BOARD OF WATER SUPPLY of the COUNTY OF KAUAʻI

REGULAR MEETING
Second Floor, Microbiology Lab Bldg
Kauaʻi County Department of Water
4398 Pua Loke Street, Līhuʻe, Kauaʻi, Hawaiʻi 96766

THURSDAY, DECEMBER 22, 2011

10:10 a.m.
Or thereabouts

A. CALL TO ORDER

B. ROLL CALL

C. ACCEPTANCE OF AGENDA

D. MEETING MINUTES:
Review and approval of:
Regular Meeting - October 27, 2011

MEETING TRANSCRIPTS:
Review and approval of:
Public Hearing – November 23, 2011
Regular Meeting – November 23, 2011

E. CORRESPONDENCE/ANNOUNCEMENTS
None

F. BOARD COMMITTEE REPORTS
1. Report of the Committee of the Whole of the Kauai County Board of Water Supply
   a. Annual Evaluation of the Manager and Chief Engineer
      i. Chart Report to Board

2. Report of the Rules Committee of the Kauai County Board of Water Supply
   a. Manager’s Report No. 11-24 – Committee Discussion and Possible Action on Part III Rule
   
       b. Manager’s Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes
      ii. Rule changes to implement Process Changes
G. **OLD BUSINESS**


2. *Manager’s Report No. 11-28* – Request Board Approval of Facilities Reserve Charge Changes
   i. Rule changes to implement FRC in Part Four
   ii. Rule changes to implement Process Changes

3. Annual Evaluation of the Manager and Chief Engineer
   i. Chart Report to Board

4. Suggestions for Capital Improvement Projects (CIP) for 2012 Legislative Session

H. **NEW BUSINESS**

1. *Manager’s Report No. 12 – 49* – Job No. 02-11, Project No. M-02, Construct Moloaa Tank, 100,000 Gallon Storage Tank, Moloaa, Kauai


3. *Manager’s Report No. 12 – 51* – Amendment No. 1 to Contract No. 543 for Job No. 11-03, WP2020 Project No. MO-03, Land and Well Acquisition Moloaa and Waimea, Kauai

4. *Manager’s Report No. 12 – 52* – Procurement and Specifications Specialist position

5. *Manager’s Report No. 12 – 53* – Table of Organization-Fiscal Division

6. Dual Water Line Issues – *Possible Executive Session*

I. **STAFF REPORTS**

**MONTHLY**

1. Statement of Kaua‘i County Water Department’s Revenues and Expenditures
2. Report by the Public Relations Specialist on Public Relations Activities
3. Chief of Operation’s Summary Report on Monthly Operational Maintenance
5. 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 Board may, when deemed necessary, hold an executive session on any agenda item without written public notice if the executive session was not anticipated in advance. Any such executive session shall be held pursuant to H.R.S. §92-4 and shall be limited to those items described in H.R.S. §92-5(a).

1. Pursuant to Haw. Rev. Stat §§92-4 and 92-5(a)(2), the purpose of this executive session is to consider the Job Performance Evaluation of the Department of Water’s Manager and Chief Engineer. This deliberation involves matters affecting the privacy of the Manager and Chief Engineer. If the individual concerned requests an open meeting, an open meeting shall be held.
   a. Job Performance Evaluation of the DOW Manager and Chief Engineer

2. Pursuant to Haw. Rev. Stat §§92-4 and 92-5(a)(4) the purpose of this executive session is to receive and consider a letter from HGEA dated November 17, 2011. The purpose of this executive session is to consult with the Board’s attorney on questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities as it relates to the HGEA letter dated November 17, 2011.

3. Pursuant to Haw. Rev. Stat. §§92-4 and 92-5(a)(4) the purpose of this executive session is to consult with the Board’s attorney on questions and issues pertaining to the Board’s powers, duties privileges, immunities, and liabilities as it relates to dual water systems.
   a. Dual Water Line Issues

K. TOPICS FOR NEXT WATER BOARD MEETING

1. Employee of the Quarter Award
2. Project Status Update
3. Affordable Housing Update

L. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Employee of the Year Resolution (March 2012)
2. Proposed Budget (March 2012)
3. Amend BAB Project List

M. UPCOMING EVENTS

1. AWWA – ACE 12 – June 10-14, 2012, Dallas, Texas

N. NEXT WATER BOARD MEETING

1. Thursday, January 26, 2012, 10:00 a.m.
2. Thursday, February 23, 2012, 10:00 a.m.
3. Thursday, March 22, 2012, 10:00 a.m.
4. Thursday, April 26, 2012, 10:00 a.m.

O. ADJOURNMENT
Draft Minutes
BOARD REPORT

December 22, 2011

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 Kauai County Board of Water Supply
   b. Manager’s Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes
      ii. Rule changes to implement Process Changes

Michael Dahilig
Chair – Rules Committee

cab
Mgrp/Board- Rules Committee (12-22-11) cab
BOARD REPORT

December 22, 2011

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. Annual Evaluation of the Manager and Chief Engineer
      i. Chart Report to Board

Daryl Kaneshiro
Chair – Committee of the Whole
Committee of the Whole Meeting

October 27, 2011
9:00 a.m.

Committee Members Present:  Daryl Kaneshiro, Chair, Randall Nishimura, Clyde Nakaya, Roy Oyama, Michael Dahilig (arrived @ 10:03 am), Larry Dill (arrived @ 10:04 am)

Absent and/or Excused:  Raymond McCormick

Staff Present:  David Craddock, William Eddy, Marites Yano, Deputy County Attorney Andrea Suzuki, Sandi Nadatani-Mendez, Faith Shiramizu, Dustin Moises, Val Reyna, Keith Aoki, Gregg Fujikawa

Chair Kaneshiro called the meeting to order at 9:30 a.m. Quorum was confirmed.

ACCEPTANCE OF AGENDA
Mr. Nishimura moved to accept the agenda as presented, seconded by Mr. Nakaya; by a unanimous vote; motion was carried.

OLD BUSINESS

a. Annual Evaluation of the Manager and Chief Engineer

DISCUSSION
Chair Kaneshiro explained that evaluation handouts were given to various agencies, along with KDOW Department Heads, 13 Peers including the Chief of Police, Council Members, Director of Economic Development, Civil Defense, Kauai Fire Department, and all Water Board Members. The evaluation that was handed out shows scores that were put together from these various agencies that interrelated with Manager Craddick. This scoring system does not include the names of the respondents who turned in the evaluation report. This evaluation is not required by DPS at this time, but the board has chosen to move forward to get this evaluation for Manager Craddick done.

Mr. Nishimura questioned if Manager Craddick was provided with these results. Since he was not, Manager Craddick should be provided with this scoring sheet.

Mr. Nishimura moved to receive the chart and suggested to provide a copy to Manager Craddick to review. Mr. Nishimura moved to defer the Annual Evaluation of the Manager and Chief Engineer to the December 22, 2011 Regular Board Meeting, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

b. Emergency Reserve Fund Policy

With the definitions that constitute an emergency reserve fund, Mr. Nishimura requested some changes to be done.
The changes to be made are:

Page 1 of actual policy "Conditions for Disbursement of Emergency Reserve Funds" Numbering should be: No.1 s/b No.2; No.2 s/b No.3; No.3 s/b No.1

No. 9 should state- Every effort should shall be taken to follow the procedures should a disaster be declared by the Governor or President so Emergency Reserve Funds that are reimbursable meet FEMA requirements.

Line 12- Mr. Nishimura suggested working on the language because Manager Craddick explained that 25% of reimbursement funds from leak rebates are not yet in effect.

Mr. Nishimura pointed out that if the Department encumbers all these contracts, there will only be $200,000 available for debt service in the first year. Mr. Craddick agreed, but because we are halfway through the first year and if something was to happen now, we would have sufficient cash to fund the debt service for this year and next year, but may have to cut some jobs that are being done. Ms. Yano added that the CIP reserve has $7.9 Million and the total debt service is $6 Million. Half of the debt service was probably paid off by now.

Mr. Nishimura explained that his primary objection to this policy is that it is based on 25% of revenue. Initially, the discussion on creating an emergency fund based on the recommendation at that time was supposed to have been based on 25% of previous year operations. Now there is quite a bit of difference with the 25% applied to OEM as opposed to 25% of total revenues which will have a negative impact on the rate holders. If this is indeed an emergency reserve fund, there is no problem basing it on OEM versus total revenue.

Manager Craddick explained to Chair Oyama and Mr. Nishimura that if revenue bonds are issued, to get the revenue bonds there will always have to be a reserve fund holding the next payment bond ready. With KDOH, all the bonds are with SRF and the Geobonds does not require it. There is no reserve except what is set aside each month to pay. At the start of the bond, they make the department put the next payment in the reserve fund and it is not touched until the very end of the bond. The KDOH does not have the protection of a reserve fund in order to follow this procedure.

Ms. Yano stated that Salaries and Operating Expenditures would come out to be about $19 million and Operating for Water Sales is about $20.7 million. Manager Craddick explained that audit shows the operating cost is approximately $13 million and the $6 million is debt service totaling $19 million.

Mr. Nishimura explained that item 9, should have a procedure to be able to get reimbursed. A change to this should state:

"Every effort should shall be taken to follow the procedures should a disaster be declared by the Governor or President so Emergency Reserve Funds that are reimbursable meet FEMA requirements."

Committee of the Whole Meeting: Thursday, October 27, 2011 – Page 2 of 3
Manager Craddock also recommended that there be stringent language added to item 9 for the Reserve Fund Policy.

Mr. Nishimura requested the language for item 12 be reviewed and changed. Manager Craddock explained that KDOW collects money every year and some is given back for the leak rebates. Whatever funds are available that is collected and not reimbursable 25% of those reimbursement funds and debt services goes into the emergency fund each year.

Mr. Oyama moved to defer the Emergency Reserve Fund Policy to the next committee meeting on November 23, 2011, seconded by Mr. Nakaya; by a unanimous vote, motion was carried.

ADJOURNMENT
At 10:05 am, Chair Kaneshiro adjourned the Committee of the Whole meeting.

mjg
REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday October 27, 2011

The Board of Water Supply, County of Kaua‘i, met in regular meeting at the Board Conference Room in Lihu‘e on Thursday, October 27, 2011. Chairperson Roy Oyama called the meeting to order at 11:54 a.m. On roll call, the following answered present:

BOARD:    Mr. Roy Oyama, Chairperson
          Mr. Randall Nishimura
          Mr. Clyde Nakaya
          Mr. Daryl Kaneshiro
          Mr. Michael Dahilig
          Mr. Larry Dill

ABSENT/EXCUSED:    Mr. Raymond McCormick

Quorum was achieved with 6 members present at the time of roll call.

STAFF:    Mr. David Craddick
          Mr. William Eddy
          Mr. Val Reyna
          Ms. Marites Yano
          Mr. Dustin Moises
          Ms. Faith Shiramizu
          Mr. Keith Aoki
          Mr. Gregg Fujikawa
          Ms. Sandi Nadatani-Mendez
          Deputy County Attorney Andrea Suzuki

GUESTS:    Mr. Clyde Kodani, Kodani and Associates
            Mr. Ted Inouye, Conservationist and Public Outreach

AGENDA:
Mr. Nishimura moved to delete G. Old Business Item No. 1 Manager’s Report No. 11-24 because this item was deferred to the November 23, 2011 Regular Board Meeting. Also to be deleted was H. New Business Item No. 5 Manager’s Report No. 12-31, seconded by Mr. Nakaya; with no objections, the motion to approve the agenda as amended was carried.

Deputy County Attorney Andrea Suzuki requested another roll call.

BOARD:    Mr. Roy Oyama, Chairperson
          Mr. Randall Nishimura
          Mr. Clyde Nakaya
          Mr. Daryl Kaneshiro
          Mr. Michael Dahilig
Mr. Larry Dill

6 members were present at the time of roll call.

**MINUTES:**
**Review and approval of:**
Regular Meeting Minutes - September 22, 2011

Mr. Dahilig moved to approve the minutes dated September 22, 2011, seconded by Mr. Kaneshiro.

Mr. Nishimura requested some changes be made to the September 22, 2011 Regular Meeting minutes. On Page 9 of the minutes under “Staff Reports” Item #5 is supposed to be defined as Item #34. Mr. Dahilig moved to approve the Regular Meeting Minutes of September 22, 2011 as amended; seconded by Mr. Nishimura, by a unanimous vote, motion was carried.

**CORRESPONDENCE**

***Re: Letter to the Board from County Attorney Alfred Castillo***
**DISCUSSION:**
Manager Craddock explained that this letter from County Attorney Alfred Castillo was addressed to him as well as to the Board requesting to open up a new Procurement Officer Position. This position would be so that the Department of Water’s Attorney Andrea Suzuki will not have to do all the procurements and possibly be in a position to defend our Department. In the next budget cycle this position will be looked at. Manager Craddock recognizes that our Attorney Andrea Suzuki is having to spend most of her time dealing with procurement issues and the issue that comes up is when the Department needs to be defended but the Attorney was the one that wrote the procurement up, this would cause a conflict. Manager Craddock suggested to Mr. Dill that getting someone from the Accounting Department to possibly step into this position. It would have to be someone highly educated in procurement issues.

Mr. Dahilig explained that since we are currently into our fourth month of the fiscal year, this issue will not be resolved for another eight months. If the budget is amended now, what will that position look like? How much will it cost? Who will be supervising it? What kind of impact will this have on the finances? Manager Craddock agreed that these issues can be addressed.

Mr. Dahilig moved to receive County Attorney Alfred Castillo’s communication and to have the requested information from the Manager in the November 23, 2011 Regular Board Meeting regarding the new Procurement Officer Position concerning the position title, location, and the cost if the budget amendment is opposed; seconded by Mr. Dill, by a unanimous vote, motion was carried.

**BOARD COMMITTEE REPORTS**

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

Regular Meeting: Thursday, October 27, 2011 - Page 2 of 15
Re: Annual Evaluation of the Manager and Chief Engineer
   i. Chart Report to Board

Chair Kaneshiro reported that the Committee of the Whole met at 9:30 a.m. and passed out the annual evaluation chart to the Board Members. Since the chart was disbursed during the meeting to the Board Members only, this item was deferred to the December 22, 2011 Regular Board Meeting. The Manager was provided with a copy and is given the opportunity to review the chart until the next board meeting. The chart did not reflect the responses of each individual, but instead given an overall average scoring based on the Board, Peers, and Staff. Once done, the results will be forwarded to DPS.

Re: Manager’s Report No. 12 – 24 Emergency Reserve Fund Policy
Chair Kaneshiro explained that during the discussion on this item, there were some changes and corrections to be made. This item was deferred to the November 23, 2011 Regular Board Meeting.

Report of the Rules Committee of the Kaua’i County Board of Water Supply

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

Re: Manager’s Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes
   ii. Rule changes to implement Process Changes

Chair Dahilig stated that the Rules Committee held the last committee meeting on October 20, 2011. This item was deferred to the next Rules Committee Meeting scheduled for Thursday, December 8, 2011 at 8 a.m.

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

This item was amended to be deleted from the agenda.

Re: Manager’s Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes
   i. Rule changes to implement FRC in Part Four (Finance Committee)

DISCUSSION:
Mr. Dill questioned if Manager Craddick can have the information requested by R.W. Beck available by the next Regular Board Meeting. Manager Craddick explained that R.W. Beck is
actually waiting to see what the results will be for the water rates in order to go forward. R.W.
Beck recommends waiting because if the money that is being allocated is coming to an end, but
first they wanted to see the results for the water rates.

Mr. Nishimura moved to defer Manager’s Report No. 11-28 – Request Board Approval of
Facilities Reserve Charge Changes to the November 23, 2011 Regular Board Meeting, seconded
by Mr. Dill; by a unanimous vote, motion was carried.

ii. Rule changes to implement Process Changes (Rules Committee)

Rules Committee Chair Dahilig moved to defer until the Rules Committee discusses the matter at
the next scheduled meeting set for Thursday, December 8, 2011 at 8 a.m., seconded by Mr.
Nakaya; by a unanimous vote, motion was carried.

and Water Rate Study

DISCUSSION:
Manager Craddick explained that a handout of Option 9 and Option 10 from pages 95-102 be
received for the record to the Board and the DOW Staff. Page 101 is the comments made by
R.W. Beck which states the two revised rate scenarios incorporating the revised debt service,
starting balance and leak rebate correction, the tables summarizes the two scenarios under Option
9, it’s dropped from 8 to 7.6% and Option 10 is remaining at 11.2%. The average monthly bill
for 5/8” meter rate is with the assumption that the full amount of the debt service payback from
the FRC can be paid each year and will require an increase in FRC revenues. Option 10 shows an
assumption without an increase in FRC revenues and the debt service payback is only as much as
what is available in the fund each year. Manager Craddick also explained that the rate increase
for 2012 is only for six months and applies to both options. Based on 10,000 gallons per month
for 5/8” meter the rate is the average for the last six months.

In the 2012 budget, the leak rebate is budgeted by the years after it is omitted. So the assumption
is made that the leak rebate ends by fiscal year 2012 and if it doesn’t the revenues would drop
and the rate would be higher.

Manager Craddick stated that an agreement can be made, there would be a scheduled small
business meeting next month, a public hearing scheduled for December, and the rates may be
implemented by January 1st or February of 2012.

Mr. Nishimura questioned why the cost of power adjustment was taken out. Ms. Yano explained
that on Page 101, 2013-2016, of the first worksheet, the debt coverage ratio was at 1.2 and on
Page 95 Line 18; the power adjustment charge went from 7.6 to 7.5. Manager Craddick corrected
page 101 and explained that the power adjustment charge should be at 7.5 and not 7.6. Ms. Yano
also explained that Line 56 was $1.9 Million so the debt service was updated due to
reimbursements made for fiscal year 2011 so now it is shown as $2.2 Million.

Mr. Nishimura pointed out that the debt service amount paid by FRC is shown as the same in

Regular Meeting: Thursday, October 27, 2011 - Page 4 of 15
fiscal year 2012. With Option 9, the FRC would be paying a larger debt service.

Manager Craddick explained that it is projected as that because it is being paid out of the BAB Bonds and the idea was to have some cushion. For example, if the FRC rate is increased, it does not mean that the consumer will be coming in to pay it. Some will think that they do not need to pay and when a whole year goes by they are getting a reduced amount. As the past two years went, the number of consumers coming in has doubled. Anyone who can get the FRC now is coming to get it. There may be a lull before they are required to come in and they do this to lock in their FRC charge.

If the FRC does pick up, there are two choices:

1. Not implement one year’s rate increase; defer.
2. More money to do more jobs having an ample amount of jobs to be done.

Manager Craddick’s recommendation would be Option 10 because it is more conservative with a higher rate. This option would have the Department of Water in a position to get FRC revenue because there will not be enough consumers coming in.

Mr. Nishimura stated that we are looking at Option 10 at an 11.2% increase for four years resulting in a 44% rate increase. Option 9 would be for the same period of time.

At 10:58 a.m., Chair Oyama called the Regular Board Meeting to a recess.

At 11:15 a.m., Chair Oyama called the Regular Board Meeting back to order.

Mr. Nishimura suggested to schedule a special board meeting next week and to request a revised Manager’s Report to the board that includes the content of the data that was handed out which incorporates the findings of Option 9 and Option 10.

Mr. Nishimura moved Manager’s Report No. 11-49 – R.W. Beck Report on Financial Planning Analysis and Water Rate Study to be deferred to a Special Meeting to be held on Friday, November 4 at 9 a.m. and that the Manager be directed to provide an updated Manager’s Report No. 11-49 and include the contents of the information on Pages 95 to 102 passed out in this meeting and to receive the handouts provided to the Board of Option 9 and Option 10, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Re: Manager’s Report No. 12 – 24- Emergency Reserve Fund Policy

DISCUSSION:
Manager Craddick explained that the committee deferred this item to the November 23, 2011 meeting.

Mr. Nishimura moved to defer Manager’s Report No. 12 – 24- Emergency Reserve Fund Policy to the November 23, 2011 Regular Board meeting, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.
**Re:** Board Discussion on the FY 2012 Goals for the Manager

**DISCUSSION:**
Mr. Kaneshiro stated that the Goals for the Manager was discussed in the Committee of the Whole meeting and was moved to the full board. Dates have been set for the Goals for the Manager as well as a timeline that has to be met. The packet titled “Goals for the Manager” has the finalized format of what has been set.

Manager Craddick explained that Best Practices is included in the packet and the graphs were requested from the Board to review. The Water Treatment Cost that is being worked on and the System Water Loss are missing. There is still quality control checking that still has to be done.

Mr. Kaneshiro approved *Board Discussion on the FY 2012 Goals for the Manager*, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.

**Re:** Annual Evaluation of the Manager and Chief Engineer

i. Chart Report to Board

Mr. Kaneshiro moved to defer the Annual Evaluation of the Manager and Chief Engineer to the December 22, 2011, Regular Board Meeting, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.

**Re:** Manager’s Report No. 12–27 – *REVISED* Request Board Approval of Change Order #5 with Goodfellow Brothers for Job No. 04-06, KW-05, Kekaha Well “B” Renovations, Kekaha Water System; Kekaha, Kauai

Mr. Nishimura recused himself from voting on this item.

**DISCUSSION:**
Manager Craddick recommended that the Board approve the additional funds in the amount of $42,760.82 for Contract #503 with Goodfellow Bros. Inc. for proposed Change Order #5.

Mr. Moises explained that Change Order #3 for $216,074.00 was the initial design to repair the pump. Change Order #5 for $53,564.82 was used for the purpose during the pulling of the pump, it had trapped air and the major additional components of this project are to install a new thrush air vent, install a new concrete encased conduit and wires, and to install new column piping and shafts.

Mr. Dahilig moved to approve *Manager’s Report No. 12–27 – REVISED Request Board Approval of Change Order #5 with Goodfellow Brothers for Job No. 04-06, KW-05, Kekaha Well “B” Renovations, Kekaha Water System; Kekaha, Kauai*, seconded by Mr. Nakaya; by a unanimous vote, motion was carried.
NEW BUSINESS

Re: Tentative Board Meeting dates for 2012

Mr. Kaneshiro moved to approve Tentative Board Meeting dates for 2012, seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

Re: Manager’s Report No. 12 – 17 – Second Change order for Job 05-02, Drill and Test Hanalei Well #2 & Job 05 – 02, Drill and Test Wainiha Well #4

Mr. Nishimura moved to approve Manager’s Report No. 12 – 17 – Second Change order for Job 05-02, Drill and Test Hanalei Well #2 & Job 05 – 02, Drill and Test Wainiha Well #4, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Re: Manager’s Report 12 – 29 – Request Board Approval of the Annual Extension (11-18-11 to 11-17-12) of the Volunteer Agreement with Mike Fernandes for Grounds Maintenance of our Nonou 0.2 MG Tank Site

Mr. Kaneshiro moved to approve Manager’s Report 12 - 29 – Request Board Approval of the Annual Extension (11-18-11 to 11-17-12) of the Volunteer Agreement with Mike Fernandes for Grounds Maintenance of our Nonou 0.2 MG Tank Site, seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

Re: Manager’s Report 12 – 30 – Request Board Approval to Investigate the Operation of Non-Potable Waterworks of the County

DISCUSSION:
Manager Craddick recommended the Board’s approval to allow the Manager and the DOW Staff to investigate the operation of non-potable waterworks of the County for the purpose of supplying water to the public, and to provide a report to the Board on the feasibility, risk and cost of such operation.

The Manager’s Background as stated:

Background:
I do not believe there is any legal impediment to this request. In the County of Kauai Charter, section 17.03, Powers and Duties of the Board - “The board shall manage, control, and operate the waterworks of the county and all the property thereof for the purpose of supplying water to the public, and shall collect, receive, expend and account for all sums of money derived from the operation thereof and all other monies and property provided for the use or benefit of such waterworks.” The state laws say:

HRS chapter §54-15 Powers and duties of board. “The board of water supply shall manage, control, and operate the waterworks of the county and all property thereof, for the purpose of supplying water to the public in the county, and shall collect, receive, expend, and account for all sums of money derived from the operation thereof and all other monies provided for the use or
benefit of the waterworks and all property used for or held in connection therewith." [L 1961, c 155, pt of §1; Supp, §145A-5; HRS §54-15]

Waterworks are not restricted to potable systems in the County of Kauai Charter or in state laws.

There are some non-potable water systems in the County which may go out of use that recharge groundwater sources where DOW currently has wells. There are other non-potable water systems which are in use but not managed in a manner that protects the public and which DOW has depended on the non-potable system being operated to reduce potable demand.

It is my recommendation to take a deeper look at these systems which could undermine the integrity of the potable system. In addition there may be an advantage to having non-potable water available for agricultural uses rather than the general water system user subsidizing the agricultural water system user.

I expect this deeper look to be done by DOW staff resulting in a cost/benefit report to the Board on the feasibility, risk and potential cost being taken on when operating any non-potable system which we find that could provide some benefit to the DOW in future operations.

DISCUSSION:
Mr. Nishimura questioned if this purpose is to look primarily to recharge systems or non-potable systems as a whole? Manager Craddick explained that in his conversations with Ed Tschupp at the Wastewater division, the R1 system in Lihue can treat more water than what is available or on the contract. The numbers of reservoirs in the county are potentially going out of service due to liability to the landowner. The goal is to recharge the main grounds that supplies wells to be available, and to bring it to a level to be operated safely. Kilaeua’s system of the county can have an agricultural park, but no water available. The benefits would be to protect the current supply, to reduce future pressure on the potable water system to agricultural users if they are able to use non-potable water. The expected cost of study would be with the current DOW Staff.

Mr. Inouye testified to the Board as a water conservationist and as a public outreach consumer. He thanked the Board for giving the funds as part of their operations. For public outreach, Mr. Inouye participated in recognizing a farmer or rancher who makes an outstanding effort to conserve water using innovative means to conserve. With the water conservation part of their project, their public relations annually awards a fifth grader on drawings that are entered describing how they can conserve water.

Mr. Kaneshiro emphasized that the goal would be to preserve resources for better use for agriculture.

Mr. Nakaya moved to approve Manager’s Report 12 - 30 – Request Board Approval to Investigate the Operation of Non-Potable Waterworks of the County, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Re: Manager’s Report 12 - 31 – This report removed at the request of the Manager

No discussion of this item was held because this item was deleted.
Re: Manager’s Report 12 - 32 – Request Board Approval of Budget Amendment to purchase one additional vehicle

DISCUSSION:
Manager Craddick explained that the Department had 7 vehicles budgeted for this year and the request is for 8 vehicles altogether. The $7,795.92 is left over even if this eighth vehicle is purchased for $35,985.50. The proposed amount was reduced.

Deputy Manager William Eddy explained that with the 7 vehicles that were budgeted, the 4-Wheel Van budgeted was $27,000 more than what was needed.

Manager Craddick explained that this Nissan Leaf was initially bought by grants, but in exchange the funds for the vehicle of $35,985.50 will be used to purchase chargers.

Deputy Manager William Eddy informed the Board that the current Chevy Cavalier for the mail runner will be auctioned and taken out of inventory. The standard vehicle replacement for a DOW car is 7 years or 100,000 miles.

Mr. Nakaya questioned if the battery life expectancy is the standard 5 year. Deputy Manager William Eddy stated that there is the standard 3 year, 36,000 expectancy. Chair Oyama also questioned that although it is constantly charged, how long will the battery expected to last? Deputy Manager William Eddy explained that the DOW is hoping to receive the expected life of 7 years before purchasing a new battery.

Mr. Nishimura moved to approve Manager’s Report 12 - 32 – Request Board Approval of Budget Amendment to purchase one additional vehicle and charger, seconded by Mr. Nakaya; by a unanimous vote, motion was carried.

Re: Manager’s Report 12 - 33 – Request Board Approval of Grant of Easement “W-1” and “W-2” from the County of Kauai for the 6” Water Line (12” Water Line Alternative) Construction Plans For Kaumuali’i Highway for the Kauai Habitat for Humanity, Eleele, Kauai

Mr. Dill moved to approve Manager’s Report 12 - 33 – Request Board Approval of Grant of Easement “W-1” and “W-2” from the County of Kauai for the 6” Water Line (12” Water Line Alternative) Construction Plans For Kaumuali’i Highway for the Kauai Habitat for Humanity, Eleele, Kauai, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.


RECOMMENDATION:
It is recommended that the Board amend the previous adoption of Manager’s Report No. 12-3, previously adopted at the August 18th, 2011 Board Meeting and allow notice to proceed for the first contract amendment of Contract No. 512 with Architects Hawaii Limited for the subject project once the County of Kauai authorizes the Department of Water to subdivide the adjacent triangle parcel N-1 on their behalf.

DISCUSSION:
Manager Craddick explained that there are different requirements than what was originally planned and they are wanting to subdivide something out and this issue delayed the process of the DOW and the County's Administration entering into the contract and the DOW did not want to have the potential of losing what Architects Hawaii Limited have offered. The DOW is still waiting for the Finance Director to sign off.

Mr. Moises explained that he attended the meeting last week with the County’s Administration to discuss how the DOW can amicably clear up this subdivision line. The discussion brought up the retail office space for the County which consisted of the old public storage idea at the County. This is currently being reviewed right now. Basically this is cutting out what the Department needs over the next 30-50 years. If the Department would have to cut out so much that it does not fit the needs, we would have to reevaluate what our options are. Initially the contract amendment for the land transfer authorization included three months extra into their contract line. Since the Master Plan was approved by the Board and some members of the County, there was no authorization for the land transfer and Architects Hawaii Limited is still waiting. Their proposal is supposed to start in October and the bid date would be December 12th of 2012. With the three months contingency, it was thought that this would have been enough time.

The funds spent on the Master Plan would be spent and then it would have additional cost for a new Plan for the existing facility and to work from that. Manager Craddick explained that a chunk of the cost for the Master Plan was used to design the spacing needs of the Department and would not result in a loss. With the Environmental Assessment already done and the County changing their mind at the eleventh hour, resulted with the sewer line that was agreed to be for the storage building and not retail office space. The Manager recommends that because Architects Hawaii Limited is knowledgeable of what the needs of the Department are, we do not want to lose their price offer that they had proposed. Mr. Moises explained that Architects Hawaii Limited has bent over backwards in order to accommodate with all the scenarios, changes, and the needs of the department.

Mr. Dahilig explained that the needs of the landowner need to be addressed. This is a due diligence standpoint at their end. As of this morning, their questions have not been answered. This is an issue of have the new needs of the landowner been addressed? This does not make sense to extend a contract if there is no firm agreement with the landowner.

Mr. Moises noted the contract amendment got approved earlier, but we cannot issue the Notice To Proceed (NTP). This contract amendment is once the County’s Finance Director signs off and even if this is signed off today, that does not mean we will issue the NTP because the DOW will still have to work with the County on their issues.
Deputy County Attorney Andrea Suzuki explained that the first step would be for the Director of Finance to sign the authorization form to allow the Department to proceed with the subdivision process, once the Board signs authorization for the Department, Mr. Moises can issue the NTP for Architects Hawaii then will go to subdivision as a Department on the County’s behalf, then to Council for Resolution. The amendment for the NTP was assumed to begin in October so the contract amendment had an end date assuming that the NTP would begin in October, but since it was issued, this pushes everything back. This contract is to amend the condition that the board took action on this item from the last Regular Board Meeting.

Mr. Nishimura stated to not stipulate with the NTP until the Finance Director signs off on the authorization form. Mr. Nishimura moved to allow the DOW to proceed with the first contract amendment with Architects Hawaii once the Finance Director authorizes the DOW to subdivide the adjacent triangle parcel and on their behalf, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried. Mr. Dahilig voted with reservations.

Chair Oyama amended the agenda to take Quarterly Reports No.1 Employee of the Quarter Award – Third Quarter out of order and to be discussed next.

QUARTERLY
Re: Employee of the Quarter Award – Third Quarter

Manager Craddick presented a certificate of achievement to Dustin Moises as “Employee of the 3rd Quarter.”

Mr. Moises has worked tirelessly and in a professional manner to keep our projects moving at a steady flow toward completion. He has done this while maintaining a busy home life and participating in water department activities after work. During the last year over $37 million in projects have been managed to meet on time completion and for the most part have been within budget. Changes have been for additional work that had it not been allowed in a timely manner would have cost the Department in delays and/or dollars. This effort has required coordination with all divisions as well as getting out information to the public about the projects and the effect they may have on the community. We are very fortunate to have such a person that can roll with the blows as Dustin has and keep on going.

At 12:50 p.m. Chair Oyama called the Regular Meeting to recess.

At 1:09 p.m. Chair Oyama called the Regular Meeting back to order.

STAFF REPORTS

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

DISCUSSION:
Ms. Yano gave an explanation in response to Mr. Nishimura’s question during the last Regular Board Meeting. He questioned why Line Item #34 Office Supplies was already 30% of our budgeted amount. $10,972.02, computer listed expense, is supposed to have to been credited under its own Line Item 103. This has been corrected and shown in this report.

Mr. Dahilig moved to approve the Statement of Kaua‘i County Water Department’s Revenues and Expenditures, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Re: Report by the Public Relations Specialist on Public Relations Activities for August and September

DISCUSSION:
Ms. Shiramizu provided a breakdown in her report regarding the Source/Wellhead Protection Plan. Chair Oyama also recognized Board Member Larry Dill for volunteering for another year with the Project Wet event with the 5th graders on the island. Also, the Board recognized the Farm Bureau for donating their tents for the day for this project.

Mr. Dill moved to approve the Report by the Public Relations Specialist on Public Relations Activities for August and September, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

Re: Chief of Operation’s Summary Report on Monthly Operational Maintenance for August and September

DISCUSSION:
Mr. Reyna stated that the Operations Division personnel attended a “Pump Stations” training course sponsored by the Department of Public Works, Wastewater Management Division in coordination with the Department of Health, Wastewater Branch.

For source and storage, the Pukaki and KCC wells from Chlorine to Hypochlorite has been completed with the help from our microbiologist.

With Hanamaulu Well #3, there has been preliminary work being done to determine the condition of the well by videotaping then cleansing of the well through bailing.

Bids for pump and motor replacements of Waimea Heights booster pumps #1 and #2 were received and awarded to the lowest bidder. We are expecting to receive these pumps in 60 days.

