgrade all of the properties to meet the Department's requirements which would require construction of a water tank even though they do not need a new meter for the new lot. Mr. Graham has drafted the proposed rule for the department which would have an exception in the rules that would exempt the boundary adjustments; he followed the exemption in the Comprehensive Zoning Ordinance. He is asking the Board to waive the requirements for this subdivision. There is a Public Purpose, to get the useless parcel given to the County where we already know that portion of the road will be used for future road widening. It is a straight exchange, with no compensation. Mr. Graham pointed out units A- E on the map; unit F is the unit that the Ibbs own that does not have any farm unit density. Mr. Graham will provide a condominium map for the staff.

Upon query from Mr. D. Fujimoto that this would require a change in the Rules, Mr. Graham stated that the Board has the power to exempt the subdivision from the strict requirements of the rules, but every time you have a boundary adjustment someone has to come to the Board to get exemptions. Mr. Graham felt that having a Rule change would allow the Department to act on boundary amendments without applicants having to come to the Board.

Chair Nishimura noted the letter had been received and staff would be making their report later in the Agenda. Mr. D. Fujimoto thanked Mr. Graham for clarifying some very important points in this unique situation.

Re: Letter from Governor Linda Lingle concerning the DOW request to replace the 8-inch waterline with a 12-inch waterline to improve water services to Waimea Canyon School and surrounding facilities

Mr. Costa moved to receive the letter from Governor Lingle which noted that the request was being returned without action due to fiscal circumstances and uncertainty of revenue projections, and place on file; seconded by Mr. Oyama.

DISCUSSION

Manager Craddick noted that the monies do not lapse before the Governor's term ends, so hopefully with the new Governor we can take another bite of the apple! Mr. K. Fujimoto stated this project is on the Bond list. Manager Craddick stated we are right now financing it out of the Revenue Fund, though if we go forward we probably could not use Bond funds if we are going to get a grant of the money. If we do get a grant we can put the money back to the Bond Fund.

Mr. Costa moved to amend the motion, by adding that Manager Craddick provide a report on the options to take care of the shortfall; seconded by Mr. D. Fujimoto; by a unanimous vote; motion was carried.

Re: Letter from Grove Farm concerning the Department of Water Facility Reserve Charge

Mr. Costa moved to receive the letter from Grove Farm and place on file, and refer to staff for possible inclusion in the discussion on Part IV Rule Amendments – Fixing Rates for the Furnishing of Water Service; seconded by Mr. Oyama.

DISCUSSION

Manager Craddick noted that Part IV of the Rules is just the schedule, but it is Part III Subdivision Rules which talk about reimbursements. With the potential of the fees going up, it would be better to deal with it in the Rules.

Chair Nishimura corrected that this should be Part III of the Rules – Establishing Standards for Subdivision Water Systems, and wanted to make sure this item is included in the Rules discussion.

Mr. Costa moved to receive the letter and refer to staff for inclusion in Part III Amendments of the Rules; seconded by Mr. D. Fujimoto; by a unanimous vote; motion was carried.

Re: Travel Report from Dee Crowell from the AWWA Annual Conference and Exhibition 2010, Chicago, Illinois, June 19-23, 2010

Mr. Costa moved to receive the Travel Report from Dee Crowell from the AWWA Annual Conference and place on file; seconded by Mr. Oyama; by a unanimous vote; motion was carried.

Chair Nishimura reported that by attending this conference, Mr. Crowell earned his Public Official's Certification.

Re: Travel Report from Randall Nishimura from the AWWA Annual Conference and Exhibition 2010, Chicago, Illinois, June 19-23, 2010

Mr. Oyama moved to receive the Travel Report from Randall Nishimura from the AWWA Annual Conference and place on file; seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

Chair Nishimura reported that by attending this conference, he also earned his Public Official's Certification.

BOARD COMMITTEE REPORTS

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

Chair Nishimura recused himself from voting on this item.

Re: Claims Payable

Finance Vice Chair Kahawai reported that at the August 19, 2010 Finance Committee Meeting the Committee approved the Claims Payables for a total of \$1,637,143.26.

Mr. Crowell moved to receive the Claims Payable and place on file, seconded by Mr. D. Fujimoto; by a unanimous vote; motion was carried.

NEW BUSINESS

Re: Manager's Report No. 11-16 – Request Board Approval for Grant Funding from the Department of Health Safe Drinking Water Branch to Develop and Initiate Implementation of a Wellhead Protection Program for the County of Kauai

RECOMMENDATION:

Board approval was recommended to apply for grant funds available through the Department of Health Safe Drinking Water Branch to develop and initiate implementation of a Wellhead Protection Program.

FUNDING: n/a

BACKGROUND:

The Department of Health Safe Drinking Water Branch has grant monies available through the EPA for projects that address wellhead or source water protection. Erin Borger, Source Water Specialist from the National Rural Water Association, is currently working on a Wellhead/Source Protection Plan for the County of Kaua'i. The grant money would be used for implementation of the plan.

Mr. Dan Chang from the Department of Health Safe Drinking Water Branch was available at the Board Meeting to address any of the Board's questions. Mr. Chang indicated that we would be able to request a minimum of \$200,000 or thereabouts, with the dollar amount to be determined as the scope of work for the Wellhead Protection Program is developed.

DISCUSSION

Manager Craddick reported that approval was requested to apply for the grant funds of up to \$200,000 from the Department of Health (DOH), and had no objection if the Board wanted to refer this matter to Committee as it can affect individual land owners. The end result of this program is that we are proposing Rules for ordinances to the Council for land use issues, so it is a big issue, and we have a long agenda today. Mr. D. Fujimoto felt that was prudent.

PRESENTATION

Mr. Dan Chang, from the State Department of Health (DOH) Safe Water Drinking Branch reported that he does not have a presentation to make, but is here to answer any questions.

The DOH funding would allow the County to try to develop a water protection program to protect water quality. There are various components of the agreement that we are looking at to negotiate with the Water Department, including things that have to be done by the County or some other agency. It would allow them to implement those activities with the Department of Health to provide funding for those activities.

This is a non-mandatory program, there is no State requirement. It will be the County's decision how they will protect their water sources but DOH will provide funding for that program, plus additional funds at some point if they move forward with different options for protection.

Upon query from Mr. D. Fujimoto, Mr. Chang indicated that although the minimum is \$200,000, the maximum is the full amount that DOH gets, approximately \$4 million shared among the whole state, and each year they add about \$1.2 million. It would require that the County update the potential contaminated inventory and identify the areas with, for example, underground storage tanks, service stations, agriculture occurring in those areas, and developing prevention criteria on how to manage them. This would include monitoring waivers plus other water rules, new source approvals to keep up with the source water assessment, which is part of the assessment program. It ties into a whole series of things. Mr. Chang noted that when

they put money in the pot it lasts for so many years. If you spend more money and use it the DOH adds some money in; it's an ongoing process. Upon query from Mr. D. Fujimoto, Mr. Chang explained that there is potential for future projects.

The NWWA is helping DOH with developing incentives and options for protection, i.e., incentives for not using chemicals, and offer tax breaks to remove the pesticides, run off, etc., then remove them from the ground so they don't run into the water source, so there are many different options to protect water sources.

Mr. Chang explained they already had an activities assessment phase several years ago and now they are moving in to the protection phase. There were certain regulatory requirements, i.e., cess pools not 1,000 feet from water sources, and underground storage tanks have to be double-wall, etc., certain technologies may be required. Mr. Crowell was worried about DOW developing that kind of monitoring expertise, but Mr. Chang thinks that a lot of it already exists. Upon query from Mr. D. Fujimoto if monitoring of underground storage tanks was regulated by the DOH, Mr. Chang indicate that double-wall was regulated, but nothing else outside of that.

Upon query from Mr. Crowell, Mr. Chang indicated the funding comes from the EPA to the State to the program.

Manager Craddick thought that cess pools were now outlawed. Mr. Chang confirmed this and that funds could be used to relocate the cess pool or switch to a septic system. Mr. Chang stated that the DOH has a contract with the University of Hawaii (UH) to do inspections within the protection area. The DOH would have UH come and do an assessment of the systems. Funding would be available to upgrade or remove or replace the systems.

Upon query from Chair Nishimura asking if, once we apply for the funds, is the DOW locked into a long-term obligation to continue the programs, Mr. Chang indicated that it is up to the Department to decide. It is not a mandatory program, so the DOW cannot be forced to have the program.

