MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, August 28, 2014

The Board of Water Supply, County of Kaua‘i, met in regular meeting at the Board Conference Room in Līhu‘e on Thursday, August 28, 2014. Chairperson Clyde Nakaya called the meeting to order at 10:05 a.m. The following Board members were present:

BOARD:  
Mr. Clyde Nakaya, Chairperson
Mr. Sherman Shiraishi, Vice Chair
Mr. Hugh Strom (via teleconference, Houston, Texas)
Mr. Raymond McCormick
Mr. Michael Dahilig
Mr. Larry Dill
Ms. Laurie Ho

Quorum was achieved with 7 members present at the time of roll call.

STAFF:  
Mr. Kirk Saiki
Mr. Val Reyna
Ms. Marites Yano
Mr. Dustin Moises
Mr. Keith Aoki
Mr. Joel Bautista
Ms. Sandi Nadatani-Mendez
Ms. Kim Tamaoka
Ms. Mary-jane Akuna
Deputy County Attorney, Andrea Suzuki

GUESTS:  
Deputy County Attorney, Ian Jung
Mr. Mark Valencia, represented Mr. Chris Singleton, Makaleha Gardens Subdivision
Mr. Chris Singleton, Managing Member, Makaleha Gardens Subdivision
Ms. Kacy Chatfield, Makaleha Gardens, LLC
Ms. Justine Duarte, Private Citizen
Mr. Leland Nishikawa, Kaua‘i Nursery & Landscaping
Mr. Hall Parrott, Private Citizen

ACCEPTANCE OF AGENDA
Chair Nakaya ordered to rearrange the agenda and to move up New Business Item H1. Resolution 15-02 Farewell to Rena Horikawa (Retiree), Clerk Dispatcher II, Operations Division prior to Correspondence and Announcements and New Business H6. Petition to Appeal the Decision of the Water Department regarding (TMK) (4)-6-06:17,19,20, Subdivision No. S-2103-23, Makaleha Gardens LLC., Christopher Singleton. Discussion and possible action regarding Board discretion to hold Administrative Hearing pursuant to Department of Water Rules and Regulations, Part I, Section VII (4) after Resolution 15-02.

Ms. Ho moved to accept the amended agenda; seconded by Mr. McCormick; with no objections; motion was carried with 7 ayes.
MEETING MINUTES
Review and approval of:
Regular Board Meeting – May 22, 2014
Mr. Dahilig moved to approve the Regular Board Meeting minutes of May 22, 2014; seconded by Mr. McCormick; with no objections, motion carried with 7 ayes.

Regular Board Meeting – June 26, 2014
Page 3 of 13, last sentence was amended to read: “At the May Board meeting, Mr. Dahilig stated he would prefer to borrow money to fund projects that would generate FRC funds.”

Mr. Dahilig moved to approve as amended the Regular Board Meeting minutes of June 26, 2014; seconded by Mr. McCormick; with no objections, motion carried with 7 ayes.

Regular Board Meeting – July 24, 2014
Page 5 of 13, Paragraph 7, was amended to read: “Mr. Doi explained the meaning of the last paragraph - “Shall not apply to previous subdivision...” When the storage restriction was done, some subdivisions were approved, however only five water meters could be taken. When the storage was built, the intent is not to go back in time and say “now you are hit with source restriction so you are still limited to five water meters.” For subdivisions that was approved and conditioned based on the storage restriction and not source, DOW would not say “the storage is built and now there is source restriction.” Any claims can be submitted to the Department for review.”

New paragraph: “Mr. Doi also clarified that the five water meter restriction would apply to big and small lots up to the density of the lot.”

Mr. Dahilig moved to approve as amended by the Commission Support Clerk the Regular Board Meeting minutes of July 24, 2014; seconded by Mr. McCormick; with no objections, motion carried with 7 ayes.

Public Hearing – May 22, 2014
Mr. Dahilig moved to approve the Public Hearing minutes of May 22, 2014; seconded by Mr. McCormick; with no objections, motion carried with 7 ayes.

Special Board Meeting – June 5, 2014
Mr. Dahilig moved to approve the Special Board Meeting minutes of June 5, 2014; seconded by Mr. McCormick; with no objections, motion carried with 7 ayes.

Review and approval of Executive Session:
Executive Session – July 24, 2014
Mr. Dahilig moved to approve the Executive Session minutes of July 24, 2014; seconded by Mr. McCormick; with no objections, motion carried with 7 ayes.

H. NEW BUSINESS
1. Resolution 15-02 Farewell to Rena Horikawa (Retiree), Clerk Dispatcher II, Operations Division

BACKGROUND:
Resolution 15-02 was read by Acting Manager and Chief Engineer, Mr. Saiki which was followed by a photo op with the Board members in recognition of Ms. Horikawa’s retirement.
Mr. Shiraishi moved to adopt Resolution 15-02 Farewell to Rena Horikawa (Retiree), Clerk Dispatcher II, Operations Division; seconded by Mr. Dill; with no objections, motion carried with 7 ayes.