Mr. Nishimura moved to receive the Chief of Operation’s Summary Report on Monthly Operational Maintenance for August and September, seconded by Mr. Nakaya; by a unanimous vote, motion was carried.

Re: Manager’s Monthly Update Regarding Activities of Note of the Kaua‘i County Water Department for August/September and September/October

CONTRACTS AWARDED BY THE MANAGER:
Re: First Contract Amendment with Belt Collins Job No. K-01, K-12 Kalaeheo 1111’ and 1222’ Water System Improvements, Kalaeheo, Kaua‘i, HI, Contract No. 533

The Department approved the first contract amendment for Contract No. 533 with Belt Collins, Ltd., for the subject project. This change is based on additional scope requested by the DOW, the water main along the access road between the existing clearwell site and its intersection with Pu‘uwai Road is to be replaced and an additional topographic survey is required. No additional time is being requested with this additional scope and the project completion date of 4/30/2013 remains.


The Department approved the time extension request of 272 days for Contract No. 520 with Fukunaga and Associates, Inc. for the subject project/contract.

SUMMARY OF WARRANT VOUCHERS PAID – September 30, 2011
Warrant vouchers were paid in the amount of $1,699,287.95

With the Conveyance of Water Facility, this is currently being tied down to the amount of money collecting with the FRC and this would be a new report being given along with the Water Quality Report.

RECAP OF MANAGER’S MEETINGS AT AWWA WUC AND NRWA

The AWWA WUC discussed hexavalent chromium, well fracturing and EPA regulations. The issue relevant to Kauai DOW is the hexavalent chromium. The AWWA is requesting that the current regulation process of determining benefit be followed rather than regulation by fiat.

I was not able to attend all of the NRWA conference but I can say the joint meeting with IUCEE allowed for some interesting information gathering. Some equipment was found that may benefit DOW. I do not know at this time whether a joint meeting will be held next year.

The NRWA legislative committee, which I am on, is still working to recover training funds lost during the 2011 budget process. Senator Inouye was instrumental in retaining the USDA Circuit Rider funding. Senator Inouye was so instrumental that the Hawaii Rural Water Association got some recognition at the conference. Mr. Sakoda, Kaua‘i’s field representative for Senator Inouye, was instrumental in setting up the meeting in Washington DC.

Deputy Manager William Eddy commended our former Chief of Operations, Les Yoshioka, who won the highest Officer Award given from the HWWA.

Mr. Nishimura questioned Manager Craddock if he was able to find out about Kahili Mountain High Level Well funding from the last Regular Board Meeting. Ms. Shiramizu explained that the DOW would spend down the principle forgiveness of the grant.
With the Bond Funds on projects, Mr. Nishimura requested that for projects which go out for design, that preference is given to the local consultants and contractors within the limitations of procurement to stimulate our local community.

Mr. Nishimura moved to receive the Manager’s Monthly Update Regarding Activities of Note of the Kaua'i County Water Department for August/September and September/October, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

QUARTERLY
Re: Employee of the Quarter Award – Third Quarter
Chair Oyama amended this item on the Agenda to be discussed before the Staff Reports.

Re: Project Status Update
Mr. Nishimura moved to receive the report of the Project Status Update, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

Re: Affordable Housing Update

DISCUSSION:
Mr. Dill asked about the Affordable Housing in Elele. Manager Craddick explained that the Mayor will get back to the DOW regarding the CIP projects. The County is not doing any CIP project requests to the legislature this year.

Mr. Fujikawa explained that there are source, storage, and transmission issues in Port Allen and Elele.

Mr. Dahilig moved to accept the report of the Affordable Housing Update, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

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

1. Pursuant to Haw. Rev. Stat §§92-4 and 92-5(a)(2), the purpose of this executive session is to consider the Job Performance Evaluation of the Department of Water’s Manager and Chief Engineer. This deliberation involves matters affecting the privacy of the Manager and Chief Engineer. If the individual concerned requests an open meeting, an open meeting shall be held.

There was no executive session held at this meeting.
TOPICS FOR NEXT WATER BOARD MEETING
1. Draft Annual Audit
2. Final Annual Audit
3. Board Meeting Dates for 2012

TOPICS FOR FUTURE WATER BOARD MEETINGS
4. Election of Officers (December 2011)

UPCOMING EVENTS

NEXT WATER BOARD MEETING
1. Wednesday, November 23, 2011, 10:00 a.m.
2. Thursday, December 22, 2011, 10:00 a.m.

ADJOURNMENT

There being no further business, Chair Oyama adjourned the meeting at 2:28 p.m.

Respectfully Submitted,                        Approved,

Mary-jane Garasi                                Randall Nishimura
Acting Commission Support Clerk                 Secretary – Board of Water Supply

Regular Meeting: Thursday, October 27, 2011 - Page 15 of 15
COUNTY OF KAUA\text{I}

BOARD OF WATER SUPPLY

PUBLIC HEARING

\textbf{ORIGINAL}

Wednesday, November 23, 2011

10:10 - 10:19 a.m.

Second Floor, Microbiology Lab Building

Kauai County Department of Water

4398 Pua Loke Street

Lihue, Kauai, Hawaii 96766

REPORTED BY:

TERRI R. HANSON, CSR 482

Registered Professional Reporter
APPEARANCES

BOARD MEMBERS:
Roy Oyama, Chair
Larry Dill
Daryl Kaneshiro (arrived at 10:17 a.m.)
Raymond McCormick
Randall Nishimura

STAFF:
David Craddick
Deputy County Attorney Andrea Suzuki
Marites Yano
Faith Shiramizu
Dustin Moises
Val Reyna
Keith Aoki
Edward Doi
Becky Malapit
PUBLIC HEARING

CHAIRMAN OYAMA: It's 10 after 10:00.

We're starting with the public hearing. And I'm going
to pass along to our chief engineer, David Craddick, to
run through as a presenter to present the hearing.

Okay? Is that all right?

MR. NISHIMURA: Yes sir.

MS. SUZUKI: Is that what you agreed to?

We have a script right here.

CHAIRMAN OYAMA: Yes.

MS. SUZUKI: Start at the beginning. So

you just read --

CHAIRMAN OYAMA: You just want me to read

it?

MS. SUZUKI: Just read that first

paragraph, and I'll read the rest.

CHAIRMAN OYAMA: Okay. I'll read the

first. Okay. All right, here we go. Thank you. Okay.

A public hearing will be today, Wednesday,

November 23rd, 2011, regarding the corrections to the

proposed amendments to the Rules and Regulations of Part

IV, affecting Sections I, V, and new Section XI, which

will be more specifically stated when the public hearing

notice is read shortly.

Copies of the proposed rule amendment are
available. Our legal counsel will now explain the procedures that will apply to this hearing. Thank you.

MS. SUZUKI: The board will follow the following procedures as laid out in Part I, Section VI, Subsection III of the Department of Water, County of Kauai, Rules and Regulations in holding this public hearing.

A presentation will first be made by the department regarding the proposed rules that are the subject of today's hearing. The department will then ask if there are any questions the board may have regarding the department's presentation.

The board will then take public testimony. Which there's a signature that's out there.

MS. SHIRAMIZU: Nobody.

MS. SUZUKI: If anyone wants to testify, fill out the signature list. I see that no one is in the room.

If anyone is going to testify, state your name, address, organization you're representing, and if you're a registered lobbyist.

Limit your comments to the subject matter of today's public hearing.

Refrain from direct questioning of the board and direct any remarks or questions to the chair.
Anyone speaking may be subsequently subject to questioning. And questions by the board shall be permitted only at the discretion of the chair.

The three-minute rule will be followed regarding all testimony. So testimony should be limited to three minutes. If you don't complete your testimony, you will be given another opportunity to speak what you want to say.

And the board shall not be bound by any technical rules of evidence. Thank you.

Any questions? No.

CHAIRMAN OYAMA: Okay. The public meeting is now open. The purpose of this hearing is for the Board of Water Supply to hear testimony and take action relating to the corrections to the proposed amendments to the Rules and Regulations of Part IV, Section I, V, and new Section XI.

Will the secretary please conduct a roll call of the commissioners and read the hearing notice, please.

MS. MALAPIT: Oh, that's me.

CHAIRMAN OYAMA: Yes.

MS. MALAPIT: Roy Oyama.

CHAIRMAN OYAMA: Here.

MS. MALAPIT: Michael Dahilig. Larry Dill.
MR. DILL: Here.


MR. MCCORMICK: Here.

MS. MALAPIT: Randall Nishimura.

MR. NISHIMURA: Here.

CHAIRMAN OYAMA: Four is a quorum.

MS. MALAPIT: Okay. We have a quorum.

CHAIRMAN OYAMA: Thank you.

MS. MALAPIT: My job's done.

CHAIRMAN OYAMA: For now.

MR. CRADDICK: For the hearing notice, this was advertised on November 23rd, October 22nd, 2011, in the Garden Isle newspaper.

CHAIRMAN OYAMA: Okay.

MR. NISHIMURA: Point of order, Mr. Chair.

CHAIRMAN OYAMA: Yes.

MR. NISHIMURA: Do we need to have the entire notice of public hearing read into the record, or can we have it entered into the record by reference?

MS. SUZUKI: Well, usually we read it into the record is what we've done in the past.

MR. NISHIMURA: Okay.

MR. CRADDICK: I can read that.

CHAIRMAN OYAMA: Go ahead.
MR. CRADDICK: Notice of public hearing and it was noticed on the date that I said, Board of Water of Supply, County of Maui -- or County of Kauai, will hold a public hearing at the board room located on the second floor of the Kauai County Department of Water, Micro Lab Building at 4398 Pua Loke Street, Lihue, Kauai, Hawaii, on Wednesday, November 23rd at 10:00 a.m. or soon thereafter for purposes of hearing and receiving public testimony and comments from all interested persons regarding the following items: Proposed amendments to the Rules and Regulations of the Board of Water Supply, County of Kauai, State of Hawaii, Part IV, fixing rates for the furnishing of water service in the County of Kauai. The Section I, General Use Rates, revisions to institute monthly billing instead of bimonthly billing; Section V, Private Fire Service Charges, section revisions to provide detailed information about the method the department uses to bill private fire lines; Section XI, Late Charges, new section to institute a late payment fee in the amount of 1/2 percent against the delinquent balance for every month or a fraction thereof.

A copy of the proposed rule amendment will be mailed to any interested person who requests a copy and pays the required fees for the copy and postage.
Requests may be made by calling the water manager's office at 245-5408 or by submitting facsimile requests to 246-8628. Requests may also be made up to and including the date of the public hearing.

The proposed rule amendments may be reviewed in person between the hours of 8:00 and 4:00 p.m., Monday through Friday excluding State of Hawaii holidays at the water manager's office. Hawaii proposed rule amendments may be reviewed any time up to and including the date of the public hearing.

All interested persons may submit data, views, arguments, or other testimony orally or in writing or both concerning the proposed rule amendments. Data, views, arguments, or other testimony may be submitted any time up to and including the date of the public hearing or at the public hearing itself. Data, views, arguments, or testimony may be submitted by email to cbeardmore@kauaiwater.org or by facsimile to 246-8628 or by US mail to the water manager's office whose address is 4393 Pua Loke Street, Lihue, Kauai, Hawaii 96766.

The board may impose a time limit for each person presenting testimony at the hearing. Should you have any questions, please do not hesitate to call the water manager's office at the same number.

Signed by the Board Chair, Roy Oyama. It's
dated October 22nd, 2011.

CHAIRMAN OYAMA: Okay. Thank you. At this time Mr. Kaneshiro arrived and will be at this meeting. And he will be recorded as being present.

MS. SUZUKI: Daryl Kaneshiro.

MR. KANESHIRO: Here.

CHAIRMAN OYAMA: Thank you. So we have five present now. Okay. Let's see now.

I would now call upon persons signed up on the sign-in sheet at the public desk and being registered, taking persons. Is there anyone else here that has not spoken? Excuse me. Anybody to speak? (No response.) None?

MS. MALAPIT: There's no names on the sign-in sheet.

CHAIRMAN OYAMA: Okay. Since there's not, board members, any comments?

MS. SUZUKI: Read that last paragraph.

CHAIRMAN OYAMA: That's the public testimony, right? Yeah.

There being no further testimony, I will close the public testimony portion of the public hearing. The Small Business Regulatory Review Board has determined that the department need not return to the review board unless substantive changes were made to the proposed
amendments after the public hearing.

The public hearing is now closed. Thank you for coming. Thank you. We're done.

(Concluded at approximately 10:19 a.m., November 23, 2011.)

* * * * *
STATE OF HAWAII )
  ) ss.
COUNTY OF KAUAÍ )

I, TERRI R. HANSON, RPR, CSR 482, do hereby certify:

That on Wednesday, November 23, 2011, at 10:10 a.m. that the foregoing PUBLIC HEARING, County of Kauai, Board of Water Supply, was held;

That the foregoing proceedings were taken down by me in machine shorthand and were thereafter reduced to typewritten form under my supervision; that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings had in the foregoing matter.

I certify that I am not an attorney for any of the parties hereto, nor in any way concerned with the cause.

DATED this 10th day of December, 2011, in Kapaa, Hawaii.

[Signature]

TERRI R. HANSON, CSR 482
Registered Professional Reporter
COUNTY OF KAUA'I
BOARD OF WATER SUPPLY
COMMITTEE OF THE WHOLE MEETING

Wednesday, November 23, 2011
10:19 - 10:43 a.m.

Second Floor, Microbiology Lab Building
Kauai County Department of Water
4398 Pua Loke Street
Lihue, Kauai, Hawaii 96766

REPORTED BY:

TERRI R. HANSON, CSR 482
Registered Professional Reporter
APPEARANCES

COMMITTEE OF THE WHOLE MEMBERS:

Daryl Kaneshiro, Chair
Larry Dill
Raymond McCormick
Randall Nishimura
Roy Oyama

STAFF:

David Craddick
Deputy County Attorney Andrea Suzuki
Marites Yano
Faith Shiramizu
Dustin Moises
Val Reyna
Keith Aoki
Edward Doi
Becky Malapit
COMMITTEE OF THE WHOLE

CHAIRMAN KANESHIRO: The committee of the whole meeting is now called to order. Let the record reflect that we do have a quorum. Could you please call for the attendees of the board members at this time.

MS. MALAPIT: Roy Oyama.

MR. OYAMA: Here.

MS. MALAPIT: Michael Dahilig. Larry Dill.

MR. DILL: Here.

MS. MALAPIT: Daryl Kaneshiro.

CHAIRMAN KANESHIRO: Here.

MS. MALAPIT: Clyde Nakaya, Raymond McCormick.

MR. MCCORMICK: Here.

MS. MALAPIT: Randall Nishimura.

MR. NISHIMURA: Here.

CHAIRMAN KANESHIRO: Thank you for that. Again as stated, we do have a quorum.

First item is acceptance of the agenda. Do I have a motion for that, members?

MR. DILL: So moved.

MR. OYAMA: Second.

CHAIRMAN KANESHIRO: Moved and seconded.

All in favor signify by saying aye.

Motion approved.
Old business is the Manager's Report No. 12-24 Emergency Reserve Fund Policy. At this time, Mr. Craddick, do you have any additional comments you wanted to add to this 12-24 Emergency Reserve Fund Policy that is now in the committee of the whole meeting?

MR. CRADDICK: Can you show me where it's shown in this packet here?

MR. DILL: When you find it, please let me know.

MR. NISHIMURA: It's in there somewhere.

MS. SUZUKI: Under old business. I think it's in your third section.

MR. CRADDICK: I believe there are some numbering changes on there, and then the clarification of whether it was 25 percent of operating revenues including debt service or just what it was.

And that now reads, this is Section XII, Funds expended from the emergency reserve fund shall be replaced as expeditiously as possible. Five percent of unreimbursed funds shall be replaced per year to the emergency reserve fund with approximately 25 percent of the department's total operating revenues including debt service based on the average of the previous five fiscal years.

CHAIRMAN KANESHIRO: Okay. Members of the
Committee, any questions or any further discussions on this item?

MR. NISHIMURA: Mr. Chair?

CHAIRMAN KANESHIRO: Yes, sir. Go ahead.

MR. NISHIMURA: Mr. Chair, conditions for disbursements of emergency funds, emergency reserve funds, Item 4, is there a reason why only labor costs are -- need to be exhausted before reserve funds need to be tapped?

MR. CRADDICK: Okay. That four just deals with labor, five deals with service contracts, six deals with equipment, and seven deals with materials. So it's not just labor. It's all of those, but labor is handled in one number.

MR. NISHIMURA: But if I read this, do you need to exhaust your labor but not your materials, is that correct?

MR. CRADDICK: For that particular item if it's labor related.

MR. NISHIMURA: No, I mean as a whole for the policy?

MR. CRADDICK: To expend any labor funds, yes, I --

MR. NISHIMURA: No, I understand the labor part. But what I'm saying is you don't adjust the
materials whether that has to be expended -- fully
expended before you tap that fund. Because having a
contingency plan for your service contracts, bare
equipment and material supply, does not address whether
you have to go through your budget first before you tap
this fund.

MR. CRADDICK: The other one says in the
budget they're very specific. It's going to be hard to
say that fund has to be expended before we start into
doing things that are not related to anything in the
budget. Whereas labor is labor, and obviously if you
still have some labor budgeted, you can use that.

But these other items, since they're using
specifically identified in the budget, it would be
pretty hard to say we could expend it for that purpose
because we wouldn't expend it for that purpose if some
condition came up where things changed, we would change
along with it and we would focus on the emergency and
not whatever was in the budget. So we may not expend
what's in the budget for those other items.

But labor is labor, and if we have to refocus
our labor, you know, we wouldn't start into the
emergency funds until we at least exhausted whatever the
board had budgeted already before we started into
tapping into the emergency funds to utilize for labor
MR. NISHIMURA: I'd like to see a mechanism that you have to redo your budget material-wise before you start tapping into the emergency fund for these items. That's what constitutes an emergency.

MR. CRADDICK: Well --

MR. NISHIMURA: In my mind.

MR. CRADDICK: If you have an emergency, that's making an assumption that it is a real emergency. And if we're going to wait until we notice a board meeting to redo the budget and stuff like that, then it probably is not that much of an emergency.

MR. NISHIMURA: I would disagree with that. Because I think you need to -- you know, in terms of redoing the budget, you do, I believe, have authority to spend, but you need to come back to the board right away and redo your budget.

MR. CRADDICK: I don't know. I can envision times where we may not even be able to get a board together. I mean, if it's a real emergency, you're going to be lucky to get the board members together.

CHAIRMAN KANESHIRO: Let me make a comment. I see Commissioner Board Member Nishimura's -- what he's trying to deal with. So in case of an emergency, you're
going to take the regular budgeted salaries or labor
costs from your regular account first and make sure that
is all exhausted. Is that before you even touch this?

MR. CRADDICK: Yeah, because that doesn't
say that this is money for normal work. I mean, you
budget so much for labor, and whether it goes to an
emergency or not, it's there.

The other items are relatively specific. I
mean, they're there for certain contracts, certain
materials, things like that. And now we're doing
something other than that. So can we go into that
budget and do it? Yes, we can if we can notice a board
meeting.

I'm assuming this is an emergency of such a
nature that we're moving on it like the day it happened.
We're not waiting to notice a board meeting or something
like that to redo our budget. I mean, I don't even know
if there would be personnel around to redo the budget at
that point if we even knew what to give you for budget.

Now, there's no question that the earliest time
possible that we could do this, we would obviously have
to do it because these amounts of money are not big
amounts. So obviously within a week or so we would
probably have to have some kind of a board meeting. But
these are -- I mean, this is emergency related stuff,
and I'm making the assumption that in the case of an
emergency like that, there would be no time to notice a
board meeting.

And to say that, you know, granted we could
later on, you know, when we did have this board meeting,
we can say, oh, you know, hey, we're going to not
purchase this, this, this, and this, by the way we're
going to take those funds and reimburse the emergency
fund with those monies that we took out of the emergency
fund.

MR. NISHIMURA: I would like to see that
incorporated into the policy.

MR. CRADDICK: Okay.

CHAIRMAN KANESHIRO: Okay. Members, are
there any other comments on this agenda item, on the
emergency reserve fund?

MR. DILL: I have a question.

CHAIRMAN KANESHIRO: Go ahead, Mr. Dill.

MR. DILL: The policy defines an emergency
as the need to protect public health and permanent water
assets from otherwise unbudgeted events. It's not clear
to me who is authorized to make the discrimination that
an emergency exists to justify utilizing the emergency
reserve fund. I mean, I assume it's the manager. But
I'd like to see it clear here if the manager is not
around, where the authority goes. Somebody's got to
make the call as to we're going to tap this fund in the
event of an emergency, and I think that should be
clearly defined. Unless I missed it here somewhere.

MR. CRADDICK: Well, when you say tapping
the fund, we're not exempt from the procurement
procedures that are normally followed. Although there
is some provision in the state law that allows you to
bypass some of the procurement during an emergency. But
to do that there would have to be some kind of statewide
declaration of an emergency at that point.

MR. DILL: Okay. And I see that there. In
the event of a statewide declaration, I think it's clear
that there's an emergency. Well, there's a statewide
declaration that may not necessitate a department of
water emergency though, I guess.

MR. CRADDICK: Could be. It could be.

MR. DILL: I still think that we would have
to -- I would like to see, you know, before we exercise
this fund, that who has the authority to make a
determination? Because I do agree with you. In an
emergency by its nature we're not go to call a board
meeting to determine how to attempt it. Somebody on the
ground has got to make that call or close it to.

MR. CRADDICK: Well, I guess public safety
would be -- could be a number of things, not just water quality. It could be water quantity also.

MR. DILL: I mean, to me the simple answer is the manager.

MR. CRADDICK: I'm presuming it would be, but I --

MR. DILL: But I don't want to limit any use of the fund when it's appropriate, which is why I think there should be --

MR. CRADDICK: I don't mind putting that in there, as determined by the manager, if you want.

MR. DILL: Maybe like manager or --

MR. CRADDICK: Or chair or vice-chair if they're available.

MR. DILL: Well, I wouldn't mind seeing something like manager and his designee. So that if you are off island, every time you are off island you designate whoever the individual is that is standing in for you.

MR. CRADDICK: Right.

MR. DILL: Which I feel would be the deputy. I guess I'm trying to avoid a situation where if you are off island people are scratching their heads saying, Are we allowed to do this?

CHAIRMAN KANESHIRO: Good point.
MR. CRADDICK: Okay.

CHAIRMAN KANESHIRO: Okay. Any additional comments or questions by members of this committee?

MR. NISHIMURA: Mr. Chair, Item 12, five percent of unreimbursed shall be replaced for a year. That would take roughly 20 years to replenish the fund. I don't think we can --

MR. CRADDICK: No, no. If we're only going to 25 percent, that's the maximum --

MR. NISHIMURA: Of the unreimbursed funds, though. Unreimbursed funds. So what happens is if you spend a million dollars, and the feds reimburse you half a million?

MR. CRADDICK: No, no, this is unreimbursed funds of our revenues.

MR. DILL: Yeah, but it's not clear.

CHAIRMAN KANESHIRO: Well, we need to clarify that also.

MR. CRADDICK: That means that less than any late monies paid back or --

MR. NISHIMURA: Then I think then you need to separate the two because it seems that Section XII addresses funds that are expended and not reimbursed or not -- you know, not reimbursed. And if that replacement is part of Section XII, then you need
another section to deal with the other portion. But
you're trying to do two things in one.

MR. CRADDICK: Yeah, yeah, you're right.

You're right.

CHAIRMAN KANESHIRO: Okay.

MR. NISHIMURA: And I would again suggest
to the board that this fund be 25 percent of the
operating costs and not revenue, because included in the
revenue is the emergency reserve fund that's part of the
budget and any excess.

MR. CRADDICK: Well, operating --

MR. NISHIMURA: Operating costs.

MR. CRADDICK: Plus debt service. Because
debt service is not --


If you look at the preamble to the policy, it's
something that is unforeseen. Now, if we go full bore
into -- especially on capital expansion as opposed to
replacement, I think the board needs to be aware of what
those costs impacts to the debt service will be and look
at that over a five-, ten-year period as opposed to
approving something and then we cannot pay for it.

And I think, you know, that is my overriding
concern. This should not be primarily as a mechanism to
make up shortfall for debt service.
MR. CRADDICK: Well, if we issued revenue bonds it wouldn't be. But because we have GO bonds and there's no requirement for a reserve fund, we don't have any reserve to make the payments. It just comes out of our cash. So if something happens to interrupt our cash coming in and we can't make that payment, we're going to be in trouble.

Now, if we have this reserve fund that can be tapped to pay that, then we're okay. But right now, we don't have any reserve fund for our debt service payments. Not for SRF or any of the GO bonds that the county has issued for us.

So that's a big risk to not set aside money to pay that, because that is a very real cost in addition to your operating costs.

MR. NISHIMURA: Well, I still think that those reserves should be kept separate from each other.

MR. CRADDICK: We can take some ratio out of this 25 percent. We can take the ratio.

MR. NISHIMURA: Maybe we can talk about this.

MR. CRADDICK: And maybe it's better to set up a reserve fund for the debt as separate. You know, have an emergency operating reserve fund and then an emergency debt service fund if you want.
MR. NISHIMURA: I would prefer to see that. Because when you're looking at 25 percent of the entire budget, that means -- that's a hunk of change.

MR. CRADDICK: Yeah. No, it is. I mean, it's right --

MR. NISHIMURA: It all goes back to our rates again.

MR. CRADDICK: Yeah, yeah. What are we paying right now, Tess, each year?

MS. YANO: About 6.2.

MR. CRADDICK: Six million. So that's twice a year, $3 million for each time roughly. Now, the service times are all different dates, but just let's assume $3 million. So a month, you know, six divided into that, that's $500,000.

So if we had a reserve now, if we're talking about 25 percent of the total year, that's a little over a million dollars for that.

So we could cut out of this something and then have a reserve so that we always have money each month going into that reserve fund, and we just do that regardless even though there's not revenue bonds. That would --

MR. NISHIMURA: And you cap it?

MR. CRADDICK: Yeah, yeah, yeah, it's
capped with whatever your debt service is.

MR. DILL: Would the intent be then to have

the total of those two be at 25 percent of the revenues?

MR. NISHIMURA: Not to exceed that.

MR. DILL: Not to exceed.

MR. CRADDICK: No, no, basically what you

would do is you would always have the next debt service

payment. Like say $3 million for right now in an

account where you could always pay it regardless of any

emergency. You would always have the money to pay that.

Versus right now the way we're operating it

just comes out of the revenue fund, and our revenue fund

is high right now. But it's projected to go basically

to almost nothing except working capital. And it's okay

to separate the two of them. I mean, that's fine.

MR. NISHIMURA: Because I think that would

more clearly indicate to the board if we're

overborrowing.

MR. CRADDICK: Yeah. Not only that, it

would indicate to potential bond buyers, you know,

exactly what you're setting aside the reserve for, which

I think would be good to know if you're a person looking

to buy the bonds, that this money is set aside

specifically to pay debt service.

MR. DILL: So then we would have, I
believe, Paragraph 10, I guess from this.

MR. CRADDICK: Yeah, yeah. We'd have to do a whole new policy, I think, for that to make it clear. And then we just call this our emergency operating reserve and reduce the percentage. And the other one wouldn't be a percentage. It would just be whatever the, you know, each month you'd be setting aside into the fund so that the fund would be going up and down continuously, but there would always be a fixed amount of whatever the next debt service payment is in that fund.

MR. NISHIMURA: Where would -- if that fund went up and down, where would the excess be?

MR. CRADDICK: It would just remain vested.

MR. NISHIMURA: Because if it's vested, then the requirements for that fund may go up and down, but the amount of the fund will not change without board approval. Is that what I'm hearing?

MR. CRADDICK: No, it would change. Because what you'd be doing is you would have the reserve set aside, and then coming up to whatever the next payment, you'd set aside a certain amount every month. And when the payment became due, you would pay it.

MR. NISHIMURA: Okay. And as that
MR. CRADDICK: Yeah, if it went down, yeah, you wouldn't need the same.

MR. NISHIMURA: Okay. And then what would happen to those funds? I would like to see that addressed in that policy.

MR. CRADDICK: You're envisioning a time when we have no debt. I guess we can do that but --

MR. NISHIMURA: It's easy to spend somebody else's money.

MR. CRADDICK: Yeah, yeah, yeah.

MR. NISHIMURA: I want the money back for the rateholder.

MR. CRADDICK: Yeah, yeah, yeah. I guess that possibility exists that we would never have any debt.

MR. NISHIMURA: And the last item, Mr. Chair, is I don't believe that there's a need for the addendum to be included with the policy. I wanted that so that I could understand the department's methodology as to how they would approach using the funds, but that need not be part of the policy.

CHAIRMAN KANESHIRO: Okay. Any other comments or questions for the manager?

If not, I'm going to call for a deferral on
this. We have more work to be done on this item.

So at this point before I call for the question
of deferral, any other comments by board members or
discussions?

If not, can someone make a motion to defer

MR. OYAMA: Yeah, move to defer.

MR. DILL: Second.

CHAIRMAN KANESHIRO: Just to note that it
should be deferred in committee for our next committee
meeting scheduled next month. So we'll have the
committee meeting previously to our regular board
meeting.

Now with that, all those in favor signify by
saying aye.

Any opposed?

Hearing none, motion carried.

This item is deferred.

(Concluded at approximately 10:43 a.m.,
November 23, 2011.)

* * * * *
STATE OF HAWAII               )
    ) ss.
COUNTY OF KAUAI            )

I, TERRI R. HANSON, RPR, CSR 482, do hereby certify:

That on Wednesday, November 23, 2011, at 10:19 a.m. that the foregoing COMMITTEE OF THE WHOLE MEETING, County of Kauai, Board of Water Supply, was held;

That the foregoing proceedings were taken down by me in machine shorthand and were thereafter reduced to typewritten form under my supervision; that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings had in the foregoing matter.

I certify that I am not an attorney for any of the parties hereto, nor in any way concerned with the cause.

DATED this 10th day of December, 2011, in Kapaa, Hawaii.

[Signature]
TERRI R. HANSON, CSR 482
Registered Professional Reporter

RALPH ROSENBERG COURT REPORTERS, INC.
Honolulu, Hawaii   (808)524-2090
COUNTY OF KAUA'I

BOARD OF WATER SUPPLY

REGULAR MEETING

ORIGINAL

Wednesday, November 23, 2011
10:44 a.m. - 1:07 p.m.
Second Floor, Microbiology Lab Building
Kauai County Department of Water
4398 Pua Loke Street
Lihue, Kauai, Hawaii 96766

REPORTED BY:

TERRI R. HANSON, CSR 482
Registered Professional Reporter
APPEARANCES

BOARD MEMBERS:
Roy Oyama, Chair
Larry Dill
Michael Dahilig (arrived at 12:48 p.m.)
Daryl Kaneshiro
Raymond McCormick
Randall Nishimura

STAFF:
David Craddick
Deputy County Attorney Andrea Suzuki
Marites Yano
Faith Shiramizu
Dustin Moises
Val Reyna
Keith Aoki
Edward Doi
Becky Malapit (excused after roll call)
REGULAR MEETING

CHAIRMAN OYAMA: The regular Board of Water
Supply monthly meeting come to order.

We're meeting in the Second Floor Micro Lab
Building, Kauai County, Department of Water, 4398 Pua
Loke Street, Lihue, Kauai, Hawaii 96766. It is
Wednesday, November 23rd, and it is 10:45 a.m. May we
have the roll call. So it's called to order now. We'll
go to the roll call. Secretary can we have the roll
call.

MS. MALAPIT: Roy Oyama.

CHAIRMAN OYAMA: Here.

MS. MALAPIT: Michael Dahilig. Larry Dill.

MR. DILL: Here.

MS. MALAPIT: Daryl Kaneshiro.

MR. KANESHIRO: Here.

MS. MALAPIT: Clyde Nakaya. Raymond
McCormick.

MR. McCORMICK: Here.

MS. MALAPIT: Randall Nishimura.

MR. NISHIMURA: Here.

MS. MALAPIT: We have a quorum.

CHAIRMAN OYAMA: Thank you. So we're on
Item C, acceptance of agenda.

MR. KANESHIRO: Move to accept the agenda.
MR. DILL: Second.

CHAIRMAN OYAMA: Second made by Larry.

All right, any discussion.

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now Item D, meeting minutes, review and
approval of special board meeting minutes, November 4th,
2011. I think it's right.

MR. NISHIMURA: Mr. Chairman, move to defer
this item to the next meeting. There are no minutes in
the packet.

MR. CRADDICK: Are you sure?

CHAIRMAN OYAMA: It's in the packet.

MR. CRADDICK: There are some changes to
it.

CHAIRMAN OYAMA: Yeah, that's the one.

MR. NISHIMURA: This?

CHAIRMAN OYAMA: Yes.

MR. NISHIMURA: This is a transcript.

MR. CRADDICK: Does that have the minutes?

MR. NISHIMURA: This is the minutes?

CHAIRMAN OYAMA: Yes.

MR. NISHIMURA: So there will be no -- any
other minutes provided?
MR. CRADDICK: Well --

CHAIRMAN OYAMA: It's a special meeting.

That's the way it states, special board meeting minutes.

MR. NISHIMURA: This is the minutes, the

transcript?

CHAIRMAN OYAMA: Yes, yes. It went word

for word on it.

MR. CRADDICK: There are a couple of

changes. On page 7, line No. 6, it says, And the lease

rebate. And that word was supposed to be, Leak rebate.

CHAIRMAN OYAMA: Okay, okay. Yes, yes.

Leak rebate.

MR. CRADDICK: And then on --

MR. DILL: Where was that one?

MR. CRADDICK: Page 7, line 6.

CHAIRMAN OYAMA: All right. Leak rebate.

MR. CRADDICK: Then on page 8, line 17,

they were going through five objectives, and this was

the fifth objective. And it just says, This objective.

And it was supposed to be, Fifth objective.

CHAIRMAN OYAMA: Fifth objective. Okay.

MR. NISHIMURA: Say that again.

