A. CALL TO ORDER

B. ROLL CALL

C. ACCEPTANCE OF AGENDA

D. MEETING MINUTES:  
Standing Committee Meeting – November 10, 2010  
Regular Meeting – November 18, 2010  
Special Meeting – December 3, 2010

E. CORRESPONDENCE / ANNOUNCEMENTS  
1. Letter from Grove Farm concerning Kawaikini Water Source Allocation from Grove Farm

2. Letter of Resignation from Board of Water Supply Member Dee Crowell

F. BOARD COMMITTEE REPORTS  
1. Report of the Rules Committee of the Kaua‘i County Board of Water Supply  
i. Attached Proposed Draft Bill No. 2380

2. Report of the Committee of the Whole of the Kaua‘i County Board of Water Supply  
a. Manager’s Report No. 11-16 – Request Board approval for Grant Funding from the Department of Health Safe Drinking Water Branch to Develop and Initiate Implementation of a Wellhead Protection Program for the County of Kaua‘i

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

3. Report of the Special Committee  
a. Special Committee Report on Manager’s Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes
BOARD OF WATER SUPPLY
REGULAR MEETING
December 16, 2010

G. OLD BUSINESS
   1. From the June 25, 2009 Regular Board Meeting - Private Water System Waiver, Release and Indemnity Agreement between McBryde Sugar Company Limited and the Board of Water Supply

H. NEW BUSINESS
   1. Request Board Approval of Resolution No. 6 (10/11) Mahalo and Aloha Donald Fujimoto
   2. Request Board Approval of Resolution No. 7 (10/11) Mahalo and Aloha Ian Costa
   3. Request Board Approval of Resolution No. 8 (10/11) Mahalo and Aloha Dee Crowell
   5. Manager’s Report No. 11-43 – Request Board Approval of the following documents from the following applicants for their respective projects:
      a. Conveyance of Water Facility from Kukuiula Development Company (Hawaii), LLC, a Hawaii limited liability company for the Kukui’ula Plantation Core, (Z-IV-2006-18) TMK: (4) 2-6-15:013 (por), Koloa, Kauai, Hawaii
      b. Grant of Easement W-100 from Kukuiula Development Company (Hawaii), LLC, a Hawaii limited liability company for the Kukui’ula Plantation Core, (Z-IV-2006-18) TMK: (4) 2-6-15:013 (por), Koloa, Kauai, Hawaii
   7. Manager’s Report No. 11-45 – Request Board Approval of Transmission Allocation for Kawaikini School
   8. Election of Officers for 2011
   9. Board Committee Assignments

I. STAFF REPORTS
MONTHLY – For the Month of November:
   1. Statement of Kaua‘i County Water Department’s Revenues and Expenditures
   2. Report by the Public Relations Specialist on Public Relations Activities
   3. Deputy Manager’s Summary Report on Monthly Operational Maintenance
I. STAFF REPORTS – contd.
4. Manager’s Monthly Update Regarding Activities of Note of the Kaua‘i County Water Department

J. EXECUTIVE SESSION

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

1. Review of Executive Session Minutes: September 16, 2010

2. Pursuant to Hawai‘i Revised Statutes Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to discuss the Board’s duties and liabilities at Department of Water facilities under the Endangered Species Act, 16 United States Code § 1531, et seq., and the Migratory Bird Treaty Act, 16 United States Code § 703, et seq. This briefing and consultation 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.

K. TOPICS FOR NEXT WATER BOARD MEETING

1. Quarterly Report on Manager’s Previous Goals and Next Year’s Goals
2. Projects Briefing
3. Strategic Plan Update: Issue Champions and Affordable Housing Updates
4. Board Discussion on the Next Year’s Goals for the Manager

L. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Employee of the Year Resolution (March 2011)
2. Proposed Budget – Finance Committee (March 2011)

M. UPCOMING EVENTS


N. NEXT WATER BOARD MEETING

1. Thursday, January 20, 2011, 10:00 a.m.
2. Thursday, February 17, 2011, 10:00 a.m.
3. Thursday, March 17, 2011, 10:00 a.m.
4. Thursday, April 21, 2011, 10:00 a.m.
5. Thursday, May 19, 2011, 10:00 a.m.
6. Thursday, June 16, 2011, 10:00 a.m.

O. ADJOURNMENT
Draft Minutes
Committee Meetings

November 18, 2010

Board Present: Randall Nishimura, Ian Costa, Dee Crowell, Donald Fujimoto, Leland Kahawai, Raymond McCormick, Roy Oyama. Absent and excused: Dee Crowell

Staff Present: David Craddock, William Eddy, Keith Aoki, Gregg Fujikawa, Keith Fujimoto, Dustin Moises, Faith Shiramizu, Marites Yano, and Board’s Deputy County Attorney Amy Esaki.

FINANCE COMMITTEE MEETING:
Finance Committee Chair Roy Oyama called the meeting to order at about 10:11 a.m. Chair Nishimura recused himself from voting on this item.

Re: Claims Payable (as of October 31, 2010)

WATER UTILITY FUND: $ 583,368.71
BOND FUND: $ 0.00
FRC FUND: $ 460,441.89
BOND BAB: $ 668,227.53
TOTAL: $1,712,038.13

Mr. Costa moved to receive and accept the claims payable, seconded by Mr. McCormick. Mr. Costa then amended his motion, and moved that the claims be approved for payment, seconded by Mr. McCormick; by a unanimous vote; motion was carried.

The Finance Committee was duly adjourned at about 10:12 a.m.

RULES COMMITTEE MEETING:
Rules Committee Chair Ian Costa called the meeting to order at about 10:12 a.m.

Re: Manager’s Report No. 11-24 – Committee Discussion and Possible Action on Part III Rule Amendments – Establishing Standards for Subdivision Water Systems

i. Attached Proposed Draft Bill No. 2380

Concerning Draft Bill No. 2380, Chair Costa believed that comments have not yet been received from the Planning Department. Mr. Oyama moved to defer this item to the December meeting, seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

There being no further business, the Rules Committee was adjourned at about 10:14 a.m.
Committee Meetings
November 18, 2010

COMMITTEE OF THE WHOLE MEETING:
Chair Nishimura called the meeting to order at about 10:14 a.m. with two items of business

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

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

Chair Nishimura suggested these two items be deferred to the end of the Regular Meeting as time allows, as the presentation of the Annual Audit takes precedence; so moved by Mr. Costa, seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

There being no further business, the Committee of the Whole was adjourned at about 10:15 a.m.

SPECIAL COMMITTEE MEETING:
Chair Leland Kahawai called the meeting to order at about 10:15 a.m.

Re:  Special Committee Report on Manager’s Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes

Chair Kahawai suggested this item be deferred to the next meeting. Chair Kahawai thanked the staff and Deputy Eddy for educating the Board at the Special Committee Meeting. Mr. Costa moved to defer this item to the next meeting, seconded by Mr. Oyama; by a unanimous vote; motion was carried.

There being no further business, the Committee meetings were duly adjourned at about 10:16 a.m.

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SPECIAL COMMITTEE MEETING MINUTES
BOARD OF WATER SUPPLY
Wednesday, November 10, 2010

The Board of Water Supply, County of Kaua‘i, Special Committee met at its office in Līhu‘e on Wednesday, November 10, 2010. Special Committee Chair Leland Kahawai called the meeting to order at 9:12 a.m. On roll call, the following answered present:

SPECIAL COMMITTEE:  Mr. Leland Kahawai, Chairperson
                      Mr. Dee Crowell
                      Mr. Donald Fujimoto (present at about 9:34 a.m.)

BOARD:               Mr. Randall Nishimura
                      Mr. Raymond McCormick

STAFF:               Mr. William Eddy
                      Mr. Keith Aoki
                      Mr. Edward Doi
                      Mr. Gregg Fujikawa
                      Mr. Keith Fujimoto
                      Mr. Dustin Moises
                      Mr. Heath Prow
                      Ms. Faith Shiramizu
                      Ms. Marites Yano
                      Mr. Aaron Zambo
                      DOW Deputy County Attorney Andrea Suzuki
                      First Deputy County Attorney Amy Esaki

PURPOSE:
Chair Kahawai noted that the Standing Committee had been formed to look at the Facilities Reserve Charge (FRC) and any amendments to that, and review the draft report from R.W. Beck. Deputy Eddy volunteered the academic exercise to walk the Committee through the draft report, though he noted that some changes were being made to the report in both costs and, in particular, how the debt service calculations are made. Unanswered questions from board members would be researched for the next follow up meeting.

BECK REPORT:

Page 1-1, Introduction, under Background:
According to the report, the one sentence definition of FRC is: “The FRC is intended to recover a proportional share of the cost of facilities (source, storage and transmission) necessary to provide water system capacity to new developments in Kaua‘i”. It is not used for operational costs, but solely to provide water system capacity for new developments. Water rates are to cover operational costs.

Mr. Crowell asked if the FRC is charged for vacant lots in existing subdivisions and what it gets applied to if it is not for that development if the infrastructure is already in. Deputy Eddy noted it is for source, storage and transmission. Deputy Eddy confirmed to Mr. Crowell that the new subdivision FRC gets charged off the top before subdivision approval is final.
Chair Kahawai asked if, for instance, in 1950 we put in a system and it was ‘x’ amount of FRC, and the FRC gradually climbs, at what point we would reach the total liability for putting in the systems. Deputy Eddy reported that this is not tracked.

Upon query from Mr. Crowell, Mr. Doi responded that we started charging for the FRC in 1972, and Mr. Fujikawa stated there was a charge called “Aid in Construction” prior to that and the Board must have had Rules and Policies for that. He stated that this was money to pay for mainline extensions, mainly applied to subdivisions.

Upon query from Mr. Nishimura at what point fire flow became part of our Standards, Mr. Fujikawa remembered Standards going back to 1965, and the Water General Plan back in 1972/1973 that had a table which discussed fire protection flow and criteria for certain land uses. The Fire Department needed water so there must be some fire underwriter’s criteria, so the Standards go way back. The County took over the plantation water systems.

**Page 2-1, Regulatory Background, Item 3:**
HRS Section 46-143(d)(1), Impact Fee Calculation
“The data sources and methodology upon which needs assessments and impact fees are based shall be set forth in the needs assessment study.

This indicates that, by law, a needs assessment study must be done for the impact fees. Deputy Eddy indicated that we are in compliance with the statute.

**Page 3-2, Needs Assessment Study, Table 3-1: Population and Water Use Projections**
The FRC is intended to recover a proportionate share of costs of facilities for new developments, now we go on to calculating what new developments are estimated or expected.

This section outlined the projected population estimate projections and level of service standards. Our Standards are specified in the Water System Standards. If we can project the population, we can project demands, to the year 2030.

Chair Kahawai asked Deputy Eddy that when the 2004 study was done, estimates for the past 5 years before 2004, we were running at around 12 – 14 million gallons per day (gpd) and the Beck study estimated $4,600 for the 5/8” meter. Were they anticipating going to 16 million gpd at that time? Deputy Eddy noted that the 2004 report was set up exactly the same as this report. The 2004 projected population was only until 2020 and the figure they used was 17 million gpd.

Mr. Crowell asked if it took into account the number of visitors on the island. Deputy Eddy felt this was total island wide water consumption. Mr. Crowell noted that on any given day there would be 20,000 plus visitors in addition to the local population. Deputy Eddy surmised that the visitor counts were not factored into the calculation. He did not feel we had any data on ways to separate transient demands from non-transient demands other than hotel meter records.

Chair Kahawai noted that 17 million was estimated in 2020 in the 2004 study but the current study to 2030 is less, 16.5 million.
Mr. Nishimura asked if we could request that, alongside the figures that they are giving us for this study, that R.W. Beck put in the values from the 2004 study so we can visually see the comparison on all the Tables. In looking at the great increase which is being requested for FRC, it would be good to see some correlation of numbers in system needs, or costs, etc. It may be because construction costs have gone up so the FRC has gone up but if it is based on needs, and needs are going one way and the FRC is going another way, we will have a hard time selling that to ratepayers and developers.

**Page 3-4, Needs Assessment Study, Table 3-2: Projected Capital Facility Needs**

There are four listed categories, CIP, CRP, CRPL and Undefined.

Mr. D. Fujimoto requested the definition of “Undefined”. Deputy Eddy stated that these are projects that do not fit into the other categories, i.e., renegotiate the water purchase agreement with Grove Farm, etc.

Mr. Crowell asked if the FRC only addresses the CIP projects. Deputy Eddy indicated that the CIP projects are not limited to providing infrastructure for future development but also include making up deficiencies, for example, the new tank in Stable Tank in Kapaa, a portion of that tank will be used to make up existing deficiencies which is a CIP project and a portion will be for future development. The entire tank is a CIP project but it is not entirely for future demands; only the portion for future demands is eligible for the FRC. Mr. D. Fujimoto indicated that the other portion would be made up by user fees.

Mr. D. Fujimoto presumed that R.W. Beck did appropriate research with the appropriate numbers, and Deputy Eddy remarked that there is more information further on in the report which shows this.

Mr. Crowell asked if subdivisions needing to improve sections of their existing waterline, would that waterline qualify for FRC improvements by the developer? Deputy Eddy stated the department would require developers to upsize the pipeline to meet the developments needs. Mr. D. Fujimoto felt that upsizing waterlines for increased source is a different category than just replacing existing sized waterlines.

Deputy Eddy noted current Rules do speak about the requirements of development needs. Part III of the Rules does allow for cost-sharing between the developer and the Board to further increase the size of the pipeline to meet future needs as a planning tool so future developments do not have to replace it again.

Mr. D. Fujimoto asked if the study reflected any projected gains by the developer, an example would be for in huge developments like A&B, did they get credited about 1/3rd of the costs, the rest is a benefit to the County. Are projected gains reflected in the study? Deputy Eddy stated the FRC is paid up front and then if the developer is required to put source, storage, or transmission then FRC offsets are required. Mr. D. Fujimoto asked if the costs exceed the FRC, and if we catch up if would be good for the developers. Deputy Eddy reported that R.W. Beck was bringing in real time costs.

Deputy Eddy stated FRC is not allowed to be applied for the CRP and CRPL, they are shown for informational purposes. Deputy Eddy stated to Mr. Nishimura that the “Undefined” category is not eligible for FRC, though Mr. D. Fujimoto requested Deputy Eddy check on
this, as it may apply if it is a part of future water needs. He needs to define what is “Undefined” as see if it qualifies for FRC.

Mr. Crowell asked what these projected costs were based on. Deputy Eddy confirmed that all costs are based on Water Plan 2020 costs, estimated costs, and are all shown in the appendices. Deputy Eddy was not sure how R.W. Beck projected this into the future, to 2030.

Chair Kahawai noted that in the 2004 study the costs for CIP were significantly lower than the $679.1 million and a comparison is needed as the total in 2004 was $152.5 million in 2001 dollars. Mr. Nishimura asked if Beck could do a conversion to 2010 dollars and Mr. D. Fujimoto noted it is possible to obtain inflationary rates so they should be able to do it.

Mr. D. Fujimoto asked if there are more projects or if the costs have just gone up. Mr. Fujikawa stated that more projects have been added. The FRC is always projecting future demands. Deputy Eddy noted that we added a lot of factors to the project costs that weren’t considered back in 2004 and R.W. Beck requested these updates. Mr. D. Fujimoto stated that if the FRC is only for CIP projects, then a portion of the $240.2 million would apply. Deputy Eddy stated the CIP was $35.6 million in 2004. Mr. D. Fujimoto stated that the current FRC charge is $4,600 and they are recommending $10,600. The CIP cost has tripled but the FRC cost has doubled, so how do we come up with the difference.

Page 3-5, Needs Assessment Study, Eliminating Existing System Deficiencies, Table 3.4: Identification of DOW Water Systems with Source Deficiencies
The FRC is not used to eliminate system deficiencies. It goes to source, storage, transmission, distribution. Mr. D. Fujimoto stated the table should be clarified which shows $679.1 million. A more appropriate table which is the basis for the FRC, not the total $679.1 million – this is Table 3.3. The table needs to show the CIP only. Mr. Nishimura asked for clarification that the FRC is not to be used either for system or operations deficiencies.

Chair Kahawai asked if replacing a pipe with the same size would not qualify, but if you upgrade from 8” to 16” that would qualify for FRC; what is the difference between upgrading and replacing. Deputy Eddy stated it is difficult with pipeline as it is a network, tanks are easier. A water system such as Līhu‘e, we have current demands/consumption and water tanks with current storage capacity. The Water System Standards tell us how to calculate the required storage capacity.

Page 3-7, Needs Assessment Study, Table 3-5: Identification of DOW Water Systems with Storage Deficiencies:
An example is Lawai-Omao with a 0.25 MG tank to service the area; the Water Plan Standards say we need more storage so now we built the Piwai 0.5 MG tank to increase total storage capacity to 0.75 MG. The Water System Standards say we need 400,000 to meet the existing demands so we apply 150,000 to make up the deficiencies and the remainder is available for system expansion and the costs were assigned accordingly. Mr. D. Fujimoto stated that a percentage is allocated for the FRC. The user fees should cover the costs to make up for the deficiencies.

Upon query from Mr. Crowell if DOW paid for the tank, Deputy Eddy stated that DOW paid for the 0.5 MG tank, the other tank is an old State tank. Ms. Yano confirmed that the 0.5 MG tank was paid with FRC funds. Mr. D. Fujimoto stated we are talking about a moving target, then it becomes a deficit on the books rather than a future project and we need to draw the line.
between future projects and deficit. Deputy Eddy stated this section identifies the
deficiencies; the report separates those being used to eliminate deficiencies and future and
projected growth. Mr. D. Fujimoto asked if we can correlate this information with our rate
study so there are no gaps or overlaps. Deputy Eddy has spoken to R.W. Beck concerning the
timeline and there could be some overlap with the FRC and rate study. Mr. D. Fujimoto
stated that the new rates will reflect the cost of these projects. Mr. Crowell declared that the
bond is a drop in the bucket compared to this. Mr. D. Fujimoto said we may look at another
rate increase for the CIP.

Mr. Nishimura noted that the tables reference Appendix D, but there are several tables, but the
numbers do not match. Deputy Eddy noted that the total in Appendix D-3 is $663,449
million, because of the Grove Farm project though he was unsure why. Deputy Eddy will
request a clearer explanation.

Page 4.4, Facilities Reserve Charge Update, Table 4-2: Projects Used to Calculate Unit
Cost of Source Capacity:
DOW provided the list of projects used to calculate these figures. They are showing the
calculations of what percentage is for growth. An example is A-02, Anahola Well where 28%
is needed to make up for deficiency with 72% held for future development and growth. This
is all Water Plan 2020 CIP. Chair Kahawai asked if the 72% qualifies for the FRC fund. The
total cost for growth is $56,634,176. Deputy Eddy stated it is the total cost to make up the
deficiency. Many of the categories in Table 4-2 are 100% growth. Mr. D. Fujimoto noted
that the last two items in the table are TBD and wondered if these are included in the
calculations, and if user fees would pay for these TBDs. Deputy Eddy reported that Anini and
Moloa’a are smaller systems and the cost impact may be less.

Page 4.6, Facilities Reserve Charge Update, Table 4-3: Projects Used to Calculate Unit
Cost of Storage Capacity:
Deputy Eddy noted that in this table there are more projects but lower percentages overall.
Transmission is more complicated so there is more room for variables. Pipelines are a
network of pipes. These are projected to 2030.

Chair Kahawai asked if the FRC increase is to cover the $240 million in CIP costs and Mr. D.
Fujimoto stated a portion of it qualifies. Deputy Eddy noted that in Tables 4-2 and 4-3 it
shows how the CIP is separated. The transmission and distribution portion of the report will
be skipped as it is still being negotiated between DOW and R.W. Beck.

Upon query from Mr. Crowell if the Bond list includes CIP projects, Deputy Eddy noted there
is a mix of projects. Chair Kahawai thought the report should note which projects are Bond
projects. Mr. D. Fujimoto stated that the FRC is a way of getting present money for future
projects but at some point we might end up going backwards. This is a not a mechanism for
funding but only a way to get money back for the projects, we still have to do Bond floats,
etc. Timing is an issue as no-one knows when someone will pay the FRC.

Chair Kahawai asked if R.W. Beck could estimate forward five years and then determine the
FRC. Mr. D. Fujimoto stated that people could pay today and it goes into the account and
interest is accrued. You need the improvements done before the FRC is collected, so we
should ask the consultants concerning the timing.
Upon query from Mr. Crowell on how much we collected in the last fiscal year 2009/2010, Ms. Yano will research and report back.

**Page 4.8, Facilities Reserve Charge Update, FRC Credit Component:**
This is an important component of the calculations. Source, storage, transmission and distribution are calculated and then this FRC credit component is applied.

**Page 4.10, Facilities Reserve Charge Update, Table 4-5, Updated FRC Calculations:**
Deputy Eddy confirmed to Mr. Crowell that all these are all across Kaua‘i.

Backtracking, Deputy Eddy noted that for Tables 4-2 and 4-3 the total dollar figure is for the cost of source for growth and storage for growth, and that number is divided by the gpd. The unit costs are based on our historical costs. Mr. Crowell asked how the costs could be historical costs if they are projected costs. Deputy Eddy gave an example in Table 4-2, item A-02 cost of $2,620,000 so that is our estimated cost based on our historical cost to drill and develop the new well. Costs are detailed in the Appendix. Costs for source is difficult to estimate because it can vary widely especially with ground water where there is no guarantee when we drill a well. Storage is much cleaner, we can calculate from historical bid records. Pipeline has clean calculations too, with dollars per foot.

Mr. Crowell stated Table 3-1 shows 16 million gpd, projecting less than 50% growth, but the projected CIP projects are going way over that, at 100%. Mr. D. Fujimoto stated that the FRC is about three times the amount but with the credit adjustment it comes back to two times the amount. All this is based on the existing consumers but when the new customer comes on, he now helps pay down debt service which was not projected in the user fees, so they give that back as part of the credit. The Base was not projected for the user fees, hence the credit.

Mr. Nishimura asked what daily consumption per individual was used for the study. Deputy Eddy stated it was shown on Page 4-4, Table 4-2, $56 million - $10,600 FRC. It’s about 400 gpd. Unit cost of growth related source capacity is $6.91; $56,634,176 divided by the gpd for new capacity of 8,197,920 = $6.91. The FRC source component calculation is $6.91 x 600 gpd = $4,150.