6. Petition to Appeal the Decision of the Water Department regarding (TMK) (4)-6-06:17,19,20, Subdivision No. S-2103-23, Makaleha Gardens LLC., Christopher Singleton. Discussion and possible action regarding Board discretion to hold Administrative Hearing pursuant to Department of Water Rules and Regulations, Part I, Section VII (4)

Mr. Mark Valencia, Petitioner represented Mr. Chris Singleton, Managing Member, Makaleha Gardens Subdivision and Deputy County Attorney, Andrea Suzuki, represented the Department of Water and provided their testimony.

BACKGROUND:
Chair Nakaya stated the petition is for a declaratory ruling pursuant to Section 7 of the Board Rules. A declaratory ruling may be issued by the Board. The Board will decide at this meeting if a contested case hearing should occur regarding this matter.

Rule 4, Section 7 states: “A hearing is not required for the purpose of resolving a petition for a declaratory judgment, however the Board may in its discretion, order a hearing for resolving a declaratory ruling.”

DISCUSSION:
The petition contained a request for hearing. Petitioner, Mr. Valencia confirmed there was no request for a contested case hearing at this time but requested a contested case hearing in the future. Deputy County Attorney, Andrea Suzuki also did not request a contested case hearing.

Chair Nakaya suggested the Board make a motion or submit a proposed Findings of Fact, Conclusions of Law and Decisions in Order. The parties were given 30 days to submit proposals for the Board’s decision meeting. This matter can come up at the next Board meeting following the submittals.

There were no objections from Mr. Valencia or Department.

Mr. Valencia could call witnesses to confirm the documents included in the submittals. He also noted that contacting witnesses was not discussed with Mr. Singleton.

Mr. Dahilig moved to go into Executive Session to discuss New Business Item H6; seconded by Mr. Dill; with no objections, motion was carried with 6 Ayes at Roll Call: LH, MC, MD, LD, CN, HIS and 1 Nay: SS.

At 10:25 a.m. Mr. Dahilig read the following Executive Session language:

5. 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 and consultation with regards Agenda Item H6. (Petition to Appeal the Decision of the Water Department regarding (TMK) (4)-6-06:17,19,20, Subdivision No. S-2103-23, Makaleha Gardens LLC., Christopher Singleton. Discussion and possible action regarding Board discretion to hold Administrative Hearing pursuant to Department of Water Rules and Regulations, Part I, Section VII (4)). 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.
At 10:45 a.m., Chair Nakaya reconvened the Regular Board Meeting.

Deputy County Attorney, Ian Jung mentioned that a July 28, 2014 submittal miss cited the rules regarding hearings. A separate submittal on August 7, 2014 requested a declaratory ruling. The Petitioner was unsure if they wanted a contested case hearing. Since the Petitioner would like to call witnesses, this matter now moves into a contested case hearing. Section 9 of the Board rules details a contested case hearing based on a declaratory request.

Deputy County Attorney, Ian Jung presented three (3) options to the Board:
1) Hold a contested case hearing to examine the full evidentiary portion.
   Call witnesses.
   Submit Findings of Fact and Conclusions of Law.
   Board to take action on the proposed decision and order.

2) Waive the contested case hearing requirement.
   Hear written brief submittals without calling witness for testimony.

3) Procure a Hearings Officer on the contested case to do the evidentiary portion.
   Proposed Findings of Fact and Conclusions of Law could be recommended to the Hearings Officer and then submitted to the Board for full discussion and disposition.
   Optional: To have a Board member act as the Hearings Officer. Deputy County Attorney, Ian Jung would not recommend a proposed Findings of Fact but to have the full Board deal with the disposition on the proposed Findings of Fact and Conclusions of Law by each party.

Mr. Valencia hoped to get a quick decision from the Board and requested to have a contested case hearing and to call witnesses in front of the Board.

The Board could decline the contested case hearing but it is recommended to go through the contested case hearing to create a factual and evidentiary foundation and why the Board made their decision. There is a possibility of the full Board to make a decision at a later date whether the Board can hear the matter and to be referred to a Hearings Officer.

If the Board would like to have a Hearings Officer, this request would have to be properly Sunshine Law (post agenda). There would also be a referral on a Hearings Officer and action on the request.

Chair Nakaya suspended the rules for comments from Mr. Valencia who requested the Board to issue a ruling on the petition to affirming what was on the Subdivision approval.

A discussion on the proposal of ruling on the petitioner’s request was requested by Mr. Dill.

Mr. Shiraishi stated if the Board goes into a contested case hearing, the discussions on the relative merits to further discuss the matter is to reserve the facts for the contested case hearing. There would be a clean record for review if this matter is appealed.

Chair Nakaya suspended the rules for Mr. Singleton to make a comment during the discussion.

