BOARD OF WATER SUPPLY of the COUNTY OF KAUA‘I

REGULAR MEETING

Board Room, Second Floor, Department of Water
4398 Pua Loke Street, Līhu‘e, Kaua‘i, Hawai‘i 96766

Friday, February 28, 2020
10:00 a.m. or soon thereafter

A. CALL TO ORDER

B. ROLL CALL

C. ACCEPTANCE OF AGENDA

D. MEETING MINUTES
   Review and Approval of
   Regular Board Meeting – January 24, 2020

   Review and Approval of
   Executive Session Meeting – January 24, 2020

E. CORRESPONDENCE/ANNOUNCEMENTS/PUBLIC TESTIMONY

F. BOARD COMMITTEE & PERMITTED INTERACTION GROUP REPORTS

G. OLD BUSINESS
   1. Manager’s Report No. 20-40 - Discussion and Possible Action on Proposed Board Policy
      No. 31 to Fund the Net Pension Liability and the Net Other Post Employment Benefit
      Liability as determined by the Government Accounting Standards Board (Update)

   2. Manager’s Report No. 20-41 - Discussion and Possible Action to approve funding for the
      Waiahi Surface Water Treatment Plant per the Water Treatment and Delivery Agreement
      in the amount of $2,821,347.00 (Update)

   3. Manager’s Report No. 20-42 – Discussion and Possible Action to transfer funds from the
      Professional Services Budget to the Operating Capital Outlay Budget in the amount of
      $62,618.73 (Update)

H. NEW BUSINESS
   1. Resolution No. 20-03 – Farewell to Cleve Shigematsu (Retiree), Engineering Drafting
      Technician III, Water Resources & Planning Division

   2. Manager’s Report No. 20-44 – Discussion and Adoption of Resolution No. 20-04 (2/20),
      Employee of the Year, Rayjerry Silva, Operations Division

   3. Manager’s Report No. 20-45 – Discussion and Adoption of Resolution No. 20-05 (2/20),
      Employee of the Year, Elliott Jung, Fiscal Division
H. NEW BUSINESS (cont’d)

4. **Manager’s Report No. 20-46** - Discussion and Possible Action to Request Board Approval for the Indemnification provision in the Software Licensing Agreement between the Board of Water Supply, County of Kaua‘i, and Seiko Epson Corporation

5. **Manager’s Report No. 20-47** - Discussion and Possible Action to Request Board Approval for the Indemnification provision in the Honeywell Software End-User Licensing Agreement between the Board of Water Supply, County of Kaua‘i, and Honeywell

6. **Manager’s Report No. 20-48** - Discussion and Possible Action to extend the I.T. Support Services with Brio Consulting, LLC until June 30, 2020 for an additional amount of $144,000.00

7. **Chairperson’s Report No. 20-49** – Discussion and Possible Action to delegate the authority to the Board Chair to assign tasks to Mr. Steven Kyono, Advisor

I. CONSENT CALENDAR

J. STAFF REPORTS MONTHLY

1. Discussion and Receipt of the Kaua‘i County Water Department’s Statement of Revenues and Expenditures
   a. January Monthly Summary Budget
   b. Accounts Receivable Aging Summary

2. Discussion and Receipt of the Report by the Information & Education Specialist on Public Relations Activities

3. Discussion and Receipt of the Chief of Operation’s Summary Report on Operational Activities

4. Discussion and Receipt of the Manager and Chief Engineer’s Monthly Update Regarding Activities of Note of the DOW

K. EXECUTIVE SESSION

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

L. TOPICS FOR NEXT BOARD OF WATER SUPPLY MEETING (March 2020)

1. Resolution Mahalo and Aloha Board Member, Laurie Ho
2. Appointment by Chair Kurt Akamine for Vice Chair effective April 1, 2020
3. Draft Budget for Fiscal Year 2020 -2021 a) Operating; b) Capital
M. TOPICS FOR FUTURE BOARD OF WATER SUPPLY MEETINGS
1. Department of Water Performance Audit (Update)
2. Table of Organization Workshop
3. Discussion and Possible Action to establish Fiscal Policies and Procedures
4. Report of the Finance Committee of the Kaua'i County Board of Water Supply, Financial Management Planning and Water Rate Analysis for the Department of Water’s FY2020 through FY2024 held on November 4, 2019

N. UPCOMING EVENTS
1. Tuesday, March 31, 2020, 5:00 p.m. – Public Hearing for Proposed Amendments to the Rules and Regulations Part 5 related to Facilities Reserve Charge Section III, Applicability for Guest House and Additional Rental Units
2. AWWA ACE 20th Conference (June 14-17, 2020, Orlando, Florida)
3. AWWA HWWA & HWEA 6th Annual Joint Conference (TBA)

O. NEXT WATER BOARD MEETING
1. Friday, March 27, 2020, 10:00 a.m.
2. Friday, April 17, 2020, 10:00 a.m.
3. Friday, May 29, 2020, 10:00 a.m.
4. Friday, June 26, 2020, 10:00 a.m.

P. ADJOURNMENT

PUBLIC TESTIMONY
The Board is required to afford all interested persons an opportunity to present testimony on any agenda item. At each Board meeting, the Board will accept oral and written testimony on any agenda item at item E Correspondence/Announcements/Public Testimony.

If any member of the public wishes to submit written testimony, please submit the written testimony to Edie Ignacio-Neumiller, the Commission Support Clerk via email at eineumiller@kauaiwater.org at least two (2) business days prior to the meeting and the Commission Support Clerk will provide copies to the Board members or bring eight (8) copies with you the day of the meeting.

SPECIAL ASSISTANCE
If you need an auxiliary aid/service, other accommodation due to a disability, or an interpreter for non-English speaking persons, please contact Edie Ignacio-Neumiller at (808) 245-5406 or eineumiller@kauaiwater.org as soon as possible. Requests made as early as possible will allow adequate time to fulfill your request. Upon request, this notice is available in alternate formats such as large print, braille, or electronic copy.
MEETING MINUTES
BOARD OF WATER SUPPLY
January 24, 2020

The Board of Water Supply, County of Kaua‘i, met in regular meeting at the Board Conference Room in Līhu'e on Friday, January 24, 2020. Chair Kurt Akamine called the meeting to order at 10:00 a.m. The following Board members were present:

**BOARD:**
- Mr. Kurt Akamine, *Chair*
- Mr. Lawrence Dill
- Mr. Ka‘aina Hull
- Mr. Elesther Calipjo
- Ms. Julie Simonton
- Mr. Jason Kagimoto

**EXCUSED:**
- Ms. Laurie Ho

Quorum was achieved with 6 members present at Roll Call.

**STAFF:**
- Mr. Bryan Wienand
- Mr. Keith Aoki
- Mrs. Marites Yano
- Mrs. Mary-jane Akuna
- Mr. Eric Fujikawa
- Mrs. Jonell Kaohelauii
- Mr. Dustin Moises
- Mr. Valentino Reyna
- Deputy County Attorney Mahealani Krafft

**GUESTS:**
- Mr. Hall Parrott, Private Citizen
- Mr. Emiliano Remigio, Kaua‘i Philippine Cultural Center (KPCC)
- Mr. Ken Shimonishi, County of Kaua‘i Budget Administrator
- Ms. Shawn Shimabukuro, Grove Farm Company
- Mr. William Eddy, Kodani & Associates Engineering
- Mr. Godwin Esaki, Private Citizen
- Mrs. Janet Esaki, Private Citizen
- Mr. Randy Francisco, KPCC & Hanapēpē Economic Alliance
- Morgan Bones, Ka‘au
- Ms. Ann Sokei, Aqua Engineers
- Mr. Greg Wilson, Aqua Engineers
- Mr. Caleb Loehrer, The Garden Island Reporter
- Mr. Thomas Canute, Former Board Chair

Chair Akamine mentioned that Manager’s Report No. 20-39 for Mr. Thomas Canute’s Resolution will be taken up at his arrival; with no objections.

**C. ACCEPTANCE OF AGENDA**
Mr. Dill moved to approve the Agenda as distributed; seconded by Ms. Simonton; with no objections, motion carried with 6 ayes.

**D. MEETING MINUTES**

**Review and approval of:**
Regular Board Meeting – December 19, 2019

Mr. Dill moved to approve the Regular Board meeting minutes of December 19, 2019; seconded by Ms. Simonton; with no objections; motion carried with 6 ayes.
Review and Approval of
Executive Session Meeting – December 2, 2019 – Special Board Meeting
Mr. Hull moved to approve the Executive Session Meeting minutes of December 2, 2019; seconded by Ms. Simonton; with no objections; motion carried with 6 ayes.

Executive Session Meeting – December 19, 2019
Mr. Hull moved to approve the Executive Session Meeting minutes of December 19, 2019; seconded by Ms. Simonton; with no objections; motion carried with 6 ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS/PUBLIC TESTIMONY
1. Committee Appointments by 2020 Chair Kurt Akamine for Rules Committee, Finance Committee, Committee of the Whole

Mr. Dill moved to approve the 2020 Committee slate; seconded by Ms. Simonton; with no objections; motion carried with 6 ayes.

Finance Committee: Chair Lawrence Dill; Ka`aina Hull, Elesther Calipjo
Rules Committee: Chair Ka`aina Hull, Julie Simonton, Jason Kagimoto

Mr. Randy Francisco, Vice President Hanapēpē Economic Alliance (HEA) provided his testimony.

Mr. Francisco thanked the Board and the Department of Transportation (DOT) for their efforts who took a difficult situation on the one lane bridge. He and residents learned patience and realized the project is almost done. Hanapēpē residents appreciate the efforts and was aware of a major glitch which hopefully will be resolved. Mr. Francisco hopes the businesses are saved on the other side of town who are struggling. The businesses look forward to reopening of the 1911 bridge. The Year of the Rat is a positive year for businesses. Former Manager Bryan Wienand and team was acknowledged who attended a town meeting and spoke about the bridge and gave an emotional and mental boost for the residents. Mr. Francisco is a historical and preservation student and said it is worth the wait for project to be completed. Hanapēpē prides itself on historic preservation, the real character of this community.

Mr. Emiliano Remigio, Incoming President Kaua`i Philippine Cultural Center (KPCC) provided his testimony.

Mr. Remigio mentioned that KPCC is a 501c3 organization spearheaded in the 20th Century. The goal is to establish a multi-purpose facility for people to gather for culture and arts that could be perpetrated to enrich Kaua`i’s culture. KPCC is called “A Place for All” to service the community of Kaua`i. The completion date and opening is February 2020 with limited resources. Mr. Remigio asked the Board to waive all prior charges.

Mr. Ken Shimonishi, Budget Administrator County of Kaua`i provided his testimony.

Mr. Shimonishi was in attendance on behalf of the County’s Finance Director Reiko Matsuyama. His testimony was for Manager’s Report No. 20-40, the proposed Board Policy No. 31 on the Government Accounting Standards Board (GASB). He confirmed the County’s practice relating to funding for the Other Post Employment Benefit (OPEB) liability and the retirement system and on the medical benefit plan to retire from government service. The required contribution is budgeted in the annual budget fund amount determined in the next fiscal year. He said the plans are administered by the State of Hawai‘i through an actuary service on the actual amount that should be contributed towards the liabilities that are significant. This has become challenging to the State of Hawai‘i and across the nation.

The County of Kaua‘i (COK) has a reserve policy drafted with the assistance of the Government Finance Officers Association (GFOA). The reserve policy looks at what could adversely affect the County’s volatility and expenditures. The volatility could affect the increase in rates toward these plans. This could buffer if the State says that the contribution rates go up 10% the following year. Part of the reserve could be used to try to
set some of the increase and balance on the budget preparations going forward. He offered to consider what the COK is doing with the Board of Water.

**DISCUSSION:**
Mr. Hull inquired on the COK reserve and if it is dedicated for volatility or with Employee Retirement System (ERS) payments? This discussion continued with Manager’s Report No. 20-40 on the agenda with Mr. Shimonishi present.

2. Correspondence from Mr. Kurt R. Bosshard, Attorney at Law, to Board Chair Thomas Canute regarding Manager’s Report 20-24, Memorandum of Agreement (Drainage) Godwin and Janet Esaki/Board of Water supply, County of Kaua’i, TMK: (4) 4-6-011:003 and (4) 4-6-011:125, dated December 16, 2019
Received for the Record

3. Correspondence from Mr. Emiliano J. Remigio, Incoming President for Kaua’i Philippine Cultural Center regarding Account No. 4792991523 to waive water balance of $1,349.79 from April 30, 2018, dated January 7, 2020
Received for the Record

**F. BOARD COMMITTEE & PERMITTED INTERACTION GROUP REPORTS**
None.

**G. OLD BUSINESS**
1. **Manager’s Report 18-60** - Discussion and Possible Action to enter into Use and Occupancy Agreement No. 368-A and 368-B between the State of Hawai‘i and the Board of Water Supply, County of Kaua‘i for Job No. 15-07, Water Plan 2020 No. HE-1, Reorganize Water System - Pipeline Connecting Hanapēpē and ‘Ele‘ele, Kaua‘i, Hawaii‘i (Update)

Mr. Dill disclosed a conflict of interest because he is with the Department of Transportation.

**BACKGROUND:**
Mr. Keith Aoki, Civil Engineer reported that the State requires the completion of a Use and Occupancy Agreement (UOA) when the Department has a new facility in the new Right-of-Way. The UOA addresses the State’s requirement for a pipeline to connect Hanapēpē and Eleele on a State highway. The insurance agreement has been worked out with the State.

**DISCUSSION:**
Mr. Hull asked if there is on-street parking on the State highway? Mr. Aoki confirmed there is no on-street parking. Based on the Certificate of Insurance, after 12 months, the certificate needs to be updated.

Ms. Simonton moved to approve **Manager’s Report 18-60** - Discussion and Possible Action to enter into Use and Occupancy Agreement No. 368-A and 368-B between the State of Hawai‘i and the Board of Water Supply, County of Kaua‘i for Job No. 15-07, Water Plan 2020 No. HE-1, Reorganize Water System - Pipeline Connecting Hanapēpē and ‘Ele‘ele, Kaua‘i, Hawaii‘i (Update); seconded by Mr. Kagimoto; with objections, motion carried with 5 Ayes; Mr. Dill abstained.

**H. NEW BUSINESS**
2. **Manager’s Report No. 20-40** - Discussion and Possible Action on Proposed Board Policy No. 31 to Fund the Net Pension Liability and the Net Other Post Employment Benefit Liability as determined by the Government Accounting Standards Board

**BACKGROUND:**
Waterworks Controller Mrs. Yano presented the proposed Board Policy No. 31 to fund the New Pension Liability and the Net OPEB determined by the GASB, based from the Water Rate Study. Consultants used the unrestricted net position of the Department of Water (DOW) to protect the projected rates for the DOW the
next five years. The Finance Committee was aware of the unrestricted net fund position included funding of the net OPEB and net pension liability that is not due within a year. The proposed policy was to set aside the cash equivalent of the two long term liabilities. Funds could be released for a future DOW budget.

DISCUSSION:
Mr. Hull commented that the 20% is above what the County is doing. He questioned why the Department was trying to reserve 20%? Why not 0%? Mr. Shimonishi said the County’s reserve is 30% on the recent year’s cap for revenues (components include 18.5% revenue volatility, 10% extreme disasters and 1.5% expenditure volatility). Expenditure volatility is not directly tied to pension and OPEB liability (re: law suits). He could not say if the DOW is trying to reserve 20% of the actual liability. Mr. Shimonishi said if the entire amount is being reserved on the unfunded actuary liability in cash or reserve, was what Mr. Hull understood. The County’s practice has not been done but budgets the required payments going forward each year for budget approval. The reserve could be used for some volatility in the contribution percentage not the unfunded liability.

The Department could create a reserve fund or to put aside more than one year’s worth. Mr. Dill thought the line item was being budgeted in a similar way like the County and that DOW was being more conservative with monies to set aside for this purpose.

Mrs. Yano explained that the Department’s history used the net position which was calculated by total assets, total liabilities with a net total restricted net position of $6M. Long term liabilities are not due within the year. The rate study consultants projected the next five years and used the cash balance unrestricted net position. The proposed Board Policy was done instead of using the unrestricted net position (equivalent to the Net Pension Liability and net OPEB liability). Eighty percent could be released to increase the unrestricted net position for future budgets. Mr. Dill mentioned that the numbers were different from what the County was doing. Mrs. Yano suggested the Board could deliberate on the funding of 0%, 10% or 20%.

Mr. Dill wanted the Board to review this sooner before identifying long term liabilities because it didn’t need to be significant on the balance sheet. The minimum would be the Board’s decision with a Board Policy. The $24M cash reserve did not need to be there from the actuarial requirements by the State. Mrs. Yano explained that in 2016 the Net Pension Liability was recorded and in 2018 the net OPEB liability was recorded. Based on her recommendation, Mr. Dill understood that $19.7M could be released to liability. It was unfortunate the Board did not know of the reserve built of $19.7M for liability that could be released for other purposes. The rate hike proposal in the rate study was 7% every year for 4 ½ years (30% over the next five years). Mr. Hull wanted the DOW to meet with the County to align it with their policies which was not proposed. He did not want to sit on $24M with a 30% rate hike for the rate payer. The rate study was worked on with the consultant and the Fiscal staff.

**Mr. Hall Parrott, private citizen provided his testimony.**

A few months ago, Mr. Dill asked how the numbers were done? There was disagreement during that time on where the actual number were. Mr. Parrott said there is $63M that is in the same category being discussed today. Accounting reports are reviewed and the money goes into a bank account and disappears with no tag on it. Mr. Parrott distributed a handout that was “Received for the Record” on how much money the Department has. He suggested to stop worrying about accounting (which Mrs. Yano does) but to do a management report for a summary of the cash.

DISCUSSION:
Mr. Wienand explained why this matter was not brought up to the Board that was not intentional to be overly conservative. Pronouncements came from the GASB and the Department took this as a liability and that should not be spent as a conservative approach. The Department did not have the full understanding of the actuarial calculations. From the rate study, the Department could improve on the rate increase based on a final decision of the rates if this matter was deferred. Zero years to 30 years is more appropriate and 0% to 20% would be an improvement. Mrs. Yano will review the Emergency Reserve Fund for an amendment or create a new reserve.
The consultant hired six years ago instructed Fiscal to use the unrestricted net position and accrual method previously presented to the Board that was used to date.

Mr. Dill deferred Board Policy No. 31 to 1) direct the Department to amend Board Policy 31 to set aside funds the same as the County for one (1) year to be aligned with the County and 2) provide a proposal for a Reserve Fund for volatility in the cost for a recommendation to the Board for Manager’s Report No. 20-40 - Discussion and Possible Action on Proposed Board Policy No. 31 to Fund the Net Pension Liability and the Net Other Post Employment Benefit Liability as determined by the Government Accounting Standards Board; seconded by Mr. Kagimoto; with no objections, motion carried with 6 ayes.

At 11:03 a.m., Mr. Calipjo exited the meeting.
At 11:05 a.m. Mr. Calipjo re-entered the meeting.

1. Manager’s Report No. 20-41 - Discussion and Possible Action to approve funding for the Waiahi Surface Water Treatment Plant per the Water Treatment and Delivery Agreement in the amount of $2,821,347.00

BACKGROUND:
Mr. Wienand recommended the Board approve funding of $2,821,347.00 for the Waiahi Surface Water Treatment Plant (SWTP). The agreement was for 15 years with an option for the Department to acquire purchasing the plant. The term is being renewed for the maintenance and service of the SWTP. Critical items to be replaced are the filtration membranes. Replacement estimate costs are shared; 2/3 for Grove Farm Company and 1/3 for the Department per the agreement. Replacement membranes were ordered by Grove Farm who is requesting their cost allocation be made now. Construction costs would be reviewed line by line. Payments need to be mutually approved by both parties. Mr. Wienand recommended to make the 2/3 payment to Grove Farm today, then resolve the actual costs when the bids come in. The membranes are at the end of their useful life which currently is at the 15 year operation.

At 11:13 a.m., former Board Chair, Thomas Canute entered the meeting.

Mr. Hull asked how are cost estimates for construction done? Is there a line missing for the Unit Estimate total? On page 75, Grove Farm’s Pro-Rata Share and BWS Pro-Rata Share did not equal the Unit Estimate of $100,000. Mr. Wienand explained that Grove Farm hired the consultants and the Department reviewed the cost estimates, drawings and various bid tabs on similar projects. These are Grove Farm’s exclusive costs with cost sharing costs. In Grove Farm’s Pro-Rata Share of $58,071, $25,000 is a hidden cost Grove Farm is taking care of which was confusing that did not equal to $100,000 with BWS Pro-Rate Share that is related to the replacement cost; not expansion. Mr. Kagimoto suggested showing the total cost in the Unit Estimate. Grove Farm will be doing their own bid procurement for the best value cost. Mr. Wienand mentioned other minor expenses such as the detention basins to be excavated adjacent to the plant related to the National Pollutant discharge Elimination System (NPDES) issues to increase the settling time. Payment needs to be mutually approved by both parties. Differences in costs need to be checked; hard costs are unknown.

Shawn Shimabukuru, Grove Farm provided her testimony.

Ms. Shimabukuru oversees the Waiahi SWTP and assured the Board that Grove Farm is providing safe drinking water that the Department of Health (DOH) oversees. Membranes have a 10-year useful life and are coming up with 15 years with breakage and clogging in the membranes. The request of the Department’s 2/3 share with the detention basins goes to the NPDES for the discharge; 10 percent of the water goes into the discharge. The basin is designed to settle and the chlorinated water goes into the Kapaia Reservoir. The NPDES was originally formulated in 2005. Ms. Shimabukuru indicated the volcanic soil is high in aluminum concentrated in the discharged water and water remains safe. According to the DOH standards, some months it exceeded that level. All tests that were done showed that the raw water level has a higher level of aluminum that is being discharging into the reservoir at a lower level of concentrate therefore, returning cleaner water. Grove Farm is in discussions with the DOH Clean Water Branch. Monthly toxic aluminum tests passed which
are done annually. Citizen groups are taking this information by saying the drinking water is affected by this, which is totally irresponsible reporting. Grove Farm wants to take care of this issue because with rainy weather, there is higher Turbidity total suspended solids. The option is to turn off the plant and don’t produce water during rainy periods. The detention basins are already in the plans which is being reviewed by the Department and ready to move quickly for the NPDES.

**DISCUSSION:**
Ms. Shimabukuru hoped to reduce the backwash water. Ms. Simonton inquired on the percentage of backwash water when the membranes were new vs. now? For years, Ms. Shimabukuru tried to reduce the total suspended solids but over the years, what was implemented by Aqua Engineers, the detention basin’s numbers dropped. The membranes are due April/May and the detention basin is pending approval on the construction plans.

Mr. Dill and Ms. Simonton agreed to pay as the costs are incurred based on the fair share and any upfront costs when construction is ready with any subsequent payments. Method of payment will be mutually approved; language is shown on page 66 of the Board packet (agreement section 12E).

Mr. Moises suggested that the Construction Management (CM) staff do the inspection. He recommended with the third party inspector at the site to cover and mutually agree on monthly progress payments. If agreed CM could sign off and pay accordingly. Grove Farm is responsible on warranty issues in the agreement. Mr. Moises said if there was no cap on the price until a low bid comes in, change orders are mutually agreed between the Board and Grove Farm. The Department would have to come back to the Board on additional funding percent with no contingency on this project. Bill off of the actual bid, not off of the engineer’s estimate that might fluctuate, then get the true number for monthly payments. A contractor will be in place when the plans are approved but probably not by the February Board meeting.

Other discussion actions:
- Provide one table with replacement costs of the membranes
- Provide details of progress payments; verify payments
- Show total costs
- Show expansion costs separately vs. replacement costs
- Missing – Unit Estimate Total; missing column
- Clarify numbers
- Clarify issues
- Have field oversight; do detail inspections daily by CM
- CM to sign off & pay accordingly
- Hard costs were not available during meeting
- Cap estimate is $2.8M; if over cap, Department needs to come back to the Board
- Suggest pay as you go rather than up front
- Grove Farm to address warranty issues with a clear agreement
- Discussed if the Board could give authority to the Department for progress payments (method of payments, monthly invoices brought before the Board)

Mr. Dill approved the $2.8M but subject to the receipt of the bid contract to manage once received and to modify the $2.8M as necessary; if above $2.8M, the Department has to come back to the Board, with a contingency, to be reconciled at the end and to make progress payments on the actual bid. Grove Farm was agreeable to the progress payments.

Mr. Dill deferred action and directed the Department to revise the proposal per the Board discussion and to include the details of the progress payment in a Board Report at the February Board meeting for Manager’s Report No. 20-41 - Discussion and Possible Action to approve funding for the Waiahi Surface Water Treatment Plant per the Water Treatment and Delivery Agreement in the amount of $2,821,347.00; seconded by Ms. Simonton; with no objections, motion carried with 6 ayes.
1. **Manager’s Report No. 20-39** - Request Board Approval of Resolution No. 20-02, (1/20) Mahalo and Aloha Board Member, Thomas Canute

Chair Akamine acknowledged Mr. Canute’s sacrifice serving on the Board of Water, the community and the Department. Mr. Canute said it was an honor and privilege to serve on the Board and hoped that he made a difference. Board Secretary Mr. Calipjo read Mr. Canute’s Resolution that followed with a photo op.

The Board approved and adopted *Manager’s Report No. 20-39* - Request Board Approval of Resolution No. 20-02, (1/20) Mahalo and Aloha Board Member, Thomas Canute; with no objections.

Chair Akamine recessed the meeting at 11:56 a.m.

*At 12:00 p.m., Mr. Calipjo exited the meeting.*

*At approx. 12:00 p.m. Mr. Dill exited the meeting.*

Chair Akamine reconvened the meeting at 12:01 p.m.

*At approx. 12:05 p.m. Mr. Dill re-entered the meeting.*

2. **Manager’s Report No. 20-42** – Discussion and Possible Action to transfer funds from the Professional Services Budget to the Operating Capital Outlay Budget in the amount of $62,618.73

**BACKGROUND:**
Mr. Keith Aoki mentioned that the Baseyard Master Plan Concept B was adopted by the Board for renovation of the Microlab 2nd floor due to overcrowding in the Operations Division office. The request of $62,618.73 was to transfer from the Engineering Professional Services budget to the Operating Capital Outlay Budget for the building permit for construction. Construction will be done in-house by Operations except for HVAC which would be contracted out.