Mr. D. Fujimoto thanked Mr. Chang for the information, and thanked Manager Craddick for bringing these opportunities to the Board. Mr. D. Fujimoto felt it would be prudent to have the staff evaluate this program as it could be quite profound. Some of these policies may commit us forever, and if the funds dried up, we may be committed to fund it. Manager Craddick felt this should be initially referred to committee, not staff, so it can be discussed at that level.

Mr. Crowell moved to receive the report and refer to the Committee of the Whole and placed on the October Agenda; seconded by Mr. Costa; by a unanimous vote; motion was carried.

OLD BUSINESS

Re: Manager's Report No. 11-3 – Request Board Approval on the Rule Amendment for Part 1, Rules of Administrative Practice and Procedure

Manager Craddick indicated that there had been no comments at the Public Hearing. The amendments are approved and this does not have to go back to the Small Business Regulatory Review Board. The secretary will follow up with the necessary signatures from the County Attorney's office and the Rule amendment takes effect 10 days after the County Clerk signs.

Mr. D. Fujimoto moved to approve Manager's Report No. 11-3; seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

Chair Nishimura thanked Ms. Suzuki and the Department for their coherent testimonies.

OLD BUSINESS

Re: Revised Quarterly Informational Report on Manager's Goals

ITEM NO.	GOAL	Status	DEADLINE	Measure
1	BAB BOND AND WATER PLAN 2020			
	A. <i>Get \$60 Million General Obligation Bond approved and issued.</i>	Done 3/31/10	3/31/2010	Money in Bank
	1. Encumber \$20 million bond proceeds by end of the Calendar Year.	\$12.7m currently	12/31/2010	Signed Contracts
	B. Develop a plan for completing projects identified in the Bond Issue. This plan should include Department staffing requirements and a timeline to complete projects either in-house or through consultant contracts.	2@CEV positions filled see Bond Spend down	5/31/2010	Approved Plan. Amended Budget
	C. Obtain professional services to perform and conduct a comprehensive Financial Management Study, Water Rate Analysis, and Cost of Service study to provide a sound Financial Management Plan for the next five years for the Board and the Department. Re-visit Water Plan 2020.	Got proposal waiting on contract return	7/31/2010: Hire consultant 04/30/2011 Public Hearing Report	Consultant working on study with commitment to finish in time for Public Hearing process.
	D. Re-visit Water Plan 2020. Update and re-prioritize projects and submit for Board Approval	See Bond Spend down	4/30/2010 for Bond Float Projects. 11/30/2010 for non-Bond Items.	Approved Priority list
	E. Develop a public relations campaign to inform and update the public on:	RFP July 26		
	1. 2020 Plan	See above		Public presentations
	2. Explanation of the Bond Float and its relevance to the 2020 plan	See above	10/30/2011	Public Presentations
	3. Development of significant talking points that describe the need for the rate hike, as well as the prioritization of the projects. This discussion should be easily understood by our customers.	See above	12/31/2011	List
	4. Development and implementation of a clear plan to educate the ratepayers of the upcoming rate hike before setting the public hearing. Hiring a PR consultant may be a viable option.	See above	1/31/2011	Presentation Public - Ready

	5. Explanation of the future plans/challenges and our plans to accomplish/manage them.	See above	1/31/2011	Presentation Public – Ready
ITEM NO.	GOAL	Status	DEADLINE	Measure
2	<p style="text-align: center;">PERSONNEL AND ACCOUNTING</p> <p>A. Develop an approved succession plan for the entire Department with a timetable to implement the first three goals, allowing the Operations Division implementation priority.</p> <p>B. Fill all vacant positions critical for implementation of Water Plan 2020 in accordance with the accepted budget.</p> <p>C. Promote or replace all retired positions with well-qualified persons within 6 to 8 months and hire a qualified Deputy within 8 to 10 months.</p> <p>C. Implement cross training so that employees can effectively fill temporary and/or pending retirement positions, thus enabling employees to acknowledge their capabilities in performing additional responsibilities as result of cross training, which in turn will provide the Department with qualified replacement personnel.</p> <p>D. Complete the reorganization of the Operations Division.</p>	<p>Everyone planning to leave has gone, positions are filled, or being filled.</p> <p>All positions are filled or evals waiting on final selection. We will not increase staff to fill temp positions.</p> <p>Have Deputy, all positions vacant 6 months ago are filled</p> <p>On going</p> <p>Advertised July 2010</p>	<p>6/30/2010</p> <p>10/31/2010</p> <p>12/31/2010</p> <p>On-going</p> <p>10/31/2010</p>	<p>Approved Proposed Organizational chart</p> <p>Filled Positions</p> <p>Filled Positions</p> <p>Program functional. Cross training hours recorded and in personnel files.</p> <p>Positions advertised</p>

3	STANDARDS				
	A. Choose industry benchmarks appropriate to similar sized water facilities and compare our stance relating to those benchmarks. Publicize these results annually or semi-annually.	Working on it.	11/30/2010 Updated every 6 months		Chart in Main Office Lobby
4	FACILITIES				
	A. Develop plans to ease the "crowded" work environment in the administrative/accounting/engineering divisions. (The Engineering section appears to be sitting on top each other, which, from the customer's perspective looking in the window, reflects an unorganized department.)	Since we are designing a new building crowding view changed.	6/30/2010		Housecleaning
	B. Analyze the office logistics. Presently the office is very crowded: Plans delineating several solutions need to be drawn up for selection.	Consultant on Board April 2010	9/30/2010		Hire Consultant
ITEM NO.	GOAL	Status	DEADLINE		Measure
5	INTER AGENCY CO-ORDINATION				
	A. Integrate our CIP plan with the County's 6 year CIP Plan to take advantage of the economies of scale.	Sent DOW Plan May 2010	4/15/10		Completed plan submitted to Mayor's Office
	B. Ensure our water infrastructure is in place for County sponsored or supported Affordable Housing Development Projects.	This needs to be redone	4/15/10		Plan draft included as part of 6 year County CIP Plan

OLD BUSINESS – contd.

Re: Revised Quarterly Informational Report on Manager's Goals

Manager Craddick noted that he made the revisions to the Manager's Goals as requested at the July 15, 2010 Board Meeting.

Mr. Oyama moved to receive and approved the Revised Manager's Goals, seconded by Mr. D. Fujimoto; by a unanimous vote; motion was carried.

On a related note, Ms. Shiramizu reported that the RFP Public Relations proposals are due on September 8, 2010.

Re: Status of Annual Job Performance Evaluation of the DOW Manager and Chief Engineer

Chair Nishimura reported that, for the Board's information, requests for completion of the evaluation form were sent to Members of the Board of Water Supply, All Peers of the Kauai DOW Manager and Chief Engineer, and Division Heads of the Department of Water. These Evaluation Forms are in the process of being compiled into a master document by the Board Secretary to be presented at the September 16, 2010 Board Meeting for The Committee of the Whole to review the results before meeting with the Manager.

Mr. Oyama moved to receive the Report, seconded by Mr. Costa; by a unanimous vote; motion was carried.

Manager Craddick stated that one of the provisions to come into Executive Session is that the person being reviewed has the option to go into Executive Session or not.

NEW BUSINESS

Re: Manager's Report No. 11-8 - Request from Belles Graham Proudfoot Wilson & Chun, LLP, on behalf of Patrick L. Ibbs and Stephanie A. Ibbs, requesting that the Water Board exempt the Subdivision from Part 3 of the Rules and Regulations of the County of Kaua'i, Department of Water

Manager Craddick noted that his report contained two recommendations:

A. The Board was asked to defer this matter until it takes action on the proposed subdivision rule amendment.

OR:

B. The Board was asked to approve the Draft proposed subdivision rule amendment that will allow the Department to address applicable future subdivision applications and also to allow the subject subdivision S-2010-6 be applicable to SOP 47 and obtain final subdivision provided all DOW conditions are met. This may allow both the Ibbs and the County of Kaua'i to do a land exchange and would also allow the

Department some time to finalize the Draft proposed subdivision rule amendment without the Department delaying subdivision S-2010-6.

Chair Nishimura questioned the Board and County legal representatives that if we are to not waive, but perhaps defer, the improvements would it possibly have the effect of resolving the situation? Manager Craddick noted that there were no improvements required. The only issue is the lot where there was an agreement that it would not be developed. They have the meter already so they do not have additional sources. Chair Nishimura thought the subdivision checklist called for a 2-1/2" water line.