A Point of Order was made by Mr. Dahilig who asked Deputy County Attorney, Ian Jung if this matter was pursuant to the Sunshine Law or Chapter 91. Deputy County Attorney, Ian Jung’s reply was that Mr. Singleton’s comments should be taken during the contested case hearing.
Mr. Dahilig moved to reinstate the rules and to call for the question on the floor; seconded by Mr. Dill; with no objections.

Chair Nakaya called the meeting back in session.

Mr. Shiraishi moved to proceed with the contested case hearing; seconded by Mr. Dill; with no objections, motion was carried with 7 ayes.

At 10:56 a.m., Deputy County Attorney, Ian Jung exited the meeting with the petitioner’s attorney.

E. CORRESPONDENCE/ANNOUNCEMENTS

1. Correspondence from Kaua‘i County Council Chair, Jay Furfaro regarding a Recommendation for Appointment to the Ad Hoc Advisory Committee to the Water Use Development Plan, dated July 11, 2014

BACKGROUND:
Acting Manager and Chief Engineer, Mr. Saiki complied with Council Chair, Jay Furfaro’s recommendation to appoint Ms. Debra Lee-Jackson to the Ad Hoc Advisory Committee to the Water Use Development Plan. The Department hand delivered a letter to Debra Lee-Jackson pending a response.

Mr. Dahilig moved to receive the correspondence from Kaua‘i County Council Chair, Jay Furfaro regarding a Recommendation for Appointment to the Ad Hoc Advisory Committee to the Water Use Development Plan, dated July 11, 2014; seconded by Mr. Dill; with no objections, motion carried with 7 ayes.

2. Correspondence from KMH LLP, regarding the Audit of Department of Water Financial Statements and Compliance as of year ended June 30, 2014, dated July 28, 2014

Mr. Dahilig moved to receive the correspondence from KMH LLP, regarding the Audit of Department of Water Financial Statements and Compliance as of year ended June 30, 2014, dated July 28, 2014; seconded by Mr. Shiraishi; with no objections, motion carried with 7 ayes.

3. Correspondence from Kaua‘i County Council Chair, Jay Furfaro regarding a Follow-up Request Relating to Agenda Item C 2014-220: Department of Water Briefing

Mr. Dahilig moved to receive and refer to the Acting Manager & Chief Engineer the Correspondence from Kaua‘i County Council Chair, Jay Furfaro regarding a Follow-up Request Relating to Agenda Item C 2014-220: Department of Water Briefing; seconded by Mr. Dill; with no objections, motion carried with 7 ayes.

F. BOARD COMMITTEE REPORTS

Report of the Finance Committee of the Kaua‘i County Board of Water Supply


2. Manager’s Report No. 15-01 – Committee Discussion on Draft Capital Outlay Budget for FY 14-15
Mr. Dahilig moved to receive Report of the Finance Committee of the Kaua‘i County Board of Water Supply; seconded by Mr. Shiraishi; with no objections, motion carried with 7 ayes.

G. **OLD BUSINESS**

1. **Manager’s Report No. 14-54** – Proposed Revised Board Policy No. 26, Emergency Reserve Fund

Mr. Shiraishi moved to approve **Manager’s Report No. 14-54** – Proposed Revised Board Policy No. 26, Emergency Reserve Fund; seconded by Mr. Dill; with no objections, motion carried with 7 ayes.

2. **Manager’s Report No. 15-01** – Board Adoption of the Capital Outlay Budget for FY 14-15

Chair Nakaya ordered to hear **Manager’s Report No. 15-01** and to make a Board decision after New Business Item I5. **Manager’s Report No. 15-08 - Water Plan 2020 Project PLH-39, Līhu‘e Baseyard Improvements (Phase 1), Līhu‘e Water System, Līhu‘e, Kaua‘i, Hawai‘i; with no objections.**

3. **Manager’s Report 15 – 02** – Discussion and Approval of Proposed Amendments to Kapa‘a Homesteads Meter Restriction Policy Established on August 14, 2002

**DISCUSSION:**

Mr. Dill referred to Table 1, Page 3 of 5 – Maximum Daily Demand (MDD) Totaled 1.274 compared to the available Total Source of 1.224.

*At 11:03 a.m., Mr. Dahilig exited the meeting.*

**Mr. Chris Singleton, Managing Member, Makaleha Gardens Subdivision provided his testimony**

Mr. Singleton presented the Board a photo of an approximate 6” water line from the new CVS/Longs Drug store, Kapa‘a. He used the same 6” water at the Waipouli Resort to supply the entire resort and questioned the Board why the CVS/Longs Drug store needed a 6” water line.

*At 11:04 a.m., Mr. Dahilig re-entered the meeting.*

This week, Mr. Singleton requested a copy of the water calculations but was told he could not get a copy. He also inquired if the Coconut Plantation’s 347 rooms were granted water and if they paid FRC charges.

Chair Nakaya stated that Mr. Singleton was off the subject matter.

