

REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, December 13, 2007

The Board of Water Supply, County of Kaua'i, met in regular meeting at its office in Lihu'e on Thursday, December 13, 2007. Chairperson Lynn McCrory called the meeting to order at 10:25 a.m. On roll call, the following answered present:

BOARD: Ms. Lynn McCrory, Chairperson
Mr. Ian Costa (present at 10:30a.m.)
Mr. Donald Fujimoto
Mr. Leland Kahawai
Mr. Steven Kyono
Mr. Roy Oyama
Ms. Bernie Sakoda

STAFF: Ms. Wynne Ushigome
Mr. Paul Ganaden
Mr. Gregg Fujikawa
Mr. William Eddy
Mr. Keith Fujimoto
Mr. Bruce Inouye
Ms. Faith Shiramizu
Ms. Amy Esaki
Mr. Dustin Moises
Ms. Debra Togioka
Deputy County Attorney Jim Tagupa

GUESTS: Mr. Richard Cuthbert, RW Beck
Ms. Gina Baxter, RW Beck
Mr. Ben Garfinkle (left mtg. at about 10:57 a.m.)
Mr. Ben Wellborn, Mr. Garfinkle's consultant (left mtg. at about 10:57 a.m.)
Mr. Tom Nance, Mr. Garfinkle's consultant (left mtg. at about 10:57 a.m.)
Mr. Shawn Smith, Guest (left mtg. at about 10:57 a.m.)
Mr. Jeremiah Kaluna (former DOW Deputy Manager) (10:50 – 11:25 a.m.)

At the onset of the meeting and this being her last Board Meeting, Chair McCrory wished everyone at the Department of Water holiday greetings and thanks. She felt that the DOW made a lot of progress and has an exciting future.

AGENDA

Chair McCrory re-ordered the Agenda to have Old Business No. F2, Revised Appeal to November 20, 2007 Agenda Item – Update Report on November 20, 2007 Agenda Item on the Request to Testify by Benjamin Garfinkle Regarding DOW Conditions of Tentative Subdivision Approval for Boundary Adjustment (Consolidation and Resubdivision), TMK Nos. (4) 4-2-03:12, 65 and 66 to be taken after Correspondence/Announcements.

Mr. Oyama moved to approve the Agenda, as amended, seconded by Mr. Kyono; motion was carried.

MINUTES

Regular Meeting – November 20, 2007

Mr. Kyono corrected the minutes that he and Bernie Sakoda should be marked absent from the November 20th meeting. It was so noted.

Mr. Kyono moved to accept the Regular Meeting Minutes of November 20, 2007, as amended, and placed on file, seconded by Mr. Oyama; motion was carried.

CORRESPONDENCE/ANNOUNCEMENTS:

Re: Letter from Mayor Bryan Baptiste on Leland Kahawai's Acceptance of Appointment to the Kaua'i Board of Water Supply

Re: Letter from Mayor Bryan Baptiste on Dee Crowell's Acceptance of Appointment to the Kaua'i Board of Water Supply

Mr. Kahawai moved to receive the Correspondence for the record and placed on file, seconded by Mr. Kyono; motion was carried.

OLD BUSINESS

Re: Revised Appeal to November 20, 2007 Agenda Item – Update Report on November 20, 2007 Agenda Item on the Request to Testify by Benjamin Garfinkle Regarding DOW Conditions of Tentative Subdivision Approval for Boundary Adjustment (Consolidation and Resubdivision), TMK Nos. (4) 4-2-03:12, 65 and 66 (Landmark Consulting Services, Agent for Opaekaa Falls Land Company 1 LLC and Opaekaa Falls Land Company 2, LLC, Request to Present Revised Appeal to Amend Subdivision (S-2007-47) Conditions for Opaekaa Falls Land Co. Subdivision)

Mr. Ben Wellborn (Consultant), Mr. Tom Nance (Consultant), and Mr. Ben Garfinkle (Developer) were present at the meeting. (Their legal counsel, Mr. Max Graham was sick today.)

Board Report:

RECOMMENDATION:

It was recommended that the Board not approve the applicant's Revised Appeal as described below:

This Board item was deferred to the December 13, 2007 Board Meeting.

Applicant's Revised Appeal

The subdivider believes that the required DOW waterline extension are unnecessary in order to maintain County water service to the existing six (6) water meters that have been allocated to the original lots provided that the following provisions are allowed:

- a) Deed restrictions limiting development as described herein are adopted for the New Lots:

DOW comment: There is no Board Rule or formal Department Policy that allow the waiving of water system subdivision improvements except for Part 3, Section XIV "Non Development Agreements." The purpose of this rule is to assist families who wish to transfer interest in property between themselves without immediately complying with Department's Rules and construction standards and specifications imposed when the family members request subdivision approval. However this Rule does not appear applicable to the current subdivider's appeal.

The allowance of deed restrictions will not assure completion of the required subdivision water system improvements once the subdivider is allowed to waive these subdivision conditions. The burden to complete the subdivision water improvements is essentially transferred to the future lot owner who like the subdivider may not be able to complete the improvements. There is a possibility that the approved subdivision will be created without ever being provided with adequate County water supply. The burden to provide and pay for the required subdivision development system improvement may eventually fall upon the Board and its consumers, the ratepayers. Additionally, the Board's exposure to increased liability may increase once the waiver of required subdivision water system improvements is allowed.

- b) Subdivider can adequately supply potable, agricultural and fire protection water service for the New Lot 2:

DOW comment: If a private water system is provided by the subdivider, then all lots created by the subdivision must be supplied by the private water system. Any County water meter service must be discontinued and disconnected from the subdivision lots as part of the subdivision water improvements. The Department's Standard Operating Procedure (SOP) No. 53, "Private Potable Water Systems for Lots with Existing County Water Meter Service," defines the Department's approach to evaluating request for private water systems to service new developments including but not limited to subdivision, land use permit and building permit applications on lots that are currently being serviced by County water meter service. The subdivider must discontinue County water service to the subdivision lots if the subdivision will be supplied by a private water system.

In addition, the subdivider must execute and record a "waiver and release" whereby the owner acknowledges that no County water service of any kind exists at the new lots and agrees to waive, release and indemnify the DOW from any liability for damages or injuries which may arise from the disconnection and discontinuation of County water meter service and the approval of building permits and the subdivision application without County water meter service. The restriction must be incorporated into the approved construction drawings, final map and deeds of the subdivision lots. The subdivider shall be responsible for the design, construction, operation and maintenance of the private water system which should provide adequate

domestic and fire protection capacity. The private water system shall also be in compliance with other government agency requirements.

Applicant's Justification:

- a) No additional water meters are being requested:

DOW comment: The proposed subdivision will increase or decrease the number of water meters for each subdivided lot. Currently, each of the three lots is assigned two water meters. As a result of the proposed subdivision, there will be an increase from two to three water meters/dwelling units for two lots and a decrease to no County water meters for the remaining lot. Although the approval of the two water meters to each of the three original subdivision lots (total six meters) was not affected by the fire-flow requirement, the addition of the third water meter to two of the three proposed subdivision lots is now subject to Table 100-19 "Fire Flow Requirements." The same water system improvement condition for the proposed subdivision must be completed prior to the reassignment of the third water meter or building permit approval of the third dwelling unit.

The current request is to amend the conditions for subdivision approval. The DOW's Rules relating to "Availability of Water and Approval of Subdivision Map" state that extensions from and subdivision connections to the public water system will be approved by the Department where pressure conditions permit, provided the Department has sufficient water system developed for domestic and sufficient water system for fire protection. The existing County water system is not able to provide the required domestic and fire-flow demand for the subject subdivision. As a result, subdivision water system improvements to the County water system were included as conditions for final subdivision map approval for this subdivision.