Chair Nishimura asked if we defer the "improvements" until we can take care of the amendments to Part III, it may make it a moot point but would this take care of the needs for the subdivision? Manager Craddick noted that Rule amendments don't affect the water system so if there is a requirement to put the lateral, in it would have to go in anyway.

Mr. Fujikawa stated that because it is a subdivision and we have to account for water demand, standards call for a requirement for agricultural water use and that is why we need the storage tank.

Upon query from Mr. D. Fujimoto on how long the change would take, Manager Craddick did not feel the Small Business review would not affect this, but with their review, maybe six months, if not sent to them for review, then a couple of months.

Upon query from Mr. D. Fujimoto regarding SOP 47, Manager Craddick stated that there is a provision where the Managers can waive things. Then the SOPs changed and the numbering got shifted. Manager Craddick stated this should be handled through the Rules, not by different manager's writing SOPs which may conflict. Upon query from Mr. D. Fujimoto, Manager Craddick confirmed that SOP 40(a) superseded SOP 47.

Upon query from Mr. D. Fujimoto regarding time sensitivity, Mr. Graham noted that, after four years, he and the applicant would like to get this done but he understands the DOW position as well. That is why Mr. Graham drafted the Rule amendment. Article 7, part 3, would allow the DOW to exempt while they work on the rule change.

1. Exempt the subdivision and continue to work on the Rule change
2. Defer the request for exemption until the Rule change, which would moot the exception
3. Deny the request for exemption and do the Rule change

Mr. Graham followed the exemptions in the CZO with these type of boundary adjustments where you do not create additional lots.

Chair Nishimura asked if the waiver for requirement for improvements for one year to accomplish this while the Board works on the Rule change would suffice.

Mr. D. Fujimoto's preference and the cleanest way is the Rules amendment which would be better than approving this with conditions that later on may be removed.

Mr. Graham noted the Board could feel comfortable in granting the exemption, as it is a little different, because of the Agreement with the County by Resolution to the land exchange.

Mr. Crowell asked under what conditions would the modification of requirements be used. County Attorney Esaki stated the Council had adopted the Resolution at the request of the applicant and she also feels the cleanest way is the Rule change.

Mr. Crowell felt that nothing would need modification if the Rules were followed. If you meet the full requirements, why would you need a modification of the requirements? Mr. D. Fujimoto asked if the Board had the authority to make exemptions. Ms. Esaki stated that the ultimate decision is the Board's. Mr. Graham felt it was good for the applicant and for the County as it serves a public purpose and benefits the County as well as the applicant.

Mr. Costa moved, as stated for public purpose, to approve the exemption as requested by the applicant; seconded by Mr. Oyama.

Chair Nishimura asked if the exemptions would be the requirements of the subdivision.

Mr. D. Fujimoto noted that this is a unique situation and the applicant has stated he did get the Council's approval. Mr. D. Fujimoto understands our responsibilities under the present Rules but if it does give us the ability to exempt this, we should consider this motion.

Upon query from Chair Nishimura on what the exemptions would be, Mr. Fujikawa noted that the applicant had requested adjustment of the water subdivision conditions. The applicant agreed to assign that existing water meter to a particular lot and also that the lot dedicated to the County would not get water service, that the FRC section be waived. Based on the representation, the Board could agree with that. There is no justification for charging the FRC now. We were not sure when we did the analysis if more water meters were needed, and the applicant did not respond until today. His major request is about the water system improvements; he proposes to have the existing water meter relocated so it fronts the new lot that he is creating so he can build a house, which we could agree with that requirement. The requirement for the fire hydrant is based on the subdivision rules. Any Developer has to follow water Rules but also subdivision ordinances and County standards. Part III of the Rules gives the Board the authority to require Water system improvements but provide adequate domestic water service and fire protection if mandated. For agricultural subdivisions, the DOW standards require adequate fire flow protection. There is no fire hydrant for the lot he is creating. The portion going to the County for the road widening will not require fire protection, but for the new lot 1-B-1 with the house, a fire hydrant stand pipe would be needed. The additional storage facilities, because it is an agricultural subdivision, there is water demand criteria. In 2005 the Board did adopt the requirement that if there is development, water being used not only for houses but also for agriculture, e.g., the Kilauea agricultural subdivision where water requirements were understated, and potable water was being used for agricultural purposes. The agricultural demand for this large lot requires improvement

to the storage criteria for the area because the existing system does not have that amount of capacity. If you break down the conditions, it seems like this would be the costliest improvement for the County and the subdivider, Mr. Ibbs.

In terms of fire flow, Mr. D. Fujimoto asked if it is a burden on the homeowner to get adequate fire insurance or protection. Mr. Fujikawa stated that we do require them to improve the water system so it does require adequate protection. Mr. D. Fujimoto stated that some homes have special insurance that does not cover fire in their protection policy, and if it does, their insurance is higher. Mr. Fujikawa stated that we look at fire protection for the whole subdivision; these were our recommendations to the Planning Commission. Mr. D. Fujimoto stated that all consolidations require resubdivision.

Upon query from Mr. Kahawai, Mr. Graham indicated the yellow item on the map showed the private water system, as it is a mixed system with a private well and County water meters. Mr. Fujikawa noted there is a mix, as when they came in we could give them only two water meters for the big lot. They built a six unit CPR with five being complete with houses on them, so two got County water and the other three got the private water well system.

Mr. D. Fujimoto noted this is a "technical" subdivision process, without subdivision, it would be allowed to proceed. Mr. Fujikawa reported they are not allowed to build on the lot due to land restrictions on density for the original lot. Mr. Graham confirmed that 5 Lots have unit density, and the 6th has no density, consistent with the condominium docs. The developer wrote into the documents that it could be consolidated, anticipating that this would be done.

Mr. D. Fujimoto stated that if we agree with this motion, to also put a condition that if they were to build a second home on the lot, they meet the standpipe requirements. Manager Craddick noted they would have to meet the condition of relocating the water meter, which would have to be moved anyway. Mr. Graham stated that putting in the stand pipe is not a problem if this is approved. The DOW could put a deed restriction on the number of units until the DOW conditions are satisfied. Mr. Fujikawa stated only one house can be built, no second home would be allowed because of the land laws, unless he rezones. No ADUs can now be built on agricultural land.

Mr. D. Fujimoto asked Ms. Esaki, because this is Council approved, and there's some public purpose, could the County subdivide this without going through the subdivision process. Ms. Esaki stressed that there are no exceptions in the Rules for "public purpose", there is no exception unless a Rule change is done.

Mr. Graham stated the CZO is for the one time subdivision restriction. Upon query from Mr. D. Fujimoto if someone could build a house if this was not a subdivision, Mr. Fujikawa stated in the negative because, 1) the water meter restrictions for the area that limits houses to two water meters for two houses and, 2) land is zoned for no more houses. Mr. Graham revised that the lot is approximately 2,700 sq. ft. so a small house could be built, as it does have a water meter.

Recess: 11:37 a.m. to 11:42 a.m.
The Regular Meeting reconvened at 11:42 a.m.

Mr. D. Fujimoto indicated that he would be voting against the motion, primarily because this present lot does not have the density and the consolidation will create the density. The water requirement would be much less for the smaller lot and the exposure would be much less. Mr. Fujimoto preferred to go with one of the recommendations, 1) change the Rules, or 2) approve it with conditions because the house they build is going to be much bigger and should warrant the improvements that our Rules require.

Mr. Crowell requested clarification on what we are exempting. After much discussion, items 3.A.1, 3.C.1, 2, 3, 4 and 5.C would be modified or deleted. Manager Craddick stated we need to know what the existing meters are serving. Mr. Graham will show the relocated meter on the subdivision map, plus the other two units. Chair Nishimura stated they need to put in backflow preventers if agricultural water is being taken. We need to find out if there are existing backflow preventers on the existing meters.

At the request of Chair Nishimura, Mr. Costa withdrew his motion; Mr. Oyama withdrew his second.

Based on Public Purpose, Mr. Costa moved to amend the Water Department's requirements for Subdivision Report S-2010-6 by:

Deleting condition 3.A.1:

Pay the Department of Water the following charges in effect at the time of receipt. At the present time, these charges include:

- 1) *The Facilities Reserve Charge (FRC):
1 Lots @ \$4,600 per lot = \$4,600,*

Amending condition 3.C –

Prepare and receive Department of Water's approval of construction drawings for necessary water system facilities and either construct said facilities or post a performance bond for construction. These facilities shall also include:

To **Delete** condition **3.C.1:**

Storage facilities for the area.