**DISCUSSION:**
An office space analysis was requested by Mr. Hull on existing spaces for vacant or future positions. Mr. Hull offered to meet with Operations for additional information on the fund request. Mr. Hull is concerned with the $30M for the proposed master plan renovation of the baseyard, the 30% projected rate hike, the $24M oversite, plus a request for $62,618.73 on the Microlab renovation. He suggested by doing the construction in-house on the current need, could lower the cost.

Mr. Hull moved to defer for more information on the office space analysis for Operations on *Manager’s Report No. 20-42* – Discussion and Possible Action to transfer funds from the Professional Services Budget to the Operating Capital Outlay Budget in the amount of $62,618.73; seconded by Mr. Kagimoto; with no objections, motion carried with 5 ayes.

3. **Manager’s Report No. 20-43** - Discussion and Possible Action for Board Approval to enter into a Memorandum of Agreement between the County of Kaua’i, Housing Agency and the Board of Water Supply, County of Kaua’i for the County’s Pua Loke Affordable Housing Project

**BACKGROUND:**
Mr. Wienand mentioned that the Pua Loke Affordable Housing project is coming up next to the Department. The Housing Agency will include on-street parking over an existing water main. The Department is requesting to relocate the water main which would have a significant cost. An agreement with the Housing Agency states they will be responsible with any vehicles parked on top of the water main for access by the Department. Access would include a water main break or maintenance so that the Department would not incur liability costs. The County signed the agreement pending the Board’s approval.
DISCUSSION:
Mr. Hull questioned if it was standard for the Department to execute these types’ of properties on a public street? Should the Department assume the liability? He stressed on-street parking is crucial. Mr. Wienand indicated putting a main line under parking is not standard but wanted to protect the Board against cost incurred if the Department was responsible to remove vehicles on top of the main line. Mr. Aoki added that according to the Water System Standards, no water mains are located on parking stalls. The Manager has authority to deviate from the standards for good reason. If the Board directs the Department to assume the liability, then the agreement would not be done. In the agreement, the Housing Agency is agreeable to maintain towing services “as needed” contract.

DCA Krafft clarified that the vehicle could be towed but with a process in place by the Housing Agency, towing would have to be procured, provide notice to the owner and a hearing within 48 hours. This was taken into consideration on who should take on the additional burden.

Mr. Hull mentioned that the message to the public is the cost and fees that are exacerbated on affordable housing projects plus the Housing Agency would have to deal with a water issue. He suggested the Department look at possible scenarios that the Department assumes the liability.

Ms. Simonton asked what is the risk of a line breaking with a car that has to be towed? Mr. Wienand indicated the risk is low (the water is for the Water Department and the baseyard). DCA Krafft mentioned that the standard Grant of Easement requires the grantor (not the Department) to change their development plans, and they pay for the water facility. If there is an emergency situation, and if the Department tow the vehicle, there would be a risk on a case-by-case situation. Mr. Wienand added if the Board defers requiring follow up, it may delay the project. Mr. Hull suggested in the future, have the developer incur costs and to formulate a plan.

DCA Krafft commented that the Water System Standards requires the Housing Agency to move a car which was agreed on the agreement. The Board needs to approve the condemnation and the Department needs direction if they could deviate or if the Housing Agency is required to move a car from the water facilities.

Mr. Dill moved to deny and deviate from the Water Systems Standards and for the water line to remain in place and not require the Housing Agency to enter into a towing contract or to move a car in case of an emergency on Manager’s Report No. 20-43 - Discussion and Possible Action for Board Approval to enter into a Memorandum of Agreement between the County of Kaua‘i, Housing Agency and the Board of Water Supply, County of Kaua‘i for the County’s Pua Loke Affordable Housing Project; seconded by Mr. Hull; with no objections, motion carried with 5 ayes.

I. CONSENT CALENDAR
None.

J. STAFF REPORTS
MONTHLY
1. Discussion and Receipt of the Kaua‘i County Water Department’s Statement of Revenues and Expenditures
   a. December Monthly Summary Budget
   b. Accounts Receivable Aging Summary
Received for the Record

2. Discussion and Receipt of the Report by the Information & Education Specialist on Public Relations Activities
Received for the Record

3. Discussion and Receipt of the Chief of Operation’s Summary Report on Operational Activities
BACKGROUND:
Chief of Operations Mr. Reyna provided highlights:
1. Congratulated Michael Mack and Duane Moriguchi on a perfect 2019 attendance with no sick calls.
2. 30 hydrants were hit in 2019. A monthly average is usually 12 hydrants hit.

Received for the Record

4. Discussion and Receipt of the Manager and Chief Engineer’s Monthly Update Regarding Activities of Note of the DOW

QUARTERLY (October – December 2019)
1. Discussion and Receipt of the DOW’s Quarterly Project Status Update
   a. Construction Management Division Status / Received for the Record
   b. Engineering Division Design Status / Received for the Record
   c. Water Resources & Planning Division Status / Received for the Record
   d. Information Technology Strategic Plan Status / Received for the Record

Mr. Hull and Chair Akamine wanted to reach out to the division heads by contacting the Board to provide additional information and resources on Board reports if needed prior to Board meetings going forward, since there is no Water Manager at this time.

At 12:41 p.m., Mr. Hull read the following Executive Session language and moved into Executive Session.

K. EXECUTIVE SESSION

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

1. Pursuant to Hawai‘i Revised Statutes § 92-4 and § 92-5(a)(4), the purpose of this executive meeting is for the Board to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as those relate to:

   Correspondence from Mr. Kurt Bosshard, Esq. representing Mr. and Mrs. Godwin Esaki and Manager’s Report No. 20-24 – Discussion and Possible Action for the Proposed Amendment to the Memorandum of Agreement (Drainage) between Godwin M. Esaki and Janet M. Esaki, individually and as trustees of the Godwin M. Esaki Revocable Living Trust, and the Janet M. Esaki Revocable Living Trust, TMK: (4) 4-6-011:125, Kapa'a, Kaua'i, Hawai‘i) and the Board of Water Supply, dated August 21, 2017

Ms. Simonton moved to have DCA Krafft draft a response to Mr. and Mrs. Godwin Esaki via their attorney as instructed in the Executive Session. Board will review the letter to be finalized with the Chair’s signature; seconded by Mr. Kagimoto; with no objections, motion carried with 5 ayes.

L. TOPICS FOR NEXT BOARD OF WATER SUPPLY MEETING (February 2020)

1. Employee of the Year Resolutions
2. Manager’s Report No. 20-40 - Discussion and Possible Action on Proposed Board Policy No. 31 to Fund the Net Pension Liability and the Net Other Post Employment Benefit Liability as determined by the Government Accounting Standards Board
3. **Manager’s Report No. 20-41** - Discussion and Possible Action to approve funding for the Waiahi Surface Water Treatment Plant per the Water Treatment and Delivery Agreement in the amount of $2,821,347.00

4. **Manager’s Report No. 20-42** – Discussion and Possible Action to transfer funds from the Professional Services Budget to the Operating Capital Outlay Budget in the amount of $62,618.73

**M. TOPICS FOR FUTURE BOARD OF WATER SUPPLY MEETINGS**

1. Department of Water Performance Audit (Update)
2. Table of Organization Workshop
3. Discussion and Possible Action to establish Fiscal Policies and Procedures
4. Report of the Finance Committee of the Kaua‘i County Board of Water Supply, Financial Management Planning and Water Rate Analysis for the Department of Water’s FY2020 through FY2024 held on November 4, 2019
5. **Manager’s Report No. 19-60** - Discussion and Possible Action for Water Plan 2020 Project No. WK-39 Drill & Develop Kapa‘a Homesteads Well No. 4 & Package A-Well and Drainage Package of Water Plan 2020 Project No. WK-08, Job No. 02-14, Kapa‘a Homesteads 325’ Tanks, Two 0.5 MG Tanks Projects, Kapa‘a, Kaua‘i, Hawai‘i for additional construction funding in the amount of $140,843.18 (Update)
6. Resolution Mahalo and Aloha Board Member, Laurie Ho (March 2020)
7. Draft Budget for Fiscal Year 2020 -2021 a) Operating; b) Capital (March 2020)

**N. UPCOMING EVENTS**

1. HWWA & HWEA Pacific Water Conference (February 2-6, 2020)
2. Tuesday, February, 25, 2020, 5:00 p.m. – Public Hearing for Proposed Amendments to the Rules and Regulations Part 5 related to Facilities Reserve Charge Section III, Applicability for Guest House and Additional Rental Units
3. AWWA ACE 20th Conference (June 14-17, 2020, Orlando, Florida)
4. AWWA HWWA & HWEA 6th Annual Joint Conference (TBA)

**O. NEXT WATER BOARD MEETING**

1. Friday, February 28, 2020, 10:00 a.m.
2. Friday, March 27, 2020, 10:00 a.m.
3. Friday, April 24, 2020, 10:00 a.m.
4. Friday, May, 29, 2020, 10:00 a.m.

**P. ADJOURNMENT**

The Regular Board meeting adjourned at 1:11 p.m.; with no objections.

Respectfully submitted,  
Approved,

Edith Ignacio Neumiller    Elesther Calipjo  
Commission Support Clerk  
Secretary, Board of Water Supply
Old Business
MANAGER’S REPORT No. 20-40 (Update)

February 28, 2020

Re: Discussion and Possible Action on the Proposed Board Policy No. 31 to Fund the Net Pension Liability and the Net Other Post Employment Benefit Liability as determined by the Government Accounting Standards Board

RECOMMENDATION:
It is recommended that the Board review and discuss the proposed revisions to the Board Policy on the DOW’s Reserve Funds and to consider one of the options presented at the end of this report.

FUNDING: Water Utility Fund

BACKGROUND:
The DOW is revising its initial proposal that we submitted on January 24, 2020 Board meeting regarding the establishment of a new Reserve Board Policy for unfunded pension and retirees’ health benefit costs that may occur in case sudden spikes in expenses and obligations occur.

In alignment with the County of Kauai (COK)’s accounting practices on the pension and retirees’ health benefits costs and the COK’s reserve fund policies, the staff is requesting additional time to prepare a draft of the proposed revised Board Policy.

Our inquiry of the County of Kauai’s Reserve Fund Policy found that their reserve fund was revised on March 22, 2017 which established a target minimum of 30% of the County’s previous years General Fund revenues as identified in the most recent Comprehensive Annual Financial Report (CAFR).

In comparison with the DOW, we have two established reserve funds, and these are: 1. The Emergency Reserve Fund (ERF) and the Debt Service Reserve Fund (DSRF). The combined ERF and DSRF of $9.3M as of 6/30/2019 which is the last audited financial statements is equivalent to 30% of the DOW’s operating revenues of the last audited DOW financial statements.

Since the DOW’s total reserve funds are similarly equivalent to the COK’s target minimum of 30% of the last audited operating revenues, the DOW may no longer need additional reserves and so the following proposal are submitted for your consideration:

1. No additional reserve fund is needed.

2. Revised Proposed Board Policy (BP) 31 - to combine the two reserve funds; ERF (BP 26) & DSRF (BP 27) while maintaining a target minimum of 30% of the operating revenues based on the last audited financial statements and eliminate BP 26 $& BP 27.

3. Propose Board Policy 31 - expands the list of restricted uses to include the DOW’s ability to use the reserve funds for expenditure volatility and revenue shortfall;
4. Re-prioritize the combined and proposed list of restricted uses as follows:
   a. Emergency repairs after a declaration of emergency by an authorized government official or as deemed fit by the Board of Water Supply.
   b. Debt service requirement.
   c. Unfunded non-recurring costs such as:
      • Unfunded mandates i.e. spike in pension costs & OPEB.
      • Unfunded legal services and legal claims.
      • Uncovered insurance claims i.e. deductibles

In combining the DOW’s existing reserve funds and expanding the list of its restricted uses, the DOW won’t need a separate new reserve fund to address the volatility in expenditures which are non-recurring in nature and are not included in the annual preparation of the DOW’s operating budget. If we choose this approach, the DOW may only need to maintain a single reserve fund equal to 30% of the DOW’s operating revenues with an expanded list of restricted uses as approved.

OPTIONS:
Option 1: Approve the proposed Board Policy No. 31 as recommended.
Pros: If approved, the DOW will maintain a single reserve fund equal to 30% of the DOW’s last audited operating revenues; delete BP 26 which is the ERF & BP 27 which is the DSRF and expand the list of its restricted uses to include unfunded non-recurring costs such as spike in pension and retirees’ health costs.
Con: None.

Option 2: Do Not Approve; refer to Finance Committee for further discussion.
Pros: The Board and staff will have ample time to review and discuss the revised proposal and may come out with new ideas and recommendations before it goes to the Board for final action.
Cons: The additional time needed may delay some financial decisions that may come up.

Option 3: Do Not Approve.
Pros: No Board Policy changes on ERF & DSRF; total reserve fund remains equal to 30% of the Annual Operating Revenues.
Cons: The existing ERF & DSRF will remain unchanged but there’s no Board policy to address spikes in expenditures that are unfunded.

MY/ein

Attachment: Board Policy 26 – Emergency Reserve Fund (ERF) Updated 5-24-19
Board Policy 27 – Debt Service Reserve Fund (DSRF) Approved 7-24-14
Proposed Board Policy No. 31 – The DOW Reserve Fund (to be Received for the Record)

Manager’s Report No. 20-40 (Update)
February 28, 2020
Page 2 of 2
BOARD OF WATER SUPPLY POLICY NO. 26 (Updated May 24, 2019)

Re: Emergency Reserve Fund (ERF)

The Board of Water Supply (BWS) deems it prudent to establish an Emergency Reserve Fund (ERF) as a contingency for unforeseen events or crises that may arise.

Purpose: As authorized by the Manager and Chief Engineer the Department may incur obligations or make expenditures from the ERF for use in the event of an emergency, disaster, or other severe crises without additional Board approval.

Establishment of the Emergency Reserve Fund (ERF): The establishment of the ERF provides a separate fund for the DOW to use that is not to be used for normal and ordinary business purposes.

ERF Requirements:

1. The ERF shall be funded from the DOW’s general operating account.

2. A separate general ledger fund account shall be established and maintained as the Emergency Reserve Fund.

3. The amount in the ERF shall be reviewed and approved annually during the preparation of the DOW’s annual operating and capital outlay budget.

4. The ERF Funding requirement shall be the total of:
   a. The maximum deductible limit on the County of Kauai’s insurance policy, plus
   b. 25% of the DOW’s Total Operating Expenses based on the prior year’s audited financial statements, less
   c. Interest Expenses, less
   d. Depreciation & Amortization Expenses, less
   e. Any non-cash operating expenses, (i.e. The County of Kauai’s contra-claim).

5. At the beginning of each fiscal year, the ERF shall be adjusted to equal the ERF amount as shown above. If necessary, an accounting entry to “transfer in” or “transfer out” funds in the ERF shall be done in accordance with the approved annual operating budget to record the adjustment.

6. Expenditure of ERF funds; Reporting.
   a. In order to expend ERF funds:
      i. The Manager and Chief Engineer must make a determination that an emergency, disaster, or severe crisis exists. Where the Governor of the State of Hawai‘i or the Mayor of the County of Kaua‘i has issued a proclamation pursuant to HRS 127A for which the expenditure of funds is proposed, such a proclamation satisfies the requirements of this subsection (i).
ii. The balance of the general operating account must be insufficient to cover the DOW’s necessary operating expenditures as a result of an emergency, disaster, or crisis.

b. Where ERF funds are expended, the DOW will provide a report to the BWS at the next occurring Board meeting of the expenditures, balance of the ERF, and any then known anticipated expenditures.

Operating Procedures:

The DOW shall procure or maintain emergency standby contracts for materials, services, and equipment. The DOW shall periodically (but not less than annually) report to the BWS the emergency standby contracts entered into by the DOW.

The ERF will be restricted to the following uses:

A. Insurance Claims not covered by the County of Kaua‘i’s Insurance Policy. The DOW is covered under the County of Kaua‘i’s insurance policy; however, the insurance deductible is subject to change. Therefore, should the maximum deductible amount change, the DOW shall adjust the ERF amount on the next budget year as soon as possible.

B. In the event of an emergency, the following procedures shall be followed:

1. The DOW must continue to adhere to the procurement laws and regulations of the State of Hawai‘i.

2. The DOW must submit a Manager’s Report to inform the Board of any use of Emergency Reserve Funds at the next occurring Board meeting. The report shall also include any anticipated emergency needs of the DOW.

3. If necessary, the DOW will request a special board meeting to present the emergency needs of the DOW.

4. Labor is to be furnished from DOW staff. The budgeted funds for labor costs shall be exhausted in any budget year before any monies from the emergency operations reserve fund are used for the purpose of labor costs.

5. If necessary, emergency contract labor may be utilized. At the earliest Board meeting possible, the DOW shall submit a Manager’s Report to inform the Board if any new contracts or contract amendments requiring additional funds have been utilized or will be utilized with funds from the ERF. The report shall also include monthly reports of expenses and reimbursements from the emergency standby contracts, amounts invoiced, labor expenditures, and any other significant information.

6. Funds that are expended from the ERF Fund shall be replaced as expeditiously as possible.
RE: EMERGENCY RESERVE FUND (ERF)

Effective date: ____________________
Re: Debt Service Reserve Fund (DSRF)

The Debt Service Reserve Fund (DSRF) is a reserve fund established on June 28, 2012 to service Department of Water (DOW) interest and principal payment obligations arising out of DOW short and long term debt. One of the purposes of the fund is to insure full and timely payments to DOW creditors.

Maintenance of the DSRF:
The DOW shall establish and maintain a DSRF equal to one half (½) of the upcoming fiscal year’s Debt Service Requirement (DSR). Changes for each upcoming fiscal year shall coincide with the preparation of the DOW’s annual budget. As changes occur in the DSR for any upcoming fiscal year, the DSRF shall be adjusted accordingly.

DSRF Requirements:

1. The DSRF shall be funded from the DOW’s general operating account.

2. A separate general ledger fund account shall be established and maintained for the DSRF.

3. Bookkeeping and accounting adjustments to the DSRF shall occur at the beginning of each fiscal year to equal one half (½) of the upcoming fiscal year’s annual DSR.

4. Disbursements from the DSRF require BOW approval.

APPROVED BY: ____________________________ Date: ____________________________

Chairperson, Board of Water Supply

RE: DEBT SERVICE RESERVE FUND (DSRF)

JUL 24 2014

Effective date: ____________________________
Manager's Report No. 20-40

Attachment No. 3
DOW Reserve Fund
Proposed
Board Policy No. 31
To be Received for the Record
MANAGER’S REPORT No. 20-41 (Update)

February 28, 2020

Re: Discussion and Possible Action to approve funding for the Waiahi Surface Water Treatment Plant per the Water Treatment and Delivery Agreement in the amount of $2,821,347.00

RECOMMENDATION:
It is recommended that the Board approve funding in the amount of $2,821,347.00 for the Waiahi Surface Water Treatment Plant per the Water Treatment and Delivery Agreement via the proposed billing and invoices procedures shown in the report.

FUNDING: Water Utility/Capital Outlay/R&R

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<td>Water Utility Fund Unrestricted Balance</td>
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<tr>
<td>Vendor</td>
<td>Grove Farm</td>
</tr>
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<td>Funds required per Water Treatment and Delivery Agreement</td>
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</tr>
<tr>
<td>Remaining Water Utility Fund Unrestricted Balance</td>
<td>$</td>
</tr>
</tbody>
</table>

*Note: This amount will be provided following Board action on Manager’s Report No. 20-40.

BACKGROUND:
The Board of Water entered into the Water Treatment and Delivery Agreement ("Agreement") with Grove Farm on February 19, 2004. The Agreement was made effective February 19, 2004 and, per Section 3. Term of Agreement, “…this Agreement, unless earlier terminated in accordance with Section 17, shall terminate fifteen (15) years after the Effective Date or upon dedication of the Facility to BWS, whichever occurs first, except to the extent specifically provided to the contrary in this Agreement. If the Facility has not been dedicated to BWS within the initial fifteen (15) year term of this Agreement, the term of this Agreement shall be automatically extended for successive two (2) year periods (the “Renewal Term(s)”) unless and until (i) the Facility is dedicated to BWS, (ii) either party delivers to the other written notice of such party’s election to terminate this Agreement at least ninety (90) days prior to the conclusion of the initial term or any successive two (2) year term (the “Termination Notice”) or (iii) the parties mutually agree to terminate this Agreement. In the event a timely Termination Notice is given, this Agreement shall terminate at the conclusion of the initial fifteen (15) year term or Renewal Term during which the Termination Notice is given.”
The Facility has not been dedicated to the BWS and is therefore in the first two (2) year Renewal period.

Section 12.e of the Agreement states “In the event of a change in regulations applicable to the Facility requiring the upgrade of the Facility or in the event the parties mutually approve a capital improvement to the Facility, the parties shall cooperate to undertake any such required upgrade. The cost of any such upgrade required prior to BWS’s exercise of the Dedication Option shall be borne 66.66% by BWS and 33.34% by Grove Farm. The method of payment for any such upgrade shall be mutually approved by the parties and may include, without limitation, cash payment, refinancing, or other methods. Any upgrade required post-dedication shall be the responsibility of BWS”.

Over the past year, Grove Farm has indicated that various components within the treatment plant must be replaced as they are nearing the end of their useful life. The most significant items to be replaced are the water filtration membranes, which have an expected life of 10-15 years. Please refer to the correspondence from Grove Farm dated November 19, 2019 shown in Attachment 1. DOW staff have reviewed the cost estimates provided by Grove Farm and worked with them, as well as their engineering consultants, to verify and ensure that each item is required for the Waiahi Surface Water Treatment Plant to continue to operate in compliance with all applicable drinking water standards. The DOW’s response to Grove Farm’s November 19, 2019 letter is shown in Attachment 2 (“DOW Response dated November 27, 2019”).

A comprehensive list of the items included in this replacement project, and the corresponding cost estimate, is shown in Attachment 3. Additional details for the project management and field support services to be provided by Aqua Engineers is also included. These documents have been reviewed thoroughly and the DOW is recommending Board approval of funding for this work.

Per Section 12.e. of the Agreement, the method of payment shall be mutually approved by both parties. Per the December 11, 2019 letter, Grove Farm is requesting a lump sum payment in the amount of $2,821,347.00 based on the cost estimates provide. This amount is an estimate and the actual costs will be provided once a construction contract is awarded. Should the construction costs be higher than the estimate provided, the DOW would then owe 2/3 of the difference to Grove Farm. Similarly, should the actual costs be lower than the estimated amount, Grove Farm will then owe the difference to the DOW, to be calculated based on a 2/3 DOW and 1/3 Grove Farm basis.

**Update since the January 24, 2020 Board meeting:**

Per the Board’s request at the January 24, 2020 Board meeting, proposed billing and invoicing procedures are as follows:

1. The DOW is recommending that the Board approve funding in the amount of $2,821,347.00 as a maximum, not-to-exceed amount for the DOW’s 2/3 cost share per the Water Treatment and Delivery Agreement.

2. The DOW will periodically send DOW staff to the job site during construction of the project to inspect and verify the work being done.

3. Waiahi Water Company will submit invoices and supporting documents to the DOW based on the bid items which are applicable exclusively to Section 12.e of the Water Treatment and
Delivery Agreement (i.e. items for which the BWS pays the 2/3 cost share). These items are identified in Attachment 3.

The DOW will review and approve the invoices for the project but will only be authorized to approve project spending for applicable items up to the not-to-exceed amount of $2,821,347.00.

The DOW will present a check to Waiahi Water Company within 10 business days of the receipt of the invoice. If payment is received after this period, the present loan rate applicable at the time the invoice is payable will be imposed.

4. Should the project costs, applicable exclusively to Section 12.e of the Water Treatment and Delivery Agreement (i.e. items for which the BWS pays the 2/3 cost share), exceed the approved not-to-exceed amount of $2,821,347.00, DOW staff will review any additional costs provided by Grove Farm. Where the costs fall within Section 12e of the Water Treatment and Delivery Agreement and DOW staff confirm the costs are appropriate, DOW staff will request Board approval of any additional funds needed to remain in compliance with the Water Treatment and Delivery Agreement.

OPTIONS:

Option 1: Approve funding in the amount of $2,821,347.00 as recommended.
Pros: The DOW will be in compliance with the Water Treatment and Delivery Agreement. Funds will be approved for the Waiahi SWTP to continue to be maintained and operated properly, ensuring compliance with applicable drinking water standards. Grove Farm has been proactive in ordering the replacement membranes and it is appropriate for the DOW to make payment now to keep in step with the intent of the Water Treatment and Delivery Agreement.

Con: Additional funds will be expended which were not included in the current FY 2020 budget. Because the funding request is based on an estimate, an adjustment will need to be made once the actual costs for construction are known. Therefore, it is possible that additional funds will be needed for this work.

Option 2: Do not approve funding in the amount of $2,821,347.00.
Pro: Funds will not be expended.

Con: The DOW will be at risk of violating the terms of the Water Treatment and Delivery Agreement. The operation and maintenance of the Waiahi SWTP would be jeopardized if the membranes are not replaced: compliance with applicable drinking water standards would eventually be compromised.

BW/ein

Attachment(s): 1. Correspondence from Shawn Shimabukuro, Grove Farm Company, RE: Waiahi Surface Water Treatment Plant Upgrades, November 19, 2019
2. Correspondence from Bryan Wienand, Department of Water, County of Kaua‘i, RE: Waiahi Surface Water Treatment Plant Upgrades dated November 27, 2019
3. Cost Estimate for Waiahi Surface Water Treatment Plant Replacement Costs and Correspondence from Grove Farm dated December 11, 2019.
November 19, 2019

Mr. Bryan Wienand, P. E., Manager-Chief Engineer
Department of Water, County of Kaua‘i
4398 Pua Loke Street
Lihu‘e, Hawai‘i 96766

Re: Waiahi Surface Water Treatment Plant Upgrades

Dear Mr. Wienand:

Grove Farm’s continued delivery to the Department of Water of up to 3.0 million gallons of potable water per day from the Waiahi Surface Water Treatment Plant is of utmost importance to Kaua‘i, due to the fact that about 15,000 residents and businesses rely on this for their various water needs. We take this responsibility seriously and continue to keep the plant maintained in its optimal condition.