Mr. Nishimura asked what the 20% unmetered water is based on. Mr. Fujikawa stated in Water Plan 2020, in 2009 it noted system replacement for leaky pipes. Unaccounted water is water not reaching the meter, such as leaks, fires, mainline flushing etc. Staff estimated in 2001 unaccounted water at 25% but it should drop to 15% because of water conservation and replacement of leaking pipes. Mr. Nishimura asked why the deficiency is being charged to the FRC. Mr. Fujikawa stated that unaccounted water is a reality of the system. The consumer is also paying for the leaks, because that is the operational cost of the system. Mr. Fujikawa indicated that is what makes up the source capacity calculation. It is trying to apply the $6.91 to how many gallons each unit is using. They are acknowledging the system isn’t perfect and they are adding on an additional 20% for the leaks. Upon query from Mr. Nishimura why this is being applied to the FRC charge, Mr. Fujikawa said it is the pro rata share of the cost of new facilities. Mr. Nishimura stated he understands the reason for this size is for deficiencies in the system but then the customer pays on top of that? Is this then also charged to us as consumers on the rate study side, so is it being charged on both sides? Mr. Fujikawa stated the rate study has to assess unmetered costs and so the 20% FRC rate is for growth, and the rate study will probably assess the rate for operating the system and its deficiencies.
Mr. D. Fujimoto does not think it is double-dip as the FRC is looking at source but leaks are covered under operations. We need to design the source to incorporate losses. Mr. Nishimura stated it is forcing us to build more because of our system deficiencies. Mr. Fujikawa stated that nonmetered and unaccounted for water is national, global issue. Deputy Eddy noted that the AWWA identifies 15% as ideal. These are not one-time improvements, but built to age. It becomes leaky, and water meters get less accurate over time.

Upon query from Chair Kahawai on the previous FRC increase, Mr. Fujikawa indicated that it had increased from $2,600 in 2000 to $4,600 in 2004.

In Table 4-5, it shows how the $10,600 is calculated.

**Page 4.11, Facilities Reserve Charge Update, Table 4-6, Comparison of Previous and Updated FRCs:**

R.W. Beck will be asked to expand further on the first paragraph: “A number of factors have been identified as contributing to the increase in the FRC. General inflation, as well as construction-specific cost increases are in part responsible, as well as the inclusion of planning, land and design costs in the FRC update. Additionally, changes to the requirements for main abandonment were also a source of increased costs.”

Chair Kahawai asked where R.W. Beck was up to now, as the document was just a draft from August. Deputy Eddy indicated that they were wanting to see our final audit, though he was unsure how that factored into the FRC. R.W. Beck also have also recommended to have some input from the rate study into the FRC, particularly the debt service calculation, which is not in these current calculations. R.W. Beck would need to explain this.

Mr. D. Fujimoto noted that one component of the PR piece is a broader explanation of the FRC. People need to understand that the purpose of the FRC is for other people to have water otherwise the user would pay for all improvements. If people decide they won't pay the fees then they won't be able to make the improvements. Expansion needs to be so we can allow further expansion on the island, because without the FRC there would be a moratorium on building. In looking at the table, Mr. D. Fujimoto noted that the 6” is doubling in cost, and the 3/4” has a 297% increase. Deputy Eddy noted that the calculations are based on the 5/8” meter. The 3/4” pipes are usually used for commercial or multi-family buildings. The method used for other than 5/8” is not adequately described and needs more thought.

**Page 4.12, Facilities Reserve Charge Update, Table 4-7, FRC Comparison with Other Water Utilities:**

Mr. D. Fujimoto remarked that Kaua‘i will have the highest FRC in the State. Mr. D. Fujimoto also asked when the next projected review will be after this, is it every five years. Deputy Eddy stated it may be defined in the HRS. Mr. D. Fujimoto also wondered in the rate study, if step increases were possible, instead of just a one-time increase. The report currently is showing a one-time charge.

Mr. Crowell would like another session on transmission and distribution. Two-thirds of the projected capital costs versus storage and source, on Table 4-5 transmission and distribution is 24%.
Upon query from Mr. Nishimura on when the department would be required to do another study, Mr. Fujikawa stated that this is at the Board’s discretion, it is not in the Rules.

**Page 4.13, Facilities Reserve Charge Update, Table 4-8, Maximum FRC Offsets for Off-Site Developer-Funded Facilities:**
Mr. D. Fujimoto stated that regardless of the amount the developer pays, this is the maximum amount that you can offset. Mr. Crowell stated the developer does the improvement and then gets the credit. Mr. D. Fujimoto stated the developer would only get a percentage of the credit.

Deputy Eddy indicated that WP 2020 identifies these projects and they have been identified to build out areas within population zones that are expected to be developed. Large developments may be outside that consideration. Mr. D. Fujimoto stated this plan is based on existing zoning and existing development. Mr. Fujikawa stated WP 2020 is based on zoning based on the General Plan updated population. Mr. D. Fujimoto stated that if it is zoned, it should be accounted for. We need to reflect what is on the master plan. Mr. Fujikawa stated that if the developer waits long enough, then DOW would do the water improvement.

Mr. D. Fujimoto felt that more deficiencies need to be addressed. Mr. Fujikawa stated that is the dilemma, whether to change old pipe or do improvements for growth, is there enough funding sources to make up the deficiencies. Mr. D. Fujimoto wondered what the expectation level was.

Chair Kahawai requested that Deputy Eddy follow up with R.W. Beck on the answers to the Committee’s questions and then another meeting can be called to review the Transmission and Distribution.

Mr. Fujikawa wondered if a R.W. Beck representative would be available at the next meeting, and Mr. D. Fujimoto felt they should at least be available by phone. It would need to be after the Final Audit.

**ADJOURNMENT**
There being no further business, the meeting was adjourned at 11:25 a.m.

Respectfully submitted,

Carol A. Beardmore  
Commission Support Clerk

Approved,

Leland Kahawai  
Chair – Standing Committee  
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SPECIAL BOARD MEETING MINUTES
BOARD OF WATER SUPPLY
Friday, December 3, 2010

The Board of Water Supply, County of Kaua‘i, Special Committee met at its office in Līhu‘e on Friday, December 3, 2010. Chair Nishimura called the meeting to order at 9:00 a.m. On roll call, the following answered present:

BOARD: Mr. Randall Nishimura, Chairperson
      Mr. Dee Crowell
      Mr. Michael Dahilig
      Mr. Lawrence Dill
      Mr. Leland Kahawai
      Mr. Raymond McCormick
      Mr. Roy Oyama

STAFF: Mr. David Craddock
       Ms. Marites Yano
       DOW Deputy County Attorney Andrea Suzuki
       First Deputy County Attorney Amy Esaki

Quorum was achieved.

AGENDA:
Chair Nishimura noted there was one item of business on the Agenda. Mr. Oyama moved to accept the Agenda, seconded by Mr. Crowell; by a unanimous vote; motion was carried.

NEW BUSINESS
The Board was in receipt of the Department of Water Final Audit from external auditor, KMH, LLP; the Board had reviewed the Draft Audit at the last Regular Meeting on November 18, 2010. Chair Nishimura noted that what the Board was acting upon was receipt of the Final Audit and to discuss any changes that may have occurred since been made since the Draft was issued.

Chair Nishimura drew attention to significant areas of review on Page 43 - Summary of Auditor’s Results, and Page 46 – Summary Schedule of Prior Audit Findings, and the audit adjustments and the section that followed.

Due to issues with land-line and other connectivity issues to the Auditor on Oahu, recess was called at 9:02 a.m. The meeting went back into session at 9:10 a.m.

Mr. James Nakayama, from KMH, LLP joined the meeting at 9:10 a.m. via conference call. Mr. Nakayama noted that the Board had received the Final Audit with no significant changes from the Draft Audit. After reading the report from AON, Mr. Nakayama wished to point out the impact of the actuarial liability, and the increase in the medical costs contributed to the increase in liability.

Upon query from Chair Nishimura, no Board member had any questions for Mr. Nakayama.

Mr. Crowell moved to receive and transmit the Final Audit from KMH, LLP to the County Finance Department, seconded by Mr. Oyama; by a unanimous vote; motion was carried.
For the record, Chair Nishimura requested that Mr. Nakayama transmit the Department of Water Final Audit to the County Finance Department electronically, followed by a hard copy. Mr. Nakayama indicated that that should already be underway.

**ADJOURNMENT**

There being no further business, the meeting was adjourned at 9:14 a.m.

Respectfully submitted,

Carol A. Beardmore
Secretary

Approved,

Leland Kahawai
Secretary – Board of Water Supply

cab
Correspondence
December 2, 2010

Mr. Randy Nishimura, Chairman
Board of Water Supply, County of Kauai
P.O. Box 1706
Lihue, HI 96766

Dear Chairman Nishimura:

**Subject: Kawaiikini Water Source Allocation from Grove Farm.**

The Kawaiikini Charter School (Kawaiikini) is in the process of acquiring the necessary government approvals for its project. Based on engineer Wayne Wada’s water demand calculation, Kawaiikini will require 18,000 gallons per day (gpd) of water. We propose to allocate water source from the Waiahi Surface Water Treatment Plant (SWTP).

The SWTP has a capacity of 3,000,000 gpd. For the past year (November 2009 through October 2010), an average of 2,036,751 gpd of water was delivered from the SWTP to the Board of Water Supply’s (Board) water system. June 2010 was the highest month with an average of 2,148,291 gpd of delivered water. Based on the SWTP’s Water Treatment and Delivery Agreement (Agreement) Section 6.c., any water above what is delivered is considered Additional Water. Taking a conservative approach, we use the highest month’s average to determine that there is 851,709 gpd (3,000,000 gpd capacity less 2,148,291 gpd usage) of Additional Water. Pursuant to the Agreement, we may use Additional Water for our purposes.

At this time, we wish to inform the Board that we will use a portion of this Additional Water for Kawaiikini. For this specific purpose only, the 18,000 gpd will come out of our 1,000,000 mgd SWTP allocation. As the Additional Water would be delivered through the Board’s water system, we respectfully request approval to utilize the Board’s water system to deliver the Additional Water to Kawaiikini.

We appreciate your consideration of this matter. If you have any questions, please contact me at 632-2528.

Sincerely,

Michael H. Tresler
Senior Vice President

c David Craddock, P. E., Manager & Chief Engineer, Department of Water, County of Kauai
3 December 2010

Honoroble Bernard P. Carvalho, Mayor
County of Kaua`i
4444 Rice Street Suite 235
Lihu`e, HI 96766

Mr. Randall Nishimura, Chair
Board of Water Supply
County of Kaua`i
4396 Pua Loke Street
Lihu`e, HI 96796

Attn: Mr. John Isobe, Executive Assistant
Office of Boards and Commissions

Gentlemen,

I am resigning my position as a member of the Water Board for the County of Kaua`i, effective Sunday, December 12, 2010. I will miss what will be a new era in the Water Board. My term would have ended on Dec.31, 2012.

I greatly appreciate the opportunity to serve the people of Kaua`i.

Aloha Pumehana,

[Signature]

Dee M. Crowell
Old Business
BOARD REPORT

November 9, 2010

Subject: Board’s Committee Reports

The following Board Committee Chair will report at the Regular Meeting what transpired at their respective Committee Meeting:

1. Report of the Rules Committee of the Kaua‘i County Board of Water Supply
      i. Attached Proposed Draft Bill No. 2380

Chair – Rules Committee
MANAGER’S REPORT NO. 11-24:

September 9, 2010

Re: Committee Discussion and Possible Action on Part III Rule Amendments – Establishing Standards for Subdivision Water Systems

RECOMMENDATION
It is recommended that the Board amend the Part III Standards for Subdivision Water Systems noted in the attached rule change.

BACKGROUND

The rule currently allows the Manager to make changes and various Managers have exempted various subdivisions. I would prefer to have regulation established by rule rather than by the current thought or even changing thoughts of the Manager.

The goal of these changes is twofold:

1. To allow subdivisions for governmental purposes to move forward provided water is not needed for the lot. There is always the portion of land that will stay in the hands of the current owner or some other owner. This non-government piece will have whatever rights it had prior to the subdivision. The action may result in a higher cost per sq foot to meet DOW water requirements. In the end it is a decision of the land owner to require or not the government to put in infrastructure improvements before a particular piece of land is subdivided for either purchase or through donation to the government.

2. Allow subdividers with existing land locked lots or boundary changes that do not affect water demand to relocate them to more convenient locations. In this case we limit the changes to lots that are buildable. In other words if they are in a gulch or in a stream or other such non-buildable site we would not allow the change.

Respectfully submitted,

[Signature]

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

cab
Attachments

Mgrp/Rule Amendment-Part III-Establishing Standards for Subdivision Water Systems (9-16-10) cab
ORDINANCE NO. ___________  BILL NO. ______

A BILL FOR AN ORDINANCE TO
AMEND CHAPTER 9, KAUA'I COUNTY CODE 1987, AS AMENDED,
RELATING TO THE SUBDIVISION ORDINANCE

BE IT ORDAINED BY THE COUNCIL OF THE COUNTY OF KAUA'I, STATE
OF HAWAII:

SECTION 1. Findings and Purpose:

(a) The Council finds that county agencies, at times impose infrastructure
requirements not in rough proportionality to the impact of a proposed subdivision
application.

(b) The “rough proportionality” takings argument has been successfully
argued at the U.S. Supreme Court to overturn local government exactions (Dolan
vs. City of Tigard) where the degree of the exactions required by the local agency
does not bear the required relationship to the projected impact of the proposed
development.

(c) For the County of Kaua‘i, this is especially true with smaller
applications where the applicant is required to upgrade substantial portions of
offsite county infrastructure.

(d) There has been instances where an applicant, in order to provide for
their children a buildable lot and an affordable home, applies for a subdivision that
proposes no additional lots or additional residential density than what is already
allowed, are stopped because of off-site infrastructure requirements imposed.

(e) The purpose of this amendment is to clarify the extent to which County
agencies impose off-site infrastructure requirements and to allow subdivisions that
create no additional lots or additional residential density to proceed without
unwarranted conditions or requirements.

(f) Thresholds already exist in the CZO that allow exemptions to
development standards:

(1) CZO Sec. 8-7.4(c)(4) allows an exemption from one time
subdivision provision in the Agriculture District where: Consolidation and
resubdivision of properties where no additional lots or parcels are created
provided that the resulting properties would not permit greater density.”

Proposed Draft Bill (No. 2380)
(2) Sec. 8-3.7 of the CZO allows up to four houses to be served by a driveway, without the requirement of a County standard road.

(g) Conditions requiring infrastructure improvements that are normally applied to subdivisions resulting in an increase in density and places additional demands on the existing public infrastructure, should not apply to consolidations and re-subdivisions where no additional density or demands on the public infrastructure are created.

SECTION 2. Section 9-2.13 of the Kaua‘i County Code 1987, as amended, is hereby amended to read as follows:

"Sec.9-2.13 Consolidation of Lots

All consolidation of lots, shall be processed through the Planning Commission and shall require its approval before recordation of any maps or documents pertinent to the consolidation. Consolidation involving not more than four (4) existing lots or parcels of record and re-subdivision where no additional lots or density are created by the resultant properties, shall not be required to provide any off-site county infrastructure improvements, except as needed to connect to an adjacent roadway or utility line. If the resulting lots or parcels do not place an increased demand on public infrastructure, then the Planning Commission shall not impose additional conditions pursuant to Section 9-3.4(b). The Planning Commission shall establish rules and fee for consolidation of lots."

SECTION 3. Section 9-3.4 of the Kaua‘i County Code 1987, as amended, is hereby amended to read as follows:

"Sec. 9-3.4 Approval Of Preliminary Subdivision Map.

(a) Compliance and Distribution.

(1) The Planning Department within ten (10) calendar days shall check for compliance of form and contents of the map. If the form and contents are found not to be in compliance, it shall be rejected and returned to the applicant in writing.

(2) After the maps have been preliminarily accepted, the Planning Department shall forward copies to the Department of Public Works, the Department of Water, the State Department of Health, and other affected agencies, departments and utility companies, as the Planning Director determines for comment or approval[, except for consolidation and re-subdivision of lots exempted by Sec. 9-2.13.]"
Accompanying application, if any, for required zoning permits, shall also be referred.

(b) Review. After the preliminary subdivision maps have been preliminarily accepted as to form and contents, the following review schedule shall apply:

<table>
<thead>
<tr>
<th>Various governmental agency review to Planning Director.</th>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 Calendar Days*</td>
<td>45 Calendar Days*</td>
</tr>
<tr>
<td>After receipt of the agency reviews, the Planning Director shall prepare a report to the Planning Commission. The Planning Commission shall approve, approve with condition or disapprove preliminary subdivision map.**</td>
<td>45 Calendar Days*</td>
<td>45 Calendar Days*</td>
</tr>
</tbody>
</table>

Column 1: For subdivisions not including streets and improvements where the number of lots to be created is twenty (20) or less.

Column 2: For subdivisions requiring new streets and improvements.

* Or within a longer period as may be agreed to by the applicant.

** If the Planning Commission fails to take action within the time limit prescribed in this Section, unless the applicant assents to a delay, the preliminary subdivision map shall be deemed approved.”

SECTION 4. Severability. If any provision of this ordinance or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this ordinance which can be given effect without the invalid provision or application, and to this end, the provisions of this ordinance are declared to be severable.

SECTION 5. This Ordinance shall take effect upon its approval.

Introduced By:

DEREK S. K. KAWAKAMI

Date of Introduction:

Līhu'e, Kaua'i, Hawai'i
DATE: November 24, 2010

TO: Planning Department
    Ian K. Costa, Director (Dale)

SUBJECT: Zoning Amendment Permit Application ZA-2011-2, Proposed Draft Bill (No. 2380) – A Bill for an Ordinance to Amend Chapter 9, Kauai County Code 1987, as amended, relating to the Subdivision Ordinance = County of Kauai

DOW COMMENTS:

The Department of Water offers the following comments to Proposed Bill (No. 2380) as follows:

1. The bill does not set a limit on the total number of residential units that is based on the existing density of the consolidation/re-subdivision. Proposed Bill “Section. 9-2.13 Consolidation of Lots” states that “Consolidation involving not more than four (4) lots or parcels of record and re-subdivision where no additional lots or density are created by the resulting properties shall not be required to provide any off-site county infrastructure improvements…”

   a) If the intent of the Bill is to limit the number of resulting lots and corresponding residential density to a total of not more than 4 lots and/or 4 dwelling units, then the density of the resulting properties should be restricted or limited such that the total resulting number of dwelling units does not exceed the four (4) lot/dwelling unit intended limit. Based on higher CZO zoning designations and resulting lot size, despite the bill’s provision for “no additional density”, there is a potential that the actual residential development may result in a larger number of single family or multi-family units that will be exempted from providing necessary off-site infrastructure improvements under this proposed bill.

   b) How will the proposed bill apply to subdivisions of resulting properties that include non-residential zoning designations such as public, commercial, or industrial?

   c) If off-site county improvements are not required for the resulting consolidation and re-subdivision under the proposed bill, then can off-site infrastructure improvements be required as a condition for actual development of the resulting properties that may require zoning/use permit, building permit, or water meter service connection application approval? What happens in the case where there are no County water lines or the system is inadequate? Current rules of the Water Department do not allow service when the system is inadequate. Just as a matter of fact if there are no offsite improvements they may not be able to get service.

   d) Is there a definition for “off-site infrastructure improvements”?

   e) Our suggestion is that the system before lot changes must be able to service the lot. This does not mean they can’t do the subdivision it just means they may not be able to get water service if none is available.

David R. Craddock, P. E.
Manager & Chief Engineer

ED/GO/DC:100
ZA-2011-2, Proposed Draft Bill (No. 2380)
October 21, 2010

Mr. Randy Nishimura, Chairman
Board of Water Supply, County of Kauai
P.O. Box 1706
Lihue, HI 96766

Dear Chairman Nishimura:

Subject: Part III Rule Amendments – Establishing Standards for Subdivision Water Systems

For the October 21, 2010 Board of Water Supply meeting, we wish to submit the enclosed testimony for Agenda Item F.2.b. We received an electronic word document version of the Department of Water, County of Kauai Rules and Regulations Part 3 Establishing Standards for Subdivision Water Systems. The document included proposed changes by Manager, David Craddick. His proposed changes are in blue. Using the Track Changes function, we made our proposed changes in red.

We support the proposed changes and are hopeful that our proposed changes will also be incorporated. If you have any questions or concerns please contact me at 632-2528.

Sincerely,

Michael H. Tresler
Senior Vice President.
SECTION I – DEFINITIONS

For the purpose of these rules and regulations, unless it is plainly evident from the context that a different meaning is intended, certain words and phrases used herein are defined as follows.

1. The word "DEPARTMENT" shall mean the Department of Water, County of Kauai, consisting of a board of water supply, a manager and chief engineer and the necessary staff.

2. The word "BOARD" shall mean the Board of Water Supply of the Department.

3. The term "MANAGER AND CHIEF ENGINEER" shall mean the person holding the office of Manager and Chief Engineer of the Department.

4. The word "SUBDIVIDER" shall mean a person, firm, corporation, partnership, association, trust or other legal entity, or a combination of any thereof who or which causes land to be divided into a subdivision for himself, itself or for others and shall include Condominium Property Regimes.

5. The word "SUBDIVISION" shall mean improved or unimproved land or lands divided or proposed to be divided into two or more lots, parcels, sites, or other divisions of land for the purpose, whether immediate or future, of sale, lease, rental, transfer of title to or interest in, any or all of such parcels, and shall include re-subdivision, and when appropriate to the context shall be related to the process of subdividing of the land or territory subdivided and shall include Condominium Property Regimes.

6. The word "COMMISSION" shall mean the Planning Commission of the Planning Department, County of Kauai.

7. The words "PUBLIC WATER SYSTEM" shall mean the water system owned and operated by the Board.

8. The words "SUBDIVISION WATER SYSTEM" shall mean the water system, to and within any subdivision, including mains, valves, hydrants, laterals, pumps, tanks, reservoirs and all appurtenances necessary to provide water and fire protection for such subdivision and, where necessary, sources of supply.

9. The word "DIRECTOR" shall mean the person holding the office of the Planning Director of the Planning Department, County of Kauai.

10. The term "FACILITIES RESERVE CHARGE" shall mean the fee to be paid by subdivider or, when applicable, new consumers as their proportionate share in improvements to the Department’s Water System.

11. The word "MAIN" or "MAIN PIPE" shall mean the Department’s supply or distribution pipe to which service connections are made.

12. The term "SERVICE CONNECTION" shall mean the main tap, pipe fittings, meter and valve from the water main to and including the shut-off valve on the consumer’s side of the meter.
SECTION II - AVAILABILITY OF WATER AND APPROVAL OF SUBDIVISION MAP

1. Extensions from and connections to the public water system will be approved by the Department where pressure conditions permit, provided the following have been met:
   a. The Department has a sufficient water system developed for domestic use and, if required by the Department, a sufficient water system for fire protection.
   b. The additional service on the existing system will not be detrimental to people already being served in that area. In order to determine if the additional service will be detrimental to present consumers, the department may require the subdivider to estimate the amount of water to be consumed by the subdivision water system.
   c. The subdivision water system complies with these rules and regulations, and is designed and constructed in compliance with (1) all applicable statutes, ordinances, rules, and regulations of the State of Hawai‘i and the County of Kaua‘i, and (2) the 2002 Water System Standards ("Standards") developed by Hawai‘i’s four county departments of water, as amended by the Department’s 2005 Amendments ("2005 Amendments") to the Standards. The Standards and the 2005 Amendments are hereby incorporated by reference into the Department’s rules. The Manager and Chief Engineer may, for good cause shown, permit departure from the Standards or 2005 Amendments, or both.
   d. The facilities reserve charge for the subdivision has been paid, or a bond posted in lieu thereof, as provided under Section XIII of this Part.

2. In areas where there is no public water supply available, or where large quantities of water are required or a large investment is necessary to provide service, the subdivider will be informed as to the conditions under which the subdivision may be approved and, where appropriate, refunds made.

