COUNTY OF KAUAII

BOARD OF WATER SUPPLY

REGULAR MEETING

Thursday, February 23, 2012

10:51 a.m. - 12:36 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:

Daryl Kaneshiro, Chair
Roy Oyama
Raymond McCormick
Randall Nishimura
Clyde Nakaya

STAFF:

Andrea Suzuki, Deputy County Attorney
David Craddick
William Eddy
Marites Yano
Gregg Fujikawa
Val Reyna
Aaron Zambo
Sandi Nadatani-Mendez
Faith Shiramizu
Debra Calaycay

GUESTS:

JoAnn Yukimura, County Council Member

(Exited meeting page 17, 11:11 a.m.)

Jan Tenbruggencate
Jeremiah Kaluna
REGULAR MEETING

CHAIRMAN KANESHIRO: The Regular Board Meeting scheduled for Thursday, February 23rd, 2012, it is now 10:50 a.m. is now called to order.

Can I have the roll call, please.

MS. SUZUKI: Board Member Nakaya.

MR. NAKAYA: Here.

MS. SUZUKI: Board Member Nishimura.

MR. NISHIMURA: Here.

MS. SUZUKI: Board Member McCormick.

MR. McCORMICK: Here.

MS. SUZUKI: Board Member Kaneshiro.

CHAIRMAN KANESHIRO: Here.

MS. SUZUKI: Board Member Oyama.

MR. OYAMA: Here.

MS. SUZUKI: Board Member Dill. Board Member Dahilig. We have quorum.

CHAIRMAN KANESHIRO: Thank you for that.

Do I have a motion to accept the agenda? Any motions, Members?

MR. OYAMA: Mr. Chair, so move to accept the agenda.

CHAIRMAN KANESHIRO: Do I have a second on that?

MR. McCORMICK: Second.
CHAIRMAN KANESHIRO: With that, all those in favor, signify by saying aye.

Any opposed?

Hearing none, motion carried.

Meeting transcripts, review and approval of the regular board meeting January 26, 2010 (sic).

MR. NISHIMURA: Mr. Chair.

CHAIRMAN KANESHIRO: Yes, sir.

MR. NISHIMURA: On page 24, line 22, the word five occurs, and it should be fire.

And I believe on page 32, line 13, that should say accounting system.

MR. CRADDICK: What line was that?

MR. NISHIMURA: 13.

CHAIRMAN KANESHIRO: Page 32.


CHAIRMAN KANESHIRO: All right. The board will recognize those changes. In view of that, do I have a motion to approve the regular board meeting of January 26 with those changes, 2012?

MR. NISHIMURA: Mr. Chair.

CHAIRMAN KANESHIRO: Sir.

MR. NISHIMURA: Move to approve the transcript of the regular board meeting dated January 26, 2012, and that a copy of the oral transcript
also be included with the minutes as modified, and if there are further discrepancies between the written transcript and the audio, that the audio take precedence.

MR. OYAMA: Second.

CHAIRMAN KANESHIRO: With that, any further discussion on the motion?

If not, all those in favor signify by saying aye.

Opposed?

Hearing none, motion carried.

Next issue is the correspondence and announcements, a letter from Council Vice-Chair JoAnn Yukimura.

At this time I will turn the chair over to Vice-Chair Mr. Nakaya.

MR. NAKAYA: Thank you, Mr Chair. We're on Item No. E, correspondence/announcements, which is a letter from Council Vice-Chair JoAnn Yukimura. First of all, I'd like to ask her to step up.

COUNCIL VICE-CHAIR YUKIMURA: Thank you, Vice-Chair Nakaya, Members of the Board: First of all, I want to apologize to Chair Kaneshiro because the letter that I wrote was misaddressed. I didn't realize he was the chair. So sorry for that.
And then also I wanted to thank you all for implementing the 2020 Water Plan. As I speak, Goodfellow Brothers is in my neighborhood replacing the lines in Kupolo and especially Mr. Yokota (ph) is very happy, but everybody in the neighbor is happy that our water pressure is going to be improved and we won't have so many failures and repairs constantly. So thank you very much for that.

And thank you for the opportunity to speak. I'm speaking as an individual council member. It's not easy to be here on this matter, and I know it's not easy for Mr. Kaneshiro either. But I know we all believe that the county should be operating at the highest standards of integrity and service. And so I brought this issue before you.

As my letter states, Chair Kaneshiro came before the council in January of this year for confirmation of his appointment to this honorable body. And I asked him whether he would recuse himself on a matter relating to Grove Farm Company, and he replied affirmatively. And I relied on his statement when I voted to confirm him. And I would like to be assured that he will not vote on Grove Farm matters.

However, I recognize that there is a process for determining whether there is a conflict of interest.
Section 20.05(D)(2) of the County Charter says that it shall be the duty of the Board of Ethics, quote, To render advisory opinions or interpretations with respect to applications of the code on request.

This is a separate duty from their duty to follow up on complaints. And as a matter of fact, at the last ethics board meeting a fellow council member requested and received such an advisory opinion.

So I would like to suggest that it would be in the interest of the public that Mr. Kaneshiro seek an advisory opinion. And it's also important to this body that he obtain an opinion because if he participates in any discussion leading to decision making or in the decision making itself and is later found to be in conflict of interest, it's possible that that vote which your body would make might be rendered null and void. So it would just be good due diligence to have that cleared one way or the other.

I'm open to any questions. But that's all I have to say.

MR. NAKAYA: Thank you very much.

Board Members, any questions for Mrs. Yukimura? Seeing none. Any further discussion?

CHAIRMAN KANESHIRO: Can I, Mr. Chair?

MR. NAKAYA: Sure.
CHAIRMAN KANESHIRO: Thank you.

I'm referring to the Board of Water Supply Handbook, and one of the powers and duties of the board, as you know, is to manage and control operations of the water works of the county and all property thereof for the purpose of supplying water to the public.

So I want you to know my fiduciary duties as stated within Article 17, Section 17.03 on the powers and duties under the Department of Water as a board member.

I also want to refer to County Charter Article 5, Code of Ethics, Section 20.04 on disclosure.

Disclosure is clear that any elected official, appointed officer, employee or any member of a board or commission who possesses or acquires such interest that might reasonably tend to create a conflict with his duties or authority or who is an owner, officer, executive director or director of an organization or whose member of his immediate family, which includes parents, siblings, spouse or children, is an owner, officer, executive director or director of an organization in any matter pending before him shall make full disclosure of the conflict of interest and shall not participate in said matter.

So it is clear under the disclosure part of
Article 10 -- 20, Section 20.04 on the disclosures.

I also want to refer you to H.R.S., Chapter 84-14, conflict of interest. We're talking about a state statute now. State statutes states this:

Conflict of interest, no employee shall take any official action directly affecting the business or other undertaking in which he has a substantial financial interest. Remember -- keep this in mind. Financial interest or private undertaking which he is engaged as a legal counsel, advisor, consultant, representation and other agency capacity.

If you go back to the definition of financial interest, as I stated, take the word financial interest, H.R.S. specifically states that financial interest means an interest held by an individual, the individual's spouse or dependent children; dependent children; in which he has an ownership interest in a business, a creditor interest in an insolvent business, an employment or prospective employment for which negotiations have begun and ownership interest in real property, personal property, a loan or other debtor interests.

Then we move on and look at the Kauai County Code, under the Internal County Regulations, Article 1, Section 3.1.2, specifically states this also. Financial
interest means an interest held by an individual, his
spouse or his minor children.

It also goes to say, A divorce or separation
between spouses shall not terminate any relationship
which is an ownership in the business, a creditor
interest in an insolvent business, an employment or
prospective employment for which negotiations have begun
and ownership interest in real or personal property, and
so forth.

So, you know, for me, I'm sitting here thinking
that if this same issue is going to be applied to me as
Council Member has so eloquently put out the question to
me, if I would recuse myself, thinking that I would
recuse myself based on the Kauai County Code, Article 10
-- 20, H.R.S. 84-14.

And, you know, you're talking to a layman
person who's sitting here volunteering for a position
like this for a board member compared to a so-called
attorney who I said was asking a question like this. To
me I feel, you know, if this is what Council Member
Yukimura wants me to abide by which is above the County
Code Section 20, which is above H.R.S. 84-14, so be it.

But let me tell you something, Council Member
Yukimura, I want to be sure, I want to be sure, that
every single elected official, every single board
member, every single commission that serves on a
commision, and every single employee now of the County
of Kauai also abide by your recommendations.

If not, you know, I totally feel that Council
Member Yukimura is discriminating against me and my
family.

COUNCIL VICE-CHAIR YUKIMURA: Mr. Chairman,
may I respond?

MR. NAKAYA: Go ahead.