And **Modifying** condition **3.C.3:**

The interior plumbing plans with the appropriate backflow prevention devices on all water meters that will be assigned to Lot 1-A, if applicable

by stating that the appropriate backflow prevention devices will be required for the two (2) Department of Water meters,

And **Modifying** condition **3.C.4:**

Domestic service connection, if applicable

to say domestic water service connection for the relocated meter for Lot 1-B-1,

And **Deleting** condition **5.C:**

The applicant shall clearly identify the CPR Units of TMK: 4-4-04:028 on the preliminary subdivision maps and how they will be receiving water service

Seconded by Mr. Oyama.

Ms. Esaki felt that backflow prevention devices shall be required for all future Department of Water meter connections. Mr. Graham indicated that Mr. Ibbs would not be installing backflow prevention devices for the other CPR units.

Mr. D. Fujimoto asked, if we approve this with the modified conditions and we move forward with the Rule amendment that addressed reconsolidation and did not require any changes, would these required conditions then become null and void or still required because we made the motion now. Chair Nishimura stated that it would be whatever Rule is in effect at the time. Mr. Costa stated that if we do an amendment it only applies to subdivision applications.

Chair Nishimura reiterated the motion to amend the subdivision requirements as stated in the motion; in favor were Mr. Costa, Mr. Crowell, Mr. Kahawai, Mr. McCormick, Mr. Oyama; opposed were Chair Nishimura, Mr. D. Fujimoto; by a 5 -2 majority, the motion carried.

Re: Request Board Approval of Resolution No. 3, (10/11), Mahalo and Aloha Retiree Rona Miura

Although the resolution was not included in the agenda packets, it was available, but due to the absence of Ms. Miura, the Resolution will be read at Ms. Miura's retirement party on August 31, 2010.

Mr. Costa moved to approve Resolution No. 3 (10/11), Mahalo and Aloha Rona Miura, who will be retiring from the Department of Water as of September 1, 2010, seconded by Mr. Oyama.

With no further discussion; by a unanimous vote; motion was carried.

Re: Board Discussion and Possible Action on Board Policy No. 16, Reports for Out-of-State Travel

For the record, Chair Nishimura received and accepted the Travel Report from Mr. Kahawai, and placed on file.

Chair Nishimura noted that Board Policy No. 16 was established in 1975. It was recommended that Board members continue to be required to provide a written report for trips out of State. It is further recommended that staff members travelling out of state be subject to policy established by the Department.

Only one written report has been filed prior to this year (thank you Mr. Crowell.) Chair Nishimura felt that for out-of-state travel the Policy should be maintained and that the Board should be more diligent in requiring it. Chair Nishimura recommended that Board Policy No. 16 be maintained, but amended to take out the requirement for staff members, which should be addressed by the Manager and Chief Engineer.

Mr. Costa moved to approve the recommendation, seconded by Mr. Kahawai; by a unanimous vote; motion was carried. Chair Nishimura requested that Ms. Beardmore revised the Policy accordingly.

Re: Manager's Report No. 11-09 - Request Board Approval of the following documents from the following applicant for their respective projects:

1. **Conveyance of Water Facility from Goodman Family Limited Partnership, TMK: (4) 5-2-017:003, Kahiloholo Road, Kalihiwai, Kaua'i, Hawai'i**

RECOMMENDATION:

It was recommended that the Conveyance of Water Facility document be approved; whereby Goodman Family Limited Partnership transfers unto the Board of Water Supply, County of Kauai, all of its right, title and interest to a single service connection for 5/8" water meter, in place complete, in accordance with the as-built construction drawings for Water Service Installation Plan For Unit B, Pueo Hale CPR, TMK: (4) 5-2-017:003, Kahiloholo Road, Kalihiwai, Kauai, Hawaii, prepared by Wagner Engineering Services, Inc.

A Grant of Easement was not required.

Mr. Crowell moved to approve the Conveyance of Water Facility from Goodman Family Limited Partnership, seconded by Mr. Costa.

With no further discussion; by a unanimous vote; motion was carried.

2. **Right of Entry from Kawamura Land Co. LLC, TMK: (4) 3-8-005:023, Lihu'e, Kaua'i, Hawai'i**

RECOMMENDATION:

It was recommended that the subject Right of Entry Agreement document be approved; whereby, Kawamura Land Co. LLC, grants the Board, its officers, agents and employees, a right-of entry over and across the subject property for the purposes of relocating two (2) water meters and installing new connecting waterlines for and on behalf of the Board.

Further, Board approval is specifically requested for the indemnification provisions wherein the Board shall indemnify and hold the Owner harmless from liability for injury or death to any person, when such loss, damage, injury or death is caused by the negligent act of the Board, or its officers, agents and/or employees, in exercising the rights under this Agreement.

Mr. Crowell moved to approve the Right of Entry from Kawamura Land Co. LLC, including its indemnification provision, seconded by Mr. Costa; by a unanimous vote; motion was carried.

3. **Conveyance of Water Facility from Kukui'ula Development Company (Hawai'i), LLC, for the Piwai Wells 16-inch Transmission Line, TMK: (4) 2-5-01:2 and 11 (por), Kōloa, Kaua'i, Hawai'i.**

This item was deleted, to be revised and placed on the September 16, 2010 Agenda.

4. **Grant of Easement from Alexander & Baldwin, Inc. and McBryde Sugar Company, Ltd., for the Piwai Wells, Tank, and 16-inch Transmission Line; TMK: (4) 2-5- 01:002; TMK (4) 2-5-01:008 and TMK: (4) 2-5-01:011, Kōloa District, Kaua'i, Hawai'i.**

This item was deleted, to be revised and placed on the September 16, 2010 Agenda.

5. **Cancellation of Easement "A" between Alexander & Baldwin, Inc. and the Board of Water Supply, County of Kaua'i, for the Piwai Wells, Tank, and 16" Transmission Line, Subdivision No. S-2004-45, TMK: (4) 2-5-01:002; 2-5-01:008 and 2-5-01:011, Kōloa District, Kaua'i, Hawai'i**

This item was deleted, to be revised and placed on the September 16, 2010 Agenda.

6. **Grant of Easement and Conveyance of Water Facility from Kaua'i Community Federal Credit Union, TMK: (4) 3-3-010:02 and 03, Līhu'e, Kaua'i, Hawai'i**

RECOMMENDATION:

It was recommended that the Board approve the Grant of Easement document whereby, Kauai Community Federal Credit Union, a federally chartered credit union, grant to the Board of Water Supply, County of Kauai, a perpetual easement, W-1, on, over and under that certain parcel of land located in TMK: (4) 3-3-010:002 and (4) 3-3-010:003, Lihue, Kauai, Hawaii, for the reading of water meters and for the construction, installation, re-installation, maintenance, repair and removal of potable water pipelines and related meters, valves, and other associated waterworks facilities improvements and appurtenances, together with the right of ingress and egress at any time to and from the said easement area with or without vehicles or other equipment as the Department of Water shall deem necessary for the proper operation of its water system for the construction plans for "Kauai Community Federal Credit Union"; TMK: (4) 3-3-010: 002 and TMK: (4) 3-3-010: 003, Lihue, 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.

It was also recommended that the Conveyance of Water Facility document be approved; whereby, Kauai Community Federal Credit Union, a federally chartered credit union, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to: one (1) each, 4-inch ductile iron (D.I.) lateral for a 4-inch Reduced Pressure Detector Assembly (RPDA), in place complete; and one(1) each 4-inch Gate Valve, including cast iron (C.I.) Valve Box and Cover, in place complete, for Kauai Community Federal Credit Union; TMK: (4) 3-3-010:002 and (4) 3-3-010:003, Lihue, Lihue District, Kauai, Hawaii.

Mr. Crowell moved to approve the Grant of Easement and Conveyance of Water Facility from Kukui'ula Development Company, including its indemnification provision, seconded by Mr. Costa; by a unanimous vote; motion was carried.