MR. CRADDICK: Okay. Page 8, line 17, it

just says, This objective. And it was supposed -- if

you look up above in line 1 it's the third objective,
line 9 is the fourth objective, and it should have said,
Fifth objective.

MR. NISHIMURA: All right. Thank you. The
transcript is wrong?

MR. KANESHIRO: Yes.

CHAIRMAN OYAMA: Any more?

MR. CRADDICK: I see some hesitation to
call these minutes, and I suspect before they go in our
minutes book they will be summarized in the normal items
put in that we normally have in our minutes book. So if
you want to just maybe accept this as a true
representation of what happened at the meeting rather
than calling it minutes, I guess we could do something
like that, of the action taken at the meeting.

MR. NISHIMURA: I would just have our
minutes for this meeting reflect that it is a
transcript.

MR. CRADDICK: Yeah.

CHAIRMAN OYAMA: It's better to be straight
forward. Yes.

MR. NISHIMURA: The only question I have
for legal counsel is if a transcript can, in fact,
replace a set of minutes?

MS. SUZUKI: Well, minutes under HR have to
be with sufficient detail to describe what's going on.
CHAIRMAN OYAMA: Okay.

MS. SUZUKI: And this has very sufficient detail. But it might behoove the department to put it in --

MR. CRADDICK: A shorter form?

MS. SUZUKI: Maybe this one is up to you guys because the special meeting there's only one thing on the agenda.

MR. CRADDICK: Right.

MS. SUZUKI: But for further meetings where we have the same type, and it might be beneficial to break it down to have it.

MR. NISHIMURA: Okay. And then the only other question would be, is the department representing that any handouts at the meeting are contained here on the CD?

MR. CRADDICK: No, I don't believe so, although it may be. I don't know.

MR. NISHIMURA: Okay. Because I believe those need to be included as part of the record.

MR. CRADDICK: Right. I guess I don't get the CD. You guys get the CD.

MR. NISHIMURA: Does it say whether we made this CD?

MR. CRADDICK: You didn't make any CD?
THE COURT REPORTER: Maybe the office did.

MR. NISHIMURA: I did not open this CD so I'm not sure if it's included with what was passed out.

MR. CRADDICK: That I don't know.

MS. SUZUKI: We can accept it as a transcript, and if you want the department to it turn into their normal format.

CHAIRMAN OYAMA: Okay. Very good. Thank you, Counsel.

MR. NISHIMURA: If the transcript is adequate, then I would move that the transcript of the Special Board Minutes for November 4, 2011, be approved as corrected and that any handouts that were distributed during the meeting be included in the official record of that meeting.

CHAIRMAN OYAMA: Okay. Any second to it?

MR. MCCORMICK: Second.

CHAIRMAN OYAMA: Move and seconded to accept the transcript as the minutes for this special meeting. Any discussion on it?

If no, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you. The minutes are accepted.

Now we're in the area of correspondence. We
have none.

Then we have F, board committee reports.

1. Report of the Committee of the Whole of the Kauai County Board of Water Supply.

MR. KANESHIRO: Thank you for that, Mr. Chair. The board met this morning. There was some discussions on Board Policy No. 26, emergency reserve fund, and specifically items as to who will decide whether, you know, it's an emergency or not. Manager's designee. We've also had some other discussions in regards to unreimbursed funds and some discussions on budgeted funds for labor costs.

So being that there were quite a lot of discussions held and some changes that need to be made to the emergency reserve fund, the committee called for a deferral on this until next committee meeting next month.

CHAIRMAN OYAMA: Thank you. Do we have a motion to receive?

MR. McCORMICK: Motion to receive.

MR. DILL: Second.

CHAIRMAN OYAMA: Okay. Motion to receive.

Thank you. Any discussion?
If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Next Item G, Old Business.

1. Manager's Report No. 11-24, committee discussion and possible action on Part III, rule amendments, establishing standards for subdivision water systems.

MR. CRADDICK: Okay. On the rule changes to implement the FRC in Part IV, we haven't received the final report from them back yet. And on the rule changes that was deferred in committee till December. So no action on that one today.

CHAIRMAN OYAMA: All right. Okay.

MR. NISHIMURA: Mr. Chair, move to defer the Manager's Report No. 11-24 to the December meeting.

CHAIRMAN OYAMA: Thank you. Move to defer.

Second please.

MR. McCORMICK: Second.

CHAIRMAN OYAMA: Moved and seconded. Any discussion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you. It's deferred.
Now Old Business No. 2, Manager's Report 11-28, request board approval of facilities reserve charge changes.

MR. MCCORMICK: I thought that's what we just did. 11-24.

MR. CRADDICK: Same comment on that one.

CHAIRMAN OYAMA: We've moved it down.

We've taken same action as the previous motion. Is that all right?

MR. NISHIMURA: Mr. Chair, move to defer Manager's Report 11-28 to the December meeting.

CHAIRMAN OYAMA: Okay. Mr. Nishimura move to defer. Thank you.

MR. MCCORMICK: Second.

CHAIRMAN OYAMA: Seconded by Mr. McCormick.

Thank you. Any discussion?

If not, all in favor say aye.

Yes, do you want to say something?

MR. CRADDICK: This is on 12-24 now?


CHAIRMAN OYAMA: Okay. All in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.
So this actually includes Rule i, rule change
to implement FRC in this and this includes implement
process change. Okay. So make sure we know where we
are with the agenda. Thank you.
Now we're on Item G, Old Business, No. 3,
Manager's Report 12-24, emergency reserve fund. Now
that debt policy.

MR. NISHIMURA: Mr. Chair.

CHAIRMAN OYAMA: Yes.

MR. NISHIMURA: Move to defer item 12-24 to
the January meeting.

CHAIRMAN OYAMA: Okay. Move to January
meeting by Mr. Nishimura. Any second?

MR. McCORMICK: Second.

CHAIRMAN OYAMA: Seconded by Mr. McCormick.

Thank you. Discussion?

MR. NISHIMURA: Mr. Chair.

CHAIRMAN OYAMA: Yes.

MR. NISHIMURA: I would like to keep this
business to the January meeting, but the committee still
needs to meet in December.

CHAIRMAN OYAMA: Okay.

MR. CRADDICK: So what's probably going to
happen on that one because of the discussion in
committee, I expect that the committee is going to refer
this back to the board to cancel this and split it into two manager's reports. One for operating reserve and one for --

MR. NISHIMURA: I would suggest that you complete this as far as your operating reserve and try to work on a new --

CHAIRMAN OYAMA: Then after that.

MR. CRADDICK: The problem is is that the manager's report kind of, I think, includes the open meeting. So if we're not going to do that, the manager's report is going -- we're going to be --

MR. NISHIMURA: You can modify your report, can't you?

MR. CRADDICK: I could, yes.

MR. NISHIMURA: Okay. Let's not recreate the wheel.

MR. CRADDICK: Okay.

CHAIRMAN OYAMA: Okay. Very good. Any more discussion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now we're on No. 4, suggestions for capital improvement projects, CIP, for 2012 legislative session.

MR. CRADDICK: This one here we didn't get
any comments back from the administration other than they are not going to submit any CIP response to the legislature this year. And we told them that we kind of put in a schedule for a number of years out and even made the project for Elelele for the fiscal year '16, and no comment at this point.

MR. NISHIMURA: No comment?

MR. CRADDICK: Yeah. And I personally met with the mayor and the staff, and --

MR. NISHIMURA: So what would the project for Elelele be?

MR. CRADDICK: I don't even know as I have an amount that would put in there, you know, what they would expect to be done. And I, myself, feel that that sort of thing is what the community block grants are for. And to me I think if the county wants to go for that they should, you know, start planning a community block grant application to get funds to do their water system if that's what they need.

There is one thing in our agenda here today in new business to upsize the line that Habitat for Humanity is doing, and that will actually quite frankly go a long ways to helping them in offsite, not the source, but with transmission.

But still they have their entire distribution
system and other things to worry about. I'm assuming
they're just not far enough along in their plans to make
any kind of solid recommendation at this point.

So we could submit this without anything in
that last year. So what we would do is just eliminate
that column over there.

CHAIRMAN OYAMA: All right. Board members,
any other questions?

MR. CRADDICK: I did try and set up
meetings with our representatives, but that hasn't
happened yet. So maybe if you want to leave this for
one more month and I got those meetings, they might have
some recommendations.

CHAIRMAN OYAMA: Okay. Maybe we defer this
for another month?

MR. KANESHIRO: What's the time schedule on
this? Are we --

MR. CRADDICK: I think as long as we got it
close. If we get the bill in there by the time the
legislature opens, it's okay. So if we did it next
month, there will still be time.

CHAIRMAN OYAMA: Okay. Board members, you
want an action? Motion to defer?

MR. KANESHIRO: Motion to defer.

CHAIRMAN OYAMA: Any second?
MR. DILL: Second.

CHAIRMAN OYAMA: Seconded by Mr. Dill.

Thank you very much. Any discussion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now, we're on to New Business. Manager's Report No. 12-35, board adoption of Part IV rule amendments, Section I, general use rates, section revisions to institute monthly billing instead of bimonthly billing.

MR. CRADDICK: Okay. On this item here there was no public testimony today at the public hearing, and we would recommend to the board to adopt the changes in the rates that make it clear what the monthly charge is if we go to monthly billing or when we go to monthly billing. And that's it for the small business letters attached to the back there.

CHAIRMAN OYAMA: Any questions, board members?

MR. NISHIMURA: Mr. Chair, move to approve Manager's Report No. 12-35.

CHAIRMAN OYAMA: Move to approve. Any second?

MR. McCORMICK: Second.
CHAIRMAN OYAMA: Seconded by Mr. McCormick.

Any discussion to the motion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now we are on No. 2, Manager's Report 12-36, board adoption of Part IV rule amendments, Section V, section revisions to provide detailed information about the method that the department uses to bill private fire lines.

MR. CRADDICK: Okay. On this one the rule changes are to clarify what the charges are and how it's done versus just then saying -- the current language says, Charge the normal charge.

And it rapidly became apparent that Honolulu didn't have an exact understanding of what the normal charge and neither did we until the bills came out.

And when the bills came out, we found out that they were charging what goes through the big lines as going through the small meter. And that has the effect of immediately jumping everything up to our fourth block.

And what this does is it allows the portion that didn't go through the small meter to be billed as though the fire line was a meter of the same size. And
then they have what is set aside in the first block, and also the zero-block and billing that at the lowest block rate. So, in fact, it halves the bill that they would be getting. So we didn't intend for this to happen. We're going to see this on the audit notes when we finally get it. We're having to deal with that in more ways than just this rule change here, but this will help clarify that, and we'll get it incorporated into our rates and system that does the billing as quickly as we can.

CHAIRMAN OYAMA: Any questions?

MR. DILL: Any impact on revenue to speak of?

MR. CRADDICK: Well, the answer is no. But right now we're showing the bills that went out this last year and even up till now are showing as it all going through the small meter, so the revenues are inflated by over a half million dollars at least for last year. And if this continues on through this year, it might even be more than that.

And that was never the intent when the board shifted the blocks down and made this fire line change. The intent was to just get people to not use the fire line which was effective, but every now and again some usage occurs on it, and it's now getting billed at the
maximum rate. And I don't think that was the intent of
the board to try and make this a big revenue generation
section. We're just trying to get people to not use the
fire line.

MR. DILL: Is there anything that we're
going to be seeing half a million dollars less revenue
than we projected?

MR. CRADDICK: The answer is no because we
make journal adjustments in our books to account for
this. But the auditor will pick up and make a note, I'm
sure of it, on our financials. But no, it's not going
to show in the audited final audit. It's just going to
say there is some kind of an adjustment made to account
for this error, if you will.

CHAIRMAN OYAMA: In other words, you're
talking about a rebate to the offset charge?

MR. CRADDICK: No, because we've told the
customers to not pay the bill. Our problem is that some
people have been paying the bill. Even though we're
saying don't pay it, they still paid it. And so if we
make an adjustment for the ones that are complaining
about it, we're not going to be able to just leave it at
that and not go back and catch the others. We're going
to have to go back and get even the people that paid and
reimburse what they paid. So that's the allowance
that's being made in the audit for that.

MR. NISHIMURA: So if I understand correctly, this rule was to clarify, or is it this rule change is what we are implementing using the old software, and that's why we're showing such higher revenue?

MR. CRADDICK: What happened was the rule that got passed it just said, Charge the normal charge. Well, it rapidly became apparent that there's no such thing as a normal charge for the fire line because normally we only charge per what's metered.

And in this case here in the fire line there is no meter. So we clearly had to say that we're calling the fire line a meter of the same size line. And then we're using that block rate to say, Okay, so let's use, for example, the eight-inch line, I think there's 500- or 400,000-gallon allowance in the first block that you pay at $3.20 or would pay if it was a regular metered line.

Well, right now it's being charged as though all of this, this 164 times what went through the small meter, they're showing that as all having gone through the small meter. And that was never the intent. Because immediately if even 1,000 gallons went through on this small meter you multiply that times 164, 164,000
gallons.

    Well, the top block on the 5/8-inch meter I think is only 35,000 gallons. So immediately you jump to block four. And it's resulted in some absurd bills. The prison got a bill for $77,000. Big Save got one for 35,000.

    CHAIRMAN OYAMA: And what about the Department of Transportation?

    MR. MCCORMICK: I didn't get one like that yet.

    MR. CRADDICK: Well, that's because they stopped using their water (laughter). But there are some schools out there that are just paying it. It's mainly schools that are just paying it.

    CHAIRMAN OYAMA: They've got money.

    MR. CRADDICK: Yeah, I guess, nobody is paying attention.

    MR. NISHIMURA: So the net effect of this rule does what?

    MR. CRADDICK: It just makes it to where we're calling -- the multiplication charge that we had in the previous rule we're calling that as going through a line, the same size -- or a meter the same size as the fire line.

    CHAIRMAN OYAMA: Good job. They caught...
that.

MR. CRADDICK: Well, I can't say that we caught it. Our customers caught it.

MR. DILL: I have a question. So if I understand, this is a detector check setup where the only actual metering of the water happens through the small meter on the bypass.

MR. CRADDICK: Yes, sir, that's correct.

MR. DILL: How are we coming up with the volume of water that we're billing them for?

MR. CRADDICK: The area ratio between the big line and the small line. So if the small line has a, say, one-square-inch area and the big line has 164 times that, which is the area of the 5/8-inch meter to the eight-inch line. Then if the meter says one, then we bill at 164. And then the charge --

MR. DILL: So the thousand gallons goes through the small meter, and using the 64,000 gallons went through --

MR. CRADDICK: Well, 63 went through the big one and one went through the small one.

MR. DILL: Is it possible for water to go through the small meter without any water going through the big meter?

MR. CRADDICK: It is possible, but then
that would be like say a leak or something like that.

MR. DILL: Right.

MR. CRADDICK: And this is designed to
encourage people to fix the leaks on those lines, not
just let them go. And the prison when they got their
bill, by the end of that week, their leak was fixed and
it was a substantial leak.

MR. DILL: Is it possible for water --

MR. CRADDICK: Matter of fact --

MR. DILL: -- to go through the detector
check meter without going through the small bypass
meter?

MR. CRADDICK: If somebody went in and shut
off the bypass meter, you could probably do that.

MR. DILL: But when you have a big draw
like a fire flow, an actual fire flow?

MR. CRADDICK: Then we don't charge. But
then they have to get a letter from the fire chief
saying there was actually a fire there. So then we
don't charge.

MR. DILL: I guess I asked the question
because it seems an assumption to me that if a thousand
gallons of water went through the small bypass, that
therefore 164,000 -- or 63,000 went through to the
detector check.
MR. CRADDICK: That's a very conservative number. If you take the --

MR. DILL: In our favor.

MR. CRADDICK: No, no, in the favor of the customer. Just using the area ratio it's actually much more than that if a line is being used. Probably nine times more.

MR. DILL: Nine times more actually went through then what we're billing them for?

MR. CRADDICK: If there's a real fire going on.

MR. DILL: I'm talking about in non-fire situations, if it's a nuisance flow like a leak or something.

MR. CRADDICK: Then it could be anything. It could be anything. It could be as small as somebody turning on a hydrant to hose down sidewalks which is typically what happens at schools.

MR. DILL: Okay. But I thought that the detector check wouldn't even open unless it's a significant flow.

MR. CRADDICK: No, it needs, Keith and Eddie, what? About a three PSI difference and it'll start to open, and then it fully opened at nine PSI. I think somewhere in that order of magnitude.
MR. DOI: I myself don't know.

MR. CRADDICK: It's just a big weight.

It's a big weight on a normal check valve, and the pressure differential is what opens it.

MR. DILL: It's only a few PSI?

MR. CRADDICK: It starts to open. It won't fully open. If that small meter is running at, say, 15 gallons a minute, the pressure differential at that point is nine PSI, and that check valve is wide open at that point.

MR. DILL: Okay. But that's at a big flow?

MR. CRADDICK: Yeah.

MR. DILL: Okay. So if it's at a few PSI, which is during a leak or a nuisance flow --

MR. CRADDICK: Well, also it could be just stealing water, and they're not supposed to be doing that. And it says right in the rule this is considered as a penalty.

MR. DILL: Okay. Well, if it's defined that way I guess I don't care.

MR. CRADDICK: Yeah, yeah, because they're not supposed to be using that line for anything but fire.

The other thing that we're probably going to have to address is the testing of the systems. And
that's not addressed in this current rule. But we're starting to get a number of things, you know, maybe we're going to have to allow the testing of the system without charging this, because now they're getting a $400 charge to test this system and a thousand dollar charge from the water department, which might drop to 500 for running the hundred gallons of water through that they use to test the system, and that's not intended but it's not covered right now in this rule.

MR. DILL: Okay. Thank you.

CHAIRMAN OYAMA: Okay. Good information.

MR. CRADDICK: More than you probably wanted to know.

CHAIRMAN OYAMA: Okay. Can we please have the action on this?

MR. DILL: Mr. Chair, I move to approve Manager's Report No. 12-36.

CHAIRMAN OYAMA: Okay. Movement. Second?

MR. McCORMICK: Second.

CHAIRMAN OYAMA: Seconded by Mr. McCormick.

Thank you. Any discussion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now new business No. 3, Manager's Report No.
12-37, board adoption of Part IV rule amendments,
Section XI, late charges, new section to institute a
late payment fee in the amount of 0.5% against a
delinquent balance for every month or fraction thereof.

MR. CRADDICK: Okay. On this one, here
again, there was no public testimony. And we're
recommending to the board to approve the institution of
a late fee of one-half percent against the delinquent
balance. And even though the report here doesn't say
it, I believe we did a calculation test, and we
estimated about 9,000 a year we might collect in from
this rule change. It's not a big one, but it covers
some of our expenses on several of these delinquent
bills.

So the other water departments, at least Big
Island and Honolulu, they charge one percent. And I
felt that one percent was a little rich when people were
getting less than two percent on their bank account. So
cut it in half to one-half percent.

CHAIRMAN OYAMA: One percent is two percent
for the year, yeah.

MR. CRADDICK: Yeah, so it is a small
number. I don't know if it even covers our
administrative expense, but it helps. And what we're
trying to do is just encourage people to pay their bill
on time.

MR. DILL: Okay. So if I have a monthly bill of $50.00 and I'm late, what's my penalty going to be then for the next month? It's going to be --

MR. NISHIMURA: 25 cents.

MR. DILL: No, not even.

MR. CRADDICK: Is it calculated by the day?

MR. NISHIMURA: 25 cents.

MR. CRADDICK: Or is it calculated by the month?

MR. NISHIMURA: Half percent per month.

MR. DILL: One percent of $50 would be 50 cents.

MR. NISHIMURA: So half of that.

MR. DILL: 25 cents. Thank you.

MR. NISHIMURA: It might cover the stamp.

CHAIRMAN OYAMA: So figure 25 cents, that's quite a bit different.

MR. CRADDICK: You mean $9,000?

CHAIRMAN OYAMA: Yes.

MR. CRADDICK: Yeah, there are a number that are delinquent that subsequently pay.

CHAIRMAN OYAMA: Okay. Members, any questions?

MR. NISHIMURA: I just have one question.
So as soon as they come delinquent or is it 30 days, 60 days, 90 days?

MS. YANO: They becomes delinquent after 30 days.

MR. NISHIMURA: After 30 days?

MS. YANO: Of their due date.

MR. NISHIMURA: After the due date. So once you go over the due date, you impose this fee?

MS. YANO: After 30 days they get the final notice and then the .5 percent is applied.

MR. NISHIMURA: Applied at the same time?

MS. YANO: Yes.

MR. NISHIMURA: Okay.

CHAIRMAN OYAMA: Okay. Good. Any more?

MR. DILL: Mr. Chair, I just feel if the intent is to motivate people to pay their bills in a timely fashion, I don't know, 25 cents, I don't know how much leverage you're going to get out of 25 cents. I mean, I agree with the principle of the thing. And I appreciate David's concern with the economy. But even if you go one percent a month, now you're talking 50 cents. I'm willing to go along with it.

MR. CRADDICK: Because we don't have anything in there now, this gets us started. And if we see it doesn't have much affect at that rate, we can
change it later on. But then the section before doing 
this will at least be in the rules. Right now we have 
nothing at all in there.

MR. DILL: Okay.

MR. CRADDICK: So this is more getting all 
the other language exactly what the rate is.

MR. DILL: Refresh my memory. So this is 
our first leverage to try to get folks to pay a bill. I 
guess eventually we'll get to a disconnect.

MR. CRADDICK: Yes.

MR. DILL: So at what point do we get to a 
disconnect?

MR. CRADDICK: Tess?

MS. YANO: What point do they get the 
disconnection notice?

MR. CRADDICK: No, when it's actually 
disconnected.

MR. DILL: You're delinquent on your water 
bill, at what point do we decide to disconnect somebody?

MS. YANO: 45 days a final notice is 
issued, but then it depends on when they can go in and 
shut off the water.

MR. DILL: Okay. 45 days after the initial 
due date of a bill?

MS. YANO: Yes.
MR. CRADDICK: So you'll get this one-percent charge at 30 days and then 15 days later then the meter goes.

MR. DILL: Okay.

MR. CRADDICK: One half.

CHAIRMAN OYAMA: One-half percent.

MR. CRADDICK: What did I say? One percent?

MR. KANESHIRO: One percent. We're not there yet.

MR. DILL: Is there a reconnect fee?

MS. YANO: Yes, there is a reconnect fee.

MR. NISHIMURA: And a deposit.

MR. DILL: And a deposit required if you're --

MS. YANO: Right now we're not requiring them deposit, but I think --

MR. DILL: Our rules allow us to require a deposit?

MS. YANO: We're only collecting deposits from tenants.

MR. NISHIMURA: From what?

MS. YANO: Tenants.

MR. NISHIMURA: I thought all new accounts you need --
MS. YANO: It's not implemented, no.

MR. NISHIMURA: Isn't it in the rules?

MR. CRADDICK: No, I don't think so.

Department policy. It should possibly be in the rules.


We've got a discussion. Any more?

MR. CRADDICK: I'll have to tell you there's a lot of things on miscellaneous charges that go on that are not part of the rules because they're all charged at cost. And I guess we've gotten this far because nobody's complained about it. But the minute somebody complains and says, I'm going to get a lawyer, we probably wouldn't be able to charge what we're charging based on staff policies.

MS. SUZUKI: Can we deal with --

MR. CRADDICK: That later?

MR. DILL: What's on the agenda.

CHAIRMAN OYAMA: We didn't put that in the agenda. Sorry. My fault.

Okay. We need an action on this.

MR. MCCORMICK: Mr. Chair, move to receive Manager's Report 12-37.

CHAIRMAN OYAMA: Received?

MR. MCCORMICK: Approve.

CHAIRMAN OYAMA: Okay. Motion to approve.
Okay. Any second?

MR. DILL: Second.

CHAIRMAN OYAMA: Seconded by Larry. Thank you. Any more discussion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now we are on No. 4, Manager's Report 12-38, grant of easement, W-1, from Nalu Investments LLC for the construction plans for reduced pressure detector check assembly and domestic water meter. For --

MR. NISHIMURA: Mr. Chairman, move to approve Manager's Report No. 12-38.

CHAIRMAN OYAMA: Move to approve. Any second?

MR. MCCORMICK: Second.

CHAIRMAN OYAMA: Seconded by Mr. McCormick.

Any discussion?

MR. NISHIMURA: Mr. Chair, just as a matter of record, I would like the county attorney or department's attorney to confirm she's reviewed the documents and it doesn't impose undue liability to the board members.

MS. SUZUKI: It's just a general liability of distribution of unfunded property.
CHAIRMAN OYAMA: Yes, Mr. Aoki.

MR. AOKI: I just wanted to say I'm not sure what happened when the packet was made, but the easement documents should have been attached in here.

CHAIRMAN OYAMA: Okay. Any more discussion before we vote on the motion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now, on No. 5, Manager's Report 12-39, oversizing mainland extension in Eleele Luna Subdivision, S-2006-49, TMK (4)2-1-01:052, in Eleele, Kauai, Hawaii, construction project six-inch waterline, 12-inch waterline alternative, for the Kaumualii Highway.

Mr. Craddick.

MR. CRADDICK: Okay. This item here is we're taking an existing line, the subdivider needs six-inch, and we're wanting to increase it to a transmission line size. It's going along the highway. Just planning ahead for if the county ever does the Eleele Subdivision, and the amount is 118,000. It really is to expand the system to take on new customers, and I'm not certain it should be coming out of the CIP reserve fund. It should be coming from our FRC fund or
BAB fund, even though the report says just take it from the reserve fund there. Because it is intended to increase -- make what would now be just a distribution line to make it into a transmission line and deliver water to other subdivisions. So if you approve this, I would ask that it either come from the BAB funds or the FRC.

MR. NISHIMURA: Does the FRC fund have enough money?

MR. CRADDICK: Well, it does have enough money for this. But keep in mind, any money we take from that fund is going to make it that much harder to pay debt service as we go forward and deal with the FRC funds. So we're basically trying to conserve as much money as we can in there knowing that ultimately there's going to be debt service payments that have to come out of that fund.

So we did collect about half a million dollars more this last year, but that's still about a million dollars less than what we may need for debt service coming out of that fund as we go forward.

CHAIRMAN OYAMA: Any more questions?

MR. NISHIMURA: Is this from the 2020 plan?

MR. CRADDICK: Well, the whole Eleele project is not on the 2020 plan.
MR. NISHIMURA: Is or is not?

MR. CRADDICK: Is not on the 2020 plan. So this is just planning ahead because otherwise then we're going to be telling the county, You've got to put in a 12-inch line to serve your subdivision and for this $118,000 then, you know, it's just a matter of whether you guys think the county's subdivision is going to move forward or not in, say, the next like 10 years. I mean, obviously if it was 20 or 30 years before it goes forward, then I don't know if upsizing this thing and having it just sit unused for that length of time is a wise use of money.

MR. DILL: Are there other areas that this might benefit?

MR. CRADDICK: Eddie or Keith? Any?

MR. DOI: I would think it would benefit the other portions or develop to the site.

MR. CRADDICK: I think if we were able to get a transmission line coming down from the bottom and a two-way feed, we would then have to be pumping water uphill -- or we'd have the ability to pump water uphill, and so we would have a lot less losses pumping through a 12-inch line versus a 6-inch line.

MR. DILL: It would be that beneficial to the department?
MR. CRADDICK: So even if Eleele didn't move forward, the lower transmission line is in the 2020 plan to have an alternate to the pumps coming out of the valley pumping up the hill to those upper tanks. If there's another way to feed those upper tanks without that system, then it would just strengthen that system a little bit. So this would have some value on its own whether the county went ahead with this affordable housing project or not.

MR. NISHIMURA: Does this tile go all the way back to the tanks?

MR. CRADDICK: It goes back to the tanks for sure because that's where the water is coming from.

MR. AOKI: Even the line being proposed it starts to the existing line which ends at the upper end of the Eleele Nani phase two subdivision and continues down the highway from there.

MR. CRADDICK: What size is that line?

MR. AOKI: A 12-inch.

MR. CRADDICK: Okay. And then the 12 inch --

MR. NISHIMURA: So going to the bank is another how far?

MR. AOKI: I'm not sure offhand. I can go and check and get back to you. It's about 2,000 feet
maybe to the twin tanks.

MR. CRADDICK: I think this is a little

short of a quarter mile.

MR. DOI: It's a hundred thousand.

MR. MOISES: Well, to that this is like a

mile.

MR. NISHIMURA: About a mile? Half mile?

MR. MOISES: Half mile from the twin tanks.

MR. NISHIMURA: The water right now goes

from the valley to the twin tanks and then back to each
to 100,000?

MR. DOI: The water I guess to the big
tanks and then gets pumped to the 100,000-gallon tank,
and then it backfeeds into the top part of Elelele Nani.
So I guess the tanks in the upper zone, the 12-inch
would be extended down, I guess.

MR. CRADDICK: Anyways, right now coming
out of the double tank is a 12-inch line, and this would
be 12-inch tapped into that. So if we carry that
12-inch all the way down the hill when we eventually get
the feed to the bottom.

MR. NISHIMURA: So from the feed tanks to
the top of Elelele Nani is 12-inch already?

MR. CRADDICK: Yeah.

MR. AOKI: 100,000-gallon tank.
MR. CRADDICK: Yeah.

MR. NISHIMURA: Yeah. Okay. And you have a change order for this already, Dustin -- or Keith?

I'm sorry, Keith.

MR. AOKI: No.

MR. NISHIMURA: Or is this just an estimate?

MR. AOKI: This is based off contractors' bids.

MR. NISHIMURA: So this would include all the side streets and all that stuff?

MR. AOKI: No, no, this is just for the offsite waterline work.

MR. CRADDICK: Okay. I guess I should say one more thing, too. This price that was given is very low, very low. And it's conditioned upon them getting progress payments as it goes in. And normally we don't do that. Normally we just make one payment at the end of the job to make sure that it's all going to get done. And typically, we would have -- if we did that or actually there's been cases where we haven't done that in the past.

And what I'm looking at is to get us additionally listed in the performance bond by the contractor. And then if we can do that, then I think
we're covered even if something goes wrong with the
contractor if we're going to make progress payments.

But they wanted -- this is kind of conditioned,
this price that we have here is conditioned upon us
making progress payments as we go, so like a normal
contract that we would have.

MR. NISHIMURA: I would like to see that
happen, but I'm going to ask the magic question. Is
that allowable by our rules right now?

MR. CRADDICK: I don't think our rules
cover it.

MS. SUZUKI: They do cover it, and it is
an analysis I've been working on.

MR. NISHIMURA: Okay. So it can be done?
MS. SUZUKI: I'm not concluded yet.
MR. NISHIMURA: Okay. Now I would like to
be able to do this as long as we're not violating the
rule.

MR. CRADDICK: Okay.

MR. NISHIMURA: And that, you know, I hate
to pick on my friend on my left, but, you know, we had
almost a million dollars of additional funding requests
for the 24-inch line going to Puhi. What is the
likelihood of us getting further into crises if we go in
this direction is my overriding concern.
MR. CRADDICK: This line is fixed in length. The other line -- the reason for that change order is because we added on a portion that they weren't changing the line on. And we wanted to get out from underneath the concrete. We didn't want to have to go to an extension into Lihue of that road and have to go under the concrete to get in our line. So we did it on your own.

MR. NISHIMURA: So are you saying that we don't have this situation on this one at all?

MR. CRADDICK: I don't. Keith?

MR. AOKI: The maintenance proposed fee in the shoulder and underneath the pavement.

MR. NISHIMURA: Okay. So we don't have to cross over to Elelele Nani or any of those areas?

MR. AOKI: No, the main line is on the Elelele Nani side of the highway.

MR. NISHIMURA: Okay.

MR. AOKI: The only road crossing is to get across to the project site.

MR. NISHIMURA: Okay.

CHAIRMAN OYAMA: Okay. Any action then?

No more questions?

MR. NISHIMURA: Move to approve, Mr. Chair.

CHAIRMAN OYAMA: Okay. Move to approve.
Thank you very much. Any second?

MR. DILL: I'll second.

CHAIRMAN OYAMA: Seconded by Mr. Larry, thank you.

Is there any more discussion.

If not -- oh, yes.

MS. YANO: Under what part, FRC or BAB?

CHAIRMAN OYAMA: Go ahead.

MR. NISHIMURA: I have a reluctance to tap the BAB. But because ...

MR. MOISES: Yes. Maybe I can help you.

MR. NISHIMURA: Okay.

MR. MOISES: I don't think we could do BAB because it's not on the list.

MR. NISHIMURA: I understand that. That's the other thing. Now, later on in the meeting we are entertaining --

MR. MOISES: Changes

MR. NISHIMURA: -- changes. Now, there are two issues here. One is, this is expansion, clearly. There's nothing on 2020, and our commitment to the county at the time we went for the bonding was that the focus would be on water 2020 projects as far as BAB monies. So to that extent I would like to do it from the FRC or CIP as the case may be. I don't know that
the department can make the argument that it should be
CIP or FRC, one over the other.

MR. CRADDICK: Well, I think in either case
it's -- I guess it would only be expansion if the county
went forward, and we don't know that at this time. And
let's say we did it with the CIP fund and then later on
we found out that it was going to serve the affordable
housing, and I suppose at that point if it takes
something from the FRC side and reimburse this fund,
once you knew it was clearly going to be a transmission
line versus just something to reduce our operating costs
for pumping up the hill. But you're right, yeah, it
could go either way.

MR. DILL: I don't know if it helps, but I
can tell that the county is moving forward with the
project right now, though it is still a ways out there.
But that's still the plan.

MR. CRADDICK: Yeah, I know. It is still
part of the mayor's --

MR. NISHIMURA: My motion would be to take
it out of CIP.

MS. YANO: I didn't --

CHAIRMAN OYAMA: Okay. In other words,
that's within the original motion.

MR. NISHIMURA: As recommended by the
manager.

CHAIRMAN OYAMA: Okay. Thank you very much. All right. Any other discussion? Any more? If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now we're on No. 6, Manager's Report 12-40, request board approval to expend funds for staff fitness pilot program. Wow. What you got now? Go ahead.