COUNCIL VICE-CHAIR YUKIMURA: I -- you
know, the chair of the board has cited many laws, and
it's not up to any of us to apply it to ourselves.
That's why we have an ethics commission that is -- whose
specific duty is to render advisory opinions or
interpretations with respect to the application of the
code on request.

And so I think that is the proper forum to
apply it. I could be wrong. And that's why I'm saying
don't listen to me. I'm not the one to decide. But at
least get an opinion from the board that is under our
charter designated to render opinions with respect to
ethical -- possible ethical conflict.

MR. NAKAYA: So basically your letter here,
you're not asking to have Daryl recuse himself. You're
just saying, go through the process to see if there's a
conflict?

COUNCIL VICE-CHAIR YUKIMURA: Right.

MR. NAKAYA: Board Members?

CHAIRMAN KANESHIRO: Then I believe the same situation should be applied to all members of the board, all members that are elected, all members that serves on commission and all employees of the county government. Because I specifically stated the Article 20 of the code of ethics, I specifically stated H.R.S. 84-14. And therefore, a request of such should go out to every single one of them.

If not, I would say I'm fairly untreated by Council Member Yukimura.

COUNCIL VICE-CHAIR YUKIMURA: Actually everyone does have to make disclosure statements. I think all of you had to file them when you became a member of the board.

And the other way that the framework of the charter works is either there's a complaint or else a person like this council member who went forward went on his own volition to ask. So, I mean, and if Mr. Kaneshiro can make a complaint against any and everybody who he thinks is in conflict of interest, then that should trigger the advisory -- excuse me -- the ethics commission investigation. So those are the ways under
the charter.

Now, I've raised the question. I raised it as a part of his confirmation hearing. He answered me with no reservation. I relied on that.

But I'm saying even though I did that, let's go through the regular process provided by the charter to make a determination and don't stand on my determination or his determination. But let the body that's responsible under the charter to make that determination.

CHAIRMAN KANESHIRO: I also want to make it clear for the record that when the question was posed to me, I was in reference to -- my response was based on Code of Ethics, Article 10 -- 20 -- Article 20, and again, H.R.S. 84-14. So if I needed to clarify that on the floor at that time, I'm sorry I didn't. But as a layman, assuming that Council Member JoAnn Yukimura knows the Code of Ethics, Chapter 20 and also knows H.R.S. 84-14, I assumed this is what I was applying to.

So if I'm wrong, fine. But at the same time, you know, I think all the same questions should be asked by Council Member Yukimura to every single commission or board member.

COUNCIL VICE-CHAIR YUKIMURA: Thank you.

MR. NAKAYA: Your letter, when you said
your intent was based on what Daryl said or was it based on ordinance he just mentioned or just your personal feel-- I mean, what was this letter based on?

COUNCIL VICE-CHAIR YUKUMURA: It was based on his answer.

CHAIRMAN KANESHIRO: Response. That's correct.

COUNCIL VICE-CHAIR YUKUMURA: To me that he would recuse himself.

CHAIRMAN KANESHIRO: That's correct.

COUNCIL VICE-CHAIR YUKIMURA: And so I just wanted to make sure that that was happening, or if there's -- if my understanding of the conflict of interest law was not accurate, that we would get an opinion from the body that is responsible under the charter.

MR. NAKAYA: Mr. Oyama.

MR. OYAMA: Question.

COUNCIL VICE-CHAIR YUKUMURA: Yes.

MR. NAKAYA: Would it be wise that during his confirmation before that that if you had that concern be cleared through the commission of ethics?

COUNCIL VICE-CHAIR YUKUMURA: Well, I asked him -- there have been council members who have not sought an opinion and they have said, I will recuse
myself because I feel I'm in conflict.

CHAIRMAN KANESHIRO: That's correct.

COUNCIL VICE-CHAIR YUKUMURA: And so I just asked him whether he would.

MR. OYAMA: Yeah, I'm asking, wouldn't it be possible that when you know the confirmation is coming up and you have an idea of some -- any areas of grayness, couldn't you bring it up at the --

COUNCIL VICE-CHAIR YUKUMURA: Well, it wasn't necessary because he already was -- said he was willing to recuse himself.

MR. OYAMA: Yeah, I understand that.

COUNCIL VICE-CHAIR YUKIMURA: There appears to be some resistance now, and that's why I'm saying let's clear it up and go to the board.

MR. OYAMA: But in my mind if I know I'd be facing it, I personally would go to the ethics commission to clear it before they approve it.

COUNCIL VICE-CHAIR YUKUMURA: Yes, I know you would.

CHAIRMAN KANESHIRO: Okay. And, you know, I don't have any problem with that either. But what I'm saying is that, you know, you're putting me above everyone else to do exactly this because, you know, for one thing my son is not a minor or a dependent child.
For one thing he's neither an officer, director or
stockholder of the company. And number two, you know,
he's not even a dependent of mine.

So I'm just -- you know, I think the question
was posed unfairly when you posed the question, and I
had relied on you as being a council member for over
14 years, as being a previous mayor and has been an
attorney that you would ask me a question that would
relate to the, you know, Code of Ethics, Article 20 and
H.R.S. 84-14.

Then if not, then I feel you're treating me
unfairly because that question should be asked of every
single board member that comes before you. That's how
you feel. That's my resistance.

COUNCIL VICE-CHAIR YUKIMURA: I understand.

CHAIRMAN KANESHIRO: I feel that you've
been treating me unfairly and that you're discriminating
against me and my family.

COUNCIL VICE-CHAIR YUKIMURA: And you can
prove that by going to the advisory board -- I mean, to
the ethics commission and having them render an opinion
that may very well support you, your position. You can
clear yourself.

CHAIRMAN KANESHIRO: Then I could come
after you for discrimination suit, if that's the case.
COUNCIL VICE-CHAIR YUKIMURA: I'm sorry you feel that way.

CHAIRMAN KANESHIRO: I mean, think about it.

MR. NAKAYA: Thank you.

MR. OYAMA: Mr. Chair, we have a former deputy here.

MR. NAKAYA: There's someone in the public want to speak.

(Council Vice-Chair JoAnn Yukimura exited meeting.)

MR. OYAMA: And I think that in good cause.

MR. NAKAYA: Can you step up and state your name.

MR. KALUNA: I would like to remind you young people that are on the board, you were created and you are not an accountant. They used to run you. Remember that.

MR. NAKAYA: Excuse me, sir. Could you state your name for the record.

MR. KALUNA: I wanted to stand up because I'm looking down at you.

MR. OYAMA: Can you identify yourself?

MR. KALUNA: My name is Jeremiah Makaho Kaluna, born in South Kailua (ph) Honolulu, went to
mainland to learn the haole way, came back to Kauai as
your county engineer before as a board member, as a --
working also as a board member. Going to the water
department. I love the water department.

I really wanted to say that in the old days the
county ran this. But they were creating so many
problems, the legislature decided to separate you from
them. So you're independent. You don't even have to
say, yes, sir. You can say, Well, we're concerned, you
know, courtesy.

But I know there's a lot of the questions
asked, questioning you. The law says you are separate.
You don't have to say anything. All right.

And that's the main thing I wanted to come up
and say, that you are independent as well, and I think
you know that. I know you want to be nice and talk with
them.

But see, they separated you because of this
thing. They didn't want them to -- the way they were
doing it, they weren't separating the two, the county
and the water department, creating the water department.
You're independent. That's all I wanted to remind you.
You're independent. And I like what you're doing.

And as you know, I'm not a young guy. I'm an
old guy. I've been here a long time on the island. So
that's all I wanted to say. I'm listening and I'm saying, aaaaahhh. You do what you think is right. And I know you are, and I believe all of you have read your responsibilities, you know, what you stand for. But always keep in mind, because I do, when the legislature separated you from the county, there was a good reason.

Anyway, I just wanted to say Aloha, good morning.

MR. NAKAYA: Thank you, Mr. Kaluna. Are there any questions, Board Members? Seeing none --

MR. OYAMA: I would just like to thank him. He's been a good supporter of the board. So good to see him around when he's around to give his opinion. Thank you.

MR. KALUNA: He's biased, though. I do want to say good morning, and I realize you go through this all the time, and I come because every once in a while something will happen that I remember when I was younger, and even that guy was younger, you know.

As we all know, he worked very close with the former mayor, and I met him through the mayor because he was working all the time. But so he's biased a little bit. But I believe when he came here he knows that it is separate than the county.
This is what I mean. I'm listening to him this morning, and saying, Wow, he is a tiger. He belongs in the water department.

Anyway, maybe he's getting older, that's why. I just wanted to say good morning and say aloha.

MR. NAKAYA: Thank you very much.

MR. KALUNA: Thank you. Of course, you got a guy who's been good, but I like him because he's quiet.