3. After the Director submits the subdivision map to the Department, the Department will inform the Director in writing of its approval, requirements for approval, or its disapproval of a subdivision map after taking the above into consideration.

SECTION III - FACILITIES RESERVE CHARGE

1. The subdivider shall pay to the Department the facilities reserve charge established in Part 4 of the Rules and Regulations of the Department, for each (additional) parcel created by the subdivision, including the first lot, except (as provided below) when facilities reserve charges have already been paid by the developer or subdivider.

2. No facilities reserve charge will be made for lots created by the subdivision which will not be served by the Department’s water system. In the event that the Department determines that the subdivision will not be serviced by the Department’s water system, but later water service is requested, full payment of the then applicable facilities reserve charge must be paid. A statement to this effect shall be clearly lettered on the subdivision map.

3. No facilities reserve charge will be made for any parcel which is already serviced by an existing meter or which was serviced by a meter within 365 days prior to formal submittal of the subdivision request to the Planning Department.

4. The subdivider shall pay the facilities reserve charge to the Department prior to subdivision approval by the Department except that subdivision approval may be given prior to construction.
of required improvements and the payment of the facilities reserve charge by the posting of a bond, as described in Section XIII of this Part.

5. In the event the facilities reserve charge has been paid for a subdivision and subsequently the subdivision is consolidated, the facilities reserve charge will be returned provided the consolidation is completed within 365 days following the prior subdivision approval.

SECTION IV - EXTENSIONS TO SUBDIVISION

1. **General Requirement.** The subdivider shall install and pay for the subdivision water system required from the public water system to the subdivision. All such subdivision water systems shall be designed and located in accordance with the standards of the Department. The subdivider may be required to improve the public water system if the public water system is inadequate to serve the subdivision.

2. **Increase in Size of Water Main Extensions for Service to Other Areas.** Whenever the Department finds it necessary that the water mains proposed to deliver water to a subdivision should be of a greater capacity than is required to provide adequate service and fire protection for such subdivision, in order to supply water and fire protection to property not in the subdivision, the Department shall require the subdivider to install mains of such greater capacity.

3. **Reimbursement to Subdivider for Additional Costs of Mains to Subdivisions.** When the subdivider is required to install a larger sized main for the reasons set forth in the preceding paragraph, the Department will reimburse the subdivider, as soon as practicable after the acceptance by the Department of the completed work, the additional cost of the installation over and above the cost of the mains that would have been required; provided, that reimbursement will not be made to the subdivider where such larger main or mains will serve only areas under the same ownership as the subdivision under consideration.

Before the subdivider enters into a contract where a reimbursement to the subdivider for additional costs of mains to the subdivision will be made, the Department shall review and either approve or disapprove the contract. If the contract is disapproved, the subdivider shall revise the contract until its form and content is acceptable to the Department.

After the installation has been completed and accepted by the Department, the subdivider shall furnish the Department with an affidavit itemizing the costs incurred by him in the installation of the said larger mains. The said additional costs shall be determined by the Department.

SECTION V - INSTALLATIONS WITHIN SUBDIVISION

1. **General Requirement.** The subdivider shall install in accordance with these rules and regulations and the standards of the Department and pay for the subdivision water system required within a subdivision.

2. **Increase in Size of Water Mains with Subdivisions for Benefit of Other Areas.** Whenever, in order to provide for existing or future services beyond the boundaries of a subdivision, the Department finds that the mains to be installed within the subdivision should be of greater capacity than would be required to provide adequate service within such subdivision, the Department will require the subdivider to make installations of such greater capacity.

3. **Reimbursement to Subdivider for Additional Costs of Water Mains within Subdivisions.** When the subdivider is required to install a larger-sized main for the reasons set forth in the preceding paragraph, the Department will reimburse the subdivider, as soon as
practicable after acceptance by the Department of the completed work, the additional cost of the installation over and above the cost of the mains that would have been required; provided, however, that in no case will reimbursement be made of any portion of the cost of a main of less than 6-inch in diameter; provided, further, that reimbursement will not be made to the subdivider where such larger main or mains will serve only areas under the same ownership as the subdivision under consideration.

After the installation has been completed and accepted by the Department, the subdivider shall furnish the Department with an affidavit itemizing the costs incurred by him in the installation of the said larger mains. The said additional costs shall be determined by the Department.

SECTION VI - SIZES OF MAINS, HYDRANT SPACING, FIRE PROTECTION

1. **Sizes of Mains.** Any subdivision, except where fire protection facilities are not required by the Department, hereafter to be laid out within the County shall provide 6-inch water mains or larger in residential districts and 8-inch water mains or larger in business, industrial and hotel and apartment districts. Sizing of mains within agricultural subdivisions and subdivisions where fire protection facilities are not required shall be determined by the Department.

2. **Hydrant Spacing.** Fire hydrants shall be spaced not more than 350 feet in business, industrial, hotel and apartment districts, 500 feet in urban residential districts and 600 feet in rural residential district (Urban and rural refer to boundaries established by the State Land Use Commission). Fire hydrants may not be required in agricultural subdivision as determined by the Department. The Department will determine the location of all hydrants. All fire hydrants required for adequate fire protection of a subdivision will normally be located within the subdivision.

If, in the interest of better fire protection, it is determined that one or more of the required hydrants will serve the subdivision to better advantage if located outside the subdivision, they may be so located and the cost shall still be borne by the subdivider, subject to the limitation that the cost to the subdivider shall not exceed the cost to him which would have resulted had all the hydrants been located inside the limits of the subdivision.

3. **Fire Protection.** In fixing the standards for fire protection insofar as water supply is concerned, the Department will be guided by the standards of the National Board of Fire Underwriters in "Grading Cities and Towns of the United States with Reference to Their Fire Defenses and Physical Conditions" and by any specific recommendations made by the said National Board with respect to the County.

SECTION VIII - SERVICE CONNECTIONS, DEAD-ENDS, ALTERATIONS TO PUBLIC WATER SYSTEMS, CONTOURS

1. **Service Connections.** Where water main construction is necessary, the subdivider shall provide each lot in a subdivision with a service connection from the water main to the property line adjacent to the lot or as directed by the Department's engineer. As an alternate, one service connection may be installed for each two lots.

Where the lots to be created front along an existing water main, a service connections as required above shall be paid for by the subdivider and installed by the Board, except that the service connection installation may be deferred and paid for by the consumer at the time the request for water service is made for agricultural lots and other subdivisions for which the Department determines that it is impractical to require such installations prior to the request for water service.
2. **Dead-Ends.** Where water mains proposed by a subdivider would result in dead-ends, the subdivider shall correct the condition by the installation of such interconnections as may be required by the Board.

3. **Alterations to Public Water System.** All work and materials in connection with the change in location or grade of any part of the existing public water system made necessary by the subdivision shall be at the expense of the subdivider.

4. **Contours.** When required by the Board, contours or elevations shall be furnished by the subdivider, based upon mean sea level.

**SECTION IX - PREPARATION OF PLANS, INFORMATION ON PLANS, ELEVATION AGREEMENT, APPROVAL OF PLANS, DELAYS IN CONSTRUCTION**

1. **Preparation of Plans.** All construction plans shall be prepared by a registered engineer to the extent of his professional qualifications under the laws of the State. Preliminary maps and final maps of subdivisions to be reviewed by the Department shall fully conform to the definitions and requirements of the Rules and Regulations of the Commission.

2. **Information to be shown on Construction Plans.** The construction plans, insofar as the water system is concerned, shall show the following on County of Kauai standard size sheet or sheets:
   a. Name of subdivision, name of subdivider, name of engineer and location of subdivision.
   b. Date, north arrow, scale, tax key.
   c. The proposed subdivision water system complete, in both plan and profile, and its interrelationship with street lines, lot lines, curb grades, sewers and drains, both existing and proposed, as well as any other features natural or artificial necessary for a complete understanding of the water system design.
   d. Plan and profile views drawn to a scale of one inch equals 40 feet and one inch equals 5 feet, respectively, or as approved by the Department. Manhole, fire hydrant, lateral and other details drawn to a scale of one-half equals one foot or larger.
   e. The designation, including alignment and width, of all easements for parts of the water system which will not be in street areas to be dedicated to the public.
   f. A general layout map showing the locations of lots and streets within the subdivision and its near vicinity together with existing and proposed water system.
   g. A small key location inset or vicinity map showing the proposed subdivision in relationship to streets and water mains in the area.
   h. In cases in which the owner or subdivider also owns areas contiguous to the proposed subdivision, or separated therefrom by a street, a sketch of the future street and lot pattern and the water system proposed to serve such contiguous areas shall be furnished for study with the construction plans.
3. **Elevation Agreement.** Whenever a lot or lots within a subdivision are at such an elevation that they cannot be assured of a dependable water supply, the approval of the construction drawings will be subject to each owner of such lot or lots signing an “elevation agreement” whereby such lot owner agrees to accept such water service as the Department is able to render, and such owner agrees to construct, if necessary, and maintain at his expense, a tank or a pump with a tank, all in accordance with the standards and requirements of the Department, of sufficient capacity to furnish a supply of water at such times as the pressure in the water mains may be insufficient to supply such lot or lots with water. When required, a statement as to this conditional approval will be clearly lettered on the subdivision map.

4. **Approval of Plans.** No construction of a subdivision water system, or any portions thereof, shall be undertaken prior to approval of the final construction plans by the Manager and Chief Engineer, the Director, the County Engineer of the Department of Public Works, and the State Department of Health. After said approval, the subdivider shall transmit four sets of all final construction plans to the Manager and Chief Engineer.

In areas where there is no public water supply available to serve the subdivision, plans and specifications for the development of water sources, including wells, tunnels, shafts, pumps, buildings, mains and other appurtenances structures and devices, shall be in conformance with the standards of the Department and shall be approved by the Department in their entirety prior to the construction.

5. **Delays in Construction.** If any period exceeding one year or such extension as may be granted passes without substantial progress in the construction of the water facilities, after approval of plans by the Department, the plans thereof shall be resubmitted to the Department for review and for making such changes as it deems proper because of changed conditions or revision of standards.

**SECTION X - MATERIALS AND CONSTRUCTION STANDARDS, INSTALLATION OF WATER SERVICE, INSPECTION OF WORK**

1. **Materials and Construction Standards.** All materials, design and construction procedures, and workmanship, with respect to any subdivision water system, or any portion thereof shall be in accordance with the requirements of the “Standard Specifications for Waterworks Construction” of the Board of Water Supply, County of Kauai, dated 10/1/63 or as later amended and with the requirements of the State Department of Health and all applicable laws. The Manager and Chief Engineer shall determine the capacity and location of any of the component parts of the subdivision water system.

2. **Installation of Water Service.** No water service will be approved until the subdivision water system has been completed and accepted by the Department and the FRC has been paid to the Department. Service for subdivision construction purposes such as site work and roadways (excluding construction work for individual lots) may be approved.

3. **Inspection of Work.** The Manager and Chief Engineer or any employee representing him shall have free access at all times to all installations made for the subdivision and shall be given any assistance required and every facility, information and means of thoroughly inspecting the work to be done and the materials used or to be used.

**SECTION XI - OWNERSHIP OF INSTALLED WATER SYSTEM**

Before the Department will provide water service within the subdivision, the subdivider shall convey the subdivision water system to the Department and said subdivision water system thereafter will be maintained and operated as a part of the public water system; provided, however, that the Department
may refuse to operate and maintain facilities installed without the Department's prior approval. Prior to the commencement of water service, and as a prerequisite to such service, the subdivider shall also deliver to the Department perpetual easements for all portions of the subdivision water system installed in other than publicly owned property. The subdivider shall also convey to the Department fee simple title to all sites on which are located tanks, reservoirs, sources of supply, and pumps constructed by the subdivider and connected to the public water system together with easements for ingress and egress. The subdivider shall also convey to the Department a breakdown of costs of the subdivision water system on forms provided by the Department.

SECTION XII - MODIFICATION OF REQUIREMENTS

1. Modification of Requirements. When conditions pertaining to any subdivision are such that the public may be properly served with water and with fire protection without full and strict compliance with these rules and regulations, or where the subdivision site or layout is such that the public interest will be adequately protected, such modification thereof as is reasonably necessary or expedient, and not contrary to law or the intent and purposes of these rules and regulations, may be made by the Department.

2. Exempt Subdivisions. The following described subdivisions ("Exempt Subdivisions") shall be exempt from the provisions of this Part 3: when there is a reasonable expectation of no additional water demand on the water system and the:

   a. Subdivision is requested by any governmental agency;

   b. Subdivision is requested for the construction of public improvements by governmental action or to be turned over to the government;

   c. Subdivision is requested for public utility purposes;

   d. Consolidations and resubdivision of properties, that can be built on in their current location, where no additional lots or parcels are created provided that the resulting properties would not permit greater density.

   e. Subdivisions into of large lots of such a size that it is reasonable to expect further development ("Large Lots"), including but not limited to, subdivision, use permit, or zoning permit applications, with full and strict compliance with these rules. In the case where a subdivision includes both Large Lots and lots that do not require further development ("Small Lots"), the subdivision shall be exempt provided the Large Lots account for at least 50% of the land area, not including roadways and utilities, and the Subdivider executes a Waiver and Release Agreement for the Small Lots. In all cases, the Subdivider shall execute an agreement with the Manager and Chief Engineer to determine when full and strict compliance with these rules and regulations shall occur, if not already agreed to or set forth in a master plan. The Manager and Chief Engineer shall require a Waiver and Release agreement to run with the land until there is full and strict compliance with these rules and regulations if the lot is less than ten acres in size.
SECTION XIII - CONSTRUCTION AGREEMENT AND BOND

To secure final approval prior to construction of the required improvements in a subdivision, the subdivider shall enter into a written agreement with the County and the Department to make, install and complete all of the required improvements within a specified time. In addition thereto, a Surety Bond or other security as hereinafter specified shall be filed with and attached to the agreement by the subdivider.

A. Construction Agreement:

(1) The Agreement shall specify that the subdivider will complete the subdivision to the satisfaction of the Manager and Chief Engineer.

(2) The Agreement shall further specify that the Department may complete the work at the expense of the subdivider where the subdivider fails to complete the work to the satisfaction of the Manager and Chief Engineer, or fails to complete the work within the time specified.

B. Surety Bond:

(1) The Surety Bond shall be filed with the agreement and shall be for the following purposes:

(a) The Surety Bond shall assure to the County and the Department that the actual construction and installation of the improvements and utilities specified will be carried out.

(b) The Surety Bond shall further assure to the Department that the facilities reserve charge will be paid, if said charge is not already paid.

(2) The Surety Bond shall be executed by the subdivider as principal and the surety shall be a company authorized to transact a surety business in the State of Hawaii.

(3) The bond or other security shall be one of the following:

(a) A Surety Bond in a sum equal to the cost of the work required to be done as estimated by the Manager and Chief Engineer; payable to the County and the Department, and shall be conditioned upon the faithful performance of all work required to be done by the subdivider, and shall be further conditioned to the effect that should the subdivider fail to complete all work required to be done within a specified reasonable time, the Department may cause all required work which is not finished to be completed, and the parties executing the bond shall be firmly bound for the payment of all necessary costs, therefore; or

(b) Where the subdivider has entered into a contract with a reputable contractor, and has filed with the Director all three of the following: 1) a certified copy of his said contract and specifications; 2) a certified copy of the performance bond of his said contractor; and 3) a surety bond in a sum equal to at least 50 per cent of the cost of all work required to be done by the subdivider as estimated by the Manager and Chief Engineer, and shall be payable and conditioned as above set forth; or

(c) The subdivider shall make a deposit of money with the Director as agent of the County and the Department, in an amount equal to the cost of the construction of said improvements as estimated by the Manager and Chief Engineer. Under this arrangement, the agreement may provide for progress payments to be made to the
contractor for materials used and services and labor performed, out of said deposit as the work progresses; provided that said progress payments shall at no time exceed the value of the completed portion of said improvements as determined by the Manager and Chief Engineer and the County Engineer of the County; or

(d) In lieu of said surety bond or deposit in escrow mentioned in Paragraphs 3 (a) (b) (c) above, the subdivider may deposit with the Director bonds or other negotiable securities in the amount as provided by Paragraphs 3 (a) (b) (c) respectively of this Section and acceptable to the Manager and Chief Engineer.

(4) Facilities Reserve Charge. All bonds or other securities as provided in Paragraphs 3 (a) (b) (c) (d) above shall include the assurance of payment of the facilities reserve charge except for the following:

(a) This paragraph shall not be applied where the facilities reserve charge has already been paid.

(b) A separate bond primarily for the purpose of paying the facilities reserve charge may be filed by the subdivider.

(5) All bonds or securities posted under this Section shall not be canceled except with approval of the County and the Department.

SECTION XIV – NON-DEVELOPMENT AGREEMENTS

1. **Purpose.** The purpose of this section is to assist families who wish to transfer interests in real property between themselves without immediately complying with Departmental rules and construction standards and specifications imposed when family members request subdivision approval.

2. **Definitions.** As used within this section:

   - "Development" includes, but is not limited to:
     1. the construction, reconstruction, alteration, remodeling, renovation, or repairing of single-family residences, additional dwelling units, or any other dwelling, building, or structure of any kind on or within the property being subdivided, or
     2. the construction of additions or extensions to any dwelling, structure, or building existing as of the date of this agreement, or
     3. the construction, reconstruction, installation, alteration, or repair of piping, waste-water systems, landscaping or irrigation systems.

which result in increased fire protection requirements arising because of the property's development, increased consumption of water upon the property being subdivided, calculated from the date of the agreement described in this section, or which may, in the Department's judgment, possibly contaminate existing potable water-well sources located in the vicinity of the property being subdivided.

"Hanai child" means a person for whom an adult once provided food, nourishment, and support for a minimum period of at least one year prior to the time that the applicant applied for subdivision approval and who is generally acknowledged as the adult's child among friends, relatives, and the community.

"H.R.S" means Hawaii Revised Statutes, as amended.
"Non-development agreement" means the agreement required to be executed under this section.

"Rule" or "Rules" mean the Rules and Regulations of the County of Kauai Department of Water.

"Water System Facilities" means all water infrastructure of the Department determines to be necessary to provide adequate residential water service and fire protection for the property being subdivided and shall include, but not be limited to, any and all necessary wells, pumps, storage tanks, water transmission and distribution lines and related meters, valves, and other water system improvements and equipment.

3. **Authorization to defer subdivision improvements under certain terms and conditions.** The Manager and Chief Engineer may approve requests for subdivision approval and temporarily defer subdivision requirements imposed by the Department's rules and construction standards and specifications for the sole and limited purpose of allowing a subdivision applicant to transfer interests in real property from the applicant to others, provided the applicant satisfies or complies with the following conditions:

   a. Property interests may be transferred only between: natural persons who are related to the applicant by birth, blood, adoption, marriage, or prior marriage. Eligible transferees are limited to:

      Spouse,  
      Ex-spouse,  
      Parents,  
      Grandparents,  
      Children,  
      Hanai children,  
      Grandchildren,  
      Brothers, and  
      Sisters.

      The preceding list of terms shall be understood according to their most widely-known and usual significance, without attending so much to the literal and strictly grammatical construction as to their general, ordinary, or popular use or meaning.

   b. The Manager and Chief Engineer shall not approve subdivision requests under this section if development will occur as a result of the subdivision.

   c. With respect to the property being subdivided, the Department shall not approve further subdivision requests, requests for water service when apartments within the property have been created pursuant to Chapter 514A, H.R.S., or development of any kind, unless and until adequate water system facilities, as may be determined by the Department when development occurs, are constructed, in place and complete, to provide adequate residential water service and fire protection for the property being subdivided.

   d. The Department shall not approve residential building permits for any property which is subject to a non-development agreement unless adequate water-system facilities are constructed pursuant to subparagraph 3.c. of this section.

      If the Department erroneously or inadvertently approves a building permit before necessary water-system facilities are constructed, the Department shall, upon learning of its action, immediately rescind its approval.

   e. If, before necessary water-system facilities are constructed to service the property being subdivided, the Department erroneously or inadvertently approves the issuance of a building permit for any development within the subdivision and development occurs, the developer
shall either construct the necessary water-system facilities or remove the development at the developer's own cost and expense.

Should the Department be required to enforce the provisions of this subparagraph through civil court action, the developer shall pay to the Department and be jointly and severally liable for any and all attorneys' fees, court costs, and other related fees, costs, and expenses necessary to prosecute and defend such an action.

f. The subdivision applicant and all persons to whom an interest in the property may be transferred shall release the Department of any and all liability arising from the Department's decision to recommend subdivision approval under this section.

The applicant and all persons to whom an interest in the property may be transferred shall also forever indemnify, defend, save, and hold harmless the Department from and against any and all injury to persons and damage to property, deaths, claims, fines, suits, actions, economic and non-economic damages, costs, losses, and liabilities of every nature and kind arising or growing out of the Department's decision to recommend subdivision approval of the applicant's property under this section.

g. The provisions of this section shall be implemented through an agreement executed between 1) the Manager and Chief Engineer, and 2) the subdivision applicant and all persons to whom an interest in the property may be transferred. The agreement shall contain terms and conditions determined to be necessary by the Manager and Chief Engineer and the County Attorney. The covenants and servitudes created by the agreement shall constitute covenants which shall run with the land and constitute notice to all who may claim an interest in the property being subdivided.

Any subdivision approval granted under this section shall be null, void, and of no legal effect unless 1) the Department receives a non-development agreement containing original signatures executed by all of the parties to the agreement, and 2) the agreement has been recorded in the State of Hawaii Land Court or Bureau of Conveyances.

h. The documents conveying title or an interest in real property shall specifically incorporate by reference the non-development agreement. Further, the agreement shall be attached to the conveyance documents as an exhibit.

i. The final subdivision map shall contain a brief and concise statement stating that the lots created by the subdivision are subject to a non-development agreement. The statement shall further summarize the major terms and conditions of the agreement.

4. **Applicability.** This section shall apply only to subdivisions served by County water systems, and not to private water systems not served by the County.

5. **Fees, Charges, and costs under this section.** Notwithstanding any other section or provision in the Rules to the contrary including, but not limited to, Paragraph 1, Section III, Part 3 of the Rules, any and all applicable Departmental fees, charges, and costs, including facilities reserve charges, shall be paid at such future time that development occurs at the amount in effect at the time that development occurs, and not at the time that the non-development agreement is entered into by the County.

6. **Changed development conditions.** The applicant or subsequent transferees of the applicant shall be responsible for checking with the Department and determining whether water infrastructure development requirements have so changed such that necessary water-system facilities no longer need to be constructed. The Department shall not be responsible for informing the applicant or subsequent transferees of the applicant of such changed development conditions.
SECTION XV - SEVERABILITY

If any rule, section, sentence, clause, or phrase of these rules and regulations or its application to any person or circumstance or property is held to be unconstitutional or invalid, the remaining portions of these rules and regulations or the application of these rules and regulations to other persons or circumstances or property shall not be affected. The Department hereby declares that it would have adopted these rules and regulations and each and every rule, section, sentence, clause or phrase thereof, irrespective of the fact that any one or more other rules, sections, sentences, clauses, or phrases be declared unconstitutional or invalid.

