MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, August 22, 2013

The Board of Water Supply, County of Kaua‘i, met in regular meeting at the Board Conference Room in Līhu‘e on Thursday, August 22, 2013. Chairperson Randall Nishimura called the meeting to order at 10:03 a.m. The following Board members were present:

BOARD:
Mr. Randall Nishimura, Chairperson
Mr. Clyde Nakaya
Mr. Michael Dahilig
Mr. Larry Dill (entered at 10:10 a.m.)
Mr. Sherman Shiraishi

EXCUSED/ABSENT:
Mr. Raymond McCormick
Mr. Hugh Strom

Quorum was achieved with 4 members present at the time of roll call.

STAFF:
Mr. David Craddock
Mr. Kirk Saiki
Mr. Val Reyna
Ms. Fay Tateishi
Mr. Keith Aoki
Mr. Jeff Mendez
Ms. Sandi Nadatani-Mendez
Mr. Dustin Moises
Mr. Eddie Doi
Mr. Gregg Fujikawa
Ms. Regina Flores
Ms. Christine Erorita
Ms. Mary-Jane Garasi
Deputy County Attorney, Andrea Suzuki

GUESTS:
Mr. Mike Dyer, Kīlauea Crossings
Ms. Barbara Pendragon, Housing Agency

ACCEPTANCE OF AGENDA:
Chair Nishimura requested a motion to rearrange the agenda and to move up the Executive Session items after discussing the agenda item involving the correspondence from Mr. Michael Dyer.

Mr. Dahilig moved to rearrange the agenda as requested by Chair Nishimura to move up the Executive Session items after consideration of the correspondence from Mr. Michael Dyer; seconded by Mr. Nakaya; with no objections, motion was carried with 4 ayes.

MEETING MINUTES:
Review and approval of:
Regular Board Meeting – July 25, 2013
Mr. Shiraishi moved to approve the Regular Board Meeting minutes of July 25, 2013 as circulated; seconded by Mr. Nakaya; with no objections, motion was carried with 4 ayes.

**Review and approval of Executive Session:**
*Executive Session – July 25, 2013*

Chair Nishimura ordered the Finance Committee Meeting minutes be deferred until Mr. Dill’s arrival.

Mr. Dahilig moved to defer the Finance Committee Meeting minutes upon Mr. Dill’s arrival; seconded by Mr. Nakaya; with no objections.

**E. CORRESPONDENCE/ANNOUNCEMENTS**

1. **Board Committee Assignments**

The Rules Committee is chaired by Mr. Dahilig with members Mr. McCormick and Mr. Shiraishi. The Finance Committee has struggled with two members chaired by Mr. Dill and member Mr. Nakaya therefore Chair Nishimura appointed Mr. Strom to the Finance Committee.

Mr. Dahilig moved to approve Chair Nishimura’s appointment of Mr. Strom to the Finance Committee; seconded by Mr. Dahilig; with no objections, motion was carried with 4 ayes.

2. **Correspondence from Mr. Michael M. Dyer, Trustee of Michael M. Dyer Revocable Trust, dated July 5, 2013**

   *Mr. Michael M. Dyer, Trustee of Michael M. Dyer Revocable Trust provided his testimony.*

Mr. Dyer received and appreciated a waiver on a building permit for the loading dock which has been pending the past two (2) years. His appeal to the Board included a request for a waiver on smaller items for a small commercial project. Some items passed Planning through a Class IV Zoning to do retrofits, to add restrooms and to get the older property with existing buildings up as a commercial property.

The issue in the recent adoption of Table 100-19A Standards for Commercial Proprieties states that it does not allow 1 sq. ft. of additional external space due to the low fire flow in the area. The last letter from Mr. Dyer’s consultant indicated that the smaller buildings were separated from each other and the existing fire flow is adequate to protect these buildings.

Hiring consultants at a cost of approximately $2,000 for each of the permits that comes up becomes a burden on the Fire Department, the Engineering Department as well as Mr. Dyer.

Mr. Dyer requested the Board’s approval to avoid having to repeat the process over again in obtaining the smaller permits.

Mr. Shiraishi moved to refer to staff for a recommendation on Mr. Michael Dyer’s request for a waiver on smaller items on the commercial project; seconded by Mr. Nakaya; with no objections, motion was carried with 5 ayes.
At 10:10 a.m., Mr. Dill entered the meeting.

Mr. Dahilig moved to go into Executive Session for Item I #2; seconded by Mr. Shiraishi; with no objections, motion was carried with 5 ayes at Roll Call (CN, SS, RN, MD, LD).