- b) A private subdivision water system can be designed and constructed by the subdivider on New Lot 2 which will provide adequate water supply for potable, agricultural and fire protection needs for the six (6) Lot 2 Ag Units:

DOW comment: If a private water system is being proposed, it should supply all of the subdivision lots. Current DOW Standard Operating Procedure requires that any County water meter services must be disconnected and discontinued prior to approval of the subdivision that is supplied by a private water system. The private subdivision water system should provide adequate domestic and fire protection capacity for the subdivision's existing and proposed water demands.

- c) No mixing of private and County water service will occur on any of the new Lots:

DOW comment: If a private subdivision water system is constructed for the subdivision, the discontinuation and disconnection of any County water meters will reduce the DOW's effort to enforce the non-interconnection and cross-connection between private and County water system facilities. Inter-

connections between water systems are virtually undetectable. This will also reduce the contamination risk to both systems.

d) The subdivision does not result in any additional density.

DOW comment: See DOW response to a) above.

APPLICANT'S ALTERNATIVES:

Alternative A:

Lot 1 - New Lot 1 will contain the Small House (serviced by its existing water meter). It will also utilize the two (2) existing water meters originally issued to Lot 23-B for the development of two additional dwelling units ("Lot 1 Additional Units"). The Small House and the two Lot 1 Additional Units will be located in the SLUC Urban District and CZO Residential District (R-4). By Deed Restriction, no further development beyond these three dwellings will be allowed on Lot 1 unless and until the Lot 1 Owner satisfies all requirements of the Department of Water (DOW). No mixing of private and County water systems will occur on Lot 1.

New Lot 2 - New Lot 2 will be developed into a seven (7) unit Agricultural condominium property regime ("CPR"). CPR Units 1 through 6 ("Lot 2 Ag Units") will be located in the CZO Open District. CPR Unit 7 will also be located within the CZO Open District, however, no development will be allowed on Unit 7. The six (6) Lot 2 Ag Units will receive potable, agricultural and fire protection water service from a private well and tank which is to be located on the northwest side of New Lot 2. No mixing of private and County water systems will occur on Lot 2.

New Lot 3 - New Lot 3 will contain the Large House, which will be serviced by its existing meter. Two new dwelling units ("New House 1 and New House 2") will be developed on New Lot 3 utilizing the two existing water meters allocated to Original Lot 23 A-2. New House 1 and New House 2 will be located in portions of the SLUC Urban District and SLUC Agricultural District and the CZO Residential District (R-4) and CZO Open District; and will receive water service from the two existing water meters. By Deed Restriction, no further development will be allowed on Lot 3 unless and until the Lot 3 Owners satisfy all requirements of DOW. No mixing of private and County water systems will occur on Lot 3.

Alternative B:

Lot 1 - New Lot 1 will be identical to that which is proposed under Alternative A. As such, it will contain the Small House (serviced by its existing water meter). It will also have the two (2) existing water meters originally issued to Lot 23-B and the density for the development of two additional dwelling units ("Lot 1 Additional Units"). The Small House and the two Lot 1 Additional Units will be located in the SLUC Urban District and CZO Residential District (R-4) and Open District (O). By Deed Restriction, no further development will be allowed on Lot 1 unless the Lot 1 Owner satisfies all requirements of the Department of Water ("DOW"). No mixing of private and County water systems will occur on Lot 1.

New Lot 2 - New Lot 2 will be developed into 7-unit condominium property regime ("CPR"). CPR Units 1 through 6 ("Lot 2 Ag Units") will be located in the CZO Open

District. CPR Unit 7 will be located within the CZO Open District (O) and the CZO Residential District (R-4) and will contain the existing Large House. All seven (7) CPR units in New Lot 2 will receive potable, agricultural, and fire protection water service from a private well and tank which is to be located on the northwest side of New Lot 2. By deed restriction, the Large House will be required to abandon and disconnect from its existing County water meter (and connect to the private water system) prior to the issuance of additional building permits for the Lot 2 Ag Units. No mixing of private and County water systems will occur on Lot 2.

New Lot 3 - Two new dwelling units ("New House 1 and New House 2") will be developed on New Lot 3 utilizing the two existing water meters allocated to Original Lot 23 A-2. New House 1 and New House 2 will be located in portions of the SLUC Urban District and SLUC Agricultural District and the CZO Residential District (R-4) and CZO Open District; and will receive water service from the two existing water meters. By Deed Restriction, no further development will be allowed on Lot 3 unless and until the Lot 3 Owners satisfy all requirements of DOW. No mixing of private and County water systems will occur on Lot 3.

Board Discussion

Mr. D. Fujimoto discussed that this project has the same amount of parcels and lots, so the amount of lots are not being changed. If anything, the waterlines are being relocated. He felt that the developers have shown that they have addressed the necessary improvements through their private water system.

Mr. D. Fujimoto added that the developer, through its 'non-development agreement', have established that they would be responsible for the necessary infrastructure improvements if they do develop further. He felt that he appreciated the position of staff; however, from a logical standpoint, the developers are only re-consolidating the property at this time and they have provided the necessary water for the proposed CPRs that they plan to do on one of the parcels.

Acting Manager Ushigome stated that the consolidation and re-subdivision is not for the original lot of record; therefore, although they had 3 lots originally and they qualified for 2 water meters per lot. Then they came in and said that they have 6 water meters; however, with the act of consolidation and re-subdivision of the lot, their original 2 water meters per lot of record were taken away. She added that the only type of Non-Development Agreement that the DOW has is for situations when subdividers want to subdivide and convey property to their family members and they agree not to sell or construct anything until the infrastructure is completed.

Testimony:

Mr. Ben Wellborn testified that based on the DOW's requirement of not mixing County and private water systems, they have adjusted their plan to not mix.

Also, from a land use planning perspective, they have since isolated the R-4 zoning in 2 lots as compared to split zoning previously. This made sense since there would be the 'non-development agreements' in the R-4 zoning area. Therefore, the land surrounding the Opaekaa Stream would now be all in the open zoned area.

They are proposing now a hybrid plan of what they proposed at the last Board Meeting as follows: 1) to retain the 6 water meters that were already allocated to them; 2) to service the existing residences: the 2 water meters that were originally allocated to Lot 23b that would now go with Lot 1 and the 2 water meters that were located in Lot 23a is now allocated to Lot 3. The open zoned area surrounding the Opaekaa Stream would be serviced with potable water by their private existing well.

Mr. Wellborn summarized that they started with 3 lots and 6 water meters and they are ending up with 3 lots and 6 water meters.

On query by Chair McCrory, Mr. Wellborn confirmed that the fire flow requirements for the open zoned area could be handled by their private well. Chair McCrory added that if a fire hydrant is needed in that open zoned area, that it should be installed and proper easements done, whether the Fire Department chooses to use it for fire protection is up to the Fire Department.

On query by Mr. Costa, Mr. Wellborn stated that they would be willing to sign waivers like the Princeville area; whereby, if someone wants to build where there is no County water system then they would sign a Waiver and Release Agreement. He added that they are willing to sign any type of necessary Waiver agreements for development in the ag lot. Also, in the R-4 parcels, the development agreement would read such that beyond this 3-unit density that there would be no further development until there is adequate infrastructure.

Mr. Garfinkle added that his project is not a real subdivision, although it needs to go through that subdivision process, this is really a boundary adjustment. He stated that the zoning is in place that would allow for 33 homes. Mr. Garfinkle explained that if this proposal does not go through that they would leave the lots as is, since they have 6 water meters.

