

REGULAR MEETING MINUTES  
BOARD OF WATER SUPPLY  
Thursday, January 20, 2011

The Board of Water Supply, County of Kaua'i, met in regular meeting at its office in Lihu'e on Thursday, January 20, 2011. Chairperson Randall Nishimura called the meeting to order at 2:32 p.m. On roll call, the following answered present:

**BOARD:** Mr. Roy Oyama, Chairperson  
Mr. Larry Dill  
Mr. Leland Kahawai  
Mr. Raymond McCormick  
Mr. Randall Nishimura

**Absent & Excused:** Mr. Michael Dahilig

**STAFF:** Mr. David Craddick  
Mr. William Eddy  
Mr. Keith Aoki  
Mr. Edward Doi  
Mr. Dustin Moises  
Ms. Faith Shiramizu  
Ms. Marites Yano  
Mr. Aaron Zambo  
First Deputy County Attorney Amy Esaki

**GUESTS:** Mr. Jerry Kaluna

Quorum was achieved.

**AGENDA:**

Mr. Nishimura requested to have approval of the November 18 Minutes removed from this Agenda and included in the next month's Agenda, and moved to approve the Agenda as modified, seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

**MINUTES:**

**Regular Meeting Minutes, November 18, 2010**

This item will be on the February 17, 2011 Agenda.

**Regular Meeting Minutes, December 16, 2010**

Pages 8 and 9 would reflect passing of Resolution No. 9 by four votes as Mr. McCormick was absent and not voting, and Page 18 would reflect that Manager Craddick stayed in the meeting for the final Executive Session. Mr. Nishimura moved to approve the Minutes of the December 16, 2010 Regular Meeting as amended, seconded by Mr. Dill, by a unanimous vote; motion was carried.

**CORRESPONDENCE / ANNOUNCEMENTS:**

None.

## **BOARD COMMITTEE REPORTS**

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

The Rules Committee met with one item on the Agenda:

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

- i. Attached Proposed Draft Bill No. 2380

As no comments had been received from Planning, Mr. Nishimura stated the Rules Committee had deferred this item to the next meeting. Mr. Nishimura moved to accept the Rules Committee report, seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

### **Re: Committee of the Whole of the Kaua'i County Board of Water Supply**

The Committee of the Whole met with two items on the Agenda:

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

Chair Oyama stated that the Committee of the Whole had deferred this item to the next meeting. Mr. Kahawai moved to receive the Committee of the Whole Report on this item, seconded by Mr. Nishimura; by a unanimous vote; motion was carried.

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

Chair Oyama stated that the Committee of the Whole had deferred this item to the next meeting. Mr. Nishimura moved to receive the Committee of the Whole Report on this item, seconded by Mr. McCormick; by a unanimous vote; motion was carried.

## **OLD BUSINESS**

### **Re: Manager's Report 11-20 – REVISED - Transfer of SRF Funded Projects to BAB funding.**

#### **RECOMMENDATION**

Manager Craddick requested to rescind this prior request, as listed below, as we know as certainly as we can that DOW faces no loss of interest subsidy for failure to spend down BAB proceeds.

Without an interest subsidy loss threat coupled with the Boards approval last month of \$8.8 million in additional projects Manager Craddick does not feel it is in our best interest to give up approx \$ 0.6 million cash to get a cash flow benefit of \$31K per year for the next twenty years.

#### **PRIOR RECOMMENDATION**

Board approval was requested to recertify the funding for certain DOW projects from SRF loans to BAB funds in the total amount of **\$3,883,607.09**.

Debt service payments for the SRF loans would increase SRF payments \$320K per year above what they currently are. The subsidized debt service for the BAB would be about \$240K. This is a difference of \$80K. Reimbursement of the listed amounts has not been requested by DOW from DOH administered DWSRF. The ratio of yearly savings to yearly income \$80K/\$20,000K amounts to approximately 0.4% less revenue needed in water rates. The bond funds **must** be expended within three years. DOW cash would be conserved for future projects or delaying future rate increases but would not be subject to arbitrage payments **or reduction of federal subsidy** on bond proceeds for failure to pay out bond funds for the purposes authorized. These are the reasons I am recommending this action.

A detailed list of each project affected with relevant information is listed below.