MR. CRADDICK: Anyways, what we're trying to do here is get a in-house fitness program to hopefully reduce away-from-work time for people and get the blood circulating a little better after lunch. The amount is low here. We've had some preliminary stuff that hasn't cost us any money so far. We've actually gone through the procurement process to get the group that we're looking at. That's why the numbers here are fairly well fixed. And we believe this would help employee morale as well as fitness of the employees. And I would ask that you approve this program. And then other departments, too, if they wanted to attend with us, they could.

MR. DILL: And board members?

MS. SHIRAMIZU: The board members are invited. Definitely.
MR. CRADDICK: Board members definitely could.

MR. NISHIMURA: Do we have to approve this?

MR. CRADDICK: Faith is telling me not to show some this equipment we looked at. But this year I guess it's kind of interactive with the other employees. So you kind of intertwine, you choose pulling on it. Let's see here if I can get this right. You kind of pull on it. You've got a different color for women and men.

MS. SHIRAMIZU: No, just the strength, the strength.

MR. CRADDICK: The strength.

MS. SHIRAMIZU: Yeah, some women could beat the men.

MR. CRADDICK: Yeah, that's right. The lady doing the instructions yesterday was well equipped to deal with the men. Anyways, that's some of the things. We got balls and balancing balls and various things.

CHAIRMAN OYAMA: Okay. Members, really interesting discussion.

MR. DILL: Mr. Chair, I'll move to approve as long as the manager participates in all of the -- (laughter).
CHAIRMAN OYAMA: Oh, boy, who will second that, quick.

MR. MCCORMICK: I'll second that.

CHAIRMAN OYAMA: Movement and seconded by Mr. McCormick.

MR. NISHIMURA: Mr. Chair, a couple questions.

CHAIRMAN OYAMA: Yes.

MR. NISHIMURA: Is or was this made available to all members of the department? I see only 30 people or so.

MR. CRADDICK: Yes, yes.

MS. SHIRAMIZU: Can I -- sorry.

MR. CRADDICK: Yes, everybody. I was trying to make it mandatory, but somehow the union got in there (laughter).

MR. NISHIMURA: Do any of the other county departments have programs like this where they're spending money?

MR. MCCORMICK: I'm not aware.

MS. SHIRAMIZU: I don't think that there are any other county departments. However, a lot of the county employees participate with Ho'ola Lahui, but they're located closer to their facilities. And for the Department of Water people to attend those exercise
programs -- and they cost a little less than this program -- we don't have sufficient time in our lunch period to go and participant really with the Ho'ola Lahui program.

MR. NISHIMURA: And last question, I notice this is being done lunch time.

MS. SHIRAMIZU: Initially when we proposed it, and David has been very, very supportive, it was presented to all of the employees and open to all of the employees. And when we went and got the different proposals from the different vendors, we asked for different time periods to accommodate like operations. They would have had a session early in the morning, and also if we had had enough participation from the entire department, David was wanting to allow us to do it even during working time.

But because it was such a small number of people that were really seriously interested, then we decided, well, if David would allow that we would do it on our own time during lunch. And because it's scheduled during our lunch time, that was because the operations people -- we didn't have really any interested except for a couple.

MR. CRADDICK: And they can still attend.

MS. SHIRAMIZU: And they can still attend.
And if they decide they want to participate, I think we would try to create an early morning session for them or something to fit their schedule because it is different from the office staff. But I think at this point none of them were willing to do it on their own time.

CHAIRMAN OYAMA: Okay. Any more questions? Ready for the question. Okay. We vote then.

All in favor of the motion, please say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now next item is No. 7, Manager's Report 12-41, request board approval for additional funding for Job No. 02-15, WK-28, Wailua houselots main replacement, Wailua, Kapaa water system, Wailua.

MR. CRADDICK: Okay. On this one here, is this just not to the budget or why are we going after that?

MR. MOISES: So basically this was supposed to be BAB funded. So since we made the deal to get the SRF grant fund we got, this project is now SRF funded. And like any other SRF project, we've got to front the money until we get reimbursed at final agreement time. So this $5 million is basically to allow us to bid the job and then pay until we get reimbursed later.

CHAIRMAN OYAMA: Okay. Members, any
MR. CRADDICK: I believe the next item is a resolution to accept the SRF loan for this project, this and the high-level well.

MR. NISHIMURA: Mr. Chair, move to approve Manager's Report No. 12-41.

CHAIRMAN OYAMA: Move to approve Manager's Report 12-41. Any second?

MR. McCORMICK: Second.

CHAIRMAN OYAMA: Seconded by Mr. McCormick.

Thank you.

Any discussion to the motion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried.

Now Manager's Report No. 12-42, request board approval of Resolution No. 12-3 on 11/12 adoption, pertaining to state resolving fund, SRF funding, for DW400-0004, Job No. PLH-03 Kalihi horizontal directional drilled well and DW413-0008, Job No. 02-15, WK28, Wailua houselots main replacement, phase one.

MR. CRADDICK: We have the resolution before you, and this is a standard SRF resolution, except that in this case here we are getting grant monies. And there are couple of things going on with
the grant.

One, we do get to expend all the grant money first before we start into the loan money, the one that's 50/50.

And then the other one is just they wanted us to take another loan out for another project, which is the Wailua project if we're going to do this because I think that's just management of funds on their end.

And we do have in the dec report a certain amount of funds that are projects that are SRF funded. So this won't affect the dec report or anything like that or what we plan to do going forward.

MR. NISHIMURA: So if I understand the funding mechanism correctly, five million will go to Wailua and one million will go to the Kahili project, right?

MR. CRADDICK: No.

MS. SHIRAMIZU: No.

MR. MOISES: No.

MR. NISHIMURA: Okay.

MR. MOISES: Good catch. So basically SRF they gave us four million for Wailua and two million for Kahili. And not to put Mr. Dill on the spot, but right now during the final design there's a possibility that we might have to remove a lot of the existing pipe.
MR. NISHIMURA: Nah, no need.

MR. DILL: Are we talking about right away?

MR. MOISES: Yeah, so we're planning to getting to taking that out through MOA. But I guess to account for that possibility I put five million -- or that extra million to remove pipe.

MR. NISHIMURA: Why you tell him that?

MR. MOISES: So now they know that, so they don't get signed. That's another million dollars to remove pipe. But I think we got some kind of agreement that we can share the burden down the road. So it might not be needed. But I guess we needed the money so that we could bid the job. If not, we'd be back here next January asking for more money. And I didn't think it was prudent to -- knowing that if that was a possibility to keep them low. But that's what it is. It's four and two.

MR. NISHIMURA: And then what is the other monies that we got to take out a loan for?

MR. CRADDICK: That's the Wailua house lots.

MR. MOISES: Yes.

MR. CRADDICK: And the high-level wells.

MS. SHIRAMIZU: Yeah.

MR. MOISES: So if we bid Wailua house lots and it came out five million, SRF would only reimburse
four million.

MR. NISHIMURA: Oh, four. On this one?

MR. MOISES: Yeah.

MR. NISHIMURA: And this is the grant money, right? The six million is the grant money or is it --

MR. MOISES: One million is loan for Kahili, one million is grant for Kahili, and four million is loan for Wailua.

MR. NISHIMURA: Okay. So they're all bundled together?

MR. MOISES: Yeah. And this was dropped in like two weeks ago. Since then I think we might be saving a million dollars on Wailua.

MR. NISHIMURA: Don't tell him that.

MR. MOISES: 90 days, right? Well, we're working on it. I mean, it's not a fixed yet, but progressive.

CHAIRMAN OYAMA: Okay. Members, any more questions?

If not, can we take action?

MR. NISHIMURA: Move to approve Manager's Report 12-42.

CHAIRMAN OYAMA: Move to approve.

MR. KANESHIRO: Second.
CHAIRMAN OYAMA: Seconded by Mr. Kaneshiro.

Thank you.

Any discussion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now Item 9, Manager's Report 12-43, request board approval of amendment to extend the drought mitigation MOA.

MR. CRADDICK: Okay. This one here we got most of the materials, but we didn't get our leak correlator yet, and we're just extending the time for six months, is it Faith?

MS. SHIRAMIZU: Yes, six months.

MR. CRADDICK: Six months, in order to be able to get that. But there's enough time.

MS. SHIRAMIZU: Well, we have to resend the request to them for the extension, but we need your approval to do that.

CHAIRMAN OYAMA: Okay. Any questions, board members?

MR. CRADDICK: Is that how much is remaining, $80,000?

MS. SHIRAMIZU: The total, because we have the 17,000 for the Kekaha one that I'm waiting for Bill
to supply. And then we didn't submit for the 11,000 for the water conservation, but that money is pretty much spent. So basically it's the detection equipment which is the 51,000.

MR. CRADDICK: Okay.

CHAIRMAN OYAMA: Okay.

MR. KANESHIRO: Motion to approve.

CHAIRMAN OYAMA: Motion to approve by Mr. Kaneshiro. Any second?

MR. MCCORMICK: Second.

CHAIRMAN OYAMA: Seconded by Mr. McCormick.

Thank you.

Any discussion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now, on New Business No. 10, Manager's Report 12-44, Job No. 11-10, water plan 2020 Job No. K-18, eight-inch water main replacement, Halewili Road, Kaumualii Highway to Haku Hale Street, Kalaheo. Really?

Now we got the Kalaheo. Thanks. Okay.

MR. CRADDICK: Anyways, this is part of our budget, and with respect to go ahead with this, it is a design.

MR. MOISES: Just to kind of elaborate, I
don't know if you guys are aware, earlier this year the
berm in Brydeswood subdivision, there's an existing
pipeline into that berm and the pipeline moved. So this
design is to realign the pipeline and eliminate that
pipeline that goes through a berm and goes through
private property to connect to the subdivision pipe.

CHAIRMAN OYAMA: Okay. Members?

MR. NISHIMURA: So this is construction
monies?

MR. MOISES: This is to do the design for
construction plans, yeah.

MR. NISHIMURA: Design.

MR. MOISES: Yes. Lyon Associates is the
consultant chosen.

MR. DILL: Mr. Chair, I move to approve
Manager's Report No. 12-44.

CHAIRMAN OYAMA: Okay. Move to approve No.
12-44. Any second?

MR. KANESHIRO: Second.

CHAIRMAN OYAMA: Seconded by Mr. Kaneshiro.

Any more discussion.

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now we're on New Business 11, Manager's Report
No. 12-45, Job 02-06, WKK-15, one million gallon tank
and connecting pipeline, phase two, Kilauea, Kauai,
Hawaii, second amendment for Contract No. 440 Kodani &
Associates, Inc.

MR. CRADDICK: Okay. This project is a
tank out in Kilauea, and what we're planning on doing
here is knocking down the existing tank. It's a
100,000-gallon tank. There's still -- I think on our
books it's still listed for around 400,000 asset. So it
is a substantial asset, but I have it under good
authority from our attorney going through the
condemnation process to get the additional land we need
to put the similar size tank next to it. It will
sufficiently delay things or make the project time
completion unknown that we're recommending us to do
this. So all those things together.

CHAIRMAN OYAMA: Okay. Any questions?

MR. DILL: How old is that Kodani tank?

MR. CRADDICK: Oh, boy. Anybody?

MR. DOI: Eight years. I'm not real sure.

MR. CRADDICK: Yeah, it's not an old tank.

MR. DILL: It's a fairly new tank?

MR. CRADDICK: Yeah, yeah. They took about
two months convincing me to do this.

MR. NISHIMURA: Cost and delay, would it
cost more than 400,000 to condemn?

MR. CRADDICK: It's about the same amount. The only thing is that you'd have another asset there, but the delay and things like that is now becoming the issue. And I felt that the money was sufficiently close that it's kind of a wash on whether we save or expended more to get the other. And the tank is so small. I mean, the time to have done this was when the original tank was put in. We should have been participating with them to expand it. We didn't.

MR. NISHIMURA: Move to approve, Mr. Chair, Manager's Report 12-45.

CHAIRMAN OYAMA: All right. Move to approve. Any second?

MR. DILL: Second.

CHAIRMAN OYAMA: Seconded by Mr. Dill.

Thank you.

Any more discussion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried.

Now, No. 12, Manager's Report 12-46, BAB project list changes, Resolution No. 12-4, FY 2012, addition of PLH-01a, replace Grove Farm tanks number one and number two and M-03, acquire source/install pump,
controls and 12-inch pipeline, Moloa'a tank/well site
and other land acquisitions.

MR. CRADDICK: On this one here there are
two projects. One, it says, Grove Farm tanks, but what
it is is that shortcut road back behind Costco going
over to Puhi Industrial Park, there's two rectangular
in-the-ground tanks there. And they're those old
cisterns that just have a roof over. Not real safe.

And what's happening is that Safeway is saying
they'll give us additional land. We give them that
land, and they'll give us additional land to build this
other tank on. And so it's a good opportunity for us to
get this changed. That's the one.

And then the other one is Moloa'a is currently
on the BAB list, but it's a different project. It's 02,
I think, this one is M03. And this is basically land
acquisition. And so just to make it clear because the
project list right now only lists M02. We wanted to
make it clear that we're doing these other things and
it's coming from the BAB list.

We currently, I think -- what does it say here?
No money has been spent on either of these two projects
yet, but I think they were encumbered on the BAB in
anticipation of action on this item here, but no monies
have been expended yet.
MR. NISHIMURA: These are all 2020 projects?

MR. CRADDICK: Yes.

MR. NISHIMURA: Are these the only changes you will make in the next year?

MR. CRADDICK: For this year, yes.

MR. NISHIMURA: Fiscal year? Calendar year? Other years? We already did one last year -- I mean this year.

MR. CRADDICK: No, the last one was done on 12/16. So this is one month early. We're trying to do them in December of each year per calendar year. You said you wanted it on a calendar year basis. So you're right. This will be all there is for this year.

MR. NISHIMURA: Okay. Because I was looking at your report then. You address a spenddown for next year, and I just want to make sure that you're going to take care of that before the end of -- you know, you run into problems at the end of next year.

MR. CRADDICK: I don't see any that we would be adding right now. We're pretty much there.

MR. MOISES: I think we're at the point where --

MR. CRADDICK: Nothing left on the BAB list.
MR. MOISES: That can be encumbered. We only got like 20 million left to encumber. So that's pretty much the extent.

MR. NISHIMURA: Mr. Chair?

CHAIRMAN OYAMA: Yes, sir.

MR. NISHIMURA: Move to approve Manager's Report 12-46.

CHAIRMAN OYAMA: Thank you. Any second?

MR. MCCORMICK: Second.

CHAIRMAN OYAMA: Again, by Mr. McCormick. Thank you two.

All right. Any more discussion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now we're on --

MR. CRADDICK: You know what it doesn't say in this resolution. A copy of this will be submitted to the council the mayor.

CHAIRMAN OYAMA: We can communicate all of this.

Okay. No. 13, Manager's Report No. 12-47, Job No. 05-03, KW-25, Kapilima'o half-million gallon tank and Job No. 03-03 hardening a generator shelter, Kekaha water system, Kekaha, Kauai, Hawaii.
What is meant by hardening a generator?

MR. CRADDICK: Making it so that there is some protection to the one that's out there on the site rather than just sitting there parked out in the open.

MR. MOISES: What happened was, I don't know if you remember when we got the construction manager out there at SSFM to board approve 400,000. And we got how much back?

Well, actually I take that back. I guess it was 470,000 was the initial fund, and we got 400,000 back. And we thought the job was done, but I guess some small portion didn't get paid for. And so this is since we already cancelled the funds, we thought the job was over, there's no funds left in that contract. So there's a $700 charge.

CHAIRMAN OYAMA: So they paid it, right?

MR. MOISES: Yeah.

MR. DILL: Mr. Chair, I move to approve Manager's Report No. 12-47.

CHAIRMAN OYAMA: Okay. Move to approve.

Any second?

MR. MCCORMICK: Second.

CHAIRMAN OYAMA: I'm asking for a second.

Oh, seconded. I'm sorry.

Okay. Any more discussion?
If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Wow, now we are on the last one. Department of Water, 2010-2011 financial statements.

MR. CRADDICK: Okay. This was supposed to have been our review of the final audit, and the final audit is not ready. And so we're asking that this item just be dropped. I can give you some comments why I believe it's not ready. But short story is it's not ready, and it doesn't appear that it's going to be ready until the week of the 5th of December.

The biggest item -- well, we originally were expecting to get it now the 30th of this month, and we'd have it by the 2nd, which might have allowed us to just extend this meeting. But I thought because the notice -- it doesn't really say financial -- audited financial statement. It just says financial statements. I thought it was best to just re-notice another meeting.

And what's going on is statewide, the state changed the method that it accounts for the retirees' payments, and we had been making payments to the fund calling them payments, and the retirement fund is recording them as deposits. And as a result, this is causing concern for all the counties and all of the
boards of water supplies.

So we're having to adjust our audit. And it may go back a number of years, not just this year. And go back next year and any other years besides last year.

MR. NISHIMURA: Three years.

MR. CRADDICK: Yeah.

MS. YANO: 2008 is when we started paying.

MR. CRADDICK: Yeah. And then the other issue is really this fire line issue and our revenues and getting that straightened out. That was the issue. But we felt that would have been done here maybe by this week sometime. So it would have been delayed anyhow because of that other one here is a bigger issue.

So what I'm suggesting is that on the 8th of December when we have, I think, a board meeting to deal with nothing but the rates, we -- no?

MS. SUZUKI: We have a rules committee meeting in the daytime.

MR. CRADDICK: Yeah.

MS. SUZUKI: Not a board meeting. A committee meeting. Then we have a public hearing that night at 6:00 p.m.

MR. CRADDICK: That's on the 7th.

MS. SUZUKI: No.

MR. NISHIMURA: Yeah, on the 8th.
MS. YANO: 7th is the small business.

MR. NISHIMURA: 7th is small business.

MR. CRADDICK: Okay. You're right. Yep, you're right.

So anyhow, before sometime there, maybe the 5th of December or even on that date, on the 8th, we would have to notice a meeting to take care of the audit before -- because the council -- well, I would recommend somewhere earlier in the week because I think that Wednesday the council has to notice their agenda for final approval of the audit, and somehow we need to get ours before then.

I expect to see the management discussion and the analysis, the missing pages that are in the draft you've got before then. And as soon as we get those, we'll get those out to you.

Any estimate on that one?

MS. YANO: It's all going to come out at the same time. Our financial statement is ready. When I spoke to James, it is -- it has been ready to go to their quality control for review. But then there was this potential issue of -- is it countywide potential issue that the way our OPEB cause was accounted for in our financial statements is a different accounting from the state.
So the auditors are trying to research on this before they could give a final issue of the statement.

CHAIRMAN OYAMA: Any questions?

MR. CRADDICK: So do we have a time when we know the final would be ready?

MS. YANO: Originally James was shooting for the end of this month.

MR. CRADDICK: Which is the 30th.

MS. YANO: Which is the 30th. And then we would be able to schedule a special meeting after that. But now with this potential issue that was mentioned, we could get another plan, which is plan B. The December 8th would be more likely a better date.

MR. CRADDICK: Will the 8th give the council enough time if the board accepts it then? Because I thought the council meeting is on the 15th or something.

CHAIRMAN OYAMA: It's the 14th, on a Wednesday.

MR. CRADDICK: So somehow they need to know when they file their agenda on the 8th that our audit is approved. So I guess it could go as long as the 8th.

MR. NISHIMURA: So are we going to have many hours to review this audit?

MR. CRADDICK: Well, we expect to get the
electronic format.

MR. NISHIMURA: By?

MR. CRADDICK: By, say, the 30th or the 2nd, somewhere in there. And we would have hard copies at the board meeting time if we had a board meeting on the 8th.

You would just be looking at electronic copy, but it wouldn't say draft on it anymore.

MR. NISHIMURA: The draft is not even complete so --

MR. CRADDICK: Well, that will be --

MR. NISHIMURA: And I will tell you that I have some reluctance about signing off on something that I only have hours to look at.

MR. CRADDICK: You don't think we're going to get the MD&A discussion shortly. That's what he said in the telephone conversation that we had yesterday.

MS. YANO: We could request a copy of the MD&A.

MR. NISHIMURA: I thought it was pages two to -- three to six, but actually the one that I'm looking at is at the end of the discussion. It's actually, I believe, finding the recommendations is what is the -- it's the last three, four pages of last year's audit.
MS. YANO: Yes. There's two parts of the audit. It's the financial statements and the single audit. And the schedule of findings is easily after the single audit report. The way -- the report, though, is emailed to everybody, which is the financial statements just so the numbers could be reviewed by the board before it gets finalized.

But towards the end, these other issues came out. So now there is a delay under where the statement report is being issued. So it's just for your review of the financial statement.

MR. CRADDICK: Which is what the county needs.

MS. YANO: Which is what the county needs.

MR. CRADDICK: So if you want to restrict your approval of only the financial statements and not the findings --

MS. YANO: Single audit.

MR. CRADDICK: That's okay. So you'd have more time to review the other stuff. We can review that and approve that later.

CHAIRMAN OYAMA: Okay. This is no action. Just information. Okay. If not, we're moving on to staff reports.

MR. CRADDICK: Why don't we take a break
because I think her fingers --

CHAIRMAN OYAMA: Okay. We'll take a break.

Recess.

(A break was had.)

CHAIRMAN OYAMA: We're back on the staff reports. First one on is statement of the Kauai County Department of Water, revenues and expenditures. Tess.

MS. YANO: Yes, Mr. Chairman. My report is on the status of our budget. As of September 30th, 2011, we're on the 25 percentile. So it shows our normal expenditures, capital expenditures and revenue. And if you have any questions.

CHAIRMAN OYAMA: Any questions? Anyone?

None. Any questions?

Moving on then. Report of the public relations specialist on public relation activities.

MS. SHIRAMIZU: Sir, my report is before you. I wanted to add a few comments. If you have any questions first. Ray?

MR. McCORMICK: I'm good.

MR. CRADDICK: What is hydrated from the conference speakers?

MS. SHIRAMIZU: Where are you?

MR. CRADDICK: Project wet, second paragraph, second line.
MR. NISHIMURA: Drinking. I thought that
is dehydrating.

MS. SHIRAMIZU: We're just playing with
words.

Regarding our community notifications and press
releases, I don't know if you guys ever go and check our
website. But Jeff came up with a really great idea. So
he created a special location so that we're going to try
to always put on whatever press releases we send out,,
Especially the notifications that includes a map so that
people if they click on there they can easily find what
is going on, what projects we are working on that may
affect people.

In all of our press releases now we pretty much
refer them to our website for a map for more details.
So we're just trying to make our website more user
friendly. And so I just wanted to give him kudos for
coming up with that. And it looks really good and easy
to find when you go onto the website.

And besides the releases that I have listed
here, I think there was one other, yeah, Val, in
Hanalei, and I guess that happened after I did this
report. Sorry. Yeah. We use Connect CTY. We've been
using Connect CTY a lot. I think that helps.

MR. NISHIMURA: That's the one they use for
civil defense?

MS. SHIRAMIZU: The emergency. Yes.

MR. REYNA: The sky is falling.

MR. NISHIMURA: That's good because especially if the guys no can get there because of dogs and stuff if they have that service.

MS. SHIRAMIZU: I think usually the places that have dogs they generally have a fence or something. So that's why often they put messages in a ziploc and just attach it to the fence. But people not going to always see the fence. But anyway. So I don't know if you have any questions.

MR. NISHIMURA: The leak detector thing?

MS. SHIRAMIZU: Regarding the job mitigation?

MR. NISHIMURA: Yeah, when is that expected to be procured or whatever?

MS. SHIRAMIZU: Well, my understanding is that Bill is working on the RFP. But you know how long it takes at RFP, and I guess he wasn't ready to address any of this when we first got the grant. And now that he has Val and more time, I guess, he can work on it.

MR. NISHIMURA: It's just that, one, we're doing the extension and this has been over a year already. And seeing how it's on the leak detection or
leak monitoring is on the manager's goals, I would hope
that is a priority for someone.

MS. SHIRAMIZU: It is.

MR. CRADDICK: You didn't look at the
performance indicators, did you?

MS. SHIRAMIZU: Not yet.

MR. NISHIMURA: No.

MR. CRADDICK: Anyways, I told you we have
to double check some of the numbers on there, but
according to that report --

MR. NISHIMURA: Whatever we go finish,
whatever, first. So I just want to make sure it's a
priority.

MR. CRADDICK: It is.

MS. SHIRAMIZU: Can I just make one more
comment?

CHAIRMAN OYAMA: Sure.

MS. SHIRAMIZU: It's not on my report, but
just so you guys are aware that while they were putting
these board packets together and David was not here,
that I just also wanted to give kudos to Dustin because
he had to review and help us with most of the board
reports and created these wonderful draft charts further
in your packet, the colorful ones. But I just wanted to
commend him for his extra effort, yeah.
MR. NISHIMURA: Good Job, Dustin.

MS. SHIRAMIZU: Sorry.

CHAIRMAN OYAMA: Very good, Dustin.

Okay. Any questions for Faith?

None. Okay. Thank you very much. Very good.

And I'm glad you recognized Dustin. He's been recognized outstanding employee, still is outstanding.

You did a good job. I don't think people are aware what's going on. Okay. Dustin, thank you.

And I heard about the plan and heard about the site. Are you going to report anything on the site?

MR. CRADDICK: I can.

CHAIRMAN OYAMA: Okay. I mean, I would like to hear that more so everybody understands what is happening on the new building site. Go ahead.

MR. REYNA: I guess to my report.

CHAIRMAN OYAMA: Oh, your report. All right. We go now there. Operations, is Bill around?

Are you going to do it?

MR. REYNA: Yeah, I will do it, sir.

Before you is the operations divisions report for the month of October. Most notable for personnel is a compilation of the labor report done by fiscal division.

It's a graph showing our man hours, overtime, labor, especially overtime. It's a roller coaster ride. It
all depends on what happens after hours.

For source and storage, Haena deep well was converted from chlorine to hypochlorite, sodium hypochlorite.

And also for Hanamaulu Well No. 3 pump station, the contractor has completed cleaning of that deep well, and the contractor hasn't submitted a video log of the cleaned well yet. They said they will be submitting that shortly. And we'll probably report that on the next board meeting.

Based on the video log of the before cleaning, there was a lot tuberculation on the well. There's also about 20 feet of collapsed open hole. So originally 560 feet deep of well, the video recorded log showed only 535. Less than 540 feet deck of the well. So that's what they cleaned. We'll give you a further report later on after we receive the video log.

On the third page of that report is a pie chart as well as graphs of our monthly work orders that our distribution and repair and maintenance personnel have been doing. If you have questions, let me know.

MR. CRADDICK: Do you want to update them what happened with Amfac shaft, the part about the --

MR. REYNA: Well, for the month of October, we started installation of the pump. The reason why I
did not include it here is that the pump and the motors and everything was completed, installation was completed in November. So it's not part of this report. Early part of the first week of November, everything was installed, we started running the pump. And we monitor, we perform daily monitoring of the pump. And we're getting approximately 270 to 300 GPM flow rate, and our microlab technicians are performing their daily monitoring also. They've been sharing the reports with the manager and the deputy.

MR. NISHIMURA: So is this producing the amount of water you guys were looking for?

MR. REYNA: The production is restricted by the pipe size that we installed. We installed a three-inch discharge pipe near the meter, so it's restricted by that. It's been fluctuating between, like I said earlier, 270 to 300 GPM. But the depth-to-water level is actually stable. During the first minute we had drawdown of about 0.2 inches.

MR. CRADDICK: 0.2 inches or feet?

MR. REYNA: Inches.

MR. CRADDICK: Inches.

MR. REYNA: Yeah, on the first minute.

After 24 hours of monitoring the water level was stable.

MR. CRADDICK: At that 0.2 inches?
MR. REYNA: After a week of monitoring we don't see any change.

MR. CRADDICK: At the 0.2 inches?

MR. REYNA: Yeah. After -- well, from November 19 to the 21st, we are at 58.7 feet depth-to-water level. So it didn't change for three days. It means that the well is actually producing. And had we installed a larger discharge pipe, we would be able to get more than the current 300 GPM.

CHAIRMAN OYAMA: I know that well because I've been working that end, and we use that for irrigation. It's a good well. As far as quality, I don't know. But water, it's good. Lots of water.

MR. REYNA: Three or four years ago, initial work or initial study that was performed, the well produced what? 400, 450 GPM. And during the three-step well testing started at 200, went to 400, and then the third one was at 700. So the well can actually produce a lot of water. Now the question is if the well will be viable -- the quality. We have quantity. We don't know about the quality.

MR. CRADDICK: I think the big thing here is that our guys have learned a fair amount. They've made this pump out of the scraps in the yard that we had from three different pumps. And the guys who installed
the pump had to pull it out once and reinstall it. So
they've learned quite a bit, I think, out of it. And
other than me trying to push them faster than what they
were willing to be doing it, I think that's the only
problem we ran into.

MR. REYNA: It created a huge sense of
accomplishment for our guys. It's a new skill that they
learned. Some never thought that they would be able to
install or even run that pump.

MR. CRADDICK: I was just starting to think
that myself after a year, two years.

MR. REYNA: So everybody was excited to
start that pump.

MR. NISHIMURA: So the next pump, Val, are
you guys going to try to take a month?

MR. REYNA: I don't know.

MR. NISHIMURA: Just curious.

MR. REYNA: We tried. We said, we tried
starting one, but we cannot say that we are experts.

MR. CRADDICK: I didn't know. After
dropping one down the hole, you can't say that probably.

MR. REYNA: Not that many people can say
that they dropped one and retrieved.

CHAIRMAN OYAMA: You're right.

MR. CRADDICK: And still function.
MR. REYNA: And still function.

CHAIRMAN OYAMA: And still can find water.

Okay. Very good.

MR. NISHIMURA: You know, your leaks on your system, I notice you get still a lot of service level. Is that primarily because of the construction work?

MR. REYNA: That's primarily because of the construction work.

CHAIRMAN OYAMA: Really?

MR. REYNA: Yes.

CHAIRMAN OYAMA: That's good then.

MR. DILL: Are materials for those surface levels, are they PVC the ones that are leaking or how about the copper ones? Are they okay?

MR. REYNA: Coppers are okay. PVC are the ones that really break.

CHAIRMAN OYAMA: Is that right?

MR. MOISES: Galvanized too.

MR. NISHIMURA: So we're doing all copper now?

MR. REYNA: That's what our guys are doing whenever given the chance to change or convert.

CHAIRMAN OYAMA: Okay. Very good. Thank you. Any more questions?
Oh, Mr. Dahilig is here.

MR. NISHIMURA: I want his lunch

(laughter).

MR. DAHILIG: Over my dead body.

MR. NISHIMURA: You're going to get a name, you know.

CHAIRMAN OYAMA: Very good.

MR. NISHIMURA: Good job, Val.

CHAIRMAN OYAMA: Any body else with questions or comments?

Then we can move on. Okay. Now we have water resource and planning subdivision report.

MR. DOI: I guess the report is before you. If you have any questions, you can feel free to ask.

MR. CRADDICK: Subdivision, summary one, Eddie, is that what you're talking about?

MR. DOI: Yeah, it's one page.

MS. SHIRAMIZU: It's the last page.

CHAIRMAN OYAMA: Oh, the last page. Okay. I got it. Any questions?

MR. NISHIMURA: I got one but it's not included on the report. How you guys coming on the GPS stuff? You guys got the new equipment already?

MR. DOI: New equipment for?

MR. NISHIMURA: I thought we budgeted...
something for some new GPS units or something like that.

MR. DOI: The more handheld ones?

MR. NISHIMURA: Yeah.

MR. DOI: I don't think so.

MR. NISHIMURA: Okay. Just curious. And I know before Heath left the goal was to try and finish or substantially finish the GPS modeling by -- in the next year or so.

MR. DOI: Yeah, that has been kind of put on hold right now.

MR. NISHIMURA: Until you hire another engineer?

MR. DOI: Yeah, a person that can kind of come up to -- that is up to speed or can come up to speed.

MR. NISHIMURA: Okay.

CHAIRMAN OYAMA: Okay. If not, continue. Silent.

Okay. Now manager's monthly update regarding activities of note of Kauai County Water Department.
Okay. The manager, all yours.

MR. CRADDICK: Okay. On the first one there, there was a contract amendment with the Hanalei and Wainiha contracts with Kodani, and it was a reduction in the contract. So nothing for the board to
approve. Anyways, no pump permits.

Going down to the recruitment, we did hold the interviews, and the pipeliner helper selection should be forthcoming within the next month or so.

Let's see here. I guess we're going to get a list of names to do the leak detection work there also. That's a crew position on the board that's not filled that we're trying to fill.

The finance comp three, we had a person who was selected, and they are saying they can't come till February. And I think I'm still in the process of deciding if we can wait because the person is very, very, very good.

Anyways, engineering we met this morning with personnel on both the board secretary and the reorganization of the engineering, and that one there we decided we're going to meet again next week since some additional material that they needed was only given to them a couple of days ago.

And we did the interview for engineer two with the filing section. And what happened there was we'd been doing some skype interviews with people from off island. And this time here they decided not to do that. So when that happened, all of the people backed out except the one that was on island here. I think we're
still going to go ahead with that.

And then we did -- I believe we got the list of
names. That's what they said this morning in the
meeting up for the deputy's secretary.

So the next thing is the vouchers paid,
1.4 million. And then one conveyance of water
facilities, board of local housing update. No meeting
held.

And then you got this report here, and what I
understand is that it's actually they're trying to base
it on these reports that the board looks at and given to
the board, but if you notice this month it was
September. And I wanted this to be more current, and so
we're going to revise this and get it back up to current
the way it was.

And that's partly why the numbers didn't match
before, because you were looking at current numbers
based on what action the board had taken versus when
accounting actually incorporated it into the books, and
I still want to get back to that point. I want to get
this where it's current to the signature on the payment
whether we've made the payment or not. If we've
approved the payment for the contractor I want it on
here when it goes to the board.

But you also have some better visuals, I guess,
of the 2020 plan progress. They're going back to 2000 what's going on now.

I think that's it. If you have any questions.

Was there something you wanted to talk about there a little bit on the last report, the operations report?

