

**REGULAR MEETING
BOARD OF WATER SUPPLY
Wednesday, January 18, 2006**

The Board of Water Supply, County of Kaua'i, met in regular meeting at its office in Līhu'e on Wednesday, January 18, 2006. Chairperson Sokei called the meeting to order at 10:15 a.m. Manager Tschupp congratulated and presented a lei to the 2006 newly elected Chair Sokei. On roll call, the following answered present:

BOARD: Ms. Josephine Sokei, Chairperson
Mr. Ian Costa
Mr. Donald Fujimoto
Mr. Steven Kyono (left meeting at about 12:10 p.m.)
Ms. Bernie Sakoda
Mr. Myles Shibata (left meeting at about 12:10 p.m.)

Absent & Excused: Ms. Lynn McCrory

STAFF: Mr. Edward Tschupp
Ms. Wynne Ushigome
Mr. Paul Ganaden
Mr. Gregg Fujikawa
Mr. Les Yoshioka
Mr. Bruce Inouye
Mr. Keith Fujimoto
Mr. Galen Nakamura, Special Deputy County Attorney

GUESTS: Mr. Dave Jochim, RW Beck (via conference call)
Mr. Tom Cutting, RW Beck (via conference call)

AGENDA

Chair Sokei re-ordered the Agenda to have Old Business taken up after New Business.

Mr. Shibata moved to approve the Agenda, as amended, seconded by Ms. Sakoda; motion was carried.

MINUTES

Mr. Kyono moved to accept the Regular Meeting Minutes of December 14, 2005, and placed on file, seconded by Mr. Fujimoto; motion was carried.

CORRESPONDENCE/ANNOUNCEMENTS

Re: Water Purification Facility Press Releases in the Sunday, January 1, 2006 issue of The Garden Island and the Thursday, January 5, 2006 issue of The Honolulu Advertiser

Received for the record.

Re: Resignation Letter to the Water Board from Manager and Chief Engineer Edward Tschupp

Manager Tschupp submitted his resignation with reluctance and thanked the Board. The Board also wished Edward Tschupp well. Manager Tschupp added that his present employer would assist with the transition by still having him available as a resource. Received for the record.

NEW BUSINESS

Re: Election of Officers for Year 2006

Mr. Fujimoto moved to approve the following slate of officers for 2006 that were recommended by the Committee of the Whole at the December 14, 2005 Committee Meetings, seconded by Mr. Kyono; motion was carried.

Chairperson: Josephine Sokei
Vice Chairperson: Myles Shibata
Secretary: Lynn McCrory

Re: Appointment of Public Affairs, Finance, and Rules Committees

Chairperson Sokei appointed the following Chairs and members of the Public Affairs, Finance, and Rules Committees:

Finance Committee

Steven Kyono, Chairperson
Ian Costa
Donald Fujimoto
Lynn McCrory
Bernie Sakoda
Myles Shibata
Josephine Sokei

Steven Kyono
Lynn McCrory
Myles Shibata
Josephine Sokei

Rules Committee

Lynn McCrory, Chairperson
Ian Costa
Donald Fujimoto
Steven Kyono
Bernie Sakoda
Myles Shibata
Josephine Sokei

Public Affairs Committee

Bernie Sakoda, Chairperson
Ian Costa
Donald Fujimoto

Received for the record.

Re: Final Annual Audit Report

The Board of Water Supply, at its December 14, 2005 Finance Committee Meeting, accepted the draft report on the Department of Water's annual audit. Our auditor, KMH, LLP, finalized and submitted the annual audit, along with the Management Report.

Mr. Kyono moved to approve the Final Annual Audit Report, seconded by Ms. Sakoda; motion was carried.

Manager Tschupp commended Waterworks Controller Ganaden on a job well done.

**Re: Claim Filed by LaVerne Bishop for Damages to Private Property Situated at
TMK: (4) 2-4-1: 5, Portion of Kalāheo Homesteads, Kalāheo, Kaua'i, Hawai'i**

Recommendation:

The Department requested Board approval to pay the claim filed by LaVerne Bishop for property damages incurred at her residence at TMK: (4) 2-4-1:5 in Kalaheo. The damages resulted from a landslide, which occurred during the early morning of Sunday, January 23, 2005 and coincided with a water standpipe break along Wawae Road.

The total claim amount filed by the claimant was \$32,067.20.

Funding:

The Department recommended that Account No. 60 – Insurance and Bonds (Water Utility Funds) be charged for the payment of the referenced damage claim.

Background:

Although the Department of Water was unable to ascertain the direct cause and sequence of events that caused the landslide, it was evident that the broken water main did contribute to the damages sustained on the Bishop's property. As such, in order to remediate the dirt and debris deposited on the Bishop's property, the Department procured the services of a Contractor to re-grade and clean up the lower section (from the toe of the steep slope to the stream) of the slide. The cost of this emergency remediation work was \$28,000.