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

1. Pursuant to Haw. Rev. Stat. §§92-4 and 92-5(a)(4) and (8); and Kaua‘i County Charter §3.07(E), the purpose of this executive session is to consult with the Board’s legal counsel to receive legal updates, overviews, and recommendations for purposes of obtaining Board’s approval of proposed settlement of a workers’ compensation claim. This deliberation and/or decision making involves matters that require the consideration of information that must be kept confidential as, inter alia, it concerns significant privacy interests. The significant privacy interests relate to a medical history, diagnosis, condition, treatment, or evaluation, and which, pursuant to state or federal law, including Health Insurance Portability and Accountability Act, are protected from disclosure.

Mr. Dahilig moved to go into Executive Session for Item I #2; seconded by Mr. Shiraishi; with no objections, motion was carried with 5 ayes at Roll Call (CN, SS, RN, MD, LD).

2. Pursuant to Hawai‘i Revised Statutes Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to provide the Board with a briefing regarding communications from HGEA. This briefing and consultation with the Board counsel involves the consideration of the powers, duties, privileges, immunities and/or liabilities of the Board and the Department as they relate to this agenda item.

Mr. Dahilig moved to go into Executive Session; seconded by Mr. Shiraishi; with no objections, motion was carried with 5 ayes at Roll Call (CN, SS, RN, MD, LD).

3. HRS92-5a (2) & (4) To consider the hire, evaluation, dismissals, or discipline of an officer or employee or of charges brought against the officer or employee, where consideration of matters affecting privacy will be involved, and if necessary, to consult with the Board’s attorney in questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities as it relates to this agenda item.

Mr. Dahilig moved to go into Executive Session for Item I #3; seconded by Mr. Shiraishi; with no objections, motion was carried with 5 ayes at Roll Call (CN, SS, RN, MD, LD).

At 10:15 a.m., Chair Nishimura ordered the Board room to be cleared for Executive Session.

At 11:17 a.m., Chair Nishimura reconvened the Regular Board Meeting.

Chair Nishimura announced that the Executive Session Minutes for July 25, 2013 were approved in Executive Session.
D. MEETING MINUTES:
Mr. Dill reported that the Finance Committee met several times and thanked the committee with the diligence of Manager Craddick in working toward the Operating budget and the water rates.

Review and approval of:
Finance Committee Meeting – April 4, 2013
Mr. Dill moved to approve the Finance Committee Meeting for April 4, 2013; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

Finance Committee Meeting – April 9, 2013
Mr. Dill moved to approve the Finance Committee Meeting for April 9, 2013; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

Finance Committee Meeting – April 12, 2013
Mr. Dill moved to approve the Finance Committee Meeting for April 9, 2013; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

Finance Committee Meeting – April 16, 2013
Mr. Dill moved to approve the Finance Committee Meeting for April 16, 2013; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

Finance Committee Meeting – April 25, 2013
Mr. Dill moved to approve the Finance Committee Meeting for April 25, 2013; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

Finance Committee Meeting – May 16, 2013
Mr. Dill moved to approve the Finance Committee Meeting for May 16, 2013; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

Finance Committee Meeting – May 21, 2013
Mr. Dill moved to approve the Finance Committee Meeting for May 21, 2013; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

Finance Committee Meeting – May 23, 2013
Mr. Dill moved to approve the Finance Committee Meeting for May 23, 2013; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS

3. Correspondence from KMH, LLP, dated July 17, 2013

DISCUSSION:
Mr. Dill requested to have Manager Craddick check to see if the audit is proceeding according to schedule. The auditor's letter stated that the final field work will commence the week of September 3, 2013.

According to Accountant IV, Ms. Fay Tateishi, the auditors have delayed the final field work until September 9th. The proceedings are on schedule.

Manager Craddick commented that the auditors would like to review the processes for implementing the new billing system and that there is a contingency in the budget. The Department has been working on getting the information that would allow the auditors to edit the
Department’s draft. The contract may require a change order. This would not affect the overall reporting and a decision could be made next week.

Mr. Dill moved to receive correspondence from KMH, LLP, dated July 17, 2013.

Mr. Dill amended his previous motion.

Mr. Dill moved to receive as amended the correspondence from KMH, LLP, dated July 17, 2013 and for the Department to provide an update on the audit proceedings at the September Board meeting; seconded by Mr. Nakaya; with no objections, motion was carried with 5 ayes.

4. Correspondence from Ms. Catherine Adams, Civil Service Commission Chairperson, dated July 31, 2013

BACKGROUND:
Chair Nishimura reviewed Ms. Adams correspondence which stated that the Manager Craddick did not transfer personnel files as requested when the HR Department was set up. Manager Craddick also wrote a Personnel Files Access Agreement between the DOW and Department of Personnel Services (DPS) which was onerous on the Human Resources (HR) Department.