MR. NISHIMURA: Yeah, unencumbrance, but if what you and Dustin say, then I don't have to worry about between now and September.

MR. CRADDICK: Okay. You mean September and now.

MR. NISHIMURA: No, now and September.

MR. CRADDICK: Yeah, yeah, yeah,.

MR. NISHIMURA: Because this curve gets very steep in -- well, in one week.

MR. CRADDICK: Yeah, yeah.

MR. NISHIMURA: And it's not reflective of what's been happening.

MR. CRADDICK: Yeah, yeah.

MR. NISHIMURA: So I just want to make sure that these are real numbers.

MR. MOISES: Yeah, it's real numbers. When you look at, I guess, the blue line, you know, the spenddown, there's some funky formulas to project based on when we issued NTP and then it calculates as if you
made a payment every month. But if you look at like the
red line as far as, you know, what we encumbered, that
is in present date. So only the blue line has got a
three-month lag. And you can see the trend is different
only because the construction projects have not been
paid every month, like every two months or something
like that.

But what I did after I did this one is -- I
don't know if this is going a monthly thing. It can be
a monthly thing, if you guys want. But this blue line
gets pushed out a little bit more because I revised the
formulas. So to say that the line on the BAB balance
spenddown would be that steep, it is not the case. So
it's going to be pushed out. And it comes out to like
March 2013. But the reality is that that's not the
reality -- or going to be reality. It's projection.

MR. CRADDICK: Dustin, how's the Makaha Ridge one going?

MR. MOISES: It's almost going. We've got
-- Larry's helping me with that, doing some.

MR. NISHIMURA: Good job, Larry.

MR. MOISES: He's been a big help for a lot
of things including the land transfer.

CHAIRMAN OYAMA: Very true.

MR. CRADDICK: I know one thing that's
happened and I guess that also happened this month is
Kaluna Park here next door is now again with some help
from Larry, is the voluntary recent letter signed off on
the subdivision there, so that's going forward right
now.

CHAIRMAN OYAMA: Yeah, maybe Dustin you
would like to comment on that, too?

MR. MOISES: Yeah, so I mean you guys know
we've been working on getting the land authorization in
the last couple of months. But after meeting back and
forth with administration last week, Monday, we got
authorization. And so I got the signed form from Wally
Junior on Friday, and we issued NTP this past Monday to
start design. So we're going forward with the first
amendment. And that's big.

CHAIRMAN OYAMA: It's a subdivision plan,
right?

MR. MOISES: Yes. Well, they authorized us
to subdivide with a co-applicant on their behalf, and
then over the next month or two we probably will be
submitting subdivision to planning, and then going
through that process.

CHAIRMAN OYAMA: Any questions? Very good.

Thank you very much. Larry, thank you for helping
Dustin. And thank Wally for us, too. We appreciate it
very much. Anyone?

MR. NISHIMURA: The 5.9 mill that's going
into designing this year, what does that translate into
construction work? And over what's planned in the next
five, six years?

MR. CRADDICK: Is that something you want
answered at the next meeting? I hope.

MR. NISHIMURA: Yes, that's fine.

MR. CRADDICK: Okay.

MR. NISHIMURA: And the other thing is
what's the status of your negotiations with Grove Farm?
I would like that summarized at the next meeting also.

MR. CRADDICK: Okay.

MR. NISHIMURA: The status.

CHAIRMAN OYAMA: Very good, Mr. Nishimura.

Keeping busy. Okay. Any other questions or --

MR. NISHIMURA: Mr. Chairman, I move that
we accept all of the reports.

CHAIRMAN OYAMA: All right. Move to accept
all the reports. Seconded by who?

MR. KANESHIRO: Here.

CHAIRMAN OYAMA: Kaneshiro seconded.

Any discussion?

If not, all in favor say aye.

Opposed no.
Hearing none, motion carried. Thank you.

We're on the elections, water board meetings.

MR. CRADDICK: No, no, that's the next meeting.

CHAIRMAN OYAMA: Next meeting.

MR. KANESHIRO: Next discussions.

CHAIRMAN OYAMA: On topic. Okay. We're on next discussion. Anybody has anything else?

Go to next page, upcoming events. Oh, annual employee breakfast, December 1. It's around the corner already.

MR. NISHIMURA: Next week.

CHAIRMAN OYAMA: Around the corner. Wow. Okay. Anybody that's coming for that?

Moving on then, No. 2, AWWA, ACE year 12, June 10 through 14, Dallas, Texas. Nobody has comment on that?

Then we're on the water board meetings, next meeting December the 22nd, 10:00 a.m.; January 26, 10:00 a.m.; February 23, 10:00 a.m.; March 22, 10:00 a.m.; April 26, 10:00 a.m. Everybody okay with that?

If not, we're waiting for adjournment.

MR. CRADDICK: Do you want to discuss a little bit more on the special board meeting for the audit? Is the 8th okay of December, Thursday, in the --
sometime?

MR. KANESHIRO: I would imagine you have to set it, because if it has to go before council sometime.

MR. CRADDICK: That's the last day.

MR. KANESHIRO: That's the last day.

MR. DILL: There's a rules committee already that day.

CHAIRMAN OYAMA: Correct.

MR. KANESHIRO: After the rules committee meeting.

CHAIRMAN OYAMA: It's good to say the 8th so if we could get everything in line, shoot for that target.

MS. SUZUKI: And we have the public meeting that night.

CHAIRMAN OYAMA: Correct.

MR. CRADDICK: Provide lunch and dinner, right.

CHAIRMAN OYAMA: Is that all right? We shooting for that? Any change, then you would have notice. Okay. Very good. So you will follow up on that?

MR. CRADDICK: Yes.

CHAIRMAN OYAMA: Okay.
MR. DILL: So what time would we do that on the 8th?

CHAIRMAN OYAMA: Rules on 9:00 or 10:00.

MR. DILL: It's already decided what time?

MS. SUZUKI: 8:00 a.m.

MR. DILL: Oh, 8:00 a.m.

MR. KANESHIRO: So we could do it at 9:00. I know if we're really going to go through the rules stuff, it will take as much time as they want to take, and it literally could take the better part of the day for that. So maybe we just have to interrupt it and set it at a certain time.

MR. NISHIMURA: Either that or flip flop the meetings.

MR. DAHILIG: I mean, if it's more critical to get the audit stuff out, maybe having a primer or some type of introduction, give us some time to stew on it.

CHAIRMAN OYAMA: So you could start at 8:00 and then recess?

MR. DAHILIG: Recess, then reschedule something later on. That's fine.

CHAIRMAN OYAMA: See if we could get it --

MR. CRADDICK: So you want it earlier then in the day?
MR. NISHIMURA: No, I just -- you know, to allow the rules committee to do their, or you can recess and then --

CHAIRMAN OYAMA: Stop at 9:00 a.m. or so on the --

MR. NISHIMURA: Maybe just put a -- whatever the time it is and go 8:01 or thereafter.

CHAIRMAN OYAMA: Okay. That's what you do then.

MR. CRADDICK: Is that okay? But keep in mind now, the rules committee is only a few people. For the other meeting you have to get a quorum to show up.

CHAIRMAN OYAMA: Committee as a whole, yeah.

MR. CRADDICK: All of those voting correctly to show up.

CHAIRMAN OYAMA: So shooting for 9:00 as a whole. At 8:00 to start the rules.

MS. SUZUKI: Did we notice the committee meeting? I don't think we have. So you if want the committee -- I mean, the board, the special meeting before the rules, you're welcome to do that because it's not set in stone.

CHAIRMAN OYAMA: Is that all right?

MR. DAHILIG: I think we deferred the items
for a specific time. So I don't know if you just want
to check on that to be consistent or whatever it is.

It's fine.

MS. SUZUKI: Yeah, I think the main thing
is the notice to the public.

CHAIRMAN OYAMA: Yeah.

MR. CRADDICK: So 8:00 for the audit?

Everybody. Maybe go 8:00 audit, then 8:01.

CHAIRMAN OYAMA: Okay.

MR. MCCORMICK: I'm okay with it.

CHAIRMAN OYAMA: Then you can carry on with
the traffic, you two guys.

MR. KANESHIRO: We're up at 8:00 a.m.

CHAIRMAN OYAMA: Committee as a whole 8:00.

Okay. We're all okay. We don't have to vote, yeah.

But this is going to be something that you got to
adjust.

MR. CRADDICK: Yeah, yeah.

CHAIRMAN OYAMA: Okay. If no other
business, we are adjourned at this time. Thank you
very much.

(Concluded at approximately 1:07 p.m.,
November 23, 2011.)

* * * * *
STATE OF HAWAII

COUNTY OF KAUA'I

I, TERRI R. HANSON, RPR, CSR 482, do hereby certify:

That on Wednesday, November 23, 2011, at 10:44 a.m. that the foregoing REGULAR MEETING, County of Kauai, Board of Water Supply, was held;

That the foregoing proceedings were taken down by me in machine shorthand and were thereafter reduced to typewritten form under my supervision; that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings had in the foregoing matter.

I certify that I am not an attorney for any of the parties hereto, nor in any way concerned with the cause.

DATED this 10th day of December, 2011, in Kapaa, Hawaii.

TERRI R. HANSON, CSR 482
Registered Professional Reporter
Old Business
Contents Record for Managers Report 11-24

1. Managers' Report 11-24 August 2010  government and large lot deferral Page 1
2. Minutes from first meeting asking for rule to be written up including other rules pending.  Oct. 2010 Page 2-3
4. Communication from Max Gram regarding rule change Page 16-18
5. Communication from Grove Farm regarding rule change Page 19-20
6. Proposed council Ordinance 2381 not directly related to proposed rule. Page21-24
7. Revision to Ordinance 2381 since new council elected Ordinance 2401. Page25-27
8. Final Ordinance 2401 draft 2 approved. (deals with 4 lots) Page28-30
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,

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

Attachments

Mgmt/Rule Amendment-Part III-Establishing Standards for Subdivision Water Systems (9-16-10).cab
Board Policy 22 – Budget and Contract Award process. (This Policy is added for completeness and is not relevant to the request being made and nothing will be changed with this policy.)

Procedural processes that are suggested to be affected by Policy 15A, if approved by the Board, are enclosed for your review.

Approval of this request will allow the finance committee and Board to focus on financial issues that are not ministerial in duty. The Board could require a personal Bond for the Manager which would be paid by the Board which could protect the Board from fraudulent acts.

The recommended Board of Water Supply Policy 15A was provided.

Mr. Oyama moved to receive and refer Manager’s Report No. 11-23 to the Rules Committee, seconded by Mr. Costa.

Manager Craddock noted that the existing Board Policy No. 15 will be replaced by Board Policy 15A. There was no modification of Board Policy No. 3 unless the Board wanted to modify it.

The motion was amended to receive and refer Manager’s Report No. 11-23 to the Rules Committee for consideration, and to look at Board Policy No. 3 to see if any changes are necessary.

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

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

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

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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.

Manager Craddick noted that we have additional material as a handout on what the Council is doing on the same matter, and we should see how it fits in with what we are proposing.

Mr. Oyama moved to receive Manager’s Report No. 11-24 and refer the draft Rule Amendments to the Rules Committee for the October meeting, with the staff providing the proposed language, seconded by Mr. Costa; by a unanimous vote; motion was carried.

Re: Manager’s Report No. 11-25 – Memorandum of Agreement, Job No. 05-05, PLH-30, Nawiliwili, Niumalu and Kupolo Pipeline Replacement, Lihue Water System

RECOMMENDATION:
It was recommended that the Board approve the Memorandum of Agreement (MOA) document; whereby, the Board of Water Supply, County of Kauai, agrees to abandon existing waterline facilities within certain County roads located as specified above in the Nawiliwili and Lihue Districts, Kauai, Hawaii. The MOA binds the Board to remove the abandoned waterlines should the Department of Public Works require its removal in the future.

BACKGROUND:
Construction plans call for the abandoning of all existing water facilities as required during the Nawiliwili-Kupolo Mainline Replacement installation. The Department of Public Works, County of Kauai, has asked the Department of Water to enter into the Memorandum of Agreement in order to leave existing water facilities abandoned in place. The MOA binds the Board to remove the abandoned waterline in the County Right-of-Ways should the Department of Public Works require its removal in the future.

Mr. K. Fujimoto noted that the MOA has been signed by the County but we are still waiting for the State to reply on our request for the same.

Mr. Costa moved to approve the Memorandum of Agreement for Job No. 05-05, seconded by Mr. Oyama; by a unanimous vote; motion was carried.

Re: Manager’s Report No. 11-26 – Dedication Deed for Water Tank Site and Water Well Sites from Alexander & Baldwin, Inc., and McBryde Sugar Company Limited, TMK: 2-5-001:002(por) and 001(por), Omao, Koloa District, Kaua‘i, Hawaii

It was recommended that the Dedication Deed for TMK: 2-5-001:002(por) and 011(por), Omao, Koloa District, Kauai, Hawaii be approved; whereby Alexander & Baldwin, Inc. and McBryde Sugar Company, Limited, both Hawaii Corporations, hereby dedicate, grant and convey unto the Board of Water Supply, the real property described as Lot C-1-B, Lot C-1-C and Lot C-1-D, and further described as exhibit “A”.

Manager Craddick indicated that Kukuiula wants an agreement for water allocation. That agreement will be forthcoming once we get it.
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.

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 related to the process of subdividing of the land or territory subdivided and shall include horizontal or vertical condominium 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 subdividers or, when applicable, new customers as their proportionate share in improvements to the Department’s Public Water System.

11. The word “MAIN” or “MAIN PIPE” shall mean the Public Water System Department’s supply or distribution pipe to which service and hydrant connections are made.

12. The term “PRESSURE ZONE” shall mean the elevation served from forty pounds per square inch below a storage tank to a pressure regulation valve, pressure regulator valve to pressure regulator valve or from pressure regulator to storage tank.
13. 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.

14. The term "SERVICE AREA" shall mean the area served by the continuous connection from source to service.

SECTION II - AVAILABILITY OF WATER AND APPROVAL OF SUBDIVISION MAP

1. Extensions from and connections to the public water system for subdivisions will be approved by the Department Manager where pressure conditions permit, provided the following have been met:

a. The Department Public Water System has a sufficient source, storage, transmission and distribution pipeline water-system developed for domestic-potable use and, if required by the Department, a sufficient water-system for fire protection. The determination of sufficiency will be based on application of the Water System Standards applied at the proposed connection location and pressure zone where the additional water service demand is proposed and established engineering practices.

b. The additional water service demand on the existing Public Water System will not be detrimental to people already being served in that the service areas determined by the Manager. In order for the Manager to determine if the additional service will be detrimental to people already being served in the service area present-consumers, the department may require the subdivider to, at a minimum estimate the amount of water demand needed to be consumed by the proposed subdivision water system. The subdivider may use the subdivision water demand calculator found in the Department's website www.kauaiwater.org.

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 Hawaii and the County of Kauai, and (2) the 2002 Water System Standards ("Standards") developed by Hawaii'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 and based on established engineering practices, permit departure from the Standards or 2005 Amendments, or both.

d. The facilities reserve charge during payment 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 System 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 Manager 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 during payment 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.
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 Water System 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 or Transmission Line Extensions Within 100’ of Proposed Subdivision for Service to Other Areas.** Whenever the Manager finds it necessary that the existing water mains or transmission lines proposed are within 100 feet of the proposed subdivision and are to be used to deliver water to a proposed subdivision, the subdivider must provide adequate service and fire protection for such subdivision in order to supply water and fire protection to other property not in the subdivision currently served by the public water system. The Department shall require the subdivider to install mains of such greater capacity to the proposed subdivision property boundary along the road fronting the proposed subdivision to allow other connections or extensions to the lines located past the proposed subdivision.

3. **Increase in Size of Water Main or Transmission Line Extensions Beyond 100’ of Proposed Subdivision for Service to Other Areas.** Whenever the Manager finds that existing water mains or transmission lines are beyond 100 feet of the proposed subdivision and need to deliver water to a proposed subdivision, the subdivider must provide adequate service and fire protection for such subdivision. In order to supply water and fire protection to other property currently or not served by the public water system, the Department shall require the subdivider to install mains of such greater capacity to the proposed subdivision property boundary along the road fronting the proposed subdivision to allow other connections or extensions to the lines located past the proposed subdivision.

4. **Reimbursement to Subdivider for Additional Costs of Water Mains or Transmission Lines Beyond 100’ of the Proposed Subdivision to Subdivisions.** When the subdivider is required to install a larger sized water main or transmission line for the reasons set forth in the preceding paragraph, the Department
Board will reimburse the subdivider for improvement work that was done according to State procurement laws and approved by the Board, as soon as practicable after the acceptance by the Department Manager of the completed work. Improvements, the additional cost of the installation, 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 mains 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 Board shall review and either approve or disapprove the contract for amounts over five hundred thousand dollars ($500,000). The Manager shall review and either approve or disapprove the contract for amounts less than five hundred thousand dollars ($500,000). If the contract is disapproved, the subdivider shall revise the contract until its form and content is acceptable to the Department Board for cases over $500,000 or Manager in cases less than $500,000.

After the installation has been completed, easements or land transfers provided, and accepted by the Department Manager, the subdivider shall furnish the Department Manager with an affidavit itemizing the costs incurred by him in the installation of the said larger mains or transmission lines before final reimbursement is made. The said additional costs shall be determined by the Department Manager.

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 or Transmission Lines 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 Manager 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 Manager will require the subdivider to make installations of such greater capacity.

3. Reimbursement to Subdivider for Additional Costs of Water Mains or Transmission Lines within Subdivisions. When the subdivider is required to install a larger sized water main or transmission line for the reasons set forth in the preceding paragraph, the Board will reimburse the subdivider for improvement work that was done according to State procurement laws and approved by the Board, as soon as practicable after the acceptance by the Manager of the completed work. Improvements, the additional cost of the installation, 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.

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, 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 minimum water mains or larger in residential districts and 8-Inch each 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 subdivisions as determined by the Department. The Department Manager 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 multiple service connection may be installed for each two or more lots served from a single location provided the lateral is properly sized.

   Where the lots to be created front along an existing water main, a service connection as required above shall be paid for by the subdivider and installed by the Department staff or subdivider when inspected by the Department staff, 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 staff 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 inter-relationship with street line, 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 staff. Manholes, pumps, hydrants, laterals and other details drawn to a scale of one-half inch equals one foot or larger.
   e. The designation, including alignment and widths, of all elements 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. Review submittals should show all utilities and easements lines in plan and profile with different colors for ease of review. Colors to be set by standard drawing convention or as directed by Department staff. Drawing not submitted in this manner will remain at the bottom of the review priority list until all other reviews are complete.

3. **Elevation Agreement.** Whenever a lot or lots within a subdivision are at such an elevation that they cannot be assured of a dependable forty pounds per square inch during normal flows, 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/their 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 and as a deed restriction on the lot deed.

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 submit four sets of all final construction plans to the Manager and Chief Engineer. Color may be eliminated from these drawings.

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 Manager 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 or rejection because of system adequacy.

**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 10/1/53 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-Board and the FRC has been paid to the Department. Temporary service for subdivision construction purposes such as site work and roads (excluding including construction work for individual lots) not to exceed one year may be approved when not detrimental to the service of existing customers.

3. **Inspection of Work.** The Manager and Chief Engineer or any Department staff employee delegated representing authority 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 Manager will provide water service within the subdivision, the subdivider shall convey the subdivision water system to the Department Board and said subdivision water system thereafter will be maintained and operated as a part of the public water system; provided, however, that the Department Board may refuse to operate and maintain facilities installed without the Department’s Manager 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 Board for 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 and along the influent and effluent lines.
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 potable 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 Board.

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:
   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 re-subdivisions 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 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 down payment 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 water improvement 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 Manager 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 the said surety bond or deposit as aforesaid 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 down payment 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 down payment 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 Manager.

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:
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 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.

"Hawaiian 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.

"HRS" 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 determined 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,
Hawaiian 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 Manager shall not approve further subdivision requests, requests for water service when apartments within the property have been created pursuant to Chapter 51A, H.R.S., or development of any kind, unless and until adequate water system facilities, as may be determined by the Department Manager 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 Manager 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 or is combined with a lot with meter and development rights.

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

e. If, before necessary water-system facilities are constructed to service the property being subdivided, the Department Manager 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, debts, 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 as advised by 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.
1. 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 Public Water Systems, and
not to private water systems not served by the County Public Water System.

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 confirming in writing with the Manager, Department, and determining whether water
infrastructure development requirements have changed such that necessary water-system facilities no longer
need to be constructed. The Department Manager 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 $5000.00,
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.
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 KAUA'I, STATE OF HAWAI'I

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

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.

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 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
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,

[Signature]

Michael H. Tresler
Senior Vice President.
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. The 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.
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."
(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>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>30 Calendar Days*</td>
<td>45 Calendar Days*</td>
</tr>
<tr>
<td></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:

Līhuʻe, Kauaʻi, Hawaiʻi

Proposed Draft Bill (No. 2380)
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. Craddick, P.E.
Manager & Chief Engineer

12/3/10
Date

ED/GE/DC:100
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

BE IT ORDAINED BY THE COUNCIL OF THE COUNTY OF KAUAI, STATE OF HAWAI'I:

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 off-site 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."

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 result in an increase in density, 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. 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 4. Ordinance material to be repealed is bracketed. New ordinance material is underscored. When revising, compiling or printing this ordinance for inclusion in the Kaua‘i County Code 1987, the brackets, bracketed material, and underscoring need not be included.

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

INTRODUCED BY:

[Signature]
Nadine K. Nakamura
(By Request)

Date of Introduction:
March 23, 2011
Līhu‘e, Kaua‘i, Hawai‘i
CERTIFICATE OF THE COUNTY CLERK

I hereby certify that heretofore attached is a true and correct copy of Bill No. 2401, Draft 2, which was adopted on second and final reading by the Council of the County of Kaua‘i at its meeting held on May 4, 2011, by the following vote:

FOR ADOPTION: Bynum, Chang, Kuali‘i, Nakamura, Rapozo, Furfaro
AGAINST ADOPTION: Yukimura
EXCUSED & NOT VOTING: None
RECIUSED & NOT VOTING: None
TOTAL - 6,
TOTAL - 1,
TOTAL - 0,
TOTAL - 0.

Lihu‘e, Hawai‘i
May 4, 2011

Peter A. Nakamura
County Clerk, County of Kaua‘i

ATTEST:

Jay Furfaro
Chairman & Presiding Officer

DATE OF TRANSMITTAL TO MAYOR:

May 5, 2011

Approved this day of , 2011.

Bernard P. Carvalho Jr.
Mayor
County of Kaua‘i
A BILL FOR AN ORDINANCE TO
AMEND CHAPTER 9, KAUAI COUNTY CODE 1987, AS AMENDED,
RELING TO THE SUBDIVISION ORDINANCE

BE IT ORDAINED BY THE COUNCIL OF THE COUNTY OF KAUAI, 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 overbear 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 remove unwarranted off-site
infrastructure requirements where proposed subdivisions create no additional lots
or additional residential density.

(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.”

(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] The consolidation of lots, including Kuleana 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 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 infrastructure improvements, except as needed to connect to an adjacent roadway or utility line. If the resulting lots do not result in an increase in density, the Planning Commission shall not impose additional conditions pursuant to Section 9-3.4(b). The Planning Commission shall establish rules and [fee] fees for consolidation of lots."

SECTION 3. 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 4. Ordinance material to be repealed is bracketed. New ordinance material is underscored. When revising, compiling or printing this ordinance for inclusion in the Kaua‘i County Code 1987, the brackets, bracketed material, and underscoring need not be included.

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

INTRODUCED BY: ls/ Nadine K. Nakamura

Date of Introduction:
March 23, 2011
Līhu‘e, Kaua‘i, Hawai‘i
CERTIFICATE OF THE COUNTY CLERK

I hereby certify that heretofore attached is a true and correct copy of Bill No. 2401, which was passed on first reading and ordered to print by the Council of the County of Kaua'i at its meeting held on March 23, 2011, by the following vote:

FOR PASSAGE: Bynum, Chang, Kawakami, Nakamura, Rapozo, Furfaro TOTAL - 6,
AGAINST PASSAGE: None TOTAL - 0,
EXCUSED & NOT VOTING: Yukimura TOTAL - 1,
RECUSED & NOT VOTING: None TOTAL - 0.

Līhu'e, Hawai'i
March 23, 2011

Peter A. Nakamura
County Clerk, County of Kaua'i
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, DHHL 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
SECTION 1 – 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.

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 related to the process of subdividing of the land or territory subdivided.

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 subdividers 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 inter-relationship 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

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.

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

(e) 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
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, wastewater 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.
SECTION I - GENERAL USE RATES

1. **Service Charge.** For each service there shall be a charge per month imposed based on the size of the meter, or its service capacity equivalence in the case of parallel meters, as follows:

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Amount (per month):</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8&quot;</td>
<td>$ 10.00 plus first 1,000 gal. consumption = $ 10.00 per month</td>
</tr>
<tr>
<td>3/4&quot;</td>
<td>$ 14.00 plus 2,500 gal. consumption = $ 14.00 per month</td>
</tr>
<tr>
<td>1&quot;</td>
<td>$ 20.00 plus 3,500 consumption = $ 20.00 per month</td>
</tr>
<tr>
<td>1 ½&quot;</td>
<td>$ 40.00 plus 10,000 consumption = $ 40.00 per month</td>
</tr>
<tr>
<td>2&quot;</td>
<td>$ 60.00 plus 12,500 consumption = $ 60.00 per month</td>
</tr>
<tr>
<td>3&quot;</td>
<td>$120.00 plus 50,000 consumption = $120.00 per month</td>
</tr>
<tr>
<td>4&quot;</td>
<td>$190.00 plus 175,000 consumption = $190.00 per month</td>
</tr>
<tr>
<td>6&quot;</td>
<td>$360.00 plus 225,000 consumption = $360.00 per month</td>
</tr>
<tr>
<td>8&quot;</td>
<td>$580.00 plus 250,000 consumption = $580.00 per month</td>
</tr>
</tbody>
</table>

Effective: January 1, 2008; Effective: July 1, 2010

2. **Use Charge.** In addition thereto, there shall be a consumption charge imposed per 1,000 gallons as follows:

<table>
<thead>
<tr>
<th>Effective</th>
<th>Effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 2009</td>
<td>January 1, 2010</td>
</tr>
<tr>
<td>1st Block</td>
<td>$2.90</td>
</tr>
<tr>
<td>2nd Block</td>
<td>$3.70</td>
</tr>
<tr>
<td>3rd Block</td>
<td>$5.40</td>
</tr>
<tr>
<td>4th Block</td>
<td>Effective July 1, 2010</td>
</tr>
</tbody>
</table>

The 1st, 2nd, 3rd, and 4th block consumption thresholds vary with the size of each meter, and shall be as follows:

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>First Rate Block (1,000 gal.) used</th>
<th>Second Rate Block (1,000 gal.) used</th>
<th>Third Rate Block (1,000 gal.) used</th>
<th>Fourth Rate Block (1,000 gal.) used</th>
</tr>
</thead>
</table>
| 5/8"       | bi-monthly 2 - 14                  | bi-monthly 14 - 28                | bi-monthly 28 - 35                | bi-monthly Over 35
| 3/4"       | 5 - 58                             | 58 - 114                          | 114 - 130                         | 130
| 1"         | 7 - 137                           | 137 - 274                         | 274 - 350                         | 350
| 1 ½"       | 20 - 338                          | 338 - 675                         | '675 - 775                        | 775
| 2"         | 25 - 800                          | 800 - 1,500                       | 1,500 - 1,850                     | 1,850
| 3"         | 100 - 1,200                       | '1,200 - 2,400                    | 2,400 - 3,500                     | 3,500
| 4"         | 350 - 2,000                       | 2,000 - 5,000                     | 5,000 - 5,500                     | 5,500
| 6"         | 450 - 8,000                       | 8,000 - 15,000                    | 15,000 - 20,000                   | 20,000
| 8"         | 500 - 2,000                       | 2,000 - 5,000                     | 5,000 - 25,000                    | 25,000

Part IV – Fixing Rates for the Furnishing of Water Service

1 of 8

Effective: July 1, 2010
3. **Wharfage Fee.** Where applicable, the Department of Transportation's wharfage fee shall be charged in addition to the above use and service charges.

**SECTION II - BULK RATES**

Bulk rates for specified areas may be established by the Board providing the following conditions are met:

1. The area consists of existing dwellings or business establishment with bulk rates built prior to September 11, 1992.
2. The system has been offered to the Board but refused because of substandard or obsolete pipeline and fixtures.
3. The lots of parcels are under diversified ownership and not under a single or limited number of owners (three (3) and less).
4. There is a savings to the Board in maintenance and operating costs in contrast to accepting the system.
5. All bulk rates shall be renegotiated biennially and may continue upon concurrence of both parties.

**SECTION III - AGRICULTURAL RATES**

1. Service Charge. For each agricultural service there shall be a charge per month imposed based on the size of the meter, or its service capacity equivalence in the case of parallel meters, as follows:

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Amount (per month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8</td>
<td>$ 15.00</td>
</tr>
<tr>
<td>¾</td>
<td>$ 20.00</td>
</tr>
<tr>
<td>1</td>
<td>$ 30.00</td>
</tr>
<tr>
<td>1 ½</td>
<td>$ 55.00</td>
</tr>
<tr>
<td>2</td>
<td>$ 90.00</td>
</tr>
<tr>
<td>3</td>
<td>$ 160.00</td>
</tr>
<tr>
<td>4</td>
<td>$ 260.00</td>
</tr>
<tr>
<td>6</td>
<td>$ 500.00</td>
</tr>
<tr>
<td>8</td>
<td>$ 800.00</td>
</tr>
</tbody>
</table>

Effective January 1, 2008

2. In addition to the agricultural service charge described in this Section III, for all water drawn, where such water is used for agriculture, stock raising, or dairy farming on a commercial basis, the following consumption charge shall be imposed for each 1,000 gallons used, as of the following effective dates:

- Effective January 1, 2009: $1.45
- Effective January 1, 2010: $1.60

3. In order to qualify for the charges and rates described in this Section III, the applicant shall file annually with the Department of Water a written application [and], shall furnish annually satisfactory proof, including State of Hawaii General Excise Tax License for the engagement of business in agriculture, stock raising or dairy farming on a commercial basis and shall have a DOW approved reduced pressure backflow preventer installed on the customers side of the meter with a current inspection certificate. The applicant for agricultural rates must agree to
accepting service from the Department of Water on an interruptible basis; i.e., the Department retains the right to limit or restrict water flow for agricultural uses in the event of water shortage or in the event water service to domestic users is curtailed due to agricultural uses. The agricultural rates shall not apply to processing activities, such as canneries, mills, markets or other establishments engaged in the conversion, treatment or packaging of agricultural products.

SECTION IV - SHIPPING RATES

1. For each ship or vessel served, there shall be both an opening charge and a closing charge imposed as follows:

A. Opening and Closing Charges:

1. Charges applicable during regular Water Department working hours: $53.00

2. Charges applicable during Saturdays, Sundays, State of Hawai‘i holidays, and hours other than regular Water Department working hours: $123.00

2. Additionally, for all water drawn by ships and vessels, there shall be a consumption charge imposed for each 1,000 gallons of water drawn, as follows:

   Effective January 1, 2009: $3.70
   Effective January 1, 2010: $4.00

Additionally, for all water drawn by ships and vessels, there shall be a State of Hawai‘i Department of Transportation wharfage fee which is the current approved rate as per the Hawai‘i Department of Transportation Approved Rate imposed for each 1,000 gallons of water drawn.

SECTION V - PRIVATE FIRE SERVICE CHARGES

For each service connection for the sole purpose of automatic fire sprinklers or other private fire protection, there shall be a charge for a Private Fire Service Inlet Line per month based on the diameter of the inlet line connection as follows:

<table>
<thead>
<tr>
<th>Diameter</th>
<th>Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two-inch (2&quot;)</td>
<td>$11.00</td>
</tr>
<tr>
<td>Three-inch (3&quot;)</td>
<td>$20.00</td>
</tr>
<tr>
<td>Four-inch (4&quot;)</td>
<td>$35.00</td>
</tr>
<tr>
<td>Six-inch (6&quot;)</td>
<td>$75.00</td>
</tr>
<tr>
<td>Eight-inch (8&quot;)</td>
<td>$135.00</td>
</tr>
</tbody>
</table>

Effective January 1, 2008

Consumption Charges:
Detector check and full flow meters used for the sole purpose of fire fighting will not be charged a consumption charge in the case of an actual fire that is verified in writing by the County Fire Chief stating the time the fire fighting started and ended.

Detector Check Meters:
In addition to the Private Fire Service Inlet Line Charge there will be a meter reading service charge equal to the service charge imposed in Section I based on the detector check meter size. Any
consumption, including consumption for annual line testing and line leakage, on the detector check meter will be billed at the normal rate for water service times the ratio between the area of the detector check meter cross-sectional area and the cross-sectional area of the inlet line listed below in the Area Ratio Table.

**Full Flow Meters on Dual Use Lines:**
In addition to the Private Fire Service Inlet Line Charge there will be a meter reading charge equal to the service charge imposed in Section I. based on the full flow meter size. Any consumption, including consumption for annual line testing and line leakage, measured on the meter will be billed at the general use rate for water in Section I. Removal of the security tag shall result in a fine of $2,000.00.