SECTION XVI - PENALTIES

Any person, firm or corporation which violates any rule or regulation herein shall be fined not more than $500.00, except that in cases where the offense shall be of a continuing nature, each day’s continuance of the same, shall constitute a separate offense.
AMENDMENTS TO THE RULES AND REGULATIONS, AS AMENDED,
OF THE BOARD OF WATER SUPPLY, COUNTY OF KAUA'I, STATE OF HAWAII

BE IT RESOLVED BY THE BOARD OF WATER SUPPLY OF THE COUNTY OF KAUA'I,
STATE OF HAWAII:

SECTION 1. This amendment to the Rules and Regulations of the County of Kauai
Department of Water (hereafter "Rules") is made pursuant to Section 17.03C and D of the Kauai
County Charter 1984, as amended, Part 1, Section II of the Rules, as amended, and Chapter 91,

SECTION 2. This amendment to the Rules amends Part 3, Section XII.

SECTION 3. Now, therefore, Part 3, Section XII of the Rules is hereby amended as
follows:

SECTION XII – MODIFICATION OF REQUIREMENTS AND EXCEPTIONS

1. **Modification of Requirements.** When conditions pertaining to any subdivision
are such that the public may be properly served with water and with fire protection without full
and strict compliance with these rules and regulations, or where the subdivision site or layout is
such that the public interest will be adequately protected, such modification thereof as is
reasonably necessary or expedient, and not contrary to law or the intent and purposes of these
rules and regulations, may be made by the Department.

2. **Exempt Subdivisions.** The following described subdivisions ("Exempt
Subdivisions") shall be exempt from the provisions of this Part 3 when they are not in need of
water now or in the next ten years, or are part of a master planned development:

   - Subdivisions requested by any governmental agency;

   - Subdivisions resulting from the construction of public improvements by
governmental action;

      - Subdivisions requested for public utility purposes;

   - Consolidations and resubdivisions of properties where no additional lots
or parcels are created, provided that the resulting properties would not permit greater density and
they are buildable in the current location.

SECTION 4. Administrative rule material to be repealed is bracketed. New material is
underscored. In printing this rule amendment, the brackets, bracketed material, underscoring
need not be included.
SECTION 5. If any provision of this rule amendment or the application thereof to any person or circumstances is held invalid, the invalidity does not affect other provisions or applications of the rule amendment, which can be given effect without the invalid provision, or application, and to this end the provisions of this rule amendment are severable.

SECTION 6. This rule amendment shall be effective ten (10) days after it is filed with the County Clerk of the County of Kauai.

BOARD OF WATER SUPPLY
COUNTY OF KAUAI

________________________________________
Its Chairperson

APPROVED AS TO FORM
AND LEGALITY:

________________________________________
County Attorney

________________________________________
David R. Craddick, P.E.
Manager & Chief Engineer

Received this ___ day of
_______________________, 2010

________________________________________
Peter Nakamura
County Clerk, County of Kauai
Beardmore, Carol

From: Julie Mararagan [JGM@Kauai-law.com]
Sent: Tuesday, August 17, 2010 12:00 PM
To: Beardmore, Carol
Subject: RE: Max's Draft DOW Rule

Thank you.

Aloha,

Julieta Ganotisi Mararagan
Secretary to Max W. J. Graham, Jr.
Belles Graham Proudfoot Wilson & Chun, LLP
4334 Rice Street, Suite 202
Lihue, Kauai, Hawaii 96766
Phone: (808) 246-6962
Fax: (808) 245-3277
Email: jgm@kauai-law.com
AMENDMENTS TO THE RULES AND REGULATIONS, AS AMENDED, OF THE BOARD OF WATER SUPPLY, COUNTY OF KAUAʻI, STATE OF HAWAII

BE IT RESOLVED BY THE BOARD OF WATER SUPPLY OF THE COUNTY OF KAUAʻI, STATE OF HAWAII:

SECTION 1. This amendment to the Rules and Regulations of the County of Kauai Department of Water (hereafter "Rules") is made pursuant to Section 17.03C and D of the Kauai County Charter 1984, as amended, Part 1, Section II of the Rules, as amended, and Chapter 91, Haw. Rev. Stat. as amended.

SECTION 2. This amendment to the Rules amends Part 3, Section XII.

SECTION 3. Now, therefore, Part 3, Section XII of the Rules is hereby amended as follows:

SECTION XII – MODIFICATION OF REQUIREMENTS AND EXCEPTIONS

1. Modification of Requirements. When conditions pertaining to any subdivision are such that the public may be properly served with water and with fire protection without full and strict compliance with these rules and regulations, or where the subdivision site or layout is such that the public interest will be adequately protected, such modification thereof as is reasonably necessary or expedient, and not contrary to law or the intent and purposes of these rules and regulations, may be made by the Department.

2. Exempt Subdivisions. The following described subdivisions ("Exempt Subdivisions") shall be exempt from the provisions of this Part 3:

   a. Subdivisions requested by any governmental agency;

   b. Subdivisions resulting from the construction of public improvements by governmental action;

   c. Subdivisions requested for public utility purposes;

   d. Consolidations and resubdivisions of properties where no additional lots or parcels are created, provided that the resulting properties would not permit greater density.

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SECTION 5. If any provision of this rule amendment or the application thereof to any person or circumstances is held invalid, the invalidity does not affect other provisions or applications of the rule amendment, which can be given effect without the invalid provision, or application, and to this end the provisions of this rule amendment are severable.

SECTION 6. This rule amendment shall be effective ten (10) days after it is filed with the County Clerk of the County of Kauai.

BOARD OF WATER SUPPLY
COUNTY OF KAUA'I

________________________________________
Its Chairperson

APPROVED AS TO FORM
AND LEGALITY:

________________________________________
County Attorney

Received this ___ day of

______________________, 2010

________________________________________
Approved this ___ day of

______________________, 2010

________________________________________
Peter Nakamura
County Clerk, County of Kauai

________________________________________
Bernard P. Carvalho, Jr.
Mayor, County of Kauai
BOARD REPORT

November 9, 2010

Subject: Board’s Committee Reports

The following Board Committee Chair will report at the Regular Meeting what transpired at their respective Committee Meeting:

1. Report of the Committee of the Whole of the Kaua‘i County Board of Water Supply

   a. Manager’s Report No. 11-16 – Request Board approval for Grant Funding from the Department of Health Safe Drinking Water Branch to Develop and Initiate Implementation of a Wellhead Protection Program for the County of Kaua‘i

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

Randall Nishimura
Chair – Committee of the Whole

cab
Mgrnp/Board-Committee of the Whole Report (11-18-10):cab
MANAGER’S REPORT No. 11-16

August 12, 2010

Re: Request Board Approval to Apply for Grant Funding from the Department of Health Safe Drinking Water Branch to Develop and Initiate Implementation of a Wellhead Protection Program for the County of Kaua‘i

RECOMMENDATION:
Recommend your approval to apply for grant funds available through the Department of Health Safe Drinking Water Branch to develop and initiate implementation of a Wellhead Protection Program.

FUNDING: n/a

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

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

Respectfully submitted,

Faith Shiramizu
Public Relations Specialist

CONCURRED:

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

FS:rm
Mgr/rp/Grant Monies from DOH for Wellhead Protection Program (8-19-10):rm
MANAGER’S REPORT No. 11-17 – Second Revision

October 12, 2010

Re: Request Board Approval of the Proposed Revised Organizational Chart

RECOMMENDATION:
Your approval is requested for the Proposed Revised Organizational Chart. For additional discussion, referral to the Committee of the Whole may also be appropriate.

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

The changes include;

3. Changing the EM-7 from 2020 Plan implementer to in charge of both engineering sections. No change in pay level.
5. Private Secretary to oversee Secretary. Secretary to oversee Senior Clerk and Clerk/Typist.

Respectfully submitted,

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

DRC:cab
Mgrpr/Revised Organizational Chart (8 19 10) (9 16 10) (10 21 10)
DEPARTMENT OF WATER
County of Kauai

TABLE OF ORGANIZATION

Functional & Staffing Charts
Civil Engineer VI
EM-5
Pos. 2430

Civil Engineer V
SR-25
Pos. 2476

Civil Engineer II
SR-20
Pos. 2468

Waterworks Inspector II
SR-19
Pos. 2355

Waterworks Inspector II
SR-19
Pos. 2483
DEPARTMENT OF WATER
COUNTY OF KAUA'I

Function Statement

BOARD OF WATER SUPPLY
Determines policies and prescribe regulations for the operation and control of all the County-owned water systems on Kauai.

ADMINISTRATION OFFICE
Administer and manage the affairs of the Department in accordance with policies and regulations adopted by the Board and the provisions of the County Charter.

FISCAL DIVISION
Administer the affairs of the Fiscal Division and all programs assigned to it. Assists the Manager in development of the annual budget. Conducts technical studies in the review, analysis, development and establishment of procedures for budgetary, utility and revenue and customer accounting systems and directs their modification and installation. Insures the acquisition of valid and consistent data for use in planning and budgetary, performance control and evaluating managerial decisions and reporting requirements. Prepare financial and statistical reports; conduct internal audits and financial and statistical studies of the Department. Compile and analyze financial, consumption and statistical data for reports and rate making.

Accounting Section
Maintain inventories and property records; prepares time sheets and employee leave records; audit and process disbursement vouchers; responsible for purchasing, storing and issuing of office supplies; maintain physical and fiscal control of storerooms and responsible for purchasing of Department's materials and supplies. Process and maintain all accounts receivables and payables and prepares financial statements, statement of demands, status of the budget and other information required by management. Conducts preparation of annual audit.

Billing Section
Conduct the Department's water-billing operations and its related functions which includes meter reading, pre-auditing water billing data, and maintaining accounts receivable. Establish and maintain meter reading routes and meter reading. Prepare water revenue estimates and unaccounted water reports. Administer and process meter applications and new services. formulate, establish and maintain cashiering service for payment of bills. Maintain records of delinquent and inactive accounts. Service walk-in and mail customers on billing, payment and collection matters; and perform all office and field collection work required to maintain an effective bill collection program. Handle inquiries regarding DOW rates and high water bills.

OPERATIONS DIVISION
Administer the affairs of the Operations Division and all programs assigned to it. Conducts operational hydraulic analysis and determines systems weaknesses for improvements and corrections. Makes hydraulic calculations and analysis on consumer service complaints and recommends solutions. Responsible for implementing programs for pump efficiency testing, analyzing recording charts, insuring water quality, preventive maintenance, safety and employee motivation and control. Provide engineering analysis and support for field and plant operations. Liaison to management and other divisions.

Field Section
Conduct all major repair operations involving water mains, hydrants, reservoirs and pump stations. Construct pipelines and appurtenances and miscellaneous force account and jobbing projects. Conduct all carpentry, masonry and heavy equipment operations. Install new service connections and meters. Conduct the installation of interconnections.
of new water mains to the existing system. Maintain DOW pump stations, reservoir sites and all other physical water facilities. Provide staffing for 24-hour control of the Department's islandwide water systems.

Plant Section
Investigate and determine causes of abnormalities, interruptions and reductions in water supply. Monitor the quality of water and as needed locate the source and eliminate contamination and other adverse conditions. Maintain 24-hour control over the Department's islandwide water systems. Responsible for all electrical, mechanical and automotive work for the Department. Plan, modify, install, operate and maintain all water system equipment including, but not limited to, electric motors, pumps, hydraulic valves, chlorination equipment, water treatment facilities, reservoirs, valves meters, communication system, welding equipment and leak detection operations. Operate disinfection program to produce good quality water.

WATER RESOURCE AND PLANNING DIVISION
Review and coordinate the planning of water systems of proposed developments (hotels, subdivisions, etc.) to assure compatibility with the Department's water general plan. Determine hydraulic criteria for reservoirs, pumping stations and water mains. Evaluate and develop water network requirements. Conduct long-range planning and research and make analytical studies of water consumption and maximum demand to meet the water needs of Kauai. Prepare population projections and estimates for future water use. Prepare reviews of subdivision and zoning amendments requests as it applies to water. Conduct investigations to obtain and analyze data to determine capabilities of existing water sources. Conduct investigation for the development of potential sources. Conduct and/or administer studies relating to the protection of water sheds and water resources. Maintains maps and records of all water facilities.

ENGINEERING DIVISION
Directs & reviews the specifications & plans for waterworks facilities for both public & private constructed projects. Coordinates construction projects other than WP 2020 (Water Plan 2020). Conducts inspections & monitors work in progress, making final inspections of completed work. Coordinates procurement of professional services & other purchases of goods & services except for Water Plan 2020 projects.

SPECIAL PROJECTS DIVISION
Coordinates & administers engineering consultant contracts. Coordinates & reviews construction plans of private developers. Maintains the department's Water System Standards. Coordinates & implements some of the department's State & Federal programs. Administer and coordinate activities and functions of the Water Quality Laboratory. Monitors integrity & quality of the department's water source & system. Coordinates & administers SCADA, AMR, GIS & any other special projects or maintenance projects which require engineering & procurement support for the department.

Revised: 03/2009
Chief Financial Officer
EM-7, Pos. 2300

Accountant IV
SR-24, Pos. 2304

Supervising Meter Reader
SR-14, Pos. 2308

Meter Reader II
SR-10, Pos. 2459, 2462, 2466

Water Meter Mechanic
BC-9, Pos. 2409

Data Entry Operator II
SR-10, Pos. 2302

Data Entry Operator I
SR-8, Pos. 2305

Human Resources/Safety Officer, SR-26, Pos. 2465

Cashier II
SR-12, Pos. 2433

Credit & Collection Clerk
SR-13, Pos. 2447

Accountant IV
SR-24, Pos. 2303

Janitor II
BC-2, Pos. 2310

Accountant III
SR-22, Pos. 2356

Accountant II
SR-20, Pos. 2435

Information Technology Specialist I, SR-20, Pos. 2475

Computer Systems Technician I, SR-13, Pos. 2489

Account Clerk
SR-11, Pos. 2463

Waterworks Info Technology Officer, SR-28, Pos. 2485

Accountant I
SR-18, Pos. 2448 & 2488
BOARD REPORT

November 9, 2010

Subject: Board's Committee Reports

The following Board Committee Chair will report at the Regular Meeting what transpired at their respective Committee Meeting:

1. Report of the Special Committee of the Kaua'i County Board of Water Supply
   a. Manager's Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes

Leland Kahawai
Standing Committee Chair

cab
Mgrp/Board- Special Committee Report (11-18-10)cab
MANAGER’S REPORT 11-28

October 12, 2010
Re: Request Approval of FRC Changes

RECOMMENDATION:
Board approval is requested for addition of Part V Rules for the application of Facilities Reserve Charges and approval of FRC proposal from R.W. Beck.

FUNDING: N/A

BACKGROUND:
The FRC are currently paid to the DOW prior to the DOW granting final subdivision approval and from that time there is a guarantee of water whether a meter is installed in a timely fashion or not. This should not be allowed to continue as there is no way to orderly keep track of who is ready for water or not and the cost of providing the water continues to rise.

The current credit system only allows credit for facilities provided for specific projects related to the improvements. From time to time we receive state appropriations and no credit is given for the improvements.

At the same time there are certain state beneficiaries such as agricultural pursuits in places where the state does not have state operated agricultural systems, facilities operated by the State (i.e. schools, maintenance facilities, DHLH projects, etcetera), that could be subsidized by dollar value from some of the legislative granted improvements if they are source, transmission or storage related.

The proposed rules deal with these issues. They do not deal with changes to current rules other than Part IV FRC schedule.

There is another observed inequity in the current and proposed rules in that there are wide ranges of water use when utilizing the current meter size determination of FRC charges which maybe more equitably addressed by fixture unit based FRC charge. We currently use system averages by meter size or water demand calculations to identify appropriate meter size and that by definition means the low uses are subsidizing the high uses. With the fees needing to rise if we are to get out of the subsidy mode, I do not feel fees based on meter size are a sustainable impact fee methodology. An alternate method would be going to a FRC based on gallons which can be increased as consumption demand range goes up. Although the R.W. Beck report develops by the gallon unit costs per gallon the rules do not reflect this and some rules changes to those proposed would need to be made to effectively utilize these unit costs.

Respectfully submitted,

David R. Craddick, P.E.
Manager and Chief Engineer
DRC/cab
Mgrp/FRC Changes (10-21-10)cab
MANAGER’S REPORT

December 16, 2010

Re: Private Water System Waiver, Release and Indemnity Agreement between McBryde Sugar Company Limited and the Board of Water Supply

RECOMMENDATION
Board approval is requested of the attached Private Water System Waiver and Release and Indemnity Agreement.

FUNDING
n/a

BACKGROUND
The applicant has previously come to the Board for waivers from standards. At the Nov. 13, 2008 Board meeting, A&B requested that the Board allow the proposed subdivision to deviate from compliance with the DOW System Standards for the private water system. The applicant’s request was approved by the Board subject to review of the agreement that the staff deemed necessary to accomplish their project.

Attached is the agreement. The staff recommends approval of this system as it is beyond the current water system.

Respectfully submitted,

[Signature]

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

DRC/cab
Mgrgrp/Waiver Release and Indemnity Agreement – McBryde Sugar – Brydeswood (12-16-10):cab
PRIVATE WATER SYSTEM
WAIVER, RELEASE AND INDEMNITY AGREEMENT

for

TMK: (4) 2-4-007:002; -004; and -020

PARTIES TO DOCUMENT:

Applicant: McBRYDE SUGAR COMPANY, LIMITED, a Hawaii corporation
822 Bishop Street, Honolulu, Hawaii 96813

BWC: BRYDESWOOD WATER COMPANY, a Hawaii corporation
822 Bishop Street, Honolulu, Hawaii 96813

Schmanski: DONALD W. SCHMANSKI, SR., and SARAH A. SCHMANSKI,
TRUSTEES OF THE SCHMANSKI FAMILY 1994 TRUST, pursuant to
that certain Revocable Living Trust Agreement dated August 4, 1994, as
amended by First Amendment of the Schmanski Family 1994 Trust
Agreement dated August 7, 2000
6166 Laurelwood, Reno, Nevada 89509

Water Board: BOARD OF WATER SUPPLY, COUNTY OF KAUA'I
C/o Department of Water
P.O. Box 1706, Lihue, Hawaii 96766

TAX MAP KEY FOR PROPERTY:
(4) 2-4-007:002; -004; and -020
PRIVATE WATER SYSTEM
WAIVER, RELEASE AND INDEMNITY AGREEMENT
for
TMK: (4) 2-4-007:002; -004; and -020
(Reference: Subdivisions Nos. S-93-50 and S-2006-04)

THIS PRIVATE WATER SYSTEM WAIVER, RELEASE AND INDEMNITY AGREEMENT FOR TMK: (4) 2-4-007:002; -004; and -020 ("Agreement") is made this ___ day of ____________, 20__, by McBRYDE SUGAR COMPANY, LIMITED, a Hawaii corporation, whose principal place of business and post office address is 822 Bishop Street, Honolulu, Hawaii 96813 (hereinafter designated as "Applicant"), BRYDESWOOD WATER COMPANY, a Hawaii corporation, whose principal place of business and post office address is 822 Bishop Street, Honolulu, Hawaii 96813 (hereinafter designated as "BWC"), DONALD W. SCHMANSKI, SR., and SARAH A. SCHMANSKI, TRUSTEES OF THE SCHMANSKI FAMILY 1994 TRUST, pursuant to that certain Revocable Living Trust Agreement dated August 4, 1994, as amended by First Amendment of the Schmanski Family 1994 Trust Agreement dated August 7, 2000, whose post office address is 6166 Laurelwood, Reno, Nevada 89509 (hereinafter designated as "Schmanski"), and the BOARD OF WATER SUPPLY, COUNTY OF KAUAI, (hereinafter designated as the "Water Board"), by and through its Department of Water ("Department of Water"), a political subdivision of the State of Hawaii, whose mailing address is P. O. Box 1706, Lihue, Kauai, Hawaii 96766.

Definitions:

"County Water System" means the system owned and operated by the Kaua'i Board of Water Supply.

"New Owners" shall mean all owners and successors in interest of any lot in the below-referenced Subdivisions and Lot 1.

A. APPLICANT'S REPRESENTATIONS.

1. The Applicant is the owner of approximately 351.922 acres of certain property located in Kalaheo, Koloa District, Island and County of Kauai, State of Hawaii, commonly known as the Brydeswood Agriculture Subdivision, Phase II comprised of Lot 2 of Phase I of such subdivision, being TMK Parcel No. 2-4-007-020 having approximately 217.722 acres; and Phase III, comprised of TMK Parcel No. 2-4-007-002, having approximately 134.200 acres (collectively, the "Existing Lots").

2. The Applicant has filed an application with the Planning Commission of the County of Kauai ("Planning Commission") in Subdivisions Nos. S-93-50 and S-2006-04 (individually and collectively, "Subdivisions"). Subdivision No. S-93-50 is comprised of Phase I, which created Lots 1 and 2 of such subdivision, and Phase II, which will create 14 lots within Lot 2 of Phase I. Subdivision S-2006-04 is comprised of Phase III, which will create 11 lots within TMK Parcel No. 2-4-007-002. The lots to be created by the Subdivisions average approximately 12 acres, and do not include Lot 1 (individually and collectively, the "New Lots").
3. Schmansk is the owner in fee simple of Lot 1 of Phase I of the Brydeswood Agriculture Subdivision (S-93-50) with TMR Parcel No. 2-4-007-004 ("Lot 1").

4. Neither the Existing Lots nor Lot 1 is presently connected to a water system operated by either the Department of Water ("County Water System") or a private operator. The Applicant has requested approval of a private water system for the Subdivisions, to provide potable and non-potable water to the New Lots, and to provide potable water to Lot 1. In connection with such request, the Applicant has requested permission to deviate from compliance with certain of the Department of Water's Water System Standards.

B. TERMS OF AGREEMENT.

As conditions of the final approvals for the Subdivisions ("Subdivision Approvals"), and for other consideration, the receipt and sufficiency of which are acknowledged, the Applicant, BWC, Schmansk, and the Water Board have agreed to the following conditions ("Water Conditions"): 

1. The New Lots will receive adequate potable water service, adequate agricultural water service, and adequate fire protection water service from a private water system to be constructed by Applicant within Lot 1 ("Private Water System"). Lot 1 will receive only potable water service from the Private Water System. This Private Water System shall serve all current and future water demands from the Subdivisions and Lot 1, as described in this Agreement. The Applicant shall also provide adequate fire protection and capacity for the Subdivisions by operating and maintaining the Private Water System fire hydrants, operated, and maintained as part of the Private Water System with all applicable easements and with proper notification to the Kauai Fire Department. No service for potable water, agricultural water, and/or fire protection shall be provided from the County Water System to the Subdivisions and Lot 1. Prior to any building permit approvals for the New Lots and Lot 1, the Applicant, Schmansk, and each subsequent New Owner shall complete a Waiver and Release Agreement with the Department of Water, County of Kaua‘i.

2. The Water Board shall have no duty or obligation to upgrade the County Water system or the Private Water System or to provide water service to the Subdivisions and Lot 1.