MR. NAKAYA: Board Members, any discussion?

CHAIRMAN KANESHIRO: If I may, let me just state this for the record then. Being under the circumstances, I will hope that the board would receive this, and I will go ahead and forward something to the Board of Ethics just to make it easier on everybody and less stressful on everybody.

MR. NAKAYA: Thank you, Mr. Kaneshiro. Can I have a motion to receive correspondence for --

CHAIRMAN KANESHIRO: I will personally on my side. Nothing to do as a board member. On my side, send something to have the Board of Ethics render an opinion

MR. NAKAYA: Mr. Nishimura.

MR. OYAMA: I move a receive the letter
from Council Member Yukimura.

MR. NISHIMURA: As far as receiving this, I got no problem with that. I think a lot of the things that Daryl has pointed out, you know, from a legal standpoint are true. I think that if Councilperson Yukimura does, indeed, feel that strongly, that she should -- the proper venue would have been to have taken this directly to ethics as opposed to bringing it to us. And she has had ample time to do that.

So, you know, and I applaud the chair's willingness to submit to ethics. But, you know, to an extent, I would have preferred if it went directly to them rather than dragging the board through all of this. That's all. And I will second Roy's motion.

CHAIRMAN KANESHIRO: I thank you for that, Mr. Randy. Had I heard your comments, I could have probably made a different decision. Joking aside.

MR. NISHIMURA: First in, first out.

CHAIRMAN KANESHIRO: I should have waited for Council Member Yukimura to send this before the Board of Ethics. But let's put it aside. I'll do it from my side, and we can move on to water business.

MR. OYAMA: Right. I thank you, Mr. Chair, for that.

MR. NAKAYA: Thank you. So that's it for
Item No. El. Oh, excuse me. Okay. Let's take a vote on the motion to receive correspondence from Council Vice-Chair JoAnn Yukimura. Roll call.

MS. SUZUKI: You want to --

MR. NAKAYA: Okay. All in favor say aye.

Nay. Any nays?

Okay. Hearing none, motion is carried.

Now, I would like to turn over the chairmanship back to Mr. Kaneshiro.

CHAIRMAN KANESHIRO: Thank you for that, Mr. Nakaya. You did a marvelous job during this meeting.

Now, back it to our board committee reports. Report of the Committee of the Whole of the Kauai County Board of Water Supply and the Manager's Report No. 12-24, Manager's Report 12-54. I would like to take both of them, and the recommendation from the committee was that we'll move this on to the next committee meeting scheduled for March, at which time we will be hopefully finalizing the policies, both policies in the committee and making some changes that were recommended by the committee members and move this on to the full board.

That's all I have at this time. Do we have to make a motion on any of these committee reports?
MR. CRADDICK: I don't think there's any report --

(Many people speaking at one time.)

CHAIRMAN KANESHIRO: Okay. So with that, I would like to move on to old business. And I would like to take a five-minute recess.

MR. OYAMA: So it be.

CHAIRMAN KANESHIRO: Some of my chair guys or possibly chair guys on some committees are not here. Anyway, we're going do deal with it in five minutes.

(A break was had.)

CHAIRMAN KANESHIRO: Board meeting is now called back to order. Under the listing of officers and committee members, as stated, those who are not here usually get to be appointed chair. So I want to make an announcement that under the rules committee, we'll have chair Mike Dahilig. Also serving on that committee as a member we'll have Ray McCormick and Randy Nishimura, who will be serving on that committee, on the rules committee.

Under finance committee, again because Larry Dill is not here, chair of finance. And we will have Clyde Nakaya on that committee along with Roy Oyama on that committee, on the finance.

So at this time, I'll open it up for any
discussion if members have some discussion on this. I
guess the chairman can discuss anything they're not
here. So the rest of us have the opportunity to have
some discussion on their committee.

MR. NISHIMURA: I think you've appointed
fine, chairperson.

CHAIRMAN KANESHIRO: Thank you for that.

Thank you for that recognition. With that, I don't
believe we need a motion on that, right?

MS. SUZUKI: I think the board has to
confirm your appointments.

CHAIRMAN KANESHIRO: Okay. So, Board
Members, with that --

MR. NISHIMURA: Mr. Chair.

CHAIRMAN KANESHIRO: Yes, go ahead.

MR. NISHIMURA: Move to approve the
committee assignments designated by the chair.

MR. MCCORMICK: Second.

CHAIRMAN KANESHIRO: Okay. Any further
discussion on that?

If not, all those in favor signify by saying
aye.

Any nays?

Hearing none. Motion is carried.

Manager's Report 12-24, Manager's Report 12-54,
debt service reserve fund policies. Both of them, I believe, are deferred, right?

MR. CRADDICK: Yes.

CHAIRMAN KANESHIRO: So we'll probably have some action taken on the next board meeting on both reports, 12-24, 12-54. So we don't need any motion on that, do we? Do we need to make a motion to defer these being that it was deferred in committee? Why don't we do that. Motion to defer on both item.

MR. NAKAYA: So move.

MR. OYAMA: Second.

CHAIRMAN KANESHIRO: Any discussion?

If not, all those in favor signify by saying aye.

Any opposed?

Hearing none, Manager's Reports 12-24 and 12-54 are deferred.

Under the new business, Manager's Report No. 12-58, right of entry agreement from KMN, LLC.

With that, Mr. Craddick.

MR. CRADDICK: Okay. This is a right of entry from KMN, LLC subdivision, and the right of entry agreement is attached to it there.

MR. NISHIMURA: Mr. Chair.

CHAIRMAN KANESHIRO: Yes.
MR. NISHIMURA: Move to approve Manager's Report 12-58.

MR. OYAMA: Second.

CHAIRMAN KANESHIRO: I have a motion to approve and a second. Any questions? Any further discussion on that matter?

If not, all those in favor.

Any opposed?

Hearing none, motion carried.

Manager's Report No. 12-59, emergency phone replacement. Mr. Craddick.

MR. CRADDICK: Okay. You know, it says, Emergency phone replacement, but it's more like a kind of a staff inconvenience type of emergency more than a procurement emergency. But if any of you have tried to call in, you can leave messages. We can't do interoffice. You know, we have to call each other from line to line. We can't do a -- work the intercom system and things like that. So quite a few inconveniences that we're having to deal with here because of the phone system.

And we did have $10,000 budgeted, but prior to this we usually had 100,000 budgeted. And so we have it under pretty good authority that it wouldn't cost more than this to go with the same system that county has.
So I'm asking you for that much to revise the budget to allow an additional 100,000 in the budget.

MR. NAKAYA: How many phones are we talking about?

MR. CRADDICK: We have about, I believe, it's 55 phones.

MS. NADATANI-MENDEZ: 60.

MR. CRADDICK: How much?

MS. NADATANI-MENDEZ: 60.

MR. CRADDICK: 60, yeah, yeah, we're going for 60 because there's a lot of people that don't have phones.

MS. NADATANI-MENDEZ: There's a lot of vacant positions.

MR. CRADDICK: Yeah.

MR. NAKAYA: And what kind of system is it? Voice over or just land --

MS. NADATANI-MENDEZ: Looking at voice over.

MR. NAKAYA: Will this be enough?

MS. NADATANI-MENDEZ: Yeah. You can get more if you'd like.

CHAIRMAN KANESHIRO: Any other questions for the manager? Mr. Oyama.

MR. OYAMA: Yeah. Just a question on, you
know, what kind of recommendation or your phone
companies that you are looking at that will be
servicing?

MR. CRADDICK: There's a statewide
procurement with Hawaiian Telephone. We could do that
without doing any bid stuff like that, but I believe we
are looking at some other ones just so that we know
we're not totally out there if things have changed.
Prices have come down on these phone systems. So we're
looking at a couple of others.

MR. OYAMA: Okay. I mean, I would caution
that they can provide the service, because I know a lot
of people moved around and not have the service.

MR. CRADDICK: Well, the other ones that
we're looking at are still basically using the same
telephone lines we have. So ...

MR. OYAMA: Okay. That's the only
question.

CHAIRMAN KANESHIRO: Any --

MR. OYAMA: Mr. Chair, I so move to
approve. This is a very urgent business matter.

CHAIRMAN KANESHIRO: Do we have a second on
that?

MR. MCCORMICK: Second.

CHAIRMAN KANESHIRO: Moved and seconded.
Any further discussion on this item?

If not, all those in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

Next item on new business is Manager's Report No. 12-59. Oh, sorry, I left my glasses off. I see how it happens.

MR. OYAMA: Put the double glass on. It's better.

CHAIRMAN KANESHIRO: Restore encumbered contracts from the 2010-2011 budget for one vehicle and one compact excavator/trailer combination.

With that, Mr. Craddick.