Subsequently, the homeowner (Ms. Bishop) filed a claim notice on July 7, 2005 with County Clerk's Office for \$22,867.20. This initial claim, however, did not include the cost of repairing the concrete masonry unit (CMU) wall damaged as a result of the incident. (Reference Investigative Report Request, Tracking No. 05-901 transmitted by James K. Tagupa, Deputy County Attorney). Based on the Department's desire to process the damage claim in its entirety, we requested the homeowner provide the additional cost estimate for the wall repair prior to the Department proceeding to resolve the claim. (Based on our discussion with the homeowner, these are all the claims she is seeking to recover. No additional damage claims are forthcoming.)

On December 2005, the Department received the cost estimate for the repairing the CMU wall. The cost estimate received indicated the price for constructing a 60-ft long, 4-ft high wall was \$9,200. In preparing our recommendations for settling the claim, we visited the site on December 16, 2005 to verify the length of the proposed wall restoration. Due to the re-grading of the site during the remediation work, it was difficult to accurately delineate the location and length of the existing wall terracing the garden area.

Based on our review of the information collected and provided by the homeowner, it appeared the length of the CMU wall restoration (60-ft) exceeds the original (45-ft) masonry wall (as identified in initial claim statement). If the length of the wall restoration were reduced to 45-ft, the proportionate cost reduction would be \$2,300, which would reduce the total damage claim to \$29,767.20.

However, since the Department does not have first-hand knowledge of the pre-existing condition of the property prior to the landslide, we concur and rely on the homeowner's assessment that the original contour of the land and the water run-off patterns appear to have been significantly altered by the mounding of the boulders and debris along the back of the property. Therefore, in light of the extent of the damages incurred to the property, the inconvenience and time expended to resolve this incident, we recommend approving the homeowner's total claim of \$32,067.20 for damages to the claimant.

On query by Mr. Kyono, Deputy Manager Ushigome explained that Ms. Bishop tried to get more quotes but received only one quote to repair her wall as Ms. Bishop's house and property is situated as such that to renovate the damages in her backyard it would be problematic to get equipment to the back of her property. Her property has a stream on one side and a slope on the other. Therefore, Ms. Bishop had a difficult time to get quotes from companies that does this type of restoration, which could also be probably due to the current economy that makes most companies very busy.

Mr. Kyono felt that the Department should have a policy in place that has the claimant show written documentation that more than one bid was sought. Otherwise, a bad precedent

might be set. Waterworks Controller stated that the County's Claim Form does state that 3 bids are to be submitted.

Mr. Shibata added that this restoration project looks like it will be complex as it also includes civil work, rockscape, and drainage, in addition to simple landscaping and restoration.

On query by Mr. Kyono, Manager Tschupp stated that it was very rainy during that period of the landslide.

On query by Mr. Shibata, Waterworks Legal Advisor stated that Ms. Bishop would be required to sign a waiver and release with the County Attorney's Office that she agreed that this would be the final payment paid by the Department of Water, with no further claims allowed.

Mr. Kyono moved to approve Ms. Bishop's total claim amount of \$32,067.20, seconded by Mr. Shibata; motion was carried.

Manager Tschupp thanked Deputy Manager Ushigome who has been hands on and working diligently with Ms. Bishop to bring this matter to closure and he also thanked Bill Eddy of the Operations Division for his assistance.

Re: Discussion between the Water Board, Kaua'i Water Department Staff and RW Beck, Inc concerning scope of work for a Strategic and Business Plan for the Kaua'i County Water Department

Recommendation:

The Board of Water Supply (Board) to review the draft scope of work and provide Board input to the consultant.

Funding: Not Applicable.

Background:

The Department of Water has completed the Professional Services selection process for the Strategic and Business Plan Project that has been funded for the current fiscal year. The selected consulting firm is RW Beck, and they have submitted a draft scope of work and fee proposal for review by the Department. Board input on this scope is requested, and the Department has arranged for a telephone conference call with the consultant project staff to allow for discussions with the Board and the consultant.

The approach proposed by the consultant is highly interactive with Department staff, which is intended to allow key issues to be identified and fully discussed. Most importantly, the study is intended to be conducted through the facilitated discussions in a fashion that leads to building consensus on the issues of importance to the Department. Important outcomes of the project will include documentation of key business processes of the Department, along with a clear understanding of how the Department conducts business and a mutual understanding among internal and external stakeholders of the future direction of the Department in meeting our future needs.

A conference call was setup at 11:00 a.m. with RW Beck at their Seattle Office. This matter was temporarily tabled until it was time to make the 11 a.m. phone call.