Mr. Singleton indicated the subject was about a five (5) meter limitation on urban zoned property, which would allow for more density and more water meters.

Civil Engineer, Mr. Aoki clarified that the size and scope of the restriction on Kawaihau Road was above the 214 zone which is below Kapa‘a Middle School.

Mr. Singleton inquired why the Department is restricting people up the hill when the water runs through their property and not to everyone downhill when water doesn’t come from their property.

Mr. Dahilig suggested Mr. Singleton be referred to the Department to answer his questions on the matter.
Mr. Lelan Nishek, Kaua‘i Nursery & Landscaping (KNL) provided his testimony.

Mr. Nishek stated the meter restrictions do not allow future planning to build a small subdivision on land that he owns. KNL cleared Mr. Singleton’s property based on getting the water meter permits.

Mr. Dahilig stated that Mr. Nishek’s testimony was Out of Order in securing evidence outside of the contested case hearing and that the Board’s liability needed to be protected.

Ms. Ho moved approve Manager’s Report 15 – 02 – Discussion and Approval of Proposed Amendments to Kapa’a Homesteads Meter Restriction Policy Established on August 14, 2002; second by Mr. Shiraiishi; with no objections, motion carried with 7 ayes.

4. Manager’s Report 15 – 04 – Discussion and Receipt of the DOW’s update on the Kalāheo Water Emergency (Report 3)

BACKGROUND:
Acting Manager and Chief Engineer, Mr. Saiki provided responses from the questions the Board asked at the July 24, 2014 Board meeting.

- Contact the Contractor repairing the Kalaheo pumps to determine what caused the pump shaft to shear. Well Pump 1 was not installed plumb. The spiders were not in the correct place which fell out. Well Pump 2 installation seemed to be okay and the line shafts bushings were in place. In theory, a material defect in the pump shaft may have caused the defect.
- Determine if there are any fail safe mechanisms that can be implemented to prevent pump failure. The mechanical equipment can fail occasionally. The Department plans to construct the Yamada Well reservoir as another source. The Jelly Factory Booster Pump will also be rehabilitated.
- Check the SCADA information to determine if motor amperage increased before the shaft failure. SCADA information was checked and no amperage anomalies were observed. Monitoring the amperage would not give an indication of shaft failure.
- How is the one year loss of SCADA history data being addressed? How will the Department prevent the SCADA system servers from failing again? The Department has replaced the broken SCADA servers and data is backed up monthly.
- How was the system and controls configured? The well pumps at the Kalaheo Well site are configured as a lead-stand by system.
- Were there power spikes in the Kalaheo area at the time of shaft failures? There were no known power spikes prior to the pump shaft failures.

Chief of Operations, Mr. Reyna stated that Well 1 repairs were temporarily suspended because the contractor was sent to the Kilauea Well which was about to fail since Kalāheo was already receiving water supply. The contractor will complete Well 1 which will take 7 days starting next week.

Ms. Ho moved to receive Manager’s Report 15 – 04 – Discussion and Receipt of the DOW’s update on the Kalāheo Water Emergency (Report 3); seconded by Mr. McCormick; with no objections, motion carried with 7 ayes.

H. NEW BUSINESS
2. Discussion and Receipt of the American Water Works Association Boston, MA Conference Reports (June 8-12 2014)
   a. Report from Kaua‘i Board of Water Supply Member, Larry Dill
   b. Report from Kaua‘i Board of Water Supply Member, Michael Dahilig
Ms. Ho moved to receive Receipt of the American Water Works Association Boston, MA Conference Reports (June 8-12 2014) a) Report from Kaua‘i Board of Water Supply Member, Larry Dill and b) Report from Kaua‘i Board of Water Supply Member, Michael Dahilig; seconded by Mr. Dill; motion carried with 7 ayes.

3. **Manager’s Report No. 15-06** - Grant of Easement for Schurch Industrial Building, Līhu‘e, Kaua‘i, Affecting the following Landowner:
   1. P. Schurch Revocable Trust, affecting TMK(s): (4) 3-3-012:002, Līhu‘e, Kaua‘i, Hawai‘i

Mr. Dill moved to approve **Manager’s Report No. 15-06** - Grant of Easement for Schurch Industrial Building, Līhu‘e, Kaua‘i, Affecting the following Landowner: 1) P. Schurch Revocable Trust, affecting TMK(s): (4) 3-3-012:002, Līhu‘e, Kaua‘i, Hawai‘i; seconded by Mr. Shiraishi; with no objections, motion carried with 7 ayes.

4. **Manager’s Report No. 15-07** - Grant of Easement for Longs Drugs Kapa‘a, Kapa‘a, Hawai‘i, Affecting the following Landowner:
   1. Longs Drugs Stores California, LLC., affecting TMK(s): (4) 4-3-7:29 & 30, Kapa‘a, Kaua‘i, Hawai‘i

**BACKGROUND:**
Mr. Dill clarified for the Board’s understanding in reference of the photo Mr. Singleton presented that CVS/Longs Drugs store has a small water meter and sized to provide maximum daily demand. The large 6” assembly provides fire protection not to address regular domestic water service. There was a misrepresentation earlier in the meeting when the photo was shown. The existing water meter is sized at 1-1/2” or 2”.