7. Right of Entry Agreement for the Waimea Main Replacement, Job No. 05-01, Water Plan 2020, Project No. KW-16, Affecting the following Landowners in Waimea, Kaua'i, Hawai'i:

- a. Kevin K. Iwai, affecting Portion of TMK: (4) 1-6-01:008, Waimea, Kauai, Hawaii
- b. Kiyoshi Ueda and Ann K. Nishikawa, affecting Portion of TMK: (4) 1-6-01:010, Waimea, Kauai, Hawaii
- c. Sandy Lewis and Alison Shigematsu, Trustee of the Alison G. Shigematsu Revocable Trust dated December 4, 2007, affecting Portion of TMK: (4) 1-6-01-:014, Waimea, Kauai, Hawaii
- d. Koyasan Shingon Mission of Hawaii fka (Shingon Sect Mission of Hawaii, Incorporated), affecting Portion of TMK: (4) 1-6-02:059, Waimea, Kauai, Hawaii
- e. David M. Fukumoto, Carol A. Fukumoto, and Karen Namie Fukumoto Irei, Trustee of the Karen Namie Fukumoto Irei Revocable Trust dated February 1, 1995, affecting Portion of TMK: (4) 1-6-04:026
- f. David Koani, affecting Portion of TMK: (4) 1-6-06:009, Waimea, Kauai, Hawaii
- g. M & K Ohana Rentals LLC, affecting Portion of TMK: (4) 1-6-06:045, Waimea, Kauai, Hawaii
- h. Sara Mie K. Uyehara and Val Mayumi Kamishita, affecting Portion of TMK: (4) 1-6-06:049, Waimea, Kauai, Hawaii
- i. Waimea by the Sea Homeowners Association, affecting Portion of TMK: (4) 1-6-07:003; 0001 - 0010, Waimea, Kauai, Hawaii
- j. Roy T. Miyake, Trustee of the Roy T. Miyake Revocable Living Trust under unrecorded trust agreement dated September 26, 1994 and Barbara K. Miyake, Trustee of the Barbara K. Miyake Revocable Living Trust dated September 26, 1994, affecting Portion of TMK: (4) 1-6-07:012, Waimea, Kauai, Hawaii
- k. C Ahko Inc. a Hawaii Corporation, C/O Dr. Howard T. L. Ako, affecting Portion of TMK: (4) 1-6-07:016, Waimea, Kauai, Hawaii
- l. John Sydney Yamane and Albert M. Yamane, affecting Portion of TMK: (4) 1-6-07:039, Waimea, Kauai, Hawaii

m. Scott A. Bukoski, affecting Portion of TMK: (4) 1-6-12:012, Waimea, Kauai, Hawaii

Mr. Crowell moved to approve the Right of Entry Agreement for the Waimea Main Replacement, seconded by Mr. Costa; by a unanimous vote; motion was carried.

Re: Manager's Report No. 11-10 - Request Board Approval to Concur with Mayor Carvalho's "Consortium for Kauai's Sustainable Regional General Plan"

Upon request from Chair Nishimura as more information was needed, Mr. Costa moved to defer this item to the September 16, 2010 meeting; seconded by Mr. Fujimoto. Mr. Costa would be making a brief presentation.

PRESENTATION

Mr. Costa reported that the Consortium is applying for the HUD (U.S. Dept. of Housing and Urban Development) Sustainable Planning Grant to complete a "Sustainable General Plan". They are asking for \$1 million and providing a \$600,000 match for a \$1.6 million project. The grant requires a consortium of stakeholders who have a role in planning for a sustainable future. The Consortium would like the Department of Water to sign on as a partner in the Consortium. The Planning Department is the lead agency in this project, so Planning would be the entity fully responsible for grant monies and reporting, etc.

The role of the Department of Water would be to:

1. Assist the Consortium and its Consultants with forecasting potable water needs to 2035
2. Provide technical assistance on water infrastructure needs
3. Have a representative attend quarterly Consortium meetings for the duration of the project.

DISCUSSION

Upon query from Chair Nishimura, Mr. Costa confirmed that the grant has not yet been applied for. Chair Nishimura asked if some of grant funds would come to the Department of Water to contribute to the plan. Chair Nishimura noted there was reference to outside organizations, and even though Planning is taking the lead, he was wondered if this is adopted by Planning and had the weight of the County behind it, or if it was someone from the community who therefore would want to change the County General Plan to be in conformance with this. If the document is at odds with the General Plan, how that would be addressed. Chair Nishimura needed more clarification before we can proceed. Mr. Costa noted that they have a contract with a consultant to do the plan, and didn't anticipate subconsulting the DOW. Mr. D. Fujimoto noted our Plan doesn't go to 2035, and wondered what would be the cost as we would have to update the Plan. Mr. Crowell expressed concern that this not end up being a sustainable energy plan, if KIUC does not buy in.

With no further discussion; by a unanimous vote; motion to defer this item to the September 16, 2010 meeting was carried.

Re: Manager's Report No. 11-11 - Request Board Approval for the 1st Contract Amendment for Contract No. 457 with Kodani and Associates, Inc., in the amount of \$175,000 for Job No. 05-02, H-8, HW-12, Drill and Test Hanalei Well #2, 0.5 Million Gallon Tank, TMK: (4) 5-6-02:001, (west), Hanalei, Kaua'i

RECOMMENDATION: It was recommended that the Board approve the first contract amendment for Contract No. 457 with Kodani and Associates, Inc. in the amount of \$175,000.00 for:

- A. Topographic survey of the required project area, approximately one and a half (1½) acres, including the access road centerline.
- B. Soil testing and evaluation of the project site.
- C. Prepare a feasibility report for the proposed project at the site.

We further request that the Board allocate \$162,500.00 from Account 301, FRC-CIP to fund the contract amendment.

FUNDING:

Total Fund Budgeted\$262,500.00

Contract No. 457, Kodani and Associates,
Inc., Job No. 05-02, H-08, (west) Hanalei 0.5
Million Gallon Tank and

Connecting Pipeline..... <\$250,000.00>

Balance Remaining \$ 12,500.00

Amendment #1<\$175,000.00>

Balance Required, Account No. 301, FRC-CIP<\$162,500.00>

Total Project Budget.....\$425,000.00

BACKGROUND:

The project consultant, Kodani and Associates, Inc. currently was selected to prepare the site selection study for the Hanalei Well #2.

After review of the study, the Department determined that a site on the west side of Hanalei town would provide a more reliable source of water for the Hanalei community. After an extensive evaluation of the available sites, the Department preliminarily selected a site on the State property, approximately a mile west of Kuhio Highway. It is anticipated that the development cost for the well and tank at that location will be high, however it provides for a redundant water source, which will provide for a continuous water service for Hanalei in the event that the only existing water source is out of service.

The additional work required by the consultant will be to provide the technical information required for the project's feasibility study to construct the well and tank at the site. To make that determination a land survey, soils testing and evaluation are required. If the feasibility report concludes that the site is acceptable, the Department

of Water will proceed with the necessary design and construction of the improvements.

Kodani and Associates, Inc. has submitted a proposal for \$175,000.00 for the necessary work. Their proposal was reviewed and found acceptable.

DISCUSSION

Manager Craddick noted that we have the Well contract and we are adding the tank to it, as we only have a 30 day time period to get the work done under the State right-of-entry and do preliminary work. This is a Bond project, but if we use FRC funds it will pay debt service for that portion of the Bond. Mr. K. Fujimoto noted that the construction drawings are part of the original project but we expensed the portion for the study, but this is an alternative site that we have added. He also added that a major landowner is the last hold-out in getting approval to do the project.

Mr. Costa moved to approve the First Contract Amendment for Contract No. 457 with Kodani and Associates, for \$175,000.00; seconded by Mr. Oyama; by a unanimous vote; motion carried.

Re: Manager's Report No. 11-12 - Request Board Approval for Change Order #4, Contract No. 504 with Goodfellow Brothers, Inc., in the amount of \$304,572.79, for Job. No. 05-01, Waimea Main Replacement (WP 2020 Project No. KW-16), Waimea, Kaua'i

RECOMMENDATION:

It was recommended that the Board approve Change Order #4 in the amount of \$304,572.79 plus an additional \$15,262.26 or approximately 5% of this change order for contingency, Contract No. 504, with Goodfellow Bros., Inc. for:

- A. Gay Road – Existing waterline conflict with new 6" PVC waterline. Additional reinforced concrete jacket, AC pavement, and waterline modifications required.
- B. Alawai Road – New waterline alignment shifted to avoid existing waterline. Concrete driveway restoration and additional traffic control required.
- C. Alawai Road/Kaumualii Highway – Waterline needs to go under existing sewer laterals due to elevation conflicts, additional reinforced concrete jacket of waterline, traffic control, new air release valves, investigative probing, additional 4" waterline installation, additional AC paving, additional sidewalk/curb/and ADA ramp restoration, additional 4" gate valve and box, additional flushing and testing, additional fittings and concrete thrust blocks, additional tie-in of Compound Meter Box.
- D. Kahakai Road – Waterline adjusted to avoid existing sewer invert conflicts. Additional reinforced concrete jacket and air release valve needed, additional AC paving and traffic control.
- E. Panako Road – Additional single service lateral.
- F. Laau Road/Moana Road – Waterline adjusted to avoid existing sewer invert conflicts. Additional reinforced concrete jacket and air release valves needed, various ductile iron fittings, additional sewer reinforced concrete jacket, traffic control, additional investigative probing

It was further recommended that the Board allocate \$233,776.00 from Account No. 201-01, Bond BAB to fund the balance needed for the subject change order and additional project contingency.