Mr. Garfinkle felt that this project actually downzones the area as it went from a maximum of 33 homes to a maximum of 12 homes. They have also resolved the issue of 'no mixing' of County and private water systems and they have also accomplished keeping the R-4 homes in R-4 with the meters. Mr. Garfinkle added that they understand about the open zoned lands being fed by their private well and they understand about the waivers and the requirements for fire in ag.

On query by Mr. Kahawai, Mr. Costa explained that technically this project would be considered a subdivision, which is the vehicle to do a boundary adjustment, as it consolidates and re-subdivides the lands. Mr. Costa also explained that a boundary adjustment does not create additional lots, unlike a subdivision that creates more density.

Mr. D. Fujimoto felt that his perspective is that they are not asking for more water and they are also willing to do a 'non-development agreement', which is over and beyond what they would normally be required to do.

Mr. D. Fujimoto moved to approve the reconsolidation of the existing lots into 2 lots with the following conditions: 1) have the developer do a recorded deed restriction that no development beyond the 3 dwellings will be allowed on Lots 1 and 3, which

contains the R-4, until such time that adequate DOW facilities are available; 2) have the developer for the open zoned area lot execute a recorded Waiver and Release that would remain in effect until such time that the source, storage and transmission is adequate; 3) provide fire protection in the open zoned area by installing the necessary fire hydrant, along with the applicable easement, with notification to the Fire Department; and 4) no mixing of County and private water systems on Lots 1 and 3; and 5) all the above must be done prior to any building permit approval;, seconded by Mr. Costa; motion was carried.

Mr. Garfinkle, Mr. Wellborn, Mr. Nance and Mr. Smith left the meeting at about 10:57 a.m.

Re: Update on the Selection Process for the Recruitment of the Manager and Chief Engineer of the Kaua'i County Water Department

Acting Manager Ushigome reported the following:

At its October 16, 2007 meeting, the Board instructed the Department to proceed with soliciting the services of a job search firm to assist the Board with the recruitment and selection process of hiring a Water Manager. In addition, the Board approved the necessary funds allowing the Department to begin advertising for qualified providers and procuring the services of a job search consulting firm.

In anticipation of receiving Statements of Qualification (SOQ) from job recruitment providers and in order to expedite the selection process, the Board established an ad-hoc committee and scheduled a Special Board meeting to review the resumes of qualified providers. On November 9, 2007, the Board convened a Special meeting and selected CPS Human Resource Services (CPS) to assist the Board in recruiting, screening, evaluating and assessing applicants for the Water Manager's position.

The Board requested CPS be contacted and notified that they have been selected and the Board would like to confirm the terms of the bid (fee proposal, scope of services, and project schedule). The Department will prepare the notification letters and follow up with the required recommendation of award and Internet contract posting information within 7 days of the award.

The Board formed a selection committee, which needed to be comprised of at least three (3) Board members (Roy Oyama, Lynn McCrory, Leland Kahawai, Steve Kyono and/or Donald Fujimoto). The selection committee will work with the job search firm to review, evaluate and present a final candidate listing to the Board. Chair McCrory volunteered to lead the selection committee until her departure at the end of 2007, then Mr. Oyama would take over as the Chair of the selection committee.

Mr. Jeremiah Kaluna, former DOW Deputy Manager, was present and requested to speak. Chair McCrory concurred to have Mr. Kaluna testify.

Mr. Kaluna was concerned that the job search firm may not select the best fit for the Manager's position as they may not know that Kauai is special and has a culture of its own. Chair McCrory assured Mr. Kaluna that the Board is responsible for the final

selection of the Manager and they take it seriously to hire the best fit for our island's Manager.

The Board thanked Mr. Kaluna for his insight and he left the meeting at about 11:25 a.m.

Re: Revised Conveyance of Water Facility from Kiahuna Mauka Partners, LLC. for the 12-Inch Waterline along Hapa Road, Weliweli Road and Koloa Road, TMK: (4) 2-8-03, (4) 2-8-04, (4) 2-8-06, (4) 2-8-07, (4) 2-8-08, (4) 2-8-09, (4) 2-8-11, (4) 2-8-12, (4) 2-8-13 and (4) 2-8-14, Koloa, Kauai, Hawaii

It was recommended that the revised Conveyance of Water Facility document be approved; whereby Kiahuna Mauka Partners, LLC transfers unto the Board of Water Supply, County of Kauai, all of its right, title and interest to the following items:

Waterline:

- 9,440 Linear Feet 12" Ductile Iron Waterline, in place complete
- 20 ea. 12" Gate Valve, including C.I. Valve Box and Cover
- 7 ea. 1-Inch Copper Air Relief Valve Assembly, in place complete
- 1 ea. 2-Inch Cleanout, in place complete
- 20 Linear Feet 8-Inch Ductile Iron Waterline, in place complete
- 3 ea. 8-Inch Gate Valve, including C.I. Valve Box and Cover
- 116 Linear Feet 6-Inch Ductile Iron Waterline, in place complete
- 2 ea. 6-Inch Gate Valve, including C.I. Valve Box and Cover
- 34 Linear Feet 4-Inch Ductile Iron Waterline, in place complete
- 2 ea. 4-Inch Gate Valve, including C.I. Valve Box and Cover
- 1 ea. 6-Inch Ductile Iron Blow-Off Line, in place complete
- 1 ea. 6-Inch Gate Valve, including C.I. Valve Box & Cover
- 10 Linear Feet 2 ½-Inch Copper Waterline, in place complete
- 1 ea. 2 ½-inch Gate Valve

Fire Hydrants and Standpipes:

- 22 ea. Fire Hydrant Assembly with 1-4½" & 1-2½" Outlet, in place complete
- 22 ea. 6-Inch Gate Valve, including C.I. Valve Box & Cover for Fire Hydrant (or 2½" Standpipe)

Single & Double Service Laterals for 5/8" Water Meters:

- 1 ea. 1-inch Copper Single Service Lateral for 5/8-inch Water Meter, in place complete
- Lump Sum. Reconnect Existing Off-Site Service Laterals to the New 12" Ductile Iron Waterline

Pressure Reducing & Sustaining Valves:

- 80 Linear Feet 8-Inch Ductile Iron Lateral
- 1 ea. 8-Inch Pressure Sustaining & Pressure Reducing Valve, with 8-Inch Venturi Tube, differential pressure transmitter with gauges, and concrete vault with hatch, in place complete
- 1 ea. Remote Terminal Unit (RTU) and Antenna
- 2 ea. 8-Inch Butterfly Valve, including C.I. Valve Box & Cover

1 ea. 16" Butterfly Valve, including C.I. Valve Box & Cover
46 Linear Feet 12-Inch Ductile Iron Lateral,
1 ea. 6-Inch Pressure Reducing & Solenoid Valve, 2-Inch Pressure Reducing Valve, Air Relief Valve, Pressure Gauges, 2-Inch Copper Piping, 6-Inch Ductile Iron Piping, 6-Inch Butterfly Valves, and Concrete Vault with Hatch, in place complete

3 ea. 12-Inch Butterfly Valves, including C.I. Valve Box & Cover

in place complete, in accordance with the as-built construction drawings for CONSTRUCTION PLANS FOR 12-INCH WATERLINE ALONG HAPA ROAD, WELIWELI ROAD AND KOLOA ROAD prepared by Esaki Surveying & Mapping, Inc. for the Kiahuna Makai Subdivision (S-2004-16) and Wai'nani at Kiahuna Subdivision (S-2004-48), Koloa, Kauai, Hawaii.

Mr. D. Fujimoto moved to approve the Amended Conveyance of Water Facility from Kiahuna Mauka Partners LLC, seconded by Mr. Oyama; motion was carried.