Mr. Dill moved to approve **Manager’s Report No. 15-07** - Grant of Easement for Longs Drugs Kapa‘a, Kapa‘a, Hawai‘i, Affecting the following Landowner: 1) Longs Drugs Stores California, LLC., affecting TMK(s): (4) 4-3-7:29 & 30, Kapa‘a, Kaua‘i, Hawai‘i; seconded by Mr. Shiraishi; with no objections, motion carried with 7 ayes.


**BACKGROUND:**
Construction Project Management Officer, Mr. Moises recommended the Board approve one of the five (5) options in the report.

The Department went through the Master Plan process and the Board approved the plan, moved forward in design, subdivided, rezoned the lot and was put out to bid for construction in April 2014. Initial proposals were high ranging from $11.4M to $13M. The procurement was canceled and the plans were redesigned and some items were eliminated. By putting the project out to bid again for construction, The Department saved $800K.

The following five (5) Options were presented:

**OPTION 1: APPROVE SRF/BAB/WU FUNDING IN ORDER TO AWARD CONTRACT TO FOLLOWING PROPOSER AS SHOWN**


➢ The engineers estimate was completed in February/March 2014 at $10.3M.
OPTION 2: APPROVE SRF/BAB FUNDING IN ORDER TO AWARD CONTRACT TO FOLLOWING PROPOSER AS SHOWN
➢ Utilize spending down the BAB first.

OPTION 3: NOT AWARD CONTRACT TO SELECTED PROPOSER AND READVERTISE SAME DESIGN CONCEPT AT A LATER TIME (1-4 YEARS FROM NOW)
➢ Pros & Cons were listed in the report.

OPTION 4: NOT AWARD CONTRACT TO SELECTED PROPOSER AND NEVER CONSTRUCT CURRENT DESIGN CONCEPT
➢ Cancel the contract and suspend the project.

OPTION 5: NOT AWARD CONTRACT TO SELECTED PROPOSER AND REDESIGN BASED ON OTHER CONCEPT OPTIONS IN MASTER PLAN
➢ Pros & Cons were referenced in the March 2014 Workshop presentation.

DISCUSSION:
There was $1.5M difference between the two bids. One company has worked with the DOW and was vested on the project.

Unlimited Construction Services, Inc. turned in their proposal on time and was debriefed. Feedback was provided based on their inquiry on how to improve their bid after the first bid was cancelled.

Layton Construction submitted their proposal after the 2:00 pm deadline which was not reviewed.

Chair Nakaya agreed with Mr. Dahilig for the Department to stay within budget and to avoid change orders. Mr. Moises stated the Board should have the Department keep all projects within every budget.

Based on the actual funding approval, Mr. Moises was aware the change orders would be an issue. He lowered the contingency to 3% ($338,180.86) instead of the standard 5% contingency. The conditional approval was based on redesigning Haleko Road which may require a change order later.

At 11:33 a.m., Mr. McCormick exited the meeting.

At 11:34 a.m., Mr. McCormick re-entered the meeting.

Mr. Dill inquired there would be a possible increase in cost on Haleko Road.

It was explained by Mr. Moises that if the existing drain line is even 1” higher than anticipated, the road would have to be raised and could require a drainage study if required by Public Works. The construction costs would be a big increase (approx. $150K includes raising the road and additional work related to it). If sidewalks are added, it would be 160’ extra. Mr. Moises would be shocked if the initial contingency is exceeded on Haleko Road and if he had a change order over $300K on the intersection alone but not impossible.

During the discussion, Mr. Dill requested that all reports include a recommendation.

*Acting* Manager and Chief Engineer, Mr. Saiki explained that if the bid came in less than $10M there would be a recommendation, but if the bid went over, the report would only be presented with options.
Mr. Moises thanked Mr. Saiki for backing up the decision of not including a recommendation on the report but Mr. Moises stated he had to own his words from previous Board meeting and for that reason he could not make the recommendation once over $10M and apologized to the Board because the intent was to not recommend the bid if it was over $10M or and only recommend options for approval. If asked, he would have recommended Option 1 or 2.

Mr. Dill expressed his appreciation on Mr. Moises hard work on the Līhu'e Baseyard project bid report and thanked the Department.

Mr. Dahilig moved to approve OPTION 2: APPROVE SRF/BAB FUNDING IN ORDER TO AWARD CONTRACT TO FOLLOWING PROPOSER AS SHOWN - Water Plan 2020 Project PLH-39, Lihue Baseyard Improvements (Phase I), Lihue Water System, Lihue, Kaua‘i, Hawai‘i, Unlimited Construction Services, Inc. in the amount of $10,661,819.14; seconded by Ms. Ho; with no objections, motion carried with 7 ayes.