Re: Appointment of Wynne Ushigome as Acting Manager and Chief Engineer of the Kaua'i County Water Department

The resignation of Edward Tschupp as Manager and Chief Engineer of the Department of Water will be effective at the close of business on Tuesday, January 31, 2006. Given that Mr. Tschupp's resignation will effectively leave Deputy Manager Wynne Ushigome in charge of the Department, it was recommended that the Board approve the temporary appointment of Ms. Ushigome as Acting Manager and Chief Engineer effective Wednesday, February 1, 2006, and that this appointment be effective until rescinded by the Board.

Mr. Fujimoto moved to approve the temporary appointment of Ms. Wynne Ushigome as Acting Manager and Chief Engineer, seconded by Mr. Kyono; motion was carried.

Chair Sokei requested that all the division heads give Acting Manager and Chief Engineer Ushigome all of their support, more so now that the Engineering Division Chief position is also vacant.

Re: Discussion and Action Steps concerning Selection Process for new Manager and Chief Engineer of the Kaua'i County Water Department

Chair Sokei reported that given the resignation of Edward Tschupp as Manager and Chief Engineer of the Department of Water effective February 1, 2006, the Board must begin discussion on action steps necessary to engage a new Manager and Chief Engineer.

In this vein, Waterworks Legal Advisor Galen Nakamura referenced a copy of his January 10, 2006 e-mail which describes the minimum job qualification and residency requirements that the new manager must satisfy.

The most recent instance in which Kaua'i's Water Board utilized an open search for a new manager occurred during the early 1990s with the hiring of Mr. Murl Nielsen. However, information within the Department regarding Mr. Nielsen's hiring was difficult to come by as it appears that this information was maintained by then Board Chair Steve Oliver.

Debra Togioka, the Department's personnel specialist, provided information regarding the selection process that the Honolulu Board of Water Supply recently employed to replace Mr. Clifford Jamile. She also submitted some background of the job posting and duties of the Manager and Chief Engineer position when it was vacant in 1993. Also, submitted were job posting, duties and interview questions for the Deputy Manager-Engineer position when it was vacant in 2003.

Chair Sokei stated that Mr. Kyono was the only board member that was here previously in 1992 when the previous board conducted interviews for the vacant Manager's position so it was hoped that we could tap his memory on the process.

The Board discussed on what requirements should be stated in the Manager's recruitment ad, whether a minimum of 10 years experience in the utility water supply business, would be a good baseline or possibly too stringent.

Mr. Kyono stated that the main matter at hand is that the Department of Water is a semi-autonomous agency that has typically been governed by the Kaua'i County Council as far as salaries.

Mr. Fujimoto questioned the Board's authority to do anything to change the salaries. Waterworks Legal Advisor Nakamura replied that a charter amendment would be required as

per the Kaua'i County Charter, Section 3.11 of the 1988 Amendments to the Charter, which states that the Council by ordinance shall fix the salaries of those officers and employees, identified as department heads, officers (excluding councilmembers), and employees who are exempt from civil service. Therefore, an option would be to lobby the Councilmembers.

Mr. Shibata recommended a proactive stance to probe into the possibility of changing the ordinance while advertising for a new manager. If we do have a hard time to find a new qualified manager, there would be a clear message that a change needs to be done.

The Board concurred to be proactive to research whatever avenue it may be to upgrade the Manager's salary.

Waterworks Legal Advisor Nakamura informed the Board that the Kauai Charter Commission is presently working on revising the Kauai County Charter and touching upon the revision of the Salary Commission and using Honolulu's charter as a reference.

This matter was temporarily tabled to make our scheduled conference call with RW Beck on the next agenda item.

Re: Discussion between the Water Board, Kaua'i Water Department Staff and RW Beck, Inc concerning scope of work for a Strategic and Business Plan for the Kaua'i County Water Department

Since it was time to have our pre-scheduled conference call, the agenda was re-ordered and this agenda item was brought up again. The call was made at about 11:10 a.m. to RW Beck and introductions were made.

Ed Tschupp: Manager Tschupp stated that the staff met last week and reviewed the scope of work. There was some concern of the timing of this plan and moving forward at this time with his departure from the DOW.

Dave Jochim: The issues that the DOW are facing is still there, regardless of Ed's departure; therefore, he felt that the process should still continue. The process that they are using typically appoints 'a learner' of the process or someone that would be trained and would take the lead in about a year's time to update the plan annually. They figured that to get a Manager replacement would take about a year, which would work that the learner would work with the new Manager to do the annual update.

RW Beck would work with the Board to identify the strategic direction of the organization and the critical things that they want the Department to accomplish. They felt that this would be an useful tool to show potential applicants and/or the new Manager the direction that the DOW would want to take and identified strategies on how that would be accomplished.

Tom Cutting: The strategic planning process could be done in either of 3 ways: 1) it could be written by one person, which would typically end up on a bookshelf unused; or 2) it could also be done by a small group of people, which would also typically end up on a bookshelf unused; or 3) to work with the entire department and get 100% endorsement from the organization from top to bottom. This then becomes a dynamic document as everyone in the organization agrees with the result and is a working document that is updated annually. He added that the strategic planning process normally takes about 4 to 4-1/2 months to complete.