Contract No.	Description	Amount to be Recertified	SRF Int	Loan Fee	SRF Total	TIC w/subsidy BAB Int**	Approx SRF Debt payments
491	Stable Tank	\$ 1,033,673	0.26%	3.50%	3.76%	2.60%	
492	Stable TK Ph II	\$ 277,296	0.26%	3.50%	3.76%	2.60%	
493	Stable TK Ph I	\$ 250,330	0.26%	3.50%	3.76%	2.60%	\$593,243
	sub total	\$ 1,561,299					
497	Kapilimao Tank	\$ 2,091,182	0.32%	3.50%	3.82%	2.60%	\$802,696
498	Kaunualii Hwy	\$ 231,126	0.42%	3.50%	3.92%	2.60%	\$99,839
	Total	\$ 3,883,607				\$1,972,263	\$1,495,778
	BAB pro rata share of interest	\$ 1,972,263					
	<u>SRF interest</u>	<u>and loan fee</u>					
		\$1,495,778					
		total					(\$476,485) loss

For this transaction there is a net loss of \$476,485 over twenty five years but 1.5% interest on the \$3.9 million is about \$58K per year. I do not expect we would hold on to this money for the length of time needed to make up the difference. We would probably hold it for three years.

The above listed jobs are not complete except the PH I and PH II Stable Tank pipelines.

\*\* To arrive at the BAB interest cost for the SRF projects I took  $\$3883607/\$60000000=6.472678\%$  of the total BAB interest minus the subsidy  $\$30,470579 = \$1,972,263$  This would include issuance costs. This same percentage is used to arrive at the BAB interest related debt service payments above.

The reason the cost is higher for the BAB even though it has the lower interest rate is because the BAB has deferred principal and a longer pay off time (same issue with fifteen year and thirty year mortgage) and on first review does not appear beneficial. The unknown or risk part of this action is the effect of subsidy reduction if we do not spend down the bond proceeds in the required time. However, when we look at the debt service payments noted above we see a different financial view point which you may appreciate.

#### DISCUSSION

Upon query from Mr. Nishimura on what the ultimate list is going to look like with the transfer of the \$3.8 million in revenue funded payments to BAB, Manager Craddick reported that we are not going to fund SRF projects that we could fund with BAB. They will remain on the list but not get any money.

Mr. Kahawai moved to receive the Revised Manager's Report No. 11-20, Transfer of SRF Funded Projects to BAB funding, seconded by Mr. McCormick; by a unanimous vote; motion was carried.

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

Manager Craddick noted that this item had been deferred to the next meeting.

#### NEW BUSINESS

**Manager's Report No. 11-46 – Request Board Approval of the following documents from the following applicants for their respective projects:**

1. **Conveyance of Water Facility from Kukuiula Development Company (Hawaii), LLC, a Hawaii limited liability company for the M2/M3 Subdivision (S-2006-5), TMK: (4) 2-6-015:001, Koloa, Kauai, Hawaii**

It was recommended that the Conveyance of Water Facility document be approved; whereby, Kukuiula Development Company (Hawaii), LLC, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to:

#### Waterline:

- 3,423 lineal feet of 8-inch Ductile Iron Waterline
- 260 lineal feet of 6-inch Ductile Iron Waterline
- 3 each 8-inch Gate Valve including C.I. valve box & cover
- 11 each 6-inch Gate Valve including C.I. valve box & cover
- 11 each Fire Hydrant Assembly w/ 1 - 4 1/2" & 1 - 2 1/2" outlet
- 4 each 2.5-inch Cleanout
- 2 each Copper Air Relief Valve Assembly

- 13 each 1-inch Copper Single Service Lateral for 5/8-inch Water Meter
- 14 each 1-1/2-inch Copper Double Service Lateral for 5/8-inch Water Meter

in place complete, for the M2/M3 Subdivision (S-2006-05), TMK: (4) 2-6-015:001, Koloa, Kauai, Hawaii.