The Capital Outlay was based on $4M SRF. $6.1M was an unencumbered BAB balance in Option 2 which could move into the Līhu'e Baseyard building line item if approved by the Board.

Chair Nakaya deferred Manager’s Report No. 15-08 to the end of the meeting to allow Ms. Yano (during the meeting) to minus $1M from the proposed Capital Outlay budget from the 'Anini 01b line item and to return with an updated budget for the Board.

I. **STAFF REPORTS**
   MONTHLY
   1. Statement of Kaua‘i County Water Department’s Revenues and Expenditures

Ms. Yano presented her report later in the meeting (refer to Page 13).

2. Report by the Public Relations Specialist on Public Relations Activities

Mr. Shiraishi moved to receive Report by the Public Relations Specialist on Public Relations Activities; seconded by Mr. Dill; with no objections, motion carried with 7 ayes.


**BACKGROUND:**
Mr. Reyna presented the man-hours chart which reflected how the Kalāheo emergency affected Operations Division’s overtime compared to previous months. There was an increase of 100% man hours in overtime (OT) (April 498 OT, May 720 OT, and June 837 OT).

Mr. Shiraishi moved to receive Report by the Public Relations Specialist on Public Relations Activities; seconded by Ms. Ho; with no objections, motion carried with 7 ayes.

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

**BACKGROUND:**
*Acting* Manager and Chief Engineer, Mr. Saiki highlighted the following:

1. *County Council Meeting (8/13/14) –* The Department appeared before Council, at their request on August 13th and provided an update of Water Plan 2020 projects, status of Kahili HDD Well
Project, and the Department’s budgetary needs. Acting Manager and Chief Engineer thanked Ms. Yano, Mr. Moises and Mr. Aoki for doing a good job during the Council presentation.

Warrant Vouchers Updated Amount - should be $5,020,069.74 (not $5.8M)

### Summary of Warrant Vouchers Paid

<table>
<thead>
<tr>
<th>Fund</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>WATER UTILITY FUND</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Expenditures</td>
<td>$5,020,069.74</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** The above table is a summary of warrant vouchers paid to various departments and vendors. The total amount paid is $5,020,069.74.

**Source:** Weekly Meeting Minutes

**Date:** August 20, 2014

**Meeting:** Regular Meeting

**Location:** Water Utility Department

**Agenda Item:** Warrant Vouchers Updated Amount

**Action:**

- The total amount paid via warrant vouchers is updated to $5,020,069.74.

**Next Steps:**

- Review and approval of the updated warrant vouchers.

**Committee Recommendation:**

- The committee recommends approving the updated warrant vouchers.

**Manager's Action:**

- The manager will review and approve the updated warrant vouchers.

**Final Approval:**

- The final approval will be given by the Council.

**Follow-up:**

- A summary of the warrant vouchers will be provided for the next meeting.

**Action by Council:**

- The Council will review and approve the updated warrant vouchers.

**Next Meeting:**

- The next meeting is scheduled for August 30, 2014.

**Adjournment:**

- The meeting adjourned at 5:00 PM.
The corrected Warrant Vouchers new handout was distributed as “Receive for the Record.” Information Technology Specialist, Ms. Nadatani-Mendez explained that the Warrant Vouchers new handout was generated from the new financial system that matches the budget. This report will now reflect a one month lag (instead of a two month lag).

Mr. Shiraishi moved to receive the Manager’s Monthly Update Regarding Activities of Note of the Kaua‘i County Water Department; seconded by Mr. McCormick; with no objections, motion carried with 7 ayes.

   a. Report of the BAB pay down as of July 2014

Mr. Shiraishi moved to receive the Report of the BAB pay down as of July 2014; seconded by Mr. McCormick; with no objections, motion carried with 7 ayes.

At 11:50 a.m., Chair Nakaya called for a 10 minute recess.

At 10:59 a.m., Chair Nakaya reconvened the Regular Board meeting.

Acting Manager and Chief Engineer, Mr. Saiki reminded the Board they have a copy of the rule change for the Leak Rebate which was distributed before the meeting. The rule change should be updated in the Board Handbook effective August 23, 2014.

The Fix Charges for water service on the 5/8" meter was updated on September 1, 2014.

G. OLD BUSINESS
   (Item No. 2 at this point in the meeting after hearing Manager’s Report No. 15-08 first. Refer to Page 6 for Item No. 1.)

   2. Manager’s Report No. 15-01 – Committee Discussion on Draft Capital Outlay Budget for FY 14-15

BACKGROUND:
Ms. Yano reported that the Operating Budget was approved by the Board in June 2014. As requested, a new updated Capital Outlay budget worksheet was distributed to the Board. $7M was added under the Bond Capital Project for the proposed Līhu‘e Baseyard.