<table>
<thead>
<tr>
<th>Line Diameter</th>
<th>5/8 meter</th>
<th>3/4 meter</th>
<th>1&quot; meter</th>
<th>1 1/2&quot; meter</th>
<th>2&quot; meter</th>
<th>3&quot; meter</th>
<th>4&quot; meter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dia Ratio</td>
<td>to line size</td>
<td>to line size</td>
<td>to line size</td>
<td>to line size</td>
<td>to line size</td>
<td>to line size</td>
<td>to line size</td>
</tr>
<tr>
<td>2,000</td>
<td>10.24</td>
<td>7.1</td>
<td>4.0</td>
<td>1.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,000</td>
<td>23.04</td>
<td>16.0</td>
<td>9.0</td>
<td>4.0</td>
<td>2.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4,000</td>
<td>40.96</td>
<td>28.4</td>
<td>16.0</td>
<td>7.1</td>
<td>4.0</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>6,000</td>
<td>92.16</td>
<td>64.0</td>
<td>36.0</td>
<td>16.0</td>
<td>9.0</td>
<td>4.0</td>
<td>2.25</td>
</tr>
<tr>
<td>8,000</td>
<td>163.84</td>
<td>113.8</td>
<td>64.0</td>
<td>28.4</td>
<td>16.0</td>
<td>7.1</td>
<td>4</td>
</tr>
</tbody>
</table>

**AREA RATIO TABLE**

**SECTION VI - PUBLIC FIRE SERVICE CHARGES**

For each fire hydrant or standpipe connected to operating pipelines of the Department of Water, there shall be a charge imposed against the County of Kauai as follows:

**Effective January 1, 2008  Effective July 1, 2010**

6-inch hydrant..........................$31.00 per month ......$34.00 per month
4-inch hydrant..........................$11.25 per month ......$12.40 per month
Standpipes less than 4-inch
but greater than 2-inch...............$5.25 per month ......$ 5.75 per month

**SECTION VII - FACILITIES RESERVE CHARGE**

1. The water system facilities reserve charge shall be assessed against all new developments and subdivisions requiring supply of water from the County of Kauai, Department of Water, and existing developments requiring additional supply of water from the Department's system. The facilities reserve charge must be paid before water services are made available to the new or existing development.

2. The water system facilities reserve charge shall be paid by all applicants for water service, including but not limited to the following:

...
a. All irrigation services and/or meters.

b. Additional buildings to be connected to existing services where additional demands or supplies are indicated. The charges shall be based on the meter sizes required if the buildings were metered separately.

c. Additional units connected to existing services and meters under the categories of single family and multi-family residential units. The charges will be based on the established schedule of charges for the respective categories.

3. The water system facilities reserve charges shall apply to all applicants for water service as follows:

a. For each parcel created by subdivision, including the first lot created; and for every new single family residential dwelling unit not yet metered and a facilities reserve charge has not yet been paid, the charge shall be $4,600.00.

b. For each unit or hotel room in a multi-family residential development and/or resort development, which applies to each unit or hotel room, the charge shall be $4,600.00.

c. For all other uses, the facilities reserve charge shall be determined by the size of the meter as follows:

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8&quot;</td>
<td>$4,600.00</td>
</tr>
<tr>
<td>3/4&quot;</td>
<td>$14,300.00</td>
</tr>
<tr>
<td>1&quot;</td>
<td>$26,400.00</td>
</tr>
<tr>
<td>1 1/2&quot;</td>
<td>$53,200.00</td>
</tr>
<tr>
<td>2&quot;</td>
<td>$90,700.00</td>
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<tr>
<td>3&quot;</td>
<td>$170,000.00</td>
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<tr>
<td>4&quot;</td>
<td>$283,400.00</td>
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<tr>
<td>6&quot;</td>
<td>$566,800.00</td>
</tr>
<tr>
<td>8&quot;</td>
<td>$907,000.00</td>
</tr>
</tbody>
</table>

Meter sizes shall be determined by the Department and not by the Developer or Applicant. The facilities reserve charge for multi-family and/or resort development will be determined by the approved meter size or the number of units, whichever number is larger. Facilities reserve charges are periodically adjusted by the Department. These adjustments may increase or decrease existing facilities reserve charge amounts. Where adjustments to facilities reserve charges result in decreases of such charges, no refund will be made of the difference between the higher, pre-existing charges and the lower, adjusted charges.

4. FRC Offsets.

a. Definitions and construction of words. As used in this paragraph 4, the following definitions shall apply:

"Applicant" means any person, individual, corporation, partnership, business, organization, association, or other entity whatsoever that applies for water service from the Department.
"Consumer" has the meaning ascribed to it under Section I of Part 2 of the Department's Rules and Regulations.

"FRC" means the facilities reserve charges described in section VII of Part 4 and Section III of Part 3 of the Department's rules.

"Offset" means reduced or reduction.

"Subdivider" has the meaning ascribed to it under section I of Part 3 of the Department's Rules and Regulations.

"Subdivision" has the meaning ascribed to it under section I of Part 3 of the Department's Rules and Regulations.

"Water transmission main" or "main" means a main extension under Paragraph 2.d.2.a.(4) of Section II of Part 2 of the Department's Rules and Regulations.

As used in this Paragraph 4, the following rules of construction shall apply:

Number. Words in the singular or plural number signify both the singular and plural number.

"Or", "and". Each of the terms "or" and "and", has the meaning of the other or of both.

b. When an applicant, consumer, or subdivider is required to construct and dedicate water source or water storage facilities, or water transmission mains, to the Department, the following rules shall apply.

Subject to the provisions of this paragraph 4, the applicable FRC liability of such applicants, consumers, or subdividers shall be offset by up to 33% each where water source or water storage improvements are constructed, and up to 50% where water transmission mains are constructed; provided that the total amount of all offsets that an applicant, consumer, or subdivider receives shall not exceed 100% of the applicant's, consumer's, or subdivider's FRC liability, and provided further that the offset for any source or storage improvement or transmission main shall not exceed the actual cost of the source or storage improvement or transmission main.

The Department, and not the applicant, consumer, or subdivider, shall calculate and determine the total amount of an applicant's, consumers, or subdivider's FRC offset in any given case. The Department may require the applicant, consumer, or subdivider to submit documentation verifying the actual cost of a source or storage improvement or transmission main.

c. The offsets described in this Paragraph 4 "FRC Offsets" shall not apply to water transmission mains constructed by a subdivider, applicant or consumer which are within or adjacent to a subdivision or lands either 1) owned by the applicant or consumer, or 2) developed by the applicant or consumer for uses such as, but not limited to, residential, agricultural, commercial, resort, industrial, governmental, religious, or educational uses. Where water transmission mains are constructed within, adjacent to, or outside of such subdivisions or lands, the offsets shall apply only to mains constructed outside of and off-site from such subdivisions or lands."
SECTION VIII - OTHER CHARGES

Restoration of Water Service. If a consumer's water service is turned off for failure to pay a bill, for violation of any of the provisions of these rules and regulations, or for other reasons, all outstanding accounts against said consumer plus the charge for reopening, reinstallation or reconnection must be paid before water service be restored. Said charges shall be as established by the Department.

2. Fire Hydrant and Other Temporary Meters. In addition to regular meter service charge and water consumption charge, there shall be installation, removal, testing and user charges for all Fire Hydrant and other temporary meters as established by the Department.

   a) As used in this Paragraph 3:

   "Private charge" or "private charges" means charges, fees, assessments, exactions, and all other moneys a private water company may require the Department to pay to permit the Department to purchase water from the company. The terms include contribution-in-aid-of-construction charges that a company may assess against the Department.

   "Private water company" or "company" means any department or agency of the federal government or the State of Hawaii, any private person, trust, association, corporation, partnership, or business, and any water utility regulated by the Hawaii Public Utilities Commission.

   (b) Whenever the Department purchases water from a private water company for end use by any of the Department's consumers or prospective consumers and the company imposes private charges in excess of any similar charge or fee imposed under the Department's administrative rules, the Department shall require a consumer or prospective consumer to pay, in addition to the Department's charge or fee, the difference between the charge or fee imposed under the Department's rules and the similar private charge imposed by the company. If the private charge imposed is less than the similar charge or fee imposed under the Department's administrative rules, the consumer or prospective consumer shall not be entitled to the difference between the private charge imposed and the similar charge or fee imposed under the Department's rules.

   Whenever the Department purchases water from a private water company for end use by any of the Department's consumers or prospective consumers and the company imposes private charges that are dissimilar to any charge or fee imposed under the Department's administrative rules, the Department shall require a consumer or prospective consumer to pay an amount equal to the dissimilar private charge imposed by the company.

SECTION IX - TEMPORARY GRANTS OF WATER

1. Purpose. The purpose of this section is to establish standards for temporary grants of water to support the initial development of county or state public beautification projects or the initial or further development of county or state public parks and public ways.

Temporary Grants of Water. The Board of Water Supply may, in its discretion, authorize temporary grants of water to support the initial development of county or state public
beautification projects or the initial or further development of county or state public parks and public ways.

Any county or state department, office, or agency wishing to receive such temporary grants of water shall apply to the Board of Water Supply for such temporary grants. The application shall explain or describe in detail the contemplated project, why a temporary grant of water from the Department is necessary, what other efforts the applicant has made to obtain water from other sources, for what specific purposes the water will be used, and how the water provided will yield public benefits. The applicant shall also certify that there were no other available sources which can be used to support the project in question.

For each application, the Board shall determine and establish a maximum time limit that water may be provided to an applicant and a quantity limit on the amount of water that may be drawn.

The Board and the Manager and Chief Engineer may prescribe conditions under which water may be drawn so that the provision of water to the applicant does not adversely affect the Department’s ability to provide water to its other users.

SECTION X - COST OF POWER ADJUSTMENT CLAUSE

Cost of Power Adjustment

All water consumption (for general use, agriculture use and ships) shall be subject to the imposition of a Cost of Power Adjustment as part of all water consumption charges.

As part of the Department's annual budget review process, the Department will review the actual unit costs of power for each twelve month period ending March 31st. At this time, the power cost adjustment for the upcoming fiscal year will be calculated as the sum of the following two components: (1) the difference (plus or minus) between budgeted unit power costs for the upcoming fiscal year and the projected unit power costs shown in Schedule A below, and (2) the difference (plus or minus) between the actual unit power costs incurred during the twelve-month period ending March 31st as previously described and the projected unit power costs effective for the same twelve month periods as shown in Schedule A below. The sum of these two components, calculated on a dollars per thousand gallons basis, will be applied to all water consumption.

Any power cost adjustments will be implemented on July 1st of each year.

<table>
<thead>
<tr>
<th>Schedule A</th>
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<tbody>
<tr>
<td>Anticipated Unit Power Costs</td>
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<tr>
<td>Implementation Date</td>
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<tr>
<td>---------------------</td>
</tr>
<tr>
<td>July 1, 2005</td>
</tr>
<tr>
<td>July 1, 2006</td>
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<td>July 1, 2007</td>
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<tr>
<td>July 1, 2008</td>
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<tr>
<td>July 1, 2009</td>
</tr>
</tbody>
</table>

1 Projections based on July 2005 power cost assumptions. Actual unit power cost in each fiscal year is calculated as described in this Section.
Subchapter 1 General Provisions
5-1 Purpose.
5-2 Definitions.

Subchapter 2 Water System Development Fee Procedures
5-3 Water system development fee schedule.
5-4 Applicability.
5-5 Water service.
5-6 Building permits.
5-7 Request for additional meter(s).
5-8 Exemptions from payment of the fee.
5-9 Payment of water system development fee.
5-10 Payment plan.

Subchapter 3 Credit and Accounts
5-11 Application of credit.
5-12 Water system development fee account.

Subchapter 4 Unauthorized Service
5-13 Conversion of unauthorized service.
5-14 Effective date.
5-15 Severability.

SUBCHAPTER 1
GENERAL PROVISIONS

5-1 Purpose. The purpose of this rule is to authorize the Kaua'i Department of Water Supply to collect fees for the department's costs for water system improvements or dedicated water system improvements which are necessary to increase the service capacity or to replace existing capacity in the Board's water system to serve new water consumers or additional demand by
existing consumers, and to establish the appropriate accounting mechanisms to carry out this purpose.
[Eff.; Am] (Auth: HRS 54-33)(Imp: HRS 54-33)

5-2 Definitions. For the purpose of this rule, unless it is plainly evident from the context that a different meaning is intended, certain words and phrases are defined as follows:

"Additional Dwelling Unit" is as defined in Kaua‘i County Code Section 8-26.1 and means living quarters attached to a main dwelling or within an accessory building located on the same lot as the main dwelling for use as a separate dwelling.

"Additional water service" means a provision for additional water service through the installation of an additional water meter or a consolidated metering system, the replacement of an existing water meter with a larger-capacity water meter.

"Allocation" means quantity and size of meter(s) identified for the purpose of reserving water service and quantity of water to meet the anticipated demand of that service.

"Applicant" means a person who applies for water service or applies for a building permit which will require additional water service.

"Application" means a request for water service or county building permit requiring additional water service.

"Board" means the Board of Water Supply of the County of Kaua‘i.

"Building permit" means the official document or certificate issued by the county authorizing the construction of any structure.

"Consumer" has the meaning prescribed to it under Part 2 section 1 of the Department Rules and Regulations.

"Consolidated meter system" means water that is furnished to multiple dwellings through a centralized or single meter.

"County" means the County of Kaua‘i, a political subdivision of the State of Hawaii.

"Credit" means the amount of money that an applicant or the applicant's predecessor in interest has paid or spent for construction, engineering, land with exclusive easement or fee
simple dedication or the amount of water in gallons an applicant or the applicant's predecessor in interest has developed in accordance with the Water System Standards and dedicated to the Board of Water Supply for source development, transmission pipelines, storage tanks, or a combination of any of the foregoing, which is used to offset the fee.

"Dedicated water system improvements" means water system improvements that are privately designed and constructed and then accepted by the Board of Water Supply for operation, for which credits shall be applied to all or to a portion of the fee.

"Distribution system" means the water pipelines used to bring water from the transmission system or storage tank to an individual water service lateral and public fire hydrants. Transmission systems that currently provide this function shall not be construed to be a distribution system.

"Developer" means any person causing an increase in demand on the Kaua'i County water system.

"Department of Water" (DOW) means the County of Kaua'i Department of Water.

"Fixture Units" means a flow rate of one cubic foot per minute. (See Water System Fixture Unit Flow)

"Impact fee" means the charges imposed on a developer by a county to fund all or a portion of the public facility capital improvement costs required by the development from which it is collected or to recoup the cost of existing public facility capital improvements made in anticipation of the needs of a development.

"Manager" means the Manager and Chief Engineer Department of Water Supply of the County of Kaua'i.

"Person" means an individual, firm, partnership, company, corporation, association, syndicate, governmental agency, or any legal entity, including but not limited to a trustee, receiver, assignee, or similar representative thereof.

"Premises" means a parcel of real property and any structures thereon which have water service will require water service or requires additional water service and including subdivisions or Horizontal Property Regimes of a parcel of real property.
“Schedule” means the development impact fees as approved by the Board set out in Part IV section VII of these rules and regulations.

“Service lateral” means the connection to a pipeline, pipes, fittings, valves, and other appurtenances up to and including the consumer shut-off valve and water-meter box, but not including the water meter.

“Source development” means the construction of any structure to capture, convey, store, and treat currently unutilized non-potable surface waters; the construction of facilities for currently unutilized ground water and its treatment, including pumps, motor control stations, pump control or disinfection contact time tanks or portions of transmission line needed to meet disinfection contact time, the construction of desalination facilities; which provides or recaptures state department of health acceptable water and any easements or land required for the improvements.

“Storage tank” means an enclosed reservoir to store water for peak-hour flow, and any easements or land required for the improvements.

“Structure” shall have the same meaning as defined in the uniform building code as adopted, amended, or replaced by the county.

“Temporary meter” means any meter connected to a fire hydrant or a service lateral used less than one year by agreement of the DOW.

“Transmission pipeline” means a pipeline that delivers water from a source development to a storage tank or distribution system, including any booster pump stations and appurtenances to the transmission pipeline system to increase its capacity, and any easements or land required for the improvements this does not include any fire hydrants or services that should not be attached to such line but for convenience may be where it is shown that the line cannot operate at pressures less than 40 pounds per square inch.

“Unauthorized Service” means people or their successors in interest that have added facilities requiring water that meet the applicability requirements of subsection 5-4 and have not followed the provisions outlined in this chapter.
"Water meter" means a device that measures the volume of water delivered to any premises.

"Water service lateral" means the provision for delivering water to any premises.

"Water system development fee (WSDF)" means a monetary rate imposed on any applicant to fund a portion of costs to construct water system improvements or to recover the cost of existing water system improvements made in anticipation of additional demand on the water system.

"Water System Fixture Units Flow" (WSFUF) means the utilization of the design factor from the most current Uniform Plumbing Code (UPC) comparing fixture units to flow. Plus any irrigation system flows or other non standard water flow additions to a premise water system. i.e.: swimming pool, fish ponds. This WSFUF may be adjusted downward by DOW staff from the (UPC) tables for fixtures that cannot be altered utilizing water conservation features based on historical information.

"Water system improvement" means any project which will provide additional source development capacity, additional transmission pipeline capacity, or additional storage tank capacity for any of the Board's water systems.

[Eff.: am, §5-2 and] (Auth: HRS 54-33) (Imp: HRS 54-33)

SUBCHAPTER 2
WATER SYSTEM DEVELOPMENT FEE PROCEDURES

5-3 Water system development fee schedule. Fees shall be charged in the amounts set forth in the schedule ("the Schedule") in Part 4 Section VII of these rules and regulations and are due no later than the time this rule is applicable or should have been applicable. Exceptions pursuant to section 5-8 may apply.

[Eff.: am, §5-3 and] Auth: HRS 54-33) (Imp: HRS 54-33)

5-4 Applicability. This rule shall apply to all, persons who want a guarantee or allocation of water service or persons with existing service needing additional water service from the Board water system or persons who are granted approval of a building permit by the County for the construction of any structure on any premises, including but not limited to;

a. Irrigation services.
b. Additional buildings to be connected to existing meters where additional fixture units are indicated.

c. Additional units connected to existing meters under single family and multifamily residential units.

[Eff.; am, §5-4 and] (Auth: HRS 54-33) (Imp: HRS 54-33)

5-5 Water service.

(a) Unless exempted, the fee imposed on any applicant granted water service shall be as set forth in the schedule, based on the gallons per maximum day as set out in the water system standards as corrected to provide for existing conditions and the WSFUF to determine the size of water meter(s) required.

(b) Unless exempted, the fee shall be imposed on any applicant granted additional water service in an amount equal to the difference in gallons per maximum day as set out in the water system standards as corrected to provide for existing conditions and the WSFUF to determine the size of water meter(s) required and the existing water meter size contained in the schedule of fees.

(c) An applicant requesting the reduction of a water meter size shall not be entitled to any reimbursement.

(d) Reimbursement of fees shall not be made with the termination of water service. However, the fee paid shall be credited to future applications for service at those premises.

(e) When premises with existing water service are subdivided, the owner may request relocation of the existing meter or a reduced-size meter upon payment of relocation costs. All new premises resulting from the subdivision of the original premises will be required to have separate water service.

(f) A penalty equal to the WSDF shall be imposed on any applicant granted water service for a meter removed in accordance with rules of the board, in the amount set forth in the WSDF schedule less any portion of the WSDF as enacted (original fee) that has previously been paid for the size of meter replaced unless exempted pursuant to Section 5-8(d).

[Eff.; am,] (Auth: HRS 54-33) (Imp: HRS 54-33)

5-6 Building permits. Any applicant for a building permit approved by the County shall be required to apply for separate water service or additional water service based on the Manager's estimate as to the size of service required for the structure unless exceptions pursuant to section 5-8(b) can be applied.

[Eff.; am,] (Auth: HRS 54-33) (Imp: HRS 54-33)
5-7 Request for additional meter(s). Additional meter(s) for existing accessory dwellings may be requested at premises presently provided water service and, if granted, shall be subject to one half of the pertinent fee in the schedule.
[Eff.; am,] (Auth: HRS 54-33) (Imp: HRS 54-33)

5-8 Exemptions from the rule.

(a) Any applicant for a building permit for an accessory dwelling shall pay one half of the fee in the schedule for the size meter required to be installed. If the accessory dwelling is later subdivided from the premises, the applicant for subdivision shall pay the balance of the fee in effect at the time of subdivision upon proof of the initial one-half payment and, upon the Manager's request, shall be required to relocate the meter.

(b) Any applicant for a building permit for any structure shall be exempted from paying the fee, upon proof presented, that the structure or the premises on which the structure is located does not require water service from the department's system or that they have already paid the fee.

(c) Any temporary meter shall be exempt from the fee. The deposit made shall be returned upon full compliance with the temporary meter agreement and the return of the meter.

(d) Any application for water service within thirty six months after removal due to delinquency pursuant to rules of the board shall be exempt from the fee.

(e) The board by a two thirds vote of the entire voting membership may waive or modify requirements of this rule when not contrary to the purpose of the rule or the public interest, and when the board finds that:
1. Strict application of the rule would cause an absurd, unfair, or unreasonably harsh result;
2. The applicant's circumstance or condition is unique or exceptional, and the board would grant the same request if made by every similarly situated applicant;
3. In cases of exemption from or reduction of the fee, the resulting financial impact upon the department and future consumers is acceptable to the board.
[Eff., am,] (Auth: HRS 54-33)(Imp: HRS 54-33)

5-9 Payment of water system development fee.

(a) Applicant ready for water service:
The Manager shall approve applications only upon payment of fee or application of credit for available water service or additional water service. Application shall be accepted only
upon payment of the fee or application of credit for water service that is available at that time. Total payment for service will be the fee in effect at the time the meter is installed.

(b) Applicant not ready for water service:

Upon payment of a deposit equal to the fee set forth in section 5-3 by an applicant who, to the Manager's satisfaction, is unable to accept water service immediately, the DOW shall reserve an allocation of service capacity available at that time. Total payment for service will be the fee in effect at the time the meter is installed. The duration of such reservation shall not exceed two years plus two six-month extensions, each for good cause shown and approved by the Manager if water service is still available. The DOW and the applicant shall agree in writing on the amount of any allocation. If within two years, or longer with extension(s), the applicant is not able to accept installation of water service, unless for good cause shown and approved by the Manager, the application and the reservation of the allocation shall expire and the fee paid shall be returned or credit released less five percent 5% which shall be considered as a penalty, and forfeited, to be applied to the WSDF fund to cover administrative costs. Any event, occurrence, or condition not caused by the board which prevents the board from performing its obligations excuses the board from those obligations except to refund the fee plus interest at the rate invested for the time the funds were held by the Board.

[Eff.; am,] (Auth: HRS 54-33) (Imp: HRS 54-33)

5-10 Payment plan. When the fee for owner-occupied residential premises with a 5/8-inch meter exceeds two percent of the premises real property assessed value (including the value of any existing or proposed structures at the time of the owner's application for water service), the owner occupant may request to pay one sixth of the fee upon application and the balance in equal bi-monthly installments over three years. Upon sale of the property, any balance shall be due prior to transferring the meter.

[Eff.; am,] (Auth: HRS 54-33) (Imp: HRS 54-33)

SUBCHAPTER 3
CREDITS AND ACCOUNTS
5-11 Application of credit.
(a) The fee credits shall be attributable to:
(1) source developments;
(2) the construction of transmission pipelines;
(3) the construction of storage tanks.

Schedule of Fee Credits shall be as indicated in Part IV of the Rules.

(b) Any applicant who is a successor in interest to a premise shall be required to submit evidence supporting any credit claimed.

c) Credit shall be applicable only to premises which are served by the source, transmission pipeline, or storage tank which the applicant or the applicant's predecessor in interest has developed or constructed, or has participated in developing or constructing, unless otherwise specifically provided for in a prior agreement.

The foregoing shall not apply to governmental agencies.

(d) Any credit in a source, which by prior agreement is measured in gallons, which the applicant or the applicant's predecessor in interest has developed or has participated in developing shall be determined in an amount according to that prior agreement.

e) For dedicated water system improvements any approved credit activity will be recorded pursuant to 5-12.

[Eff.] (Auth: HRS 54-33) (Imp: HRS 54-33)

2 Water system development fee account.

(a) The board shall maintain separate accounts for:

(1) Fees collected plus interest at the prevailing County treasury rate;

(2) Advance payments from government agencies for particular classes of persons made by agreement with the board,

(b) For dedicated water system improvements, the Department shall, upon acceptance and by agreement, establish and record a value for the system and any credit activity.

[Eff.] (Auth: HRS 54-33) (Imp: HRS 54-33)

SUBCHAPTER 4
UNAUTHORIZED SERVICE

5-13 Conversion of unauthorized service. The water service of any current consumer which provides water to any location not identified in the application for water service shall be considered terminated within 60 days of the enactment of this rule and shall not be reactivated until all recipients of said
unauthorized water service shall apply for service and a fine of $5,000 is paid.
[Eff.] (Auth: HRS 54-33) (Imp: HRS 54-33)

5-14 Effective date. This rule shall become effective ten days after it is filed with the County Clerk of the County of Kaua‘i.
[Eff.] (Auth: HRS 54-33) (Imp: HRS 54-33)

5-15 Severability. If any provision of this chapter or the application thereof to any person or circumstance, is held invalid, the invalidity shall not affect other provisions or applications of this chapter which can be given effect without the invalid provision or application.
[Eff.] (Auth: HRS 54-33) (Imp: HRS 54-33)
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<th>Minimum Fixtures</th>
<th>Water Supply Fixture Units</th>
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<td></td>
<td>(in)</td>
<td>WFSU</td>
</tr>
<tr>
<td>Bathtub</td>
<td>1/2</td>
<td>4</td>
</tr>
<tr>
<td>Bathtub with 3/4 fill valve</td>
<td>3/4</td>
<td>10</td>
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<tr>
<td>Bidet</td>
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<td>Dishwasher, domestic</td>
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<td>Water closet with gravity tank</td>
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<td>Water closet with flushometer tank</td>
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<tr>
<td>Water cooler</td>
<td>1/2</td>
<td>0.5</td>
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* 1 WFSU = 1 GPM = 3.79 liter/min
# SUMMARY REQUEST FOR STATE AID

**CAPITAL IMPROVEMENT PROGRAM (CIP)**  
Fiscal Year 2012

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<th>PROJECT</th>
<th>FISCAL YEAR (in thousands of dollars)</th>
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<td><strong>Improvements for</strong></td>
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<td>Kilauea School Waterline Improvements</td>
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<td><strong>AFFORDABLE HOUSING</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Infrastructure Development</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority No. 3:</td>
<td>Hanalei Water System</td>
<td>H-5</td>
<td>Hanalei School Waterline Improvements</td>
</tr>
<tr>
<td>Priority No. 4:</td>
<td>Wailua/Kapa’a Water System</td>
<td>WK-27A</td>
<td>Kawaihau, Kahuna &amp; Pilamoo Roads - 12” and 18” Mains</td>
</tr>
<tr>
<td>Priority No. 5:</td>
<td>Wailua/Kapa’a Water System</td>
<td>WK-33</td>
<td>Drill &amp; Develop Kapa’a Homesteads Well No. 4</td>
</tr>
<tr>
<td>Priority No. 6:</td>
<td>Kekaha Water System</td>
<td>KW-28</td>
<td>Renovate Kekaha (Amfac) Shaft and 12” Ductile Iron Waterline</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td></td>
<td></td>
<td>24,800</td>
</tr>
</tbody>
</table>
New Business
MANAGER’S REPORT NO. 12-49

December 22, 2011

Re: Job No. 02-11, Project No. M-02, Construct Moloa’a Tank, 100,000 Gallon Storage Tank, Moloa’a, Kauai

RECOMMENDATION:
It is recommended that the Board allocate funding for land acquisition for Job No. 02-11, Project No. M-02, Construct Moloa’a Tank, 100,000 Gallon Storage Tank, Moloa’a, Kauai in the amount of $121,000.00.

FUNDING:
Available Balance: Account # 201-01 BAB Bond ...........................................$20,739,242.42
Land Acquisition ..........................................................$110,000.00
Contingency .................................................................$ 11,000.00
Total Funding Required: ..................................................<$ 121,000.00>
New Balance: Account # 201-01 BAB Bond ...........................................$20,618,242.42

BACKGROUND:
The Department of Water (DOW) is proposing to upgrade the Moloa’a water system. The storage tank that currently serves this system is dilapidated and failure is imminent. It is deficient in quality and size of current DOW standards. The existing tank is located within a County right of way adjacent to Koolau Road. The existing tank’s location is not large enough to serve as the site for the proposed new tank. The proposed tank will need a larger site (~1/2 acre) so that it can be built to Department of Health and current Water System Standards. The proposed site may also allow for future production wells. Many sites were considered for the proposed tank, however, all were privately owned and not for sale. The proposed site is directly across the street from the existing tank and is, therefore, an acceptable location. The DOW commissioned appraisal of the property totaled approximately $70,000. The low appraised value is due to the fact that a dwelling is not allowed to be built on the land per current zoning codes. However, a water tank, for governmental use/public service is allowed per zoning codes. The owner has requested the additional funds to compensate for potential loss of value of adjacent property and associated legal, survey, and zoning fees.

Staff has reviewed the proposed land acquisition and finds the purchase price acceptable based on need, location, and potential costs for acquiring ‘buildable’ land in the area.

Respectfully submitted,

Aaron Zambo, P.E.
Project Manager

Concurred:

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

AZ/cab
Mgrp-Job No. 02-11-Construct 100,000 Gallon Moloa’a Tank Moloa’a (12-22-11):cab
DEPARTMENT OF WATER
County of Kaua‘i

"Water has no Substitute – Conserve It!"

MANAGERS REPORT No. 12-50

December 22, 2011


1. Princeville Agricultural, LLC, affecting portion of TMK: (4) 5-4-003:001

RECOMMENDATION:
It is recommended that the Board approve the Right of Entry documents; whereby, the above landowner, grant to the Board of Water Supply, County of Kauai, a right of entry, over, across, and onto the subject property located as specified above in Hanalei, Kauai, Hawaii, for the following work:

1. Rehabilitate its Maka Ridge Facilities.

Further, Board approval is specifically requested of the indemnification provision in this agreement; wherein, the Board agrees to indemnify, defend, and hold Princeville Agricultural, LLC harmless against any incidents or claims of damages arising out of or related to the use of the subject property by DOW or its contractors and invitees.

FUNDING:
Not applicable.

BACKGROUND:
A portion of the new waterline and road rehabilitation along the access road are outside of the existing DOW easement from Kuhio Highway to the DOW facilities. During the building permit approval stage, the Department of Public Works requested a letter from the land owner which allows the DOW to work outside of the existing easement. The agreement will allow the DOW to attain necessary permits from the County of Kauai and in turn, allow the contractor to do the work required per the approved construction drawings until the easement is revised as originally planned after construction is completed.

Respectfully submitted,

[Signature]
Dustin Moises
Project Engineer

Concurred:

[Signature]
David R. Craddick, P.E.
Manager and Chief Engineer

DM:cab
Mgrpr/ROE – Job 02-17-Maka Ridge Rehab_Princeville System Interconnection (12-22-11):cab
MANAGER’S REPORT 12-51

December 22, 2011

Re: Job No. 11-03, WP2020 Various Projects, Land and Well Acquisitions, Moloa’a and Waimea, Kaua’i
First Amendment to Contract # 543, Oceanit Laboratories, Inc.

RECOMMENDATION:
It is recommended that the Board allocate funds for Amendment #1 to Contract #543 with Oceanit Laboratories, Inc. for Water Plan 2020 various projects, Land and Well Acquisitions, Kauai, Hawaii in the amount of $49,500.00.

FUNDING:
Total Project Funds Certified ................................................................. $ 115,500.00

Contract #543 with Oceanit Laboratories, Inc. .............. $105,000.00
Amendment #1 .................................................................................. $ 60,000.00
Total Amended Project Budget ....................................................... <$165,000.00>

Funding Required ............................................................................. $ 49,500.00

Available Balance: Account # 201-01 BAB Bond.......................... $20,618,242.42
Job No. M-03, Land and Well Acquisition, Amendment #1 ..................<$ 49,500.00>
New Balance: Account # 201-01 BAB Bond................................. $20,568,742.42

BACKGROUND:
Several additional sites or easements currently occupied or to be occupied by DOW assets do not have proper ownership rights (Kekaha-Waimea Booster Pump Station, Kekaha No. 2 Well Site, and Waimea Well A), the intent of this contract amendment is to address these and create easements or bring these sites under DOW ownership.

Staff has reviewed Oceanit Laboratories, Inc. proposal of $60,000.00 for the work and find it acceptable.

Respectfully submitted,

Aaron Zambo, P.E.
Project Manager

Concurred:

David R. Craddick, P.E.
Manager and Chief Engineer
AZ/cab
MANAGER’S REPORT NO. 12-52

December 22, 2011

Re: Procurement & Specifications Specialist IV

RECOMMENDATION:
It is recommended that the Board approve the creation of a Procurement & Specifications Specialist IV under Fiscal Division of the Department of Water and amend the budget to allow this action.

FUNDING: Fiscal Division

Salary Requirement:
Procurement & Specifications Specialist IV SR-22 $44,412 – 68,388

FY 2011-2012 Budget Salaries $1.00

BACKGROUND:
The Department of Water received a letter from the County Attorney’s office dated October 21, 2011, proposing the creation of a new Procurement Officer Position. In the letter, County Attorney suggested the need for the Department of Water to have its own Procurement personnel who specialize in the procurement of goods and services for the department.

This position requires a high level of planning and implementing procedures in the acquisition of goods and services. With the current staff that the Department has, each Division is literally doing their own procurement. Our legal counsel was de facto operating as a procurement specialist. As the letter states the Deputy County Attorney should not be doing the procurements since they may have to be in a position to defend the Department.

I concur that there is a need for our Department to create this position dedicated to perform routine procurement and specifications work in governmental purchasing within the procurement laws of the state. Our Department is dealing with some risks since our staff is not specialized to do this. The budget request is for $1.00 as we do not believe the position will be created before the new budget is approved.

Your approval is hereby requested.

Respectfully submitted:

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

DRC/cab
Mgrrp-Procurement Officer Position (12-22-11):cab
MANAGER'S REPORT No. 12-53

December 22, 2011

Re: TABLE OF ORGANIZATION - FISCAL DIVISION

RECOMMENDATION:
It is recommended that the Board approve the Proposed Fiscal Table of Organization.

FUNDING:
No Change - Approved 2012 Budget for Salaries – Fiscal Division

BACKGROUND:
The Board approved the Revised Organizational Chart of the FISCAL DIVISION at its July 28, 2011 Board Meeting that included a new position, Meter Reader/Field Collection Representative II. This was in anticipation of the October, 2011 implementation of the Honolulu Board of Water Supply LOIHI Project that included Customer Care & Billing (CC&B) conversion from Bi-monthly to monthly billing. To date, the implementation of monthly billing is not ready; it is anticipated to be implemented in the first week of July, 2012.