3. The Applicant has requested the Water Board to grant a modification from the Water System Standards, 2002, as amended, ("Water System Standards") for the Private Water System. The Department of Water, County of Kauai's Rules and Regulations, Part 3, Section XII, Modification of Requirements, provide when conditions pertaining to any subdivision are such that the public may be properly served with water and with fire protection without full and strict compliance with these rules and regulations, or where the subdivision site or layout is such that the public interest will be adequately protected, such modification thereof as is reasonably necessary or expedient, and not contrary to law or the intent and purposes of these rules and regulations, may be made by the Department. Based on the representations of the Applicant, the Private Water System shall be constructed pursuant to the Water
System Standards except for the following modifications of requirements identified and requested by the Applicant:

a. The Applicant shall use and install pipelines made of National Sanitation Foundation ("NSF") and American Water Works Association ("AWWA") approved High Density Polyethylene (HDPE) pipe instead of ductile iron or PVC piping for the off-site mainline only.

b. The Applicant will construct a gravel access road consisting of 12-inch thick compacted sub-base and 6-inch thick compacted base, with a minimum width of 15 feet, instead of a paved road with a 12-foot width.

c. The storage tanks will be lined or coated steel tanks with cathodic rust protection and a reinforced concrete base, instead of reinforced concrete, pre-stressed concrete or post-tensioned concrete tanks.

d. The Applicant will limit the combined density of the Subdivisions to 86 dwelling units. Schnanski is obligated by a covenant in the deed conveying title to Lot 1, to limit the density of Lot 1 to 10 dwelling units.

e. The Applicant proposed providing one storage tank with a capacity of 250,000 gallons instead of a county standard 1.1 million gallon reservoir, which the Water Board approved. The Water Board also asked the Applicant to consider building a second tank as back-up storage. The Applicant submitted plans for two tanks described in Exhibit "A".

f. The Applicant will provide a minimum of two wells, each with a 400 GPM pump capacity. This differs from the Water System Standards, which require full back up capacity for agricultural water and potable water use. The Water System Standards would also require 773 GPM per well. Each New Lot will have two meters; one for potable water, and the second for agricultural water. Lot 1 will have one meter for potable water.

4. The Department of Water will not approve any Building Permits and any development of single-family dwelling units, farm dwelling units, or any other buildings requiring water service shall be allowed on the New Lots or Lot 1 unless and until: the Private Water System has been constructed, completed and tested in accordance with the provisions of Section B, Paragraph 3 above and an Engineer licensed in the State of Hawaii has filed a report and statement with the County and the Water Board detailing and certifying that the Private Water System has been constructed, completed and tested to meet the requirements and in accordance with the provisions of this Agreement.

5. The Applicant and BWC, as described in Exhibit "B", shall have no right to transfer, and agree that they will not transfer, the Private Water System to the Water Board, or to require or request the Water Board or the Department of Water to accept the Private Water System, or any portion thereof, unless and until the Private Water System is constructed to meet all of the standards and specifications applicable to the
County’s public water system contained in the Rules and Regulations of the Department of Water and the Water System Standards. Notwithstanding the foregoing, even if the Private Water System is so constructed in accordance with such Rules and Regulations and the Water System Standards, neither the Applicant nor BWC shall be required to transfer the Private Water System to the Water Board or the Department of Water. As a condition of the ownership of the New Lots and Lot 1 or any interest therein, the Applicant, BWC, Schmanski, and the New Owners shall be deemed to have agreed that no transfer of the Private Water System shall be allowed unless the Private Water system is upgraded by BWC or the New Owners at their sole expense as required by the Department of Water to meet the Water System Standards and full payment of the then applicable Department of Water fees and charges is paid by BWC or the New Owners and the Private Water System complies with the Department’s Rules and Regulations, as amended.

6. The Applicant, Schmanski, and the New Owners agree that as conditions of the ownership of a New Lot, and as a condition of receiving potable water from Applicant and BWC for Lot 1, the Applicant, Schmanski, and the New Owners shall be deemed to have agreed to the following, as applicable:

   a. The maximum combined density of the Subdivisions shall be limited to eighty-six (86) dwelling units.

   b. The maximum density of Lot 1 shall be limited to ten (10) dwelling units.

   c. BWC and the New Owners shall be solely responsible for owning, operating, repairing, and maintaining the Private Water System in perpetuity.

   d. BWC and the New Owners shall comply with all rules, standards, specifications and requirements of the Department of Health of the State of Hawaii (“DOH”) in the operation of the Private Water System (respectively “DOH Standards”).

   e. BWC and the New Owners shall retain an Engineer licensed in the State of Hawaii: to monitor the Private Water System for compliance with DOH and other governmental standards, laws and regulations; and to file such reports as may be required by DOH and other governmental agencies concerning the operation of the Private Water System and its compliance with all DOH and governmental laws and governmental standards, laws and regulations.

   f. Brydeswood Subdivision Private Water System will be owned and operated through a private water company and as such, the restrictive covenants will not cover operation of such private water system. Because the operational aspects of the system will be part of the BWC documents and agreements. However, the BWC and the New Owners (to the extent applicable) shall be subject to the terms and conditions of the Declaration of Conditions, Covenants and Restrictions of the Subdivisions or substantially similar document recorded in the Bureau of Conveyances of the State of Hawaii.

5
("Restrictive Covenants"), which shall provide, among other things that New Owners shall comply with this Agreement and the applicable DOH standards and governmental regulations. BWC and the New Owners shall be mandatory members of BWC or a similar organization, which will have the power and duty to enforce the Restrictive Covenants; and that the portions of the Restrictive Covenants that affect the Private Water System or any supply or service of potable or agricultural water to the Subdivisions and Lot 1, shall not be amended without prior approval of the Water Board.

g. Should plans change substantially from that approved by this agreement, Applicant, BWC and the New Owners or its successors and assigns will return to the Board for review and approval of their proposed changes.

7. The parties agree that the Department of Water will recommend final approval of the Subdivisions once this Agreement is fully executed, based on the terms and conditions contained herein and provided that the Applicant has satisfied the Department of Water’s conditions for final subdivision approvals as recommended to the County of Kauai, Planning Commission.

8. The Applicant, and Schmanski as to Lot 1, shall also clearly letter the following language on the Private Water System construction plans, the final subdivision maps, New Lot and Lot 1 construction plans, and deeds for the Subdivisions (as to the Applicant) and Lot 1 (as to Schmanski):

   a. "The Department of Water will not approve any Building Permits and no development of single-family dwelling units, farm dwelling units, or any other buildings requiring water service shall be allowed on the New Lots or Lot 1 unless and until: the Private Water System has been constructed, completed and tested in accordance with the provisions of Section B, Paragraph 2 above and an Engineer licensed in the State of Hawaii has filed a report and statement with the County and the Water Board detailing and certifying that the Private Water System has been constructed, completed and tested to meet the requirements and in accordance with the provisions of this Agreement.

   b. BWC, the New Owners and Lot 1 shall be solely responsible for owning, operating, repairing, and maintaining the Private Water System in perpetuity."

9. The Applicant and Schmanski, as applicable, shall record the Water Conditions as deed restrictions with the Bureau of Conveyances of the State of Hawaii within ninety (90) days of final subdivision approvals by the Planning Department County of Kauai.

C. PURPOSE.

   The purpose of this Agreement is as follows:

6
1. To have the Applicant, BWC, Schmanski, and any New Owners waive, release, and indemnify the Water Board and the Department of Water from any and all liability for injuries or damages that might arise out of the Planning Commission’s grant of subdivision approval subject to the Water Conditions.

2. To have the Applicant and BWC acknowledge and agree that the Applicant, BWC, and the New Owners shall be bound by all of the Water Conditions as a condition of the final subdivision approval and ownership of the New Lots.

3. To have the Applicant, BWC, Schmanski, and the New Owners waive, release, indemnify and hold harmless and defend the Water Board and the Department of Water from any liability for damages that might arise out of or are connected to the Water Conditions.

4. To have Applicant, BWC, and Schmanski acknowledge that the Water Conditions shall run with and encumber the New Lots and Lot 1, or any respective interest therein and shall apply to and be enforceable against the Applicant, BWC, Schmanski, and the New Owners.

5. To have the Applicant, Schmanski and the New Owners release the Water Board from any obligation of supplying water to the New Lots and Lot 1.

D. **COVERAGE.**

This Agreement covers any and all liability, claims or actions for death or injury to persons and/or property that may arise out of:

1. The application of the Water Conditions to the New Lots and Lot 1, the Applicant, BWC, Schmanski, the New Owners, or any persons using or occupying or present on the New Lots and Lot 1.

2. The failure or refusal of the Water Board or the Department of Water to provide potable, fire protection or non-potable water to the New Lots and to Lot 1 except as provided in the Water Conditions.

3. Any other claim resulting from the fact that the Water Board and the Department of Water have agreed to allow subdivision and building permit approvals subject to the Water Conditions.

E. **WAIVER, RELEASE AND INDEMNITY PROVISIONS.**

In consideration for the Planning Commission’s approval of the Subdivisions subject to the Water Conditions, and for other good consideration, the receipt and sufficiency of which are acknowledged, Applicant, BWC, and Schmanski do hereby agree, promise and covenant as follows:

1. As a condition of the ownership of a New Lot, and as a condition of receiving potable water from Applicant and BWC, the Applicant, Schmanski, and the New Owners shall be deemed to have waived any and all rights the Applicant, BWC, Schmanski,
and the New Owners have, or will have, to maintain or pursue any action, claim, suit or demand against the Water Board, County of Kauai ("County") and the Department of Water, or their members, officers and employees which may arise from any of the facts or circumstances described in this Agreement.

2. As a condition of the ownership of a New Lot, and as a condition of receiving potable water from Applicant and BWC, the Applicant, Schmanksi, and the New Owners shall be deemed to have agreed to defend, indemnify and hold harmless the Water Board and the Department of Water, and their members, officers and employees from any and all claims, and from any and all injuries and/or damages, which may arise from any of the facts and circumstances described in this Agreement. The Applicant, Schmanksi, and the New Owners shall pay for any and all damages for which the County and the Department of Water, and their members, officers and employees is held liable and all expenses incurred by the County, and the Department of Water, or its elected and appointed officers and employees in its defense. This paragraph shall survive the termination of this Agreement.

3. As a condition of the ownership of a New Lot, and as a condition of receiving potable water from Applicant and BWC, the Applicant, Schmanksi, and the New Owners shall be deemed to have agreed that if the County and the Department of Water, or their members, officers and employees becomes a third-party defendant in any action initiated by the Applicant, BWC, Schmanksi, or the New Owners against a third-party plaintiff, and if the County and the Department of Water, or their members, officers and employees is adjudged to be liable for any portion of the damages that the Applicant, BWC, Schmanksi, or the New Owners is able to recover from the third-party plaintiff, then this Agreement releases the County, and the Department of Water, or their members, officers and employees from the responsibility of paying to the Applicant, BWC, Schmanksi, or the New Owners any damages, and ensures that the total damages that the Applicant or the New Owners could have recovered from the third-party plaintiff will be reduced by the amount of damages that the County or the Department of Water, or their members, officers and employees would have had to pay to the Applicant, BWC, Schmanksi, or the New Owners under such judgment or liability.

4. The Applicant shall show the restrictions contained in the Water Conditions: in any notice of intention to sell, or any public report for a condominium property regime on any of the New Lots filed with the Real Estate Commission of the State of Hawaii ("REC"); and in the deeds for the New Lots or for any condominium units located on the New Lots. Schmanksi shall show the restrictions contained in the Water Conditions: in any notice of intention to sell, or any public report for a condominium property regime on Lot 1 filed with the REC; and in the deeds for Lot 1, or for any condominium units located on Lot 1.

5. The Applicant’s final version of its Declaration of Covenants, Conditions and Restrictions for the Subdivisions shall be consistent with this Agreement.
F. CONDITIONS OF CONTINUED COMPLIANCE.

As a condition of the ownership of a New Lot, and as a condition of receiving potable water from Applicant and BWC, the Applicant, Schmanski, and the New Owners shall be subject to the following restrictions:

1. The Applicant, Schmanski, and the New Owners shall be required to comply with the Water Conditions with regard to the use and development of the New Lots and Lot 1, as applicable.

2. In the event of any noncompliance with the Water Conditions by the Applicant, Schmanski, or the New Owners ("Noncompliant Owner"), the County and the State of Hawaii shall have the right to refuse to grant any permits or approvals for uses or development on the Noncompliant Owner’s New Lot (or Lot 1, as applicable), or any interest therein, unless or until such noncompliance is cured.

G. APPLICABILITY

1. Counterpart. This Agreement may be executed in more than one counterpart, each of which shall be considered to be an original, but all of which shall constitute a single counterpart.

2. Modification of Agreement. This Agreement represents the entire agreement among the parties hereto and may not be modified or terminated, in whole or in part, except by another agreement in writing, duly executed by all of the parties.

3. Time of Essence. Time is of the essence of this Agreement. No provisions relating to the timeliness may be waived, extended, or modified except by the written agreement of all the parties.


5. Attorneys’ Fees. In the event of any controversy, claim or dispute among the parties arising out of or relating to this Agreement or the breach hereof, the prevailing party shall be entitled to recover from the non-prevailing parties reasonable expenses and costs, including, without limitation, reasonable attorneys’ fees and court costs.

6. Invalidity – Severability. If any term or provision of this Agreement or any application thereof shall be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, provided that the essential provisions of this Agreement and the position of the parties hereto are not materially changed thereby.

7. Entire Agreement. This Agreement contains the complete understanding and agreement of the parties hereto with respect to all matters referred to herein, and shall supersede any and all other prior agreements between the parties hereto with respect to the Water Conditions. No parties hereto shall be liable or bound to any other party in any manner by any agreement, warranty, representation, or guarantee, except as
specifically set forth herein. Notwithstanding the foregoing, the Applicant, Schmanski, and BWC may have private agreements among themselves with regard to the Private Water System and the Water Conditions, which agreements shall not limit or reduce any of the rights of the County, the Water Board, or the Department of Water, as set forth in this Agreement.

8. **Rights and Obligations.** The rights and obligations set forth herein shall be binding upon, and shall inure to the benefit of, the parties and their respective heirs, estates, personal representatives, successors, successors in trust, and assigns.

9. **Definitions.** The terms “Applicant”, “New Owners”, “BWC”, “Schmanski”, “Water Board”, “Department of Water”, “County”, “party” and “parties” when used in this Agreement, or any pronouns used in their place, mean and include males or females, and one or more (or a combination of) real people, companies, corporations or other entities and their and each of their respective heirs, devisees, personal representatives, successors, successors in trust, and assigns, according to the context. The term “County” shall also include the County’s elected and appointed officers and employees.

10. **Interpretation.** Each party and/or counsel for each party has reviewed this Agreement and, accordingly, the normal rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

11. **Covenants Running with the Land.** The rights and obligations set forth herein shall be covenants running on the New Lots, Lot 1, or any respective portion thereof, in favor of the Water Board, and shall be binding upon, and inure to the benefit of, the parties and their respective estates, heirs, personal representatives, successors, successors in trust, and assigns.

IN WITNESS WHEREOF, the parties have executed this Private Water System Waiver, Release and Indemnity Agreement for TMK: (4) 2-4-007:002; -004; and -020 on the day and year first above written.

**APPLICANT:**

**McBRYDE SUGAR COMPANY, LIMITED**

By: ________________________________

Name: ______________________________

Its: ________________________________

By: ________________________________

Name: ______________________________

Its: ________________________________
On this ___ day of __________, 2010, before me personally appeared
__________________ and ____________________, to me personally known,
who, being by me duly sworn or affirmed, did say that such persons executed the foregoing
instrument as the free act and deed of such persons, and if applicable in the capacities shown,
having been duly authorized to execute such instrument in such capacities.

Name:
Notary Public, State of Hawaii
My commission expires:

Doc. Date: ______________ # Pages: ___
Notary Name: ____________________________

__________ Circuit
Doc. Description: ___________________________

_________________________ ____________________
Notary Signature Date stamp
STATE OF HAWAII

CITY AND COUNTY OF HONOLULU

On this ___ day of ___________, 2010, before me personally appeared __________________ and __________________, to me personally known, who, being by me duly sworn or affirmed, did say that such persons executed the foregoing instrument as the free act and deed of such persons, and if applicable in the capacities shown, having been duly authorized to execute such instrument in such capacities.

Name: __________________________
Notary Public, State of Hawaii
My commission expires: ________________

Doc. Date: _______________ # Pages: __
Notary Name: _______________________
__________________________ Circuit
Doc. Description: _______________________

Notary Signature Date stamp
SCHMANSKI


STATE OF ________________

) ) SS:

COUNTY OF ________________

) 

On this ___ day of ____________, 2010, before me personally appeared ________________, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such persons, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Name:
Notary Public, State of__________________
My commission expires:__________________

STATE OF ________________

) ) SS:

COUNTY OF ________________

) 

On this ___ day of ____________, 2010, before me personally appeared ________________, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such persons, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Name:
Notary Public, State of__________________
My commission expires:__________________
WATER BOARD

BOARD OF WATER SUPPLY,
COUNTY OF KAUA'I

By:  

Name:  

Its Chairperson

APPROVED:  

Manager and Chief Engineer
Department of Water

APPROVED AS TO FORM
AND LEGALITY:  

County Attorney
County of Kauai

STATE OF HAWAII

COUNTY OF KAUA'I

On this 23rd day of November, 2010, before me personally appeared

David Craddock, to me personally known, who, being by me duly sworn or
affirmed, did say that such persons executed the foregoing Private Water System Waiver,
Release and Indemnity Agreement for TMK: (4) 2-4-007:002; -004; and -020 dated

which document consists of 14 page(s), as the free act and
deed of such person, and if applicable in the capacity shown, having been duly authorized to
execute such instrument in such capacity.

Carolyn L. Carverio
Name:  Carolyn L. Carverio
Notary Public, Fifth Judicial Circuit,
State of Hawaii
My commission expires:  9/20/2013

Doc. Date:  11/23/10  # Pages: 14
Notary Name:  Carolyn L. Carverio
5th Circuit
Doc. Description:  Private water system
waiver release and indemnity Agreement

Carolyn L. Carverio  11/23/10
Notary Signature  Date  Stamp
New Business
BOARD REPORT

December 16, 2010

Re: Request Board Approval of Resolution No. 6 (10/11), Mahalo and Aloha
Donald Fujimoto

It is requested that the Board approve Resolution No. 6 (10/11), Mahalo and Aloha
Donald Fujimoto, who has left his County Engineer position as of November 30, 2010.

The resolution is not included in your agenda packet; however, it will be available and
read at Donald’s Aloha Dinner.

Respectfully submitted,

[Signature]

David R. Craddock, P.E.
Deputy Manager and Engineer

cab
Mgmt/Res. No. 6 (10/11), Donald Fujimoto (12-16-10):cab
BOARD REPORT

December 16, 2010

Re: Request Board Approval of Resolution No. 7, (10/11), Mahalo and Aloha Ian Costa

It is requested that the Board approve Resolution No. 7 (10/11), Mahalo and Aloha Ian Costa, who has left his Planning Director position as of November 30, 2010.

The resolution is not included in your agenda packet; however, it will be available and read at Ian’s Aloha Dinner.

Respectfully submitted,

[Signature]

David R. Craddick, P.E.
Deputy Manager and Engineer
BOARD REPORT

December 16, 2010

Re: Request Board Approval of Resolution No. 8, (10/11), Mahalo and Aloha Dee Crowell

It is requested that the Board approve Resolution No. 8 (10/11), Mahalo and Aloha Dee Crowell, who has resigned from the Board of Water Supply as of December 12, 2010.

The resolution is not included in your agenda packet; however, it will be available and read at Dee’s Aloha Dinner.

Respectfully submitted,

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

cab
Mgrrp/Res. No. 8 (10/11), Dee Crowell (12-16-10):cab
MANAGER’S REPORT NO. 11-42

Re: BAB – Project List Changes – Resolution No. 9 (FY 2011)

Board approval is requested to amend the BAB Project list to add various projects with Resolution # 9 (FY 2011).

The projects to be added are as listed below:

<table>
<thead>
<tr>
<th>Project #</th>
<th>Description</th>
<th>Amount in millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>LO-04</td>
<td>Piwai 0.5 MG tank</td>
<td>$2.2</td>
</tr>
<tr>
<td>KW-20</td>
<td>Waimea Well A renovations</td>
<td>$1.0</td>
</tr>
<tr>
<td>KW-05</td>
<td>Kekaha Well B</td>
<td>$1.0</td>
</tr>
<tr>
<td>M-02</td>
<td>Moloa Tank replacement</td>
<td>$1.0</td>
</tr>
<tr>
<td>WK-39</td>
<td>Kapaa Hmstd Well #4</td>
<td>$2.0</td>
</tr>
<tr>
<td>K-5</td>
<td>Kukuiolono Tank Site</td>
<td>$0.5</td>
</tr>
<tr>
<td>LO</td>
<td>Relocation Charge Kukui’ula</td>
<td>$0.4</td>
</tr>
<tr>
<td>LO</td>
<td>Koloa Tank Site</td>
<td>$0.501</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$8.601</td>
</tr>
</tbody>
</table>

BACKGROUND:
There are several projects that have bid below original estimates. Please refer to the 2010 Bond project priority Spend down. The 4th column going right from left shows the original estimate when we were talking with the Administration and County Council about issuing the Bond. The 5th column shows the savings between the actual bid price and the estimate. The current savings is $7.6 million. To avoid waiting until all projects are awarded we would like to add a similar amount of projects to the BAB list. We expect in the next month with three jobs bidding we will realize additional savings over $1 million.

Respectfully submitted,

[Signature]

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

DRC/cab
Mgrrp-BAB Project List Changes – Resolution No. 9 (FY 2011):cab
Department of Water, County of Kauai
Statements of Cash Flows (continued)
For the Years Ended June 30, 2010 and 2009

Reconciliation of Cash Flows from Operating Activities:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from operations</td>
<td>$1,331,684</td>
<td>$931,180</td>
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<tr>
<td>Depreciation expense</td>
<td>5,898,500</td>
<td>5,182,457</td>
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<tr>
<td>(Increase) decrease in assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>198,244</td>
<td>(688,412)</td>
</tr>
<tr>
<td>Unbilled accounts and other</td>
<td>(227,305)</td>
<td>262,120</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>(82,089)</td>
<td>177,084</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>51,635</td>
<td>181,515</td>
</tr>
<tr>
<td>Increase (decrease) in liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(183,092)</td>
<td>378,568</td>
</tr>
<tr>
<td>Accrued vacation and compensatory pay</td>
<td>(121,486)</td>
<td>(44,103)</td>
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<tr>
<td>Other liabilities, restricted</td>
<td>284,622</td>
<td>-</td>
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<tr>
<td>Post-retirement healthcare benefits payable</td>
<td>(238,509)</td>
<td>(223,767)</td>
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<tr>
<td>Due to primary government</td>
<td>3,533</td>
<td>(62,444)</td>
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<tr>
<td>Customer deposits</td>
<td>8,098</td>
<td>(50,174)</td>
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<tr>
<td>Net cash provided by operating activities</td>
<td>$6,923,835</td>
<td>$6,044,024</td>
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</table>

Supplemental Disclosure of Non-cash Capital and Related Financing Activities:
The Department received approximately $5,077,000 and $5,464,000 for the years ended June 30, 2010 and 2009, respectively, in contributions of property, plant and equipment from governmental agencies, developers and customers which are recorded as contributions at estimated fair value at the date of donation.