DISCUSSION:
After no response from previous communication to the HR department head, Manager Craddick sent a letter to Ms. Adams. The draft agreement was available for HR to make any changes. A meeting has been set up with Manager Craddick and the Mayor on August 27th or August 30th to resolve the issue with HR.

Mr. Nakaya moved to receive the correspondence from Ms. Catherine Adams, Civil Service Commission Chairperson dated July 31, 2013 and requested a written update from the Manager at the September meeting; seconded by Mr. Dahilig.

Mr. Shiraishi questioned why the personnel files were not forwarded to the HR department.

Manager Craddick explained that HR never responded regarding the access to the files. HR was going to keep original files of new employees but that never happened. There were also issues with the pay with new employees. With the issue of new employee files, Manager Craddick understood that the union did not allow the DOW to keep double files.

The draft agreement was available for HR to make any comment to indicate access to the files could be five (5) days a week. Ms. Adams responded in her letter that the DOW would have access during normal business hours. Mr. Dill commented that Public Works has access to their HR files but Mr. Dahilig added that Planning does not have easy access to their HR files.

Mr. Shiraishi moved to amend the main motion to receive the correspondence from Ms. Catherine Adams, Civil Service Commission Chairperson, dated July 31, 2013 and requested a written update from Manager Craddick to check if the Collective Bargaining Agreement (CBA) allows mirror files to be held by the Department; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.
5. **Review of Board Policy No. 2 – Lowering of Pipeline Proposed New Language** (2-12-1979, rev 7-25-13)

Chair Nishimura apologized to the Board because he thought this was part of Part 2 of the Rules. He just found out that it was not part of the Rules which need to be modified. Board Policy No. 2 was intended to be an announcement with no further action to be part of the policy.

Deputy County Attorney advised Chair Nishimura that in order for action to be taken, Board Policy No. 2 should be under “New Business.”

Mr. Dill moved to receive and defer Board Policy No. 2 under “New Business” for action at the September Board Meeting; seconded by Mr. Dahilig; with no objections, motion was carried with 5 ayes.


Commission Support Clerk requested a Point of Order to correct the Supersedes date (bottom of page) which should reflect 1981 not 2081.

Mr. Shiraishi moved to approve Board Policy No. 1 – Personal Safety Equipment Proposed New Language as amended; seconded by Mr. Dill; with no objections, motion was carried with 5 ayes.

7. **Manager’s Report No. 11-28 – Part 5 Water System Development Fee (WSDF) and FRC Proposed Rules**
   i. **Part 5 WSDF (7-18-13, rev 8-3-13)**

Chair Nishimura acknowledged Ms. Barbara Pendragon with the County Housing Agency who did not give testimony but instead chose to listen to the discussion.

Manager Craddick requested the Board to defer Manager’s Report No. 11-28 to the September Board meeting due to a more thorough review and input from staff especially with Parts 2, 3, and 4. Part 5 proposed rules could come back to the Board for review before going to the Rules Committee or the Board could go have Part 5 go straight to the Rules Committee. Part 5 rules could go to the Small Business Regulatory Review Board (SBRRB) then to Public Hearing which may be in December. The adoption and implementation of the WSDF could possibly be by December or by January/February 2014.

Mr. Shiraishi referred to Option #2 - Approve Recommendation Option: The Board can act in the affirmative on the request and refer the three (3) proposed rules changes to the Rules Committee for one last complete review.

Manager Craddick mentioned if there are recommended changes by the staff, the Board would not have the opportunity to see the changes before it goes to the Rules Committee. Copies could be provided to the full Board by the next meeting.

Mr. Shiraishi noted that the Manager’s Report is confusing and contradictory because the Report states that Manager Craddick would not refer the recommendation to the full Board because it is
necessary for a pre-final review but at the same time Manager Craddick would like to refer Part 5 to the Board for review.

Manager Craddick clarified that at this point there is nothing to refer back to the Board and suggested to move forward with Option #2.

Mr. Dill requested that Part 5 rules be referred back to the Department, then to the Rules Committee before it comes back to the September Board meeting.

Manager Craddick expressed that Part 5 rules would not be ready by the Agenda meeting and the next Board meeting.

Mr. Dahilig moved to 1) receive the Manager’s Report No. 11-28 – Part 5 WSDF and FRC Proposed Rules. 2) To adopt for discussion purposes all of Manager Craddick’s amendments except the change under Section V, Item A2, WSDF Fee Computation to waive the fees for affordable housing units and 3) that the Board approve these rules for review by the SBRRB and 4) the Board would approve these Rules for review by the SBRRB and that the Board reserves further action until the SBRRB comments are received; seconded by Mr. Shiraishi.