Steven Kyono: Mr. Kyono asked if 100% of the employees are involved in this process or is it only with a select group. Mr. Jochim stated that they would work with a core planning team

which would include management, division heads, the opinion leaders or up and coming employees that are in the midst of their career with the potential of advancement. The core group is usually limited to not more than 20 employees. The consultant would meet with the core group every 2 weeks and the core group would have assignments in the interim to meet with smaller work groups to get input and comments and then report back to the core group meetings with the consultant. They would also meet and work with the Board for about 30-45 minutes for maybe 3 times during this planning process to give the Board an update and to get input on the process.

Dave Jochim: He stated that they may not get 100% consensus but their goal is to get 100% endorsement, which is 2 different things. For example, endorsement is when the employees acknowledge that they appreciate that they were listened to and were given feedback, they are 80% agreeable with the Department's direction, will not stand in the way of progress, and will be part of the solution and not part of the problem.

Ed Tschupp: He requested that RW Beck give a summary of the results of the strategic planning process that the Big Island's Department of Water Supply went through.

Dave Jochim: They used the same process on the planning effort on the Big Island 1-1/2 years ago. Some of the core group was hesitant about the process as they may have gone through some form of this process before and there were some issues between staff and Board. Through the process, they got solutions that worked for the Department, staff and Board. At the last Big Island's Board meeting in June 2004 when the Board was tasked to approve the Strategic Plan that was done by the staff, one of the Board members questioned some parts of the plan. He felt it was great to see the ownership of the plan by staff members, who were part of the core group, who stood up and assisted with resolving that Board member's issues.

Steve Kyono: He asked if the annual update of this type of document would need a consultant's assistance or could the department do it on their own.

Tom Cutting: Internally, a person would be trained to update the plan.

- 1) Strategic Plan: Establish the strategic plan of the Board and identify no more than 7 issues associated with achieving that direction and then break that issues down into strategies on how we are going to solve these issues.
 - a. Then we peel the onion back and the business plan identifies tactics/specific activities with names on who will be responsible to accomplish the activities. There will be a schedule and a budget to accomplish each activity. The business plan has a 1-year time span.

The learner would initiate the annual update to revisit and see if the issues and strategies are still valid and to eliminate the issues that were resolved. Also, to add any new issues that may have arisen since the last update and to adjust the business plan as well. The strategic and business plan updates should coincide with the annual budget process to ensure that the activities are funded.

It has been typical that RW Beck would participate in the first 1-2 years of the finalization of the plan, visit the departments for a day each to be a resource in case of any type of assistance that may be needed for the continued success of the plans. Thereafter the plan updates would be done internally.

Myles Shibata: He asked RW Beck for their perspective if it is possible if the Board wanted to task RW Beck to compile the Strategic Plan and to see to its execution and its results

versus only delivering the Plan. Mr. Shibata stated that the reason why he asked if that is possible is due to the challenges in the next year with the transition in management and the ongoing need to upkeep Water Plan 2020 to keep up with a fast-growing community.

Tom Cutting: He retracted his statement that only one person would be trained to do the annual update, as the core group would all be trained to do the annual updates. The Board would be included too in the update process. The Board could request for quarterly staff updates on their progress in implementing the plan.

He added that RW Beck could nudge the process along by calling the Department every so often, to minimize costs, and to mentor the staff.

Ian Costa: On query by Mr. Costa, it was confirmed that the core group would need to be represented by each level of the Department to ensure the success of this plan from the entire Department staff.

Donald Fujimoto: On query by Mr. Fujimoto, it was stated that this process is focused to only work with fine tuning the organizational aspect of the Department to accomplish our mission. This is not a master plan, facilities plan or water system supply plan. RW Beck: This process identifies the issues, provides the solutions and holds people accountable.

Ed Tschupp: He added that the Kauai DOW, with the assistance of RW Beck, previously finalized our facilities plan called Water Plan 2020, and now working on our strategic plan with RW Beck, which they would assist us to work on our asset management.

Myles Shibata: With a review of the copy of the Big Island's Strategic Plan, he stated that a lot of his questions were answered and that the study was well done.

Tom Cutting: On query by Mr. Fujimoto of clarifying the role of RW Beck, they stated that their role is to work with our staff as facilitators, take us through a process where our staff will identify critical issues. The core group of 20 would be split up in about 5 teams that would work on different assignments identifying strategies to resolve the issues and then report back to the core group to get critiqued. This process would add value to the strategies. He added that they are not just regular facilitators but would challenge us to bring new ideas to the table for consideration. They both are licensed engineers that have been working in the water industry for a very long time and have walked in our shoes.