The Fiscal Division has undergone a lot of transitions in its Accounting Staff. With the retirement of three senior staff happening almost at the same time, it was a challenge to pick up the unwritten knowledge and procedures that the "Retirees" took away with them. The Billing Section could be in the same position. We have senior staff eligible to retire anytime now. The creation of Accountant II will provide the opportunity to learn the Billing procedures using the old CAS system and the new LOIHI CC&B.

It is therefore recommended that the Meter Reader/Field Collection Representative position be deleted and a new position of Accountant II be created.

The proposed position to be deleted, Meter Reader/Field Collection Representative (SR-13) budgeted salary is, $37,968 while the proposed Accountant II salary range is SR 20, $42,132 to $62,424. The minimum change is $4,164 annually but there will be no change in the salaries budget for this Fiscal Year 2011-2012.

Respectfully submitted,

Maritee Yama
Waterworks Controller

Concurred:

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

MY/cab
Mgrp-Table of Organization-Fiscal Division (12-22-11):cab
Staff Reports
DEPARTMENT OF WATER
Budget Status Summary
October 31, 2011

I. WATER UTILITY FUND

<table>
<thead>
<tr>
<th></th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance 07/1/2011</td>
<td></td>
<td>$16,914,045.74</td>
</tr>
<tr>
<td>Add: Revenues</td>
<td>$1,994,150.40</td>
<td>$8,911,648.29</td>
</tr>
<tr>
<td><strong>TOTAL RESOURCES:</strong></td>
<td><strong>$25,825,694.03</strong></td>
<td></td>
</tr>
<tr>
<td>Less: Expenditures</td>
<td>$1,188,172.88</td>
<td>$8,103,895.71</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES:</strong></td>
<td><strong>$8,103,895.71</strong></td>
<td></td>
</tr>
<tr>
<td>Ending Balance</td>
<td></td>
<td><strong>$17,721,798.32</strong></td>
</tr>
</tbody>
</table>

II. FACILITIES RESERVE CHARGE

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance 07/1/2011</td>
<td></td>
<td>$4,367,931.68</td>
</tr>
<tr>
<td>Add: Revenues</td>
<td>$30,937.46</td>
<td>$178,593.06</td>
</tr>
<tr>
<td><strong>TOTAL RESOURCES:</strong></td>
<td><strong>$4,546,524.74</strong></td>
<td></td>
</tr>
<tr>
<td>Less: Expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES:</strong></td>
<td><strong>$</strong></td>
<td></td>
</tr>
<tr>
<td>Ending Balance</td>
<td></td>
<td><strong>$4,546,524.74</strong></td>
</tr>
</tbody>
</table>

III. BOND FUND

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance 07/1/2011</td>
<td></td>
<td>$401,056.43</td>
</tr>
<tr>
<td>Add: Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL RESOURCES:</strong></td>
<td><strong>$401,056.43</strong></td>
<td></td>
</tr>
<tr>
<td>Less: Expenditures</td>
<td>$343,555.01</td>
<td>$377,042.34</td>
</tr>
<tr>
<td>Ending Balance</td>
<td></td>
<td><strong>$24,014.09</strong></td>
</tr>
</tbody>
</table>

IV. WATERWORK BUILD AMERICA PROJECT FUND

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance 07/1/2011</td>
<td></td>
<td>$42,251,093.01</td>
</tr>
<tr>
<td>Add: Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL RESOURCES:</strong></td>
<td><strong>$42,251,093.01</strong></td>
<td></td>
</tr>
<tr>
<td>Less: Expenditures</td>
<td>$292,524.42</td>
<td>$2,645,493.72</td>
</tr>
<tr>
<td>Ending Balance</td>
<td></td>
<td><strong>$39,605,599.29</strong></td>
</tr>
</tbody>
</table>

TOTAL - ALL FUNDS at October 30, 2011

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$61,897,936.44</td>
</tr>
</tbody>
</table>
## STATEMENT OF REVENUES AND EXPENDITURES
### WATER UTILITY FUND
### October 31, 2011

### REVENUES:
- Cash on hand as of July 1, 2011 $16,914,045.74
- Add: Revenues To Date $8,911,648.29
- Sub-Total $25,825,694.03

### EXPENDITURES:
- Less: Expenditures to Date $8,103,895.71
- BALANCE AT THE END OF THE MONTH $17,721,798.32

### SHORT TERM INVESTMENTS - WATER UTILITY FUND

#### BANK OF HAWAII
- TCD# 8000423145-114 0.2000% INT. DUE 02/18/11 $160,000.00

#### CENTRAL PACIFIC BANK

#### FIRST HAWAIIAN BANK
- T30020086 0.1800% INT. DUE 01/20/12 $500,000.00
- T3002008137 0.0900% INT. DUE 09/07/12 $1,200,000.00

#### MERRILL-LYNCH
- CUSIP# C31331KDM9 0.2800% INT. DUE 03/09/12 $1,000,000.00
- CUSIP# 0.2850% INT. DUE 11/15/11 $997,168.88

**SUB-TOTAL FOR PAGE A** $3,857,168.88
### SUB-TOTAL FROM PAGE A

**10/31/11**

#### SHORT TERM INVESTMENTS - WATER REVENUES

<table>
<thead>
<tr>
<th>CUSIP#</th>
<th>Amount</th>
<th>Rate</th>
<th>Due Date</th>
<th>Principal</th>
</tr>
</thead>
<tbody>
<tr>
<td>85508VAC3</td>
<td>$3,857,168.88</td>
<td>2.700000%</td>
<td>11/18/13</td>
<td>98,000.00</td>
</tr>
<tr>
<td>06610PAR4</td>
<td>$998,260.00</td>
<td>4.500000%</td>
<td>07/27/12</td>
<td>99,000.00</td>
</tr>
<tr>
<td>3136FP2U0</td>
<td>$652,527.78</td>
<td>1.000000%</td>
<td>01/27/16</td>
<td>1,000,000.00</td>
</tr>
<tr>
<td>3136FRT66</td>
<td>$4,844,412.78</td>
<td>0.750000%</td>
<td>08/30/16</td>
<td>799,625.00</td>
</tr>
</tbody>
</table>

#### TOTAL SHORT-TERM INVESTMENTS - WATER UTILITY

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on Hand with Treasurer - COK</td>
<td>$8,701,581.66</td>
</tr>
<tr>
<td>Cash on Hand - BOH Savings</td>
<td>$9,574,114.50</td>
</tr>
<tr>
<td>Cash on Hand - FHB Savings</td>
<td>$25,821.58</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$4,844,412.78</td>
</tr>
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#### LESS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>October Claims Payable</td>
<td>$(724,639.06)</td>
</tr>
<tr>
<td>3/31/11 Payroll</td>
<td>$(20.00)</td>
</tr>
<tr>
<td>8/31/11 Payroll</td>
<td>$(20.00)</td>
</tr>
<tr>
<td>9/15/11 Payroll</td>
<td>$(20.00)</td>
</tr>
<tr>
<td>9/15/11 PR Benefits</td>
<td></td>
</tr>
<tr>
<td>Transfer for October A/P</td>
<td>$719,692.44</td>
</tr>
<tr>
<td>Due to W/U from BAB</td>
<td>$467.88</td>
</tr>
<tr>
<td>Due to W/U from BAB</td>
<td>$35,392.39</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$17,721,798.32</td>
</tr>
</tbody>
</table>

#### CASI BALANCE AT THE END OF THE MONTH

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$17,721,798.32</td>
</tr>
</tbody>
</table>

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**011 WU BUDGET STATUS**
<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>$ 16,914,045.74</td>
<td>$ -</td>
<td>$ -</td>
<td>-</td>
<td>$ 16,914,045.74</td>
</tr>
<tr>
<td>1 Water Sales</td>
<td>$ 20,714,175.00</td>
<td>$ 6,963,302.77</td>
<td>$ 1,999,191.38</td>
<td>34%</td>
<td>$ 13,750,872.23</td>
</tr>
<tr>
<td>2 Net Miscellaneous Receipts</td>
<td>$ 111,999.00</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$ 111,999.00</td>
</tr>
<tr>
<td>3 Interest Income</td>
<td>$ 355,000.00</td>
<td>$ 26,081.92</td>
<td>$ 15,411.52</td>
<td>7%</td>
<td>$ 328,918.08</td>
</tr>
<tr>
<td>4 County Service Charge</td>
<td>$ 925,133.00</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$ 925,133.00</td>
</tr>
<tr>
<td>5 State Revolving Fund</td>
<td>$ 1,431,562.00</td>
<td>$ 1,431,562.00</td>
<td>$ -</td>
<td>100%</td>
<td>$ -</td>
</tr>
<tr>
<td>5a Other Receipts</td>
<td>$ -</td>
<td>$ (20,452.50)</td>
<td>$ (20,452.50)</td>
<td>0%</td>
<td>$ 20,452.50</td>
</tr>
<tr>
<td>5b OTHER - B&amp;B Subsidy</td>
<td>$ 715,616.00</td>
<td>$ 511,154.10</td>
<td>$ -</td>
<td>71%</td>
<td>$ 204,461.90</td>
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<tr>
<td>5c FRC Debt Service Payback</td>
<td>$ 1,989,115.00</td>
<td>$ -</td>
<td>$ -</td>
<td>-</td>
<td>$ 1,989,115.00</td>
</tr>
<tr>
<td>5d Grant, Drought Mitigation</td>
<td>$ 126,500.00</td>
<td>$ -</td>
<td>$ -</td>
<td>-</td>
<td>$ 126,500.00</td>
</tr>
<tr>
<td>TOTAL RESOURCES</td>
<td>$ 43,283,145.74</td>
<td>$ 8,911,648.29</td>
<td>$ 1,941,150.40</td>
<td>21%</td>
<td>$ 34,371,497.45</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>SALARIES:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>salaries over-withheld by county</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Salaries - DOW</td>
<td>$ 5,326,518.00</td>
<td>$ 1,468,539.74</td>
<td>$ 372,443.23</td>
<td>28%</td>
<td>$ 3,857,978.26</td>
</tr>
<tr>
<td>16 Provision for Accrued Vacation</td>
<td>$ 100,000.00</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$ 100,000.00</td>
</tr>
<tr>
<td>TOTAL SALARIES:</td>
<td>$ 5,426,518.00</td>
<td>$ 1,468,539.74</td>
<td>$ 372,443.23</td>
<td>27%</td>
<td>$ 3,957,978.26</td>
</tr>
</tbody>
</table>

| NORMAL EXPENDITURES | | | | | |
| 19 COUNTY SERVICE CHRG | $ 925,133.00 | $ - | $ - | 0% | $ 925,133.00 |

| ADMINISTRATIVE OFFICE | | | | | |
| and ENGINEERING: | | | | | |
| 21 Utility | $ 210,227.00 | $ 57,865.07 | $ 15,380.31 | 28% | $ 152,340.03 |
| 22 Postage and Printing | $ 192,000.00 | $ 21,910.01 | $ 2,367.91 | 11% | $ 170,089.99 |
| 24 Office Equipment Maintenance | | | | | |
| 05/19/06 | | | | | |
| 24b Con 461 Four Winds Group MMIS Phases I & II | $ 10,000.00 | $ - | $ - | 13% | $ 67,710.00 |

10-2011 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>
</table>
| 27   | Con 521 R. W. Beck Inc.  
Financial Management Planning & Rate Analysis | $ (9,000.00)  
$ (31,350.00)  
$ 899,100.00 | $ 27,800.47  
$ 4,524.42 | 3% | $ 830,949.53 |
|    | Con 506 R. W. Beck Inc.  
FRC Study for DOW | $ 11,008.00 | - | 0% | $ 11,008.00 |
|    | Con 535 Fukunaga & Assoc.  
WRP 01 FY 05-06, Kauai Water Use & Development Plan update | $ 23,570.00  
$ 15,500.00 | $ 461.35  
$ 15,500.00 | 66% | $ 8,070.00 |
|    | USGS Joint Funding Awards  
Water Monitoring Program for the period 10/1/11-9/30/12 | | | 0% | |
|    | Travel and Incidentals - Board | $ 19,768.00 | $ 20.00 | 0% | $ 19,748.00 |
|    | Travel and Incidentals - Staff | $ 37,780.00  
$ 13,378.59 | $ 2,281.65  
$ 35% | $ 24,401.41 |
| 30  | Collector's Commission | $ - | - | - | - |
| 31  | Miscellaneous | $ 16,000.00  
$ 5,002.96 | $ 219.13  
$ 31% | $ 10,997.04 |
| 32  | Auditing Fee | $ 10,000.00  
$ 76,000.00 | - | 0% | $ 10,000.00 |
| 32c | Annual Audit  
Contract No. 537 KMH, LLP | $ 66,000.00  
$ 60,000.00 | $ 49,000.00  
$ 91% | $ 6,000.00 |
| 33  | In-Service Training | $ 59,600.00  
$ 14,291.83 | $ 170.00  
$ 24% | $ 45,308.17 |
| 34  | Supplies - Office & Eng. | $ 38,000.00  
$ 16,667.14 | $ 5,005.75  
$ 44% | $ 21,332.86 |
| 35  | Operating Reserve Fund | $ 20,000.00 | - | 0% | $ 20,000.00 |
| 36  | Public Relations | $ 86,500.00  
$ 32,662.39 | $ 3,649.28  
$ 38% | $ 53,837.61 |
| 36.1 | Grant: The Nature Conservancy  
Con 531, Limatoco Co, Inc.  
Public Relations Services | $ 75,000.00  
$ 75,000.00  
$ 59,858.80  
$ 25,875.83 | -  
$ -  
$ -  
$ - | -  
-  
-  
- |
| 36.3 | Computer Support and Supplies | $ 84,500.00  
$ 17,425.68 | $ 355.18  
$ 21% | $ 67,074.32 |
| 37  | Microlab Materials and Supplies | $ 20,000.00  
$ 1,543.47 | $ 53.13  
$ 8% | $ 18,446.53 |
| TOTAL ADM, OFF & ENG | $ 2,658,921.80  
$ 405,524.48 | $ 91,709.24  
$ 15% | $ 2,253,397.32 |
<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><strong>OPERATIONS AND 40724</strong></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>$50,315.19</td>
<td>$10,571.88</td>
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<tr>
<td>41</td>
<td>Vehicle - Fuel</td>
<td>$168,000.00</td>
<td>$45,748.17</td>
<td>$6,733.92</td>
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<tr>
<td>42</td>
<td>Utilities</td>
<td>$86,400.00</td>
<td>$19,348.77</td>
<td>$4,206.23</td>
<td>22%</td>
</tr>
<tr>
<td>43</td>
<td>Meter Parts</td>
<td>$8,300.00</td>
<td>-</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>43a</td>
<td>Electrical Parts</td>
<td>$20,000.00</td>
<td>$10,885.76</td>
<td>$1,838.44</td>
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<tr>
<td>44</td>
<td>Miscellaneous</td>
<td>$5,000.00</td>
<td>$509.98</td>
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<tr>
<td>44a</td>
<td>Misc. - Tapping Team</td>
<td>$8,000.00</td>
<td>-</td>
<td>-</td>
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<tr>
<td>44b</td>
<td>Misc. - Drought Mitigation</td>
<td>$(100,000.00)</td>
<td>$59,310.67</td>
<td>$25,065.44</td>
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<td>45</td>
<td>Contractual Services Con 540, FluidIQS, LLC, SCADA Maintenance</td>
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<td>$842.04</td>
<td>$421.02</td>
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<tr>
<td>45a</td>
<td>Con 540, FluidIQS, LLC, SCADA Maintenance</td>
<td>$100,000.00</td>
<td>-</td>
<td>-</td>
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<td>47</td>
<td>Materials and Supplies</td>
<td>$227,000.00</td>
<td>$88,887.63</td>
<td>$10,221.52</td>
<td>39%</td>
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<td>48</td>
<td>Collective Bargaining Items</td>
<td>$24,000.00</td>
<td>$5,573.26</td>
<td>$844.55</td>
<td>23%</td>
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<td>51</td>
<td>Pump Electrical</td>
<td>$3,000,000.00</td>
<td>$824,198.52</td>
<td>$283,396.54</td>
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<td>55</td>
<td>Purchase of Water</td>
<td>$2,248,700.00</td>
<td>$396,641.17</td>
<td>$130,754.45</td>
<td>18%</td>
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<td>58</td>
<td>Chemicals</td>
<td>$60,000.00</td>
<td>$15,924.16</td>
<td>$1,444.24</td>
<td>27%</td>
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<tr>
<td>59</td>
<td>Safe Drinking Water Act Program 59g</td>
<td>$50,000.00</td>
<td>$2,076.84</td>
<td>$584.55</td>
<td>4%</td>
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<tr>
<td>59g</td>
<td>MWH Laboratories</td>
<td>-</td>
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<td><strong>TOTAL OPERATIONS:</strong></td>
<td>$6,339,500.00</td>
<td>$1,520,062.16</td>
<td>$476,082.78</td>
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<td>$4,819,417.84</td>
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<td><strong>INSURANCE AND EMPLOYEE BENEFITS:</strong></td>
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<td>60</td>
<td>Insurance and Bonds</td>
<td>$200,000.00</td>
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<td>-</td>
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<tr>
<td>60a</td>
<td>Small Claims</td>
<td>$10,000.00</td>
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<td>0%</td>
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<td>61</td>
<td>Workmen's Compensation Insurance</td>
<td>$150,000.00</td>
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<td>-</td>
<td>0%</td>
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<tr>
<td>62</td>
<td>Retirement System</td>
<td>$626,676.00</td>
<td>$186,441.60</td>
<td>$54,526.70</td>
<td>23%</td>
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<tr>
<td>63</td>
<td>FICA Taxes - Employer's</td>
<td>$407,479.00</td>
<td>$89,444.47</td>
<td>$26,052.99</td>
<td>22%</td>
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<tr>
<td>64</td>
<td>Health, Life, &amp; Dental (EUTF)</td>
<td>$493,780.00</td>
<td>$110,300.86</td>
<td>$31,500.89</td>
<td>22%</td>
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<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>
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<tr>
<td>Health &amp; Life Insurance - Retirees &amp; OPEB</td>
<td>$1,655,855.00</td>
<td>$</td>
<td></td>
<td>0%</td>
<td>$1,655,855.00</td>
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<tr>
<td>TOTAL INSURANCE &amp; EMPLOYEE BENEFITS</td>
<td>$3,743,790.00</td>
<td>$386,186.93</td>
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<td>10%</td>
<td>$3,357,603.07</td>
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<tr>
<td>TOTAL NORMAL EXPENDITURES:</td>
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<td>$2,311,773.57</td>
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<td>17%</td>
<td>$11,355,571.23</td>
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<td>DEBT SERVICE REQUIREMENT:</td>
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<tr>
<td>SRF Loan Job 07-5 Hanapepe River Crossing</td>
<td>$96,555.50</td>
<td>$48,530.35</td>
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<td>$48,025.15</td>
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<tr>
<td>SRF Loan Job 07-6 Hanapepe 27&quot; Steel Pipe</td>
<td>$53,810.09</td>
<td>$27,045.81</td>
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<td>50%</td>
<td>$26,764.28</td>
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<tr>
<td>SRF Loan Job 08-33 WK-21 Waiulu Hmstds Well #3</td>
<td>$31,065.96</td>
<td>$15,586.82</td>
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<td>50%</td>
<td>$15,419.14</td>
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<tr>
<td>SRF Loan Job 07-2 PLH-31 Lihue Steel Tanks 1 &amp; 2</td>
<td>$98,662.86</td>
<td>$49,608.98</td>
<td></td>
<td>50%</td>
<td>$49,083.88</td>
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<tr>
<td>SRF Loan Job 08-6 WK-07 Omelas 0.2 MG Tank</td>
<td>$63,803.49</td>
<td>$32,968.91</td>
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<td>$31,734.58</td>
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<tr>
<td>SRF Loan Job 07-11 WK-03 16&quot; WIL Along Kuhio Hwy</td>
<td>$181,669.20</td>
<td>$91,323.68</td>
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<td>$90,345.52</td>
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<tr>
<td>DOW Bond 2005 Issue</td>
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<td>$140,625.00</td>
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<td>$74,325.00</td>
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<td>DOW Bond 2005 Series, Partial RefUND 2001 Series A</td>
<td>$149,987.50</td>
<td>$74,933.75</td>
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<td>$74,993.75</td>
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<tr>
<td>SRF Loan Job 98-2 KP-07 KP-08 16&quot; W/L on Poipu Rd</td>
<td>$405,375.85</td>
<td>$203,754.57</td>
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<td>$201,621.28</td>
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<td>SRF Loan Job WK-42</td>
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<tr>
<td>PH 1 Stable 1.0 MG Tank</td>
<td>$611,331.29</td>
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<td>$304,144.81</td>
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<td>SRF Loan Job KW-27</td>
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<tr>
<td>KaumualiI Hwy 12&quot; Main Repl</td>
<td>$313,502.00</td>
<td>$167,699.04</td>
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<td>53%</td>
<td>$166,073.93</td>
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<tr>
<td>SRF Loan Job K-7, LO-13 Waha, Wawahoe &amp; Niho Rds</td>
<td>$153,883.08</td>
<td>$77,315.68</td>
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<td>50%</td>
<td>$76,567.40</td>
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<tr>
<td>DOW Bond Series 2010A</td>
<td>$2,920,880.60</td>
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<td>50%</td>
<td>$1,460,440.30</td>
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<tr>
<td>FMHa $300,000 @5%</td>
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<tr>
<td>20 year Bond</td>
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<td>$</td>
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<td>0%</td>
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<tr>
<td>SRF Loan Job</td>
<td>$162,415.87</td>
<td>$</td>
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<td>$153,384.69</td>
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<tr>
<td>Kapililino 0.5 MG Tank</td>
<td>$145,847.00</td>
<td>$154,878.18</td>
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<td>50%</td>
<td>$153,384.69</td>
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<tr>
<td>DOW 2011A</td>
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<tr>
<td>Series 2005A(2001A Refnd)</td>
<td>$449,830.00</td>
<td>$356,880.00</td>
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<td>50%</td>
<td>$84,150.00</td>
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<tr>
<td>DOW Bond 2001A Issue</td>
<td>$(449,830.00)</td>
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<td>Series 2005A Refunded</td>
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<td>SRF Loan Job 97-1 Kokolau Tunnel Repairs</td>
<td>$128,168.93</td>
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<td>$63,739.60</td>
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<td>SRF Loan Job 96-4 Kapililino Valley Well</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>rounding</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job KW-27</td>
<td>$(382.78)</td>
<td>$</td>
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<tr>
<td>Kapililino 0.5 MG Tank</td>
<td>$(162,415.87)</td>
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<td>$(162,415.87)</td>
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<tr>
<td>SRF Loan</td>
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<tr>
<td>TOTAL DEBT SERVICE REQ</td>
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<td>$3,306,924.11</td>
<td>$</td>
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<td>$3,342,937.08</td>
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<tr>
<td></td>
<td>$8,960,789.00</td>
<td>$3,366,924.11</td>
<td>$</td>
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<tr>
<td>TOTAL SALARIES, NORMAL EXPENDITURES, AND DEBT SERVICE REQUIREMENTS:</td>
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<tr>
<td></td>
<td>$25,743,723.99</td>
<td>$7,087,237.42</td>
<td>$1,052,325.83</td>
<td>28%</td>
<td>$18,656,486.57</td>
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10-2011 WU BUDGET STATUS
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<thead>
<tr>
<th>ITEM</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>EXPENDITURES</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
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<tr>
<td>06/30/11</td>
<td></td>
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<tr>
<td>101 Capital Improvements</td>
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<td>$ 435,000.00</td>
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<td>$ 355,000.00</td>
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<tr>
<td>101b Capital Rehabilitation</td>
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<td>Misc. Other Capital</td>
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<td>102 Expenditures, OPS</td>
<td>$ 550,000.00</td>
<td>$ 86,329.25</td>
<td>$ 33,298.37</td>
<td>16%</td>
<td>$ 463,670.75</td>
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<tr>
<td>(Lease Computers)</td>
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<tr>
<td>103 Office and Engineering</td>
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<td>$ 8,402.79</td>
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<td>$ 586,909.66</td>
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<td>105 Recording Meters</td>
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<td>$ -</td>
<td>$ -</td>
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<td>106 Vehicles and Equipment</td>
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<td>$ 229,292.19</td>
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<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>
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<tr>
<td>107</td>
<td>$160,000.00</td>
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<td>$160,000.00</td>
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<td>715/1993</td>
<td>WK-23 Con #259, Job 93-1 Nishimura, Kayyama, 25 MG Waiula Tank</td>
<td>$53,751.00</td>
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<td>$53,751.00</td>
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<tr>
<td>8/8/1994</td>
<td>Contract #37348, Job 91-13 R.M. Towill Corp., Drill Hanamuau Well #1 (Kalepa Well #2)</td>
<td>$645.08</td>
<td></td>
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<td>$645.08</td>
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<tr>
<td>11/20/02</td>
<td>106b</td>
<td>Contract #309, Job 97-1 PLH-02 SSFM Engineers, Repair Keokukau Tunnel</td>
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<td>$119,381.66</td>
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<td>8/2/1999</td>
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<td>Contract #346, Job 97-7 KP-06a Wagner Eng. Replace Lawai Rd. 8 W/L</td>
<td>$</td>
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<td>$4,900.00</td>
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<tr>
<td>6/2/2000</td>
<td>519</td>
<td>KP-01 Con. #355 Okahara &amp; Assoc, Inc Job 92-4 Koloa Well &quot;F&quot; Pump</td>
<td>$6,638.00</td>
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<td>$6,638.00</td>
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<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>
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<tr>
<td>540</td>
<td>1/17/2001</td>
<td>103</td>
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<tr>
<td>561</td>
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<tr>
<td>566</td>
<td>Con 397 PAREN, Inc.</td>
<td>KW-14, KW-15</td>
<td>$93,518.54</td>
<td>33%</td>
<td>$63,068.03</td>
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</tr>
<tr>
<td>587</td>
<td>Con 403 RM Towill Corp</td>
<td>WK-28 Job 02-15</td>
<td>$</td>
<td>-</td>
<td>0%</td>
<td>$84,337.00</td>
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<tr>
<td>588</td>
<td>Con 404 Fukunaga &amp; Assoc.</td>
<td>WK-32 Job 02-18 Kapaa</td>
<td>$</td>
<td>-</td>
<td>0%</td>
<td>$51,100.00</td>
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<tr>
<td>591</td>
<td>Con 408 Wagner Eng. Inc.</td>
<td>H-01 H-02 H-03 Job 02-17 Maka Ridge Deepwell, Tank</td>
<td>$12,290.00</td>
<td>42%</td>
<td>$17,309.20</td>
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<tr>
<td>592</td>
<td>Con 409 Esaki Surveying</td>
<td>WK-36 Job 02-16 Ohana Anolani &amp; Kuamoo Rds</td>
<td>$24,475.06</td>
<td>24%</td>
<td>$76,949.94</td>
<td></td>
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<tr>
<td>601</td>
<td>Con 420 Hawaii Pacific Eng. Job 02-08 HE-08 Eleeele Twin 0.4 MG Tanks</td>
<td>$</td>
<td>-</td>
<td>0%</td>
<td>$8,326.68</td>
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<tr>
<td>607</td>
<td>Con 425 HI Pacific Eng. Job 02-21PLH-37 Rehab &amp; Deepen Existing Wells</td>
<td>$</td>
<td>-</td>
<td>0%</td>
<td>$3,149.00</td>
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<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>
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<td>-------------------------------------------</td>
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<tr>
<td>2/19/04 (101b) Con 428 Brown Caldwell</td>
<td></td>
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<tr>
<td>Job 03-02 HW-02, HW-03 A-04, KW-06</td>
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<tr>
<td>Renovations: Wahiha Booster, Haena Steel</td>
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<tr>
<td>Tank, Anahola 0.15</td>
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<tr>
<td>MG Tank, Kekaha Shaft</td>
<td></td>
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<tr>
<td>2/27/04 (101)</td>
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<tr>
<td>Con 429 Esaki Surveying</td>
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<td>M-01, M-02 Job 02-11</td>
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<tr>
<td>Moloa 50,000 Gal</td>
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<td>SS Storage Tank</td>
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<td>9/30/04 (101)</td>
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<td>PLH-41 Contract 52243</td>
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<td>Earthworks Pacific, Inc.</td>
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<tr>
<td>Uluaula &amp; Uluuli Rds; PRV, BP &amp; 6 Main,</td>
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<tr>
<td>Lihue</td>
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<tr>
<td>6/30/05 (101b, 106b) Con 447 Fukunaga &amp;</td>
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<td>Assoc WK-14 Job 04-02 Vivian Repl</td>
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<tr>
<td>10/23/05 (101b) Con 450 ParEn Inc</td>
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<tr>
<td>Job 04-03 Waipouli-Oheona Rd. Pipeline</td>
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<td>9/07/05 (101b)</td>
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<tr>
<td>Con 449 Hl Pacific Eng Inc</td>
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<tr>
<td>KW-16 Job 05-01 Waimea Main Replacement</td>
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</table>

10-2011 WU BUDGET STATUS
<table>
<thead>
<tr>
<th>ITEM</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>636</td>
<td>11,126.50</td>
<td>42%</td>
<td>$15,277.60</td>
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<tr>
<td>638</td>
<td>7,020.00</td>
<td>28%</td>
<td>$17,958.00</td>
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<tr>
<td>645</td>
<td>$5,775.00</td>
<td>0%</td>
<td>$5,775.00</td>
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<tr>
<td>647</td>
<td>8,731.19</td>
<td>28%</td>
<td>$22,232.81</td>
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<tr>
<td>651</td>
<td>$159,946.39</td>
<td>0%</td>
<td>$159,946.39</td>
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<tr>
<td>668</td>
<td>$5,210.47</td>
<td>0%</td>
<td>$5,210.47</td>
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<tr>
<td>ITEM</td>
<td>BUDGETED AMOUNT</td>
<td>TOTAL ACTUAL EXPENDITURES TO DATE</td>
<td>EXPENDITURES FOR THE MONTH</td>
</tr>
<tr>
<td>------</td>
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</tr>
<tr>
<td>11/28/08 (101) Con 497 Kauai Builders Ltd. KW-25 Job 05-03 Kapilnai 0.5 MG Storage Tank</td>
<td>$221,268.15</td>
<td>$120,586.00</td>
<td>54%</td>
</tr>
<tr>
<td>7/31/09 (101b) Con 503 Goodfellow Bros. Job 04-06 KW-05 Kekaha (Waipao) Well &quot;D&quot; Renovations</td>
<td></td>
<td>$</td>
<td>0%</td>
</tr>
<tr>
<td>2/29/2010 Con 510 SSFM International, Inc. Job No. 05-03, KW-25 Kapilnai 0.5 MG Tank &amp; Job No. 03-03</td>
<td>$315,849</td>
<td>$4,231.75</td>
<td>120%</td>
</tr>
<tr>
<td>ITEM</td>
<td>BUDGETED AMOUNT</td>
<td>TOTAL ACTUAL EXPENDITURES TO DATE</td>
<td>EXPENDITURES FOR THE MONTH</td>
</tr>
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<tr>
<td>4/30/2010</td>
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<tr>
<td>693</td>
<td>USGS Joint funding Agrmt. Water Monitoring Program for the Period 10/1/09 to 3/31/10 &amp; Y10/1/10-9/30/11</td>
<td>$7,650.00</td>
<td>$7,650.00</td>
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<tr>
<td>3/24/2011</td>
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<tr>
<td>687</td>
<td>Con 507, Koga Engineering &amp; Construction, Job 02-03, KW-14 12&quot; WL Kaumualihi Hwy, Waimea</td>
<td>$817,259.94</td>
<td>$562,187.20</td>
</tr>
<tr>
<td></td>
<td>xxx</td>
<td>Install Electrical Saving Device</td>
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<tr>
<td>9/1/2011</td>
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<tr>
<td>694</td>
<td>Con 538, Esaki Surveying &amp; Mapping, Inc. Job 11-05, As Needed Surveying Services</td>
<td>$30,000.00</td>
<td>$30,000.00</td>
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<tr>
<td>9/22/2011</td>
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<tr>
<td>695</td>
<td>Con 545, AECOM Technical Service, Job 11-11, K-17, PLH-42 Water Treatment Facilities</td>
<td>$129,471.19</td>
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<tr>
<td>9/22/2011</td>
<td></td>
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<tr>
<td>696</td>
<td>Con 546, SSFM International, Inc Job 11-01, As Needed Construction Management Services</td>
<td>$50,000.00</td>
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</tbody>
</table>

TOTAL CAPITAL EXPENDITURES: $17,539,421.75 $1,016,658.29 $135,847.05 $16,522,763.46

TOTAL SALARIES, NORMAL EXPENDITURES, DEBT REQUIREMENTS AND CAPITAL EXPENDITURES: $43,283,145.74 $8,103,895.71 $1,188,172.88 19% $35,179,250.03
STATEMENT OF REVENUES AND EXPENDITURES
FACILITIES RESERVE CHARGE FUND
October 31, 2011

REVENUES:
Cash on hand as of July 1, 2011 $ 4,367,931.68
Add: Revenues To Date $ 178,593.06
Sub-Total $ 4,546,524.74

EXPENDITURES:
Less: Expenditures To Date 

BALANCE AT THE END OF THE MONTH $ 4,546,524.74

SHORT TERM INVESTMENTS-FRC
BANK OF HAWAII
CUSIP# 
CENTRAL PACIFIC BANK
CUSIP# 
FIRST HAWAIIAN BANK
CUSIP# T30020090 0.15000% INT. DUE 02/16/12 $ 500,000.00
CUSIP# 
MERRILL LYNCH
CUSIP# 313384FB7 0.14200% INT. DUE 09/14/12 $ 499,290.28
MULTI-BANK
CUSIP# 402194CU6 2.50000% INT. DUE 12/23/13 $ 240,000.00
CUSIP# 704550AG5 2.30000% INT. DUE 12/31/12 $ 245,000.00
CUSIP# 36160VCH2 5.00000% INT. DUE 08/06/13 $ 97,000.00
CUSIP# 89214PAJ8 5.00000% INT. DUE 08/13/13 $ 97,000.00
CUSIP# 927055AE3 1.50000% INT. DUE 06/17/13 $ 249,000.00
CUSIP# 70153RG9 1.50000% INT. DUE 09/09/13 $ 249,000.00
CUSIP# 02004MN74 1.50000% INT. DUE 09/03/13 $ 249,000.00