NEW BUSINESS

Re: Capital Replacement Planning and Reserve Study

Mr. Richard Cuthbert and Ms. Gina Baxter of RW Beck were present at the meeting and both reported on the findings of the Capital Replacement Planning and Reserve Study.

Acting Manager Ushigome reported that R. W. Beck, Inc., was retained to perform a Capital Replacement Planning and Reserve Study for the Department of Water (DOW), County of Kaua'i. Representatives from R. W. Beck met with the Board in February and July of 2007 to provide an overview of the reserve study portion of their analysis and to obtain suggestions from the Board related to the study. At the December 13th Board meeting, R. W. Beck representatives will present the final results of the capital replacement planning and reserve study as presented in the attached final draft report.

In the study, R. W. Beck has prepared an estimate of DOW's capital replacement funding needs for a 20-year period. This analysis was based on replacement planning assumptions developed in conjunction with the depreciation study and engineering review and evaluation. The analysis was used to help estimate DOW's reserve requirements for the next five years. Study results indicate that an estimated \$6.1 million to \$11.4 million per year could be needed during the next five years for capital replacement and refurbishment needs. R. W. Beck will discuss with the Board the implications of these funding needs in conjunction with capital improvement funding needs on DOW's capital reserve requirements.

On query by Chair McCrory, Waterworks Controller Ganaden stated that this study did not incorporate the actual budget projections of the revised Water Plan 2020 priority projects as that portion would be incorporated with the Financial Management Planning, Water Rate Analysis, and Facilities Reserve Charge Analysis Study.

Mr. Cuthbert stated that although they were not tasked to do so previously, they could do additional work to incorporate Water Plan 2020's projects on a 5-year timeline. His understanding was that was not tasked to them yet as there were questions on whether that was logistically possible to do. During this period of review on whether it was possible to do the 5-year plan, Mr. Cuthbert added that their study was on hold for about a 6-month period. He added that they had initially gauged to have this Capital Reserve Study done after the Water Plan 2020 program was finalized; however, timing became an issue.

Mr. Cuthbert added that they have come up with some benchmarks that when the DOW has further information on exactly what is planned for its finalized capital program and not only envision on doing, but planned and expected to do. He stated that there has been a significant gap during the last 8 years between those 2. The Department can then find the reserves that they need to do that.

Waterworks Controller Ganaden discussed that the original scope of work of this study was not to implement Water Plan 2020 but to verify if we had adequate reserves or do we need to setup reserves based on replacing our infrastructure. He stated that the implementation of Water Plan 2020 would be part of the Financial Management Planning, Water Rate Analysis, and Facilities Reserve Charge Analysis Study. They would probably then have Board workshops to show the Board various scenarios of low, medium and accelerated programs for Water Plan 2020 and the Board would decide which scenario the DOW could financially afford.

Mr. Cuthbert suggested that they go ahead and do their presentation so everyone would know where they are with the study and everyone would have a matrix that could be used to evaluate the adequacy of reserves. If the Board determined that their study was inadequate, they would be more than willing to go back and address the Board's concerns.

The following was the areas that Mr. Cuthbert and Ms. Baxter covered in their presentations:

Department of Water, County of Kaua'i
Capital Replacement Planning and Reserve Study
Board Meeting Presentation

- Agenda
- Review capital replacement planning analysis
- Review reserve policies of other water utilities
- Evaluate DOW capital reserve needs in light of CIP/CRP funding needs
- Questions and answers
- Methodology
- Develop detailed asset inventory database
- Escalate original plant costs to 2007 dollars
- Determine replacement and refurbishment cost assumptions and intervals
- Estimate DOW's annual capital replacement costs for a 20-year projection period
- Conduct survey of water utility reserve policies
- Review implications for DOW's level of capital reserves

- Key Assumptions
- All existing meters replaced by the end of FY 2009
- Hydrant replacement completed by 2023
- Surface Water Treatment Plant - Capital Lease: No replacement costs; continuation of the Purchase Water Agreement
- Alternative capital replacement scenario when couplings fail:
 - *Base case:* Asbestos cement pipe refurbished
 - *Alternative case:* Asbestos cement pipe removed and replaced
- DOW Plant Inventory (as of June 30, 2006)
- Representative Replacement and Refurbishment Assumptions
- Projected Annual Replacement and Refurbishment Costs
- Projected Capital Replacement and Refurbishment Costs (20 Years)
- Reserve Policies – Surveyed Water Utilities
- Hawaiian Water Utilities
 - Honolulu Board of Water Supply
 - County of Hawai'i
 - County of Maui
- Western Mainland Water Utilities
 - Arizona
 - City of Tucson
 - California
 - City of Burbank
 - City of Santa Monica
 - Contra Costa Water District
 - Santa Clara Valley Water District
 - San Jose Municipal Water System
 - Colorado
 - City of Boulder
 - City of Westminster
- Representative Reserve Targets and Policies
- Capital Reserves
 - 10% of O&M
 - Annual depreciation expense
 - 7% of operating revenue
 - 3-year average of adopted 5-year CIP
- Operating Reserves
 - 30 to 180 days of O&M
 - 10% of revenue from water sales
- Emergency Reserves
 - 1% to 3% of Operating Budget
- Representative Reserve Targets and Policies, cont.
- Rate Stabilization
 - 10% of O&M
 - 10% of annual debt service
 - 5% of operating revenue
 - 25% of annual rate revenues
- DOW Capital Program
- DOW Projected Capital Replacement Funding Needs (\$000)
- DOW Metered Water Sales

- Possible DOW Reserve Target Levels
- DOW Cash Available (as of 06/30/07)
- Other Considerations
- Current uncertainty in CIP/CRP implementation
- Ambiguous applicability of HRS capital replacement reserve limits (15% of gross revenues)
- Significant changes in operating expenditures since last rate study
- Conclusions
- Existing capital reserves are adequate
- No specific capital reserve policy recommended
- Separate capital reserve fund not recommended
- Future review of reserve levels as the capital implementation program becomes better defined

Received for the record.

Re: Automated Meter Reading (AMR) Implementation for the Department of Water, County of Kauai, Second Contract Amendment

RECOMMENDATION: It was recommended that the Board approve the second contract amendment with Professional Meter, Inc. (PMI), contractors for this project for the purchase of additional meters. It is further recommended that the Board reallocate \$43,052.00 from Account No. 106B, CIP Reserve to fund the additional meter purchases.

FUNDING:

Proposal from Professional Meter Inc.,
 Best and final offer (BAFO),
 January 12, 2006:\$3,764,160.00
 First contract Amendment:\$ 184,710.00
 Second contract Amendment:\$ 94,182.00

Total Contract Amount.....< \$4,043,052.00>
 Account No. 101, CIP, Automated Meter
 Reading implementation for the
 Department of Water\$4,000,000.00
 Balance Required from Account No. 106B, CIP Reserve< \$ 43,052.00>

BACKGROUND:

Furnish and deliver to the Department of Water's Baseyard, Lihue:

- 500 each – 5/8" water meters at \$136.50 each or \$68,250.00.
- 5 each – 1" water meters at \$187.00 each or \$935.00.
- 5 each – 1-1/2" PD water meters at \$327.00 each or \$1,635.00.
- 5 each – 1-1/2" turbine water meters at \$545.60 each or \$2,728.00.
- 5 each – 2" PD water meters at \$437.00 each or \$2,185.00.
- 5 each – 2" turbine water meters at \$609.40 each or \$3,047.00.
- 5 each – 3" fire hydrant meters with connectors at \$646.80 each or \$3,234.00.
- 2 each – 3" compound water meters at \$1,263.00 each or \$2,526.00.
- 2 each – 4" compound water meters at \$2,008.00 each or \$4,016.00.
- 2 each – 6" compound water meters at \$2,813.00 each or \$5,626.00.
- Total: \$94,182.00

Justification: The Department's inventory of water meters has decreased and needs to be re-stocked to sustain the requirements for defective meter replacements and customers' installations. With the award of the contract, the Department was committed to the installation of the meters supplied by the Contractor.