On query by Mr. Shibata, Manager Tschupp stated that he would contact RW Beck to get the hourly breakdown for the as-needed additional work.

On query by Mr. Costa, Manager Tschupp stated that if the fee proposal is within the budgeted amount, the Manager is empowered to award the contract. Mr. Costa also asked to see the draft contract with the hourly breakdowns. It was so noted.

Re: Discussion and Action Steps concerning Selection Process for new Manager and Chief Engineer of the Kaua'i County Water Department (cont'd)

Mr. Costa moved to authorize the Department to move forward, update the advertisement's materials, seconded by Mr. Shibata; motion was carried.

Mr. Kyono added that the Kaua'i County Council need to be approached about our quest to find an avenue to upgrade the Manager's salary. Mr. Costa requested that Waterworks Legal Advisor Nakamura to research this matter and report back at the next meeting to the Board on the strategies on how this matter will be handled.

Re: Job No. 05-02, Hanalei Well, (H-08), and Wainiha Well (HW-12) Exploratory Well Siting and Design

Recommendation:

It was recommended that the Board award a contract to Kodani and Associates, Inc. in the amount of \$250,000.00 to provide engineering consultant services required to design the subject exploratory wells. It was further recommended that additional funds of \$12,500.00 or approximately 5% of the contract amount to be used as contingency funds for a total amount of \$262,500.00. The additional funding of \$62,500.00 is available from Account 301, FRC CIP.

Funding:

Account No. 301, FRC CIP, Project H-08	\$100,000.00	
Account No. 301, FRC CIP, Project HW-12	\$100,000.00	
Subtotal.....		\$200,000.00
Additional Funding Required from Account No. 301, FRC Fund	\$ 62,500.00	
Total Funds Available:	\$262,500.00	
Kodani's Contract	<\$250,000.00>	
Contingency.....	<\$ 12,500.00>	<\$262,500.00>
Remaining Balance, Account 301B, FRC Fund	\$	<u>-0-</u>

Background:

For these two exploratory wells, the required scope includes identification of appropriate well sites, permitting of the exploratory wells and designing the exploratory wells. It is anticipated that for both of these wells, the site that will be selected will probably be located within the conservation district, and therefore conservation district use applications (CDUA's) will be required for each well, in addition to completing the Environmental Assessments that are typically required for well drilling. This consideration, along with the need for geologic evaluation to determine appropriate exploratory well sites results in additional costs relative to the budget of \$100,000.00 more typically reserved for exploratory wells.

The Engineering Division negotiated with Kodani and Associates, Inc. to provide the engineering consultant services required to prepare the construction plans and specifications for the subject project. The Division's review of the consultant's fee proposal shows it to be acceptable and reasonable for the quantity and complexity of the work required.

Ms. Sakoda moved to approve to award a contract to Kodani and Associates, Inc. in the amount of \$250,000.00 to provide engineering consultant services required to design the subject exploratory wells and to approve additional funds of \$12,500.00 or approximately 5% of the contract amount to be used as contingency funds for a total amount of \$262,500.00, with the additional funding of \$62,500.00 from Account 301, FRC CIP, seconded by Mr. Kyono; motion was carried.

Manager Tschupp corrected that the Account No. should be from Account No. 301B, FRC Fund. Mr. Costa moved to approve the amendment, seconded by Mr. Fujimoto; motion was carried.

Re: Conveyance of Water Facility from Thomas Godbey for the Water Meter Installation Plan for Lots 84-A, 85-A, and TMK (4) 1-9-11:03 at Hanapepe, Waimea, Kaua'i, Hawaii Project; TMK: (4) 1-9-11:001, 002 & 003; Hanapepe, Kauai, Hawaii

Mr. Kyono moved to approve the Conveyance of Water Facility from Thomas Godbey, seconded by Mr. Fujimoto; motion was carried.

Re: Conveyance of Water Facility from Bette Midler for the Water Meter Installation for Exclusion 13, Haena Hui Lands, at Haena, Hanalei, Kaua'i, Hawaii Project; TMK: (4) 5-9-03:008; Haena, Hanalei, Kauai, Hawaii

Mr. Kyono moved to approve the Conveyance of Water Facility from Bette Midler, seconded by Mr. Fujimoto; motion was carried.

Re: Grant of Easement from D.R. Horton – Schuler Homes, LLC. for the Ho'okena at Puhi/Halelani 1E Project; TMK: (4) 3-3-03:036; Puhi, Kaua'i, Hawai'i

It was recommended that the Board approve the Grant of Easement document whereby, D.R. Horton – Schuler Homes, LLC., grant to the Board of Water Supply, County of Kauai, a perpetual easement, Easement "W", on, over and under that certain parcel of land located in TMK: (4) 3-3-03:036; Puhi, Kauai, Hawaii, for the construction, installation, reinstallation, maintenance, repair and removal of a potable water pipeline with meters, valves, hydrants and other waterworks appurtenances, together with the right of ingress and egress at any time to and from the said easement area with or without vehicles or other equipment as the Department of Water shall deem necessary for the proper operation of its water system for the Ho'okena at Puhi/Halelani 1E Project; TMK: (4) 3-3-03:036; Puhi, Kaua'i, Hawai'i.