We have met and discussed, on many occasions, the upgrade of the Waiahi Surface Water Treatment Plant. We have stressed the need to replace the membranes, which is critical for the plant to continue operating and providing the people of Kaua‘i with safe drinking water.

Despite not getting your concurrence to move forward with the membrane replacement, we will proceed with the necessary upgrades. As such, we will be ordering the replacement membranes and equipment needed to keep the plant operating as we cannot risk jeopardizing this island’s most critical potable water facility.

It is in the island’s best interest that we proceed, as any further delays may be detrimental to the Department of Water’s responsibility to provide potable water to its customers. Please feel free to contact me at (808) 632-2525 if you wish to discuss further.

Sincerely,

Shawn Shimabukuro
Vice President
November 27, 2019  

Grove Farm  
3-1850 Kaumuali‘i Highway  
Līhu‘e, HI 96766-8609  
Attn: Ms. Shawn Shimabukuro

Dear Ms. Shimabukuro:

Subject: Waiahi Surface Water Treatment Plant Upgrades

The Department of Water, County of Kaua‘i (KDOW) is in receipt of your November 25, 2019 letter regarding the Waiahi Surface Water Treatment Plant (SWTP) Upgrades. We sincerely appreciate your continued commitment and partnership in ensuring that the Waiahi SWTP operates in compliance with all applicable drinking water standards.

We agree that the membranes should be replaced and, as previously stated, we have a fiduciary duty to our ratepayers to review the information provided and ensure that the costs associated with the Waiahi SWTP upgrades are for replacement only. Any costs attributable to an expansion in existing capacity will not be shared by the KDOW per Section 12.e. of the Water Treatment and Delivery Agreement. In our most recent meetings and previous correspondence, we have communicated that the cost estimates provided must clearly indicate that the costs are strictly limited to replacement items for the continued operation and maintenance of the plant at its existing capacity. We appreciate the efforts of you and your staff to work collaboratively towards that end.

We are nearly finalized with our review of all of the cost information submitted to the KDOW and anticipate presenting a report to the Board of Water Supply at the upcoming December 20, 2019 meeting to request approval of the funds needed to address your request and comply with the Water Treatment and Delivery Agreement.

We appreciate your understanding in this matter. Please feel free to contact me at bwienand@kauaiwater.org.

Sincerely,

_______________________
Bryan Wienand, P.E.  
Manager and Chief Engineer

Attachment 1: November 25, 2019 Letter from Grove Farm
December 11, 2019

Mr. Bryan Wienand, P. E.
Department of Water, County of Kaua‘i
4398 Pua Loke Street
Lihu‘e, Hawai‘i 96766

Re: Waiahi Surface Water Treatment Plant Operational Maintenance

Dear Mr. Wienand:

In response to your questions regarding the Waiahi Surface Water Treatment Plant operational maintenance of the existing 3.0 MGD facility, please find the following responses:

1. **Membrane Replacement for the 3.0 MGD Plant:**

   The latest proposals from Suez and Aqua Engineers for the replacement of the existing 3.0 MGD membranes are reflected in the attached Opinion of Probable Construction Cost (OPCC), revised December 11, 2019. *[Exhibit 1]*

   Note, there was also a typographical error in Line 4 under *Yard Piping*. The correction was made to reflect $150,000, versus $100,000.

2. **Detention Basins:**

   The construction plan calls for three detention basins and two drying beds to resolve the existing exceedances of certain parameters in the National Pollutant Discharge Elimination System (NPDES) permit for the plants discharge water.

   In working with the existing basin and Dr. Stephen Duranceau, it has been proven that extending the settling time of the discharge water results in improved water quality. Doubling the detention time with two basins will yield positive result. A third basin will not only extend the settling time but serves as a standby basin for operator maintenance. That is, the plant can continue to operate without having to take the plant off-line for cleaning when silt is being pumped into the drying beds.
Drying beds were designed to capture the silt and allow adequate drying time before being properly disposed of. The two drying beds allows adequate drying time to occur without having a break in maintenance of the basins.

Attached is an OPCC that reflects the cost of the three detention basins and two drying beds [Exhibit 2]. The Board of Water Supply column reflects two-thirds of the cost to support a 3.0 MGD discharge system.

3. **Electrical Work:**

Attached is an itemized list of electrical work from Ronald Ho & Associates, Inc. [Exhibit 3]. The DOW portion of the costs is estimated based on a 2/3 – 1/3 basis of a 3.0 MGD allocation (2.0 MGD for DOW).

4. **Payment:**

Of your two proposals, we would prefer that the payment from the Board of Water Supply be made upfront and we can reconcile any differences once we have final construction costs.

Should you have any questions, please do not hesitate to contact me at (808) 632-2525.

Sincerely,

Shawn Shimabukuro

Enclosures
## Waiahi WTP Renovation
### Maintaining 3.0 MGD
#### Opinion of Probable Construction Costs

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<th>Item No.</th>
<th>Quantity</th>
<th>Unit</th>
<th>Cost Per Unit</th>
<th>Description</th>
<th>Total Cost Estimate</th>
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<th>BWS Total 66.67%</th>
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<td>1</td>
<td>LS</td>
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<td>Mobilization &amp; Demobilization</td>
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<td>$15</td>
<td>Embankment, in place complete.</td>
<td>$40,095</td>
<td>$13,365</td>
<td>$26,730</td>
</tr>
<tr>
<td>5</td>
<td>1</td>
<td>LS</td>
<td>$11,950</td>
<td>Erosion Control, including temp silt fence, temp wheel wash area, temp ground cover &amp; erosion control fabric</td>
<td>$11,950</td>
<td>$3,983</td>
<td>$7,966</td>
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<tr>
<td>6</td>
<td>16</td>
<td>SY</td>
<td>$450</td>
<td>Rip-rap Lined Embankment Swale, in place complete</td>
<td>$7,200</td>
<td>$2,400</td>
<td>$4,800</td>
</tr>
<tr>
<td>7</td>
<td>956</td>
<td>LF</td>
<td>$80</td>
<td>Chain Link Fence, including warning signs, in place complete</td>
<td>$76,480</td>
<td>$25,493</td>
<td>$50,987</td>
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<tr>
<td>8</td>
<td>1</td>
<td>EA</td>
<td>$2,500</td>
<td>Chain Link Gate, 18' Wide X 6' High at Off-site Detention Basins, in place complete</td>
<td>$2,500</td>
<td>$833</td>
<td>$1,667</td>
</tr>
<tr>
<td>9</td>
<td>1</td>
<td>EA</td>
<td>$1,000</td>
<td>Chain Link Pedestrian Gate, 30&quot; Wide X 6' High at Drain/Reject Water Pump Station, in place complete</td>
<td>$1,000</td>
<td>$333</td>
<td>$667</td>
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<tr>
<td>10</td>
<td>2434</td>
<td>SY</td>
<td>$80</td>
<td>Asphalt Concrete Pavement, including base course, in place</td>
<td>$194,720</td>
<td>$64,907</td>
<td>$129,813</td>
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<tr>
<td>11</td>
<td>1055</td>
<td>LF</td>
<td>$55</td>
<td>Concrete curb, in place complete</td>
<td>$58,025</td>
<td>$19,342</td>
<td>$38,683</td>
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<tr>
<td>12</td>
<td>1321</td>
<td>LF</td>
<td>$45</td>
<td>Concrete header, in place complete</td>
<td>$59,445</td>
<td>$19,815</td>
<td>$39,630</td>
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<tr>
<td>13</td>
<td>8</td>
<td>EA</td>
<td>$250</td>
<td>Concrete drop curb, in place complete</td>
<td>$2,000</td>
<td>$667</td>
<td>$1,333</td>
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<tr>
<td>14</td>
<td>13</td>
<td>EA</td>
<td>$800</td>
<td>Bollards, in place complete.</td>
<td>$10,400</td>
<td>$3,467</td>
<td>$6,933</td>
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<td>15</td>
<td>2</td>
<td>EA</td>
<td>$500</td>
<td>Ring Buoy, including pipe stand, in place complete</td>
<td>$1,000</td>
<td>$333</td>
<td>$667</td>
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<tr>
<td><strong>YARD PIPING</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td></td>
<td></td>
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<tr>
<td>1</td>
<td>1</td>
<td>LS</td>
<td>$58,000</td>
<td>Pre-lube Line for Existing Reservoir Intake Pumps, including fittings and appurtenances, in place complete</td>
<td>$58,000</td>
<td>$19,333</td>
<td>$38,667</td>
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<tr>
<td>2</td>
<td>1</td>
<td>LS</td>
<td>$123,000</td>
<td>Flocculation Tank Inlet Line, including fittings, valves, and appurtenances, cutting, removing and relocating</td>
<td>$123,000</td>
<td>$41,000</td>
<td>$82,000</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>LS</td>
<td>$29,000</td>
<td>Drainline &quot;A&quot;, including connection to existing drain manholes &amp; modifications to existing DMH &quot;A-2&quot;</td>
<td>$29,000</td>
<td>$9,667</td>
<td>$19,333</td>
</tr>
<tr>
<td>4</td>
<td>1</td>
<td>LS</td>
<td>$150,000</td>
<td>Drainline &quot;B,&quot; including headwall with ungrouted rip rap, &amp; drain manholes, in place complete</td>
<td>$150,000</td>
<td>$50,000</td>
<td>$100,000</td>
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<tr>
<td>5</td>
<td>1</td>
<td>LS</td>
<td>$24,000</td>
<td>Drainline &quot;C&quot;, including headwalls, in place complete</td>
<td>$24,000</td>
<td>$8,000</td>
<td>$16,000</td>
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</table>
## Waiahi WTP Renovation
### Maintaining 3.0 MGD
#### Opinion of Probable Construction Costs

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Quantity</th>
<th>Unit</th>
<th>Cost Per Unit</th>
<th>Description</th>
<th>Total Cost Estimate</th>
<th>Grove Farm Total 33.33%</th>
<th>BWS Total 66.67%</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>1</td>
<td>LS</td>
<td>$ 130,000</td>
<td>Force Mains &quot;A&quot;, &quot;B&quot; &amp; &quot;C&quot;, including fittings, valves &amp; appurtenances, &amp; concrete blocks</td>
<td>$ 130,000</td>
<td>$ 43,333</td>
<td>$ 86,667</td>
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<tr>
<td>7</td>
<td>1</td>
<td>LS</td>
<td>$ 69,182</td>
<td>Off-Site Detention Basin Inlet &amp; Outlet Lines, including residuals discharge connection</td>
<td>$ 69,182</td>
<td>$ 23,061</td>
<td>$ 46,121</td>
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<tr>
<td>8</td>
<td>1</td>
<td>LS</td>
<td>$ 28,302</td>
<td>Residuals Discharge Lines &quot;A&quot; &amp; &quot;B&quot;, including fittings, valves &amp; appurtenances &amp; concrete blocks</td>
<td>$ 28,302</td>
<td>$ 9,434</td>
<td>$ 18,868</td>
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<tr>
<td>9</td>
<td>1</td>
<td>LS</td>
<td>$ 75,472</td>
<td>Residuals Drying Beds Inlet Lines, including fittings, valves &amp; appurtenances, concrete blocks</td>
<td>$ 75,472</td>
<td>$ 25,157</td>
<td>$ 50,315</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>STRAINER SYSTEM</strong></td>
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<tr>
<td>1</td>
<td>1</td>
<td>LS</td>
<td>$ 120,000</td>
<td>16&quot; Automatic Backwashing Strainer, including removal &amp; disposal of ex. strainer, drain &amp; backwash lines</td>
<td>$ 120,000</td>
<td>$ 40,000</td>
<td>$ 80,000</td>
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<tr>
<td></td>
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<td></td>
<td><strong>PUMP GALLERY IMPROVEMENTS</strong></td>
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<tr>
<td>1</td>
<td>1</td>
<td>LS</td>
<td>$ 5,000</td>
<td>Liquid Level Sensor Alarm System, in place complete</td>
<td>$ 5,000</td>
<td>$ 1,667</td>
<td>$ 3,333</td>
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<tr>
<td>2</td>
<td>1</td>
<td>LS</td>
<td>$ 5,000</td>
<td>8&quot; Butterfly Valve on Permeate Line to Backpulse Tank, in place complete</td>
<td>$ 5,000</td>
<td>$ 1,667</td>
<td>$ 3,333</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>LS</td>
<td>$ 10,000</td>
<td>Replace Existing Membrane Tank Level Transmitters. (Transmitters furnished by SUEZ. See Bid Item G-1.)</td>
<td>$ 10,000</td>
<td>$ 3,333</td>
<td>$ 6,667</td>
</tr>
<tr>
<td>4</td>
<td>1</td>
<td>LS</td>
<td>$ 10,000</td>
<td>Combined Permeate Turbidimeter, including sampling line &amp; revisions to sample drains &amp; control wiring</td>
<td>$ 10,000</td>
<td>$ 3,333</td>
<td>$ 6,667</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>DRAIN/REJECT WATER PUMP STATION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>LS</td>
<td>$ 44,025</td>
<td>Drain/Reject Water Pump Station Concrete Wet Well &amp; Pipe Support, including structural excavation</td>
<td>$ 44,025</td>
<td>$ 14,675</td>
<td>$ 29,350</td>
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<tr>
<td>2</td>
<td>1</td>
<td>LS</td>
<td>$ 69,182</td>
<td>Drain/Reject Water Pump System, including liquid level sensor, transducer, pump accessories, access hatch</td>
<td>$ 69,182</td>
<td>$ 23,061</td>
<td>$ 46,121</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>LS</td>
<td>$ 62,893</td>
<td>Drain/Reject Water Piping, including fittings, valves &amp; appurtenances, &amp; connection to existing drain line</td>
<td>$ 62,893</td>
<td>$ 20,964</td>
<td>$ 41,929</td>
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<tr>
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<td><strong>MEMBRANE UNIT REPLACEMENT</strong></td>
<td></td>
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</tr>
<tr>
<td>1</td>
<td>1</td>
<td>LS</td>
<td>$ 1,015,545</td>
<td>Membrane Unit Upgrades by SUEZ, all in accordance with SUEZ's proposal dated 9/6/2019</td>
<td>$ 1,015,545</td>
<td>$ 338,515</td>
<td>$ 677,030</td>
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<tr>
<td>2</td>
<td>1</td>
<td>LS</td>
<td>$ 160,941</td>
<td>Installation of Membrane Unit Upgrades by SUEZ, in place complete. Aqua Engineers, proposal dated 9/16/2019</td>
<td>$ 160,941</td>
<td>$ 53,647</td>
<td>$ 107,294</td>
</tr>
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</table>

Kodani and Associates Engineers, LLC
Page 2 of 3
1/28/2020
Waiahi WTP Renovation  
Maintaining 3.0 MGD  
Opinion of Probable Construction Costs

### Item Details

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Quantity</th>
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<th>Description</th>
<th>Total Cost Estimate</th>
<th>Grove Farm Total 33.33%</th>
<th>BWS Total 66.67%</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>1</td>
<td>LS</td>
<td>$ -</td>
<td>Taxes &amp; Additional US Customs Duty Fees, in accordance with SUEZ's proposal</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>LINER FOR OFF-SITE DETENTION BASINS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>LS</td>
<td>$ 119,497</td>
<td>Liner for Off-Site Detention Basins, including geotextile fabric, anchoring battens &amp; trenches</td>
<td>$ 119,497</td>
<td>$ 39,832</td>
<td>$ 79,665</td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td><strong>PORTABLE PUMP FOR RESIDUALS TRANSFER</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>LS</td>
<td>$ 41,024</td>
<td>Portable Pump for Residuals Transfer, including wheel kit &amp; hoses, in place complete.</td>
<td>$ 41,024</td>
<td>$ 13,675</td>
<td>$ 27,349</td>
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<tr>
<td></td>
<td></td>
<td></td>
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<td><strong>GENERATOR BUILDING</strong></td>
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<td></td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>LS</td>
<td>$ 350,000</td>
<td>Generator Building</td>
<td>$ 350,000</td>
<td>$ 116,667</td>
<td>$ 233,333</td>
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<td>2</td>
<td>1</td>
<td>LS</td>
<td>$ 300,000</td>
<td>Emergency Generator System</td>
<td>$ 300,000</td>
<td>$ 100,000</td>
<td>$ 200,000</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>LS</td>
<td>$ 28,000</td>
<td>Painting and Coating</td>
<td>$ 28,000</td>
<td>$ 9,333</td>
<td>$ 18,667</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>ELECTRICAL WORK</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>LS</td>
<td>$ 493,192</td>
<td>Electrical Work, in place complete.</td>
<td>$ 493,192</td>
<td>$ 164,397</td>
<td>$ 328,795</td>
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</table>

**Total Estimates = $ 4,232,021 $ 1,410,674 $ 2,821,347**

**NOTES:**

1. Costs based on the Engineer’s OPCC (Pre-Final Submittal),
2. Costs based on proposals (Suez proposal dated 9/6/2019 for 3.00 MGD) (Aqua Engineers proposal dated 9/16/2019), and
September 16, 2019

Mr. William Eddy, PE
Vice President
Kodani & Associates Engineers, LLC

Subject: Waiahi Water Treatment Plant (WTP) – Upgrade
Proposal for on-site support and SCADA upgrade

Dear Mr. Eddy,

Aqua Engineers, Inc. appreciates the opportunity to assist with the Waiahi WTP upgrade and the following is our proposal for project management and field support services for Waiahi WTP upgrade.

Scope of Services

1. Labor to remove existing membrane cassettes utilizing existing bridge crane.
2. Labor to install a total of 336 new ZeeWeed 500D 440ft. drinking water membrane modules supplied by Suez and delivered to site, utilizing existing bridge crane.
3. Labor to dispose of membrane module preservatives as well as retired membrane modules and cassettes components. Disposal of used membranes and components will be to the landfill assuming no special preparation prior to disposal will be needed. Disposal for diluted glycerin water will be to Puhi Sewer WWTP for a total of 80 loads (20 loads/train over two weeks period).
4. Labor to clean empty shipping frames by pressure washing, assuming no additional/special preparation prior to return shipping will be needed.
5. Labor to assist in removal of the existing hardware and installation of the new hardware, supplied by Suez and delivered to the site.
6. Labor to install one (1) MIT pressure relief valve, supplied by Suez and delivered to the site.
7. Labor to assist in retrofit of the existing cassettes to accept the new 440 ft. membranes, and blank modules, supplied by Suez and delivered to the site.
8. Coordinate PLC/HMI replacement as it relates to the plant operations.
9. Labor to receive, off-load and handle the material upon delivery to the site. Membranes will be stored in the shipping crates outdoors as delivered to the site until the installation. No special shelter will be provided for the crates.
10. Loading dock, extended forks and experienced forklift driver, cranes, and scissor lifts as needed for material off-loading and handling at the site.
11. One operator on site for a period of 15 working days of 8 hr/day to assist with installation and commissioning process for removal of existing membranes/cassettes, refurbish existing cassette retrofit kits, install new membrane modules, upload required revisions to the PLC program with adjusted set-points and perform bubble test.
12. One operator on site for a period of 3 working days of 8 hr/day to assist with performance test.
13. Plant SCADA Hardware – provide and install SCADA Software/Hardware as shown in the Attachment A (by Glenmount Global Solution):
14. Plant SCADA Engineering Services – as shown in the Attachment A (by Glenmount Global Solution):
Exclusions:
1. Existing crane capacity upgrade;
2. Material and labor for the replacement of the membrane tank level transmitters;
3. Any special preparation of the membrane modules prior to disposal to the landfill;
4. Any special preparation of the shipping frame for return to the supplier.
5. Material delivery to the site.
6. Temperature controlled/refrigerated container for material storage upon delivery.
7. Shelter for membrane crates.
8. Membrane cleaning and neutralizing chemicals.
9. Labor and material to rebuild permeate pumps.

Compensation
We propose to perform the listed services for a total fee of **$160,941.00 inclusive of State General Excise Tax.** Any additional services, not included in this proposal, shall be quoted separately. This proposal is valid for 90 days.

To authorize us to begin work, please return a signed copy of this form to our office, at your earliest convenience.

Thank you for the opportunity to offer our services. If you have any questions regarding this proposal, please contact Diana Kenjic at (808) 240-2206 or Diana@aquaengineers.com.

Sincerely,

David T. Paul, P.E.
Senior Vice President,
Director of Engineering & Construction Services

cc: File

Approved by:

Bill Eddy, Vice President
Kodani & Associates Engineers LLC

Date
MANAGER’S REPORT No. 20-42 (Update)

February 28, 2020

Re: Discussion and Possible Action transfer funds from the Professional Services Budget to the Operating Capital Outlay Budget in the amount of $62,618.73

RECOMMENDATION:
It is recommended that the Board approve a funds transfer from the professional services budget to the operating capital outlay budget in the amount of $62,618.73.

FUNDING:

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<tr>
<th>Account No.</th>
<th>10-20-10-540-010</th>
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</thead>
<tbody>
<tr>
<td>Acct Description</td>
<td>WU/Eng/Admin/Prof Services</td>
</tr>
<tr>
<td>Funds Available</td>
<td>$541,206.80</td>
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<table>
<thead>
<tr>
<th>Account No.</th>
<th>10-20-00-604-169</th>
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</thead>
<tbody>
<tr>
<td>Acct Description</td>
<td>WU/Eng/AdminCapital Outlay – Rehab and Replacement/Capital Purchases</td>
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<tr>
<td>Current Balance</td>
<td>$0.00</td>
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<tr>
<td>Funds Transferred</td>
<td>$62,618.73</td>
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<tr>
<td>Fund Balance</td>
<td>$478,588.07</td>
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BACKGROUND:

The Operations Division office area is overcrowded and there is no space to provide work stations for both vacant positions and positions currently filled. Currently, Operations Division has management and superintendent positions that have no private office space and work in a shared office area with subordinate personnel. Creation of offices in the Microlab 2nd floor for Ops Admin personnel will allow for the immediate hiring of vacant positions and relieve the constraints currently placed on existing Operations personnel.

Meetings were conducted with IT staff, Operations staff and the Manager to consider other potential locations for the temporary offices and found that the former boardroom at the Microlab second floor can be converted to offices spaces with the least expense and minimal disruption to normal daily operations. It was decided to move forward with the renovation of the Microlab 2nd floor to convert the old Board Room into office spaces. The temporary offices will house the Chief of Operations, Assistant Chief of Operations, Water Field Superintendent, Water Plants Superintendent, Waterworks Program Technician and the Senior Account Clerk. This will open up much needed space in the current Operations Office to allow for the filling of vacant positions while also providing workstations for UPW Working Supervisors including the Water Plant Operator, Construction and Maintenance Worker, Water Meter Mechanic, Maintenance Workers, Lead Pipefitters as well as the Water Service Investigator. Cleaning, reorganizing and constructing
the temporary offices in the Microlab 2nd floor space will increase the amount of floor space for IT staff to utilize. A shared conference room will be available for use by both IT and Ops Admin staff.

The proposed transfer will allow the Department to amend Contract No. 674, Job No. 19-02, Department of Water Baseyard Master Plan with HDR for a time extension of 455 days and the additional funding to obtain the building permit and clearances to allow the Department to construct additional office spaces needed to accommodate the Operations Division’s. Contract details are below for the Board’s information and the HDR’s first amendment contingent of Board’s approval is included in the Manager’s update. Funds from projects having professional services funds budgeted, but aren’t anticipated to utilize them this fiscal year, will be used for this amendment: Develop Kapa’a Homesteads Well No. 4 Site Improvements. In the event that this project is able to be done this year, additional funds will be requested, if needed. We have reviewed the proposal from HDR for additional architectural and engineering services for the work and the fee of $62,618.73 and find it acceptable.

In response to the Board’s request for the Department to provide a spatial study, we refer to excerpts from the submittal from our consultant HDR Engineering, Inc. dated January 24, 2020. The current (2019) space use of Operations Division personnel as well as idealized office space area for the year 2020 are tabulated below.

<table>
<thead>
<tr>
<th>Office Spaces Section</th>
<th>Sum of Current Area (SQ. FT.)</th>
<th>Sum of 2020 Idealized Area</th>
<th>Percent Space Currently Provided (%)</th>
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<tbody>
<tr>
<td>Admin</td>
<td>615</td>
<td>1030</td>
<td>59.7</td>
</tr>
<tr>
<td>Field</td>
<td>240</td>
<td>656</td>
<td>36.6</td>
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<tr>
<td>Plant</td>
<td>276</td>
<td>528</td>
<td>52.3</td>
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<tr>
<td>Shared Areas</td>
<td>545</td>
<td>796</td>
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<tr>
<td>Total</td>
<td>1676</td>
<td>3010</td>
<td>55.7</td>
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Contract NTP Date: December 17, 2018  
Original Contract End Date: September 12, 2019  
New Contract End Date: Estimate April 14, 2021

**OPTIONS:**

Option 1: Approve the transfer of funds from the professional services budget to the operating capital outlay budget.

Pro:
1. This will allow DOW to obtain the necessary building permit and clearances to construct temporary offices for the operations division.
2. The Admin staff as well as both Field and Plant Supervisors will have a private meeting room with the construction of a shared conference room with I.T. Staff.
3. Moving the Operations offices to the second floor of the Microlab allows the Department to provide close to ideal office space to Operations Admin staff with minimal additional investments.

Con: None known.
Option 2: Do not approve the transfer of funds from the professional services budget to the operating capital outlay budget.

Pro: None known.

Con: This will not allow DOW to obtain the necessary building permit and clearances to construct temporary offices for the operations division. The Operations Division will need to find an alternate solution to provide workstations and space for staff.
New Business
WHEREAS, Cleve Shigematsu joined the staff of the Department of Water (DOW) on September 1, 2009 as an Engineering Drafting Technician III through February 28, 2020 who is retiring.