Mr. Nishimura moved to approve the Conveyance of Water Facility from Kukuiula Development Company (Hawaii), LLC, a Hawaii limited liability company for the M2/M3 Subdivision (S-2006-5), TMK: (4) 2-6-015:001, Koloa, Kauai, seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

**2. Grant of Easement from Kukuiula Development Company (Hawaii), LLC, a Hawaii limited liability company for the M2/M3 Subdivision (S-2006-5), TMK: (4) 2-6-015:001, Koloa, Kauai, Hawaii**

It was recommended that the Board approve the Grant of Easement document whereby, Kukuiula Development Company (Hawaii), LLC, a Hawaii limited liability company, grant to the Board of Water Supply, County of Kauai, perpetual easements on, over and under that certain parcel of land (Lots 56, 57, 58 and 59) located in TMK: (4) 2-6-15:001, Koloa, Kauai, Hawaii, for the reading of water meters and for the construction, installation, re-installation, maintenance, repair and removal of potable water pipelines and related meters, valves, and other associated waterworks facilities improvements and appurtenances, together with the right of ingress and egress at any time to and from the said easement area with or without vehicles or other equipment as the Department of Water shall deem necessary for the proper operation of its water system for the construction plans for "M2/M3 Subdivision, S-2006-05", TMK: (4) 2-6-015:001, Koloa, Kauai, Hawaii.

Further, Board approval was 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. Nishimura moved to approve the Grant of Easement from Kukuiula Development Company (Hawaii), LLC, for the M2/M3 Subdivision (S-2006-5), TMK: (4) 2-6-015:001, Koloa, Kauai including its indemnification provision, seconded by Mr. Oyama.

**DISCUSSION**

It was confirmed to Mr. Dill that these are private roads and the Grant of Easement is over the roadway lots.

With no further discussion, by a unanimous vote; motion was carried.

**3. Conveyance of Water Facility from Kaha Kai LLC for the Water Meter Service Connection and Backflow Prevention Assemblies for Kaha Kai Property; TMK: (4) 2-8-017:016, Koloa District, Kauai, Hawaii**

It was recommended that the Conveyance of Water Facility document be approved; whereby, Kaha Kai LLC, transfer unto the Board of Water Supply, County of Kauai, all of its right, title

and interest to: one (1) each, 1-inch copper single service lateral for 5/8" water meter, in place complete, for the Water Meter Service Connection and Backflow Prevention Assemblies Kaha Kai Property; TMK: (4) 2-8-017:016, Koloa District, Kauai, Hawaii.

Grant of Easement not required.

Mr. Nishimura moved to approve the Conveyance of Water Facility from Kaha Kai LLC for the Water Meter Service Connection and Backflow Prevention Assemblies for Kaha Kai Property; TMK: (4) 2-8-017:016, Koloa District, Kauai, seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

**Re: Manager's Report No. 11-47 - Right of Entry Agreement for the Pipeline Replacement from Kilauea to Anini, Job No. 10-01, Water Plan 2020 Project No. ANI-01, affecting the Following Landowners in Kilauea, Kauai, Hawaii: Goo Farms, LLC, affecting Portion of TMK: (4) 5-3-03:058, Kilauea, Kauai, Hawaii**

**RECOMMENDATION:**

It was recommended that the Board approve the Right of Entry documents; whereby, the above landowners, grant to the Board of Water Supply, County of Kauai, a right of entry, on, over and under that certain parcel of land located as specified above in Kilauea, Kauai, Hawaii, for the following work:

1. Survey and pipeline construction, together with the right of ingress and egress at any time to and from the said lot with or without vehicles or other equipment as the Department of Water shall deem necessary to complete the work.

Further, Board approval was specifically requested of the indemnification provision in this agreement; wherein, the Board agrees to indemnify and hold harmless the Grantor 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.

**FUNDING:** Not applicable.

**BACKGROUND:**

Portions of the existing waterlines from Kilauea to Anini will be replaced in 2011. In order to proceed with the design of the waterlines, portions of the area require survey, site visit, etc. The right of entry will also allow the future contractor to replace the required waterlines during the construction phase.

Mr. Nishimura moved to approve the Right of Entry Agreement for the Pipeline Replacement from Kilauea to Anini, Job No. 10-01, Water Plan 2020 Project No. ANI-01, affecting the following Landowners in Kilauea, Kauai, Hawaii: Goo Farms, LLC, affecting Portion of TMK: (4) 5-3-03:058, Kilauea, Kauai, including its indemnification provision, seconded by Mr. Dill, by a unanimous vote; motion was carried.