Chair Nishimura clarified that if the Board approves the motion, Part 5 proposed rules would go to the SBRRB for their comment without the change that was made for the affordable housing waiver.

Mr. Dahilig added that the Board would not be adopting the strike out.

Section V, Paragraph A2:
The Department shall collect a processing fee for the Water Service Reservation Request as set by the Manager to offset the cost of processing. The Department shall waive these fees for any affordable or workforce housing project approved or sponsored by the County Housing Agency.

Manager Craddick mentioned that all waivers are in one section for consistency.

Chair Nishimura commented that A2 states “the Department shall collect a fee, etc.” and A8 states “the Department will assess a charge, etc.” If this was accepted as is, there is no waiver of fees.

Section V, Paragraph A8
The Department shall assess a non-refundable administrative charge as laid out in Part IV of the Rules and Regulations.

Manager Craddick clarified that the second sentence regarding the waiver should not be crossed out which was in error. A8 covers the Department is collecting a process fee which is set not by the Manager but by Part 4 Rules.

Section V, Paragraph A2:
The Department shall collect a processing fee for the Water Service Reservation Request as set by the Manager to offset the cost of processing. The Department shall waive these fees for any affordable or workforce housing project approved or sponsored by the County Housing Agency.

Mr. Dahilig intent was to leave Paragraph A2 with no strike out but to strike Paragraph A8 completely.
Section V, Paragraph A2:
The Department shall collect a processing fee for the Water Service Reservation Request as set by the Manager to offset the cost of processing. The Department shall waive these fees for any affordable or workforce housing project approved or sponsored by the County Housing Agency.

Strike out all of Section V, Paragraph A8:
The Department shall assess a non-refundable administrative charge as laid out in Part IV of the Rules and Regulations.

Mr. Dill referenced Paragraph A4 that states “the Manager may secure reservation of water without immediate payment of the fee for any affordable or workforce housing...” and questioned what is defined as the “fee?”

Mr. Dahilig clarified that the fee is the “WSDF” that would not be paid immediately for affordable housing to not have higher carrying cost associated with the construction. Payment would be made when the meter is dropped. Mr. Dahilig proposed to strike all of Paragraph A2 and the last sentence be moved to the end of Paragraph A8.

Section V, Paragraph A2 be struck out but move the last sentence to Paragraph A8:
The Department shall collect a processing fee for the Water Service Reservation Request as set by the Manager to offset the cost of processing. The Department shall waive these fees for any affordable or workforce housing project approved or sponsored by the County Housing Agency.

Section V, Paragraph A8:
The Department shall assess a non-refundable administrative charge as laid out in Part IV of the Rules and Regulations. The Department shall waive these fees for any affordable or workforce housing project approved or sponsored by the County Housing Agency.

Mr. Dahilig commented that the changes made could be sent to the SBRRB.

Deputy County Attorney clarified that Parts 2 & 3 would have to be changed before it goes to the SBRRB. If Parts 2 & 3 remained the same while Part 5 was added then there would be two (2) options for people and they may get confused on which option applies to them. Section 5 that is created by the Board decides impact fees get implemented. Parts 2, 3 & the Part 4 schedule will be changed accordingly.

Chair Nishimura requested an opinion from Chief of Water Resources & Planning, Mr. Gregg Fujikawa on the impact of Parts 2 & 3 as it relates to Parts 4 & 5 with an example if Grove Farm were to do their first subdivision. Could the Department process the application with the current status of Parts 4 & 5. Does Parts 2 & 3 need to be completed?

Mr. Fujikawa provided his criteria of comparing the existing Part 5 and the proposed Part 4 and would not touch Parts 2 & 3. Mr. Fujikawa added if the proposed package were more clear, more efficient, transparent and better than the existing rule; he would choose the existing rule to develop the conditions for a possible Grove Farm development.

Chair Nishimura questioned if Mr. Fujikawa would use the existing rules in the proposed change in the level of fees.
Mr. Fujikawa suggested that the proposed rate should be kept separate from the rule changes. The rate issue could be reviewed first and to review the rule second. This could be faster than doing the changes simultaneously.

Manager Craddick addressed a question to Deputy County Attorney, Andrea Suzuki if the definition of the Facilities Reserve Charge shall mean the name of the fee prior to enacting this rule was legally sufficient even if confusing to wipe out all references to FRC in Part 2 & 3. If not, then changes to Part 2 and 3 would be needed.