On query by Chair McCrory, Mr. K. Fujimoto stated that the total meter inventory would be about 19,500 meters. Also on query by Chair McCrory, Mr. K. Fujimoto added that this meter request is for new subdivisions that are coming online and that once PMI's contract is initiated, they would be responsible to replace the existing meters.

Mr. Kyono moved to approve the second contract amendment with Professional Meter, Inc. (PMI), contractors for this project for the purchase of additional meters and to reallocate \$43,052.00 from Account No. 106B, CIP Reserve to fund the additional meter purchases, seconded by Mr. Costa; motion was carried.

Re: Request Board Approval of the Additional Funds for Job No. 06-01 (WP 2020 Project No. KW-28), AMFAC Shaft 11 Renovation Phase 2, Kekaha-Waimea Water System, Kapa'a, Kaua'i, Hawai'i

Recommendation:

It was recommended that the Board approve a contract modification to Brown and Caldwell, Inc. in the amount of \$398,456.00 and approve a contingency amount of \$40,038.00, or approximately ten percent. The additional funding is the fee estimate for Phase 2 – Final Design. This contract modification will allow the Department of Water to proceed concurrently with Phase 1B and Phase 2.

Phase 1A of this project has been completed. R.W. Beck is proposing to reduce the overall engineering schedule by concurrently conducting the Phase 1B and Phase 2. Phase 1B involves Field Pump Testing and Department of Health Reporting while Phase 2 is the Final Design.

Funding:

Account No. 101b, Capital Rehabilitation Projects.....	\$ 591,106.00
Brown and Caldwell, Inc.....	<\$398,456.00>
10% Contingency.....	<\$ 40,038.00>
Total.....	<\$1,029,600.00>
Total Funds Requested.....	<\$ 438,494.00>
Account No. 106b, CIP Reserve	

Background:

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

describing Brown and Caldwell's and the pumping subcontractor's scope of work and fees was received June 4, 2007 and is the basis for the values above.

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

R.W. Beck is proposing to conduct Phase 2 - Final design, permitting, and environmental documentation concurrently with Phase 1B and recommends the additional funding be allocated at this time. (Reference R.W. Beck's Memorandum dated November 12, 2007 describing the potential risks and rewards for conducting Phase 1B and Phase 2 concurrently.)

Ms. Sakoda moved to approve a contract modification to Brown and Caldwell, Inc. in the amount of \$398,456.00 and also approved a contingency amount of \$40,038.00, or approximately ten percent, seconded by Mr. Kyono; motion was carried.

Re: Conveyance of Water Facility from Craig R. Osler and Ashley Osler, for the Installation of a Fire Hydrant for Craig and Ashley Osler; TMK: (4) 4-4-08:001, Kawaihau District, Kauai, Hawaii

It was recommended that the Conveyance of Water Facility document be approved; whereby, Craig R. Osler and Ashley Osler, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to: one (1) each, fire hydrant assembly w/ 1 - 4 ½" & 1 - 2 ½" outlet; and one (1) each, 6-inch gate valve including C.I. valve box and cover for the Installation of a Fire Hydrant for Craig and Ashley Osler; TMK: (4) 4-4-08:001, Kawaihau District, Kauai, Hawaii.

Grant of Easement not required.

Mr. Kyono moved to approve the Conveyance of Water Facility from Craig R. and Ashley Osler, seconded by Mr. Oyama; motion was carried.

Re: Conveyance of Water Facility from Robert E. Keown and Gloria A. Keown, for the Water Meter Plan for Lot 1, Pu'u Road, TMK: (4) 2-3-08:052, Kalaheo, Kauai, Hawaii

It was recommended that the Conveyance of Water Facility document be approved; whereby, Robert E. Keown and Gloria A. Keown transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to the following item:

Waterline:

- 1 ea. 1 inch copper lateral for single service connection of 5/8" meter
- 1 ea. 1-1/2 inch copper lateral for double serve connection of 5/8" meter

in place complete, in accordance with the as-built construction drawings for CONSTRUCTION PLANS FOR THE WATER METER PLAN FOR LOT 1, prepared by Esaki Surveying and Mapping, Inc., Kalaheo, Kauai, Hawaii.

A Grant of Easement is not required at this time.

Mr. Kyono moved to approve the Conveyance of Water Facility from Robert E. and Gloria A. Keown, seconded by Mr. Oyama; motion was carried.

Re: Discussion and Action on Next Steps for Water Plan 2020 Rate Study

This matter was for informational purposes only; no action was required. Now that the Water Plan 2020 projects were re-visited and updated, the next step would be to do a Financial Management Planning, Water Rate Analysis, and Facilities Reserve Charge Analysis Study. This consultant service was included in our annual Professional Services solicitation. It was noted that funding for this rate study was approved in the FY 2008 Budget.

Mr. D. Fujimoto requested that the Water Plan 2020 projects be plotted on a computerized Geographical Information System (GIS) to enable everyone to know exactly where these projects are located. The selected projects that would be ongoing concurrently would need to be geographically situated to not put undue stress on the community and to minimize traffic congestion.

Mr. Fujikawa stated that initially when Water Plan 2020 was first initiated in 2001, the projects were plotted with the computer software, ARCVIEW/GIS; however, it has not been updated since.

The Board suggested outsourcing this work; however, Mr. Fujikawa stated that we have that capability to do it in-house. Acting Manager Ushigome will work with our computer section to schedule our projects to be done on GIS.

Mr. D. Fujimoto added that this is high priority; therefore, if it cannot be done in-house that it should be outsourced. Chair McCrory requested that a report be submitted at the next Board Meeting on how long it would take to get the 'GIS' of our Water Plan 2020 projects. Mr. Costa added that it would be crucial to have this done so that it could be included with the scope of work for the selected consultant to do our Financial Management Planning, Water Rate Analysis, and Facilities Reserve Charge Analysis Study.

Chair McCrory suggested that once the Water Plan 2020 projects are on the GIS, which should be broken down by phases with each phase project locations be color coded or somehow recognizable as different phases, Mr. Fujikawa could then report back so the Board could analyze the project locations.

Mr. Fujikawa added a note that once we do have the Program Manager on board, this person should be tasked with having the Water Plan 2020 projects on GIS.

Mr. D. Fujimoto suggested that the Department contact the County Finance Director to inform him of what our financial plan to do Water Plan 2020.

Re: Discussion and Action on RFP Program Manager

The Request for Proposal (“RFP”) Committee consisting of Gregg Fujikawa, Amy Esaki, and Dustin Moises have completed the draft RFP and circulated the document for peer review within the Engineering, Fiscal and Operations Divisions of the Department. This matter is still pending.

On query by Chair McCrory, Acting Manager Ushigome stated that the Committee needs more time to research into various issues that have come up and needs to be resolved like procurement and privatization issues.

Mr. D. Fujimoto concurred that privatization is an issue and it would be interesting to see how the union would respond to this matter.

Acting Manager Ushigome added that there are several components that need to come together and run concurrently in order to start advertising for the Program Manager like the hiring of the EM-7, the funding of the Water Plan 2020 projects, etc.

Mr. Kyono added that it would help if all of the issues and action items were identified, along with the person that would be responsible for those items.

Some of the main issues were identified before a Program Manager is sought: 1) need to fund the Water Plan 2020 projects first; 2) need to re-draft the position description of the EM-7 position to be compatible to the RFP and then this position needs to be filled as this position will oversee Water Plan 2020, etc.