MR. CRADDICK: Okay. These two items actually bid in the last fiscal year, and the equipment was not delivered at that time. We actually took delivery this year. But we didn't pick up these items in the budget last year. So we're asking that they be put into the budget here. It's a total $120,696 for those two things. We do have them already, but ...

MR. OYAMA: Question.

CHAIRMAN KANESHIRO: Go ahead, Mr. Roy.

MR. OYAMA: I noticed that you have listed here as Cutter Chrysler Jeep Dodge of Pearl City. Have
you checked with the island also?

MR. CRADDICK: Let's see. Bill is not here.

MR. REYNA: That's the very first question here?

MR. CRADDICK: You weren't here either, Val, so --

MR. OYAMA: I mean, it's listed here as Cutter Dodge of Pearl City.

MR. CRADDICK: Pearl city versus Kauai.

MR. OYAMA: Yeah.

MR. REYNA: This truck has been delivered and it's already in use.

MR. CRADDICK: No, no. I think the question is why did we get it from Pearl City versus Kauai? Is that the question?

MR. OYAMA: Yeah.

MR. CRADDICK: And I think when the bid goes out, anybody statewide can bid.

MR. OYAMA: Oh, I see. And this is the lowest bid?

MR. REYNA: They are the lowest bid.

MR. OYAMA: Just looking at fairness to our own island people. But, yeah, I concur. Should the question be --
MR. MCCORMICK: Mr. Chair, I move to approve Manager's Report 12-60, restore encumbered contracts.

MR. OYAMA: I second.

CHAIRMAN KANESHIRO: We have a motion to approve that.

Any further discussions?

If not, all those in favor.

Any opposed?

Hearing none, motion carried.

Manager's Report No. 12-61, Job 99-08, first contract amendment with Fukunaga and Associates.

Mr. Craddick.

MR. CRADDICK: Okay. This one if you read in the recommendation, it says, 38,000. But down below on amendment one it says only 8,000. 8,000 is the correct number. So you can drop that three in front of the eight. It's an $8,000 request, and then the rest of it is correct.

CHAIRMAN KANESHIRO: Okay. Any questions for the manager by board members on 12-61?

If not, do I have a motion on the floor?

MR. OYAMA: Mr. Chair, move to approve Manager's Report 12-61.

MR. MCCORMICK: Second.
CHAIRMAN KANESHIRO: And seconded by Mr. McCormick.

Any further discussion on the item?

If not, all those in favor --

MS. YANO: Sir.

CHAIRMAN KANESHIRO: Go ahead.

MS. YANO: I just want to bring to your attention that the original request was for 38,000, so my running balance for the CIP reserve balance has changed from 38,000. They requested 15,260. So for the record, the running balance after Manager's Report 12-59, 12-60, and 12-61, it comes out to be 2,549,116 for that CIP reserve.

MR. CRADDICK: So that 27 number is incorrect?

MS. YANO: This was used first before the other two requests. So, yeah. It would come down to 2,549

CHAIRMAN KANESHIRO: 2,511,853.

MS. YANO: 2,549,116.

CHAIRMAN KANESHIRO: Okay. We'll recognize that and make the changes to that.

Any questions on the changes?

If not, I believe we have a motion on the floor for approval of the funding of 12-61.
With that, all those in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

Manager's Report No. 12-62, second amendment for M-02 100,000-gallon tank and connecting pipeline.

Okay. Mr. Manager.

MR. CRADDICK: Okay. This is an amendment to the job, the NPDS permit and slightly larger tank than we were originally planning.

CHAIRMAN KANESHIRO: Any questions for manager or staff on this?

MR. McCORMICK: Mr. Chair, move to approve Manager's Report No. 12-62 for Job 02-11.

MR. OYAMA: Second.

CHAIRMAN KANESHIRO: We have a motion on the floor to approve 12-62.

Any further discussion on the item?

If not, all those approve signify by saying aye.

Any opposed?

Hearing none, Manager's Report No. 12-62 is approved.

Manager's Report 12-63, rewards program.

Mr. Craddick.
MR. CRADDICK: Okay. On this one here what we did in the past when we got the employee of the year and quarterly -- employees of the quarter, but what we would do is we would let them go to conventions.

And in looking at what the board was doing with its own travel policy and having some kind of report and hopefully getting some kind of good information out of it coming back to the water department, I changed our standard operating procedure on the staff side.

And so now people are going to have to do the same thing, identify something at the conference that's beneficial to the water department. When the people go, they have to come back and give some kind of presentation to the water department.

And when I did that, then, you know, people were starting to think that if they got employee of the year, employee of the quarter, it was going to be looked at maybe more as a punishment than a reward.

So I was talking to some of the people, not the whole rewards committee, but some of them, and made this recommendation to our rewards committee. And they seemed to go along with it subject to the funding.

But what we would do now is just give a monetary amount for employees of the quarter and employee of the year, and we still end up costing us
about half of what it would have cost before. And, you
know, it's not to say that some of these people might
still be able to go to conference anyways, but we know
if they go to the conference, we're going to be getting
something back, some kind of training from them to the
rest of the employees for that expense. And this one
here, I think, we'll actually get a larger participation
in the rewards program because of this. It seemed to be
a fair -- pretty good acceptance on the employees' part
of doing this.

CHAIRMAN KANESHIRO: So what I'm hearing is
that you'll give the employee of the year an option?

MR. CRADDICK: No, it's not an option.

CHAIRMAN KANESHIRO: Whether he goes to the
conference and come back and make a report.

MR. CRADDICK: No, it wouldn't be an
option. This would just be the reward. If where the
person works, if the supervisor sees fit if there is
something beneficial for them and the department, and we
can get something back, they're willing to give a
presentation, then the other would be offering. But
that's has nothing to do --

CHAIRMAN KANESHIRO: Right, but that's
something --

MR. CRADDICK: It has nothing to do with
this rewards program.

CHAIRMAN KANESHIRO: Okay.

MR. NAKAYA: You mentioned you presented this to the rewards committee.

MR. CRADDICK: Yes.

MR. NAKAYA: And what was the feedback?

MR. CRADDICK: Well, it's a staff committee. Well, is it rewards committee, Faith?

MS. SHIRAMIZU: Excuse me.

MR. CRADDICK: You're going to have to fill in here since our --

MS. SHIRAMIZU: I'm sorry. We were having a separate discussion.

MR. CRADDICK: I know. I know. That's why I called on you.

MS. SHIRAMIZU: What was the question?

MR. NAKAYA: Well, the question, this was presented to the committee, and what was the feedback from the committee?

MS. SHIRAMIZU: You know, Sandy might be able to answer that because I'm no longer on that committee.

MS. NADATANI-MENDEZ: We were okay with it. It's just the fact that when you came back and you had to report, the whole purpose of going to the conference
was to get training, and you would come back and train
the people in that group what you learned. So like say
if I went to an IT conference, I wouldn't come back and
train everybody in IT because they're not in IT, the
only thing is fiscal --

MR. CRADDICK: Well, you're talking about
the SOP. You're not talking about the rewards. I think
the --

MS. NADATANI-MENDEZ: Yeah, we're okay with
the fact that this is okay as long as when you come
back, you're not training everybody in the department.

MR. CRADDICK: No, there is no coming back
on this. This is just cash.

MS. NADATANI-MENDEZ: Cash. Yeah, it was
just the funding part of it. That we had to make sure
that it was okay to do something like this because we
are a county.

MR. NAKAYA: So they're okay with instead
of the reward being the travel --

MS. NADATANI-MENDEZ: Yes.

MR. NAKAYA: In turn getting the cash, they
were okay with it?

MS. NADATANI-MENDEZ: Yeah.

MR. NAKAYA: Okay.

MR. CRADDICK: Might have to pay a little
tax on the cash, but ...

MR. NAKAYA: Yeah, that's the thing, right?

MR. MCCORMICK: Yeah, they do.

MR. NAKAYA: Payroll taxes, yeah. They're aware of that, right?

MR. CRADDICK: Yeah.

MS. NADATANI-MENDEZ: I don't think so.

That was never brought up. I can tell you that. It was the whole cash part.

MR. NAKAYA: Yeah, it's like a bonus.

You're going to have to pay some taxes on that individually, so I hope they're aware of that.

MS. NADATANI-MENDEZ: Is the FICA part of it.

MR. NISHIMURA: Yeah, I guess, my concern is --

MR. NAKAYA: Collective bargaining.

MR. NISHIMURA: Collective bargaining, and more so, I believe, either DAGS or Board of Water Supply attempted to do this and give bonuses to their -- I don't know if it was managers or what, but they actually ended up having to rescind that because it was viewed as illegal. Now, it's not to discourage some kind of reward program, but it may have to be given in a nonmonetary manner.
MR. CRADDICK: Well, actually this came from Marc Guyot. Doing this, so he knew what we were looking at doing, and I don't know if you're ready to answer something like that, Andrea.