TDI (C3A)
CUSIP# 
VINING SPARKS
CUSIP# 

TOTAL SHORT-TERM INVESTMENTS - FRC $ 2,423,290.28

CASH ON WITH TREASURER - COK 10/31/11 $ 200,158.08
CASH ON HAND - FHB Savings (30-288435) 10/31/11 $ 1,923,076.38
Due from BAB Bond Fund 
Less: CLAIMS PAYABLE PAID ON 10/31/11 $ 2,123,234.46

CASH BALANCE AT THE END OF THE MONTH $ 4,546,524.74
### 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>$4,367,931.68</td>
<td>$</td>
<td>$</td>
<td>-</td>
<td>$4,367,931.68</td>
</tr>
<tr>
<td>(FRC Refunds)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4a Facilities Reserve Charge</td>
<td>$504,000.00</td>
<td>$165,300.00</td>
<td>$32,200.00</td>
<td>33%</td>
<td>$338,700.00</td>
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<tr>
<td>5a Interest Earned</td>
<td>$43,750.00</td>
<td>$13,293.06</td>
<td>$1,337.46</td>
<td>30%</td>
<td>$30,456.94</td>
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<tr>
<td>5b BAB Subsidy</td>
<td>$306,692.00</td>
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<td>0%</td>
<td>$306,692.00</td>
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<tr>
<td><strong>TOTAL RESOURCES</strong></td>
<td>$5,222,373.68</td>
<td>$178,593.06</td>
<td>$30,937.46</td>
<td>3%</td>
<td>$5,043,780.62</td>
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</tbody>
</table>

### CAPITAL EXPENDITURES

| 301 FRC CIP            | $500,000.00       | $                       | -                       | 0%      | $500,000.00                          |
| 301b FRC Fund Balance  | $2,470,461.48     | $                       | -                       | 0%      | $2,470,461.48                        |
| 301c FRC Debt Service  | $3,690,315.00     | $                       | -                       | 0%      | $3,690,315.00                        |
| 10/12/98               |                   |                         |                         |         |                                       |
| 302 Contract #322     |                   |                         |                         |         |                                       |
| GMP Assoc, Inc. Job 87-1 | $2,050.00     | $                       | -                       | 0%      | $2,050.00                            |
| Polpu Storage Tank     |                   |                         |                         |         |                                       |
| 09/01/99               |                   |                         |                         |         |                                       |
| 304 WK-21 Contract #345 | $10,500.00     | $                       | -                       | 0%      | $10,500.00                           |
| Fukunaga & Assoc. Job 98-33 Wailua Well 3 |   |                     |                         |         |                                       |
| 6/28/04 (301, 301b)    |                   |                         |                         |         |                                       |
| LO-04 Con #436 Fukunaga & Assoc Inc Job 02-02 | $   |                      |                         |         |                                       |
| Omao 0.5 MG Tank       |                   |                         |                         |         |                                       |
| 314                    |                   |                         |                         |         |                                       |
| 318 Con 457 Kodani & Assoc Inc H-8 HW-12 Job 05-02 Drill & Test Wainihia Well No. 4 | $285,340.00 | $                       | -         | 0%      | $285,340.00                          |

011 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>Con 471 PORTech Eng. WK-23 Job 63-1 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>Con 475 TOMCO Corp A-11 Pump, Controls, Pmp Stn &amp; Pipeline-Anahola Well #</td>
<td>$72,294.00</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$ 72,294.00</td>
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<tr>
<td>3/31/08 (301, 301b)</td>
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<tr>
<td>Con 498 HDR Engineering WK-39 Kapaa Hrnside Well No. 4 Drill &amp; Test</td>
<td>$138,843.30</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$ 138,843.30</td>
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<tr>
<td>7/2/2008 (301)</td>
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<tr>
<td>Con 492 Earthworks Pacific WK-42 Phase II Offsite Waterline on Kaapuni Road for Stable Tank</td>
<td>$25,582.90</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$ 25,582.90</td>
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<tr>
<td>TOTAL EXPENDITURES</td>
<td>$5,222,373.68</td>
<td>$ -</td>
<td>$ -</td>
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<td>$5,222,373.68</td>
</tr>
</tbody>
</table>
STATEMENT OF REVENUES AND EXPENDITURES
BOND FUND
October 31, 2011

REVENUES:
Cash on hand as of July 1, 2011 $ 401,056.43
Add: Revenues To Date $ 
Sub-Total $ 401,056.43

EXPENDITURES:
Less: Expenditures To Date $ 377,042.34

BALANCE AT THE END OF THE MONTH $ 24,014.09

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 10/31/11 $ 24,014.09
Claims paid in October
$ 343,555.01
LESS CLAIMS PAYABLE ON
$ (343,555.01) $ 24,014.09

BALANCE AT THE END OF THE MONTH $ 24,014.09

(0.00)
# DEPARTMENT OF WATER
County of Kauai

## STATUS OF THE BUDGET
JULY 1, 2011 TO JUNE 30, 2012
October 31, 2011

### BOND FUND

<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>% BALANCE OF BUDGET OVER TOTAL ACTUAL RECEIPTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEGINNING CASH BALANCE</td>
<td>$ 401,056.43</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 401,056.43</td>
</tr>
<tr>
<td>TOTAL RESOURCES</td>
<td>$ 401,056.43</td>
<td>$ -</td>
<td>$ -</td>
<td>0% $</td>
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</tbody>
</table>

## CAPITAL EXPENDITURES:

<table>
<thead>
<tr>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>% BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
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</thead>
<tbody>
<tr>
<td>201 Bond - CIP</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Con 518, Unlimited Builders, LLC Job 02-02, Piwai 677° 0.5 MG Storage Tank &amp; Connecting Pipeline, Lawai (part BAB)</td>
<td>$ 401,056.43</td>
<td>$ 377,042.34</td>
<td>$ 343,555.01</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>0% $</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>0% $</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>0% $</td>
</tr>
</tbody>
</table>

TOTAL EXPENDITURES | $ 401,056.43 | $ 377,042.34 | $ 343,555.01 | 94% $ 24,014.09 |
STATEMENT OF REVENUES AND EXPENDITURES
BOND - BAB FUND
October 31, 2011

REVENUES:
Cash on hand as of July 1, 2011 $ 42,251,093.01
Add: Revenues To Date $ -
Sub-Total: $ 42,251,093.01

EXPENDITURES:
Less: Expenditures To Date $ 2,645,493.72

BALANCE AT THE END OF THE MONTH $ 39,605,599.29

SHORT TERM INVESTMENTS - BOND

BANK OF HAWAI'I

FIRST HAWAIIAN BANK

CUSIP# 1062140 1.1340% INT. DUE 10/31/13 $ 40,000,000.00

TOTAL SHORT-TERM INVESTMENTS - BOND $ 40,000,000.00

CASH ON HAND WITH TREASURER - COK 10/31/11 (358,540.44)
Due to W/U - BAB 05/31/11 0.00 (467.88)
Due to W/U - BAB 08/31/11 (35,392.39) 0.00
Claims paid in October 292,524.42
LESS CLAIMS PAYABLE ON 10/31/11 (292,524.42) $ (394,400.71)

BALANCE AT THE END OF THE MONTH $ 39,605,599.29
## DEPARTMENT OF WATER
County of Kauai
STATUS OF THE BUDGET
JULY 1, 2011 TO JUNE 30, 2012
October 31, 2011

### BUILD AMERICA BONDS (BABs) - FUND

<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>$42,251,093.01</td>
<td>$ -</td>
<td>$ -</td>
<td>-</td>
<td>$42,251,093.01</td>
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<tr>
<td>Bond Proceeds</td>
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<td>-</td>
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<tr>
<td>Interest Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL RESOURCES</td>
<td>$42,251,093.01</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$42,251,093.01</td>
</tr>
</tbody>
</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>
</tr>
</thead>
<tbody>
<tr>
<td>201-01 BOND - BAB, CIP</td>
<td>$ (95,425.00)</td>
<td>$ -</td>
<td>-</td>
<td>0%</td>
<td>$22,423,958.89</td>
</tr>
<tr>
<td>201-01 BOND - BAB, CIP</td>
<td>$ 8,028.00</td>
<td>$ -</td>
<td>-</td>
<td>0%</td>
<td>$ -</td>
</tr>
<tr>
<td>201-01 BOND - BAB, CIP</td>
<td>$ 22,511,355.89</td>
<td>$ -</td>
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<td>0%</td>
<td>$22,423,958.89</td>
</tr>
<tr>
<td>Job No. 02-18, WK - 32</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Kapaa Hnsts Pipe Repl</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5/11/10 CON 514 Earthworks Pacific</td>
<td>$615,642.01</td>
<td>$181,472.61</td>
<td>-</td>
<td>29%</td>
<td>$434,169.40</td>
</tr>
<tr>
<td>Job No. 04-02, WK-14, Pipeline Repl for Vivian hts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6/30/10 CON 516 Unlimited Builders, LLC</td>
<td>$2,011,069.79</td>
<td>$ -</td>
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<td>0%</td>
<td>$2,011,069.79</td>
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<tr>
<td>Job No. 03-02, HW-02, Wainiha Booster Pump Stn</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>8/11/09 Con 504 Goodfellow Bros., Inc.</td>
<td>$112,544.24</td>
<td>$ -</td>
<td>-</td>
<td>0%</td>
<td>$112,544.24</td>
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<tr>
<td>Job 05-01 KW-16 Waimea Main Replacement</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>12/16/09 Con 507 Koga Engineering &amp; Const.</td>
<td>$1,276,268.06</td>
<td>$ -</td>
<td>-</td>
<td>0%</td>
<td>$1,276,268.06</td>
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<tr>
<td>Job 02-03, KW-14 12&quot; WL Waimea Canyon Drive</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9/30/10 Con 520 (201-01) Fukumaga &amp; Associates</td>
<td>$665,360.00</td>
<td>$192,100.00</td>
<td>$192,100.00</td>
<td>29%</td>
<td>$473,260.00</td>
</tr>
<tr>
<td>Job # 10-01, Ani-01a Pipeline Repl - Anini RD</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9/30/10 Con 519 (201-01) Park Engineering</td>
<td>$14,102.70</td>
<td>$ -</td>
<td>-</td>
<td>0%</td>
<td>$14,102.70</td>
</tr>
<tr>
<td>Job # 10-02, Upsizing of the Kaumualii Hwy. 16&quot;</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL EXPENDITURES</td>
<td>$26,885,197.20</td>
<td>$962,538.20</td>
<td>$192,100.00</td>
<td>3%</td>
<td>$27,122,659.00</td>
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</table>
## BUILD AMERICA BONDS (BABs) - FUND

<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><strong>10/31/10 Con 523 (201-01)</strong></td>
<td><strong>223</strong> BCP Constr. Of Hawaii Job 06-06, P: H-25 Elwa, Umi, Akahi. 8&quot; ML Repl</td>
<td>$2,027,665.69</td>
<td>$549,396.53</td>
<td>$89,550.45</td>
<td>27%</td>
</tr>
<tr>
<td><strong>10/31/10 Con 524 (201-01)</strong></td>
<td><strong>224</strong> Kopa Eng. &amp; Constr. Inc. Job 02-16, WP 2020 Proj WK 36, Pipeline Repl along Waipouli, Ohana, Anolani &amp; Kualaa Rds.</td>
<td>$1,045,800.00</td>
<td>$ -</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td><strong>225</strong> Con 405 3rd n 4th Amm Kodani &amp; Associates, Inc. Job 02-19, KW-12 Waipouli Main Repl Waipouli-Kapaa</td>
<td></td>
<td>$13,540.00</td>
<td>$3,415.00</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td><strong>Con 525 KW-20 R. Electric</strong></td>
<td><strong>227</strong> Waimea Well A Renovations</td>
<td>$529,053.35</td>
<td>$89,132.80</td>
<td></td>
<td>17%</td>
</tr>
<tr>
<td><strong>Con # 518 (LO-04)</strong> Unlimited Builders, LLC Job 02-02, Piilani 677&quot; 0.5MG Storage Tank and Connecting Pipeline - Lawai</td>
<td></td>
<td>$725,382.16</td>
<td>$ -</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td><strong>6/28/11 Con 409</strong> Esaki Surveying &amp; Mapping, Inc.; Job 02-16, WK-38, P/J replace - Wailua</td>
<td></td>
<td>$100,000.00</td>
<td>$ -</td>
<td></td>
<td>-</td>
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<tr>
<td><strong>Con 529 (201-01)</strong> Oceanic Company, Inc. Job 02-08, HE-08 Rehabilitation of Eleele Twin 0.4 MG Steel Tanks</td>
<td></td>
<td>$1,718,184.96</td>
<td>$432,937.77</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td><strong>Con 440</strong> Kodani &amp; Associates, Inc. Kilauea 1.0 MG Tank and Pipeline, Ph I (fr W/U)</td>
<td></td>
<td>$88,325.00</td>
<td>$ -</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Con 436</strong> Fukunaga &amp; Associates Job 02-02 (LO-04) Omao 0.5 MG Tank (fr FRC)</td>
<td></td>
<td>$62,996.00</td>
<td>$ -</td>
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<tr>
<td><strong>SUB - TOTAL</strong></td>
<td></td>
<td>$6,310,947.16</td>
<td>$1,074,882.10</td>
<td>$89,550.45</td>
<td></td>
</tr>
<tr>
<td>CAPITAL EXPENDITURES:</td>
<td>BUDGETED AMOUNT</td>
<td>TOTAL ACTUAL EXPENDITURES TO DATE</td>
<td>EXPENDITURES FOR THE MONTH</td>
<td>%</td>
<td>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</td>
</tr>
<tr>
<td>----------------------</td>
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<tr>
<td>Con 530 (201-01)</td>
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<tr>
<td>Earthworks Pacific</td>
<td></td>
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<tr>
<td>231 Job 02-19, WK-12</td>
<td>$ 2,045,000.00</td>
<td>$ 347,565.52</td>
<td>17%</td>
<td>$ 1,697,434.48</td>
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<tr>
<td>Waipouli Main Replacement</td>
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</tr>
<tr>
<td>Con 427 (201-01)</td>
<td></td>
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</tr>
<tr>
<td>Belt Collins Hawaii, Ltd.</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>232 Job 02-14, Kapaa Hmstls</td>
<td>$ 74,965.54</td>
<td>$ 13,576.00</td>
<td>18%</td>
<td>$ 61,389.54</td>
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</tr>
<tr>
<td>0.5 MG Storage Tank &amp; Kapahi 1.0 MG Storg Tank</td>
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<td></td>
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<td></td>
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<tr>
<td>Con 427 (201-01)</td>
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</tr>
<tr>
<td>Belt Collins Hawaii, Ltd.</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>608 Job 02-14, Kapaa Hmstls</td>
<td>$(8,028.00)</td>
<td>$(33,950.00)</td>
<td>-</td>
<td>$ 25,922.00</td>
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</tr>
<tr>
<td>0.5 MG Storage Tank &amp; Kapahi 1.0 MG Storg Tank</td>
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<td></td>
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<td></td>
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<td>Con 533 (201-01)</td>
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<tr>
<td>Belt Collins Hawaii, Ltd.</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>233 Job K-01, K-12, Kalaheo 1111' and 1222' Water System Improvements</td>
<td>$ 971,715.72</td>
<td>$ 100,507.40</td>
<td>$ 10,873.97</td>
<td>10%</td>
<td>$ 871,208.32</td>
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<tr>
<td>Con 503 (201-01)</td>
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<tr>
<td>Goodfellow Brothers, Inc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>683 Job 04-06, KW-05, Kekaha Well &quot;B&quot; Renovations</td>
<td>$ 262,036.12</td>
<td>$ -</td>
<td>-</td>
<td>0%</td>
<td>$ 262,036.12</td>
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<tr>
<td>Con 534 (201-01)</td>
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<tr>
<td>Goodfellow Brothers, Inc.</td>
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<td></td>
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<td></td>
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<tr>
<td>235 Job 05-05, PLH-30, Niulalu &amp; Kupololo 6-inch and 12&quot; Main Replacement PH II</td>
<td>$ 3,202,500.00</td>
<td>$ 100,194.61</td>
<td>-</td>
<td>3%</td>
<td>$ 3,102,305.39</td>
</tr>
<tr>
<td>Job 10-02, MOA Dept of Transportation/Kiwiwi-Kaumuiali Hwy widening, Annonui Rd and Lihue Mill Bridge.</td>
<td>$ 151,027.27</td>
<td>$ -</td>
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<td>0%</td>
<td>$ 151,027.27</td>
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<td>6/29/2011 (201-01)</td>
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<tr>
<td>Con 536, Esaki Surveying &amp; Mapping, Inc., Job 11-02, PLH-01a Replace Grove Farm Tanks #1 &amp; #2</td>
<td>$ 229,658.00</td>
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<td>0%</td>
<td>$ 229,658.00</td>
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<tr>
<td>Con 544, HONUA Engineering, Job 11-04 (L-06, L-10) Water Main Replacement &amp; Service Improvement</td>
<td>$ 95,425.00</td>
<td>$ 10,837.50</td>
<td>-</td>
<td>11%</td>
<td>$ 84,587.50</td>
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<tr>
<td>9/29/11 Con 512 - Architects Hawaii, Ltd., Job No. PLH-39; Lihue Baseyard Improvements for DOW</td>
<td>$ 129,603.00</td>
<td>$ 35,392.39</td>
<td>-</td>
<td>5%</td>
<td>$ 761,306.61</td>
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<tr>
<td>692 Lihue Baseyard Improvements for DOW</td>
<td>$ 667,096.00</td>
<td>$ -</td>
<td>-</td>
<td>0%</td>
<td>$ 667,096.00</td>
</tr>
<tr>
<td>TOTAL EXPENDITURES</td>
<td>$ 42,251,093.01</td>
<td>$ 2,645,493.72</td>
<td>$ 292,524.42</td>
<td>-</td>
<td>$ 39,605,599.29</td>
</tr>
</tbody>
</table>
PR SPECIALIST REPORT

December 22, 2011

Public Relations Services:
- Developed FAQ’s for community meetings
- Reviewed David’s presentation for community meetings
- News release on board meeting scheduled for November 4th regarding rate increase
- News release on board final rate decision from the November 4th meeting
- News release regarding community meetings

Community Notifications/Press Releases: Community meetings were held in Kalāheo, Līhu‘e, Kapa‘a and Hanalei to brief interested parties about water availability and sustainability and how it pertains to the proposed rate increase.

The new Waipouli Main Replacement project is just starting up. Notification postcards were sent out to affected customers in that area to make them aware of construction that will be occurring in their neighborhood. The postcards include the dates that they will be affected, with a map of that specific area and as always, referring them to our website for more information.

State Revolving Fund Projects: Work continues on getting documents submitted to the Department of Health Safe Drinking Water Branch for PLH03 Kahili Horizontal Directional Drilled Well and Job No. 02-15, WK-28 Wailua House lots Main Replacement, Phase I as they are completed.

County Employee Council: The County’s Employee Council’s 9th Annual Holly Jolly Christmas Song Contest is scheduled for Monday, December 12, 2011. Collaboration is a great word right? Right! SO, DOW volunteer staff will be collaborating with volunteers from the Office of Economic Developing and Housing, to form a fabulous team to enter the Holly Jolly Christmas Song Contest! A verbal report on this event will be given at the board meeting for those of you that were not able to attend the event.

Drought Mitigation Grant: The six month extension MOA is being routed for signatures. A reimbursement request should have been submitted for all funds except for the balance available for the leak detection equipment. The RFP is being worked on and should be out by mid-January, 2012.

Water Conservation Advisory Group: The group first reviewed and discussed Best Management Practices in general regarding water conservation, then broke out into groups. Each group was tasked to identify the top 10 priority practices that will be considered for the draft of the Hawai‘i Water Conservation Plan. The draft will be sent for review prior to the next meeting which will be held in March, 2012.
State Conservation Collaboration: DEBDT presented an overview of Hawai‘i’s Green Business Program Initiative, followed by discussions regarding CII water uses and other water conservation practices.

Source/Wellhead Protection Plan: The contract for this grant should be in place by the end of this calendar year. It is being routed for final signatures. Will be meeting with Dan Chang prior to this board meeting.

Respectfully submitted,

Faith Shiramizu
DOW Public Relations Specialist

FS/cab
MgrSp/PR Specialist Report (12-22-11):cab
Operations Division Report for the Month of November 2011

Personnel

- Operations Division personnel attended Hawaii One Call Center class. Also, Field Operations crew attended pipe locating orientation in Honolulu.

- Candidates for the Pipefitter Helper position were interviewed. Evaluations are underway.

- Please see the attached labor report for Operations Division as compiled by the Fiscal Division.

Source and Storage

- The Department of Health conducted sanitary surveys of Kapaa-Wailua System.

- Hanamaulu Well #3 - Video of the well was submitted by the contractor.

- Electrical and SCADA malfunctions were encountered within the Kalaheo, Kilohana, Wainiha-Haena sub-systems.

Distribution

- Operations crews continue to perform leak repair of service laterals and mainlines damaged by contractors of Water Plan 2020.

- Operations crews continue to assist Water Plan 2020 projects through house to house notification of customers during scheduled water outage to allow the contractor to tie-in the new lines to the existing lines. For the month of November Kapahi Road in Kapaa, and Uiki Place as well as Alohi Place in Lihue were tied-in.

- Fifteen (15) new residential water meters were installed and seven (7) residential water meters were replaced per customers’ request.

Fleet, Inventory, Warehouse and Baseyard Area

- We received a total of 26 calls from customers reporting leaks on the mainline, service laterals, meters, and fire hydrants. Also, there were 2 called-in complaints of low water pressure due to planned water outage during tie-in of new water line as part of Water Plan 2020.
Operations Division Report for the Month of November 2011

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### Work Orders by Job Reason Code for Selected Date Range

11/01/2010 to 11/30/2011

<table>
<thead>
<tr>
<th># of W/O's</th>
<th>Job Reason Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>32</td>
<td>LEAK-BOX</td>
<td>Meter Box Leak Repair</td>
</tr>
<tr>
<td>36</td>
<td>LEAK-CUST</td>
<td>Customer-Side Leak Repair</td>
</tr>
<tr>
<td>150</td>
<td>LEAK-MAIN</td>
<td>Mainline Leak Repair</td>
</tr>
<tr>
<td>183</td>
<td>LEAK-S/L</td>
<td>Service Lateral Leak Repair</td>
</tr>
</tbody>
</table>

#### Work Orders by Job Reason Code

- LEAK-BOX: 32
- LEAK-CUST: 36
- LEAK-MAIN: 150
- LEAK-S/L: 183

#### Number of Leak Repairs per Month

![Graph showing number of leak repairs per month](image-url)
December 22, 2011
MEMO

TO: David R. Craddick, P.E., Manager & Chief Engineer
FROM: Gregg Fujikawa, Water Resources and Planning Division

SUBJECT: MONTHLY SUBDIVISION SUMMARY

<table>
<thead>
<tr>
<th>Subdivision Number</th>
<th>TMR Number</th>
<th>Appr/Sec</th>
<th>Received</th>
<th>Response Date</th>
<th>Subject</th>
<th>DOWN Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>None Received</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MANAGER’S UPDATE

December 22, 2011

MANAGER’S UPDATE for NOVEMBER 2011 to DECEMBER 2011

CONTRACTS AWARDED BY THE MANAGER:

Re: Job No. 11-06, Project No. WK-01, Rehabilitate Moalepe Tunnel & improve access road, Kawaihau, Kauai, HI

Contract was awarded to Honua Engineering, Inc. in the amount of $100,540.00.

FUNDING:
Job No. 11-06, Project No. WK-01, Rehabilitate Moalepe Tunnel & improve access road, Kawaihau, Kauai, HI

Available Balance: Account # 201-01 BAB Bond.................................$20,568,742.42
Honua Engineering, Inc...............................................................$91,400.00
Contingency ...........................................................................$ 9,140.00
Total Funding Required: .................................................................< $100,540.00>
New Balance: Account # 201-01 BAB Bond.................................$20,468,202.42

Re: Solicitation GS-2012-02, Furnishing and Delivery of One (1) 4-Wheel Drive Cargo Van, Two (2) SUV 4-Wheel/All Wheel Drive Vehicles and Two (2) SUV 2-Wheel Drive Vehicles

Contract was awarded to:
Mid Pac Auto Center in the amount of $65,726.24 for the furnishing and delivery of two (2) SUV 2-wheel drive vehicles as called for in the subject solicitation.

Contract awarded to:
Orchid Isle Auto Center in the amount of $124,584.00 for the furnishing and delivery of (1) 4-wheel drive cargo van and two (2) SUV 4-wheel/all wheel drive vehicles as called for in the subject solicitation.

Funding:

Account No. 106 – Vehicles..................................................................................$290,000.00

Contract Amount for GS-2012-1, (2) Trucks .......................................................< $55,908.34>
Contract Amounts for GS-2012-2, (1) Cargo Van and (4) SUVs .........................< $190,310.24>
Contract Amount for (1) Electric Vehicle and Charger .........................................< $35,985.50>

Balance Account No. 106 – Vehicles and Equipment..............................................$ 7,795.92
MANAGER’S UPDATE
Re: Manager’s Update for October 2011 to November 2011
December 22, 2011
Page 2 of 4

CONTRACTS AMENDED BY THE MANAGER:

Re: Amendment #3 for Job 05-02 (H-8), Drill and Test Hanalei Well #2 & Job 05-02 (HW-12), Drill and Test Wainiha Well #4 Contract No. 457

RECOMMENDATION:
I previously reported to the Board a no cost contract amendment for Contract No. 457 with Kodani and Associates, Inc. to reallocate $125,000.00 from this contract back to BAB Fund Balance. These funds were originally sourced from the FRC balance and mistakenly reported as a credit to the BAB balance in the November Manager’s report. These funds have been reallocated from the BAB fund balance to the FRC fund balance. The correct fund balances are listed below.

FUNDING:
Total Project Funds Certified.................................................................................$ 457,430.00

Contract No. 457 with Kodani and Associates.............$ 250,000.00
Amendment #1.................................................................$ 175,000.00
Amendment #2.................................................................$ 32,430.00
Amendment #3.................................................................<$125,000.00>
Total Amended Project Budget ............................................<$332,430.00>

Departmental Adjustment

Account #201-01 (BAB) fund return cancelled........$ 125,000.00
Funds Returned, (FRC).................................................................$ 125,000.00

BALANCE REMAINING (prior to subject fund request)
BAB Fund Balance.................................................................$20,864,242.00
Total BAB Adjustment.................................................................<$ 125,000.00>
New BAB Fund Balance.................................................................$20,739,242.00

BALANCE REMAINING (prior to subject fund request)
FRC Fund Balance.................................................................$ 2,170,462.00
Total Returned to FRC Fund Balance...................................................$ 125,000.00
New FRC Fund Balance.................................................................$ 2,295,462.00

PUMP INSTALLATION PERMITS:
None

WAIVER, RELEASE AND INDEMNITY AGREEMENTS SIGNED BY THE MANAGER:
None
MANAGER'S UPDATE
Re: Manager's Update for October 2011 to November 2011
December 22, 2011
Page 3 of 4

PERSONNEL MATTERS UPDATE:

Updated December 9, 2011

RECRUITMENT AND POSITION CHANGES

Operations Division
2. Pipefitter #2418 and #2443. Vacancies to be recruited for.
3. Lead Pipefitter #2481. Vacancy to be recruited for.
4. Water Service Investigator II #2486. Submitted request to fill vacancy to DPS.
5. Water Field Operations Superintendent #2491 is vacant. No action at this time.

Fiscal Division
1. Accountant III #2356. Pending completion of pre-employment exams.
2. Billing Section positions being updated due to upcoming implementation of new billing system.

Engineering Division and Special Projects Division
1. Engineering, Construction Management (currently Special Projects) and Water Quality Divisions Re-Organization paperwork submitted to Department of Personnel Services. Pending DPS review & comments.
2. Civil Engineer II #2458 (Engineering Division). Requested for referred if eligible from Department of Personnel Services.
3. Civil Engineer II #2468 (Engineering Division). Reallocation to CE III pending DPS review and response. Recently a follow-up memo has been sent to DPS.
4. Water Inspector II #2355 (Engineering Division). Pending referred list from DPS.
5. Civil Engineer II #2494 (Water Resources and Planning Division). Position has been filled effective 12/1/2011.
6. Civil Engineer III #2360 (Water Resources and Planning Division). Position vacant. Pending request to fill submittal to DPS.

Administration
2. Reallocation of Private Secretary #E-35 to Private Secretary/Administration Office Manager, pending action by DPS.
3. Secretary #2354. Requested for referred list of eligible. Interviews being scheduled for later part of December 2011.

SUMMARY OF WARRANT VOUCHERS PAID – November 30, 2011
Warrant vouchers were paid in the amount of $2,629,447.74.
Please see attached Warrant Vouchers Report.
MANAGER'S UPDATE
Re: Manager's Update for October 2011 to November 2011
December 22, 2011
Page 4 of 4

STAFF REPORTS - FY 12:
Conveyance of Water Facility:

1. Lloyd Sako Revocable Trust, Susan E. Sako Revocable Trust
   TMK: 2-8-12:027 Koloa $6,412.00
2. Peter Thielen
   TMK: 2-8-09:018 Koloa $4,000.00
3. Jeffrey Griffin and Joy Griffin
   TMK: 4-4-04:052 Wailua $5,528.83
4. Robert Miller and Gina Miller
   TMK: 4-6-12:075 Kapaa $1,150.00
   TMK: 4-6-34:041 Kapaa $500.67
6. Anita E. Tong-Summerford
   TMK: 5-6-04:018 Hanalei $12,791.58
Total $30,383.08

CAPITAL IMPROVEMENT PROJECTS
Meetings and conference calls were conducted with Senator Kouchi, Representative Morikawa,
Representative Kawakami and Representative Tokioka to discuss our 2012 CIP Projects as the
deadline to submit is rapidly approaching.

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

cab
Mgrp/Manager's Update (12-22-11):cab
DEPARTMENT OF WATER  
Summary of Warrant Vouchers Paid  
November 30, 2011

**WATER UTILITY FUND**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Other Expenses, Department of Water</td>
<td>$ 99,913.83</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td></td>
</tr>
<tr>
<td>Other Expenses, Department of Water</td>
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<tr>
<td>Normal Expenditures</td>
<td>$ 996,221.03</td>
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<tr>
<td><strong>TOTAL WATER UTILITY FUND</strong></td>
<td>$ 1,096,134.86</td>
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**BOND FUND**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>UNLIMITED BUILDERS, LLC.</td>
<td>$ 24,014.09</td>
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<tr>
<td><strong>TOTAL BOND FUND</strong></td>
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**FRC FUND**

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<td>FRC REFUNDS</td>
<td>$ -</td>
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<tr>
<td>UNLIMITED BUILDERS, LLC.</td>
<td>$ 21,893.30</td>
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<td><strong>TOTAL FRC FUND</strong></td>
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**BOND - BAB**

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td>JENNINGS PACIFIC, LLC</td>
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<tr>
<td>EARTHWORKS PACIFIC, INC.</td>
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<td>BCP CONSTRUCTION OF HAWAII, INC.</td>
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<td>KODANI &amp; ASSOCIATES, INC.</td>
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<td>R. ELECTRIC, INC.</td>
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<td>BELT COLLINS HAWAI, LTD.</td>
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<td>GOODFELLOW BROTHERS, INC.</td>
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<td>HONUA ENGINEERING, INC.</td>
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<td>UNLIMITED BUILDERS, LLC.</td>
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<td>GOODFELLOW BROTHERS, INC.</td>
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<tr>
<td><strong>TOTAL BAB BOND FUND</strong></td>
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**TOTAL CLAIMS PAYABLE**

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<th>Description</th>
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<td><strong>TOTAL CLAIMS PAYABLE</strong></td>
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**WATER UTILITY FUND**

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**FRC FUND**

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**BOND - BAB:**

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**TOTAL CLAIMS PAYABLE**

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<th>Description</th>
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11 11 CLAIMS PAYABLE
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<tr>
<td><strong>TOTAL NORMAL EXPENDITURES</strong></td>
<td><strong>$ 996,221.03</strong></td>
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### Department of Water
### Water Utility Fund
### Recap of Capital Expenditures
#### November 30, 2011

<table>
<thead>
<tr>
<th>CAPITAL EXPENDITURES</th>
<th>BUDGET CODE</th>
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<td>Miscellaneous Capital Expenditures</td>
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<td>Office &amp; Engineering Equipment</td>
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<td>Vehicles &amp; Equipment</td>
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<td>CIP Reserve</td>
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<td>Purchase of Meter &amp; Meter Boxes</td>
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<tr>
<td>CON R. M. Towill Corporation</td>
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<td>CON 453 Belt Collins Hawaii Ltd.</td>
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<td>CON 462 Kennedy/Jenks Consultants</td>
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<td><strong>Total Water Utility - Capital Expenditures</strong></td>
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<table>
<thead>
<tr>
<th>Bond</th>
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<tr>
<td>CON 518 Unlimited Builders, LLC.</td>
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<table>
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<td>CON 488 HDR Engineering</td>
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<td>CON 513 Jennings Pacific, LLC</td>
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<td>$104,172.24</td>
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<tr>
<td>CON 514 Earthworks Pacific, Inc.</td>
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<td>$1,326.39</td>
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<tr>
<td>CON 523 BCP Construction of Hawaii, Inc.</td>
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<td>$101,463.41</td>
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<tr>
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<td>$2,755.00</td>
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<td>$158,529.40</td>
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<td>230</td>
<td>$14,106.42</td>
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<td><strong>Total Capital Expenditures</strong></td>
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<td><strong>$1,633,156.71</strong></td>
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