The Board requested an update at the next Board Meeting on the issues that were identified.

On query by Waterworks Controller Ganaden, Chair McCrory stated that the financial study should also include reviewing the facilities reserve charge (FRC).

Received for the record.

Re: Election of Officers

The slate of officers for Chairperson, Vice Chairperson and Secretary of the Kaua'i Board of Water Supply for the Year 2008 were submitted by the Committee of the Whole that met prior to this Board Meeting. The following are the nominations for approval:

Chairperson: Roy Oyama
Vice Chairperson: Leland Kahawai
Secretary: Bernie Sakoda *(temporary until the new Board member comes on board.)*

Mr. Kyono moved to approve the 2008 slate of officers for the Water Board, seconded by Mr. Costa; motion was carried.

Re: Revised Schedule of Meeting Dates for 2008

To accommodate the Board's request for earlier deliveries of agendas, the 2008 Board Meeting schedule has been revised to the 2nd Thursday of each month. Only for the month of June will the Board Meeting be the 3rd Thursday to not overlap with the American Water Works Association (AWWA) National Conference in early June. All dates are subject to change if quorum becomes a problem.

Mr. Kahawai moved to approve the revised Board Meeting dates for 2008, seconded by Mr. Oyama; motion was carried.

REPORTS

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

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

Public Relations Specialist Faith Shiramizu gave the following report:

Re: Public Relations Update

Employee Events: The County Employee Council's 5th Annual Holly Jolly Christmas event, which includes the entertaining Song Contest and the conclusion of the Wreath and Ornament Contests, was from 10:00-11:30 AM at the Mo'ikeha Building Courtyard on Tuesday, December 11, 2007. Bekki Malapit's daughter Karlyee won a prize in the children's category for most creative in the ornament contest. The "Holly Jolly Rockers" represented the DOW well at the Song Contest, as placed second. Congratulations!!

On December 12th, volunteer judges from other offices judged and selected the best-decorated area for our Department's decorating contest. The winner was the Operations Division as announced at the Annual Christmas Brunch. A pizza party will be held in honor of the Operations Division winning the contest. Congratulations Ops!!

Acting Manager Ushigome added thanks to Mr. Seichi Oyama, who has again donated a large Christmas tree for our lobby area and a smaller one for our Annual Brunch. Chair McCrory has also donated new Christmas decorations for our tree. Thanks!

Drinking Water State Revolving Fund: Met with six of the staff from the DOH Safe Drinking Water and Wastewater Branches to review status of current projects, SRF update on changes in procedures and forms, and discuss projects that will be added to the Priority list for FY 2009.

All the pieces have been submitted for the Stable Tank Interim Loan. The documents will be sent for signatures. The Interim Loan should be in place by early January, then the bid requests can be sent out.

Strategic Plan: As part of our Strategic Plan, the proposal from the Rewards and Recognition Committee was approved and presented at the November Employee Meeting. **WATER, (Water Appreciation Through Employee Recognition),** will commence in January, 2008. (The program description and WATER Buck sample is attached.)

Issues Champions will be meeting on December 12th to agree upon a recommendation regarding steps to be taken to continue the forward movement of our Strategic Plan. The results of the meeting will be presented at the Board meeting.

Community: Will be presenting Water Conservation information to a class of 4th and 5th graders at King Kaumualii on December 11th.

Training: Attended a PowerPoint Presentation class at Kaua'i Community College.

RE: SUMMARY REPORT OF MONTHLY OPERATIONAL MAINTENANCE:

A written report was given to the Board from Acting Chief of Operations William Eddy. The Board liked the more detailed report that was submitted.

RE: MANAGER'S UPDATE FOR OCTOBER, 2007 TO NOVEMBER, 2007

CONTRACTS AWARDED BY THE MANAGER:

1. MWH Laboratories – Laboratory Testing Services.
2. Valley Isle Motors – Furnishing and Delivery of Three 15,000 Lb. GVWR Trucks, Cab and Chassis with Service Body, Underdeck PTO Air Compressor and Accessories

PUMP INSTALLATION PERMITS SIGNED BY MANAGER: None.

WAIVER, RELEASE, AND INDEMNITY AGREEMENTS SIGNED BY THE MANAGER: None.

Affordable Housing Update:

Updates on Affordable Housing Task Force (AHTF) Projects:

1. DHHL – Anahola Residence Lots Unit 6, Pi'ilani o Kekai, Phase 1: No progress
2. Habitat - Eleele I Luna Subdivision Phase 2: Phase 2 granted tentative subdivision approval, construction plans would be submitted shortly.
3. Puhi Self-Help Subdivision – Grove Farm is responsible for completing the booster pump and off-site waterline improvements prior to DOW building permit/water meter approvals. Self-Help is recording the subdivision with the Land Court and is not ready to apply for building permits.
4. Kauai Lagoons – Kapule Project: No progress. The final Water Study Report has been submitted to the Department of Water. The 31 affordable units will be serviced by a new water meter, which will require development of off-site source and storage improvements. The Marriott Corporation is responsible for this project.

5. Kauai Lagoons – Waipouli Courtyard-Submitted Waiver, Release and Indemnity (WR&I) agreement (including posting a bond) with the Department on 10/18/07. DOW has not signed building permits.
6. KEO Transitional Housing Project Phase I & II: Units are occupied. Opening ceremony held on November 21, 2007. This project will be taken off the AHTF agenda.
Phase II: Construction of the water meter and fire connections are completed.
7. Kalepa Village Phase III & IV – Phase III- 40 unit multi-family development estimated occupancy by March 2008. Phase IV is scheduled to start construction in January 2008.
8. Princeville Employee Homes: No report
9. Kukui'ula Employee Housing – Developer working with DOW on revising KDC Water Master Plan to include the workforce housing project.
10. Koheha Loa (Hanama'ulu Triangle): DOW reviewing the Water Mater Plan for the AMFAC/JMB Lihu'e-Hanama'ulu Master Planned Community Lands. An affordable housing agreement with Council is required.
11. County-State parcel affordable housing projects:
 - Housing Agency is preparing (in-house) an RFP for affordable housing and site development.
 - Final MOU submitted for approval and execution.

Next State Lands and Affordable Housing Task Force meeting scheduled for Monday, December 17, 2007 at Pi'ikoi Conference Room A.

Kalāheo 0.5 MG Tank Tie-In:

In mid-November, the Kalāheo 0.5 Million Gallon (MG) Tank was connected into the Kalāheo Water System. During the tie-in, the residents were asked to conserve water usage to minimize the potential of low water pressure and/or no water in the distribution system.

With the addition of the new tank and booster pumps on-line, the Department has effectively upgraded the Kalāheo system's capacity and improved reliability. The project involved the construction of a 0.5 MG gallon reinforced concrete tank, booster pumps, emergency generator and pump control buildings. The tank is approximately 72 feet in diameter and about 21-feet high with a spillway elevation of 908 feet MSL. The associated connecting piping consists of mainly 12-inch ductile iron waterlines, dedicated influent and effluent lines, overflow and washout lines. Site improvements also include a 12-foot wide asphalt concrete (AC) access road, perimeter drain, and concrete retaining wall.

The planned tie-in was anticipated to take about 40 hours, starting from 9 am on Wednesday, November 14th through midnight Thursday, November 15th. Work was completed ahead of schedule and was well coordinated among all the parties involved. The Department would like to acknowledge staff project engineers Dustin Moises and Keith Fujimoto for orchestrating a smooth connection. We would like to acknowledge the Operations staff: Bill Eddy, Lance Nakata, David Okamoto, Neal Iseri, Darwin (Zoom) Bukoski, Chris Nakamura, Franklin Iwai and everyone else who covered while the connection was on-going. Thank you also to the DOW Micro-Lab staff: Carl Arume, Andy Canavan, and Peggy Yoshioka, for being ready and

available for the water chlorination and water quality testing of the water in the new tank. Thank you, Faith Shiramizu for issuing our press releases and for everyone who answered the calls and fielded the questions relating to the tie-in.