FUNDING:

WATER UTILITY - 101b (CRP), 2009 - 2010 BUDGET		
Contract No. 504, Goodfellow Bros., Inc., Job No. 05-01, KW-16, Waimea Town Main		
Replacement, Waimea.	\$2,884,376. 00	
Contingency	\$143,624.00	
TOTAL AVAILABLE:		\$3,028,000.00
Change Order #1	\$17,491.68	
Change Order #2	(no cost)	
Change Order #3	\$40,073.27	
Proposed Change Order #4	\$304,572.79	
Additional contingency (approx. 5% of CO #4)	\$15,262.26	
Total	\$377,400.00	
TOTAL REQUIRED:		\$3,261,776.00
Additional Funding Required, Account 201-01, Bond		(\$233,776.00)
FUNDING TRANSFER TO THE BOND (BAB) ACCOUNT 201-01 as of June 30, 2010		
Amount paid to Goodfellow Bros. prior to February 2010.	\$38,294.50	
Balance Remaining transferred to Account 201-01 (BAB) for Contract 504, Goodfellow Bros.	\$2,989,705.50	
Additional Funding Required	\$233,776.00	
Total BAB Funded for Contract 504, Goodfellow Bros.		\$3,223,481.50
Contract Amount after change order #4	\$3,246,513.74	
The certified funding balance of \$2,359,623.29 under budget item 684 of the 2009 - 2010 budget from		

Water Utility - 101b (CRP) was zeroed at the beginning of fiscal year 2010 - 2011. Qualifying payments made of \$630,082.21 will be reimbursed to Water Utility - 101b (CRP) from BAB-Bond CIP.		
Total previously paid for Contract 504 as of June 30, 2010.	\$668,376.71	
Amount paid to Goodfellow Bros. prior to February 2010.	\$38,294.50	
Balance to be transferred from Account 201-01 Bond		
(BAB) to Water Utility - 101b (CRP)		\$630,082.21

BACKGROUND:

This project includes the design for furnishing and installing materials for the installation of approximately 540 linear feet of 12-inch, 2,290 linear feet of 8-inch, 5,475 linear feet of 6-inch, 295 linear feet of 4-inch, and 22 linear feet of 3-inch water pipes, and appurtenances including connections to existing waterlines, removal, disposal and grouting of existing Asbestos-Cement, PVC and Ductile Iron waterlines within the State and County Right-of-Way, new valves, new fire hydrants, installation of new service laterals and meter boxes, transfer of service, reconnection of existing service laterals, installation of air valves and permanent cleanouts with meter boxes, salvaging fire hydrants, valves, and valve boxes, and restoration and repaving work, all in accordance with the plans and specifications.

During the design phase, the Department of Public Works requested that several portions of pipeline be moved out of the paved roadway which moved the new waterlines closer to existing utilities. During construction probing the contractor encountered various existing utilities that were not shown or differed in alignment and/or elevation from original as-builts used to design the new waterlines. The Department of Public Works requested that additional paving be done due to the actual areas disturbed while finding pipeline conflicts. There were also a few water meters unaccounted on the construction plans as well. As a result, redesigns were done by DOW to address the conflicts. Change order #4 will compensate the contractor for all conflicts discovered along Gay Road, Pule Road, Alawai Road, Kaumuali'i Highway, Kahakai Road, Panako Road, Laau Road, and Moana Road.

The contractor, Goodfellow Bros., Inc., proposed \$304,572.79 and requests an additional 143 calendar day contract time extension for this change in the project scope which appears reasonable.

Furthermore, additional contingency in the amount of \$15,262.26 would be used for any future additional work required.

DISCUSSION

Manager Craddick reported that the contractor discovered a number of things that we did not know were there, and therefore is asking for the Change Order to deal with it. We currently have this paid for out of General Fund, and we are trying to move a portion of this that is not more than 60 days prior to the Bond being issued.

Ms. Esaki stated that as long as it is on the Bond list it is ok.

Mr. Oyama moved to approve Contract Change Order #4, on Contract No. 504, with Goodfellow Bros. Inc., for \$304,572.79, plus an additional \$15,262.26 or approximately 5% of this change order for contingency; seconded by Mr. Fujimoto; by a unanimous vote; motion was carried.

Re: Manager's Report No. 11-13 - Request Board Approval of Resolution No. 4 (10/11), Approving the Receipt and Expenditure of \$1,500 in Grant Monies for the 2010 Make a Splash, Project WET Water Festival from the American Resort Development Association (ARDA).

Board approval was requested to receive and expend funds in the amount of \$1,500 from the American Resort Development Association. These funds have been offered as part of their community outreach projects and will be used for purchases supporting the 2010 Make a Splash, Project WET Water Festival.

Mr. Costa moved to approve Resolution No. 4, with revised page No. 1, approving the receipt and expenditure of \$1,500 from ARDA for the Project WET Water Festival 2010; seconded by Mr. Oyama; by a unanimous vote; motion was carried.

Re: Manager's Report No. 11-14 – Request Board Approval for the 3rd Contract Amendment for Contract No. 405 with Kodani and Associates, Inc. in the amount of \$77,600.00, for Job No. 02-19, WK-12, to add the replacement of approximately 2,000 feet of existing corroded 5" cast iron mainline with 12" ductile iron pipe.

RECOMMENDATION: It was recommended that the Board approve the third contract amendment for Contract No. 405 with Kodani and Associates, Inc. in the amount of \$77,600.00 to add the replacement of approximately 2,000 feet of existing corroded 5" cast iron mainline with 12" ductile iron pipe.

We further request that the Board allocate \$75,800.00 from Account 201-01, Bond BAB to fund the contract amendment.

FUNDING:

Total Fund Budgeted..... \$202,900.00

Contract No. 405, Kodani and Associates,
Inc., Job No. 02-19, WK-12, Waipouli

Main Replacement.....	<\$147,500.00>
Amendment #1	void
Amendment #2	<\$ 53,600.00>
Amendment #3	<\$ 77,600.00>

Balance Required, Account No. 201-01, Bond BAB.... <\$ 75,800.00>

Total Project Budget..... \$278,700.00

BACKGROUND:

The project consultant, Kodani and Associates, Inc. was selected to prepare the construction drawings and specifications for the mainline replacement along Kalokolu, Keaka, Moanakai, Fernandez, Hoi, Panihi, Niulani, Makaha and Kealoha Roads at Waipouli.

During the review of the project scope, it was determined that approximately 2,000 feet of an existing corroded 5" mainline will need to be replaced with a 12" waterline.

Further, it is estimated that the consultant will need approximately 180 calendar days from the notice to proceed for the contract amendment to complete the project. The Department anticipates that the consultants should be able to complete the design by February 1, 2011 subject to timely reviews by the Department of Water and the other governmental agencies. Their proposal of \$77,600.00 for the additional design is reasonable.

Mr. Costa moved to approve the Third Contract Amendment for Contract No. 405 with Kodani and Associates, for \$77,600.00; seconded by Mr. Oyama.

Deputy Manager Eddy noted that the Department wanted to expand the project a little more, and we may need to expand it further and extend the line across the bridge another 500 feet.

With no further discussion; by a unanimous vote; motion carried.

Re: Manager's Report No. 11-15 - Request Board Approval of Resolution No. 2 (10/11), Budget for Fiscal Year 2010-11

It was recommended that the Board approve Resolution No. 2 (10/11), which formally approves the final budget for Fiscal Year 2010/11. The Board approved the final budget at the May 13, 2010 Board Meeting.

Mr. D. Fujimoto moved to approve Resolution No. 2, Budget for Fiscal Year 2010-11; seconded by Mr. Costa; by a unanimous vote; motion carried.

Re: Manager's Report No. 11-17 – Request Board Approval of the Proposed Revised Organizational Chart to organize for future operations.

RECOMMENDATION:

Board approval was requested for the Proposed Revised Organizational Chart. For additional discussion, referral to the Committee of the Whole may also be appropriate.