WHEREAS, Cleve has a naturally positive attitude, exemplifies what a team player means with his actions; and

WHEREAS, Cleve has spent countless hours reviewing and/or working on construction drawings, As-built drawings, valve maps, area maps, water meter location maps, etc.; and

WHEREAS, Cleve is always ready to lend a helping hand with his calm and friendly demeanor that is very much appreciated and will be missed; and

WHEREAS, Cleve has proven to be a talented, dependable and responsible co-worker and friend; and

WHEREAS, Cleve has gained respect and trust from his fellow employees and others who have had the pleasure of working and spending time with him; and

WHEREAS, Cleve can now spend even more time honing his softball skills and have more time recuperating from previous day’s practice, game and discussions on strategies over refreshments (wink wink) at the park; and

WHEREAS, Cleve will now have more time to spend with his daughter Akimi to share his government logic experiences to assist her work as a Marketing Coordinator with R.M. Towill Corporation; and

WHEREAS, Cleve can take longer trips to his second home, Hawaii’s ninth Island where he can enjoy the company of his son Dustin, daughter-in-law Yukie, granddaughter Tehani, dear friends and casino; and

WHEREAS, Cleve can schedule tee times for Gail and they both can enjoy time on the golf course together; and

WHEREAS, Cleve will no longer need to maintain engineering records and mapping functions for the Department of Water and can revisit his old fishing spots and explore, concur and map new fishing spots; and

WHEREAS, Cleve truly is still creating chapters in his life’s story titled “Quiet and Effective”;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF WATER SUPPLY, COUNTY OF KAUA’I, STATE OF HAWAI‘I, that on behalf of the water-consuming customers on Kaua’i, it expresses its acknowledgment and appreciation of the many years of dedicated service rendered by Cleve Shigematsu and it extends to Cleve its best wishes for much happiness and success in his retirement, as well as many more …..

BE IT FURTHER RESOLVED that a copy of this Resolution be forwarded to CLEVE SHIGEMATSU with our warmest Aloha and best wishes for success in all his future endeavors.

We do certify that the foregoing was duly adopted by the Board of Water Supply during its meeting on February 28, 2020.

____________________________________________________________________
Kurt Akamine, Chairperson

____________________________________________________________________
Elesther Calipjo, Secretary
MANAGER’S REPORT No. 20-44

February 28, 2020

Re: Discussion and Adoption of Resolution No. 20-04, (2/20), Employee of the Year, Rayjerry Silva, Operations Division

It is requested that the Board approve Resolution 20-04, (2/20), and congratulate Employee of the Year Rayjerry Silva, Operations Division.

/ein

Attachment: Resolution 20-04, Employee of the Year, Rayjerry Silva, Operations Division

Mgrrp/February 2020/20-44/Discussion and Adoption of Resolution No. 20-04, (2/20), Employee of the Year, Rayjerry Silva, Operations Division
RESOLUTION NO. 20-04

COUNTY OF KAUA’I
DEPARTMENT OF WATER
Employee of the Year
RAYJERRY SILVA
MAHALO
2019

WHEREAS, Rayjerry Silva has been selected by his peers as the Department of Water’s 2019 Outstanding Employee of the Year; and

WHEREAS, Rayjerry joined the Department of Water on June 16, 2015 as an Auto Mechanic I; and

WHEREAS, Rayjerry is always positive, has a good sense of humor, and is always willing to help anyone, anywhere and at any time; and

WHEREAS, Rayjerry exudes mechanical knowledge, team first mentality, and an innate ability to troubleshoot even the most complex of problems; and

WHEREAS, Rayjerry was an integral part of the up-fitting, modernizing and equipping of the auto shop to allow for a variety of outsourced jobs to return and be completed in-house, thus utilizing existing employees skill sets and providing a cost avoidance to the Department with respect to paying private entities for the same work; and

WHEREAS, Rayjerry leads by being prompt to work every day, doesn’t turn down a work assignment by saying “it’s not my job,” finishes his jobs in a timely manner and is always courteous to fellow employees; and

WHEREAS, Rayjerry shares important repair diagnostic procedures and repair tips with fellow employees which make the mechanic shop more proficient while showing he cares and creates trust with the workers; and

WHEREAS, Rayjerry always strives to provide quality first time work and shows pride in all of his repairs; and

WHEREAS, Rayjerry incorporates the customer into repairs and upgrades, customizing the installs to what the customer needs, resulting in satisfaction and appreciation of the detail involved in every job; and

WHEREAS, Rayjerry has demonstrated sustained excellent performance and dependability as an Operations Division team member and Department of Water employee; now, therefore

BE IT RESOLVED BY THE BOARD OF WATER SUPPLY, COUNTY OF KAUA’I, STATE OF HAWAI’I that it acknowledges and appreciates the contributions of RAYJERRY SILVA for his outstanding dedication and loyalty and congratulate him upon being chosen to receive the 2019 Outstanding Employee of the Year Award.

CONGRATULATIONS RAYJERRY

We do certify that the foregoing was duly adopted by the Board of Water Supply during its meeting on February 28, 2020.

___________________________________
Kurt Akamine, Chairperson

___________________________________
Elesther Calipjo, Secretary
MANAGER’S REPORT No. 20-45

February 28, 2020

Re: Discussion and Adoption of Resolution No. 20-05, (2/20), Employee of the Year, Elliott Jung, Fiscal Division

It is requested that the Board approve Resolution 20-05, (2/20), and congratulate Employee of the Year Elliott Jung, Fiscal Division.

/ein

Attachment: Resolution 20-05, Employee of the Year, Elliott Jung, Fiscal Division

Mgrnp/February 2020/20-45/Discussion and Adoption of Resolution No. 20-05, (2/20), Employee of the Year, Elliott Jung, Fiscal Division
RESOLUTION NO. 20-05

COUNTY OF KAUA`I
DEPARTMENT OF WATER
Employee of the Year

ELLIOTT JUNG
MAHALO
2019

WHEREAS, Elliott Jung has been selected by his peers as the Department of Water’s 2019 Outstanding Employee of the Year; and

WHEREAS, Elliott joined the Department of Water on June 1, 2005 as a Meter Reader I. He was reallocated to Meter Reader II on April 1, 2009 and reallocated to Meter Reader/Field Collection Representative on July 16, 2012; and

WHEREAS; Elliott is a dependable and reliable co-worker with a “can do” attitude. His co-workers count on him to figure out billing and meter issues; and

WHEREAS; Elliott takes his duties as a Meter Reader/Field Collection Representative responsibly. He plans ahead for his next day’s reading schedule especially when he’s assigned a double route; and

WHEREAS; Elliott is always punctual and is able to juggle multiple tasks and he gets the job done correctly in a timely manner, and

WHEREAS; Elliott can work under pressure. He remains calm and cheerful even under the most challenging situations; and

WHEREAS, Elliott is a team player who earned his co-workers’ trust and respect because he listens and delivers promised results; and

WHEREAS, Elliott is easy-going with a friendly attitude who always has a joke or two to brighten up his co-workers’ day. He makes them smile even when they are having a not so good day; and

WHEREAS, Elliott is dearly admired by his co-workers because he is a caring and giving person. He brings and share his smoked meat, smoked fish jerky and the seasonal dragon fruits; and

WHEREAS, Elliott’s non-water life is filled with adventures spending time with his spoiled pets; his dogs, roosters and a mule. In addition, his hobbies include hunting, diving for tako and fishing for ulua; and

WHEREAS, Elliott has demonstrated sustained excellent performance and dependability as a Fiscal Division team member and Department of Water employee; now, therefore

BE IT RESOLVED BY THE BOARD OF WATER SUPPLY, COUNTY OF KAUA`I, STATE OF HAWAI`I that it acknowledges and appreciates the contributions of ELLIOTT JUNG for his outstanding dedication and loyalty and congratulate him upon being chosen to receive the 2019 Outstanding Employee of the Year Award.

CONGRATULATIONS ELLIOTT

We do certify that the foregoing was duly adopted by the Board of Water Supply during its meeting on February 28, 2020.

Kurt Akamine, Chairperson

Elesther Calipjo, Secretary
MANAGER’S REPORT No. 20-46

February 28, 2020

Re: Discussion and Possible Action to Request Board Approval for the Indemnification provision in the Software Licensing Agreement between the Board of Water Supply, County of Kaua’i, and Seiko Epson Corporation

RECOMMENDATION:
The Department recommends that the Board approve Option 1, which will allow the Department to move forward with the download and installation of Epson Printer Driver.

FUNDING: N/A

BACKGROUND:
The Department’s Information Technology (I.T.) staff has been working closely with our Deputy County Attorney to review and approve of the Software License Agreement from Seiko Epson Corporation. Before we can move forward with the purchase, download and installation of the software Board approval is required as the agreement contains language for indemnification.

The section within the agreement that reference the Indemnification is shown below and the full agreement is attached to this manager’s report:

1. License. EPSON and its suppliers grant you a personal, nonexclusive, royalty-free, non-sublicensable limited license to install and use the Software solely for the purpose of using EPSON printer products ("Purpose") on any single computer or computers that you intend to use directly or via network. You may allow other users of the computers connected to the network to use the Software, provided that you (a) ensure that all such users agree and are bound by the terms and conditions of this Agreement, (b) ensure that all such users use the Software only in conjunction with the computers and in relation to the network of which they form part, and (c) indemnify and keep whole EPSON and its suppliers against all damages, losses, costs, expenses and liabilities which EPSON or its suppliers may incur as a consequence of such users failing to observe and perform the terms and conditions of this Agreement. You may also make copies of the Software as necessary for backup and archival purposes, provided that the copyright notice is reproduced in its entirety on the backup copy. The term "Software" shall include the software components, media, all copies made by you and any upgrades, modified versions, updates, additions and copies of the Software licensed to you by EPSON or its suppliers. EPSON and its suppliers reserve all rights not granted herein.
OPTIONS:

Option 1: Approve Manager’s Report.
Pro: The Department can move forward with the download and installation of the printer driver for use on Departments Business Network so our CSR’s can print out customer receipts.

Cons: The Board would agree to unspecified future obligations in the event a breach or similar contract issue occurs and Governing Law outside of the State of Hawai‘i.

Option 2: Do Not Approve Manager’s Report.
Pro: There is no risk associated with unspecified future obligations.

Cons: The Department staff could potentially not be able to print out customer payment receipts and would have to hand write them.

The Department would continue to use staff time to search for another similar software/hardware, which would most likely contain similar indemnification, attorney’s fees, and governing law and arbitration provisions.

SN/ein

Attachment: Seiko Epson Corporation Software License Agreement

Mgrrp/February 2020/20-46/Discussion and Possible Action to Request Board Approval for the Indemnification provision in the Software Licensing Agreement between the Board of Water Supply, County of Kaua‘i, and Seiko Epson Corporation (2-28-20):ein
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SOFTWARE LICENSE AGREEMENT

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Version 2.1, February 1999

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(For example, a function in a library to compute square roots has a purpose that is entirely well-defined independent of the application. Therefore, Subsection 2d requires that any application-supplied function or table used by this function must be optional: if the application does not supply it, the square root function must still compute square roots.)

These requirements apply to the modified work as a whole. If identifiable sections of that work are not derived from the Library, and can be reasonably considered independent and separate works in themselves, then this License, and its terms, do not apply to those sections when you distribute them as separate works. But when you distribute the same sections as part of a whole which is a work based on the Library, the distribution of the whole must be on the terms of this License, whose permissions for other licensees extend to the entire whole, and thus to each and every part regardless of who wrote it.

Thus, it is not the intent of this section to claim rights or contest your rights to work written entirely by you; rather, the intent is to exercise the right to control the distribution of derivative or collective works based on the Library.

In addition, mere aggregation of another work not based on the Library with the Library (or with a work based on the Library) on a volume of a storage or distribution medium does not bring the other work under the scope of this License.

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This option is useful when you wish to copy part of the code of the Library into a program that is not a library.

4. You may copy and distribute the Library (or a portion or derivative of it, under Section 2) in object code or executable form under the terms of Sections 1 and 2 above provided that you accompany it with the complete corresponding machine-readable source code, which must be distributed under the terms of Sections 1 and 2 above on a medium customarily used for software interchange.

If distribution of object code is made by offering access to copy from a designated place, then offering equivalent access to copy the source code from the same place satisfies the requirement to distribute
the source code, even though third parties are not compelled to copy the source along with the object code.

5. A program that contains no derivative of any portion of the Library, but is designed to work with the Library by being compiled or linked with it, is called a "work that uses the Library". Such a work, in isolation, is not a derivative work of the Library, and therefore falls outside the scope of this License.

However, linking a "work that uses the Library" with the Library creates an executable that is a derivative of the Library (because it contains portions of the Library), rather than a "work that uses the library". The executable is therefore covered by this License. Section 6 states terms for distribution of such executables.

When a "work that uses the Library" uses material from a header file that is part of the Library, the object code for the work may be a derivative work of the Library even though the source code is not. Whether this is true is especially significant if the work can be linked without the Library, or if the work is itself a library. The threshold for this to be true is not precisely defined by law.

If such an object file uses only numerical parameters, data structure layouts and accessors, and small macros and small inline functions (ten lines or less in length), then the use of the object file is unrestricted, regardless of whether it is legally a derivative work. (Executables containing this object code plus portions of the Library will still fall under Section 6.)

Otherwise, if the work is a derivative of the Library, you may distribute the object code for the work under the terms of Section 6. Any executables containing that work also fall under Section 6, whether or not they are linked directly with the Library itself.

6. As an exception to the Sections above, you may also combine or link a "work that uses the Library" with the Library to produce a work containing portions of the Library, and distribute that work under terms of your choice, provided that the terms permit modification of the work for the customer's own use and reverse engineering for debugging such modifications.

You must give prominent notice with each copy of the work that the Library is used in it and that the Library and its use are covered by this License. You must supply a copy of this License. If the work during execution displays copyright notices, you must include the copyright notice for the Library among them, as well as a reference directing the user to the copy of this License. Also, you must do one of these things:

a) Accompany the work with the complete corresponding machine-readable source code for the Library including whatever changes were used in the work (which must be distributed under Sections 1 and 2 above); and, if the work is an executable linked with the Library, with the complete machine-readable "work that uses the Library", as object code and/or source code, so that the user can modify the Library and then relink to produce a modified executable containing the modified Library. (It is understood that the user who changes the contents of definitions files in the Library will not necessarily be able to recompile the application to use the modified definitions.)
b) Use a suitable shared library mechanism for linking with the Library. A suitable mechanism is one that (1) uses at run time a copy of the library already present on the user's computer system, rather than copying library functions into the executable, and (2) will operate properly with a modified version of the library, if the user installs one, as long as the modified version is interface-compatible with the version that the work was made with.

c) Accompany the work with a written offer, valid for at least three years, to give the same user the materials specified in Subsection 6a, above, for a charge no more than the cost of performing this distribution.

d) If distribution of the work is made by offering access to copy from a designated place, offer equivalent access to copy the above specified materials from the same place.

e) Verify that the user has already received a copy of these materials or that you have already sent this user a copy.

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a) Accompany the combined library with a copy of the same work based on the Library, uncombined with any other library facilities. This must be distributed under the terms of the Sections above.

b) Give prominent notice with the combined library of the fact that part of it is a work based on the Library, and explaining where to find the accompanying uncombined form of the same work.

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MANAGER’S REPORT No. 20-47

February 28, 2020

Re: Discussion and Possible Action to Request Board Approval for the Indemnification provision in the Honeywell Software End-User Licensing Agreement between the Board of Water Supply, County of Kaua‘i, and Honeywell

RECOMMENDATION:
The Department recommends that the Board approve Option 1, which will allow the Department to move forward with the download and installation of the Security update.

FUNDING: N/A

BACKGROUND:
The Department’s Information Technology (I.T.) staff has been working closely with our Deputy County Attorney to review and approve of the Honeywell Software End-User License Agreement from Honeywell. Before we can move forward with the purchase, download and installation of the software Board approval is required as the agreement contains language for indemnification.

The section within the agreement that reference the Indemnification is shown below and the full agreement is attached to this manager’s report:

2. PASSWORD AND ACCESS.

You agree to: (a) provide true, accurate, current and complete information about yourself as prompted by the registration form and (b) maintain and promptly update such information. You must create a username and password to access the System. If you are provided with a temporary username and password you must modify the temporary credentials and create your own username and password. You are responsible for maintaining the confidentiality of your password and account and you are fully responsible for all activities that occur under your password, account or any subaccount. You agree to (a) immediately change your password in the event of any breach of security, (b) notify your central station (if applicable) if you have experienced a breach of security, and (c) ensure that you exit from your account at the end of each session. You agree that the terms of this EULA will be binding upon and govern the relationship between Honeywell and any third party to whom you grant access to your account or permit to maintain a subaccount. You further agree to take any and all action necessary to ensure compliance with, and enforce the terms of, this EULA, and to indemnify Honeywell for any and all costs, damages, losses or expenses incurred in respect of such third party user. Honeywell will not be liable for any loss or damage arising from your failure to comply with this Section.

3. TERM AND CANCELLATION; MODIFICATIONS TO SYSTEM; FEES.

This EULA is effective on the day you first use the System and will continue for so long as you continue to use the System and Services and to otherwise make any required System service payments. Honeywell may terminate this EULA at any time if you fail to comply with any of the terms hereof, including failure to make required System service payments, if applicable, effective immediately. If you have a contract with a dealer for certain Services, your right to use the Services is subject to your dealer or central station’s payment of all fees due to Honeywell for such Services and Honeywell may suspend or terminate your access to the Services in the event such party fails to pay...
for Services being provided by Honeywell or you fail to pay such party any sums otherwise due. Your payment to
your dealer or central station monitoring company does not guarantee your right to the System Services. You may
incur additional fees from third party providers in connection with your use of the System Services, an independent
handheld device, or the internet, for data transmission, video clip or still image transmission, internet usage, SMS,
short code or other transmission fees, charges or taxes. If Honeywell ceases supplying Services to you due to you
or your dealer or central station’s failure to pay for Services, Honeywell will have no liability to you and you must
look to your dealer or central station for the return of any amounts pre-paid by you to the central station or dealer.
Depending on the Services contracted or subscribed to by you, Honeywell may also suspend or terminate a user
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time to time to charge for use of the System, and modify or discontinue, temporarily or permanently, the System (or
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MOVE YOU WILL DELETE YOUR ACCOUNT AND NO LONGER ACCESS THE HONEYWELL SYSTEM WITH
RESPECT TO YOUR PRIOR ADDRESS. IF YOU HAVE A CONTRACT WITH A DEALER OR CENTRAL
STATION YOU MUST NOTIFY IT IF YOU ARE MOVING TO TERMINATE YOUR ACCOUNT.

OPTIONS:
Option 1: Approve Manager’s Report.
Pro: The Department can move forward with the download and installation of the security
update recommended by the Department of Homeland Security.
Cons: The Board would agree to unspecified future obligations in the event a breach or similar
contract issue occurs and Governing Law outside of the State of Hawai‘i.

Option 2: Do Not Approve Manager’s Report.
Pro: There is no risk associated with unspecified future obligations.
Cons: The Department staff could potentially be open to security vulnerabilities.

The Department would continue to use staff time to search for another similar
software/hardware, which would most likely contain similar indemnification, attorney’s
fees, and governing law and arbitration provisions.

SN/ein
Attachment: Honeywell Software End-User License Agreement

Mgrrp/February 2020/20-47/Discussion and Possible Action to Request Board Approval for the Indemnification provision in the Honeywell Software End-
User Licensing Agreement between the Board of Water Supply, County of Kaua‘i, and Honeywell (2-28-20):ein
HONEYWELL SOFTWARE END-USER LICENSE AGREEMENT

By installing or using the System, you agree to be bound by the terms and conditions in this End User License Agreement ("EULA"). You agree that you are the end-user of the System and you represent that you are of legal age and are authorized to enter into this EULA on behalf of yourself and any party to whom you grant access to the System.

1. LICENSE, LIMITS.

This EULA is for the use of certain Honeywell products and services, including Honeywell software for use on any Honeywell products and communications networks, Honeywell software allowing web-based interface and underlying functionality and access to Honeywell services, Honeywell web and mobile device applications software, and any Honeywell networks related to any of the foregoing (collectively, the “Honeywell Services” or “Services”) and the licensure of software products identified above, which includes computer and application software and may include associated media, printed materials, and "online" or electronic documentation, and any future versions, releases, updates, patches, error fixes and bug fixes of the above software ("Honeywell Software"). For convenience, we refer to the combination of products, software, and services we provide to you as the “System.”

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If you are a central station or dealer, you shall have the right to sublicense access to security or lifestyle Systems solely to end users, provided each end user agrees to the terms of this EULA and all applicable fees are paid to Honeywell.

The System may contain or be derived from materials of third party licensors. Such third party materials may be subject to restrictions in addition to those listed in this EULA. You agree that any third party supplier shall have the right to enforce this EULA with respect to such third party’s software.

The System may contain Open Source Software that is provided to you under the terms of the open source license agreement or copyright notice accompanying such Open Source Software. As used herein, the term “Open Source Software” means any software, program, module, code, library, database, driver or similar component (or portion thereof) that is royalty free, proprietary software, the use of which requires any contractual obligations by the user to a third party or any license that has been approved by the Open Source Initiative, Free Software Foundation or similar group.

If you subscribe to GPS Tracking Services as part of your System, you agree that you will only use the location based services in accordance with applicable law and as intended as described in the documentation provided with the Service. You acknowledge that Honeywell shall have no liability for your usage of the Service that does not comply with law or the intended purpose.

2. PASSWORD AND ACCESS.
You agree to: (a) provide true, accurate, current and complete information about yourself as prompted by the registration form and (b) maintain and promptly update such information. You must create a username and password to access the System. If you are provided with a temporary username and password you must modify the temporary credentials and create your own username and password. You are responsible for maintaining the confidentiality of your password and account and you are fully responsible for all activities that occur under your password, account or any subaccount. You agree to (a) immediately change your password in the event of any breach of security, (b) notify your central station (if applicable) if you have experienced a breach of security, and (c) ensure that you exit from your account at the end of each session. You agree that the terms of this EULA will be binding upon and govern the relationship between Honeywell and any third party to whom you grant access to your account or permit to maintain a subaccount. You further agree to take any and all action necessary to ensure compliance with, and enforce the terms of, this EULA, and to indemnify Honeywell for any and all costs, damages, losses or expenses incurred in respect of such third party user. Honeywell will not be liable for any loss or damage arising from your failure to comply with this Section.

If your equipment does not work it may interfere with System network operations. The Federal Communications Commission may require that Honeywell have immediate access to your equipment in the event of an emergency. You agree to provide such access as is necessary in an emergency to either your central station or dealer or Honeywell network representatives as required.

You acknowledge and agree that you have the option to add additional parties to your account and such parties will have full or partial access to the System, including, but not limited to, the ability to view and change your daily schedule and thermostat and/or security or home automation settings and programming. You further acknowledge and agree that Honeywell has no responsibility to you with respect to the actions of such parties. Further, you acknowledge and agree that you have the option to include your contractor’s or dealer’s information in your account information and such party may receive alerts from the System regarding your home (e.g., in the event the temperature in your house drops below freezing or in the event of a security or safety breach) along with certain personally-identifiable information in order to be able to identify the source of the alert. Your contractor or dealer may contact you in the event it receives such alerts. You acknowledge and agree that Honeywell has no responsibility with respect to any actions or inactions on the part of such contractor.

You acknowledge and agree that Honeywell and its affiliates, service providers, suppliers, and dealers are permitted at any time and without prior notice to remotely push software and firmware updates, enhancements, changes, modifications, additional functionality or bug fixes to the System. You hereby consent to the foregoing and release Honeywell and its affiliates, service providers, suppliers, and dealers from any and all liability arising from such action.

3. TERM AND CANCELLATION; MODIFICATIONS TO SYSTEM; FEES.

This EULA is effective on the day you first use the System and will continue for so long as you continue to use the System and Services and to otherwise make any required System service payments. Honeywell may terminate this EULA at any time if you fail to comply with any of the terms hereof, including failure to make required System service payments, if applicable, effective immediately. If you have a contract with a dealer for certain Services, your right to use the Services is subject to your dealer or central station’s payment of all fees due to Honeywell for such Services and Honeywell may suspend or terminate your access to the Services in the event such party fails to pay for Services being provided by Honeywell or you fail to pay such party any sums otherwise due. Your payment to your dealer or central station monitoring company does not guarantee your right to the System Services. You may incur additional fees from third party providers in connection with your use of the System Services, an independent handheld device, or the internet, for data transmission, video clip or still image transmission, internet usage, SMS, short code or other transmission fees, charges or taxes. If Honeywell ceases supplying Services to you due to you or your dealer or central station’s failure to pay for Services, Honeywell will have no liability to you and you must look to your dealer or central station for the return of any amounts pre-paid by you to the central station or dealer. Depending on the Services contracted or subscribed to by you, Honeywell may also suspend or terminate a user account because of user inactivity. Depending on the Services contracted or subscribed by you, you may terminate this EULA upon written notice to Honeywell. Upon termination of this EULA, the license granted hereunder will terminate and you must stop all use of the System immediately. Honeywell reserves the right at any time and from time to time to charge for use of the System, and modify or discontinue, temporarily or permanently, the System (or any part thereof) with or without notice. You agree that Honeywell will not be liable to you or to any third party for any modification, suspension or discontinuance of the System. YOU UNDERSTAND AND AGREE THAT IF YOU MOVE YOU WILL DELETE YOUR ACCOUNT AND NO LONGER ACCESS THE HONEYWELL SYSTEM WITH RESPECT TO YOUR PRIOR
ADDRESS. IF YOU HAVE A CONTRACT WITH A DEALER OR CENTRAL STATION YOU MUST NOTIFY IT IF YOU ARE MOVING TO TERMINATE YOUR ACCOUNT.

4. WARRANTY DISCLAIMERS AND LIABILITY LIMITATIONS.

THE SYSTEM IS PROVIDED AS IS, AND WITH NO WARRANTIES OR REPRESENTATIONS OF ANY KIND, AND HONEYWELL EXPRESSLY DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTIES, INCLUDING WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THE ENTIRE RISK ARISING OUT OF USE, PERFORMANCE OR NON-PERFORMANCE OF THE SYSTEM REMAINS WITH YOU. TO THE FULLEST EXTENT PERMITTED BY LAW, HONEYWELL DISCLAIMS ANY WARRANTIES FOR THE SECURITY, RELIABILITY, TIMELINESS, ACCURACY, AND PERFORMANCE OF THE SYSTEM.