**Re: Manager's Report No. 11-48 - Right of Entry Agreement Maka Ridge Rehabilitation Plan, Job No. 02-17, Water Plan 2020 Project No. H-01 and H-10, Affecting the Following Landowners in Princeville, Kauai, Hawaii: Princeville Agriculture LLC, affecting TMK: (4) 5-4-03:001, Princeville, Kauai, Hawaii**

**RECOMMENDATION:**

It was recommended that the Board approve the Right of Entry documents; whereby, the above landowners, grant to the Board of Water Supply, County of Kauai, a right of entry, on, over and under that certain parcel of land located as specified above in Princeville, Kauai, Hawaii, for the following work:

1. Survey and pipeline construction, together with the right of ingress and egress at any time to and from the said lot with or without vehicles or other equipment as the Department of Water shall deem necessary to complete the work.

Further, Board approval was specifically requested of the indemnification provision in this agreement; wherein, the Board agrees to indemnify and hold harmless the Grantor 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.

**FUNDING:** Not applicable.

**BACKGROUND:**

Portions of the existing waterlines from Maka Ridge Tank to Kuhio Hwy Road will be replaced in 2011. In order to proceed with the design/construction of the waterlines, portions of the area require survey, site visit, etc. The right of entry will also allow the future contractor to replace the required waterlines during the construction phase.

Mr. Nishimura moved to approve the Right of Entry Agreement Maka Ridge Rehabilitation Plan, Job No. 02-17, Water Plan 2020 Project No. H-01 and H-10, Affecting the Following Landowners in Princeville, Kauai, Hawaii: Princeville Agriculture LLC, affecting TMK: (4) 5-4-03:001, Princeville, Kauai, including its indemnification provision, seconded by Mr. Dill, by a unanimous vote; motion was carried.

**Re: Manager's Report No. 11-49 - Rate Proposal**

The R.W. Beck Report was submitted for Board review and action. At this point the Report was in Draft format and subject to change. One matter that can be decided is the methodology used to prepare the report. Listed below are some of the issues affecting the rates:

1. Debt Service Coverage
2. Cost of Service
3. System Replacement Needs
4. User Pays Principle
5. Amount of Working Capital
6. Leak Rebates

With agreement on these issues the process to meet these requirements and determination of the rates are fairly rote.

1. A conservative debt service coverage has been suggested during previous rates studies that good bond ratings follow. In this regard there are few if any AAA and AA rated utilities that have debt coverage ratios less than 1.50. One and one half is the debt coverage suggested by R.W. Beck in the previous rate study and what we told R.W. Beck to strive for in the current study. **It is our suggestion to not try and meet 1.5 in the first year and build to it over the five years.** This will avoid the jump you see in the first year.
2. Cost of Service with guaranteed rate of return on Plant in Place is used by the PUC for most rate determinations. DOW is not a for-profit entity and as such does not try to get any rate of return on its plant in place. Agricultural rates and Private Fire Lines are not meeting cost of service requirements. **It is our suggestion to bring the private fire lines up to cost of service levels.** This will result in about a three percent lower rate or 10% of the total increase in the draft report.
3. We still have over \$500 million in 2020 Plan Projects to complete. As the BAB projects are completed most water systems should not be under restrictions. There is the possibility that one developer could take a disproportional share to the available water and a side Rule may be needed to prevent this from happening. In the rate study we asked the consultant to try and get us back to a point where we are making our debt payments and we still have sufficient cash to continue installing about seven to ten miles of lines per year and still have a little for our tanks and pumps. **It is our suggestion to get the cash funded replacement level up to ten million per year.** The reason for this suggestion is that our current debt ratio is about 0.37. Exceeding this number by much without a very strong economy results in reduced bond ratings. We will possibly need to look at improvement district methodologies for generating more funding than the proposed amount if we feel increasing debt is prudent.
4. The user pay principle requires the user of the service to be the one carrying the financial impact. Both our 2005 Bond and some EPA financed projects were using rate payer funds to cover system expansion debt. These discrepancies have been corrected. The other issue is the labor costs related to approving plans. This is about \$0.5 million per year. The 2010 Bonds are about half for system replacement projects. There is some sort of adjustment for facilities being built to meet system deficits. What caused this is allowing customers to have a guarantee of water without the funds provided to build the needed infrastructure. To pay for expansion related projects the FRC funds should be used but typically rating agencies do not look at impact fees as operation revenue. There are a couple of things we can do.
  - A. Transfer the debt to the FRC fund
  - B. Transfer funding from the FRC to the General Fund, and reduce the debt coverage

**It is our recommendation to just move a sum of money over each budget year to cover the debt service and labor costs and reduce the debt coverage.** We make this recommendation because moving a portion the bond funds to the FRC fund may result in a flurry of resolutions to make it legally possible to do this once the bonds have been issued.