Deputy County Attorney, Andrea Suzuki mentioned that Parts 2 & 3 could not be eliminated by the definition. Those sections could be submitted with Part 5.

Deputy County Attorney, Andrea Suzuki agreed with Mr. Dahilig that Part 5 can go to SBRRB and then subsequently delay public hearing on the matter until Parts 2, 3 and 4 were completed. However, the main issue is whether Part 5 is ready to go to SBRRB without the input of the staff.

Mr. Dahilig’s understanding from his motion from the last Board meeting that the Department was to come back to today’s meeting to report back on their input on Part 5 and that it was ready to go to SBRRB.

Manager Craddick explained that Part 5 was not ready to the level that Mr. Dahilig wanted to see; staff did discuss Part 5 up to the exemptions, after exemptions there were no substantive changes.

Mr. Dahilig withdrew his main motion and Mr. Shiraishi withdrew his 2nd motion.

Mr. Dahilig moved to receive the Manager’s Report No. 11-28 – Part 5 WSDF and FRC Proposed Rules as a working draft; seconded by Mr. Dill; with no objections; motion was carried with 5 ayes.

Chair Nishimura requested clarification on the definition of “working draft.”

Mr. Dahilig clarified that the working draft is for referral purposes.

Deputy County Attorney Andrea Suzuki advised that a draft should not be sent to SBRRB unless the Board supports it. If a working draft is submitted to SBRRB and subsequently any changes to Parts 2 & 3 are made, the Part 5 rules would need to be re-submitted to SBRRB.

Mr. Dahilig moved to adopt for discussion purposes Part 5 working draft that incorporates all of Manager Craddick’s changes as presented in the report except those changes in Section V. The Board’s working draft would instead strike all of Section V, Paragraph A2 and to move the second sentence of Section V, Paragraph A2 to the end of Section V, Paragraph A7 and renumber all paragraphs; seconded by Mr. Dill; with no objections, motion was carried with 4 ayes, 1 nay.

Mr. Dahilig amended previous motion.

Mr. Dahilig moved to have the Board re-refer the working draft to Manager Craddick and not to exceed one (1) month to complete discussions with his staff. If there are no further comments come back on this working draft and other changes to the rules, they will be sent to the SBRRB as is and to report back at the September Board meeting by the Manager.
Mr. Shiraishi suggested amending Mr. Dahilig’s motion to: after consultation with staff to come back to the Board for future review before going to the SBRRB for their review.

Mr. Dahilig will adopt the friendly amendment to his motion with the understanding if there is no report back to the Board, Mr. Dahilig will make a motion to refer the Rules to the SBRRB at the September Board meeting.

The amendment failed for a lack of a second.

Mr. Dahilig withdrew his previous motion.

Mr. Dahilig moved to refer the working draft back to Manager Craddick and staff and to report back to the Board at the September Board meeting. The Board can consider the working draft to SBRRB for consideration; seconded by Mr. Shiraishi; with no objections, motion was carried with 5 ayes.

Manager Craddick commented that Parts 2 & 3 rules are not ready but there was a recommendation to go to SBRRB without staff reviewing Part 2 & 3.

Deputy County Attorney Andrea Suzuki advised Manager Craddick that the Board could go forward in September with Part 5. If Part 5 is satisfactory, the Board could delay the public hearing for Parts 2, 3 & 4.

H. NEW BUSINESS
1. Resolution No. 14-01 (08/13), Budget for Fiscal Year 2013-14

At 11:19 a.m., Chair Nishimura exited the meeting and relinquished the gavel to Vice Chair Mr. Nakaya.

Mr. Shiraishi moved to accept Resolution No. 14-01 (08/13), and approve the Budget for Fiscal Year 2013-14; seconded by Mr. Dill.

DISCUSSION:
Mr. Dill referred to Line Item, Tab 15, Page 3 (Page 232 on iPad) – The Baseyard Improvements Phase I for an estimate of $7M. The original 2013 fiscal budget was for $4M and recently $2M was proposed but is now $1 funded as a place holder. The Finance Committee struggled with how to fund this project.

Manager Craddick commented that once the conditions for approval are agreed upon with the Planning Department, a few design items are needed (complete streets) and the sewer line issue that will be resolved in the next week. The Department could go to bid with the $1 funding by putting notice of this in the bid documents and return to the Board for final approval. Depending on the grant funding DOW can get for energy efficiency the Board could decide then whether to move ahead or not.

Mr. Dill mentioned that this line item could be brought back to the Board later this fiscal year with the final numbers on this project once it is bid out.