See accompanying notes to financial statements.
## DEPARTMENT OF WATER
### ANNUAL OPERATING AND CAPITAL IMPROVEMENT BUDGET
#### FISCAL YEAR
##### 2010 - 2011
##### FRC FUND

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
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</tr>
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<tbody>
<tr>
<td>BEGINNING BALANCE:</td>
<td>$7,029,086</td>
<td>$6,123,586</td>
<td>$6,123,586</td>
<td>$4,312,305</td>
<td>$5,535,242.86</td>
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<tr>
<td>Projected Resources</td>
<td>$1,001,449</td>
<td>$679,200</td>
<td>$574,700</td>
<td>$589,200</td>
<td>$589,200</td>
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<td>TOTAL RESOURCES:</td>
<td>$8,030,535</td>
<td>$6,802,786</td>
<td>$6,698,286</td>
<td>$4,901,505</td>
<td>$6,124,442.86</td>
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<tr>
<td>Capital Improvement Projects</td>
<td>$1,348,043</td>
<td>$4,133,400</td>
<td>$551,200</td>
<td>$2,133,400</td>
<td>$4,338,400.00</td>
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<tr>
<td>FRC Fund Balance</td>
<td>$-</td>
<td>$565,007</td>
<td>$300,000</td>
<td>$536,757</td>
<td>$781,804.02</td>
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<tr>
<td>Capital Improvement Contracted Projects</td>
<td>$558,906</td>
<td>$2,104,379</td>
<td>$1,533,788</td>
<td>$2,231,348</td>
<td>$1,004,238.84</td>
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<tr>
<td>TOTAL EXPENDITURES:</td>
<td>$1,906,949</td>
<td>$6,802,786</td>
<td>$2,384,988</td>
<td>$4,901,505</td>
<td>$6,124,442.86</td>
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<tr>
<td>ENDING BALANCE:</td>
<td>$6,123,586</td>
<td>(0)</td>
<td>$4,313,298</td>
<td>0</td>
<td>0.00</td>
</tr>
</tbody>
</table>
1. ANI-01a Anini and Kalihiwai 6’ Main Replacement (9,156’)
2. H-01 Maka Ridge Pipe
3. H-02 Maka Ridge Well CL
4. H-03 Rehab Maka Ridge Tank
5. H-10 Rehab Maka Ridge Tank
6. H-07 Construct Hanalei Tank #2 0.25 MG
7. H-08 Drill and Develop Hanalei Well # 2
8. HE-08 Rehab Elelele Tank
9. HE-11 Salt Pond Pipe
10. K-05a Construct Kalaheo Kukuiolono 0.5 MG Tank
11. K-1, K-12 Replace Nursery Tank with Yamada Tank and connecting waterline, Kalaheo
12. KW-28 Amfac Well
13. LO-10 Lawai 6” and 8” Main Replacement (6,400’)
14. PLH-02 Kokola Tunnel
15. PLH-03 Drill and Develop Lihu’e Horizontal Wells (Hi Level Water)
16. PLH-25 Eiwa, Umi, Akahi, Eiwa Pipe
17. PLH-30 Nawaiwiwi, Niualu, Kupolo pipe
18. PLH-39a Lihue Base yard Complex Improvements, Ph 1
19. WK-01 Rehabilitation Moelepe Tunnel, Install Chlorinator and Improve Access Road
20. WK-02 Akulikuli Tunnel
21. WK-08 Kapahi Tank
22. WK-12 Waipouli Pipe
23. 507 Waimea Canyon
24. WK-28 Wailua House Lots Pipe
25. WK-30 Waipouli/Hauiki Pipe
26. WK-36 ‘Ohana, Anolani, Kuamoo Pipe
27. WKK-02 Drill and Develop Kilauea Well No. 3
28. WKK-15 Construct 1.0 MG Kilauea 466’ Tank
29. 491-3 Stable Tank and Pipe lines
30. 497 Kapilimao Tank
31. 498 Kaumuali‘i 12’ Line
32. 504 Waimea Main Replacement
33. 02-18 Kapa’a Pipeline

1. WN-01 Improve access to Wainiha 217 tank.
   WH-02 Rehabilitate booster system
   WH-03 Rehabilitate Wainiha 217 tank.
2. WH-12 Wainiha well
3. Hanalei/ Moelepe line replacement with PVC and deeper below river.
4. Kaumualii 16” line relocation and replacement with 24” for widening/ with engineering.

WHEREAS, the Department of Water (the “Department”), consisting of a Board of Water Supply (the "Board"), Manager and Chief Engineer and the necessary staff, is a department of the County of Kauai (the "County") established under the Charter of the County to manage and operate the waterworks system of the County (the “Waterworks System”); and

WHEREAS, the Board finds and determines it to be beneficial to the management and operation of the Waterworks System to request that the project list referenced in Amended Resolution No. 10 (2009/10) and further amended in Resolution No. 11(2009/10) be amended again to allow certain improvements and betterments to and extensions of the Waterworks System;

WHEREAS, the proposed additional projects meet the requirements of capital expenditures as set forth in the Tax Certificate for the County of Kauai in so much as the costs for the newly proposed projects go to the construction or improvement of property; the property will have a useful life longer than one year; and the capital expenditures do not include operating expenses of Build America Projects or incidental or routine repair or maintenance of such Projects.

NOW, THEREFORE, BE IT RESOLVED by the BOARD OF WATER SUPPLY of the County of Kauai, State of Hawaii:

SECTION 1. The proceeds derived from the sale of the subject reimbursable general obligation bonds are to be used to construct and acquire improvements and betterments for the Waterworks System, including, without limitation, the waterworks projects, as amended and documented in the list identified as Exhibit “A” hereto attached.

Randall Nishimura, Board Chairperson

Larry Dill, Board member

__________________________, Board member
RESOLUTION NO. 9
(2010-11)
Reso/Res-Financial/Res. #9, Bond Res. (12-16-10 Mhly. Bd. Mtg.)

Michael Dahilig, Board member

Leland Kahawai, Board member

Raymond McCormick, Board member

Roy Oyama, Board member

CERTIFICATE

I hereby certify that the BOARD OF WATER SUPPLY, County of Kauai, adopted the foregoing ______________ at a special meeting held on ______________, by the following vote of the Board:

FOR ADOPTION: Randall Nishimura, Michael Dahilig, Larry Dill, Leland Kahawai, Raymond McCormick, and Roy Oyama TOTAL: 

AGAINST ADOPTION: None TOTAL: 

ABSENT & NOT VOTING: None TOTAL: 

By: ____________________________
Name: Leland Kahawai
Title: Board Secretary
1. ANI-01a  Anini and Kalbihiwai 6" Main Replacement (9,156’)
2. H-01    Maka Ridge Pipe
3. H-02    Maka Ridge Well CL
4. H-03    Rehab Maka Ridge Tank
5. H-10    Rehab Maka Ridge Tank
6. H-07    Construct Hanalei Tank #2 0.25 MG
7. H-08    Drill and Develop Hanalei Well # 2
8. HE-08   Rehab Eleele Tank
9. HE-11   Salt Pond Pipe
10. K-05a  Construct Kalaeo Kukuiofono 0.5 MG Tank
11. K-1, K-12 Replace Nursery Tank with Yamada Tank and connecting waterline, Kalaheo
12. KW-28   Amfac Well
13. LO-10   Lawai 6” and 8” Main Replacement (6,400’)
14. PLH-02   Kokolau Tunnel
15. PLH-03   Drill and Develop Lihue’e Horizontal Wells (Hi Level Water)
16. PLH-25   Eiwa, Umi, Akahi, Elua Pipe
17. PLH-30   Nawaiwili, Niulalii, Kupolo pipe
18. PLH-39a  Lihue Base yard Complex Improvements, Ph 1
19. WK-01   Rehabilitate Moelepe Tunnel, Install Chlorinator and Improve Access Road
20. WK-02   Akukulii Tunnel
21. WK-08   Kapahi Tank
22. WK-12   Waipouli Pipe
23. 507    Waimea Canyon
24. WK-28   Wailua House Lots Pipe
25. WK-30   Waipouli/Hauiki Pipe
26. WK-36   ‘Ohana, Anolani, Kauamoo Pipe
27. WKK-02  Drill and Develop Kilauea Well No. 3
28. WKK-15  Construct 1.0 MG Kilauea 466’ Tank
29. 491-3   Stable Tank and Pipe lines
30. 497    Kapilima’o Tank
31. 498    Kaumuali‘i 12’ Line
32. 504    Waimea Main Replacement
33. 02-18   Kapa’a Pipeline
34. WN-01   Improve access to Wainiha 217 tank.
35. WH-02   Rehabilitate booster system
36. WH-03   Rehabilitate Wainiha 217 tank.
37. WH-12   Wainiha well
38. Hanalei/ Moelepe line replacement with PVC and deeper below river.
39. Kaumuali‘i 16” line relocation and replacement with 24” for widening/ with engineering.

Additions 12/16/10
1. LO-04   Piwai 0.5 MG Tank
2. KW-020   Waimea Well A renovations
3. KW-05   Kekaha Well B
4. M-02    Moloa Tank replacement
5. WK-39   Kapaa Hmsdt Well #4
6. K-5     Kukuiofono Tank Site
7. 02-01   Relocation Charge Kukui’ula
8. LO      Koloa Tank Site
MANAGER’S REPORT NO. 11-43:

November 4, 2010

Re: Request Board Approval of Conveyance of Water Facility and Grant of Easement Documents

We request Board’s approval of the following documents from the following applicants for their respective projects:

a. Conveyance of Water Facility from Kukui‘ula Development Company (Hawaii), LLC, a Hawaii limited liability company for the Kukui‘ula Plantation Core, (Z-IV-2006-18), TMK: (4) 2-6-15:013 (por), Koloa, Kauai, Hawaii

b. Grant of Easement W-100 from Kukui‘ula Development Company (Hawaii), LLC, a Hawaii limited liability company for the Kukui‘ula Plantation Core, (Z-IV-2006-18) TMK: (4) 2-6-15:013 (por), Koloa, Kauai, Hawaii

Respectfully submitted,

[Signature]

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

Attachments
Mgrp/COWF-GOE Cover Sheet-(12-16-10):cab
BOARD REPORT

December 2, 2010

Re: Conveyance of Water Facility from Kukui‘ula Development Company (Hawaii), LLC, a Hawaii limited liability company for the Kukui‘ula Plantation Core, (Z-IV-2006-18), TMK: (4) 2-6-15:013 (por), Koloa, Kauai, Hawaii

It is recommended that the Conveyance of Water Facility document be approved; whereby, Kukui‘ula Development Company (Hawaii), LLC, a Hawaii limited liability company, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to:

Waterline:

1 each 8-inch Ductile Iron Lateral for 3-inch Compound Meter.
1 each 8-inch Gate Valve, including C.I. Valve Box & Cover for 3-inch Compound Meter Lateral.
1 each 6-inch Gate Valve, including C.I. Valve Box & Cover for 3-inch Compound Meter Lateral.
1 each 8-inch Ductile Iron Lateral for 8-inch Reduced Pressure Detector Assembly (RPDA), from its connection to the existing County-owned water line up to the new ¼ top vertical bend on the inlet end of the RPDA.

in place complete, for the Kukui‘ula Plantation Core, TMK: (4) 2-6-15:013 (por), Koloa, Kauai, Hawaii

Respectfully submitted,

Keith Aoki, Engineer
Engineering Division

Mgrp-COWF-Kukui‘ula Plantation Core-Koloa (12-16-10):cab
BOARD REPORT

December 8, 2010

Re: Grant of Easement W-100 from Kukui‘ula Development Company (Hawaii), LLC, a Hawaii limited liability company for the Kukui‘ula Plantation Core, (Z-IV-2006-18)
TMK: (4) 2-6-15:013 (por), Koloa, Kauai, Hawaii

It is recommended that the Board approve the Grant of Easement document whereby, Kukui‘ula Development Company (Hawaii), LLC, a Hawaii limited liability company, grant to the Board of Water Supply, County of Kauai, perpetual easement, W-100, on, over and under that certain parcel of land located in TMK: (4) 2-6-15:013 (por), Koloa, Kauai, Hawaii, for the reading of water meters and for the construction, installation, re-installation, maintenance, repair and removal of potable water pipelines and related meters, valves, and other associated waterworks facilities improvements and appurtenances, together with the right of ingress and egress at any time to and from the said easement area with or without vehicles or other equipment as the Department of Water shall deem necessary for the proper operation of its water system for the construction plans for Kukui‘ula Plantation Core, (Z-IV-2006-18), TMK: (4) 2-6-015:013 (por.), Koloa, Kauai, Hawaii.

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

Respectfully submitted,

Keith Aoki, Engineer
Engineering Division

Mgrp-GOE- Kukui‘ula Plantation Core-Koloa (12-16-10):cab
MANAGER’S REPORT NO. 11-44

December 7, 2010

Re: Job No. 04-06, KW-05, Kekaha Well “B” Renovations, Kekaha Water System; Kekaha, Kauai, Hawaii

RECOMMENDATION:
It is recommended that the Board approve the additional funds in the amount of $226,502.94. It is further recommended that the funds be appropriated from the accounts shown below.

FUNDING:
Original Amount Budgeted:
Goodfellow Brothers, Inc.
Job No. 04-06, KW-05, Kekaha Well “B” Renovations,
Kekaha Water System.................................................$444,000.00
Contingency, approximately 5%...................................$ 22,000.00
Account No. 101b.CRP, BC683, Kekaha Well “B” Renovations,
Kekaha Water System Total Available..........................$466,200.00

Original Contract Amount............................................ $444,000.00
Change Order #1....................................................... $ no cost
Change Order #2....................................................... $ 21,824.94
Balance Remaining..................................................... $ 375.06
Requested Change Order #3......................................... $216,074.00
Change Order #3, Contingency, approximately 5%........... $ 10,804.00
New Funded Amount.................................................... $693,078.00>
Additional Funds Requested from Account No. 201-01
Bond – BAB For Change Order #.................................<$226,502.94>

Total previously paid for Contract 503 as of November 30, 2010 ... $465,824.94
Amount paid to Goodfellow Bros. prior to February 2010 ........... $111,178.50
Balance to be transferred from Account 201-01 Bond (BAB)
To Water Utility – 101b (CRP)..........................................<$354,646.44>

BALANCE REMAINING (prior to subject fund request)
Account No. 201-01 Bond – BAB ................................... $37,079,108.99
Total Requested Transfer from Account 201-01 Bond
(BAB) to Water Utility - 101b (CRP)............................... $ 581,149.38

BACKGROUND:
The major components of this project are:
Furnish and install hydropneumatic system and appurtenances (tank, pad, booster pumps)
Furnish and install building/site upgrades and necessary appurtenances

Subsequent to the planning and design of this project, the deep well pump has begun to vibrate and show signs of component failure. We recommend proactively changing the pump at this time to avoid emergency pump replacement work in the near future.

Respectfully submitted,

[Signature]
Aaron Zambo, PE
Project Engineer

CONCURRED:

[Signature]
David R. Craddick, PE
Manager and Chief Engineer
MANAGER’S REPORT NO. 11-45

December 8, 2010

RE: Request Board Approval of Transmission Allocation for Kawai'ini School.

RECOMMENDATION:
Your approval of requested Transmission capacity to serve Kawai'ini School requested.

BACKGROUND:
Grove Farm has requested transmission capacity allocation for use of its source capacity to allow Kawai'ini School to expand. Currently there is inadequate source capacity to take on additional demand in the DOW Lihue and Kapaa water systems. These two formerly separate water systems have been joined for many years and DOH last year changed the DOW system from a level 2 to a level 3 system. The Water Treatment and Delivery Agreement requires this transmission approval before Grove Farm can give DOW its approval to use additional capacity.

DOW has no objection to this request as it is in the range of 18K gallons per day and transmission capacity is adequate to serve this amount.

Respectfully submitted,

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

DRC/cab
Mgrp-Kawai'ini School Transmission Capacity Allocation_Grove Farm (12-16-10):cab
Staff Reports
STATEMENT OF REVENUES AND EXPENDITURES
WATER UTILITY FUND
October 31, 2010

REVENUES:

Cash on hand as of July 1, 2010 $ 14,362,449.56
Add: Revenues To Date $ 7,058,675.12
Sub-Total $ 21,421,124.68

EXPENDITURES:

Less: Expenditures to Date $ 7,915,424.35

BALANCE AT THE END OF THE MONTH $ 13,503,700.33

SHORT TERM INVESTMENTS - WATER UTILITY FUND

BANK OF HAWAI'I

<table>
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<tr>
<th>TCD#</th>
<th>CUSIP#</th>
<th>Rate</th>
<th>Due Date</th>
<th>Amount</th>
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<tbody>
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<td>8000423145-103</td>
<td>C313385P75</td>
<td>0.4500%</td>
<td>05/12/11</td>
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<tr>
<td>8000423145-105</td>
<td>C313396CT8</td>
<td>0.2000%</td>
<td>12/16/10</td>
<td>$5,000.00</td>
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<td>06/30/11</td>
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<td>8000423145-107</td>
<td>C313588LE3</td>
<td>0.2000%</td>
<td>02/18/11</td>
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<td>C313385P75</td>
<td>0.2000%</td>
<td>01/21/11</td>
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CENTRAL PACIFIC BANK

FIRST HAWAIIAN BANK

MERRILL-LYNCH

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<tr>
<td>C313385P75</td>
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<td>C313396CT8</td>
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<td>03/11/11</td>
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<td>C313588LE3</td>
<td>0.2950%</td>
<td>09/02/11</td>
<td>$1,964,361.10</td>
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SUB-TOTAL FOR PAGE A $ 5,192,775.26
SUB-TOTAL FROM PAGE A  $ 5,192,775.26

SHORT TERM INVESTMENTS - WATER REVENUES

MULTI-BANK

<table>
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<tr>
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<th>Description</th>
<th>Interest Rate</th>
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<td>31331JRT2</td>
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<td>2.62000%</td>
<td>06/15/15</td>
<td>1,000,000.00</td>
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UBS

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<tr>
<th>CUSIP#</th>
<th>Description</th>
<th>Interest Rate</th>
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<td>31331JRT2</td>
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<td>2.62000%</td>
<td>06/15/15</td>
<td>0.00</td>
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<td></td>
<td>2.04000%</td>
<td>04/29/13</td>
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<td>0.47900%</td>
<td>05/19/11</td>
<td>$995,300.00 $4,191,300.00</td>
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</table>

TOTAL SHORT-TERM INVESTMENTS - WATER UTILITY $9,384,075.26

<table>
<thead>
<tr>
<th>Description</th>
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<th>Amount</th>
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<tr>
<td>CASH ON HAND WITH TREASURER - COK</td>
<td>10/31/10</td>
<td>$64,571.54</td>
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<tr>
<td>CASH ON HAND-BOH Savings</td>
<td>10/31/10</td>
<td>$3,870,366.81</td>
</tr>
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<td>CASH ON HAND - FHB Savings</td>
<td>10/31/10</td>
<td>$25,808.23</td>
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</table>

LESS: Claims to be paid on
- AP Credit for voided checks
- Due to W/U, BAB Fund A/P
- Manual Payments - 9/30/10

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<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(583,368.71)</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td></td>
</tr>
<tr>
<td>$742,247.20</td>
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</tr>
</tbody>
</table>

CASH BALANCE AT THE END OF THE MONTH $13,503,700.33
## WATER UTILITY FUND

<table>
<thead>
<tr>
<th>CASH RECEIPTS:</th>
<th>BUDGETED RECEIPTS</th>
<th>TOTAL RECEIPTS TO DATE</th>
<th>RECEIPTS FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL RECEIPTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEGINNING CASH BALANCE</td>
<td>$14,362,449.56</td>
<td>$14,362,449.56</td>
<td>$0</td>
<td></td>
<td>$14,362,449.56</td>
</tr>
<tr>
<td>1 Water Sales</td>
<td>$20,301,300.00</td>
<td>$6,692,661.35</td>
<td>$1,565,788.25</td>
<td>33%</td>
<td>$13,808,638.64</td>
</tr>
<tr>
<td>2 Net Miscellaneous Receipts</td>
<td>$112,000.00</td>
<td>$0</td>
<td>$0</td>
<td>0%</td>
<td>$112,000.00</td>
</tr>
<tr>
<td>3 Interest Income</td>
<td>$260,000.00</td>
<td>$3,366.14</td>
<td>$581.94</td>
<td>1%</td>
<td>$256,633.86</td>
</tr>
<tr>
<td>4 County Service Charge</td>
<td>$833,500.00</td>
<td>$0</td>
<td>$0</td>
<td></td>
<td>$833,500.00</td>
</tr>
<tr>
<td>5 State Revolving Fund</td>
<td>$3,843,000.00</td>
<td>$0</td>
<td>$0</td>
<td>0%</td>
<td>$3,843,000.00</td>
</tr>
<tr>
<td>5a Other Receipts</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0%</td>
<td>$0</td>
</tr>
<tr>
<td>5b OTHER - BAB Subsidy</td>
<td>$871,800.00</td>
<td>$360,647.62</td>
<td>$0</td>
<td>41%</td>
<td>$511,152.38</td>
</tr>
<tr>
<td><strong>TOTAL RESOURCES</strong></td>
<td>$40,564,049.56</td>
<td>$21,419,124.68</td>
<td>$1,566,370.19</td>
<td>53%</td>
<td>$33,527,374.44</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DISBURSEMENTS:</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SALARIES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>salaries over-withdrawn by county</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Salaries - DOW</td>
<td>$5,390,400.00</td>
<td>$1,315,093.63</td>
<td>$322,267.94</td>
<td>24%</td>
<td>$4,075,306.37</td>
</tr>
<tr>
<td>Provision for</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 Accrued Vacation</td>
<td>$100,000.00</td>
<td>$47,800.66</td>
<td></td>
<td>48%</td>
<td>$52,199.34</td>
</tr>
<tr>
<td><strong>TOTAL SALARIES:</strong></td>
<td>$5,490,400.00</td>
<td>$1,362,894.29</td>
<td>$322,267.94</td>
<td>25%</td>
<td>$4,127,505.71</td>
</tr>
</tbody>
</table>

| NORMAL EXPENDITURES     |                   |                                 |                             |   |                                             |
| 19 COUNTY SERVICE CHRG  | $833,500.00       | $0                              | $0                          | 0% | $833,500.00                                |

| ADMINISTRATIVE OFFICE   |                   |                                 |                             |   |                                             |
and ENGINEERING:        |                   |                                 |                             |   |                                             |
| 21 Utilities            | $195,300.00       | $60,652.58                      | $14,769.53                 | 31%| $134,647.42                                |
| 22 Postage and Printing | $113,000.00       | $47,372.40                      | $9,059.28                  | 42%| $65,627.60                                 |
| Office Equipment        |                   |                                 |                             |   |                                             |
| Maintenance             | $151,100.00       | $6,233.45                       |                             | 4% | $144,866.55                                |
| 24b 05/19/05            |                   |                                 |                             |   |                                             |
| Con 461 Four Winds Group | $86,709.63        | $14,000.00                      |                             | 16%| $72,709.63                                 |
| MMIS Phases I & II     |                   |                                 |                             |   |                                             |