5. The working capital reserve is also a factor in the bond rating of an agency. Typically a well run utility will look at the worst case scenario where some disaster hits preventing normal collection of revenue. In our case the hurricanes in 1982 and 1992 give the best example and the consultants are recommending four months of revenue. **It is our recommendation to keep a four month operating cash reserve.** We make this recommendation to maintain our bond rating.
6. Leak rebates are in excess of \$0.5 million per year. This amounts to about a 2.5% rate increase which can be avoided by making people responsible for their own lines and not make the other ratepayers cover this expense. **It is our recommendation to eliminate the leak rebate and provide a leak avoidance service.** We make this recommendation as it is not good policy to increase rates while allowing water wastage to continue.

If we can work on these issues and come to a consensus the rates should be very straight forward.

#### DISCUSSION

Manager Craddick stated that in his report he lists six items which need consensus to be able to give the information to R.W. Beck and he provided two handouts, Table 9 and the large spreadsheet with the 5 year Debt Service Schedule.

On the R.W. Beck report, line 51 – FRC debt service payback, these are monies coming over from the FRC. Manager Craddick presumed this item would be referred to Committee

Mr. Nishimura asked why it is that right now the increase in rates is only going to affect 2012 – 2013 rather than spreading it out over a longer period. Manager Craddick stated they have been putting revenue requirements for those years, and one of our comments is to tell them to spread it out. If we are getting money for Waimea, that 2012 revenue requirement would come down to about \$1 million. We still need to deal with the treatment plant if we buy that out. That would come in at about \$1 million in expenses that we don't have to fund going forward.

Mr. Nishimura moved to receive Manager's Report No. 11-49 – Rate Proposal, Table 9 dated January 20, 2011 and the 5 year Debt Service Schedule and refer to the Finance Committee for discussion and recommendation, seconded by Mr. Kahawai.

Mr. Nishimura then requested that the following questions be addressed, in writing, and provided to the Finance Committee.

Mr. Nishimura stated that right now there is a statement that we would maintain our debt coverage ratio at or below 1.5; he wanted to find out what it is right now and what the department recommends to bring it down to that limit. Manager Craddick noted that this is listed in Line 69 & 70, with or without FRC payback. With the payback the debt service coverage is not the driving factor any more for the rates. Right now our debt service is 2.71 and it was 2.4. Without FRC payback we'll be at less than that with or without it.

Another issue is recommending bringing private fire lines up to the cost of services and Manager Craddick was requested to get that figure.

Mr. Nishimura noted the recommendation of a \$10 million dollar fund replacement level, and asked if this is pro-rated. Manager Craddick stated that Line 58 is what we are cash financing,

what we would be doing going forward, using the BAB and slowly getting it back up. That number is driving the rates, we never do get it up to \$10 million, at least not in this 5 years.

Mr. Nishimura also asked, based on the current level of construction activity on the capital replacement and refurbishment, how many systems would still have restrictions after 2014.

Mr. Nishimura asked what our current operating capital reserve is right now, moving forward, how many months can we survive. Manager Craddick reported that we have about \$14 million cash, so if \$4 million is the number, the better part of a year.

Mr. Nishimura asked if the Department was asking for a separate reserve fund and Manager Craddick stated it is showing as a separate line item but in reality it is our yearly carry over, it is because our cash carry over goes way down.

Manager Craddick confirmed to Mr. Kahawai that \$4 million is what we would need for 90 days, if there's something that would stop us from billing normally. Mr. Nishimura asked if the intent is to get the \$4 million reserve right away and not touch it for any other purpose; he would hate to create a \$4 million reserve fund, it would be a lot for our rates.

Mr. Nishimura also asked if the leak rebates were eliminated, is the Department going to reduce the rates by 2-1/2%. Manager Craddick stated that we give quite a bit of money away every year in rebates, so that would be the net effect of it because we would not be giving that money away.

With no further discussion, by a unanimous vote; motion was carried.

### **Board Committee Assignments**

#### **Finance**

Chair Oyama appointed Mr. Dill Chair of the Finance Committee. The other two members of the Finance Committee will be Mr. Kahawai and Mr. Nishimura.

#### **Rules Committee**

Chair Oyama appointed Mr. Dahilig Chair of the Rules Committee.