MS. SUZUKI: Any HR personnel stuff I forward it to Deputy County Attorney Marc Guyot since he's our specialist in that area. So this was forwarded to him. If you would like me to make another request to him, I can.

MR. NISHIMURA: Did he respond?

MS. SUZUKI: He said it looked good.

CHAIRMAN KANESHIRO: I think one of the board members also brought up an issue regarding union. So perhaps maybe we should pose a question to Marc in regards to that.

MR. OYAMA: Yeah.

CHAIRMAN KANESHIRO: The union issues. So I'm not certain anyone can answer that now.

MS. YANO: To address the tax issue, we could include it in the employee's payroll. And so maybe we could just issue them a certificate in that same amount and it's entered into the payroll and so the taxes are taken out when they receive it.

MR. CRADDICK: What was your question? You wanted to get something in writing from Marc or what was
the -- or, no, the union you were talking about?

CHAIRMAN KANESHIRO: Well, she's saying that we can handle this through the employee payroll system, then I find that should be the legality of being able to do that. I don't see anything wrong with that, you know. I guess the question came up, if you just give them a bonus, how would that affect, you know.

MR. OYAMA: The union issue.

CHAIRMAN KANESHIRO: Separate -- it's a separate issue rather than --

MR. CRADDICK: This isn't a bonus.

CHAIRMAN KANESHIRO: Well, not a bonus, but a recognition. If you could include that in the -- possibly in the payroll, I think. You know with the suggestion that --

MS. SUZUKI: Or it would be prize money.

MR. CRADDICK: If the prize is non -- I mean, prizes are still taxable. If you win the lottery, you still got to pay taxes.

MS. SUZUKI: I know, but --

MR. CRADDICK: I don't know that. I mean, if they get it, they have to pay their own taxes and stuff on it. And if we deduct some amount off, that's just going to show up on their total taxes. So each person individually is going to have to do their own
taxes.

MS. SUZUKI: Do you guys want to submit a request to Guyot?

CHAIRMAN KANESHIRO: Do you want to have more questions or try to deal with this more and just defer this item at this point? Is there a critical time for the rewards program?

MR. CRADDICK: Nothing other than the budget is coming up and we're trying to get these things resolved before we submit a budget to the board.

CHAIRMAN KANESHIRO: Okay. But we should be able to tackle this issue by next meeting, right?

MR. CRADDICK: Yeah, yeah, you could. But then we have to guess at what you're going to do and put it in the budget. I don't like guessing.

MR. NISHIMURA: What is the total on this?

MR. CRADDICK: $1,400.

CHAIRMAN KANESHIRO: 1,500.

MR. NISHIMURA: I wouldn't worry about it.

CHAIRMAN KANESHIRO: Yeah, I mean, the majority of it is travel fund there anyway.

MR. CRADDICK: No, we probably would --

CHAIRMAN KANESHIRO: Take that out?

MR. CRADDICK: Yeah.

MR. NISHIMURA: I would just put a dollar
amount, and then we can refine it. We have till June.

MR. OYAMA: And if it all clears, you got the project. So I guess defer it is in order, right?

CHAIRMAN KANESHIRO: We would defer this on the board regular meeting schedule and not defer this to committee. I don't see any sense in sending this to committee, finance committee. Just defer it to the next board meeting.

MR. OYAMA: Okay. Mr. Chair, I move to defer this 12-63 report.

MR. MCCORMICK: Second.

MS. SUZUKI: And a request for legal opinion?

CHAIRMAN KANESHIRO: Yeah, the request would be that under the circumstances if this is added to payroll, you know, for the employee and how would that affect, if anything, the issues?

MR. OYAMA: Possible wages.

MS. SUZUKI: And the union.

CHAIRMAN KANESHIRO: Well, how would that affect union issues because, I believe, they have a certain pay amount that they have staffed, you know, as union employees with a certain scale. And then, you know, that happens. If everything else is fine, then not a problem. But some questions out there. Because,
as you know, most of the union members at a certain
scale, they have comp time or different kind of time and
overtime and so forth. And then how would a reward be
looked at? That's all. Thank you for that.

So we have a motion on the floor -- do we have
a motion on the floor to defer? I don't believe --

MR. NISHIMURA: Yes, we do.

MR. OYAMA: Yeah, we do. I seconded it --

I mean, I made the motion and Ray seconded it.

MR. NISHIMURA: Moved by Ray, seconded by
Roy.

CHAIRMAN KANESHIRO: You guys are moving
fast.

MR. Mccormick: No, I seconded it. Moved
by Roy. I seconded it.

MR. NISHIMURA: Moved by Roy.

MR. OYAMA: Yeah, yeah.

CHAIRMAN KANESHIRO: Okay. With that
motion, all in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

Manager's Report 12-64, county human resources
reorganization.

Mr. Craddock, you have the floor.

MR. CRADDICK: Okay. On this one here, we
have had no official communication from the county in writing, but the previous board chair and myself went and talked to the mayor about this issue. I did send them a copy of this report here and actually invited them to come to this meeting if they wanted to come to this meeting and explain what they're doing better than I might explain it.

MR. NISHIMURA: Who is they?

MR. CRADDICK: The county administration.

MR. NISHIMURA: The task force or who did you send it to?

MR. CRADDICK: The mayor and Gary and --

MR. OYAMA: John Isobe.

MR. NISHIMURA: He retired.

MR. CRADDICK: Yeah, he's not here.

MR. OYAMA: Really. When?

MR. CRADDICK: January 8.

MR. OYAMA: That's old news then.

MR. CRADDICK: Anyhow, there's a couple of things going on. One, there's some talk on the charter review to somehow rework the personnel services or maybe even add an HR department. And then you have the county wanting to start up an HR department without benefit of any charter change, so basically working it under the same -- let's see. What would we call it? Anyways, the
same charter that we have now. Instead of calling it a personnel, calling it a human resources.

And each department has people in it. And I wish Larry was here today, because I know they have a pretty big component in their section there of people that do HR work. But we have one person that's pretty much dedicated to that.

Well, you pull those people out of the office, then is this next group going to provide 100 percent of that service? That's the question.

And in listening -- the fire chief seems to do almost 100 percent of their local training, the chief himself. And so, you know, obviously they're not going to be able to pull the chief away to this HR department and provide that service. Somebody's going to have to do it.

Training that we do is provided in a similar manner. They can't take that away. We pay out of our own funds a person -- and if office staff is missing, that person will help fill in answering phones, stuff like that. If that person is gone, we don't have that.

And then the very last issue, and this Roy and I brought up with the mayor, that we currently pay about 900 and some thousand dollars to the county for this service that we're supposed to be getting, and so would
they expect us to give more if they took this employee. And so that's really in the bottom line what I'm getting down to is right there, is if they decide that that's what they want to do, pull these employees out, are we going to send money with them or are we going to not send money because we're already paying for the service? And I feel not really getting any service. But we do get it, but it's on a kind of catch-as-catch-can basis.

And that's -- that's kind the issue there. So as we close -- I haven't gotten a letter saying, we want the person and we want so much in the budget. So, you know, lacking, I guess, a letter like that, maybe there's nothing for you to do.

But if between now and budget time, we got a letter like that, I mean, this isn't something that you'd want to have an emergency board meeting on, I don't think.

So if we got some direction from you, it would be very handy. If you don't want to give any direction, that's probably okay, too. We'll muddle through it. But I thought I'd give you a little better presentation of our meeting there that the former board chair and myself had with the mayor.

CHAIRMAN KANESHIRO: Any questions,
Members?

My recommendation is that before we move on with this matter, perhaps we should have a job description of this position. If this position is going over, what are some of the roles that would play in serving the water department?

MR. CRADDICK: Yeah, none of that. We don't have any of that now.

MR. OYAMA: He's asking that we probably should draw it up.

MR. CRADDICK: No, we wouldn't do it.

CHAIRMAN KANESHIRO: We got to ask them. I mean, you know, if they do this for a position like this, then what are the responsibilities of that position to the board?

MR. OYAMA: Right.

CHAIRMAN KANESHIRO: Right now for us to take any action to look at anything like this, you know.

MR. OYAMA: It's a good point.

CHAIRMAN KANESHIRO: We're just poking in the blind.

MR. CRADDICK: Well, you're -- I mean, they can probably take the position whether you say or not. They can't take the money whether you say or not. So what I'm trying to get from you is, should they take the
position, are you willing it give the money with it?

CHAIRMAN KANESHIRO: Well, it depends on
what they're going to do with the Department of Water.
I mean, if they're going to do it one-fourth or zero,
then, of course not. There's got to be some --

MR. OYAMA: They're not taking back our
services.