Finally, the Department acknowledges and thanks our Contractor and his sub-contractors; Kaua'i Builders, Goodfellow Bros., and R. Electric for a job well done. If we missed anyone, I apologize.....thank you!

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

This matter was taken care of at the Finance Committee Meeting.

All reports were received for the record.

STRATEGIC AND BUSINESS PLAN AND NEEDS ASSESSMENT

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

Acting Manager Ushigome gave the following report update:

RW Beck staff was not on site during November as a decision was made jointly between R. W. Beck and the Acting Manager to conduct conference calls with Issues Champions in early December to assess progress on Issue tasks and activities. Following these conference calls, R. W. Beck will update Task Plans and issue a final Board Report for 2007 and include this information in the January 2008 Board packet. This will conclude R. W. Beck's Strategic and Business Plan Implementation assistance for 2007. There are currently no plans in place for us to continue implementation support beyond 2007. This topic is currently under consideration by the Board and staff.

Progress on Task Plans is not included with this report. Final Updated Task Plans will be included in the January 2008 Board Packet.

Affordable Housing Projects

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

- ✓ The Kapilimao 0.5 MG Storage Tank final design is proceeding. The 95% design submittal was submitted on November 11th, and staff expects to complete review and return comments during the week of December 3rd. NPDES and County Use Permit applications are still under review at the corresponding agencies. Reviews were scheduled for completion in early November 2007, but are still underway. The final EA and FONSI were scheduled for completion in November 2007, but are also still underway.
- ✓ A revised contract amendment for AMFAC Shaft 11 Phase 1B, including the indemnification language approved by the Board in October, requires signature from the County Attorney. A Notice To Proceed is planned for December 10.

A package explaining the risks and benefits of beginning Phase 2 (final design) before completing Phase 1B, (field pump testing), including a request for supplemental funding, will be presented to the Board at the December meeting. The package recommends proceeding with early start of Phase 2.

- ✓ A fully executed contract amendment for final design services for the Kapahi 1.0 MG Storage Tank was mailed to the consultant on November 14. Department staff and design consultant are currently obtaining right-of-entry from the adjacent landowner.
- ✓ Final design for the Kapa'a Homesteads 0.5 MG Storage Tank is nearly complete. Completion of the bid documents was pending contract amendment execution, which is now complete (see Kapahi Tank above).
- ✓ Scope and fee negotiations are underway with Hawai'i Pacific Engineers for the design of the Kapa'a Homesteads Well No. 4. The design consultant has submitted a fee estimate, which is under review by R. W. Beck and Department staff.
- ✓ SSFM continues final design of the Akulikuli Tunnel renovation. Work in the last reporting period included a field trip, commencement of engineering and environmental field work, and preparation of an EA pre-consultation package. A decision regarding the addition of water treatment to the project is still pending.

Mark Salmon's Projects' Reports:

1. **(KW-25), Kapilimao 0.5 MG Tank-Summary Project Status Dec., '07**

Project Manager: Mark Salmon -- Design Consultant: Brown and Caldwell

Work underway: final design, permitting and environmental assessment

Work ahead: complete final design, construction

Current Major Area of Focus: 95% design submittal, final EA and easements

Potential obstacles: none currently

Tentative Date Project in Service: December 2008

- Summary: Design progress continues. The pre-final design submittal was made 11/14. Staff expects to return it with comments the week of 12/3. The final Final Environmental Assessment and FONSI, due 11/7/07, are still being worked on. Draft parcel and easement maps, due 11/8/07, are still being worked on. NPDES and County Use Permits were scheduled to clear agency reviews 11/5/07, but comments have not been received.
- Contract Status: Design contract executed.
- Schedule: The project schedule was revised in October with some tasks finishing later, but overall project completion date is not expected to change.
- Permits: Various required permits under agency review. Agency reviews scheduled for completion in November, but not received as of 11/30.
- Land & Easements: Preparation of parcel and easement maps was scheduled for October and drafts were scheduled for submittal to DOW 11/8/07. Work started 11/15, and maps have not yet been received.
- Agency Coordination: See Permits.
- Problems and Proposed Mitigation: None.

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

Project Manager: Mark Salmon -- Design Consultant: Brown and Caldwell

Work underway: Phase 1B contract amendment execution.

Work ahead: final design, environmental/permitting, construction

Current Major Area of Focus: contract execution, getting pump testing underway

Potential Obstacles: water quantity and quality unknown – testing pending

Tentative Date Project in Service: December 2008

- Summary: One signature remains to complete execution of the contract for Phase 1B (Field Testing). A Notice to Proceed is planned for December 10. The proposal for early design was received 10/18 and the budget and scope have been finalized. The Board will be asked to approve early design start at the December Board Meeting.
- Contract Status: Phase 1B contract still needs County Attorney signature. Expected week of 12/3.
- Schedule: See Problems and Proposed Mitigation below.
- Permits: No issues.
- Land & Easements: No issues.
- Agency Coordination: No issues.
- Problems and Proposed Mitigation: Contract issues resolved and work will resume in early December. A memorandum describing the risks and schedule benefits of early design start will be included in the materials for the December Board Meeting.

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

Project Manager: Mark Salmon -- Design Consultant: Belt, Collins

Work underway: final design

Work ahead: final design, environmental/permitting, construction

Current Major Area of Focus: Final design, updated schedule

Potential obstacles: easement acquisition from private landowner

Tentative Date Project in Service: March, 2009

- Summary: Executed contract for final design sent to Belt Collins 11/14. Right-of-entry for engineering investigations is being obtained from landowner adjacent to site.
- Contract Status: See above.
- Schedule: Current schedule shows project completion in March '09. Updated schedule due shortly.
- Permits: No issues.
- Land & Easements: Consultant and DOW staff obtaining right-of-entry from adjacent landowner for surveying and other engineering investigations.
- Agency Coordination: No issues.
- Problems and Proposed Mitigation: Project configuration and landowner issues not yet resolved. Analysis and final resolution part of current phase scope of work. Project work has resumed after hiatus for contract amendment development.

4. Kapa'a Homesteads 0.5 MG Storage Tank–Summary Status Report–Dec., '07

Project Manager: Mark Salmon --- Design Consultant: Belt, Collins

Work underway: final design

Work ahead: bidding and construction

Current Major Area of Focus: final construction documents

Potential obstacles: none currently

Tentative Date Project in Service: July 2008

- Summary: Final construction plans and specs were scheduled for completion in October. Submittal of final work products were awaiting contract execution, which is now completed. Bid documents should be available shortly.
- Contract Status: See above.
- Schedule: Final design should be completed prior to the next progress report.
- Permits: No issues.
- Land & Easements: No issues.
- Agency Coordination: No issues.
- Problems and Proposed Mitigation: Contract revisions have delayed project completion. That issue is now resolved. Project will be ready for bid advertisement shortly.

5. (WK-39) Kapa'a Homesteads Well No. 4–Summary Status Report–Dec., '07

Project Manager: Mark Salmon --- Design Consultant: Belt, Collins

Work underway: contract negotiation

Work ahead: well design, environmental/permitting and construction

Current Major Area of Focus: consultant contract

Potential obstacles: none currently

Tentative Date Project in Service: December 2008

- Summary: Fee estimate received 11/19. Currently under review by DOW staff.
- Contract Status: See above.
- Schedule: No issues.
- Permits: No issues.
- Land & Easements: No issues.
- Agency Coordination: No issues.
- Problems and Proposed Mitigation: Work not yet underway. Consultant has been slow to produce scope and fee estimate items.