At 11:21 a.m. Chair Nishimura re-entered the meeting.
Mr. Shiraishi moved to accept Resolution No. 14-01 (08/13), and approve the Budget for Fiscal Year 2013-14; seconded by Mr. Dill; with no objections; motion was carried with 5 ayes.

2. Manager’s Report No. 14-02 – Grant of Easement for Construction Plans for Kawaihina Charter School Phase I (Z-IV-2009-15), Līhu'e, Kaua'i, Affecting the following Landowner:
   a. Kawaihina New Century Public Charter School via lease from the University of Hawai'i, affecting TMK(s): (4) 3-4-007:003 por. Līhu'e, Kaua'i, Hawai'i

**DISCUSSION:**
Deputy County Attorney, Andrea Suzuki noted that Kawaihina Charter School received a grant from the University of Hawai'i which they are assigning portions of the Grant of Easement (GOE) over. The state had a lot of conditions but the Department’s GOE conditions were normal. Both conditions would have to be worked out together.

Mr. Shiraishi moved to accept Manager’s Report No. 14-02 – Grant of Easement for Construction Plans for Kawaihina Charter School Phase I (Z-IV-2009-15), Līhu'e, Kaua'i, Affecting the following Landowner: a. Kawaihina New Century Public Charter School via lease from the University of Hawai'i, affecting TMK(s): (4) 3-4-007:003 por. Līhu'e, Kaua'i, Hawai'i; seconded by Mr. Nakaya with no objections, motion was carried with 4 ayes.

*Mr. Dahilig recused himself from voting due to a conflict of interest on this matter.*

3. Manager’s Report No. 14-03 – Grant of Easement, Sueoka Water Meter and Backflow Preventer, Kōloa, Kaua'i, Affecting the following Landowner:
   a. JAN, Inc., affecting TMK(s): (4) 2-8-008:034, Kōloa, Kaua'i, Hawai'i

Mr. Shiraishi moved to accept Manager’s Report No. 14-03 – Grant of Easement, Sueoka Water Meter and Backflow Preventer, Kōloa, Kaua'i, Affecting the following Landowner: a. JAN, Inc., affecting TMK(s): (4) 2-8-008:034, Kōloa, Kaua'i, Hawai'i; seconded by Mr. Dahilig with no objections, motion was carried with 5 ayes.


Chair Nishimura announced that Manager’s Report No. 14-04 – Request for Settlement Authority was approved in Executive Session.


Mr. Dahilig moved to approve Manager’s Report No. 14-05 - Job No. 13-07, Kōloa Well “D” Repairs, Kōloa, Hawai'i with Ohikara & Associates, Inc., seconded by Mr. Dill with no objections, motion was carried with 5 ayes.

6. Manager’s Report No. 14-06 - Position Reallocation in the Water Resources and Planning Division
Mr. Dahilig moved to approve and recommend Manager’s Report No. 14-06 - Position Reallocation in the Water Resources and Planning Division; seconded by Mr. Dill; with no objections, motion was carried with 5 ayes.

7. **Manager’s Report No. 14-07 - GS-2014-1, Furnishing and Delivery of One (1) SUV 4-Door 4-Wheel Drive and Two (2) 4 Wheel Drive Extended Cab Pickup Trucks with Accessories (Ford)**

**DISCUSSION:**
Chair Nishimura inquired why funding for this was not coming out of contingency.

Manager Craddick explained the division head wanted to keep this under his own budget. If there is not enough money for lap tops, the division head would forego lap tops until next year’s budget.

Mr. Dill moved to approve Manager’s Report No. 14-07 - GS-2014-1, Furnishing and Delivery of One (1) SUV 4-Door 4-Wheel Drive and Two (2) 4 Wheel Drive Extended Cab Pickup Trucks with Accessories (Ford); seconded by Mr. Dahilig; with no objections, motion was carried with 5 ayes.


**DISCUSSION:**
Manager Craddick requested to have another month to respond to Board Policy No. 3. His understanding that added language on how to do inter-fund borrowing from the Water Utility Fund is needed.

Mr. Shiraishi moved to defer Review of Board Policy No. 3 – Expenditure of Water Utility Funds Proposed New Language (10-17-2006) to the September Board meeting; seconded by Mr. Dill; with no objections; motion was carried with 5 ayes.

   i. Part 2 Water Service Connections, Section I, II, IV, V, VI, XIX, XX, XXI, and XXIV (8-5-13)

Manager Craddick withdrew Manager’s Report No. 14-08 - Part 2, Water Service Connections and Part 3, Establishing Subdivision Standards Proposed Rules which would be New Business at the next Board meeting.