CHAIRMAN KANESHIRO: Yeah. I mean, we need
to find out. So go ahead, you're going to take this
position, but what's going to happen with water? Some
of the duties of the board, is what I'm saying. Is it
half? Is it three-quarter? I mean, is it zero? The
board can't even make a decision.

MR. CRADDICK: I think then that your
answer to this particular request is then, no, we
wouldn't send any money without knowing those things.

CHAIRMAN KANESHIRO: I'm not certain. I
just brought this up for the questions as chair of this
committee.

Come with a straight answer. No.

MR. CRADDICK: Chair of the whole board.

MR. NISHIMURA: That's a lot of water
hydrants. That's all I know.

CHAIRMAN KANESHIRO: So, I mean, you know,
water is the -- well, let let me ask this: What is the,
I would say, the position of the board members at this time?

MR. NISHIMURA: Now, this was -- your report was distributed?

MR. CRADDICK: Distributed?

MR. NISHIMURA: To.

MR. OYAMA: Yes.

MR. NISHIMURA: The task force or whoever?

MR. CRADDICK: Not the task force, 'cause I -- to tell you the truth, I don't know much about it.

All I know is that the mayor --

MR. OYAMA: John was working on it.

MR. CRADDICK: Called the mayor, or called the former board chair and myself to his office explaining what they're doing. Somebody made a request one time to go check over what duties and responsibilities our HR person had. They talked to them, but other than that, what's going on I really don't have anything much that I can report to you on. I don't know what's going on.

They did have a full meeting with all the department heads, and all I can do is tell you what happened at that meeting. And from that meeting there -- well, I'm not even going to repeat all the things that were said at that meeting. But it's not going to
be something that -- you know, you're not the only ones
with the concern that you've raised here today. Let's
put it that way.

MR. OYAMA: Yeah, they didn't have any
solid answers for all the questions. That's all I can
say. But I know John was involved. That's the reason
why I got John from the beginning.

MR. CRADDICK: Was he there at the meeting?

MR. OYAMA: No, he wasn't there at the
meeting.

MR. CRADDICK: Wasn't there, yeah.

MR. OYAMA: Yeah. Because when they called
me, I said, you know, I think we got to talk to the
mayor direct. That's what I told him.

MR. NAKAYA: So the county doesn't have a
timeline as to when they're planning to implement--

MR. CRADDICK: They're planning to
implement this July 1st with their new budget.

MR. OYAMA: Yeah. And I thought I heard
him say that they had the budget for the positions.

MR. CRADDICK: Yeah, yeah, because they're
taking them out of the various departments. But they
can't pull our money unless, you know, like say, the
attorney, we willingly gave.

MR. OYAMA: Yeah. A fair share.
MR. CRADDICK: Well, again, you know, when you're paying the 900,000 that you already paid, I think we're probably paying our fair share. But, you know, because we had that bond thing, I mean, there was just too much stuff to have it delayed over there and it was well worth the additional expense. This one here may not be well worth the additional expense.

I don't really see what the benefit would be because the issues that they're trying to address, which are basically county liabilities, training and stuff like that, are not the problems we're having. We're having problems with classifications, getting positions filled, and that is not being changed.

They're not saying this person is -- who's heading up this HR is going to report to the mayor. It's still under the same civil service commission because they're -- the civil service commission is there because of state law. And it's purposely there to separate it from the administration so the administration doesn't convolute the classification system, if you will.

And so they require this independence from the administration. It's my understanding. I talked at length with Malcolm about this, too. And so I kind of put his words in here a little bit, too, on why he feels
it is the way it is. Now, it doesn't mean that the
county couldn't do an HR department, and I don't know if
they can do it with or without the charter.

But it sounds to me like they're working --
they would still have the head of this group reporting
to the civil service commission. And I -- you know, I
used the word in here, knee-jerk reaction. But that's
just my impression. I'm hoping it's not a knee-jerk
reaction that's going on over there.

'Cause we're not the only ones having this
problem with the classifications and filling positions.
There's other departments that are having the same
problem. But I don't see what they're doing to address
that problem with the proposed changes. It's more
training issues and things like that.

And I see Debra in the back there. If you got
more specific questions, she might be able to help.

CHAIRMAN KANESHIRO: I guess, you know, for
my recommendation as chair, is that because we know it's
unclear as to how the funding of this position, you
know, would be in the best interest of DOW, like I said,
just to deal with it financially and whether it will
speed up organization or reviews of positions or
reorganization. Until we have some answers to those
questions, you know, maybe we should pose this to them.
It should be posed to them.

MR. CRADDICK: We definitely can do that, but the real issue is this money more than anything.

MR. OYAMA: Well, you should list it, too. You should list it.

MR. CRADDICK: And keeping in mind, you know, maybe I'm making a problem out of nothing, because they haven't made any request at this point.

MR. OYAMA: Yeah, they didn't put the direction on it.

MR. NISHIMURA: Have they submitted the budget to counsel yet?

MR. CRADDICK: No yet, I don't believe. I would be in March sometime.

MR. OYAMA: They're going to do that after March.

MR. CRADDICK: No, no, my understanding is they're doing it for this budget, this setup will be in the budget.

MR. OYAMA: Yeah. That's what I'm saying, at the March budget would be firm, I guess, they're going to put in that. So they have to have a plan.

CHAIRMAN KANESHIRO: Yeah, and what's the plan, is it what we're asking?

MR. OYAMA: Right.
MR. NISHIMURA: Mr. Chair.

CHAIRMAN KANESHIRO: Sir.

MR. NISHIMURA: Move to receive and defer Manager's Report 12-64 to the next meeting?

MR. OYAMA: Second.

CHAIRMAN KANESHIRO: Second?

MR. OYAMA: Yep, second.

CHAIRMAN KANESHIRO: Do we have any further discussions on that?

MR. NISHIMURA: Yes. I'd like to see whatever correspondence that the department has seen to date on this matter.

MR. CRADDICK: Nothing.

MR. NISHIMURA: Nothing?

MR. CRADDICK: Nothing.

MR. NISHIMURA: Not even inviting you to the meeting or an agenda for those meetings or anything like that? So that we can at least get some kind of inkling as to what they're talking about.

MR. CRADDICK: There was no agenda for the meeting.

MR. OYAMA: They called by phone.

MR. CRADDICK: Yeah, called by phone, yeah.

MR. NISHIMURA: Chair, maybe we should go talk story with the mayor.
MR. CRADDICK: We did.

MR. OYAMA: You go, too, Daryl. Take David along.

CHAIRMAN KANESHIRO: Is there a motion on the floor? I'm joking.

Okay. I'll go ahead and follow up on these issues and report back to the board. How is that? At the next board meeting.

MR. OYAMA: Good.

CHAIRMAN KANESHIRO: Deferred on the condition that I can get an appointment with the mayor and discuss this issue.

MR. OYAMA: Very good.

CHAIRMAN KANESHIRO: Along with Randy Nishimura.

MR. NISHIMURA: What day was this?

MR. CRADDICK: Sometime after the 4th of March.

CHAIRMAN KANESHIRO: Okay. So with that, the motion is on the floor that we'll have the chair make a report back to the next board meeting, about the meeting with the mayor and possibly get some more information on this. So going to receive and defer this? Is that how?

MR. OYAMA: Yeah, the motion was and
seconded.

CHAIRMAN KANESHIRO: Okay. All those in favor.

Any opposed?

Hearing none, motion carried.

Okay. Now, staff reports, monthly staff reports.

MS. YANO: Mr. Chair, for the fiscal division, my report on the budget status summary as of December 31, 2011, and it's included in your packet. So if you have any questions, please feel free to ask.

CHAIRMAN KANESHIRO: Board members, any questions on the statement of the Water Department's revenues and expenditures presented by Marites?

Mr. Craddick, yes, sir.

MR. CRADDICK: I'm not a board member, but --

CHAIRMAN KANESHIRO: Okay, Manager.

MR. CRADDICK: So we don't run afoul in the audit this time, are we -- we don't have the thing -- the billing for the fire system corrected yet with Honolulu, right?

MS. YANO: I'm working with Laurie at the Honolulu Board of Water Supply, and she gives --

MR. CRADDICK: Do you think we should get
these numbers adjusted this time so that we're watching
the overcharge on the fire system so that we don't go
through the same thing we went through last year?

MS. YANO: I'm hoping that I could get it
resolved not later than next month at least so we could
get the exact amount of adjustments. Because we get --
we have over 200 AMF accounts. It is impossible to get
the actual -- I mean, it can, but it just takes a lot of
time to do it manually. So I'm just hoping that the
correct rates will be corrected in the billing system so
that the actual adjustments would be done.