BACKGROUND

In order to better plan for the future, the Department of Water has proposed reorganizational revisions to the Organizational Chart.

Upon suggestion from Manager Craddick, Mr. D. Fujimoto moved to receive and refer this item to The Committee of the Whole at the next meeting; seconded by Mr. Costa; by a unanimous vote; motion was carried.

STAFF REPORTS

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

Chair Nishimura asked if it was it changes with the accounting requirements, that bumped line item 16, Provision for Accrued Vacation, up to 211%. Ms. Yano stated that they did not anticipate so many employees retiring all at the same time, there were five at the end of last year, so it went over budget.

Mr. Costa moved to receive the Statement of Kaua'i County Water Department's Revenues and Expenditures report and placed it on file, seconded by Mr. Fujimoto; by a unanimous vote, motion was carried.

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

Project WET: Make a Splash 2010 is scheduled for Thursday, September 23rd. We currently have 599 students with 27 teachers registered. With Heather's hard work, we are on schedule with all of the pieces that help to make our annual water festival a success. (Heather leaves on Monday the 16th.)

KEDB will be hosting a second Teacher Workshop at Kauai Community College on September 2, 2010. This workshop is being offered exclusively to 5th grade teachers who will be attending our 2010 Make a Splash with Project WET Water Festival.

Staff from the University of Hawaii, Department of Natural Resources and Environmental Management are organizing a two day Facilitator Workshop on Oahu for October 18-19, 2010 and a one day Teacher Workshop on Maui for October 21, 2010. We will have the Project WET Region 1 Director, Lin Howell, here from Oregon to conduct these workshops. This is a great opportunity to expand this program in the state.

Public Relations Services Request for Proposal: The initial advertising for the Public Relations Services Request for Proposal was pulled on July 19th and reissued on July 26th with the new proposal submission deadline of September 8, 2010. Thirteen organizations requested the detailed RFP. Nine participated in the pre-proposal conference which was held on August 4, 2010. (Thanks to David, Jeff and Sandi for setting up the "GoToMeeting"; it worked out very well.) So far it appears that six intend to submit proposals.

Wellhead Protection Program: Working with Dan Chang from the Department of Health Safe Drinking Water Branch to submit a grant application to develop and initiate implementation of a Wellhead Protection Program.

Drought Mitigation: Our request to extend and amend the Drought Mitigation Memorandum of Agreement with the State of Hawaii Commission on Water Resource Management has been approved and is being routed for signatures.

David, Bill and I met with Milton Hironaka from Precision-Radio, Ltd. Milton represents Sewerin USA, a leak detection manufacturer. This information along with information gathered at the AWWA ACE10 Conference will help in creating the scope of work as it relates to our internal water conservation program.

HWWA Conference: Assisting Sandi with various portions of the upcoming conference. Mark your calendars for October 13-15, 2010 as we would want the Board's attendance as well as we are all hosting the Kaua'i conference. Attached is the conference packet for your information.

Hawaii Rural Water Association: Attended a lunch meeting with the newly formed Hawaii Rural Water Association staff. HRWA staff formerly worked as staff from the National Rural Water Association (NRWA). Their goal is to assist rural water and wastewater utilities.

DISCUSSION

Ms. Shiramizu is looking for volunteers for Make A Splash.

Ms. Shiramizu also noted that, for the RFP for Public Relations, there are 8 firms committed to submitting a proposal. Upon query from Mr. Kahawai, Ms. Shiramizu reported that the firms are a good mix of Kaua'i, Oahu and mainland firms. Chair Nishimura wondered how many staff had signed up for the HWWA. Ms. Shiramizu noted that Ms. Nadatani-Mendez had done a good job of organizing the conference and that invitations had gone out, so calls are coming in. The materials are on our website. Mr. D. Fujimoto felt that staff should attend as there is good training on trenching. Mr. Costa indicated he would not be sending a lot of staff because of the furloughs. Manager Craddick noted our operators have to have certification so we need to do this for certification.

Mr. Oyama moved to receive the Public Relations Update report and place on file; seconded by Mr. D. Fujimoto. With no further discussion; by a unanimous vote, motion was carried.

Re: Deputy Manager's Summary Report on Monthly Operational Maintenance

Deputy Manager Eddy gave an overview of the Personnel reorganization plan as outlined in the report.

Upon query from Chair Nishimura concerning the Kalaheo Well, Deputy Manager Eddy replied that the last time it was replaced was in 2002.

Mr. Costa moved to approve the Deputy Manager's Summary report and place on file; seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

Re: MANAGER'S UPDATE for JULY, 2010 to AUGUST, 2010

CONTRACTS AWARDED BY THE MANAGER:

Re: Upsizing of the Kaumualii Highway 16-Inch Waterline to a 24-Inch Waterline in Conjunction with the State's Kaumualii Highway Widening, Vicinity of

Anonui Street to Vicinity of Lihue Mill Bridge Project, Lihue, Kauai, Hawai'i
(Manager's Report No. 10-70)

Board approved awarding a contract to Park Engineering in the amount of \$128,038.00 at the April 15, 2010 Board Meeting with funds from the Waterworks Build America Project Fund. Manager Craddick approved additional funding for additional design services as described below.

Funding:

Waterworks Build America Project

Fund.....	\$150,000.00
Original Proposal from Park Engineering.....	<\$128,038.00>
Previous	
Balance.....	\$21,962.00
Additional amount requested for additional work**	<\$ 9,232.00>
Current	
Balance.....	\$12,730.00
Updated Contract Amount.....	\$137,270.00

** The requested increase of \$9,232.00 for a new total sum contract amount of \$137,270 to Park Engineering to provide design services to install 24-inch waterlines beyond the western and eastern ends (vicinity of Baseline Sta. 281+50 to vicinity of Sta. 363+87) of the concrete paving was approved by Manager Craddick as funds were still available from the Build America Project Fund.

Re: Job No. 10-01, ANI-01a, Pipeline Replacement along Anini Road from Kilauea-Anini, Kaua'i, Hawaii, award of contract to Fukunaga and Associates.

Contract awarded to Fukunaga and Associates in the amount of \$750,760.00.

Funding:

Account No.201-01, Bond – BAB	\$750,760.00
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PUMP INSTALLATION PERMITS SIGNED BY MANAGER: None.
WAIVER, RELEASE AND INDEMNITY AGREEMENTS SIGNED BY THE MANAGER: None.

PERSONNEL MATTERS UPDATE: Updated August 9, 2010

RECRUITMENT:

Ops Division:

1. Account Clerk vacancy. Currently under open recruitment via DPS. Posting closes on August 13, 2010.
2. Lead Pipefitter vacancies. Applications received. In consultation with the union.

3. Water Service Supervisor III vacancy. Department of Personnel is reviewing applicant qualifications.
4. Water Plants Superintendent. Currently under open recruitment via DPS. Posting closes on August 13, 2010.
5. Water Field Operations Superintendent. Currently under open recruitment via DPS. Posting closes on August 13, 2010.
6. Automotive Mechanic I pending position update via reallocation action. Eligibles list will be provided after position is established.

Fiscal Division:

1. Accountant I. The two selectees are in the process of coming on board, one Sept 1st and one about Sept 16th.
2. Data Entry Operator I started work August 2, 2010.

Engineering and Special Projects Divisions:

1. Civil Engineer V vacancy in Special Projects. Start date scheduled for September 16, 2010.
2. Project Assistant (Special Projects Division). Selectee declined. Completed another round of interviews. Pending selection.
3. Civil Engineer II (Engineering Division). This is no longer a vacant position.
4. Civil Engineer VI (Engineering Division head) vacancy. Submitted request to recruit to Department of Personnel Services. Currently the position is filled by TA

Administration Division:

1. Clerical Assistant – Community Relations. Interviews scheduled for August 16 & 17, 2010.
2. Computer Systems Support Technician I. Selectee declined. DPS is handling the Open recruitment to create a new list of eligibles.
3. Secretary vacancy. Open recruitment in effect. Interviews to be scheduled this month.

Table of Organization Updates:

Special Projects Division:

1. Reallocation of Civil Engineer III to Waterworks Project Manager (Effective Date of Action: 4/1/2010). Updated Table of Organization showing the new classification title assigned by DPS.