HONEYWELL AND ITS THIRD PARTY SERVICE PROVIDERS HAVE NO LIABILITY FOR THE CHOICE OF ALARM DEVICES OR OTHER PRODUCTS INSTALLED AT YOUR PREMISES, THEIR INSTALLATION AND CONNECTION, OR OPERATION OF YOUR CENTRAL STATION OR DEALER. YOU EXPRESSLY UNDERSTAND AND AGREE THAT HONEYWELL DISCLAIMS ANY AND ALL RESPONSIBILITY OR LIABILITY FOR (1) THE ACCURACY, COMPLETENESS, LEGALITY, RELIABILITY, OR OPERABILITY OR AVAILABILITY OF ANY CONTENT OR INFORMATION OR MATERIAL PROVIDED BY OR ACCESSIBLE THROUGH THE SYSTEM; AND (2) THE USE OF OR INABILITY TO USE THE SYSTEM; AND (3) THE DELETION, FAILURE TO STORE, MISDELIVERY, OR UNTIMELY DELIVERY OF ANY INFORMATION OR MATERIAL; AND (4) BREACHES OF SECURITY; AND (5) INFORMATION COMMUNICATED THROUGH MESSAGE BOARDS OR OTHER FORUMS; AND (6) ANY OTHER FAILURE TO PERFORM BY HONEYWELL; AND (7) DAMAGE, INJURY, OR LOSS OF LIFE OR DAMAGE TO PROPERTY.

IF HONEYWELL SHOULD NEVERTHELESS BE FOUND LIABLE, WHETHER DIRECTLY OR INDIRECTLY, FOR ANY LOSS, DAMAGE OR INJURY ARISING UNDER THIS AGREEMENT OR OTHERWISE, REGARDLESS OF CAUSE OR ORIGIN, ON ANY BASIS WHATSOEVER, (INCLUDING BUT NOT LIMITED TO BREACH OF CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY IN TORT OR OTHERWISE), ITS TOTAL MAXIMUM LIABILITY IS LIMITED TO $1000.00 WHICH WILL BE THE COMPLETE AND EXCLUSIVE REMEDY AGAINST HONEYWELL. IN ADDITION, IN NO EVENT WILL HONEYWELL OR ITS PRINCIPALS, SHAREHOLDERS, OFFICERS, EMPLOYEES, AFFILIATES, CONTRACTORS, SUBSIDIARIES, OR SUPPLIERS, BE LIABLE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES WHATSOEVER RELATING TO THE USE OF THE SYSTEM OR ANY COMPONENT THEREOF OR TO YOUR RELATIONSHIP WITH HONEYWELL, EVEN IF HONEYWELL HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

UNDER NO CIRCUMSTANCES WILL HONEYWELL BE HELD LIABLE FOR ANY HARM RESULTING FROM DOWNLOADING OR ACCESSING ANY INFORMATION OR MATERIAL THROUGH THE SYSTEM, ANY DELAY OR FAILURE IN PERFORMANCE RESULTING DIRECTLY OR INDIRECTLY FROM ACTS OF NATURE, FORCES OR CAUSES BEYOND ITS REASONABLE CONTROL, INCLUDING, BUT NOT LIMITED TO, INTERNET FAILURES, COMPUTER EQUIPMENT FAILURES, TELECOMMUNICATION EQUIPMENT FAILURES, OTHER EQUIPMENT FAILURES, ELECTRICAL POWER FAILURES, STRIKES, LABOR DISPUTES, RIOTS, INSURRECTIONS, CIVIL DISTURBANCES, SHORTAGES OF LABOR OR MATERIALS, FIRES, FLOODS, STORMS, EXPLOSIONS, ACTS OF GOD, WAR, GOVERNMENTAL ACTIONS, ORDERS OF DOMESTIC OR FOREIGN COURTS OR TRIBUNALS, NON-PERFORMANCE OF THIRD PARTIES, OR LOSS OF OR FLUCTUATIONS IN HEAT, LIGHT, OR AIR CONDITIONING.

IN THE EVENT YOU (1) UTILIZE A NON-HONEYWELL APPLICATION TO CONTROL YOUR HONEYWELL PRODUCT; (2) CONNECT A NON-HONEYWELL DEVICE TO YOUR SYSTEM; (3) UTILIZE A THIRD PARTY API; OR (4) BECOME PART OF A THIRD PARTY CONNECTED HOME OR BUSINESS ECOSYSTEM, YOU ACKNOWLEDGE AND AGREE THAT IN NO EVENT WILL HONEYWELL BE RESPONSIBLE FOR THE ACCURACY, FUNCTIONALITY, RELIABILITY, AVAILABILITY, INTEROPERABILITY, LEGALITY OR USEFULNESS OF SUCH APPLICATION, DEVICE, API, OR ECOSYSTEM NOR WILL HONEYWELL BE LIABLE FOR ANY DAMAGES THAT MAY OCCUR AS A RESULT OF SUCH USE. USE OF A THIRD PARTY APPLICATION, DEVICE, API, OR ECOSYSTEM IS ENTIRELY AT YOUR OWN RISK AND EXPENSE.

5. NO GUARANTEE.

THERE IS NO GUARANTEE THAT THE SYSTEM WILL PROVIDE ADEQUATE WARNING IN ANY GIVEN SITUATION, OR THAT IT WILL NOT BE COMPROMISED OR CIRCUMVENTED BEFORE IT COMMUNICATES
WITH ANY CENTRAL STATION IF YOUR ALARM SYSTEM IS CONNECTED TO ONE OR THAT IT WILL PREVENT ANY PERSONAL INJURY OR PROPERTY LOSS CAUSED BY BURGLARY, ROBBERY, FIRE, EXCESSIVE HEAT, COLD OR HUMIDITY OR OTHERWISE. FURTHER, THERE IS NO GUARANTEE THAT THE SYSTEM OR YOUR MOBILE DEVICE OR COMPUTER WILL TRANSMIT OR RECEIVE ALL SIGNALS SENT BY OR TO YOU OR YOUR CONTRACTOR, DEALER OR CENTRAL STATION REGARDING THE SYSTEM SERVICES YOU HAVE SUBSCRIBED TO, INCLUDING, BUT NOT LIMITED TO, SIGNALS REGARDING THE ACTIVATION OR DEACTIVATION OF YOUR ALARM SYSTEM OR HVAC SYSTEM. YOU ACKNOWLEDGE THAT HAVING A SECURITY SYSTEM DOES NOT GUARANTEE THAT YOU WILL NOT HAVE A BURGLARY, ROBBERY, FIRE OR OTHER EVENT AND IS NOT AN INSURANCE POLICY. YOU ACKNOWLEDGE THAT THE AVAILABILITY OF THE SYSTEM SERVICES IS DEPENDENT ON YOUR COMPUTER, MOBILE DEVICE, HOME WIRING, YOUR INTERNET SERVICE PROVIDER, YOUR SATELLITE PROVIDER IN THE CASE OF GEOLOCATION SERVICES, AND YOUR MOBILE DEVICE CARRIER AND YOU ACKNOWLEDGE THAT YOU ARE RESPONSIBLE FOR ALL FEES ASSOCIATED WITH SUCH USE AND FOR COMPLIANCE WITH ANY AGREEMENTS RELATED TO SUCH USE. YOU FURTHER ACKNOWLEDGE THAT HONEYWELL AND ANY NETWORK SERVICE PROVIDERS CANNOT GUARANTEE THE SECURITY OF ANY WIRELESS TRANSMISSION AND WILL NOT BE LIABLE FOR ANY LACK OF SECURITY RELATING TO THE USE OF ANY SERVICE. YOU AGREE THAT YOU WILL NOT RESELL ANY OF THE WIRELESS SERVICES PROVIDED TO YOU AS PART OF THE SYSTEM. HONEYWELL WILL HAVE NO LIABILITY FOR ANY PERSONAL INJURY, PROPERTY DAMAGE OR ANY OTHER LOSS BASED ON A CLAIM THAT THE SYSTEM FAILED TO GIVE WARNING OR ALERT OF ANY TYPE AND YOU HEREBY RELEASE HONEYWELL FROM ALL LIABILITY RESULTING THEREFROM. HONEYWELL MAKES NO GUARANTEE THAT THE SYSTEM WILL BE COMPATIBLE WITH ALL COMPUTERS OR HANDHELD DEVICES. YOU SHOULD FIRST TEST THOSE DEVICES AT HOME FOR COMPATIBILITY BEFORE USING THEM AWAY FROM HOME.

6. MISCELLANEOUS.

The failure of Honeywell to enforce at any time any of the provisions of this EULA will not be construed to be a continuing waiver of any provisions hereunder nor will any such failure prejudice the right of Honeywell to take any action in the future to enforce any provisions hereunder.

Software and technical information delivered under this EULA are subject to U.S. export control laws and may be subject to export or import regulations in other countries. You agree to strictly comply with all such laws and regulations, and you will be solely responsible for obtaining any import, export, re-export approvals and licenses required for such software any technical information, and retaining documentation to support compliance with those laws and regulations.

This EULA will be deemed entered into in the State of New York and will be governed by and construed according to the internal laws of the State of New York applicable to agreements executed and to be performed entirely within New York, without regard to conflict of law principles. Any action against any party to this EULA will be commenced only in the federal or state courts within the State of New York, which courts will have exclusive jurisdiction over such actions and proceedings and the parties hereby irrevocably consent to personal jurisdiction over them by such courts. You agree that any applicable state law implementation of the Uniform Computer Information Transactions Act (including any available remedies or laws) shall not apply to this EULA and is hereby disclaimed. It is understood and agreed that, notwithstanding any other provisions of this EULA, breach of any provision of this EULA by you may cause Honeywell irreparable damage for which recovery of money damages would be inadequate, and that Honeywell will therefore be entitled to obtain timely injunctive relief to protect Honeywell’s rights under this EULA in addition to any and all remedies available at law.

Honeywell has the right to audit your compliance with the terms and conditions of this EULA, including without limitation, ensuring that you are not using more than one copy of the Honeywell Software, or bypassing, the software keys to engage in unauthorized, unlicensed use of the Honeywell Software, and to immediately terminate your license in this EULA if an audit shows that you are in breach with any of the terms and conditions of this EULA, as well as to enforce all other rights and remedies available under this EULA or otherwise under law or at equity.

This EULA, your subscription agreement (if applicable) and Honeywell’s terms and conditions of sale that accompanied your purchase of any equipment (including your central station monitoring agreement if applicable) forms the entire agreement between you and Honeywell and supersedes in their entirety any and all oral or written agreements previously existing between you and Honeywell with respect to your access to and use of the System and related Services.
Neither this EULA nor any of the rights, interests or obligations provided by this EULA may be transferred or assigned by you without the prior written consent of Honeywell. Honeywell may assign this EULA, in whole or in part, in its sole discretion. This EULA will be binding upon the parties and each of their present and future officers, directors, employees, parents, subsidiaries, agents, successors, assigns, contractors, licensees, affiliates, family members and guests and authorized users.

The provisions of this EULA will apply to the fullest extent permitted by law and be interpreted and applied to a lesser extent, where necessary to be valid. The invalidity or unenforceability of any provision of this EULA will not affect any other provision and all such other provisions will remain in full force and effect without change or modification thereof.

You consent to the exclusive use of the English language in this EULA, as well as in all communications from Honeywell.

7. APPLE DEVICE TERMS; THIRD PARTY BENEFICIARY

This Section applies to you only if you use the System on an Apple device (e.g., iPhone, iPad, iPod Touch) (any such device, an “Apple Device”); this section does not apply to you if you do not use the System on an Apple Device. The parties acknowledge that this EULA is concluded solely between Honeywell and you, and not with Apple, and Apple is not responsible for the System and the content thereof. Any support that may be offered by Honeywell in connection with the System is solely the responsibility of Honeywell and it is acknowledged by the parties that Apple has no obligation whatsoever to furnish any maintenance and support services with respect to the System. The parties acknowledge that Apple has no obligation to furnish any warranty with respect to the System. To the maximum extent permitted by applicable law, Apple will have no other warranty obligation whatsoever with respect to the System. The parties acknowledge that Apple is not responsible for addressing product claims. Apple is not responsible for addressing any claims of any end-user or any third party relating to the System or the end-user’s possession and/or use of that System, including, but not limited to: (i) product liability claims; (ii) any claim that the System fails to conform to any applicable legal or regulatory requirement; and (iii) claims arising under consumer protection or similar legislation. The parties acknowledge that, in the event of any third party claim that the System or your possession and use of that System infringes that third party’s intellectual property rights, Apple will not be responsible for the investigation, defense, settlement and discharge of any such intellectual property infringement claim. Complaints or claims with respect to the System should be directed to Honeywell at the following address: HoneywellSoftware@honeywell.com. The parties acknowledge and agree that Apple, and Apple’s subsidiaries, are third party beneficiaries of this EULA, and that, upon your acceptance of the terms and conditions of this EULA, Apple will have the right (and will be deemed to have accepted the right) to enforce this EULA against you as a third party beneficiary thereof.
DEPARTMENT OF WATER
County of Kaua‘i
“Water has no Substitute – Conserve It!”

MANAGER’S REPORT No. 20-48

February 28, 2020

Re: Discussion and Possible Action to extend the I.T. Support Services with Brio Consulting, LLC until June 30, 2020 for an additional amount of $144,000.00

RECOMMENDATION:
It is recommended that the Board approve the transfer from the Water Utility Fund to the I.T. Professional Services Budget on in the amount of $144,000.00

FUNDING: Water Utility Fund

BACKGROUND:
The Department of Water (DOW) has two (2) vacant positions in its I.T. Division. On October 14, 2019, the DOW executed the second amendment to Contract No. 666, Review and Update the Department’s Information Technology Strategic Plan and I.T. Project Implementation and Support with Brio Consulting to incorporate Task 1, Support I.T. Infrastructure. The contract included language that long term support services may be needed and the support has been essential to DOW operations during periods when one or both of the remaining I.T. employees are on leave. The DOW is actively trying to fill the open two (2) positions. Until those new employees are on board, it is beneficial to continue on-site support services as well as during the transition period of recruitment, both to keep up with the I.T. workload and to help keep critical business systems running. On-site support will be able to directly interface with the DOW’s I.T. staff and transition knowledge and initiatives back to the DOW team over a more reasonable timeframe as well as to take immediate actions that may be necessary to establish or improve infrastructure reliability, and resiliency of the technical support infrastructure.

The Fourth amendment to Contract No. 666 ends on March 15, 2020 and the I.T. Specialist III and the Waterwork’s I.T. Manager positions are still vacant and is pending action from the Department of Human Resources. The DOW previously anticipated that these positions would be filled in February. Without knowing when these positions will be filled, the Department finds it critical to continue I.T. infrastructure support against systematic failures of our Network, SCADA, LAN, hardware, software, and all other I.T. related systems that serve the Department and our customers.

Additional funds to continue Task 1 of this contract until June 30, 2020 will provide continuity of support while the Department is short-staffed.
OPTIONS:

Option 1: Approve the proposed amendment to extend the I.T. Support Services with Brio Consulting, LLC until June 30, 2020 for an additional amount of $144,000 to ensure continued critical I.T. Infrastructure support through June 30, 2020.

Pro: This will provide critical I.T. staffing resources through June 30, 2020 and will ensure that critical I.T. infrastructure will continue to be supported. This will protect the Department against any systematic failures of our Network, SCADA, LAN, hardware, software, and all other I.T. related system that serve the Department and our customers.

Con: Additional funds will be expended for the contract.

Option 2: Do not approve to extend the I.T. Support Services with Brio Consulting, LLC. until June 30, 2020 for an additional amount of $144,000.00 to ensure continued critical I.T. Infrastructure support through June 30, 2020.

Pro: Additional funds will not be expended.

Con: The DOW will not realize the benefits listed in Option 1 and will be at high risk for significant I.T. related issues as the availability of existing staff is extremely limited and cannot support all of the Department’s I.T. infrastructure needs without assistance.

MY/ein

Mgrrp/February 2020/20-48/ Discussion and Possible Action to extend the I.T. Support Services with Brio Consulting, LLC until June 30, 2020 for an additional amount of $144,000.00 (2-28-20):cin
DEPARTMENT OF WATER
County of Kaua‘i

“Water has no Substitute – Conserve It!”

CHAIRPERSON’S REPORT No. 20-49

February 28, 2020

Re: Discussion and Possible Action to delegate the authority to the Board Chair to assign tasks to Mr. Steven Kyono, Advisor

RECOMMENDATION:
It is recommended that the delegation of authority by the Board to the Board Chair to assign tasks to Mr. Steven Kyono, Advisor, be approved.

FUNDING: N/A

BACKGROUND:
At its December 2, 2019 Special Board Meeting, the Board approved the execution of a contract for an employee as the Professional Licensed Engineer Advisor to the Board of Water Supply. The purpose of the Advisor is to advise, guide, or provide recommendations to the Board of Water Supply or Department of Water on the following:

• Delegation of duties and responsibilities to Department personnel during the vacancy of the Manager and Chief Engineer position
• Decision-making for any matters which may significantly impact the Department, Board, or ratepayers
• Administrative and personnel matters that are brought forward from the Department for the Board to decide
• Any proposed operational changes or recommendations for organizational restructuring brought forward during and through the transition to a new Manager and Chief Engineer
• Decisions on technical matters brought forward from the Department for the Board, including but not limited to health and safety, funding, operations, engineering, construction, and information technology
• Strategic priorities for the Department and Board (i.e. what matters are urgent, which can be deferred)
• Responses to external parties including but not limited to customers, County Council, Mayor’s Administration, or Charter Review Commission, which are drafted and researched by division heads and would otherwise be routed to the Manager and Chief Engineer for review and approval
• Legal matters brought forward by the Deputy County Attorney
• Manager and Chief Engineer candidates
• Manager and Chief Engineer orientation upon appointment
• Disciplinary action for any Department staff

Currently, to assign projects Chair Akamine, as delegated by the Board to address matters which would otherwise fall within the authority of the Manager and Chief Engineer, must request from the Board approval of each assignment to Mr. Kyono. As no individual Board member has authority, unless authority is delegated to a member, the Board as a whole must approve any assignment to Mr. Kyono.
The contract for services is an employment contract and, as it is currently, the Board as a whole is Mr. Kyono’s supervisory authority. Approving the delegation makes the Chair the sole supervisory authority over this employee. This will allow for timely assignment of projects and tasks and more oversight as the Chair can work directly with the employee on matters related to the employment contract.

Given the vacancy of the Manager and Chief Engineer position there is an immediate need for advice, guidance, and recommendations related to Mr. Kyono’s scope of employment. The current process, obtaining Board approval at the monthly meetings will delay action, create further backlog of items that need to be addressed, and limit the usefulness of the contract for services.

Mr. Kyono will be providing a report which Chair Akamine will include in the Manager’s monthly report to ensure the Board is kept informed as to Mr. Kyono’s assignments.

**OPTIONS:**

**Option 1:** Approve the delegation of authority by the Board to the Board Chair to assign tasks to Mr. Steve Kyono, Advisor.

Pros: Provides a more efficient means for relying upon the services to be provided by Mr. Kyono.

Cons: Projects or tasks assigned to Mr. Kyono would be based on the Chair’s discretion.

**Option 2:** Do Not Approve the delegation of authority by the Board to the Board Chair to assign tasks to Mr. Steve Kyono, Advisor.

Pros: Projects or tasks assigned to Mr. Kyono would be based on the majority will of the Board.

Cons: The process by which Mr. Kyono will be assigned projects or tasks related to his scope of employment will be tied to approval by the Board at the monthly Board meetings and is not the most efficient means for relying upon the services to be provided by Mr. Kyono.

KA/ein
Staff Reports
FISCAL REPORT: MONTHLY SUMMARY HIGHLIGHTS – DECEMBER, 2019

I. BUDGET SUMMARY VS. ACTUAL (see attached report for details)

<table>
<thead>
<tr>
<th>YEAR TO DATE (YTD) BUDGET &amp; ACTUAL EXPENSES SUMMARY – AS OF DECEMBER, 2019</th>
<th>BUDGET vs EXPENSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>$21,925,519 vs 13,838,927</td>
</tr>
<tr>
<td>Debt Principal Payment</td>
<td>2,926,604 vs 4,339,745</td>
</tr>
<tr>
<td>Capital Projects</td>
<td>26,999,744 vs 3,248,972</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$51,851,867 vs $21,427,644</td>
</tr>
</tbody>
</table>

REVENUES: VARIANCE = “ACTUAL” LESS “BUDGET”; POSITIVE INDICATES HIGHER PERFORMANCE THAN EXPECTED.

- Total Revenue as of January, 2020 was 3% below projection.
  - Water sales of $16.4 million (M) was $654 thousand (K) higher or 4%.
  - Other Water Revenue - Receipts of $115.8K was $30K below projection or -21%.
  - Capital Contributions: Contributions from Federal & State Grants – 1.84M.
  - Investment Income & Net Increase in FV of Investments – 229.7K.
  - Miscellaneous Revenues - $2.4K

OPERATING EXPENSES: VARIANCE = BUDGET LESS ACTUAL

EXPENSES; POSITIVE INDICATES LESS SPENDING THAN PLANNED. REVISED YTD BUDGET COLUMNS INCLUDE PO ROLLOVER FROM FY ENDING 2019.

- YTD Operating Expenses before depreciation and amortization was $13.8M. Total spending was $8.1M less than planned or budgeted; a positive variance of 37%.
  - Employee Related Expenses –$5.35M with a 23% positive variance.
  - Contracts & Services – $3.37M with a 60% positive variance.
  - Professional Services, Other Services – Billing, Communication, Insurance and Repairs and Maintenance for non-water systems are the main items contributing to the 60% positive variance.
  - Exceptional Expenses – None.
  - Fuel & Utilities – $1.59M; 12% positive variance.
  - Bulk Water Purchase –$880.5K, 17% positive variance.
  - Office & Operating Supplies – $738.8K, 43% positive variance.
  - Training, Travel & Meeting Expenses – $77.9K; 53% positive variance.
  - Debt Service – Interest Expense - $1.84M; 2% positive variance.
  - Depreciation & Amortization (non-cash expenses) is $4.2M; 11% positive variance.
NET OPERATING INCOME:

- Net Operating Income before depreciation and amortization - $5.98M.
- Net Operating Income after depreciation & amortization was $1.81M.

NON-OPERATING PROCEEDS & DISBURSEMENTS

- SRF Loan Proceeds – None
- FRC – Facility Reserve Charge – $809K
- YTD Debt Principal Payment is $4.34M

CAPITAL PROJECTS BUDGET: YTD DISBURSEMENTS = $4,239,195.93

- Capital Projects: Water Utility Fund - $2.59M
- Capital Projects: FRC Fund – $0.0
- Capital Projects: BAB Fund - $661K
- Capital Projects: SRF Loan Fund - None

II. FY 2019 – 2020 CERTIFICATION OF FUNDS YTD $7,178,695

<table>
<thead>
<tr>
<th></th>
<th>REPORT TO MANAGER (with approved Budget)</th>
<th>MANAGER’S REPORT (New Budget Requests)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Utility Fund</td>
<td>$2,929,932</td>
<td>$4,085,742</td>
</tr>
<tr>
<td>FRC Fund</td>
<td>$9,567</td>
<td>$0</td>
</tr>
<tr>
<td>BAB Fund</td>
<td>$0.0</td>
<td>$153,454</td>
</tr>
<tr>
<td>Total</td>
<td>$2,939,499</td>
<td>$4,239,196</td>
</tr>
</tbody>
</table>

III. COMPARATIVE CHARTS:

METERED CONSUMPTION:

- January, 2020, monthly metered consumption was 290 million gallons (mg) which decreased by 9.3mg as compared from the same month of FY 2019.
- Year to Date (YTD) metered consumption as of 1/31/20 was 2,327 mg; YTD cumulative increase of 70.7 mg as compared from the same month of FY 2019.

IV. COMPARATIVE BALANCE SHEET: SEE ATTACHED.

Statement of Net Position as of January 31, 2020 (unadjusted).