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

Mr. Costa moved to approve the Grant of Easement from D.R. Horton-Schuler Homes LLC with the indemnification provision, seconded by Mr. Fujimoto; motion was carried.

Re: Conveyance of Water Facility from D.R. Horton – Schuler Homes, LLC. for the Ho'okena at Puhi/Halelani 1E Project; TMK: (4) 3-3-03:036 Puhi, Kauai, Hawaii

Mr. Kyono moved to approve the Conveyance of Water Facility from D.R. Horton-Schuler Homes, LLC, seconded by Mr. Fujimoto; motion was carried.

Re: Conveyance of Water Facility from Dora M. Yoshimoto for the Water Service and Fire Hydrant Installation for Lots 1-B-2 and 1-B-3, Wailua Homesteads, at Wailua, Kaua'i, Hawaii Project; TMK: (4) 4-2-03:058 & 064; Wailua, Kauai, Hawaii

Mr. Kyono moved to approve the Conveyance of Water Facility from Dora M. Yoshimoto, seconded by Mr. Fujimoto; motion was carried.

Re: Resolution No. 6 (04/05), Mahalo and Aloha Wayne Hori

Mr. Costa moved to approve Resolution No. 6 (04/05), Mahalo and Aloha Wayne Hori, seconded by Mr. Kyono; motion was carried.

Re: Resolution No. 7 (04/05), Mahalo and Aloha Edward Tschupp

Mr. Costa moved to approve Resolution No. 7 (04/05), Mahalo and Aloha Edward Tschupp, seconded by Mr. Fujimoto; motion was carried.

Mr. Kyono and Mr. Shibata were excused from the meeting at about 12:10 p.m.

Re: Manager's Top 5 Goals for Year 2006

Recommendation: Not Applicable

Project Funding: Not Applicable

Background:

The following goals were identified as the Manager's Top Five Goals for the Year 2005:

1. Develop and Implement a Successful Communications Strategy Regarding the Introduction of Surface Water into the Līhu'e-Hanamā'ulu Water System.
2. Improve Departmental Internal Communications and Establish a Staff Development Plan.
3. Proactively Address Legislative Concerns of the Department.
4. Adopt the 2005 Errata to the Water System Standards.
5. Develop and Begin Implementation of Projects that address the Source and Storage Deficiencies of the Kīlauea Water System.

Communications Strategy for the Surface Water Project.

There has been a lot of effort in providing communications to internal and external stakeholders and the public regarding the need for and potential water quality concerns associated with the introduction of surface water into the Lihue-Hanamaulu Water System. So far, the project start-up has gone smoothly due in great part to the hard work, dedication of DOW staff and the entire Grove Farm project team. Key to this has been the pro-active evaluation and resolution of potential impacts of the new water within the distribution system.

Hopefully, the phased introduction of the new source water will continue to be without controversy. Problems may develop, and will need to be addressed. I believe the Department's efforts over the past year to foster understanding of the important change in our water supply situation will help maintain public confidence in the Department even if a challenge develops, and I have even greater confidence that the Department will be able to effectively resolve any such challenges.

Internal Departmental Communications and Staff Development Plan.

Internal communications remains a significant area where the Department can make improvements. Hopefully, filling the Public Affairs staff position in the near future will provide needed staffing for our communications efforts. Open dialogue and evaluation of the Department's organizational needs under the pending strategic planning effort will hopefully serve an additional purpose in internal communications as well as with staff development planning.

Legislative Affairs.

In 2005, the Department made use of opportunities such as the surface water project to build improved relationships with our legislative delegation. The challenge remains of seeking funding for projects that benefit State Facilities and will help address the availability of affordable housing. On January 12, 2006, the Manager and Deputy Manager kicked off the 2006 legislative season with the delivery of our gift baskets to the Governor and Lt. Governor

and key legislators. Mahalo to Rona and her administrative staff for compiling the gift baskets.

Rule Adoption – 2005 Water System Standards and Water Rates.

These goals were completed.

Kīlauea Water System Source and Storage Projects.

Moving forward to secure the State's Moloaa Well is a major accomplishment towards resolving the water source capacity constrain for Kilauea. Upon completion of this objective with approval of our request by the State Board of Land and Natural Resources, I recommend that a high priority be established on design and construction of the pipeline and well site improvements needed to integrate this well into the Kilauea Water System.