**BACKGROUND:**
Construction Project Management Officer, Mr. Moises provided a brief summary on the Water Plan 2020, Project PLH-39, Lihu'e Baseyard Improvements (Phase I) to the Board.

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Project Summary Status:

- Design is almost complete.
- There are wastewater connection issues with Grove Farm (GF) Puhi sewer water system. After Mr. Moises meets with GF, the current sewer design could move forward.
- A Planning Commission hearing is schedule on September 10th for the Class IV Permit. Planning gave some recommendations and Mr. Moises is addressing all of Planning's concerns.
- Original funding and possible additional funding sources - The initial contract was funded with the Water Utility Funds at $279,719. Every contract amended came from the Build America Bond (BAB). Currently the encumbered amount is $914,749 with no contingency remaining.
- Mr. Moises pointed out to the Board that in previous Board meetings there were some concerns about using sources to fund construction. The original rate study in 2010 - 2011 did allocate funding for this project. The DOW has been implementing 11% through customers that included the projected encumbrances in 2011-2013 and 2013-2014 for a total of $7.9M. The proposed $7.4M would be along the line of the current estimate. If the Board choose to fund from Water Utility Fund it would be from the rates.
- Options - Funds are from the BAB, SRF and the Green Energy Grant of $400,000 from Department of Health (DOH).
- Cost estimate for construction is $6M to $8M which does not include aerobic for septic system. By going with aerobic, $500,000 to $600,000 could be saved but does not include complete streets. If complete streets would be done and there could be a design contact increase. Based on the current condition of the cost increase, the project is not as high as anticipated.
- The last paragraph on page 6 of the Manager's Report under Chapter's Risk regarding Establishing a Perimeter was deleted. A preference to allow the new baseyard to be fenced for security purposes will not be done and is not applicable to this report.
- Research was done regarding: If DOW did not build the baseyard in the triangle, what would the cost factors be to renovate the existing building and to secure portable trailers to work from as follows:
  - To expand the existing building and utilize the (5) rental units for 24 months would cost approximately $6M.
  - To lease office space in Lihu'e at $3.50 sq. ft. would cost $600,000 a year. No quote for a purchase price was offered by realtors.
  - One realtor indicated that if DOW were to buy a building in Lihu'e, it would cost $6.5M without any interior improvement for office needs.

If Mr. Moises were to make a recommendation in the future, his option would be to build the new building.

DISCUSSION:
Mr. Dill inquired if the building location was resolved. Mr. Moises clarified that the building will not be moved.

Mr. Nakaya questioned the Margins & Adjustment (23%) of the total cost (Page 503 on iPad). Mr. Moises explained that the contingency was broken down and taxes were part of the $1.9M. There is very little vertical construction on Kaua'i and no one was able to give a finite number. The consultant could only provide a margin. Contractors have been are overly conservative in
their prices. $915,000 was part of the $7.9M and $279M was part of the Master Plan. $7.5M is realistic but $8M is on the high side.

Mr. Dill appreciated the report and looks forward for hard numbers in the future.

Mr. Dahilig moved to receive Manager’s Report No. 14-09 – Water Plan 2020 Project PLH-39, Lihue Baseyard Improvements (Phase 1), Lihue Water System, Lihue, Kaua'i, Hawaiʻi; seconded by Mr. Dill; with no objections, motion was carried with 5 ayes.

**STAFF REPORTS**

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

**PRESENTATION:**
Accountant IV, Ms. Tateishi reported on the Budget Status Summary for June 30, 2013.

Mr. Dahilig moved to receive Statement of Kaua'i County Water Department’s Revenues and Expenditures as of June 2013; seconded by Mr. Dill; with no objections, motion was carried with 5 ayes.

Re: Report by the Public Relations Specialist on Public Relations Activities

**PRESENTATION:**
Manager Craddick presented the Public Relations Specialist on Public Relations Activities.

The Fun Committee’s “So you think you can bake!” contest was won by Brian Fujii from Ops.

**Press Releases:**

*July 30th* – An emergency main line break in the south district affecting 111 customers who were registered with the County’s Connect CTY Program.

*August 1st, 6th & 8th* – The DOW scheduled an overnight water outage for Kapa’a-Waipouli affecting 64 customers who were also registered with the County’s Connect CTY Program.

**TGI Press Release:**

*July 24th* – DOW seeks new home

*July 30th* – Po‘ipū Road water main leak causes outage

*July 28th* – We often forget about the good (Donna Perlman, Kapa’a Homesteads)

Publication Ad – The DOW ad in the current Kaua‘i Family Magazine was attached to the report.

**DISCUSSION:**

Mr. Dill will miss his favorite Make a Splash (MAS) event on September 26th.