MR. CRADDICK: Anyways, what we'll do is
watch this. And if we go beyond next month, then we'll
try and get an adjustment to this so that if it goes
beyond just hoping that we have an actual something
there so that we can reduce the revenues down
accordingly so that when we get to audit time we don't
have the auditors saying that we weren't watching it
this time.

So whether -- I mean, we can't depend on
Honolulu, I think, at this point. And especially if
they go beyond next month. We're getting down to the
last quarter. So we'll try and do something there.

CHAIRMAN KANESHIRO: Okay. Any further
questions on the report of revenues and expenditures?
MR. NISHIMURA: Chair.

CHAIRMAN KANESHIRO: Go ahead.

MR. NISHIMURA: I would like to ask the fiscal department to add something to their report, and that would be a simple update on the audit items, status of audit items.

CHAIRMAN KANESHIRO: So noted. Any other discussion or comments on the presentation?

The motion would be to receive this.

MR. OYAMA: I move to receive.

CHAIRMAN KANESHIRO: Is that right?

MS. SUZUKI: (Moves head up and down.)

CHAIRMAN KANESHIRO: Or approve?

MR. CRADDICK: Receive it and add the update on the audit items.

MR. OYAMA: Right, right.

CHAIRMAN KANESHIRO: Okay. So I have the motion on the floor.

MR. OYAMA: Yes.

CHAIRMAN KANESHIRO: And a second?

MR. NAKAYA: Second.

CHAIRMAN KANESHIRO: Second, we do. All those in favor.

Motion carried.

Report by the PR specialist on PR activities.
MS. SHIRAMIZU: So my report, two pages this time, is before you. If you have any questions.

CHAIRMAN KANESHIRO: Board Members, any questions or comments?

MR. McCORMICK: Forget the raise.

CHAIRMAN KANESHIRO: What's that?

MR. McCORMICK: Forget the raise.

CHAIRMAN KANESHIRO: Okay. With that, we will go ahead --

MR. NISHIMURA: Aaaaah --

CHAIRMAN KANESHIRO: Yes, sir.

MR. NISHIMURA: Move to receive.

CHAIRMAN KANESHIRO: All right. Do I have a second on that?

MR. McCORMICK: Second.

CHAIRMAN KANESHIRO: Thank you. All in favor say aye.

Any opposed?

Hearing none, Motion carried.

Chief of operations.

MR. REYNA: Good afternoon. Included in your packets is the January 2012 report for operations division. Most notable would be on the personnel. Our utility worker will be retiring effective March 1st.

And on the second page, you will note that our
overtime went down as compared to last month or the
previous month. This is because we did not have any
overnight work related to Water Plan 2020, no overnight
time for the past month.

And also we have intermittently been operating
our Amfac shaft. That way we can reduce overtime and
holiday -- weekend and holiday overtime for our staff.

If you have any questions, please let me know.

CHAIRMAN KANESHIRO: Questions, Board
Members, or comments?

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

MR. McCORMICK: Second.

CHAIRMAN KANESHIRO: Moved and seconded to
receive. All in favor.

Any opposed?

Hearing none, motion carried.

Manager's monthly update.

MR. CRADDICK: Planning subdivision and
water resources.

CHAIRMAN KANESHIRO: Water resources and
planning subdivision report.

Mr. Fujikawa, I believe we have --

MR. FUJIKAWA: You know, we submit this
report to the manager on a monthly basis and subdivision
action between us and planning.
CHAIRMAN KANESHIRO: Any questions by board members on this? You have the item before you.

MR. NISHIMURA: Mr. Chair.

CHAIRMAN KANESHIRO: Yes.

MR. NISHIMURA: Not about this report, but just curious, Gregg, how's that Waikalua, Waikalua? Waiakalua, the backflow preventer stuff? Are they coming in?

MR. FUJIKAWA: You know, we gave them a pull-the-meter notice back in February. We were all ready to do that. We identified about 12 really -- consumers who we thought was not responding.

So last-ditch effort we went and did house calls. We drove up there and talked to them. I did more extensive telephone calls. Today we've been able to talk to all of them, and the findings are that they all understand why this is needed and there's no opposition.

We're at a point where they're all proceeding to install the preventers as we require it. And to date the installation has not been 100 percent complete, but we're moving toward that. So there's about 12, a dozen, that said they're going to do it, but they haven't done it yet. But we're tracking that.

We think that if everything goes according to
plan, that all of the meters should be properly
installed and tested within maybe a month and a half.

MR. NISHIMURA: Okay. Thank you.

MR. FUJIKAWA: They all cite material
shortages and need for consultants and stuff. So we're
giving them like somebody would.

MR. CRADDICK: The two that had hired an
attorney also, they're also going ahead, putting it in
and not trying to fight it.

MR. NISHIMURA: Shucks, Andrea.

CHAIRMAN KANESHIRO: Good job. Thank you.

MR. NISHIMURA: Shucks, Andrea.

MS. SUZUKI: David did some fine letter
writing.

MR. CRADDICK: With assistance.

MR. OYAMA: Well, we thank the department
for the hard work and good understanding and diligence
to follow through and go through to made them convinced.
So that's very good. Thank you. Very good job.

MR. FUJIKAWA: It's good that we never
crossed the line and tried to sell.

MR. OYAMA: That's right. That's right.

MR. FUJIKAWA: And not that we're not going
to. We have that --

MR. OYAMA: Yes, you have the authority.
MR. FUJIKAWA: -- alternative, but we haven't decided yet. So...

MR. OYAMA: Yeah, that's kind of the department. I think, you know, you need to be all recognized for that. Very good. When it's all done. I don't know, who's going to throw the party?

CHAIRMAN KANESHIRO: David Craddick.

MR. NISHIMURA: Roy Oyama.

CHAIRMAN KANESHIRO: Okay. With that, do I have a motion on the floor to receive this report?

MR. OYAMA: Yep.

MR. McCORMICK: Second.

CHAIRMAN KANESHIRO: Moved and seconded.

All in favor say aye.

Any opposed?

Hearing none, motion carried.

Manager's monthly update.

MR. CRADDICK: Okay. There's one contract award for Kukuiolono, that half-million-gallon tank.

Personnel, we have -- if we didn't have it, I know we have one more retirement besides what you already heard. And two more -- well, two resignations. So total four employees going to be lost in the next -- well, they're not all right away. Some are like next month. Some are in a couple months.
The -- let's see. Are we missing the -- we're missing the finance one here, huh? The payouts this month.

MR. NISHIMURA: Next page.

MR. CRADDICK: Oh, next page. Okay, okay.

Sorry.

CHAIRMAN KANESHIRO: That's three pages to your report.

MR. CRADDICK: Yeah, yeah.

MR. OYAMA: Big report.

MR. CRADDICK: So the payout amount there, figure out the total here.

MR. NISHIMURA: 3.548.

MR. CRADDICK: 3.5, yeah. So you can see the contract amounts going out pretty quick now.

MR. NISHIMURA: Beginning to worry about your report.

MR. CRADDICK: What's that?

MR. NISHIMURA: I'm beginning to worry about your report.

MR. CRADDICK: Oh, here we go. I couldn't find it on here. At the bottom here, 3.548 million.

And then one conveyance of water facility.

And then I did go to Washington for -- with NRWA lobbying again. That seems to have been fairly
successful. Last year was especially successful. We actually got the things that they dropped out in 2010 back in the budget. Then just this morning, EPA put out for bid the training. So in theory we should get that back and get that training program reimplemented.

And then the senator did get for us an additional circuit rider for Hawaii, so and that person they've already hired. So that's a benefit to the state. That's it.

CHAIRMAN KANESHIRO: Okay. Board Members, any questions for Mr. Craddick? Board comments.

Seeing none, I'd like to have a motion to receive the manager's monthly report.

MR. OYAMA: So move.

CHAIRMAN KANESHIRO: Can I have a second on that?

MR. MCCORMICK: Second.

CHAIRMAN KANESHIRO: All those in favor. Any opposed?

Hearing none.

There's no executive session issue today, I believe.

We'll move on for topics for next water board meeting. We have the proposed budget. Any other items?

MR. NISHIMURA: Mr. Chair.
CHAIRMAN KANESHIRO: Yes, sir.

MR. NISHIMURA: I would like a report for a summary from the department citing their concerns regarding potable (sic) water issues for the board to be able to review.

CHAIRMAN KANESHIRO: Summary of --

MR. NISHIMURA: Non-potable water system issues. Non-potable water system issues.

CHAIRMAN KANESHIRO: Any other topics that board members have?

MR. CRADDICK: This is just generic you're talking about?

MR. NISHIMURA: System issues. You know, I know you guys got issues, but, you know, we've never seen what the issues are. And it's -- you know, if we and when the time comes to --

MR. CRADDICK: Well, okay. That's --

MR. NISHIMURA: I'd like to be able to refer to something.