Pie Chart breakdown (page 68 iPads) – New Capital Outlay Budget categorized by its purpose:
   • Expansion - $15.6M
   • Capital purchases - $2.6M
   • R&R projects - $13.9M + $6M = $19.9M

Pie Chart breakdown of the Capital Outlay sources (page 69 iPads):
   • SRF - $4.0M
   • Water Utility - $7.4M
   • FRC - $4.4M
   • Bond – $6.4 + $6M = $22.4M

Initially, the Līhu‘e Baseyard was listed as $1 under the approved BAB list.

Fund Balance Projects (Page 1 of 5 or Page 72 iPads)
Estimated resources - $1.3M
Total proposed project - $4.4M
FRC Fund - Negative ($3.3M) / Inter fund loan balance (deficit)
Mr. Dill commented that the Board approved Option 2 to fund the new building with $4.4M SRF and BAB of $7M but the worksheet reflected an increase of $6M BAB.

Worksheet (Page 3 of 5) – Bond Fund (Capital Projects R&R – Construction) – Ms. Yano explained that the original worksheet was $5.1M which included $1,452,000 for project Account #30-21-00-604-102 BAB – Ani-01b-'Anini Road. The revised worksheet was changed to $452,000 and added $7M instead of $1 for the Līhu'e Baseyard.

Mr. Moises explained that $1M would go to 'Anini 1b line item and added to the Capital Outlay.

Water Utility Fund (Capital Projects – R&R – Construction) (Page 2 of 3) – $1M for 'Anini 1b would be added as a line item ('Anini 1b is current but not added to Water Utility in the proposed budget.) There is enough monies in the Bond fund for 'Anini and the new Capital Outlay would go up $1M.

The main goal is to spend the BAB money down first. The new Capital Outlay Water Utility General Fund of $7.397M would go to $8.397M. The $1M (from Option 1) was taken from 'Anini 1b for funding the new building. If all the design projects are completed by Mr. Aoki, the new building could be funded and construction could start. All BAB funds are accounted for without transferring from a different fund. The Bond fund balance is $101,980 (unaccounted for).

Mr. Dill moved to add line item under Capital Projects, New Appropriations, Water Utility Fund R&R Construction to add $1M for Project No. 10-21-00-604-102 for 'Anini 01b Road Water Line WL DOW-Princeville; seconded by Ms. Ho; with no objections, motion carried with 7 ayes.

Mr. Moises clarified that the “30” will change to “10” (“30” is for Bond fund, “10” is Water Utility).

Mr. Dill moved to approve as amended Manager’s Report No. 15-01 – Committee Discussion on Draft Capital Outlay Budget for FY 14-15; seconded by Mr. Shiraishi; with no objections, motion carried with 6 ayes. (Mr. Strom’s vote was inaudible.)

I. **STAFF REPORTS**
   **MONTHLY**
   1. Statement of Kaua‘i County Water Department’s Revenues and Expenditures

**BACKGROUND:**
Ms. Yano presented the Budget Status Summary reports of June 30, 2014.
### Water

#### FY 2018

<table>
<thead>
<tr>
<th>July</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td><strong>Actual</strong></td>
</tr>
<tr>
<td>Water Sales</td>
<td>$5,423,803.02</td>
</tr>
<tr>
<td>Non-Water Public Revenues &amp; Charges</td>
<td>100,000.00</td>
</tr>
<tr>
<td>Other Water Revenue</td>
<td>6,100.00</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$5,530,903.02</strong></td>
</tr>
</tbody>
</table>

#### Expenses

<table>
<thead>
<tr>
<th>July</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expense</strong></td>
<td><strong>Actual</strong></td>
</tr>
<tr>
<td>Employee Compensation</td>
<td>1,000,000.00</td>
</tr>
<tr>
<td>Depreciation</td>
<td>200,000.00</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>50,000.00</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$1,250,000.00</strong></td>
</tr>
</tbody>
</table>

#### Variance

<table>
<thead>
<tr>
<th><strong>Variance</strong></th>
<th><strong>Variance%</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$5,530,903.02</td>
</tr>
<tr>
<td>Expenses</td>
<td>$1,250,000.00</td>
</tr>
<tr>
<td>Net Income</td>
<td>$3,280,903.02</td>
</tr>
</tbody>
</table>

#### Governmental Fund

<table>
<thead>
<tr>
<th><strong>Original Budget</strong></th>
<th><strong>Actual</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td><strong>$5,530,903.02</strong></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td><strong>$1,250,000.00</strong></td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td><strong>$4,280,903.02</strong></td>
</tr>
</tbody>
</table>

#### Governmental Fund Variance

<table>
<thead>
<tr>
<th><strong>Variance</strong></th>
<th><strong>Variance%</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$5,530,903.02</td>
</tr>
<tr>
<td>Expenses</td>
<td>$1,250,000.00</td>
</tr>
<tr>
<td>Net Income</td>
<td>$4,280,903.02</td>
</tr>
</tbody>
</table>

#### Summary

- **Total Revenue**: $5,530,903.02
- **Total Expenses**: $1,250,000.00
- **Net Income**: $4,280,903.02

---

**Note:** The data provided is a summary of the financial report for the fiscal year 2018 for the Water Department, detailing revenue, expenses, and variances. The data is presented in a tabular format for clarity and ease of analysis.
Mr. Dill moved to “Receive for the Record” the Monthly Budget Summary vs. Actual Summary as of July 31, 2014; seconded by Ms. Ho; with no objections, motion carried with 7 ayes.