The American Resort Development Association (ARDA) which Mr. Shiraishi is a Lobbyist will be donating $1,000 to MAS.

Mr. Dill and Mr. Dahilig offered their department deputy to attend the MAS in their place.

Manager Craddick announced that the Public Information Officer (PIO) selection was made pending drug testing. The PIO should start in September.
Mr. Dahilig moved to receive Report by the Public Relations Specialist on Public Relations Activities; seconded by Mr. Dill; with no objections, motion was carried with 5 ayes.

Re: Chief of Operation’s Summary Report on Monthly Operational Maintenance

PRESENTATION:
Mr. Reyna reported his personnel attended training classes in July. The Plant Section, who deals with chlorine in confined spaces, were recently evaluated for respiratory protection. The goal is to eliminate all chlorine gas because the access to the sites are difficult to enter and conversion may take longer.

Mr. Reyna will recheck the overtime hours for July of last year which was less than Ops’ regular hours (total hours included overtime). The 3,000 hours reported was incorrect which Mr. Reyna will recheck.

Mr. Dill moved to receive Chief of Operation’s Summary Report on Monthly Operational Activities Report; seconded by Mr. Shiraishi; with no objections, motion was carried with 5 ayes.

Re: Manager’s Monthly Update Regarding Activities of Note of the Kaua‘i County Water Department

PRESENTATION:
Manager Craddick highlighted the following DOW activities in August 2013:

1. CONTRACTS AWARDED/EXTENSION/AMENDMENTS – None
2. Personnel Matters Update –
   PIO - Selected
   Engineering V – Selected
   Deputy Secretary – Christine Erorita started August 16th
   Accountant I – Selected and starts on October 16th (Position #2448)
3. Warrant Vouchers were paid in the amount of - $7M. August payment for the BAB was part of that $3.3M which will be paid every six (6) months. The $3.3M includes the principal and interest (Bank of NY Mellon). The $184,351 Contract Payments-BAB were payments out of the fund.
4. Conveyance of Water Facility – $225M
5. CC&B Billing System Update – Information Tech. Specialist, Ms. Nadatani-Mendez provided a following up for Mr. Dill regarding the incorrect billing. The issue should be resolved with a short term fix. The Board of Water Supply (BWS) no longer will run the water upload file in parallel with other counties. The water upload will run separately. The BWS plans to work on a long term fix.
6. IT Strategic Plan Update – Ms. Nadatani-Mendez reported that the IT Strategic Plan list that was requested by the Manager from the contractor was sent to the Manager on July 25th from the project manager.

Manager Craddick and Deputy County Attorney, Andrea Suzuki will check if there is a bond to protect the DOW and the Board in case the EMA contract cannot be completed or is not available any longer.

Regular Meeting: Thursday, August 22, 2013 - Page 15 of 16
Mr. Shiraishi moved to receive Manager’s Monthly Update Regarding Activities of Note of the Kaua‘i County Water Department; seconded by Mr. Dill; with no objections, motion was carried with 5 ayes.

a. **Report of the BAB Bond pay down as of August 2013**

Mr. Shiraishi moved to receive Report of the BAB Bond pay down as of August 2013; seconded by Mr. Dill; with no objections, motion was carried with 5 ayes.

**TOPICS FOR NEXT WATER BOARD MEETING (September 2013)**
1. Board Policy No. 2 (under New Business)
2. Department’s response to Michael Dyer
3. Proposed Board Policy regarding payment of FRC and Water Utility Debt Service
4. CIP Status of the Audit proceedings
5. Capital Improvement Projects (CIP) for 2014 Legislative Session
6. Special Board Meeting regarding the Kahili Well

**TOPICS FOR FUTURE WATER BOARD MEETINGS**
1. Public Hearing – Benefit Zone (October 2013)

**UPCOMING EVENTS**
1. HWWA Hawai‘i Section Maui, HI (October 23-25, 2013) – (Three Board members attending)

**NEXT WATER BOARD MEETING**
1. Thursday, August 22, 2013, 10:00 a.m.
2. Thursday, September 19, 2013, 10:00 a.m.
3. Thursday, October 17, 2013, 10:00 a.m.
4. Thursday, November 21, 2013, 10:00 a.m.

**ADJOURNMENT**
Mr. Shiraishi moved to adjourn the Regular Board meeting at 1:10 p.m.; seconded by Mr. Dill; with no objections, motion was carried with 5 ayes.

Respectfully Submitted,

[Signature]
Edie Ignacio Neumiller
Commission Support Clerk

Approved,

[Signature]
Sherman Shiraishi
Secretary – Board of Water Supply