#### **Special Committee**

We have a Special Committee for the FRC Study, and Mr. Kahawai felt this should come under the Finance Committee as the FRC Study and Water Rate Study go hand-in-hand. Upon query from Mr. Kahawai on how to move this item from one committee to another committee, First Deputy County Attorney Esaki stated that it would need to be on the next Agenda to move it from the Special Committee to the Finance Committee.

Upon query from Manager Craddick if other Board Members can vote on the Committee items, Ms. Esaki stated that they could sit in the Committees and listen.

**Quarterly Report on Manager's Goals**

ITEM NO.	GOAL	Status	DEADLINE	Measure
1	<b>BAB BOND AND WATER PLAN 2020</b>			
	A. Get \$60 Million General Obligation Bond approved and issued.	Done 3/31/10	3/31/2010	Money in Bank
	1. Encumber \$20 million bond proceeds by end of the Calendar Year.	Done \$22.3m	12/31/2010	Signed Contracts
	B. Develop a plan for completing projects identified in the Bond Issue. This plan should include Department staffing requirements and a timeline to complete projects either in-house or through consultant contracts.	DONE	5/31/2010	Approved Plan. Amended Budget
	C. Obtain professional services to perform and conduct a comprehensive Financial Management Study, Water Rate Analysis, and Cost of Service study to provide a sound Financial Management Plan for the next five years for the Board and the Department. Re-visit Water Plan 2020.	Draft given to Staff Dec 10,10 Waiting on corrections	7/31/2010: Hire consultant 04/30/2011 Public Hearing Report	Consultant working on study with commitment to finish in time for Public Hearing process.
	D. Re-visit Water Plan 2020. Update and re-prioritize projects and submit for Board Approval	See Bond Spend down	4/30/2010 for Bond Float Projects. 11/30/2010 for non-Bond Items.	Approved Priority list
	E. Develop a public relations campaign to inform and update the public on:	DONE		
	1. 2020 Plan	See above		Public presentations
	2. Explanation of the Bond Float and its relevance to the 2020 plan	See above	10/30/2011	Public Presentations
	3. Development of significant talking points that describe the need for the rate hike, as well as the prioritization of the projects. This discussion should be easily understood by our customers.	See above	12/31/2011	List
	4. Development and implementation of a clear plan to educate the ratepayers of the upcoming rate hike before setting the public hearing. Hiring a PR consultant may be a viable option.	See above	1/31/2011	Presentation Public - Ready
	5. Explanation of the future plans/challenges and our plans to accomplish/manage them.	See above	1/31/2011	Presentation Public - Ready

ITEM NO.	GOAL	Status	DEADLINE	Measure
2	<b>PERSONNEL AND ACCOUNTING</b>			
	A. Develop an approved succession plan for the entire Department with a timetable to implement the first three goals, allowing the Operations Division implementation priority.	Pretty Much Done but this is an ongoing moving target 351 years of DOW talent gone	6/30/2010	Approved Proposed Organizational chart
	B. Fill all vacant positions critical for implementation of Water Plan 2020 in accordance with the accepted budget.	DONE	10/31/2010	Filled Positions
	Promote or replace all retired positions with well-qualified persons within 6 to 8 months and <b>hire a qualified Deputy</b> within 8 to 10 months.	DONE	12/31/2010	Filled Positions
C. Implement cross training so that employees can effectively fill temporary and/or pending retirement positions, thus enabling employees to acknowledge their capabilities in performing additional responsibilities as result of cross training, which in turn will provide the Department with qualified replacement personnel.	On going	On-going		Program functional. Cross training hours recorded and in personnel files.
D. Complete the reorganization of the Operations Division.			10/31/2010	Positions advertised
3	<b>STANDARDS</b>			
	A. Choose industry benchmarks appropriate to similar sized water facilities and compare our stance relating to those benchmarks. Publicize these results annually or semi-annually.	Working on it.	11/30/2010 Updated every 6 months	Chart in Main Office Lobby