Administration:

1. New Clerical Assistant (Community Relations) position. Updated Administration Table of Organization with the designated position number assigned by the Department of Personnel Services. (Table of Organization signed on April 15, 2010)

Operations Division:

1. New Water Field Operations Superintendent & Water Plants Superintendent positions included on Table of Organization, signed 5/3/2010)

2. Water Meter Mechanic, Utility Worker and Waterworks Investigator II positions moved from Plant Section to Field Section (Table of Organization's signed 5/4/2010)

Affordable Housing Update: *(This Revised Update expands on the June 14, 2010 Affordable Housing Task Force Meeting as requested by the Board of Water Supply at the July 15, 2010 Board meeting, and also includes updates from the AHTF Meeting held August 9, 2010, held at the Pi'ikoi Conference room A at 10:00AM. Gary Machler, Housing Agency, conducted the meeting. Barbara Pendragon, the DOW, the Waste Water Division and the Planning Department were present. The Engineering Division, PW Building and Engineering Division and Council Services were absent.*

Updates on AHTF Projects:

1. Habitat - 'Ele'ele I Luna Subdivision Phase 2 (107 lots, 1 park): Site construction for the 12" sewer main will be completed by the end of July. Housing agency estimated that on-site infrastructure improvements for Phase II, Increment 1, will be bid out by the end of 2010. The design construction plans are currently being prepared by the owner's consultant for review by the DOW and other government agencies.
2. Kauai Lagoons – Kapule Project: Water improvements have been conveyed to the Water Board. The DOW has since issued the Certificate of Completion for the water improvements. The Housing Agency is preparing to revise the market approach that was approved by the County Council recently. First offering includes income related workers of Kauai Lagoons and Marriott Hotel. Second offering includes income related Kauai residents. Third offering includes County Housing agency purchasing up to 3 units. Fourth offering is open market offers. The ownership of the units was amended from lease to fee simple title.

The AHTF committee agreed to remove this project from the AHTF list of projects.

3. Kukui'ula Employee Housing - "Gap" Housing subdivision and zoning permit. The County Council will meet this week to amend the housing agreement that is required by the Zoning Amendment ordinance. The development was able to extend the development deadline until 2013. Water improvements include the preparation of a water master plan for the project. The owner is currently reviewing DOW comments for the water master plan.
4. Koheha Loa (Hanamaulu Triangle) - According the necessary Infrastructure Master Plan for the Lihue-Hanamaulu Master Planned Area was approved by Planning. The master plan includes Water, Roads, Parks and Wastewater master plan improvements. The Water system improvements as set forth by the WMP include offsite source, storage and transmission facilities. DR Horton was informed that necessary water system facilities must be installed as per the Water Master Plan. DRH will continue to work with Grove Farm and the DOW.

5. Paanau Village, Phase 2: The developer is projecting final subdivision approval after the necessary improvements are bonded by Kukuiula Development Company. On site construction is scheduled for December, 2010, however the Building Permit application for the 50 unit rental project is planned for October, 2010. DOW approval of the building permit will be dependent on the completion and acceptance of the necessary water service connections and other water site improvements. The Housing agency will request that the developer complete the water meter improvements prior to DOW approving the building improvements. Occupancy is projected for end of 2011.
6. 'Ele'ele – 75 acre parcel acquisition: Housing Agency executed the purchase agreement with McBryde Sugar Co. to purchase the 75 acre parcel. The Housing Agency is negotiating with their consultant to include the water system improvements master plan with the community master plan conceptual scenario layouts.

State Land Parcels (County Affordable Housing):

1. At the May 2010 Board Meeting the Housing Agency reported that the State Land Parcel Affordable County Affordable Housing development now includes a total of six (6) remaining parcels which are located in Kekaha and Kapaa. The Board of Water Supply agreed to provide certain source and storage facility improvements for the development of the affordable housing developments. However, the Housing Agency's December 2008 deadline to complete the Affordable Housing projects was extended until December 2013 by the DLNR Board. Recently, the Housing agency hired a consultant to conduct a feasibility study that will determine the necessary water system improvements. The Housing Agency estimates that the feasibility study will take 6-8 months. The DOW will continue to work with the Housing Agency to facilitate the completion of the ultimate development of the state land parcels.
2. The DOW projects that were referenced by the Board were treated as high priority projects. The six (6) water improvement projects were specifically identified as the "Affordable Housing Projects". Currently the group of projects is being managed by DOW Special Projects Division and the project status is included as a quarterly summary report to the Board. The projects are described as follows:
 - a. KW-28, Amfac Shaft Rehab
 - b. KW-25, DOW Job. 05-03, Kapilimao 0.5MG Tank
 - c. WK-08, DOW Job. 02-14, Kapahi 1.0MG Tank
 - d. WK-09, DOW Job. 02-14, Kapaa Homesteads 0.5MG Tank
 - e. WK-39, Kapaa Homesteads Well #4, Drill & Develop
 - f. WK-02, DOW Job. 02-24, Akulikuli Tunnel Rehab

{Next meeting will be announced by Housing.}

STATUS OF THE MIYAHARA PROJECT

The Miyahara Project, 'Oma'ō, Kauai (Agent Dawn Murata) issue has been resolved by Eddie Doi without Board action.

Manager Craddick gave an overview of the Contracts Awarded, Recruitment and Affordable Housing as outlined in the report.

Manager Craddick indicated the location of the new DOW building on the wall map; a right-of-entry from the highway had been denied (Mr. McCormick!) The building architect is Architects Hawaii. Upon query from Chair Nishimura, Manager Craddick indicated that the old DOW building may be taken over by Operations. Also upon query from Chair Nishimura, Manager Craddick indicated that, although there were storage facilities for the Department of Public Works on the drawings, he had wanted the DOW staff to review the project site and drawings first, before submittal to DPW.

Manager Craddick distributed the updated 2010 Bond Project Spend-Down spreadsheet, noting he had added an extra column titled "Encumbered to Date (ETD)". There are no water systems where there is no work going on. Mr. K. Fujimoto noted that maybe Koloa, but it's combined with Kalaheo. Manager Craddick noted the improvements there are for are their own subdivision, a commitment that we give to that what they developed. If we have a new FRC schedule in place we should be able to replace what we have taken in the interim. Mr. K. Fujimoto also noted there was nothing in Anahola.

Chair Nishimura offered a reminder to Manager Craddick for Water Plan 2020 projects, we need to look at the priorities and resubmit the overall 2020 Plan, which is part of Manager Craddick's goals for this year.

Mr. Oyama moved to receive the Manager's Update for July 2010 – August 2010, and placed it on file, seconded by Mr. D. Fujimoto; by a unanimous vote, motion was carried.

Mr. D. Fujimoto left at approximately 1:05 p.m.

EXECUTIVE SESSION:

Pursuant to H.R.S. §92-7(a), the Commission 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).

EXECUTIVE SESSION AGENDA: None.

There was no Executive Session at this Board Meeting.

TOPICS FOR NEXT WATER BOARD MEETING:

1. Board discussion and possible action on Board Policy No. 16, Reports for Out-of-State Travel
2. Committee Discussion and Possible Action on Part III Rule Amendments – Establishing Standards for Subdivision Water Systems

For the Committee of the Whole:

1. Proposed Organizational Chart

2. Job Performance Evaluation of the DOW Manager and Chief Engineer

TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Job Performance Evaluation of the DOW Manager and Chief Engineer (*October 2010*)

For the Committee of the Whole:

1. Request Board Approval for Grant Funding from the Department of Health Safe Drinking Water Branch to Develop and Initiate Implementation of a Wellhead Protection Program for the County of Kauai.

1. Quarterly Reports:

- a. For the Board's Information on the Kauai County Water Department Briefing on Departmental Projects (*October, 2010*)
- b. Strategic Plan Update: Issue Champions & Affordable Housing Reports (*October, 2010*)
- c. Informational Report on Manager's Goals (*October, 2010*)

UPCOMING EVENTS

1. Project WET: Make a Splash 2010 - *Thursday, September 23, 2010*
2. Hawai'i Water Works Association (HWWA) Annual Conference on Kaua'i - *October 13-15, 2010*

NEXT WATER BOARD MEETINGS

1. Thursday, September 16, 2010, 10:00 a.m.
2. Thursday, October 21, 2010, 10:00 a.m.
3. Thursday, November 18, 2010, 10:00 a.m.
4. Thursday, December 16, 2010, 10:00 a.m.
5. Thursday, January 20, 2011, 10:00 a.m.

ADJOURNMENT

There being no further business, the meeting was duly adjourned at 1:08 p.m.

Respectfully submitted,



Carol Beardmore, Commission Support Clerk

APPROVED:



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

cab