V. OTHER FISCAL ONGOING ACTIVITIES/INITIATIVES:

- Five (5) years Water Rate Study – The study was deferred and is to be rescheduled at a later time that is yet to be determined. The staff submitted a draft proposed board policy for board’s review, discussion and action to address the cash equivalence of the pension and net OPEB obligations that could be made available for DOW’s budget and appropriations. If the proposed policy is approved, it could free up some funds to be used for planned projects and which may result with a positive impact on the rate study.
• FEMA update: DOW submitted a request for an additional 30 months’ extension to complete two outstanding projects for FEMA grant funding reimbursement; the Makaleha tunnel and Mānoa Stream.
• Develop Financial Policies for DOW – Scope of work is in progress; procurement of Consultants will follow.
• Budget Program Solution – It will be addressed concurrently with the Financial Policies Development procurement.
• Upcoming: Water Audit & Annual Proposed Budget.
### I. OPERATING BUDGET

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Sales</td>
<td>$2,244,154.00</td>
<td>$2,244,154.00</td>
<td>$2,053,974.49</td>
<td>($190,179.51)</td>
</tr>
<tr>
<td>Revenue from Public Fire Protection</td>
<td>176,042.00</td>
<td>178,042.00</td>
<td>181,191.50</td>
<td>3,150.50</td>
</tr>
<tr>
<td>Other Water Revenue</td>
<td>20,833.00</td>
<td>20,833.00</td>
<td>4,310.56</td>
<td>(16,522.44)</td>
</tr>
<tr>
<td>Federal Grants</td>
<td>90,807.00</td>
<td>90,807.00</td>
<td>(90,807.00)</td>
<td>(0)</td>
</tr>
<tr>
<td>State Grants</td>
<td>316,666.00</td>
<td>316,666.00</td>
<td>316,666.00</td>
<td>(0)</td>
</tr>
<tr>
<td>Capital Contributions</td>
<td>50,000.00</td>
<td>50,000.00</td>
<td>69,678.05</td>
<td>19,678.05</td>
</tr>
<tr>
<td>Net Increase in Fair Value of Investments</td>
<td>(2,500.00)</td>
<td>(2,500.00)</td>
<td>28,504.45</td>
<td>31,004.45</td>
</tr>
<tr>
<td>Investment Income</td>
<td>22,965.00</td>
<td>22,965.00</td>
<td>(63,647.06)</td>
<td>(91,413.46)</td>
</tr>
<tr>
<td>Gain or Loss on Disposal of Capital Assets</td>
<td>417.00</td>
<td>416.67</td>
<td>(416.67)</td>
<td>(0)</td>
</tr>
<tr>
<td>Gain or Loss from the Retirement of Debt</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Miscellaneous Revenues</td>
<td>83.00</td>
<td>461.97</td>
<td>461.97</td>
<td>378.97</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>2,921,656.00</strong></td>
<td><strong>2,921,582.34</strong></td>
<td><strong>2,268,773.14</strong></td>
<td>(552,809.20)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>FY 2020</strong></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revised YTD Budget</td>
<td>$15,709,078.00</td>
<td>$16,362,673.98</td>
<td>$5,653,595.69</td>
<td>4%</td>
</tr>
<tr>
<td>YTD Actual</td>
<td>1,246,284.00</td>
<td>1,268,340.50</td>
<td>22,046.50</td>
<td>2%</td>
</tr>
<tr>
<td>*Variance</td>
<td>145,831.00</td>
<td>115,942.24</td>
<td>(29,888.76)</td>
<td>(21%)</td>
</tr>
<tr>
<td>Variance %</td>
<td>363,279.00</td>
<td>(636,279.00)</td>
<td>(100%)</td>
<td></td>
</tr>
</tbody>
</table>

| **Employee-Related Expenses** |                 |                |        |          |
| Salaries and Wages (Includes Leaves & CTO) | 597,142.00      | 597,142.00     | 448,647.88 | 148,494.12 |
| Temporary Assignment   | 5,917.00        | 5,917.00       | 8,487.00   | (2,570.00) |
| Overtime               | 40,500.00       | 40,500.00      | 49,498.73  | (9,048.73) |
| Fringe                  | 16,250.00       | 16,250.00      | 20,435.64  | (4,185.64) |
| FICA                   | 50,474.00       | 50,474.00      | 38,658.00  | 11,816.00  |
| Retirement Contribution | 144,332.00     | 144,332.00     | 110,322.53 | 34,009.47  |
| Life & Health Insurance | 50,019.00      | 50,019.00      | 44,687.94  | 5,331.06   |
| Workers Compensation   | 1,250.00        | 1,250.00       | 1,250.00   | 0.00       |
| Post Employment Benefits (OPEB) | 89,752.00      | 89,752.00      | 106,245.86 | (16,493.86) |
| **Total Employee-Related Expenses** | **996,538.00** | **996,538.00** | **826,984.18** | **169,553.82** |

| **Contracts & Services** |                 |                |        |          |
| Professionals-General  | 303,618.00      | 303,618.00     | 303,618.00 | 0.00      |
| Professional Services-Accounting & Auditing | 8,900.00        | 8,900.00       | 6,200.00   | 6,200.00   |
| Other Services-General | 5,374.00        | 5,374.00       | 6,888.29   | (1,514.29) |
| Other Services-Housing Costs | 12,221.00    | 12,221.00      | 27,811.28  | (15,590.28) |
| Public Relations-General | 6,674.00       | 6,674.00       | 7,706.10   | (1,032.10) |
| Procurement Advertising | 833.00          | 833.00         | 3,654.40   | (2,821.40) |
| Communication Services | 10,566.00       | 10,566.00      | 15,205.19  | (4,639.19) |
| Freight and Postage    | 1,365.00        | 1,365.00       | 1,345.46   | 0.00       |
| Rentals and Leases     | 10,924.00       | 10,924.00      | 10,460.82  | 463.18     |
| Insurance              | 32,917.00       | 32,917.00      | 32,917.00  | 0.00       |
| County Service Charge  | 178,042.00      | 178,042.00     | 181,191.50 | 3,149.50   |
| Repairs and Maintenance-Water System | 18,417.00     | 18,417.00      | 18,366.76  | 50.24      |
| Repairs and Maint-Non Water System | 58,396.00     | 58,396.00      | 50,066.62  | 53,929.38  |
| **Total Contracts & Services** | **853,272.00** | **853,272.00** | **439,564.58** | **733,567.42** |

| **Monthly Budget Summary vs. Actual 1 of 3** | Report Formatted Created By: S. Nathan | 2/20/2020 2:59 PM |
### Department of Water, County of Kauai
#### Monthly Budget Summary vs. Actual

**SUMMARY**

1/31/2020

<table>
<thead>
<tr>
<th>Description</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>Revised YTD Budget</th>
<th>YTD Actual</th>
<th>*Variance</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exceptional Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>FY2014 &amp; FY2015 Kalaeo Emergency</td>
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<td>FY 2015 Kilauea</td>
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<tr>
<td>Abandoning Hanamalu Wells 1 &amp; 2</td>
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<td></td>
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<td><strong>Total Exceptional Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fuel &amp; Utilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utility Services</td>
<td>238,552.00</td>
<td>238,552.00</td>
<td>222,058.98</td>
<td>16,493.92</td>
<td>1,685,897.59</td>
<td>1,522,529.25</td>
<td>163,368.34</td>
<td>10%</td>
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<td>Fuel</td>
<td>9,625.00</td>
<td>9,625.00</td>
<td>19,052.67</td>
<td>(9,427.67)</td>
<td>120,578.60</td>
<td>69,406.54</td>
<td>51,172.06</td>
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<td><strong>Total Fuel &amp; Utilities</strong></td>
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<td>248,177.00</td>
<td>241,111.65</td>
<td>7,065.25</td>
<td>1,806,476.09</td>
<td>1,591,935.79</td>
<td>214,540.30</td>
<td>12%</td>
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<td><strong>Bulk Water Purchase</strong></td>
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<td></td>
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<tr>
<td>Bulk Water Purchase</td>
<td>151,348.00</td>
<td>151,348.00</td>
<td>150,265.16</td>
<td>1,082.84</td>
<td>1,059,436.00</td>
<td>880,495.40</td>
<td>178,940.60</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Total Bulk Water Purchase</strong></td>
<td>151,348.00</td>
<td>151,348.00</td>
<td>150,265.16</td>
<td>1,082.84</td>
<td>1,059,436.00</td>
<td>880,495.40</td>
<td>178,940.60</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Office &amp; Operating Supplies</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Supplies</td>
<td>1,833.00</td>
<td>1,833.00</td>
<td>1,869.55</td>
<td>(56.55)</td>
<td>12,835.36</td>
<td>9,952.51</td>
<td>2,882.85</td>
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<td>Operating Supplies</td>
<td>113,025.00</td>
<td>113,025.00</td>
<td>222,867.54</td>
<td>(103,842.54)</td>
<td>1,269,904.02</td>
<td>714,947.36</td>
<td>554,956.66</td>
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<td>Books, Subscriptions and Dues</td>
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<td>2,737.00</td>
<td>534.43</td>
<td>2,202.57</td>
<td>19,150.00</td>
<td>13,860.77</td>
<td>5,289.23</td>
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<tr>
<td><strong>Total Office &amp; Operating Supplies</strong></td>
<td>117,666.00</td>
<td>117,666.00</td>
<td>225,311.42</td>
<td>(167,655.42)</td>
<td>1,302,229.38</td>
<td>738,798.64</td>
<td>563,430.74</td>
<td>43%</td>
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<tr>
<td><strong>Training, Travel &amp; Meeting Expenses</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training and Development</td>
<td>6,740.00</td>
<td>6,740.00</td>
<td>3,180.76</td>
<td>3,559.24</td>
<td>62,596.12</td>
<td>28,791.15</td>
<td>33,804.97</td>
<td>54%</td>
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<tr>
<td>Travel and Per Diem</td>
<td>8,885.00</td>
<td>8,885.00</td>
<td>3,039.40</td>
<td>4,945.60</td>
<td>62,185.00</td>
<td>35,473.94</td>
<td>26,711.06</td>
<td>43%</td>
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<tr>
<td>Travel and Per Diem - Board</td>
<td>1,748.00</td>
<td>1,748.00</td>
<td>1,748.00</td>
<td>0.00</td>
<td>12,230.00</td>
<td>12,230.00</td>
<td>0.00</td>
<td>100%</td>
</tr>
<tr>
<td>Meeting Expense</td>
<td>3,108.00</td>
<td>3,108.00</td>
<td>2,184.03</td>
<td>923.97</td>
<td>24,048.95</td>
<td>12,757.55</td>
<td>11,291.40</td>
<td>47%</td>
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<tr>
<td>Meeting Expense - Board</td>
<td>829.00</td>
<td>829.00</td>
<td>229.65</td>
<td>599.35</td>
<td>5,807.00</td>
<td>634.17</td>
<td>4,172.83</td>
<td>86%</td>
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<td><strong>Total Training, Travel &amp; Meeting Expenses</strong></td>
<td>21,310.00</td>
<td>21,310.00</td>
<td>9,533.94</td>
<td>11,776.06</td>
<td>166,867.07</td>
<td>77,858.81</td>
<td>89,008.26</td>
<td>53%</td>
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<tr>
<td><strong>Debt Service</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Interest Expense</td>
<td>268,843.00</td>
<td>268,843.00</td>
<td>262,291.75</td>
<td>6,551.25</td>
<td>1,861,901.00</td>
<td>1,836,042.25</td>
<td>25,858.75</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total Interest Expense</strong></td>
<td>268,843.00</td>
<td>268,843.00</td>
<td>262,291.75</td>
<td>6,551.25</td>
<td>1,861,901.00</td>
<td>1,836,042.25</td>
<td>25,858.75</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>2,457,172.00</td>
<td>2,977,032.00</td>
<td>3,155,071.78</td>
<td>821,960.22</td>
<td>21,925,519.37</td>
<td>13,838,927.43</td>
<td>8,086,591.94</td>
<td>37%</td>
</tr>
</tbody>
</table>
| **Net Operating Income (Loss) Before Depreciation & Amortization** | 464,494.00 | (355,449.66) | (115,701.36) | (261,152.78) | (6,414,474.22) | (6,017,442.83) | (396,031.39) | (6%)
| **Depreciation & Amortization** | | | | | | | | |
| Depreciation | 609,562.00 | 609,562.00 | 576,131.18 | 33,430.82 | 4,266,940.00 | 4,029,714.93 | 237,225.07 | 6% |
| Amortization | 58,333.00 | 58,333.00 | 39,319.11 | 19,013.89 | 468,355.00 | 133,096.55 | 335,258.45 | 67% |
| **Total Depreciation & Amortization** | 667,895.00 | 667,895.00 | 515,450.29 | 52,444.71 | 4,735,295.00 | 4,162,811.48 | 572,483.52 | 11% |
| **Net Operating Income (Loss)** | (203,401.00) | (723,344.66) | (481,443.71) | 241,990.29 | (6,149,717.29) | 1,814,731.36 | 7,964,448.34 | (13)% |
## Department of Water, County of Kauai
### Monthly Budget Summary vs. Actual
#### SUMMARY
1/31/2020

<table>
<thead>
<tr>
<th>Non Operating Proceeds</th>
<th>January</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original Budget</td>
<td>Revised Budget</td>
</tr>
<tr>
<td>FRC: Facility Reserve Charge</td>
<td>33,333.00</td>
<td>33,333.00</td>
</tr>
<tr>
<td>Total Non Operating Proceeds</td>
<td>33,333.00</td>
<td>33,333.00</td>
</tr>
<tr>
<td>Transfers Out/in to Other Funds</td>
<td>233,331.00</td>
<td>809,048.00</td>
</tr>
<tr>
<td>Debt Principal Payment</td>
<td>418,086.00</td>
<td>418,086.00</td>
</tr>
<tr>
<td><strong>Net Proceeds (Expenditures)</strong></td>
<td>(588,154.00)</td>
<td>(1,108,097.66)</td>
</tr>
<tr>
<td><strong>II. CAPITAL BUDGET</strong></td>
<td>(8,842,980.99)</td>
<td>(1,715,973.49)</td>
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<tr>
<td>Capital Projects (See Attached for Details)</td>
<td>724,833.00</td>
<td>4,080,420.59</td>
</tr>
<tr>
<td></td>
<td>26,899,743.88</td>
<td>3,248,971.59</td>
</tr>
</tbody>
</table>
### Capital Projects (See Attached for Details):

<table>
<thead>
<tr>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>Revised YTD Budget</th>
<th>YTD Actual</th>
<th>Variance</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Utility - Capital Projects (See Attached for Details)</td>
<td>649,417.00</td>
<td>3,985,004.59</td>
<td>37,504.40</td>
<td>3,947,500.19</td>
<td>21,493,106.49</td>
<td>2,586,071.50</td>
<td>18,905,034.99</td>
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<tr>
<td>FRC Special Trust Fund - Capital Projects (See Attached for Details)</td>
<td>75,416.00</td>
<td>75,416.00</td>
<td>75,416.00</td>
<td>29,665.77</td>
<td>4,422,961.55</td>
<td>660,900.00</td>
<td>3,762,061.46</td>
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<tr>
<td>BAB Fund - Capital Projects (See Attached for Details)</td>
<td>724,033.00</td>
<td>4,060,420.59</td>
<td>67,170.17</td>
<td>3,903,250.42</td>
<td>26,999,743.88</td>
<td>3,248,971.59</td>
<td>23,750,772.29</td>
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Total Capital Projects (See Attached for Details)
<table>
<thead>
<tr>
<th>Project Description</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-02-00-604-999 WU-IT-RandR Capital Purchases—</td>
<td>67,817.00</td>
<td>67,817.00</td>
<td>13,551.07</td>
<td>54,265.03</td>
<td>89%</td>
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<td>10-02-00-605-999 WU-IT-Expansion Capital Purchases—</td>
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<td>35,417.00</td>
<td>35,417.00</td>
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<tr>
<td>10-03-00-604-999 WU-QualRandR Capital Purchases</td>
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<td>100%</td>
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<tr>
<td>10-20-00-604-001 WU-Eng ALLR-17-10-KW-07 Paua Valley Tank Repair</td>
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<td>0%</td>
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<td>10-20-00-604-033 WU-Job 13-07- Koloa O Repairs</td>
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<td>10-20-00-604-135 WU-Eng-ALLR-12-04 HE-14 Eleele Booster Rehab</td>
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<td>23,525.60</td>
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<td>10-20-00-604-138 Job 12-01 H-05 Weke Anee Hee-8-BIN Mains</td>
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<td>24,467.50</td>
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<tr>
<td>10-20-00-604-146 WU-Eng-12%R-Job 15-7 HE-01&amp;16HanapepeEleeleConn PL</td>
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<td>23,010.56</td>
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<td>28,410.94</td>
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<td>10-20-00-604-148 WU-Eng-36%R-Kuhiho Hwy Hardy-Oxord 16IN Main Repl</td>
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<tr>
<td>10-20-00-604-145 WU-Eng-16-4-WKK-03-Klauea Wells MCC Rehab</td>
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<td>65,983.70</td>
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<td>10-20-00-604-159 WU-Eng-17-7 Malaio Road Easement</td>
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<td>10-20-00-604-160 Job 18-02 Islandwide Rehabilitation of Tanks</td>
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<td>204,165.00</td>
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<td>10-20-00-604-998 WU-Eng-RandR Capital Purchases—</td>
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<td>0%</td>
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<td>10-20-00-605-138 WU-Eng-ALLR-03-11 M-02 100K Tank &amp; Pipeline Molokai</td>
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<td>1,091,667.00</td>
<td>1,091,667.00</td>
<td>0.00</td>
<td>100%</td>
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<td>10-21-00-604-001 Job 17-07 KW-07 Paua Valley Tank Repair</td>
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<td>170,430.77</td>
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<td>0%</td>
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<td>10-21-00-604-035 Job 12-04 HE-14 Eleele Booster Rehab</td>
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<td>660,741.51</td>
<td>7,449,426.08</td>
<td>0%</td>
<td>90%</td>
</tr>
<tr>
<td>10-21-00-604-146 Job 15-07 HE-01 HE-10 Kaumualii Hwy 18&quot; Main Boost</td>
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<td>312,917.00</td>
<td>312,917.00</td>
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<td>100%</td>
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<tr>
<td>10-21-00-604-157 Job 16-4 WKK-03-Klauea Wells MCC Rehab</td>
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<td>8,333.00</td>
<td>8,333.00</td>
<td>0.00</td>
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<td>10-21-00-604-167 WU-CM-R&amp;R-Kukuilono Tank Demo</td>
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<td>833.00</td>
<td>833.00</td>
<td>0.00</td>
<td>0%</td>
</tr>
<tr>
<td>10-21-00-604-999 WU-CM-RandR Capital Purchases—</td>
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<td>5,835.00</td>
<td>5,835.00</td>
<td>0.00</td>
<td>100%</td>
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<td>10-21-00-605-017 Job 16-92 PLH-358 Kapua Cane Haul Rd 18th Main</td>
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<td>92%</td>
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<td>10-21-00-605-116 Job 02-14 WK39 WKDB Kapaau Hmld Well 4; Pkg A Well</td>
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<td>750,000.00</td>
<td>0.00</td>
<td>750,000.00</td>
<td>100%</td>
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<td>10-21-00-605-146 Job 15-07 HE-01 HE-10 Kaumualii Hwy 16&quot; Main Boost</td>
<td>1,651,444.13</td>
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<td>8,333.00</td>
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<td>134,943.91</td>
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<td>10-40-00-604-148 WU-Operations: R&amp;R-SWTP Delivery Agreement-GroveFar</td>
<td>1,750.00</td>
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<tr>
<td>10-40-00-605-999 WU-Ops-Expansion Capital Purchases</td>
<td>745,386.82</td>
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<td>10-40-00-605-999 WU-Ops-Expansion Capital Purchases</td>
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<td>Total Capital Projects (See Attached for Details)</td>
<td>649,417.00</td>
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<td>3,947,500.19</td>
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Monthly Budget Summary vs. Actual 1 of 1
Report Format Created by S. Nederstijn
2020/2020 3:36 PM
### Capital Projects (See Attached for Details):

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<tr>
<th>Project Description</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
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</thead>
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<td>20-20-00-605-017 FRC-Job 16-02 18IN Cane Haul Road Main</td>
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<td>20-20-00-605-104 FRC-Eng-ALLE-05-02 HW-12 Drill Wainiha-Haena Well</td>
<td>26,832.00</td>
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<td>20-20-00-605-120 FRC-Eng-90%E-Kilauea 1.0MG Tank Job 02-06</td>
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**Total Capital Projects (See Attached for Details)**

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<th>Revised YTD Budget</th>
<th>YTD Actual</th>
<th>Variance</th>
<th>Variance %</th>
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<td>75,416.00</td>
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### Capital Projects (See Attached for Details):

<table>
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<th>Project Code</th>
<th>Description</th>
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<tbody>
<tr>
<td>30-20-00-604-101</td>
<td>BAB-Eng-ALLR-10-01 Anini-01a Anini &amp; Kalihawai Rd 6-</td>
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<tr>
<td>30-20-00-604-103</td>
<td>BAB-Eng-ALLR-08-01 K-01 Kalaeheo 1111FT &amp; 12222FT</td>
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<tr>
<td>30-20-00-605-104</td>
<td>BAB-Eng-ALLE-01-02 HW-12 Wainaha-Haena Well</td>
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<tr>
<td>30-20-00-605-120</td>
<td>BAB-Eng-ALLE-02-00WKK15-Kiawe 400 Tank Pau Pano</td>
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<tr>
<td>30-20-00-605-125</td>
<td>BAB-Eng-99%E-02-01 Land for Kukuiolono Tank Site</td>
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<tr>
<td>30-20-00-605-139</td>
<td>BAB-Eng-ALLE-02-11 M-02 100K Trnk &amp; Pipeline Mokala</td>
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<tr>
<td>30-20-00-605-158</td>
<td>BAB-Eng ALLE-11-3 M0-03 Land &amp; Well Acq Mokala &amp; Wai</td>
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<tr>
<td>30-21-00-604-017</td>
<td>Job 10-02 PLH-34B Kapaa Cane Haul Rd 19&quot; Main</td>
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<tr>
<td>30-21-00-604-107</td>
<td>Job 11-07 KP-02 MCC Chlor KoloaWell10-A,B,E</td>
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<tr>
<td>30-21-00-605-118</td>
<td>Job 04-08 WKK9 WK08 Kapaa Hmsld Well 4; Pkg A Well</td>
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### Monthly Budget Summary vs. Actual 1/31/2020

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<table>
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<th>Revised YTD Budget</th>
<th>YTD Actual</th>
<th>Variance</th>
<th>Variance %</th>
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<td>9,167.00</td>
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<td>967,121.27</td>
<td>579,718.39</td>
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Total Capital Projects: 29,665.77 (29,665.77) 4,422,961.55 880,906.09 3,762,051.46 85%
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<tr>
<th>DATE</th>
<th>Contract #</th>
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<th>ACCOUNT #</th>
<th>CO/ OE</th>
<th>W/U (10)</th>
<th>FRC (20)</th>
<th>BAB (30)</th>
<th>TOTAL</th>
<th>W/U (10)</th>
<th>FRC (20)</th>
<th>BAB (30)</th>
<th>SUB-TOTAL</th>
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<td>Job NO. 17-02, SCADA System Maintenance and Professional Consultation Services.</td>
<td>10-40-60-560-000</td>
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<td>145,894.00</td>
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<td>7/26/2019</td>
<td>660</td>
<td>SS-2018-1, Multi-Term Contract; Laboratory Testing Services For the DOW, COK.</td>
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<td>OE</td>
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<td>7/26/2019</td>
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<td>Cutterford - Solicitation GS 2019-9</td>
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<td>8/7/2019</td>
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<td>Job NO. 09-01, WP2020-01, #K-12, Phsue II - Kalaeo 1111&quot; and 1222&quot; Water System Improvements, Kalaeo, HI</td>
<td>10-02-00-604-001</td>
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<td>8/14/2019</td>
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<td>WP No. 17-10, WP2020 Project No. KW-07 Rehabilitate Paua Valley Tank #1, 0.5MG Concrete.</td>
<td>30-21-00-605-118</td>
<td>CO</td>
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<td>WP No. 17-10, WP2020 Project No. KW-07 Rehabilitate Paua Valley Tank #1, 0.5MG Concrete, with KAI Hawaii Inc. for a time extension of 150 days and for additional design funding</td>
<td>10-20-00-604-000</td>
<td>CO</td>
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<td>9/12/2019</td>
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<td>Job 19-06, Anahola Well A Pump Replacement, Kaua'i, Hawaii</td>
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<td>CO</td>
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<td>11/4/2019</td>
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<td>First Amendment and Time Extension of 150 days to Contract No. 685, Job No. 19-01 Island Wide Vulnerability and Resiliency Assessment</td>
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<td>OE</td>
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<td>51,516.00</td>
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<td>11/12/2019</td>
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<td>11/12/2019</td>
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<td>11/12/2019</td>
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<td>11/12/2019</td>
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<tr>
<td>11/12/2019</td>
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<td>12/20/2019</td>
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<td>AS needed CM Continuing Services for WP 2020</td>
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<td>2/6/2020</td>
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<td>2/28/2020</td>
<td>691</td>
<td>GS 2020-3, Furnish n deliver one (1) 4-wheel drive super cab pick up truck with accessories</td>
<td>10-40-00-605-999</td>
<td>CO</td>
<td>54,035.88</td>
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<tr>
<td>2/28/2020</td>
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<td>GS 2020-2, furnishing and delivery of hydrants &amp; appurtenances</td>
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**TOTAL: $2,929,932.34** **$9,567.00** **$-** **$2,939,499.34** **$4,085,741.94** **$-** **$153,453.99** **$4,239,195.93**
III.