6. (WK-02) Akulikuli Tunnel Renovation–Summary Status Report – Dec., '07

Project Manager: Mark Salmon -- Design Consultant: Belt, Collins

Work underway: final design

Work ahead: final design, environmental/permitting and construction

Current Major Area of Focus: final design.

Potential obstacles: water quantity and quality unknown – potential addition of treatment

Tentative Date Project in Service: December 2008

- Summary: SSFM working on final design. Consultant and DOW staff conducted field trip 11/5/07. Consultant has obtained DLNR right-of-entry for land surveying, environmental surveys, and other work. The applicable investigations will take place over the next several weeks. Potential still exists to add water treatment to project. Staff is discussing options.
- Contract Status: No issues.
- Schedule: Revised project schedule due.
- Permits: SSFM has obtained a right-of-entry from DLNR for surveying, environmental work, etc.
- Land & Easements: No issues.
- Agency Coordination: SSFM has prepared a pre-consultation package for agencies involved in EA review, scheduled for mailing the week of 12/3. The package is currently under staff review.
- Problems and Proposed Mitigation: Addition of water treatment to project is still possible. Staff is discussing options internally and may ask for more information prior to making a decision whether or not to proceed with treatment engineering. Addition of treatment to project will almost surely extend project completion date.

Strategy and Action from Issues Champions for Next Six Months

PR Specialist Shiramizu reported that the Issue Champions felt that hiring a new water manager is critical to the success of the Strategic Plan.

She added that presently the issue champions felt that RW Beck should not be retained as a consultant but instead to look for a local consultant. The issue champions did also visit the idea of retaining RW Beck but there was discussion that compared the total amount that they were paid as compared to what they did. It was felt that although we did learn some things from RW Beck, we still paid too much. It was felt that someone else could have done it instead at a cheaper price.

PR Specialist Shiramizu added that the issue champions have agreed to meet regularly with the support of the Manager. The issue champions will also seek assistance from the Hawaii Employers' Council (HEC) to find agencies that could help us with some of our tasks.

PR Specialist Shiramizu also added that the issue champions have decided that we are going to focus on Issues 2 and 5, Hiring of Personnel and Accountability, respectively.

PR Specialist Shiramizu pointed out and thanked Keith Aoki, who she felt was the driving force to keep the gang on track to meet regularly and to do tasks. She also recognized the rest of the issue champions: Issue 2, Hiring of Personnel: Deb Togioka and Dustin Moises; Issue 3, Water Quality: Bruce Inouye, Carl Arume; Issue 4, Improve Workplace Efficiencies: Paul Ganaden and Rona Miura and Issue 5, Accountability: William Eddy. PR Specialist Shiramizu and Keith Aoki are issue champions for Issue 1, Improving Morale.

PR Specialist Shiramizu stated that for now the issue champions want to try alternatives then to hiring RW Beck; however, if at such time it is felt that we would need RW Beck's assistance, it would still be an option to hire them.

On query by Mr. D. Fujimoto, Ms. Togioka stated that the Employee Manual is still pending. PR Specialist Shiramizu added that the contents of the Employee Manual consists of existing memos, policies, etc. and it may be that by early next year at various employee monthly meetings, we would start to select the most important parts of the manual and review it with staff instead of distributing the whole manual. It was felt that the whole manual would be a bear to digest all at once.

Mr. D. Fujimoto was surprised that the employee manual was not already done and distributed to staff as RW Beck was working on it for a while. Chair McCrory added that the real purpose of an employee manual is to protect the Department from liability, then each employee has the information that they need to do their job and you then can hold them accountable. She added that if you piece meal the contents of the manual there is no documentation that all of the contents of the manual were received by the employee.

Chair McCrory added that the Employee Manual would also lessen the burden on Management as the employees could instead reference the manual on various topics that they had questions on.

Mr. D. Fujimoto stated that it would be great to at least distribute what is contained within now and amendments could be made later for any additional information.

Acting Manager Ushigome stated that she found out later that the Employee Manual should be bound and not in a 3-ring binder as done by our consultant. Chair McCrory added that the Employee Manual must be bound to ensure that all contents are held within and all employees need to sign that they received their manual.

Chair McCrory emphasized the importance of the department following through on the distribution of the Employee Manual to ensure accountability.

Chair McCrory summarized that Keith Aoki will be the person that will oversee that the issues move forward on a continual basis.

Ms. Sakoda moved to accept the issue champions' recommendations, seconded by Mr. Oyama; motion was carried.

The issue champions will submit a monthly progress report to the Board to keep them abreast of the status.

Mr. Kyono commended the issue champions and the staff for their commitment, hard work, and what has been done so far as the staff would be the intricate part of the Strategic Plan implementation. The Board gave the staff a round of applause.

Chair McCrory added that the Board has already put monies in the budget to support whatever the issue champions deem to be the necessary next step. She added that she is very proud of what the issue champions and staff has accomplished so far.

Ms. Sakoda requested that a deadline be made for the completion of the Employee Manual. Ms. Togioka stated that she would need some time for the issue champions and the division heads to review the Employee Manual first; therefore, it was decided that the Employee Manual would be finalized by the February, 2008 Board Meeting.

Chair McCrory added that the Department should pursue having scholarships for college students that would be aligned with working at the DOW. She volunteered to work on her own with Waterworks Legal Advisor Esaki to formulate the scholarship program. This would be one avenue to work on to attract potential hires for the DOW.

EXECUTIVE SESSION:

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

1. **Review of Executive Session Minutes:** November 9, 2007 and November 20, 2007 – Accepted and placed on file.

2. **Executive Session Meeting**

ES-1 (September 18, 2007 Board Meeting) Pursuant to Haw. Rev. Stat. Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to consult with legal counsel and department staff regarding questions and issues pertaining to the Board's and Department of Water's liabilities as it relates to the Request for Proposal for a Program Manager and the Professional Services Contract for Strategic and Business Plan and Water Plan 2020 Program Sustainability services Contract. This consultation involves consideration of the powers, duties, privileges, immunities and/or liabilities of the Board and the County as they relate to this agenda item. – **ES-1 was cancelled.**

ES-2 (November 20, 2007 Board Meeting) Pursuant to Haw. Rev. Stat. Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to consult with legal counsel and department staff regarding questions and issues pertaining to the Board's and Department of Water's liabilities as it relates to the Request to Testify by Benjamin Garfinkle Regarding DOW Conditions of Tentative Subdivision Approval for Boundary Adjustment (Consolidation and Resubdivision), TMK Nos. (4) 4-2-03:12, 65 and 66. This consultation involves consideration of the powers, duties, privileges, immunities and/or liabilities of the Board and the County as they relate to this agenda item. **ES-2 was cancelled.**

ES-3 Pursuant to Haw. Rev. Stat. Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to consult with Special Counsel regarding questions and issues pertaining to the Board's and Department of Water's liabilities, powers and duties regarding personnel, labor and employment issues. This consultation involves consideration of the powers, duties, privileges, immunities and/or liabilities of the Board and the County as they relate to this agenda item.

Chair McCrory read the Executive Meeting Session E-3 Notice above. There was no public testimony. Ms. Sakoda moved to enter into Executive Session at 1:37 p.m., seconded by Mr. Kahawai; motion was carried. Staff was excused from the meeting.

The Regular Meeting reconvened at 2:00 p.m.

ADJOURNMENT:

There being no further business, the meeting was duly adjourned at 2:00 p.m.

Respectfully submitted,

Rona Miura, Secretary

APPROVED:

Wynne M. Ushigome
Acting Manager and Chief Engineer

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