10-2010 WU BUDGET STATUS
<table>
<thead>
<tr>
<th>ITEM</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>27 Contractual Services</td>
<td>$ 1,070,700.00</td>
<td>$ 36,769.30</td>
<td>$ 8,454.87</td>
<td>3%</td>
<td>$ 1,033,903.70</td>
</tr>
<tr>
<td>27b Con 506 R. W. Beck Inc. FRC Study for DOW</td>
<td>$ 20,110.00</td>
<td>$ 16,540.00</td>
<td></td>
<td>82%</td>
<td>$ 3,570.00</td>
</tr>
<tr>
<td>Travel and Incidentalts - Board</td>
<td>$ 17,000.00</td>
<td>$ 2,827.81</td>
<td></td>
<td>17%</td>
<td>$ 14,172.19</td>
</tr>
<tr>
<td>Travel and Incidentalts - Staff</td>
<td>$ 32,500.00</td>
<td>$ 10,185.22</td>
<td>$ 2,063.52</td>
<td>31%</td>
<td>$ 22,314.78</td>
</tr>
<tr>
<td>Collector's Commission</td>
<td>$</td>
<td>$</td>
<td></td>
<td>0%</td>
<td>$</td>
</tr>
<tr>
<td>31 Miscellaneous</td>
<td>$ 16,000.00</td>
<td>$ 1,524.04</td>
<td>$ 481.16</td>
<td>10%</td>
<td>$ 14,518.86</td>
</tr>
<tr>
<td>32 Auditing Fee</td>
<td>$ 7,900.00</td>
<td>$</td>
<td></td>
<td>0%</td>
<td>$ 7,900.00</td>
</tr>
<tr>
<td>32c Annual Audit Contract No. 477 KMH, LLP</td>
<td>$ 66,000.00</td>
<td>$ 44,000.00</td>
<td></td>
<td>67%</td>
<td>$ 22,000.00</td>
</tr>
<tr>
<td>In-Service Training</td>
<td>$ 53,100.00</td>
<td>$ 18,149.80</td>
<td>$ 4,718.29</td>
<td>34%</td>
<td>$ 34,381.81</td>
</tr>
<tr>
<td>34 Supplies - Office &amp; Eng.</td>
<td>$ 33,000.00</td>
<td>$ 9,139.39</td>
<td>$ 2,646.33</td>
<td>28%</td>
<td>$ 23,353.61</td>
</tr>
<tr>
<td>35 Operating Reserve Fund</td>
<td>$</td>
<td>$</td>
<td></td>
<td>0%</td>
<td>$</td>
</tr>
<tr>
<td>36 Public Relations</td>
<td>$ 346,500.00</td>
<td>$ 12,473.05</td>
<td></td>
<td>4%</td>
<td>$ 334,026.95</td>
</tr>
<tr>
<td>Computer Support and Supplies</td>
<td>$ 84,500.00</td>
<td>$ 14,498.51</td>
<td>$ 959.93</td>
<td>17%</td>
<td>$ 70,000.47</td>
</tr>
<tr>
<td>Microlab Materials and Supplies</td>
<td>$ 19,100.00</td>
<td>$ 3,111.62</td>
<td>$ 279.98</td>
<td>16%</td>
<td>$ 15,920.02</td>
</tr>
<tr>
<td>TOTAL ADM, OFF &amp; ENG</td>
<td>$ 2,317,619.83</td>
<td>$ 297,477.17</td>
<td>$ 44,555.16</td>
<td>13%</td>
<td>$ 2,020,142.66</td>
</tr>
<tr>
<td>ITEM</td>
<td>OPERATIONS AND MAINTENANCE</td>
<td>BUDGETED AMOUNT</td>
<td>TOTAL ACTUAL EXPENDITURES TO DATE</td>
<td>EXPENDITURES FOR THE MONTH</td>
<td>%</td>
</tr>
<tr>
<td>------</td>
<td>---------------------------</td>
<td>------------------</td>
<td>----------------------------------</td>
<td>---------------------------</td>
<td>---</td>
</tr>
<tr>
<td>40</td>
<td>Vehicle - Materials &amp; Service</td>
<td>$ 107,600.00</td>
<td>$ 37,120.05</td>
<td>$ 6,314.38</td>
<td>34%</td>
</tr>
<tr>
<td>41</td>
<td>Vehicle - Fuel</td>
<td>$ 126,000.00</td>
<td>$ 35,337.71</td>
<td>$ 5,578.26</td>
<td>28%</td>
</tr>
<tr>
<td>42</td>
<td>Utilities</td>
<td>$ 56,100.00</td>
<td>$ 22,981.71</td>
<td>$ 6,254.08</td>
<td>41%</td>
</tr>
<tr>
<td>43</td>
<td>Meter Parts</td>
<td>$ 8,300.00</td>
<td>$ 2,576.50</td>
<td></td>
<td>31%</td>
</tr>
<tr>
<td>43a</td>
<td>Electrical Parts</td>
<td>$ 15,000.00</td>
<td>$ 7,525.85</td>
<td>$ 1,236.95</td>
<td>50%</td>
</tr>
<tr>
<td>44</td>
<td>Miscellaneous</td>
<td>$ 5,000.00</td>
<td></td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>44a</td>
<td>Misc. - Tapping Team</td>
<td>$ 8,000.00</td>
<td></td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>45</td>
<td>Contractual Services</td>
<td>$ 408,000.00</td>
<td>$ 1,380.45</td>
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<td>0%</td>
</tr>
<tr>
<td>47</td>
<td>Materials and Supplies</td>
<td>$ 227,000.00</td>
<td>$ 66,220.51</td>
<td>$ 12,389.52</td>
<td>29%</td>
</tr>
<tr>
<td>48</td>
<td>Collective Bargaining Items</td>
<td>$ 24,000.00</td>
<td>$ 4,912.10</td>
<td>$ 882.21</td>
<td>20%</td>
</tr>
<tr>
<td>51</td>
<td>Pump Electrical</td>
<td>$ 3,000,000.00</td>
<td>$ 965,165.56</td>
<td>$ 238,509.95</td>
<td>32%</td>
</tr>
<tr>
<td>55</td>
<td>Purchase of Water</td>
<td>$ 2,248,700.00</td>
<td>$ 486,023.04</td>
<td>$ 126,550.06</td>
<td>22%</td>
</tr>
<tr>
<td>58</td>
<td>Chemicals</td>
<td>$ 35,700.00</td>
<td>$ 15,919.02</td>
<td>$ 3,746.94</td>
<td>45%</td>
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<tr>
<td></td>
<td>Safe Drinking Water Act Program</td>
<td>$ 150,000.00</td>
<td>$ 1,977.23</td>
<td>$ 1,800.00</td>
<td>1%</td>
</tr>
<tr>
<td>59h</td>
<td>Contract No. 500 03/09 MWH Laboratories (thru 12/10)</td>
<td>$ 36,050.00</td>
<td>$-</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>59i</td>
<td>Contract No. 508 12/09 MWH Laboratories (thru 12/10)</td>
<td>$ 45,300.00</td>
<td>$ 28,600.00</td>
<td></td>
<td>63%</td>
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<tr>
<td></td>
<td>TOTAL OPERATIONS:</td>
<td>$ 6,500,750.00</td>
<td>$ 1,677,739.61</td>
<td>$ 403,311.34</td>
<td>26%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ITEM</th>
<th>INSURANCE AND EMPLOYEE BENEFITS</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>62</td>
<td>Retirement System</td>
<td>$ 823,500.00</td>
<td>$ 148,218.29</td>
<td>$ 23,878.06</td>
<td>18%</td>
<td>$ 675,218.71</td>
</tr>
<tr>
<td>63</td>
<td>FICA Taxes - Employer's</td>
<td>$ 420,000.00</td>
<td>$ 75,938.27</td>
<td>$ 11,388.42</td>
<td>18%</td>
<td>$ 344,061.73</td>
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<tr>
<td>64</td>
<td>Health, Life, &amp; Dental (EUTF)</td>
<td>$ 417,100.00</td>
<td>$ 81,692.57</td>
<td>$ 13,385.89</td>
<td>20%</td>
<td>$ 333,407.43</td>
</tr>
<tr>
<td>ITEM</td>
<td>BUDGETED AMOUNT</td>
<td>TOTAL ACTUAL EXPENDITURES TO DATE</td>
<td>EXPENDITURES FOR THE MONTH</td>
<td>%</td>
<td>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-----------------</td>
<td>----------------------------------</td>
<td>---------------------------</td>
<td>---------</td>
<td>-----------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Health &amp; Life Insurance - Retirees &amp; OPEB</td>
<td>$795,500.00</td>
<td>$67,442.22</td>
<td></td>
<td>8%</td>
<td>$728,057.78</td>
<td></td>
</tr>
<tr>
<td>TOTAL INSURANCE &amp; EMPLOYEE BENEFITS</td>
<td>$2,806,100.00</td>
<td>$373,291.35</td>
<td>$48,452.39</td>
<td>13%</td>
<td>$2,432,808.65</td>
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</tr>
<tr>
<td>TOTAL NORMAL EXPENDITURES:</td>
<td>$12,457,969.63</td>
<td>$2,348,508.13</td>
<td>$496,318.89</td>
<td>19%</td>
<td>$10,108,651.50</td>
<td></td>
</tr>
</tbody>
</table>

**DEBT SERVICE REQUIREMENT:**

| SRF Loan Job 97-5 Hanapepe River Crossing                            | $98,564.00      | $49,532.22                       |                           | 50%     | $49,031.78                                    |
| SRF Loan Job 97-6                                                  |                |                                  |                           |         |                                               |
| SRF Loan Job 96-1                                               | $54,928.00      | $27,604.13                       |                           | 50%     | $27,324.87                                    |
| SRF Loan Job 98-33 WK-21                                        | $31,676.00      | $15,921.03                       |                           | 50%     | $15,754.97                                    |
| Wealua H misted Well #3                                          |                |                                  |                           |         |                                               |
| SRF Loan Job 97-2 PLH-31                                       | $100,788.00     | $50,055.00                       |                           | 50%     | $50,133.00                                    |
| SRF Loan Job 98-6 WK-07                                          |                |                                  |                           |         |                                               |
| SRF Loan Job 97-11 WK-03                                        | $185,577.00     | $93,277.26                       |                           | 50%     | $92,299.74                                    |
| SRF Loan Job 16" W/L Along Kuhio Hwy                           |                |                                  |                           |         |                                               |
| DOW Bond 2005 Issue                                              | $217,450.00     | $141,825.00                      |                           | 65%     | $75,625.00                                    |
| DOW Bond 2005 Series, Partial Refund 2001 Series A               |                |                                  |                           |         |                                               |
| SRF Loan Job 98-2 KP-07                                         | $149,888.00     | $74,993.75                       |                           | 50%     | $74,994.25                                    |
| SRF Loan Job 98-8 KP-08 W/L on Poipu Rd                        | $143,901.00     | $208,015.14                      |                           | 50%     | $205,885.86                                    |
| SRF Loan Job WK-42                                               |                |                                  |                           |         |                                               |
| PH I Stable 1.0 MG Tank                                          | $386,200.00     | $160,558.76                      |                           | 42%     | $225,641.24                                   |
| SRF Loan Job KW-27                                               |                |                                  |                           |         |                                               |
| Kaumualii Hwy 12" Main Repl                                      |                |                                  |                           |         |                                               |
| SRF Loan Job K-7, LC-13                                          |                |                                  |                           |         |                                               |
| Waha, Wawae & Nihou Rds                                         |                |                                  |                           |         |                                               |
| DOW Bond Series 2010A                                             | $2,490,862.00   | $1,050,421.78                    |                           | 41%     | $1,460,440.22                                 |
| FmHa $300,000 @5%                                                |                |                                  |                           |         |                                               |
| 20 year Bond                                                     | $18,550.00      | $2,025.00                        |                           | 11%     | $16,525.00                                    |
| DOW Bond 2001A Issue Series 2005A Refunded                      | $670,575.00     | $534,553.16                      |                           | 80%     | $136,021.84                                   |
| SRF Loan Job 97-1                                               |                |                                  |                           |         |                                               |
| Kokolau Tunnel Repairs                                           | $129,907.00     | $65,793.07                       |                           | 51%     | $64,113.93                                    |
| SRF Loan Job 96-4                                               |                |                                  |                           |         |                                               |
| Kapilina Valley Well                                             | $70,641.00      | $35,507.48                       |                           | 50%     | $35,133.52                                    |
| TOTAL DEBT SERVICE REQ.                                          | $5,876,345.00   | $2,848,416.62                    |                           | 48%     | $3,027,928.38                                 |

**TOTAL SALARIES, NORMAL EXPENDITURES, AND DEBT SERVICE REQUIREMENTS:**

|                                                                  | $5,876,345.00   | $2,848,416.62                    |                           | 48%     | $3,027,928.38                                 |

PROOF: $23,824,714.63 $6,559,819.04 $818,586.83 $17,264,895.59
<table>
<thead>
<tr>
<th>ITEM</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>101</td>
<td>Capital Improvements</td>
<td>$2,576,600.00</td>
<td>$</td>
<td>$</td>
<td>0%</td>
</tr>
<tr>
<td>101b</td>
<td>Capital Rehabilitation</td>
<td>$3,088,494.00</td>
<td>$</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>102</td>
<td>Misc. Other Capital Expenditures, OPS</td>
<td>$600,000.00</td>
<td>$287,953.89</td>
<td>$117,569.90</td>
<td>48%</td>
</tr>
<tr>
<td>103</td>
<td>Office and Engineering</td>
<td>$554,700.00</td>
<td>$44,659.72</td>
<td>-</td>
<td>8%</td>
</tr>
<tr>
<td>105</td>
<td>Recording Meters</td>
<td>$</td>
<td>$</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>106</td>
<td>Vehicles and Equipment</td>
<td>$246,000.00</td>
<td>$4,638.94</td>
<td>$128.91</td>
<td>2%</td>
</tr>
<tr>
<td>106b</td>
<td>CIP Reserve Fund</td>
<td>$3,015,229.48</td>
<td>-</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>ITEM</td>
<td>BUDGETED AMOUNT</td>
<td>TOTAL ACTUAL EXPENDITURES TO DATE</td>
<td>EXPENDITURES FOR THE MONTH</td>
<td>%</td>
<td>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</td>
</tr>
<tr>
<td>------</td>
<td>-----------------</td>
<td>----------------------------------</td>
<td>----------------------------</td>
<td>---</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>107</td>
<td>$180,000.00</td>
<td>$-</td>
<td></td>
<td>0%</td>
<td>$180,000.00</td>
</tr>
<tr>
<td>370</td>
<td>WK-23 Con #259, Job 93-1 Nishimura, Katayama, .25 MG Waiula Tank</td>
<td>$53,751.00</td>
<td>$-</td>
<td>0%</td>
<td>$53,751.00</td>
</tr>
<tr>
<td>8/8/1994</td>
<td>Contract #37348,Job 91-13 R.M. Towill Corp., Drill Hanamaulu Well #1 (Kalepa Well #2)</td>
<td>$645.08</td>
<td>$-</td>
<td>0%</td>
<td>$645.08</td>
</tr>
<tr>
<td>8/1/1994</td>
<td>Contract #282, K-10 ParEn, Inc., Job 94-3, Kalaheo 0.5 MG Tank</td>
<td>$1,771.54</td>
<td>$-</td>
<td>0%</td>
<td>$1,771.54</td>
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<td>Contract #309, Job 97-1 PLH-02 SSFM Engineers, Repair Kokolau Tunnel</td>
<td>$118,381.86</td>
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<td>$3,765.00</td>
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<td>Contract #326, Job 97-3 H-09 Nishimura, Katayama Refurbish Hanalai Tank</td>
<td>$23,605.00</td>
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<td>Contract #336, Job 98-7 K-05 M&amp;E Pacific Inc. Kukulolono 0.2 MG Tank</td>
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<td>KP-01 Con. #355 Okahara &amp; Assoc., Inc Job 92-4 Koloa Well &quot;F&quot; Pump</td>
<td>$10,571.00</td>
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<td>WKK-14 Contract No. 356 Austin, Tsutsumi &amp; Assoc. Job 97-10 Kilauea Booster</td>
<td>$6,948.29</td>
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<td>Con 427 Belt Collins Hi WK-08, WK-09 Job 02-14 Kapaa Hmtds 0.5 MG Tank &amp; 1.0 MG Storage tank</td>
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<td>Con 428 Brown Caldwell Job 03-02 HW-02, HW-03 A-04, KW-06 Renovations: Wainaha Booster, Haena Steel Tank, Anahola 0.15 MG Tank, Kekaha Shaft</td>
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<td>Con 449 HI Pacific Eng Inc KW-16 Job 05-01 Waimea Main Replacement</td>
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<td>%</td>
<td>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</td>
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<td>10/25/05 (101b, 106b) Con 451 Bow Eng &amp; Dev PLH-12 Job 05-06 Ewa, Umi, Akahi, Elua, Hardy St. 8th Main Replacement</td>
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<td>$52,174.00</td>
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<td>Con 484 Kodani &amp; Assoc. &quot;As-Needed&quot; Eng, Surveying &amp; Govt Permit Services</td>
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<td>08/21/07 (101b, 106b) Con 479 SSFM International WK-2 Job 02-24 Renovate Akuliku Tunnel, Phase 2</td>
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<td>01/14/08 (101) Con 484 Wagner Eng. Services Job 02-01 Kukuiolono Tank Site Exchange, Kalaeao</td>
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<td>6/30/06 (106, 106b) Con 490 FluidIQs, LLC SCADA Sys Consulting &amp; Maintenance Services</td>
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<td>07/02/06 (101) Con 491 Kauai Builders Ltd WK-42 Phase I, 1.0 MG Stable Tank &amp; Control Valves</td>
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<td>% BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</td>
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<td>Con 512, Architects Hawai‘i, Ltd.</td>
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<td>Job No. PLH-99, Lihue Bazeyard Improvements for the DOW</td>
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<td>$ 279,719.00</td>
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<td>$ 203,632.57</td>
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<td>USGS Joint funding Agrmt.</td>
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<td>Water Monitoring Program for the Period 10/1/09 to 3/31/10</td>
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<td>$ 18,675.00</td>
<td>$ 18,675.00</td>
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<p>| TOTAL CAPITAL EXPENDITURES: | $ 16,759,334.93 | $ 1,355,605.31 | $ 136,734.71 | $ 15,403,729.62 |
| TOTAL SALARIES, NORMAL EXPENDITURES, DEBT REQUIREMENTS AND CAPITAL EXPENDITURES: | $ 40,584,049.56 | $ 7,915,424.35 | $ 955,321.54 | $ 32,668,825.21 |</p>
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<th>EXPENDITURES FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
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<td>TOTAL CAPITAL EXPENDITURES:</td>
<td>$ 16,759,334.93</td>
<td>$ 1,355,605.31</td>
<td>$ 136,734.71</td>
<td>8%</td>
<td>$ 15,403,729.62</td>
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<td>TOTAL SALARIES, NORMAL EXPENDITURES, DEBT REQUIREMENTS AND CAPITAL EXPENDITURES:</td>
<td>$ 16,846,044.56</td>
<td>$ 1,355,605.31</td>
<td>$ 136,734.71</td>
<td>$ 15,490,439.25</td>
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<td>$ 40,584,049.56</td>
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<td>$ 32,668,625.21</td>
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STATEMENT OF REVENUES AND EXPENDITURES
BOND - BAB FUND
October 31, 2010

REVENUES:
Cash on hand as of July 1, 2010 $ 58,723,019.84
Add: Revenues To Date
Sub-Total $ 58,723,019.84

EXPENDITURES:
Less: Expenditures To Date $ 2,380,215.06

BALANCE AT THE END OF THE MONTH $ 56,342,804.78

SHORT TERM INVESTMENTS - BOND

BANK OF HAWAII

FIRST HAWAIIAN BANK
CUSIP# 1062140 1.3360% INT. DUE 10/29/13 $ 57,000,000.00

TOTAL SHORT-TERM INVESTMENTS - BOND $ 57,000,000.00

CASH ON HAND WITH TREASURER - COK 10/31/10 753,279.51
Due to W/I - BAB - Bond Fund AP Jul - Aug (486,680.80)
Due to W/I - BAB - Bond Fund AP 09/30/10 (253,566.40)
LESS CLAIMS PAYABLE ON 11/18/10 (688,227.53) $ (657,195.22)

BALANCE AT THE END OF THE MONTH $ 56,342,804.78

0.00
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<tr>
<th>CASH RECEIPTS:</th>
<th>BUDGETED RECEIPTS</th>
<th>TOTAL ACTUAL RECEIPTS TO DATE</th>
<th>RECEIPTS FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL RECEIPTS</th>
</tr>
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<tbody>
<tr>
<td>BEGINNING CASH BALANCE</td>
<td>$ 56,723,019.84</td>
<td>$ -</td>
<td>$ -</td>
<td>-</td>
<td>$ 56,723,019.84</td>
</tr>
<tr>
<td>Bond Proceeds</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>-</td>
<td>$ -</td>
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<tr>
<td>Interest Income</td>
<td>$ 420,000.00</td>
<td>$ -</td>
<td>$ -</td>
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<td>TOTAL RESOURCES</td>
<td>$ 59,143,019.84</td>
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<td>0%</td>
<td>$ 59,143,019.84</td>
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<table>
<thead>
<tr>
<th>CAPITAL EXPENDITURES:</th>
<th></th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
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<tbody>
<tr>
<td>201-01 BOND - BAB, CIP</td>
<td></td>
<td>$ 41,468,071.99</td>
<td>$ -</td>
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<td>$ 41,468,071.99</td>
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<tr>
<td></td>
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<td>$ 43,186,971.99</td>
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<tr>
<td></td>
<td></td>
<td>$ 44,218,034.99</td>
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<tr>
<td>201-01 BOND - BAB, CIP</td>
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<td>$ 4,350,000.00</td>
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<td>$ 4,350,000.00</td>
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<td>Job# 10-02</td>
<td></td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$ -</td>
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<tr>
<td>5/11/2010 CON 513 Jennings Pacific, LLC</td>
<td></td>
<td>$ 2,842,000.00</td>
<td>$ 381,185.14</td>
<td>13%</td>
<td>$ 2,460,814.86</td>
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<tr>
<td>Job No. 02-18, WK - 32 Kapea Hmtds Pipe Repl</td>
<td></td>
<td>$ 2,686,000.00</td>
<td>$ 609,207.65</td>
<td>23%</td>
<td>$ 2,076,792.35</td>
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<tr>
<td>5/11/10 CON 514 Earthworks Pacific Job No. 04-02, WK-14, Pipeline Repl for Vivian hts</td>
<td></td>
<td>$ 1,728,000.00</td>
<td>$ -</td>
<td>0%</td>
<td>$ 1,728,000.00</td>
</tr>
<tr>
<td>8/30/10 CON 518 Unlimited Builders, LLC Job No. 03-02, HW-02, Wainiha Booster Pump Stn</td>
<td></td>
<td>$ 3,223,481.50</td>
<td>$ 857,470.06</td>
<td>36%</td>
<td>$ 2,366,011.44</td>
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<tr>
<td>12/18/09 Con 507 Koga Engineering &amp; Const. Job 02-03, KW-14 12&quot; WL Waimea Canyon Drive</td>
<td></td>
<td>$ 1,494,706.35</td>
<td>$ 632,352.21</td>
<td>27%</td>
<td>$ 1,412,354.14</td>
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<tr>
<td>9/10/10 Con 519 (201-01) Fukunaga &amp; Associates Job # 10-01, Anini 1st Pipeline Repl - Anini RD</td>
<td></td>
<td>$ 750,760.00</td>
<td>$ -</td>
<td>0%</td>
<td>$ 750,760.00</td>
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<tr>
<td>9/10/10 Con 519 (201-01) Park Engineering Job # 10-02, Upsizing of the Kaumuali Hwy. 16&quot;</td>
<td></td>
<td>$ 150,000.00</td>
<td>$ -</td>
<td>0%</td>
<td>$ 150,000.00</td>
</tr>
</tbody>
</table>

| TOTAL EXPENDITURES                     | $ 59,143,019.84   | $ 2,380,215.06               | $ 668,227.53           | 4%| $ 56,762,804.78                             |
STATEMENT OF REVENUES AND EXPENDITURES
BOND FUND
October, 2010