**BILLED REVENUES COMPARATIVE REPORT**

For Fiscal Years 2018, 2019 & 2020

<table>
<thead>
<tr>
<th>Month</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Cum. Inc (Dec)</th>
<th>% Inc. (Dec.)</th>
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<tbody>
<tr>
<td>July</td>
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<td>$2,459,791</td>
<td>$2,594,993</td>
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<td>$5,110,540</td>
<td>$4,944,154</td>
<td>$5,211,518</td>
<td>$267,364</td>
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<tr>
<td>September</td>
<td>$8,011,509</td>
<td>$7,331,598</td>
<td>$7,780,505</td>
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<tr>
<td>October</td>
<td>$10,657,809</td>
<td>$9,638,616</td>
<td>$10,125,480</td>
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<tr>
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<td>$11,892,751</td>
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<td>December</td>
<td>$15,418,822</td>
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<td>$14,435,721</td>
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<td>$16,191,970</td>
<td>$16,499,894</td>
<td>$307,924</td>
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**BILLED REVENUES COMPARATIVE CHART**

As of January: FY 2018, 2019 & 2020

---

1. revenue comparison
## CASH RECEIPTS (W/U) COMPARATIVE REPORT
For Fiscal Years 2018, 2019 & 2020

<table>
<thead>
<tr>
<th>Month</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>Cum. Inc (Dec)</th>
<th>% of Inc (Dec)</th>
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<tbody>
<tr>
<td>July</td>
<td>$2,385,872</td>
<td>$2,449,372</td>
<td>$5,324,195</td>
<td>$2,874,823</td>
<td>117%</td>
</tr>
<tr>
<td>August</td>
<td>$5,504,876</td>
<td>$4,946,100</td>
<td>$7,676,802</td>
<td>$2,730,702</td>
<td>55%</td>
</tr>
<tr>
<td>September</td>
<td>$8,155,772</td>
<td>$7,122,906</td>
<td>$10,216,754</td>
<td>$3,093,848</td>
<td>43%</td>
</tr>
<tr>
<td>October</td>
<td>$11,034,364</td>
<td>$9,651,558</td>
<td>$12,655,760</td>
<td>$3,004,201</td>
<td>31%</td>
</tr>
<tr>
<td>November</td>
<td>$13,377,231</td>
<td>$11,794,419</td>
<td>$14,761,300</td>
<td>$2,966,881</td>
<td>25%</td>
</tr>
<tr>
<td>December</td>
<td>$15,665,947</td>
<td>$13,939,408</td>
<td>$16,936,029</td>
<td>$2,996,621</td>
<td>21%</td>
</tr>
<tr>
<td>January</td>
<td>$18,226,254</td>
<td>$16,206,571</td>
<td>$ (16,206,571)</td>
<td>$ (16,206,571)</td>
<td>-100%</td>
</tr>
</tbody>
</table>

* Note: July receipts include a $2.29 million state appropriation grant for the Hanapēpē.....
### METERED CONSUMPTION (000 GALLONS) MONTHLY COMPARATIVE CHART
For Fiscal Years 2018, 2019 & 2020
(expressed in thousands)

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>INC (DEC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>436,238</td>
<td>344,364</td>
<td>365,892</td>
<td>21,528</td>
</tr>
<tr>
<td>August</td>
<td>361,599</td>
<td>348,569</td>
<td>362,067</td>
<td>13,498</td>
</tr>
<tr>
<td>September</td>
<td>415,176</td>
<td>325,351</td>
<td>369,751  *</td>
<td>44,400 *</td>
</tr>
<tr>
<td>October</td>
<td>384,934</td>
<td>328,575</td>
<td>328,084</td>
<td>-491</td>
</tr>
<tr>
<td>November</td>
<td>398,863</td>
<td>306,129</td>
<td>306,312</td>
<td>183</td>
</tr>
<tr>
<td>December</td>
<td>305,276</td>
<td>303,733</td>
<td>304,626</td>
<td>893</td>
</tr>
<tr>
<td>January</td>
<td>453,812</td>
<td>299,365</td>
<td>290,040</td>
<td>-9,325</td>
</tr>
</tbody>
</table>

* AFS error in billing AJE

---

* refer to monthly summary highlights

---

3. 12 mo. consumption comp
<table>
<thead>
<tr>
<th>Month</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>CUM. INC (DEC)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>383,831</td>
<td>344,364</td>
<td>365,892</td>
<td>21,528</td>
<td>6%</td>
</tr>
<tr>
<td>August</td>
<td>764,245</td>
<td>692,933</td>
<td>727,959</td>
<td>35,026</td>
<td>5%</td>
</tr>
<tr>
<td>September</td>
<td>1,163,843</td>
<td>1,018,284</td>
<td>1,097,710</td>
<td>79,426</td>
<td>8%</td>
</tr>
<tr>
<td>October</td>
<td>1,537,090</td>
<td>1,346,859</td>
<td>1,425,794</td>
<td>78,935</td>
<td>6%</td>
</tr>
<tr>
<td>November</td>
<td>1,867,049</td>
<td>1,652,988</td>
<td>1,732,106</td>
<td>79,118</td>
<td>5%</td>
</tr>
<tr>
<td>December</td>
<td>2,177,729</td>
<td>1,956,721</td>
<td>2,036,732</td>
<td>80,011</td>
<td>4%</td>
</tr>
<tr>
<td>January</td>
<td>2,499,648</td>
<td>2,256,086</td>
<td>2,326,772</td>
<td>70,686</td>
<td>3%</td>
</tr>
</tbody>
</table>

**YTD METERED CONSUMPTION (000 GALLONS) COMPARATIVE REPORT**
For Fiscal Years 2018, 2019 & 2020
(expressed in thousands)

**YTD WATER CONSUMPTION COMPARATIVE CHART**
As of January: FY 2018, 2019 & 2020

4. ytdconsumption (000 gallons)
## Assets and Deferred Outflows

<table>
<thead>
<tr>
<th></th>
<th>January 31, 2020</th>
<th>January 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>8,433,886</td>
<td>11,028,643</td>
</tr>
<tr>
<td>Equity interest in pooled investments</td>
<td>13,639,770</td>
<td>21,428,559</td>
</tr>
<tr>
<td>Receivables:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts, net of allowance for doubtful accounts*</td>
<td>1,158,363</td>
<td>1,315,467</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unbilled accounts</td>
<td>1,532,261</td>
<td>1,294,493</td>
</tr>
<tr>
<td>Grants and subsidies</td>
<td>2,644,829</td>
<td>299,106</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total receivables</strong></td>
<td>5,335,453</td>
<td>2,909,066</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>1,112,506</td>
<td>1,087,256</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>386,761</td>
<td>72,257</td>
</tr>
<tr>
<td><strong>Total current asset</strong></td>
<td>28,908,376</td>
<td>36,525,781</td>
</tr>
<tr>
<td><strong>Restricted Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facility reserve charge funds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>1,721,933</td>
<td>1,122,871</td>
</tr>
<tr>
<td>Accounts receivable and other</td>
<td>124,161</td>
<td>128,188</td>
</tr>
<tr>
<td><strong>Total facility reserve charge funds</strong></td>
<td>1,846,093</td>
<td>1,251,059</td>
</tr>
<tr>
<td>Bond funds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>1,488,788</td>
<td>(94,897)</td>
</tr>
<tr>
<td>Investments</td>
<td>8,433,848</td>
<td>11,197,716</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>32,905</td>
<td>21,776</td>
</tr>
<tr>
<td><strong>Total bond funds</strong></td>
<td>9,955,540</td>
<td>11,124,596</td>
</tr>
<tr>
<td><strong>Total restricted assets</strong></td>
<td>11,801,633</td>
<td>12,375,655</td>
</tr>
<tr>
<td><strong>Equity Interest in Pooled Investment - Noncurrent</strong></td>
<td>34,153,426</td>
<td>22,135,754</td>
</tr>
<tr>
<td><strong>Utility Plant:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In service</td>
<td>346,025,668</td>
<td>337,984,814</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(138,663,806)</td>
<td>(132,329,704)</td>
</tr>
<tr>
<td><strong>Total utility plant</strong></td>
<td>207,361,862</td>
<td>205,655,109</td>
</tr>
<tr>
<td>Construction work in progress</td>
<td>14,145,018</td>
<td>10,608,701</td>
</tr>
<tr>
<td><strong>Total property, plant and equipment</strong></td>
<td>221,506,880</td>
<td>216,263,810</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>296,370,315</td>
<td>287,300,999</td>
</tr>
<tr>
<td><strong>Deferred Outflow of Resources</strong></td>
<td>5,243,520</td>
<td>5,209,348</td>
</tr>
<tr>
<td><strong>Total assets and deferred outflows of resources</strong></td>
<td>301,613,835</td>
<td>292,510,347</td>
</tr>
</tbody>
</table>

*Allowance for doubtful accounts

(238,177)  (240,537)

---

Schedule IV - Comparative Balance Sheet

Report Format Created by: S. Nadatani
## Liabilities, Deferred Inflows and Net Position

<table>
<thead>
<tr>
<th></th>
<th>January 31, 2020</th>
<th>January 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>4,248,130</td>
<td>1,852,959</td>
</tr>
<tr>
<td>Contracts payable, including retainages</td>
<td>680,808</td>
<td>325,777</td>
</tr>
<tr>
<td>Accrued Vacation And Compensatory Pay, current portion</td>
<td>513,191</td>
<td>513,191</td>
</tr>
<tr>
<td>Due to/Due From Other Funds</td>
<td>212</td>
<td></td>
</tr>
<tr>
<td>Customer overpayment</td>
<td>178,170</td>
<td>172,036</td>
</tr>
<tr>
<td>Customer deposits and advances</td>
<td>465,985</td>
<td>475,877</td>
</tr>
<tr>
<td>Current portion of long term debt</td>
<td>5,017,034</td>
<td>4,883,749</td>
</tr>
<tr>
<td>Current portion of capital lease obligation</td>
<td>4,058</td>
<td>522,561</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>11,107,588</td>
<td>8,746,150</td>
</tr>
<tr>
<td><strong>Long-Term Debt</strong></td>
<td>63,005,450</td>
<td>68,080,050</td>
</tr>
<tr>
<td><strong>Capital Lease Obligation</strong></td>
<td></td>
<td>4,058</td>
</tr>
<tr>
<td><strong>OPEB &amp; Retirement Benefits</strong></td>
<td>24,889,518</td>
<td>23,818,632</td>
</tr>
<tr>
<td><strong>Accrued Vacation and Compensatory Pay</strong></td>
<td>903,522</td>
<td>847,558</td>
</tr>
<tr>
<td><strong>Deferred Inflow of Assets</strong></td>
<td>912,344</td>
<td>998,605</td>
</tr>
<tr>
<td><strong>Total liabilities and deferred inflows:</strong></td>
<td><strong>100,818,422</strong></td>
<td><strong>102,495,052</strong></td>
</tr>
<tr>
<td><strong>Net Position:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Utility Reserves</td>
<td>9,300,000</td>
<td>10,700,000</td>
</tr>
<tr>
<td>Restricted FRC</td>
<td>1,838,243</td>
<td>1,243,208</td>
</tr>
<tr>
<td>Restricted Build American Bonds</td>
<td>9,667,750</td>
<td>10,945,952</td>
</tr>
<tr>
<td>Invested in Capital Assets Net of Related Debt</td>
<td>153,471,906</td>
<td>142,785,301</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>26,517,514</td>
<td>24,340,834</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td><strong>200,795,413</strong></td>
<td><strong>190,015,295</strong></td>
</tr>
<tr>
<td><strong>Total liabilities, deferred inflows and net position:</strong></td>
<td><strong>301,613,835</strong></td>
<td><strong>292,510,347</strong></td>
</tr>
</tbody>
</table>
DEPARTMENT OF WATER
Accounts Receivable Aging Summary
As of January, 2020

|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 0-30 days| $1,273,217.02 | 83% | $1,208,274.55 | 86% | $1,278,213.00 | 86% | $1,599,729.91 | 85% | $1,386,485.84 | 83% | $1,551,549.22 | 99% | $1,322,141.93 | 84%
| 31-60 days| $153,722.49 | 10% | $144,946.90 | 10% | $99,265.78 | 7% | $118,247.86 | 7% | $57,416.80 | 8% | $170,997.42 | 10% | $69.02 | 0% |
| 61-90 days| $40,729.52 | 3% | $28,671.62 | 3% | $39,246.92 | 3% | $41,989.96 | 1% | $31,981.80 | 2% | $30,000.00 | 0% | $30,000.00 | 0% |
| 91-120 days| $13,629.27 | 1% | $7,651.92 | 1% | $7,651.92 | 1% | $11,898.04 | 1% | $8,366.01 | 0% | $0.00 | 0% | $30,000.00 | 2% |
| 121 days and over| $58,638.28 | 4% | $22,045.64 | 4% | $7,788.05 | 4% | $33,810.44 | 4% | $70,157.18 | 5% | $15,946.24 | 1% | $38,509.09 | 1% |
| Total AR | $1,539,936.58 | 100% | $1,586,692.54 | 100% | $1,412,336.22 | 100% | $1,489,557.34 | 100% | $1,884,209.97 | 100% | $1,674,428.01 | 100% | $1,567,564.51 | 100% |

*Total AR is net of Customer deposits and overpayments.

Customer Deposits & Overpayments
($119,509.69) ($202,099.31) ($181,624.39) ($148,943.37) ($186,130.23) ($182,927.40) ($207,675.50) ($204,973.25) ($205,885.03) ($196,263.56) ($209,366.49) ($216,003.50)
## DEPARTMENT OF WATER
### SUMMARY OF MCUTS
As of January, 2020

<table>
<thead>
<tr>
<th>FY</th>
<th>MONTHS</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td></td>
<td>69</td>
<td>13</td>
<td>12</td>
<td>20</td>
<td>25</td>
<td>15</td>
<td>32</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>186</td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td>19</td>
<td>28</td>
<td>38</td>
<td>42</td>
<td>8</td>
<td>16</td>
<td>20</td>
<td>39</td>
<td>0</td>
<td>9</td>
<td>36</td>
<td>0</td>
<td>255</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td>86</td>
<td>16</td>
<td>33</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>17</td>
<td>66</td>
<td>126</td>
<td>79</td>
<td>37</td>
<td>39</td>
<td>510</td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td>37</td>
<td>0</td>
<td>0</td>
<td>58</td>
<td>22</td>
<td>22</td>
<td>23</td>
<td>11</td>
<td>0</td>
<td>14</td>
<td>33</td>
<td>142</td>
<td>371</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td>17,602.72</td>
<td>-</td>
<td>$35,186.00</td>
<td>$12,573.35</td>
<td>$13,892.54</td>
<td>$16,357.08</td>
<td>$15,735.65</td>
<td>$13,892.54</td>
<td>$16,357.08</td>
<td>$15,735.65</td>
<td>$9,379.66</td>
<td>$40,447.77</td>
<td>$172,856.48</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td>12,908.83</td>
<td>-</td>
<td>$31,387.14</td>
<td>$9,791.37</td>
<td>$8,051.50</td>
<td>$7,472.17</td>
<td>$7,472.17</td>
<td>$8,051.50</td>
<td>$7,472.17</td>
<td>$7,472.17</td>
<td>$8,051.50</td>
<td>$37,144.99</td>
<td>$136,209.11</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td>5,744.14</td>
<td>13,988.13</td>
<td>25,960.00</td>
<td>37,591.19</td>
<td>13,892.54</td>
<td>5,260.00</td>
<td>38,283.90</td>
<td>18,792.82</td>
<td>22,316.40</td>
<td>15,672.69</td>
<td>$224,881.84</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td>3,137.70</td>
<td>7,426.69</td>
<td>16,528.53</td>
<td>16,453.27</td>
<td>11,492.90</td>
<td>4,585.84</td>
<td>18,475.00</td>
<td>9,384.49</td>
<td>17,195.51</td>
<td>19,383.85</td>
<td>$11,733.26</td>
<td>$135,797.04</td>
<td></td>
</tr>
</tbody>
</table>

The MCUT is normally scheduled on the FC/MR's free day.

* No MCUT in March. There's one dedicated staff assigned to do MCuts and is out on extended leave.
* No MCUT in June. Field Collections/Meter Reader staffing was short.

---

Summary of MCuts

*No Mcuts, new cloud service products were being tested and validated for roll out. Staff were working closely with Consultants, training, testing and validating customer accounts into a test company.

** No Mcuts for August & September, 2016. DOW implemented its own instance of CC&B on October 3, 2016. The staff were doing testing and validations prior to the 10/16 conversion rollout.

*No Mcuts, new cloud service products were being tested and validated for roll out. Staff were working closely with Consultants, training, testing and validating customer accounts into a test company.

*No MCUT in March. There's one dedicated staff assigned to do MCuts and is out on extended leave.

** No MCUT in June. Field Collections/Meter Reader staffing was short.
INFORMATION & EDUCATION SPECIALIST REPORT
February 28, 2020

Public Notices and Announcements
All news releases were also published on the Department’s Facebook and Twitter social media pages.

• Kapa’a– Emergency road work on Kuhio Highway
  ▪ A news release was issued on February 7, 2020 to advise the public of emergency road repairs being conducted on Kuhio Highway; between Aleka Loop and Papaloa Road in Kapa’a, near the Coconut Marketplace from 8:30 a.m. to 2 p.m. Two-way traffic was maintained during the road work and advised the public that the nearby contra-flow operation would continue with traffic control in place near the work site.
  ▪ A news release was issued at February 7, 2020 to revise the public that road repairs were completed at approximately 10 a.m.

• Kapa’a – Emergency water service shutdown on Mamane Street
  o A news release was issued on February 8, 2020 to announce an emergency water service shutdown for customers located on Ulu Street, Koa Street and Mamane Street in Kapa’a for approximately 6 to 8 hours due to a recent main line break on Ulu Street. Water service will be turned off at approximately 11 a.m. this morning in order to prevent further flooding in the area and allow crews to access the damaged main line to begin repairs. Additionally, a partial one lane road closure will be in place on Ulu Street; between Kauwila Street and Mamane Street in Kapa’a. Motorists are advised to adhere to all traffic control personnel and signage while driving through the work area.
    ▪ The Department service notice was also shared with customers in the affected area via BlackBoard Connect mass notification service and was announced via live public service announcements by our radio partner.
    ▪ The news release was published on KHON2.com, a local news website on February 8, 2020 entitled, “Emergency water service shutdown for customers on in Kapa’a”. (Attached)
  o An updated news release was issued at approximately 12 p.m. on February 8, 2020 to announce that the emergency water service shutdown was revised to Mamane Street only. Department of Water (DOW) crews were able to isolate the repairs on the main line to minimize service disruption and as a result, customers on Koa Street and Ulu Street in Kapa’a will not be affected. Additionally, the water service shutdown for customers on Mamane Street in Kapa’a has been revised to approximately 2 hours. In order to safely conduct the emergency repairs, a road closure in place on Ulu Street in Kapa’a with limited access to residents who reside in the area only.
    ▪ The Department service update was also shared with customers in the affected area via BlackBoard Connect mass notification service and was announced via live public service announcements by our radio partner.
  o An updated news release was issued at approximately 1 p.m. on February 8, 2020 to announce that water service has been restored to all customers on Mamane Street in Kapa’a, as of approximately 1 p.m. DOW crews have completed the required repairs to the main line and customers may now resume normal water use. The news release also announced that the road closure on Ulu Street in Kapa’a would remain in place
for approximately 2 additional hours in order to allow crews to complete the
remaining road work in the area.

- The Department service notice was also shared with customers in the affected
  area via BlackBoard Connect mass notification service.

- **Kilauea – Water conservation request issued for Kilauea customers**
  - A news release was issued on February 9, 2020 to announce an immediate water
    conservation request for customers in Kilauea until further notice, due to an electrical
    power outage affecting the Kilauea water pump station and well site. Customers were
    asked to limit water use to essential needs only; such as drinking, cooking and
    sanitation purposes in order to avoid a full water service outage in the system.

  - The Department service notice was also shared with customers in the affected
    area via BlackBoard Connect mass notification service and was announced
    via live public service announcements by our radio partner. As of this report,
    the Facebook announcing this service notice has received over 10 shares and
    has reached 2,637 people.

- **Poipu – Water service shutdown scheduled on Feb. 11**
  - A public service announcement was issued to local radio stations on February 10,
    2020 to announce a scheduled a 3-hour water service shutdown for customers located
    on Pane Road, Nalo Road and on a portion of Ho’one Road; between Nalo Road and
    Pane Road in Poipu. Water service will be turned off on Tuesday, February 11th from
    10 a.m. to 1 p.m.; weather permitting, in order to allow Department of Water crews
    to replace a fire hydrant and hydrant valve on Ho’one Road.

  - The Department service notice was also issued to customers in the affected
    area via BlackBoard Connect mass notification service.

- **Other media:**
  - The Department was mentioned in the Garden Island newspaper article titled, “Ban
    proposed on ‘forever chemicals”, written by Jessica Else and published on January
    14, 2020. *(Attached)*
  - The Department was mentioned in the Garden Island newspaper article titled, “Water
    is an issue”, written by Stephanie Shinno and published on January 25, 2020.
    *(Attached)*
  - The Department was mentioned in the Garden Island newspaper article titled, “$24M
    found in DOW pensions” written by Caleb Loehrer and published on January 26,
    2020. *(Attached)*

**Public Relations Program**

**Community Outreach & Education**

- Jonell Kaohelaulii and Jason Fujinaka conducted a new employee orientation presentation to
  2 new DOW employees, including new Customer Service Representative I on Feb. 7th. The
  presentation provides an overview of the Department’s mission statement, services and offers
  insight to all of the divisions. As first point of contact for all walk-in customers and in some
  cases via phone, it is critical that our Customer Service Representatives (and all employees)
  have a clear understanding of the Department’s functions and responsibilities in order to
  assist our customers effectively.

- The 2020 Calendar of Community and educational outreach events was approved by Board
  Chair Kurt Akamine on January 30, 2020. The community outreach and educational program
  consists of a series of annual community events and special promotions sponsored in
  participation by the Department to educate customers about water resources and water
services. This year, over 20 community outreach and education events have been planned to continue these efforts.

**Upcoming Community Outreach & Educational Events**

- February 19, 2020 – Career Day at Kalāheo Elementary School
- February 25, 2020 – Career Day at King Kaumuali‘i Elementary School
- March 6, 2020 – Career Day at Elele Elementary School
- March 14, 2020 – Health and Wellness Fair at Waimea High School
- March 16-20, 2020 – EPA’s Fix a Leak Week at the DOW
- April 18, 2020 – Project WET Educator Workshop
- May 4-8, 2020 – AWWA’s National Drinking Water Week at the DOW
- May 20, 2020 – Water Education presentation at A Room to Grow Preschool
- September 18, 2020 – DOW’s Make a Splash with Project WET Festival
- October 21, 2020 – Imagine a Day Without Water

**Project WET Hawaii**

- Project WET Hawai‘i has scheduled an Educator Workshop on Oahu on March 14th through the City and County of Honolulu Storm Water Branch. Registration, training and supplies is being coordinated by Oahu Project WET Facilitator, Tonya Ketza and her team.

JK/ein

Mgrp/February 2020/Information & Education Specialist Report (2-28-20):ein
Ban proposed on ‘forever chemicals’

LIHUE — Kauai doesn’t test drinking water for a class of chemicals being targeted for manufacturing bans by some members of the United States Congress.

But, that’s because there aren’t any drinking water standards for chemicals — polyfluoroalkyl substances (PFAS), also known as forever chemicals that are used to make a variety of things like stain and water-resistant fabrics, carpet, cleaning products and firefighting foam.

PFAS are a class of chemical made up of about 5,000 individual chemicals, according to the Food and Drug Administration.

They’re prolific and persistent, sticking around an intact in the environment and bio accumulating in humans and animals. FDA is currently further researching health risks of the chemicals.

A bill currently in the U.S. House of Representatives would set a drinking water standard for PFAS and would set aside $100 million, over two years, into a superfund dedicated to grants for cleanup and treatment of saturated areas.

Rep. Tulsi Gabbard (D-Hawaii) is backing the bill, known as the PFAS Action Act, and said in a recent news release that swift action is imperative for banning new PFAS and addressing what’s already accumulated in humans and the environment.

“Every American in every community across our country deserves clean water,” Gabbard said in the release. “PFAS contamination sites blanket the map, affecting almost every state and PFAS chemicals have been implicated in cancer and other illnesses.”

The Kauai Department of Water conducts testing of drinking water and reports water quality on Kauai under the Hawaii Department of Health.

-continued-
Staff tests for two types of chemical contaminants: regulated and unregulated. The difference between the two is that regulated contaminants have a set maximum contaminant level.

Kauai DOW also tests for coliform bacteria and heavy metals like lead and copper.

Most recent water quality reports available from DOW consolidate testing results from 2018 and show drinking water to be relatively clean of contaminants.

Results from water systems in Kalaheo and Koloa, as well as Puhi, showed elevated levels of hexavalent chromium, which is an unregulated contaminant and doesn't have a maximum allowance level. That's the chemical central to the story in the movie “Erin Brokovich,” a true story about a legal clerk who leads a lawsuit against a company for water contamination.

Tests from 2018 report levels of hexavalent chromium in the water at 2.7 parts per billion in Kalaheo and Koloa water systems and 6.8 parts per billion in Puhi water systems.

The Centers for Disease Control, hexavalent chromium — also known as chromium 6 — is used in industries like welding and steel working and is a known carcinogen.

Environmental Protection Agency says it occurs naturally and can get into drinking water through normal erosion processes and is also produced during industrial processes.

Gabbard has been focusing on eliminating toxic chemicals from the environment and food sources for several years. For example, in 2019, she introduced bills to further the study of chemical impacts to coral reefs.

PFAS chemicals are another on the list of contaminants that could, but aren't yet proven to, cause lingering effects to humans and the environment.

"The spread of PFAS contamination is moving faster than the EPA's efforts to regulate, prevent, detect, and treat contaminated water supplies," Gabbard said in the release. "Failing to act is a failure to the American people and will only cost us immeasurably more to deal with the environmental and health fallout in the future."

...
Water is an issue

By Stephanie Shinno The Garden Island | Saturday, January 25, 2020, 12:05 a.m.

Stephanie Shinno / The Garden Island

Curtis Bedwell and Milo Spindt discuss housing and water at the Lihue Business Association meeting Thursday at Duke’s Canoe Club on Kalapaki Beach.

-continued-
LIHUE — Water on Rice Street was the main topic of conversation at the Thursday Lihue Business Association meeting, a conversation that has stemmed out of housing issues on Kauai.

There might not be enough water to supply the future planned building on Rice Street.

Before the panelists started discussing the nuances of the Rice Street challenges, though, LBA President Pat Griffin opened with a traditional Chinese New Year greeting: “Gong hei fat choy!”

That rallied about 80 attendees at the meeting.

Then panelists Arryl Kaneshiro, project manager at Grove Farm and County Council chair; Adam Roversi, County housing director; and Milo Spindt, executive director of the Kauai Housing Development Corporation, started talking about water availability.

“While on Rice Street there is a huge water main running down the middle of the street, it may require an additional transmission line from the main, but it is very specifically located,” Spindt said.

The concern is related to Kress Street, off Rice Street, where current plans indicate the potential to build up to 385 housing units.

Currently, the source and storage facility for the greater Lihue area, which also includes Puhi and Hanamaulu, only has the infrastructure to support 270 additional single-family dwelling units.

Spindt said a trip to the Kauai Department of Water showed him there isn't infrastructure in place to deliver water to that area. Developers would have to pay the cost for new or improved water lines, or wait for DOW to make improvements.

Kaneshiro provided a bit of history on Kauai's drinking water, pointing out it historically came from wells and in the early 2000s Grove Farm worked with the county and state to create the first surface-water-treatment facility. Today that facility provides water to 50,000 residents.

Spindt added that in the last 20 years, seven of the drinking wells were drilled by different agencies and were found unproductive. In order for them to be productive they have to produce 250 gallons of water per minute. They are not recharging fast enough to be considered productive.

The Waiahi Surface Water Treatment Plant was opened in 2005. It produces an average of 2.4 million gallons of water daily. According to Grove Farm, about 20% of the island's residents obtain their drinking water from Waiahi. The facility reaches residents from Hanamaulu, Lihue, Puhi, Wailua and Kapaa.

-continued-
Another option for low-income housing development is a two-acre parcel in Kilauea that would accommodate 40 rental units.