In the later part of 2005, tentative agreement for consideration of the Department's needs for a new water storage tank site was obtained from a key property owner, and we had scheduled a site visit with our consultant and the property owner's representation to try to identify an appropriate tank site. Unfortunately, that site meeting was cancelled and needs to be rescheduled. I remain hopeful that discussions with this property owner will succeed in developing a Right-of-Entry and agreement to acquire the site.

Received for the record.

OLD BUSINESS:

Re: Status Report regarding Completion of Grove Farm Properties, Inc.'s Water Purification Facility in Hanamā'ulu, Kaua'i

Recommendation: Not Applicable

Funding: Not Applicable

Background:

As reported in the Public Affairs Committee Report, the water purification facility has been placed into service effective January 3, 2006, and is presently the water source facility serving a portion of Hanamaulu. DOW staff opened the valve at the Maalo Road control valve station in the morning to start the water flow, and closed valves within the distribution system to isolate the surface water service area. Five flushing points were activated to accelerate the movement of the new water into the service area. DOW laboratory, operations and engineering staff carefully monitored the progress of the surface water introduction, using a combination of chlorine residual and phosphate monitoring to distinguish between the surface water and groundwater. At present, the surface water has been on line for more than a week, and there have been very few complaints.

The Department staff has been working closely with Aqua Engineers, the operators of the facility, to coordinate water production, resolve instrumentation problems and adjust chlorine feed levels in order to maintain appropriate levels of chlorine within the service area distribution system. So far, the Department has not experienced an unmanageable level of chlorine demand within the distribution system, and, hopefully, as we build experience with the relationship between chlorine levels at the facility relative to the distribution system, the chlorine levels can be optimized at the facility. Our SCADA system reports continuously the chlorine residual at the facility and at the Maalo Road control valve station, so we can readily observe chlorine levels at these two locations. One problem that had to be addressed during the initial week of operation was calibration and maintenance of the chlorine residual monitoring instruments.

As mentioned in the Public Affairs Committee Report, prior to placing the facility on-line, the Department completed the preparation of an updated customer complaint form and a "surface water complaint information sheet" and training for our staff on handling and tracking any customer complaints originating from actual or perceived changes in water quality from the new water source. Immediately prior to the facility being placed into service, a press release was prepared and distributed. The purpose of the press release was to further provide notice to the public of the pending change, and to also alert the public that DOW crews would be conducting flushing to facilitate the introduction of the new water into the system. Operations crews flushed the distribution system at a rate of approximately 500 gallons per minute continuously for several hours on January 3, 2006. Only limited problems of a low pressure nature along smaller mains were reported due to the flushing program.

As of present, the Department has received very few complaints regarding the surface water in the Hanamaulu service area. It may be too early for problems to be fully developed; however, as every day goes by with minimal complaints, the Department gains confidence that our concerns about potential widespread red water occurrences have been mitigated. The studies conducted at the house on the Grove Farm Museum property appear to have been very successful at determining an approach that minimized red water releases when the new water was introduced into the distribution system. Our strategy of phasing in the new water initially into a relatively limited service area has also no doubt resulted in a more manageable situation.

Now that the plant is on-line and the Department is gaining operational and distribution system experience with the new water, the new step will be to extend the service area to include initially the entire Hanamaulu community. After Hanamaulu, the plan is to extend the service area served by the surface water north towards the coastal area of Kapaa. This will involve consolidation of the Lihue-Hanamaulu Water System with the Wailua-Kapaa Water System, which are currently regulated as two separate systems, but operated to a certain extent as one system. The Department will be seeking State Health Department (DOH) concurrence with this plan, and is in the process of obtaining DOH approval of an extended water quality monitoring plan for the combined systems.

On query by Ms. Sakoda, Manager Tschupp stated that the next phase would include the makai side of Kuhio Highway in Hanamaulu.

Through gradual extension of the surface water service area, over the next couple months the new water purification facility production will be ramped up to allow full utilization of the facility as the primary water source for the entire Lihue-Puhi-Hanamaulu water system and a significant source for the coastal Wailua-Kapaa area.

Received for the record.

REPORTS

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

Received for the record.

Re: Manager's Update for December, 2005 to January, 2006

Contracts Awarded by the Manager: None

Pump Installation Permits Signed by Manager: None

Water Purification Facility Now On-line

As is reported elsewhere, a major milestone was accomplished on January 3, 2006. Mahalo to all the project team in implementing this major new source of water for the Līhu'e-Hanamā'ulu areas. I believe that the future development of the community will be greatly facilitated by the Department embracing a change in our water resource development approach to use the far more abundant surface water resources with which we are blessed.

Automated Meter Reading (AMR) Project

On December 6 and 7, 2005, the Department interviewed the three responsive firms. Following the interviews, the Department requested a "best and final" offer from the three vendors, due January 13, 2006. The Department is currently reviewing the "best and final" offers and anticipate that selection of an AMR vendor will be forwarded to the Board at the February 2006 Board Meeting.