The Monthly Budget Summary vs. Actual Summary as of July 31, 2014 was generated from the new financial accounting system. This report replaced the format of the budget which is more current. The report shows the original budget, the Supplemental budget is revised in the second column and the actual spending for the month. Mr. Dill thanked Ms. Yano and Ms. Nadatani-Mendez who created the report.

Mr. Shiraishi moved to receive Statement of Kaua‘i County Water Department’s Revenues and Expenditures; seconded by Mr. Dill; with no objections, motion carried with 7 ayes.

At 12:25 p.m., Mr. Dahilig moved to go into Executive Session and read J2, J3, & J4; seconded by Mr. Shiraishi; with no objections, motion carried with 6 Ayes at Roll Call: LH, RM, SS, MD, LD, CN

J. EXECUTIVE SESSION

2. Pursuant to Hawai‘i Revised Statutes Sections 92-4 and 92-5(a)(2) & (4) and the Office of the County Attorney, on behalf of the Board, requests an executive session with the Board, to consider the hire, evaluation, dismissal, 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, provided that if the individual concerned requests an open meeting, an open meeting shall be held; and to consult with the Board’s attorney regarding questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities as it relates to this agenda item, and to deliberate and take such action as deemed appropriate.

3. Pursuant to Hawaii Revised Statutes Sections 92-4, 92-5(a)(4), the purpose of this executive session is to provide the Board of Water with a briefing regarding the process of hiring a new Manager and Chief Engineer. Furthermore, this briefing and consultation with the Board of Water’s legal counsel involves the powers, duties, privileges and/or liabilities of the Board of Water as it relates to this agenda item.

4. Pursuant to Hawai‘i Revised Statutes Sections 92-4 and 92-5(a)(6), the purpose of this executive session is for the Board to consider sensitive matters related to public safety and security, namely to review and discuss Emergency Standard Operating Procedures No. 15 and No. 16 relating to Boil Water and Do Not Drink Water Advisories. These Emergency Standard Operating Procedures are exempted from public disclosure pursuant to HRS 92F 13(3)(4) and US Public Health Security and Bioterrorism Preparedness Response (2002) (Public Law 107-188).

At 1:28 p.m., Chair Nakaya reconvened the Regular Board Meeting.

Acting Manager and Chief Engineer, Mr. Saiki added that KMH, LLC auditors will be at the Department in September. The audit is due to the County by November 15, 2014. A Special Board meeting was tentatively scheduled for November 5th or 6th.

Chair Nakaya ordered Agenda Items K, L, & M to be accepted; with no objections.

K. TOPICS FOR NEXT WATER BOARD MEETING (September 2014)

1. Manager’s Report 15 - 03 – Discussion and Approval to Negotiate Proposed Agreement with the Honolulu Board of Water Supply (HBWS) to furnish Computer Services for the use of the Customer Care & Billing (CC&B) Program

Regular Meeting: Thursday, August 28, 2014 - Page 15 of 16
3. Manager’s Report No. 15-XX – Discussion and Approval of Proposed Delegation of Meter Restriction Board Policy
4. Manager’s Report No. 15-XX – Discussion and Approval to Amend the Operating Budget FY 14-15
5. Manager’s Report No. 15-XX - Discussion and Adoption of FY 14-15 Budget Resolution No. 15-1

L. TOPICS FOR FUTURE WATER BOARD MEETINGS
1. Discussion and Suggestions for Capital Improvement Projects (CIP) for 2015 (October 2014)

M. UPCOMING EVENTS
1. Table of Organization Workshop (Date Pending)
2. Make a Splash, Water Education for Teachers (WET) (September 18, 2014)
3. HWWA 2014 Conference, Kaua‘i, HI (October 13-17, 2014)
4. DOW Annual Meeting (December 17, 2014)
5. AWWA Annual Conference, Anaheim, CA (June 7-10, 2015)

N. NEXT WATER BOARD MEETING
1. Thursday, September 25, 2014, 10:00 a.m.
2. Thursday, October 23, 2014, 10:00 a.m.
3. Thursday, November 20, 2014, 10:00 a.m.
4. Thursday, December 18, 2014, 10:00 a.m.

O. ADJOURNMENT

Mr. Dill moved to adjourn the meeting at 1:30 p.m.; seconded by Mr. Shiraishi; with no objections.

Respectfully submitted,

Edie Ignacio Neumiller
Commission Support Clerk

Approved,

Hugh A. Strom
Secretary – Board of Water Supply