The problem with that, Roversi said, is there’s no water available in Kilauea.

In the audience was Kauai Community College Director of Institutional Effectiveness, Valerie Barko, who pointed out the importance of housing in higher education.

“Today’s topic is important because homelessness is a barrier to academic success faced by the students at the college,” Barko said.

Also in the audience was Hawaii Gas executive Leah Kerr-Michaels, who pointed out housing as a fundamental human need.

“Decent, affordable housing should be a basic right for every resident on Kauai, and throughout Hawaii, whether that is for our low-income families or our regular families,” Kerr-Michaels said. “When regulations on housing industry are reasonable, the cost of housing could be reduced. Regulatory relief is needed to make housing more affordable to more of our residents.”
LIHUE — The Kauai Department of Water pension fund holds $24.6 million, almost all of which is excess funding. That money comes from water service rates and fees, both of which have risen significantly in recent years.

The DOW increased its rates by around half between 2012 and 2014, which was the year water-main hook-up fees were tripled, and an ongoing study commissioned by the water department recommends another 30% rate hike, according to county Planning Department Director Ka'aina Hull.

Hull sits on the Board of Water Supply, and said during a meeting Friday that it is “entirely unacceptable” to raise user rates while “sitting on $24 million.”

“I don’t know how the council can look at this proposal and not say, ‘enough is enough,’” Hull said. “Either it’s audacious or incredibly naïve.”

According to Hull, county government officials and council members have grown increasingly concerned about the lack of accountability at the water department, and said “glaring issues” at the DOW have pushed the board into making a “last-ditch effort” to reign the utility in before council members draft a bill that would allow the county to take over operations.

“It is a very real threat,” Hull told DOW staff. “This is what happens when you’re not subject to legislative scrutiny.”

DOW staff reported the excess revenue to the Board of Water Supply at Friday’s meeting during a presentation asking for permission to keep 20% — around $5 million — of the total in two employee pensions, instead of transferring the entire amount back to the DOW’s general fund.

Hull and another board member, Larry Dill, Kauai district engineer with the state Department of Transportation, asked DOW staff why any of the extra money should remain in the pension funds.
“Basically, you’re telling me we didn’t need to build up that $19.7 million reserve, if you can call it that,” Dill said.

DOW accounting division employees explained the 20% was a necessary buffer to protect against unexpected market volatility. The county does not keep more than a year’s worth of reserves in its pension funds, though DOW pensions have enough extra money for 30 years, according to figures presented by the water department.

Hull appeared dissatisfied with that explanation, and said he is going to be “concerned and, honestly, suspicious,” about future proposals.

According to a 2017 report by the City and County of Honolulu Board of Water Supply, residential monthly water bills on Kauai are dramatically higher than elsewhere in the state. The average homeowner in Kauai County pays $84.55 a month for water. Honolulu residents are second-highest, with an average rate of $66.72, and Hawaii and Maui County averages are both under $60 a month.

...
LOCAL NEWS

Emergency water service shutdown for customers on in Kapaa

Posted: Feb 8, 2020 / 10:41 AM HST / Updated: Feb 8, 2020 / 07:16 PM HST

HONOLULU (KHON2) — The Kauai Department of Water announces an emergency water service shutdown for customers located on Ulu Street, Koa Street and Mamane Street in Kapaa for approximately six to eight hours due to a recent main line break on Ulu Street.

Water service will be turned off at approximately 11 a.m. this morning in order to prevent further flooding in the area and allow crews to access the damaged main line to begin repairs.

Customers located in the affected area are advised to store enough water to meet your needs during the shutdown.

Additionally, a partial one lane road closure will be in place on Ulu Street; between Kauwila Street and Mamane Street in Kapaa.

Motorists are advised to adhere to all traffic control personnel and signage while driving through the work area.
Operations Division Report for the Month of January 2020

Personnel

- Interviews for Water Service Investigator III and Water Plant Operator I completed. Recommendations to hire forwarded for processing.
- Congratulations to Darren Lizama, Water Service Supervisor III for exceeding customer expectations and very positive experience shared by DOW customer Brent Mizutani.

Source and Storage

- Maintenance Workers continued cleaning of various remote facilities island-wide. Works included clearing of vegetation and drainage as well as repair and construction of structures and facilities.
- Water Plant Operators performed routine inspection and maintenance at all sites including valve maintenance, piping repair and replacement, chlorination equipment maintenance, and mixing of sodium hypochlorite.
- Refurbishment and pump replacement at Hanamā'ulu Pump Station is completed. Chlorination and flushing to be scheduled.
- Puhi Well 3 refurbishment Contract 679 with Derrick’s Well Drilling is temporarily suspended.
- Koloa Well D refurbishment bids opened and award recommendation forwarded.
- Installation of Sodium Hypochlorite On-Site Generation project on Makaleha Wells and Tank site complete. Site and equipment monitoring on-going.
- Electrical workers performed routine electrical maintenance at all sites including SCADA radio troubleshooting, electrical wiring for motor controls, lighting repair and replacement.
- Auto mechanics performed routine maintenance of all DOW vehicle and equipment including light, medium and heavy vehicles as well as construction equipment and generators.
Distribution

- Operations Division Field Section crews continue to perform routine leak repair of service laterals and mainlines. Field Section personnel responded to thirty-one (31) leak repair work orders.

- Field Section personnel installed four (4) service laterals.

- We received a total of 105 calls from customers reporting leaks on the mainline, service laterals, meters, meter boxes and fire hydrants including complaints of no water, complaints of low pressure, high pressure, calls requesting remote site/facility grounds and vegetation maintenance, calls for assistance in shutting off the water meter, calls reporting damaged meter box and cover, reports of leaking or damaged fire hydrants and report of white milky water, and non-water emergency calls mainly customer inquiries. Work orders were generated and all calls resolved. Leak after the meter needs to be addressed by the customer.

- For the month of January, Operations Division responded to three (3) emergency calls for hydrant hit by a vehicle.

Fleet, Inventory, Warehouse and Baseyard Area

- For the month of January 2020, a total of one hundred seventy six (176) work orders were issued for Operations Division. Works included: electrical repairs and maintenance; automotive repairs and maintenance including power generator maintenance; Hawai’i One Call requests for markings; water meter installation and replacement; service lateral installations; leak repairs; well, tank site and PRV maintenance; replace damaged meter boxes; repair defective meters; replace damaged or leaking hydrant; door-to-door customer notifications for tie-ins of new lines to existing lines as well as notifications regarding scheduled repairs; callouts due to customer complaints/reports; meter replacement requests; Hawai’i One Call relative to contractor’s requests for markings.

- For the month of January 2020, twenty-five (25) Hawaii One Call requests for markings were received. Also, forty-five (45) meters were maintained, replaced, repaired, issued and installed.
County Of Kauai - DEPARTMENT OF WATER
Operations Division: Plant & Field
Total Hours for the Month
For the Period: January 2015 to December 2019
## Work Orders by Job Reason Code for Selected Date Range

**Date Range:** 01/01/2019 to 01/31/2020

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<thead>
<tr>
<th># of W/O's</th>
<th>Job Reason Code</th>
<th>Description</th>
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<tr>
<td>18</td>
<td>LEAK-BOX</td>
<td>Meter Box Leak Repair</td>
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<td>39</td>
<td>LEAK-CALOU</td>
<td>LEAK CALL OUT</td>
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<td>4</td>
<td>LEAK-CUST</td>
<td>Customer-Side Leak Repair</td>
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<td>68</td>
<td>LEAK-MAIN</td>
<td>Mainline Leak Repair</td>
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<td>116</td>
<td>LEAK-S/L</td>
<td>Service Lateral Leak Repair</td>
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**Work Orders by Job Reason Code**

- LEAK-BOX: 18 (7.3%)
- LEAK-CALOU: 39 (15.9%)
- LEAK-CUST: 4 (1.6%)
- LEAK-MAIN: 68 (27.8%)
- LEAK-S/L: 116 (47.3%)

**Total:** 100.0%
Work Orders by Job Reason Code for Selected Date Range

01/01/2019 to 01/31/2020

# of W/O's | Job Reason Code | Description
---|---|---

Number of Leak Repairs per Month

Number of Leak Repairs

0/0 2/0 4/0 6/0 8/0 10/0 12/0 14/0 16/0


Legend:
- LEAK-BOX
- LEAK-CALOU
- LEAK-CUST
- LEAK-MAIN
- LEAK-S/L
### Monthly Water Produced, Customer Meter Read and Waterloss Comparison For Calendar Year 2019

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<tbody>
<tr>
<td><strong>Produced (Kgals.)</strong></td>
<td>334,975</td>
<td>356,763</td>
<td>346,567</td>
<td>360,202</td>
<td>397,657</td>
<td>422,007</td>
<td>415,074</td>
<td>421,216</td>
<td>388,079</td>
<td>353,485</td>
<td>354,625</td>
<td>345,277</td>
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<td><strong>Waterloss (Kgals.)</strong></td>
<td>35,310</td>
<td>50,952</td>
<td>43,435</td>
<td>35,135</td>
<td>64,385</td>
<td>49,046</td>
<td>54,181</td>
<td>54,301</td>
<td>63,439</td>
<td>49,333</td>
<td>48,496</td>
<td>62,408</td>
<td>610,419</td>
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<td><strong>Waterloss (%)</strong></td>
<td>10.5</td>
<td>14.3</td>
<td>12.5</td>
<td>9.8</td>
<td>16.2</td>
<td>11.6</td>
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<td><strong>Waterloss ($)</strong></td>
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### VOLUME (KGALS)

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### WATER LOSS

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**MONTH PRODUCED/READ**

**WATER LOSS**

**MONTH PRODUCED/READ**
MANAGER’S UPDATE

February 28, 2020

Pursuant to Board Policy No. 3

CONTRACTS AWARDED/EXTENSION/AMENDMENTS:

1. MEMORANDUM OF AGREEMENT BETWEEN THE DEPARTMENT OF WATER AND THE DEPARTMENT OF HEALTH KAUA‘I LABORATORY WITH NO FUNDING

FUNDING:
NO FUNDING REQUIRED

BACKGROUND:
In the event of a significant disruption to laboratory functionality due to natural disaster, loss of electrical power and/or water, or other emergency, potable water analysis can be performed at the laboratory that is most functional.

There has always been an informal agreement between the two laboratories that we would help each other out in emergencies. However, DOH Kaua‘i Laboratory would like a formal MOU to be included in their emergency plan. The MOU would benefit KDOW as well in case, or when Carl Arume is not here during an emergency and there needs to be cooperation between the two laboratories. The MOU would serve as a basis of that cooperative effort.

The MOU would be effective for 5 years and can be renewed in 5 year intervals

2. 1ST AMENDMENT TO CONTRACT NO. 669, JOB NO. 18-07 KUKUIOLONO UST AND TANK REMOVAL WITH ENVIROSERVICES AND TRAINING CENTER, LLC FOR A 270 DAY TIME EXTENSION AND ADDITIONAL FUNDING IN THE AMOUNT OF $25,582.01

FUNDING:

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<th>Account No.</th>
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<tr>
<td>Funds Available</td>
<td>Verified by WWC</td>
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<td>$</td>
<td>405,000.00</td>
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| Contract No. | 669 |
| Vendor | EnviroServices & Training Center, LLC |
| Contract Amount | $25,692.54 |
| 5% Contingency | $1,285.00 |
| Total Funds Certified To Date | $26,977.54 |
MANAGER’S UPDATE
Re: Manager’s Update for January 2020 to February 2020
February 28, 2020
Page 2 of 8

First Amendment:

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<th>Additional Funds for Air Monitoring and Soil Sampling</th>
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<td>Total Amendment</td>
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<td>Contract Amount To Date</td>
<td>$ 51,274.55</td>
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<td>Fund Balance</td>
<td>$ 379,417.99</td>
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BACKGROUND:

Contract NTP Date: November 26, 2018
Original Contract End Date: May 24, 2019
New Contract End Date: December 10, 2020

In 2007, an effort was made to execute a land swap exchange between DOW, the County of Kaua‘i (County), and the Kukuiolono Trust (Trust). The exchange was meant to provide enough room for the Department of Water to construct a new 0.5MG water tank next to the currently located active water tank on TMK: 2-3-05:025.

The County owns a parcel located on TMK: 2-3-5:006, which contains an abandoned water tank. The Trust owns a parcel located on TMK: 2-3-05:025.

As part of the proposed agreement, prior to the land swap being executed, DOW prepared a demolition plan of the abandoned water tank site and advertised for a construction contractor. Unfortunately, no bids were submitted for the project and one factor seems to be the Department’s requirement for the bidding contractor to meet professional liability insurance coverage for the need of providing industrial hygienist services during the demolition of hazardous materials identified on the tank site.

In an effort to help solicit bidders for the demolition project, the Department is removing the need for the bidding contractor to provide industrial hygienist services (and subsequent liability insurance) and provide the services with an amendment to the contract with EnviroServices.

The proposed amendment is necessary for the Department to provide the necessary industrial hygienist services during demolition. We have reviewed the proposal from EnviroServices for additional services for the work, and the fee is acceptable.

3 2ND YEAR SERVICES TO CONTRACT NO. 670, JOB NO. IT-2019-1, CC&B CLOUD HOSTING AND SUPPORT WITH PRITHIBI CONSULTING SERVICES, LLC IN THE AMOUNT OF $250,000.00

FUNDING:

<table>
<thead>
<tr>
<th>Account No.</th>
<th>10-02-10-561-000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acct Description</td>
<td>WU/IT/Admin/Repairs and Maintenance – Other than Water System</td>
</tr>
<tr>
<td>Funds Available</td>
<td>Verified by WWC</td>
</tr>
<tr>
<td></td>
<td>$ 250,000.00</td>
</tr>
<tr>
<td>Contract No.</td>
<td>670</td>
</tr>
</tbody>
</table>
Vendor: Prithibi Consulting Services, LLC

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Amount</td>
<td>$250,000.00</td>
</tr>
<tr>
<td>5% Contingency</td>
<td>$12,500.00</td>
</tr>
<tr>
<td>Total Funds Certified To Date</td>
<td>$262,500.00</td>
</tr>
</tbody>
</table>

2nd of 5 years:

Funding for 2nd Year Services, 2019-2020 Budget: $250,000.00

Total Funding for 2nd Year: $250,000.00 $<250,000.00>

Contract Amount To Date: $500,000.00

Fund Balance: $0.00

BACKGROUND:
Contract NTP Date: January 30, 2019
Original Contract End Date: January 28, 2024

On October 3, 2016, the DOW moved to our own billing system; Oracle Customer Care & Billing (CC&B). We have since upgraded the system and it is currently on version 2.5.0.2. The Department finds that the need to convert CC&B to a hosted solution is critical to the DOW’s operations to ensure that the billing system is functioning reliably. In addition, a hosted solution will allow for I.T. Staff to focus on the day to day operations of the DOW.

The DOW executed a 5-year contract with Prithibi Consulting Services, LLC on January 4, 2019 for support and management services of DOW’s cloud hosting solutions which include servers, operating systems, software, storage, report writer, backups, networking, and security

4 CONTRACT NO. 691, GS-2020-3, FURNISHING AND DELIVERY OF ONE (1) 4-WHEEL DRIVE SUPER CAB PICKUP TRUCK WITH ACCESSORIES AWARDED TO GILL ISLAND MOTORS, INC. IN THE AMOUNT OF $54,035.88

FUNDING:

<table>
<thead>
<tr>
<th>Account No.</th>
<th>Description</th>
<th>Funds Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-40-00-605-999</td>
<td>WU/Ops/Capital Outlay-Expansion/Misc. Capital Purchases</td>
<td>$475,000.00</td>
</tr>
</tbody>
</table>

Vendor: Gill Island Motors, Inc.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Amount</td>
<td>$54,035.88</td>
</tr>
<tr>
<td>5% Contingency</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Funds Certified To Date</td>
<td>$54,035.88 $&lt;54,035.88&gt;</td>
</tr>
</tbody>
</table>
**Fund Balance**: $420,964.12

**BACKGROUND:**
With the implementation of the Water Audit, the need for leak investigation and remediation has been more evident than before. Addition of this vehicle with the enclosed workpod insert for the truck bed will allow for transport of personnel and leak detection equipment while protecting the equipment in an enclosed space. The 4-wheel drive will allow access to remote sites to respond to leak investigation requests.

**5 CONTRACT NO. 692, GS-2020-2, FURNISHING AND DELIVERY OF HYDRANTS AND APPURTEANCES AWARDED TO PACIFIC PIPE COMPANY, INC. IN THE AMOUNT OF $87,098.73**

**FUNDING:**

<table>
<thead>
<tr>
<th>Account No.</th>
<th>10-40-60-563-010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acct Description</td>
<td>WU/Ops/TandD/Operating Supplies/Invty. Stock (Line 9, Stock Inventory Items)</td>
</tr>
<tr>
<td>Funds Available</td>
<td>Verified by WWC</td>
</tr>
<tr>
<td>Contract No.</td>
<td></td>
</tr>
<tr>
<td>Vendor</td>
<td>Pacific Pipe Company, Inc.</td>
</tr>
<tr>
<td>Contract Amount</td>
<td>$87,098.73</td>
</tr>
<tr>
<td>5% Contingency</td>
<td>$N/A</td>
</tr>
<tr>
<td>Total Funds Certified</td>
<td>$87,098.73</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>$37,901.27</td>
</tr>
</tbody>
</table>

**BACKGROUND:**
On 1/17/20 an Invitation For Bids (IFB) was opened for the subject GS-2020-2 Hydrants and Appurtenances. This IFB was solicited through competitive means and the sole responsive and responsible bidder was determined to have pricing that was fair and reasonable. This IFB was procured in order to restock the Operations Warehouse inventory with regards to hydrants and appurtenances. The year 2019 had an increased number of damaged hydrants and risers requiring materials to be acquired to replenish stock.

**6 1ST AMENDMENT TO CONTRACT NO. 674, JOB NO. 19-02 DEPARTMENT OF WATER BASEYARD MASTERPLAN IN THE AMOUNT OF $62,618.73**

**FUNDING:**

<table>
<thead>
<tr>
<th>FROM: Per Manager’s Report No.20-42</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account No.</td>
</tr>
<tr>
<td>Acct Description</td>
</tr>
<tr>
<td>$</td>
</tr>
</tbody>
</table>
TO:

<table>
<thead>
<tr>
<th>Account No.</th>
<th>10-20-00-604-169</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acct Description</td>
<td>WU/Eng/AdminCapital Outlay-Rehabilitation and Replacement/Capital Purchases</td>
</tr>
<tr>
<td>Funds Available</td>
<td>Verified by WWC</td>
</tr>
<tr>
<td>Contract No.</td>
<td>674</td>
</tr>
<tr>
<td>Vendor</td>
<td>HDR Engineering, Inc.</td>
</tr>
<tr>
<td>Contract Amount</td>
<td>$301,983.34</td>
</tr>
<tr>
<td>5% Contingency</td>
<td>$15,099.00</td>
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<tr>
<td>Total Funds Certified To Date</td>
<td>$317,082.34</td>
</tr>
<tr>
<td>First Amendment:</td>
<td></td>
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<tr>
<td>Additional Funds for Design – Microlab 2nd Floor Temporary Offices, Ref: Manager’s Report No.20-42</td>
<td>$62,618.73</td>
</tr>
<tr>
<td>Total Amendment</td>
<td>$62,618.73</td>
</tr>
<tr>
<td>Contract Amount To Date</td>
<td>$364,602.07</td>
</tr>
<tr>
<td>Fund Balance</td>
<td></td>
</tr>
</tbody>
</table>

BACKGROUND:

Contract NTP Date: December 17, 2018
Original Contract End Date: September 12, 2019
New Contract End Date: Estimate April 14, 2021

The Operations Division office area is overcrowded and there is no space to provide work stations for both vacant positions and positions currently filled. The Baseyard Master Plan Concept B that was adopted by the Board made available the Microlab 2nd floor for renovation with temporary offices to relieve the overcrowding situation. Meetings were conducted with IT staff, Operations staff, and the Manager. Comments were provided and the Manager made the decision to move forward with the renovation of the Microlab 2nd floor to convert the old Board Room into office space. The new temporary offices will house the Chief of Operations, Assistant Chief of Operations, Water Field Superintendent, Water Plants Superintendent, Waterworks Program Technician, and the Senior Account Clerk. This will open up much needed space in the current Operations Office to allow for the filling of vacant positions while also providing work stations for all UPW Working Supervisors including the Water Plant Operator, Construction and Maintenance Worker, Water Meter Mechanic, Maintenance Workers, Lead Pipefitters as well as the Water Service Investigator. Cleaning, reorganizing, and constructing the new temp offices in the Microlab 2nd floor space will increase the amount of floor space for IT staff to utilize. A shared conference room will be available for use by both IT and Ops Admin staff. When the new Ops Admin/Warehouse Building is constructed in Phase 1 of the Baseyard Master Plan, the temporary offices in the Microlab 2nd floor can be repurposed for future use by other parties as deemed necessary by the Department.

The proposed amendment and funding are necessary to obtain the building permit and clearances to allow the Department to construct temporary office space needed to accommodate the growing division until
the new operations building can be constructed. Funds from Engineering professional services account are budgeted for line item “Develop Kapa’a Homesteads Well No. 4 Site Improvements”, but aren’t anticipated to utilize them this fiscal year; therefore, funds will be used for this amendment. In the event that this project is able to be done this year, additional funds will be requested, if needed. We have reviewed the proposal from HDR Engineering, Inc. for additional architectural and engineering services for the work, and the fee of $62,618.73 is acceptable.

This Report to Manager and approval of the First Amendment to Contract No. 674 is contingent upon Board approval of Manager’s Report No. 20-42 to transfer funds from the Engineering Professional Services budget to the Engineering Capital budget.

7 CONTRACT NO. 693, JOB NO. 20-01, KŌLOA WELL D PUMP REPLACEMENT, KŌLOA, KAUA'I HAWAI'I AWARDED TO DERRICK’S WELL DRILLING & PUMP SERVICES, LLC. IN THE AMOUNT OF $128,000.00

FUNDING:

<table>
<thead>
<tr>
<th>Account No.</th>
<th>10-40-00-604-999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acct Description</td>
<td>WU/Ops/Outlay- R&amp;R/Misc. Capital Purchases (Line 7, Pump and Motor Replacement)</td>
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<tr>
<td>Funds Available</td>
<td>Verified by WWC</td>
</tr>
<tr>
<td></td>
<td>$197,100.00</td>
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<table>
<thead>
<tr>
<th>Contract No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor</td>
</tr>
<tr>
<td>Contract Amount</td>
</tr>
<tr>
<td>5% Contingency</td>
</tr>
<tr>
<td>Total Funds Certified</td>
</tr>
</tbody>
</table>

| Fund Balance | $63,100.00 |

BACKGROUND:
Kōloa Well D is one of three deep well pumps that service the Poʻipū area and fill Māhāʻulepū Tanks which have a total capacity of 3 MGs. Kōloa Well D has been in use for the last 37 years, producing 1200 gpm of source water, and finally had a failure of the pump bowls and impellers. Due to the age and condition of the pump and appurtenances, we will be replacing all old parts with new.

WAIVER, RELEASE & INDEMNITY APPLICATIONS:
None
STAFF REPORTS - FY 19-20:

PERSONNEL MATTERS

February 19, 2020

Administration

IT Division
1. Information Technology Specialist III #2615. Working with DHR regarding eligibles list.
2. Waterworks Information Technology Manager #2485. Working with DHR regarding eligibles list.

Fiscal Division
1. Assistant Waterworks Controller #2619. Pending eligibles list from DHR. Received eligibles list.

Construction Management Division
1. Civil Engineer V #2355. Received eligibles list.

Engineering Division
1. Civil Engineer II #2458. Received eligibles list.

Water Resources & Planning Division
1. Civil Engineer I #2494. Submitted request for eligibles list.

Operations Division
1. Equipment Operator II #2439. Pending eligibles list.
2. Lead Water Meter Mechanic #2616. Pending eligibles list.
4. Senior Account Clerk. Pending eligibles list.
5. Utility Worker #2438. Working with DHR on start date.
6. Utility Worker #2612. Received eligibles list.

HIRE/SEPARATION/POSITION CHANGE

3. Engineering Drafting Technician III #2352. Separation 2/28/2020 COB.
Pursuant to Board Policy No. 24

**CONVEYANCE OF WATER FACILITIES $36,000.00**

<table>
<thead>
<tr>
<th>Date</th>
<th>Name of Donation</th>
<th>Location</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/28/2020</td>
<td>Alexander Christopher Youn, Avery Hana Youn, Trustees of the Youn Family Revocable Trust dated September 27, 1993</td>
<td>Kapaa</td>
<td>$36,000.00</td>
</tr>
</tbody>
</table>

**CUSTOMER CARE AND BILLING (CC&B) SYSTEM UPDATE:**
None

**I.T. STRATEGIC PLAN UPDATE:**
*These updates will be placed in the Quarterly reports per Board action during the July 26, 2019 Regular Board meeting. The current update is in the October 25, 2019 Regular Board meeting.*

**I.T. INITIATIVES UPDATE:**
*February 6, 2020*

I.T. Update
February 2020 Board Meeting Update
Help Desk:
January No. of Received Tickets: 167
January No. of Resolved Tickets: 146
Avg Response Time (hrs): 49:46
Avg Resolution Time (hrs): 41:59
Current Open tickets: 15

January Closed Tickets (146):
by Computer Tech: 38
by IT Specialist: 90
by Consultant: 15

DOW I.T. continues to be short-staffed.

I.T. received approval for Microsoft Windows 10 Upgrade and continues to work on the upgrading of staff computers. Windows 7 Operating System is no longer being supported by Microsoft.

I.T. Consultant has created the Admin and Public Relations sight in SharePoint and is currently working with the end users to improve the workflows. Still needs to assess CM, Fiscal, & Operations Divisions.

I.T. Consultant tasked with moving forward with the upgrade or Great Plains and Workplace. Had a meeting with the user group on 1/28/2019.

**DEPARTMENT OF WATER’S CAPITAL IMPROVEMENT PROJECTS REQUESTS FOR STATE AID FOR FY 2020-2021 UPDATE**
None