MR. CRADDICK: Yeah, that's why I asked you if you're talking about just generic.

MR. NISHIMURA: Generic.

MR. CRADDICK: And nothing specific. Because the specific one that we're working on is unusual. It's not a non-potable system that we're
operating. If it was a non-potable system that we were operating, we wouldn't have any concerns. But in this case the system is not being turned over to us, and it has to operate in perpetuity just like our system has to operate in perpetuity.

MR. NISHIMURA: Is that our responsibility?

MR. CRADDICK: Yes, because if it doesn't operate and work in perpetuity and all the costumers jump over to our system, we're going to have an $18 million expense.

MR. NISHIMURA: No. Then, you know, that should be highlighted as part of --

CHAIRMAN KANESHIRO: Right. I want to limit the discussion at this time to bring that up rather than to point some facts out at this time. As chair I would recommend that if you have any additional -- board members have any additional items to discuss on the non-potable or any other items, bring it before our secretary and then have some of that brought up at the next board meeting.

MR. OYAMA: I just wanted to point out on the subject of this non-potable, could you list, you know, all of the issues you have and the pro and cons so that we can have a comparison and better understand the area of the problems that is before you and us.
MR. CRADDICK: Okay.

CHAIRMAN KANESHIRO: Okay.

MR. OYAMA: Then we can maybe walk through it in a better process.

MR. CRADDICK: Okay. Now, I won't be at the next board meeting.

CHAIRMAN KANESHIRO: Well, that's fine. Do you have someone who can do the report, and that someone can make the report?

MR. CRADDICK: Yeah.

CHAIRMAN KANESHIRO: I mean, that's why you've got a deputy.

MR. CRADDICK: No problem.

CHAIRMAN KANESHIRO: It's only a report. So it's nothing that action is going to be taken on.

Okay. Any other topics for the next water board meeting, Members?

Again, if you do come up with some of them, we can get that -- have some time, right, Dave, to --

MR. CRADDICK: Yeah, yeah, yeah.

MR. OYAMA: And just started to so that, you know, we could massage it more and more.

CHAIRMAN KANESHIRO: And I'm not certain I can bring this up here, but on our Saturday agenda meetings, can I bring this up here at this as we set the
agenda meeting?

MR. OYAMA: Yeah, sure.

CHAIRMAN KANESHIRO: I was hoping if we could probably set the agenda meeting after we get either some reports out from like this current meeting we have somehow before we set the agenda meeting.

MR. OYAMA: Move to --

CHAIRMAN KANESHIRO: I mean, it doesn't have to be --

MR. OYAMA: A brief.

CHAIRMAN KANESHIRO: I mean, a lot of times -- yeah.

MR. OYAMA: A brief report.

CHAIRMAN KANESHIRO: Yeah, as we try to set agenda meetings, you know, I'm not saying that -- you know, I'm just saying that somehow --

MR. OYAMA: At least to pave the way.

CHAIRMAN KANESHIRO: Yeah, a person my age sometimes forget, huh, what some of the discussions were? And I try to keep notes on it, but it's good to refer sometimes to what occurred at a board meeting to move along our next. So I'm not how certain we can accomplish that, but I hopefully --

MR. OYAMA: The direction of paving the way so that we can be put on the agenda and then we have an
idea what we have.

MR. NISHIMURA: Just a suggestion that you have a draft of the minutes as well.

CHAIRMAN KANESHIRO: Is that a possibility, that we have a --

MR. NISHIMURA: Draft of the transcript or whatever.

CHAIRMAN KANESHIRO: Or something.

MR. NISHIMURA: It doesn't have to be signed.

CHAIRMAN KANESHIRO: A draft is fine. It doesn't have to be in its final form.

MR. OYAMA: But you can't oppose that, that way, right?

CHAIRMAN KANESHIRO: We'll continue that discussion. It's not on the floor right now. I just thought -- I'll throw it out. So we'll see. If it's possible. If not, then fine. We'll try to deal with what we can deal with with my notes. Okay.

Any other topics for next board meeting or getting to the future water board meetings?

There's no action that we need to take on these?

MR. OYAMA: No.

CHAIRMAN KANESHIRO: It's just for
discussion purposes.

So quarterly reports, employee of the year resolution, amend BAB project list. Members?

MR. NISHIMURA: Well, if you're not going to be here, we're still going to get the budget, though, yeah, by next meeting?

MR. CRADDICK: Yeah, yeah, yeah. We're working hard to finish that up.

MR. NISHIMURA: Just checking.

MR. CRADDICK: We finished a month early.

CHAIRMAN KANESHIRO: Okay. Moving on to upcoming events, Hawaii section of the AWWA, April 17 to the 20th. So board members, anyone is going to attend, you need to give notice on that. Right, Mr. Craddick?

MR. CRADDICK: Well, I think at the last meeting the board assigned you to pick people to go to the national convention.

CHAIRMAN KANESHIRO: I know the big one. The national convention. I've already done that.

MR. CRADDICK: Okay.

CHAIRMAN KANESHIRO: We're going to get to that on number two.

MR. NISHIMURA: I'm going to be sick that week.

CHAIRMAN KANESHIRO: And for the AWWA
national conference, I know we had a couple of the board
members stated at the last meeting that they wouldn't be
able to attend, am I correct? It was Mr. McCormick, Mr.
Nakaya, I myself cannot, and I also checked in with
other board members. Mr. Dahilig also has some
commitments and won't be able to attend.

And therefore, I suggested Mr. Roy Oyama,
Mr. Larry Dill, and Randy Nishimura go to the conference
and bring back all the good information we need and give
it to the board. And I believe we had four positions on
that to go to the conference?

MS. YANO: I think there's four.
CHAIRMAN KANESHIRO: Four?
MR. EDDY: Four.
MR. CRADDICK: Yes.
CHAIRMAN KANESHIRO: And in turn my
suggestion was that maybe we should approach the mayor
to go because they're due for a board conference, right,
coming up shortly? And the mayor, I believe, is a good
guy, a kind of person that can promote Kauai to possibly
have a conference here on Kauai.

MR. NISHIMURA: I will auction my trip off,
at the Polpu --

CHAIRMAN KANESHIRO: Any additions to that,
Mr. Craddick? If not --
MR. CRADDICK: Okay.

CHAIRMAN KANESHIRO: So the suggestion would be that I would write a letter to the mayor, I guess.

MR. OYAMA: Yes.

CHAIRMAN KANESHIRO: And sign as a board member hoping that he will be able to attend or delegate that can help promote the island at the time to speak to some of the members of the AWWA board. Is that correct, Mr. Craddick?

MR. CRADDICK: That's right.

CHAIRMAN KANESHIRO: And hopefully get them here to attend like a conference, along with Randy.

MR. CRADDICK: I think it's possible.

MR. NISHIMURA: I told you, I'm going to be sick that week.

MR. CRADDICK: The weather in Dallas.

CHAIRMAN KANESHIRO: With that, let's move on. Bill?

MR. EDDY: Excuse me, Mr. Chair. I just wanted to let you folks know about one more upcoming event for this.

CHAIRMAN KANESHIRO: Okay.

MR. EDDY: It's a department party at Poipu Beach on March 25th. It's a Sunday. The board is
invited.

MR. CRADDICK: A beach party without me, huh? Or 25th, you said?

MR. EDDY: March 25th.

MS. SHIRAMIZU: We were going to move it to the 24th.

MR. EDDY: So the board is invited and invited to bring families and guests.

MS. SHIRAMIZU: You can contact Carol. She should be contacting you for sign up.

MR. NISHIMURA: She sent something out already, yeah.

CHAIRMAN KANESHIRO: Okay. Sounds good. I also would like to make a suggestion. If you want another party, you can have it up at the ranch. We're going to have bull riding and chasing sheeps, and horse riding. So that might be fun. Just upcoming events.

Okay. With that, next water board meeting, March 22nd. Everyone's okay with that.

MR. OYAMA: So far.

CHAIRMAN KANESHIRO: We'll cover that for now. It's set. So we'll have some discussions on the other dates at later board meetings.

Anything else? If not, this meeting is adjourned.
(Concluded at approximately 12:36 p.m.,
February 23, 2012.)

* * * * *
STATE OF HAWAII       )
                          ) ss.
COUNTY OF KAUAI         )
                          
I, TERRI R. HANSON, RPR, CSR 482, do hereby certify:

That on Thursday, February 23, 2012, at 10:51 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 17th day of March, 2012, in Kapaa, Hawaii.

TERRI R. HANSON, CSR 482
Registered Professional Reporter
# Transcript Correction Sheet

County of Kauai, Board of Water Supply  
Regular Meeting  
Date: February 23, 2012

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