REVENUES:
Cash on hand as of July 1, 2010 $553,408.97
Add: Revenues To Date
Sub-Total $553,408.97

EXPENDITURES:
Less: Expenditures To Date $20,476.13

BALANCE AT THE END OF THE MONTH $532,932.84

SHORT TERM INVESTMENTS - BOND

BANK OF HAWAII

FIRST HAWAIIAN BANK
CUSIP# 1062110 2.2080% INT. DUE 06/15/10 $-

TOTAL SHORT-TERM INVESTMENTS - BOND $-

CASH ON HAND WITH TREASURER - COK 10/31/10 $532,932.84
LESS CLAIMS PAYABLE ON 10/21/10 $532,932.84

BALANCE AT THE END OF THE MONTH $532,932.84 0.00
### DEPARTMENT OF WATER
County of Kauai

**STATUS OF THE BUDGET**

**JULY 1, 2010 TO JUNE 30, 2011**

October, 2010

<table>
<thead>
<tr>
<th>CASH RECEIPTS:</th>
<th>BUDGETED RECEIPTS</th>
<th>TOTAL ACTUAL RECEIPTS TO DATE</th>
<th>RECEIPTS FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL RECEIPTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEGINNING CASH BALANCE</td>
<td>$553,408.97</td>
<td>$</td>
<td>$</td>
<td>-</td>
<td>25.00%</td>
</tr>
<tr>
<td>TOTAL RESOURCES</td>
<td>$553,408.97</td>
<td>$</td>
<td>$</td>
<td>-</td>
<td>25.00%</td>
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</table>

### CAPITAL EXPENDITURES:

<table>
<thead>
<tr>
<th>CAPITAL EXPENDITURES</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>201 Bond - CIP</td>
<td>$200,656.55</td>
<td>$20,476.13</td>
<td>$20,476.13</td>
<td>0%</td>
<td>$200,656.55</td>
</tr>
<tr>
<td>07/08/08 Con 494 Kauai Builders</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>216 WK-08 Job 02-14 Kapea</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hmstes 0.5 MG Tank &amp; WK-15 Job 03-03</td>
<td>$352,752.42</td>
<td>$20,476.13</td>
<td>6%</td>
<td>$332,276.29</td>
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<tr>
<td>Hardening of Generator Shelters at Makaleha Tank Site</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>-</td>
<td>$</td>
</tr>
<tr>
<td>TOTAL EXPENDITURES</td>
<td>$553,408.97</td>
<td>$20,476.13</td>
<td>$20,476.13</td>
<td>4%</td>
<td>$532,932.84</td>
</tr>
</tbody>
</table>
STATEMENT OF REVENUES AND EXPENDITURES
FACILITIES RESERVE CHARGE FUND
October 31, 2010

REVENUES:
Cash on hand as of July 1, 2010 $ 5,535,242.86
Add: Revenues To Date $ 236,393.50
Sub-Total $ 5,770,636.45

EXPENDITURES:
Less: Expenditures To Date $ 741,728.29
BALANCE AT THE END OF THE MONTH $ 5,028,908.16

SHORT TERM INVESTMENTS - FRC
BANK OF HAWAII
CUSIP# 8000423145-112 0.17000% INT. DUE 06/30/11 $ 300,000.00
CENTRAL PACIFIC BANK
CUSIP# 8000738283 0.90000% INT. DUE 03/24/10 $ -
MERRILL LYNCH
CUSIP# 3136FHBU8 2.00000% INT. DUE 08/18/11 $ 1,000,000.00
CUSIP# 313396LT8 0.35400% INT. DUE 09/15/11 $ 498,812.50
MULTI-BANK
CUSIP# 493149BC1 2.60000% INT. DUE 12/18/09 $ 240,000.00
CUSIP# 58740XSS0 3.65000% INT. DUE 12/24/09 $ 245,000.00
CUSIP# 36160VCCH2 5.00000% INT. DUE 08/06/13 $ 97,000.00
CUSIP# 89214PAJ8 5.00000% INT. DUE 08/13/13 $ 97,000.00
CUSIP# 92705SASE3 1.50000% INT. DUE 08/17/03 $ 248,000.00
CUSIP# 70153RT9 1.50000% INT. DUE 09/09/13 $ 249,000.00
CUSIP# 02004MN74 1.50000% INT. DUE 09/03/13 $ 248,000.00

TDI (CSA)
CUSIP# 3128X9DX7 2.15000% INT. DUE 01/13/12 $ 1,000,000.00

VINING SPARKS

TOTAL SHORT-TERM INVESTMENTS - FRC $ 4,222,612.50
CASH ON WITH TREASURER - COK 10/31/10 $ 321,575.20
CASH ON HAND - FHB Savings (30-488235) 10/31/10 $ 944,962.35
Less: CLAIMS PAYABLE PAID ON 11/18/10 (450,441.89) $ 806,095.66
CASH BALANCE AT THE END OF THE MONTH $ 5,028,908.16
### FACILITIES RESERVE CHARGE

<table>
<thead>
<tr>
<th>CASH RECEIPTS</th>
<th>BUDGETED RECEIPTS</th>
<th>ACTUAL RECEIPTS TO DATE</th>
<th>RECEIPTS FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER ACTUAL RECEIPTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEGINNING CASH BALANCE</td>
<td>$5,535,242.86</td>
<td>$</td>
<td>$</td>
<td>%</td>
<td>$5,535,242.86</td>
</tr>
<tr>
<td>(FRC Refunds)</td>
<td>$496,200.00</td>
<td>$220,800.00</td>
<td>$18,400.00</td>
<td>44%</td>
<td>$278,400.00</td>
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<tr>
<td>4a Facilities Reserve Charge</td>
<td>$90,000.00</td>
<td>$14,593.59</td>
<td>$1,810.51</td>
<td>16%</td>
<td>$75,406.41</td>
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<tr>
<td>TOTAL RESOURCES</td>
<td>$6,124,442.86</td>
<td>$235,393.59</td>
<td>$15,610.51</td>
<td>4%</td>
<td>$5,889,049.27</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>CAPITAL EXPENDITURES</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
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</thead>
<tbody>
<tr>
<td>301 FRC CIP</td>
<td>$2,133,400.00</td>
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<td>$</td>
<td>0%</td>
<td>$2,133,400.00</td>
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<tr>
<td>301b FRC Fund Balance</td>
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<td>$</td>
<td>0%</td>
<td>$619,304.02</td>
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<tr>
<td>10/12/88</td>
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<td></td>
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<tr>
<td>102 Contract #322</td>
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<td>$</td>
<td>0%</td>
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<td>GMP Assoc, Inc. Job 87-1</td>
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<td>$</td>
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<tr>
<td>Poipu Storage Tank</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>08/01/59</td>
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<td>304 WK-21 Contract #345</td>
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<td>Fukunaga &amp; Assoc. Job 98-33 Wailua Well 3</td>
<td>$62,996.00</td>
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<td>$</td>
<td>0%</td>
<td>$62,996.00</td>
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<tr>
<td>06/28/04 (301, 301b)</td>
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<tr>
<td>LO-04 Con #436 Fukunaga &amp; Assoc Inc Job 02-02</td>
<td>$355,470.00</td>
<td>$</td>
<td>$</td>
<td>0%</td>
<td>$355,470.00</td>
</tr>
<tr>
<td>Omao 0.5 MG Tank</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3/8/06 (301, 301b)</td>
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<tr>
<td>314 Con 457 Kodani &amp; Assoc Inc H-8 HW-12 Job 05-02 Drill &amp; Test Wainaha Well No. 4</td>
<td>$355,470.00</td>
<td>$</td>
<td>$</td>
<td>0%</td>
<td>$355,470.00</td>
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10.10 FRC BUDGET STATUS
<table>
<thead>
<tr>
<th>CAPITAL EXPENDITURES</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/17/2007 (301)</td>
<td></td>
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<tr>
<td>321 Con 471 PRC Tech Eng. WK-23 Job 98-1 Wailua 250,000 MG Tank Survey</td>
<td>$28,187.00</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$28,187.00</td>
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<tr>
<td>7/19/07 (301, 301b)</td>
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<tr>
<td>322 Con 475 TOMCO Corp A-11 Pump, Controls, Pump Station &amp; Pipeline-Anahola Well #</td>
<td>$72,294.00</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$72,294.00</td>
</tr>
<tr>
<td>01/03/08 (301)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>323 Con 427 Belt Collins Hawaii WK-08 Kapaa Hmstds 0.5 MG Tank &amp; Kapaa 1.0 MG Tank</td>
<td>$175,915.34</td>
<td>$78,559.30</td>
<td>$ -</td>
<td>45%</td>
<td>$97,356.04</td>
</tr>
<tr>
<td>03/31/08 (301, 301b)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>324 Con 488 HDR Engineering WK-39 Kapaa Hmstds Well No. 4 Drill &amp; Test</td>
<td>$226,416.50</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$226,416.50</td>
</tr>
<tr>
<td>7/2/2008 (301)</td>
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<tr>
<td>325 Con 492 Earthworks Pacific WK-42 Phase II Offsite Waterline on Kaepuni Road for Stable Tank</td>
<td>$232,910.00</td>
<td>$207,327.10</td>
<td>$ -</td>
<td>89%</td>
<td>$25,582.90</td>
</tr>
<tr>
<td>7/31/2010 (301)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>326 Con 518 Unlimited Builders, LLC Job # 02-02 (Piilani 677 0.5 MG Storage Tank &amp; Conn Pipeline</td>
<td>$2,205,000.00</td>
<td>$455,841.89</td>
<td>$455,841.89</td>
<td>21%</td>
<td>$1,749,158.11</td>
</tr>
</tbody>
</table>

| TOTAL EXPENDITURES | $6,124,442.86 | $741,728.29 | $455,841.89 | 12% | $5,382,714.57 |

10.10 FRC BUDGET STATUS
DEPARTMENT OF WATER
County of Kaua‘i

“Water has no Substitute – Conserve It!”

PR SPECIALIST REPORT

December 2, 2010

RE: PUBLIC RELATIONS UPDATE FOR NOVEMBER, 2010

Public Relations Services Request for Proposal: The Lintiaco Company was selected to assist the department with our community outreach and education for our customers regarding the implementation of Water Plan 2020 and other projects. The contract is being drafted for approval and should be in place by the end of 2010. A “scoping meeting” is being set up to discuss the proposal in detail to ensure that we are all on the same page before moving any further.

Kauai Watershed Alliance: David, Tess and I met by conference call with Trae, Angela and Melissa from The Nature Conservancy, regarding the grant award document. The Nature Conservancy is responsible for the coordination and implementation of the Kauai Watershed Alliance (KWA) management plan, for the benefit of the Kauai Watershed Alliance. A draft document is currently being reviewed.

Fun Committee: The Fun Committee met and will be organizing activities as volunteers step up to spear head specific events. Mahalo to Jenny Lewis for volunteering to be the lead on our second year of giving by providing gift requests from the Angel Tree. Department staff will also be providing a meal for the people at the Homeless and Transitional Shelter in early 2011 as well as organize a pot luck get together to welcome the New Year. We welcome new members Mary Jane Garasi and Karen Ann Delgado!

Annual Meeting: The department’s annual meeting was held on Thursday, December 2, 2010, where a slideshow recapped 2010, a survey was taken regarding Organizational Best Practices and Keith Fujimoto was honored for his years of service and celebrating his much earned retirement. Mahalo to Sandi Nadatani-Mendez who took the lead in organizing the event, and to all who assisted her.

Respectfully submitted,

Faith Shiramizu
DOW Public Relations Specialist

Mgrrp/PR Specialist Report (12-16-10):cab
Operational Report – For the Month of November 2010

Personnel

- The vacant Account Clerk position has been filled and new employee scheduled to start work on Dec. 20th. DPS has informed us that recruitment for the Field Ops Superintendent has yielded no eligible applicants and recruitment for the Plant Ops Superintendent has yielded one (1) eligible. DPS has reopened recruitment for both superintendent positions.
- Two (2) of six (6) Department persons passed the October DSO exam.
- A Draft SOP for standby duty was sent to UPW for comments. The draft formalizes some existing informal practices as well as introduces some new practices.
- Please see the attached labor report for Operations Division as compiled by the Fiscal Division.

Source and Storage

- There was an extended power outage in Haean/Wainiha on Nov. 23 - 24 that caused the Wainiha subsystem to empty, leaving customers without water for about six (6) hours. Power and water was restored by about 4 PM on Nov. 24th.
- Kukuiula has agreed to repair the failed deep well pump assembly for Piwai Well #3. We are awaiting a repair schedule.
- Anahola Well #90B and Kalaheo Well #1 and pump replacements are complete. We are conducting micro tests on both wells prior to pumping into the water systems. Replacement of Kalaheo Well #2 pump will be scheduled for late December.
- Maintenance and West Crews are continuing work in Kalaheo on corrective actions identified by the Department of Health in a Sanitary Survey. We should be able to complete all of the work by the December 30, 2010 deadline.

Distribution

- Received several complaints of high water bills from the new Piilani Mai Ke Kai Subdivision in Anahola. We profiled three (3) of the meters and bench-tested two (2) of the meters. Our testing indicates that the meters and billing are accurate. One of the customers is reporting that she will be organizing community members to contest the water bills.
- East Crew has completed the relocation of two (2) service laterals and two (2) approx. 300’ interior pipes for Kawamura Farms in Lihue.
- The West Crew is starting a pipeline replacement project on Puolo Road in Hanapepe. The project will replace approx. 700’ of old cast iron and PVC pipeline.
- See statistics of leak repairs on the attached sheet.

Fleet, Inventory, Warehouse and Baseyard Area

- Maintenance Crew assembled new DOW driveway gate. Installation of gate motor and fencing are the remaining items.
- The compact excavator and equipment trailer went out to bid and opening is scheduled for December 16, 2010.
Work Orders by Job Reason Code for Selected Date Range

11/01/2009 to 11/30/2010

<table>
<thead>
<tr>
<th># of W/O's</th>
<th>Job Reason Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>35</td>
<td>LEAK-BOX</td>
<td>Meter Box Leak Repair</td>
</tr>
<tr>
<td>19</td>
<td>LEAK-CUST</td>
<td>Customer-Side Leak Repair</td>
</tr>
<tr>
<td>103</td>
<td>LEAK-MAIN</td>
<td>Mainline Leak Repair</td>
</tr>
<tr>
<td>91</td>
<td>LEAK-S/L</td>
<td>Service Lateral Leak Repair</td>
</tr>
</tbody>
</table>

Work Orders by Job Reason Code

Number of Leak Repairs per Month
DEPARTMENT OF WATER
County of Kaua‘i

"Water has no Substitute – Conserve It!"

MANAGER’S UPDATE

December 8, 2010

Re:  MANAGER’S UPDATE for NOVEMBER, 2010 to DECEMBER, 2010

CONTRACTS AWARDED BY THE MANAGER:

Re:  Job No. 02-19, WK-12, Waipouli Main Replacement, Lihue-Kapaa Water System,
      Budget clarification for Contract No. 405 with Kodani and Associates, Inc.

CLARIFICATION: It was requested that the Department verify the project budget as there was a
discrepancy between the Manager’s Report No. 11-36, approved on October 21, 2010 and Manager’s
Report No. 11-41, approved on November 18, 2010. Upon review of the project budget, it was
discovered that the Department did not account for voiding Amendment No. 1, which was replaced
with Amendment No. 2. Therefore, the discrepancy carried over to the current project budget. The
correct project budget is that noted in Manager’s Report No. 11-36 for $290,100.00, resulting in a
contingency of $2,200.00 for this contract.

FUNDING:

WATER UTILITY - 101b (CRP), 2009 - 2010
BUDGET
Contract No. 405, Kodani & Associates, Inc., Job
No. 02-19, KW-12, Waipouli Main
Replacement, Wailua-Kapaa.
Contingency $147,500.00
$7,400.00
BEGINNING BUDGET
$154,900.00

Amendment #1 (voided but budgeted) $48,400.00
Approved Amendment #2 (unbudgeted) ($53,600.00)
PROJECT TOTAL as of June 30, 2010 ($201,100.00)
PROJECT BUDGET as of June 30, 2010 $203,300.00
Difference of project total and budget $2,200.00
EXPENSES as of June 30, 2010 $124,570.00
AVAILABLE BALANCE as of June 30, 2010 $78,730.00

BEGINNING BALANCE as of July 1, 2010 $30,690.00
Budget deficiency ($48,040.00)
Additional Funding, Account 106.b CIP Reserve approved November 18, 2010 $48,040.00

Amendment #3 (August 19, 2010) $77,600.00
Amendment #4 (October 21, 2010) $11,400.00
Additional Funding Budgeted, Account 201-01, Bond $89,000.00
TOTAL PROJECT BUDGET as of November 18, 2010 $290,100.00
Balance (Project Contingency) $2,200.00

Re: Job No. 02-16, Water Plan 2020 Project WK-36, Pipeline Replacement along Wailua, Ohana, Anolani and Kuamoo Roads and Lehia Lane, Wailua-Kapaa Water System, Wailua, Kaua‘i, Hawai‘i

Contract was awarded to Koga Engineering and Construction, Inc. in the amount of $996,000.00.

FUNDING:
Account No. 201-01 Bond –BAB ......................................................... $38,774,071.99

Contractor, Koga Engineering and Construction, Inc .............. $996,000.00
Contingency, approximately 5% ................................................. $ 49,800.00
Total ........................................................................................................ <$ >1,045,800.00

BALANCE REMAINING
Account No. 201-01 Bond – BAB ......................................................... $37,728,271.99

Re: Job No. 04-06 (Water Plan 2020 KW-20) Waimea Well “A” Renovations, Waimea, Kaua‘i, Hawai‘i

Contract was awarded to R. Electric, Inc. in the amount of $533,488.00.

FUNDING:
Account No. 201-01 Bond –BAB ......................................................... $37,639,271.99

Contractor, R. Electric, Inc ............................................................... $ 533,488.00
Contingency, approximately 5% ...................................................... $ 26,675.00
Total ........................................................................................................ <$ 560,163.00>

BALANCE REMAINING
Account No. 201-01 Bond – BAB ......................................................... $37,079,108.99
MANAGER’S UPDATE
Re: Manager’s Update for November, 2010 to December, 2010
December 8, 2010
Page 3 of 5

Re: Job No. PLH-39, Department of Water Office Expansion and Renovations, County of Kaua‘i

RECOMMENDATION:
We would like the Board to submit a request to the County for transfer of the triangular shaped property adjacent to the DOW offices along with the proposed plan layout.

FUNDING: N/A

BACKGROUND:
The staff previously sent a letter to the Mayor to request transfer of the triangle property to the Board however a proper request would be from the Board to the Mayor and Council. Since the first review of availability of the property the administration has asked that some space be made available during the initial planning for storage of County documents. Attached is the previous request and response.

After some discussion with staff we have come up with a proposed schematic 8A to move forward with finalizing the master plan of the DOW office, Baseyard improvements and County Storage. This project will include the preparation of design drawings and specs for the expansion and renovations of the Department of Water’s office and baseyard improvements. The Department’s increased work load requires additional office space for its staff, storage and parking needs. Architects Hawaii Limited is tasked with the development of an office expansion and renovation master plan to house the Department’s operations for the next 50 years. Shown on the schematic is a storage facility for the County on the property to be obtained from the County of Kauai.

We have reviewed the various schematics prepared by Architects Hawaii Limited and find the plan to locate the office building on the highest ground with the best views and expect the building to not be an eye sore to users of the highway fronting the property. The storage building location we expect to be out of the way of future development of the property and to be most suitable for future operations.

Re: Bids – Solicitation GS-2010-3, Furnishing and Delivery of One (1) SUV 4-Door 4-Wheel Drive or All-Wheel Drive Hybrid Vehicle and One (1) ½-Ton Extended Cab Pickup Truck with Accessories

Contract was awarded to Servco Pacific Inc. dba Kauai Toyota in the amount of $40,004.48 for the furnishing and delivery of one (1) Hybrid SUV 4-Door 4-Wheel Drive Vehicle and a contract to Cutter CJD, Inc in the amount of $30,540.63 for the furnishing and delivery of one (1) ½-Ton Extended Cab Pickup Truck with accessories as called for in the Solicitation Document GS-2010-03.
MANAGER’S UPDATE
Re: Manager’s Update for November, 2010 to December, 2010
December 8, 2010
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Funding
Funds for the procurement of these items are available through Account No. 106, Vehicles and Equipment. There currently is $246,000.00 budgeted in Account No. 106 for various vehicles and equipment. The subject Hybrid SUV and ½-Ton Extended Cab Pickup Truck combined total cost is $70,545.11. The remaining balance of $175,454.89 is available from the unused funds for future vehicle and equipment purchases.

PUMP INSTALLATION PERMITS SIGNED BY MANAGER:
None.

WAIVER, RELEASE AND INDEMNITY AGREEMENTS SIGNED BY THE MANAGER:
Private Water System Waiver, Release and Indemnity Agreement between McBryde Sugar Company Limited and the Board of Water Supply

PERSONNEL MATTERS UPDATE:

As of December 8, 2010:

Ops Division:
1. Account Clerk. Selected. Start Date: December 20, 2010
2. Lead Pipefitter vacancies. DPS reviewing job applications.
3. Water Service Supervisor III vacancy. DPS reviewing job applications.

Fiscal Division:

Engineering Division & Water Resources and Planning Division:
1. Civil Engineer II. Finalizing paperwork to be submitted to DPS.

Administration Division:
4. Computer Systems Support Technician I. Request for eligibles list to be submitted to DPS.
AFFORDABLE HOUSING UPDATE:

Update will be provided after the next Task Force Meeting is held.

Respectfully submitted,

[Signature]

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

DRC: cab
Mgrp/Manager's Update (12-16-10): cab