Strategic Plan and Needs Assessment

The Department is negotiating the project scope with the consultant. Deputy Manager Wynne Ushigome will be the Project Manager for this project, and we will be identifying a project steering committee. Interaction with the Board will be scheduled during the course of the project. Contracting for this project is expected to be completed in early 2006.

Pending Grievance Regarding a Reallocation Action.

No additional information is available on the Step 2 Grievance regarding a reallocation action within the Department of Water.

Received for the record.

Re: DOW Quarterly Projects Briefing

A written quarterly report of the status of the DOW's projects, along with an Executive Summary, was submitted for the Board's information.

Manager Tschupp stated that per Ms. McCrory's request he had added a block that gave the status of each project.

Manager Tschupp stated that Page 2 of the Executive Summary shows that the Department has awarded quite a few design contracts in the last few months, several notice to proceeds, etc. The highlights were:

1. The generator shelter project was about ready to bid. The design of this generator shelter project was partially funded by Federal FEMA funds. At this time, as funds are short, the strategy is to bid only the Kilohana tank site.
2. The land deal with the Kauai Community College has been completed which allows the C02 Project.
3. The Department has also received Planning Department permit approval for the Kilauea Booster Pump Project.
4. There was a bid opening for the Poipu Road 16-Inch Waterline and working on contracting that project.
5. Construction has started at Hanamaulu Well No. 4 by R. Electric.
6. Eleele Road waterline project has been completed.

7. Kuhio Highway Waterline Project fronting the Coco Palms Hotel is expected to start late February or early March, 2006.

Manager Tschupp reported that additional information was also included in the Projects Briefing as Waterworks Accountant Clarita Remigio submitted a spreadsheet that showed the status of all the CIP projects.

Manager Tschupp added that he commended the Engineering Division who had resolved most of the past pending procurements that were backlogged for a while. He also added that:

1. Funding was pulled for the Anahola Well No. 4 Project due to property access problems.
2. The Seyer portion of the Kahuna Road waterline project is done and the DOW has also selected a consultant to design the rest of the waterline.
3. Almost all of the 2004 projects have been awarded and a lot of the 2005 projects are being awarded.

Received for the record.

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

This matter was already taken care of in Committee Meetings.

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

This matter was already taken care of in Committee Meetings.

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

This matter was already taken care of in Committee Meetings.

TOPICS FOR NEXT WATER BOARD MEETING

1. Board's Finance, Public Affairs, and Rules Committee Meetings

TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Board's Finance, Public Affairs, and Rules Committee Meetings
2. Follow-up Report on Infrastructure Rebates to the Kaua'i County Water Department
3. Quarterly Report regarding Kaua'i County Water Department Manager's Top 5 Goals for 2006 (April, 2006)
4. Kauai County Water Department Briefing on Departmental Projects (April, 2006)

NEXT WATER BOARD MEETINGS (Note: Water Board Meetings were re-scheduled to the 3rd Tuesdays of each month starting from March, 2006 due to County Council's rescheduled meetings to Wednesdays.)

1. Wednesday, February 15, 2006, 10:00 a.m.
2. Tuesday, March 21, 2006, 10:00 a.m.
3. Tuesday, April 18, 2006, 10:00 a.m.

WATER BOARD'S UPCOMING EVENTS

1. AWWA Hawaii Section Workshop on Kauai, **February 23 - 24, 2006**
2. Annual AWWA Hawaii Section Conference on O'ahu, **May 9 - 12, 2006**
3. American Water Works Association (AWWA) National Conference **June 11-15, 2006** at San Antonio, Texas

EXECUTIVE SESSION

Pursuant to Hawaii Revised Statutes (HRS) §92-7(a), the Board may, when deemed necessary, hold an executive session on any agenda item without 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 Haw. Rev. Stat. §§92-4, 92-5(a)(4), the purpose of this executive session is to permit the Board of Water Supply to deliberate upon and consult with the Board's legal counsel on questions and issues relating to a proposed settlement of a claim filed by Laverne Bishop for damage to her property located in Kalāheo, Kaua'i, at Tax Map Key No. (4) 2-4-1:Parcel 5

This consultation involves consideration of the powers, duties, privileges, immunities, and/or liabilities of the Board and the Department of Water as they relate to this agenda item.

The Board may take any appropriate action or make any decision arising from its deliberations concerning this item, including approval or modification of the proposed settlement in this case. Actions may be taken or decisions may be made in executive session pursuant to Haw. Rev. Stat. §92-5(b).

No executive session was convened at this Regular Meeting.

ADJOURNMENT

There being no further business, Mr. Costa moved to adjourn the meeting at 12:35 p.m.; seconded by Ms. Sakoda; motion was carried.

Respectfully submitted,

Rona Miura, Secretary

APPROVED:

(for) Edward Tschupp
Manager and Chief Engineer

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