4		FACILITIES				
	A.	Develop plans to ease the "crowded" work environment in the administrative/accounting/engineering divisions. (The Engineering section appears to be sitting on top each other, which, from the customer's perspective looking in the window, reflects an unorganized department.)	Since we are designing a new building crowding view changed.	6/30/2010	Housecleaning	
	B.	Analyze the office logistics. Presently the office is very crowded: Plans delineating several solutions need to be drawn up for selection.	Consultant on Board April 2010	9/30/2010	Hire Consultant	
ITEM NO.		GOAL	Status	DEADLINE	Measure	
5		INTER AGENCY CO-ORDINATION				
	A.	Integrate our CIP plan with the County's 6 year CIP Plan to take advantage of the economies of scale.	Sent DOW Plan May 2010	4/15/10	Completed plan submitted to Mayor's Office	
	B.	Ensure our water infrastructure is in place for County sponsored or supported Affordable Housing Development Projects.	This needs to be redone	4/15/10	Plan draft included as part of 6 year County CIP Plan	

### **Quarterly Report on Manager's Goals**

Manager Craddick reported that Item 1.b, the Bond spend-down was \$22 million encumbered, and Mr. Moises noted that after tomorrow it will be \$31 million.

Manager Craddick stated that Ms. Shiramizu will provide an update on the Public Relations people who are working on the focus groups and contacting people from the community and businesses.

Mr. Nishimura noted that item 1.D – Revisit Water Plan 2020 had not been received. Manager Craddick will provide this information.

Item # 3 – benchmarks; Ms. Shiramizu is working on an Annual Report for the DOW, and Manager Craddick confirmed to Mr. Kahawai that this is different than the Water Quality Report.

Mr. Nishimura moved to receive the Quarterly Report on Manager's Goals, seconded by Mr. McCormick; by a unanimous vote; motion was carried.

### **Board Discussion on the Next Year's Goals for the Manager**

Manager Craddick felt that the goals should be department-wide, and not just the Manager. Mr. Nishimura requested that the Division Heads should come up with one goal from their division for the Manager, in addition to the Board goals for the Manager.

Mr. Nishimura moved to defer this item to the next meeting, seconded by Mr. McCormick; by a unanimous vote; motion was carried.

### **Board Discussion on Revised Board Meeting Dates for 2011**

Mr. Kahawai noted that one of our members cannot attend on the third Thursday of the month, and is unable to send a substitute in his place. Mr. Dill and Mr. McCormick are also under the same restrictions in terms of sending a substitute.

As Mr. Dahilig had supplied a calendar showing that his February Oahu trip would be on the 24<sup>th</sup>, it was presumed he was available for the Board Meeting on the 17<sup>th</sup>. Due to a prior commitment of the Board Chair with an 11:00 am appointment, the February meeting will start at 8:00 a.m., instead of 10:00 a.m. Mr. McCormick will be unable to attend this meeting. Ms. Esaki noted that we need four members for quorum, and five members to take action in Executive Session.

The Board discussed various day and date options, without consensus. Council and Committee meetings are on Wednesdays, so possibly the second or fourth Thursday of the month. It was noted that the State still has some Furlough Fridays, and Mr. McCormick will bring the State Furlough calendar. The June meeting will need to be changed due to the AWWA conference, and the secretary will re-send the email requesting alternative June dates and bring the results to the next meeting.

## **STAFF REPORTS**

### **Re: Statement of Kaua‘i County Water Department’s Revenues and Expenditures for November 30, 2010**

Ms. Yano noted that a Summary of Funds page had been added. Manager Craddick noted the error on the Summary Page – it should read as of November 30, 2010 and not December 31, 2010.

Mr. Nishimura moved to receive the November 30, 2010 report, seconded by Mr. McCormick; by a unanimous vote; motion was carried.

### **Re: Public Relations Specialist’s Monthly Update Regarding DOW Public Relations Activities for the month of December, 2010**

**Public Relations Services Request for Proposal:** Contract with the Limtiaco Company is in place, up and running. Focus groups and discussion topics are being created, scheduled to take place in early February. Jan TenBruggencate has been busy gathering information for a brochure.

**Kauai Watershed Alliance:** The agreement with The Nature Conservancy is in place, with the initial disbursement being processed to be sent out by the end of January.

**Fun Committee:** Kudos to leader, Eddie Doi and his committee of volunteers for organizing, preparing, serving and socializing with the KEO Homeless and Transitional Housing people on January 13<sup>th</sup>. A delicious meal of turkey, ham, and all the trimmings and desserts awaited them as they entered the dining hall. Volunteers included: Joy Buccat, Carol Beardmore, Keith Konishi, Peggy Yoshioka, Analyn Flores, Heath Prow, Tess Yano, Dustin Moises, Koni Silva, Cleve Shigematsu, Carolyn Carveiro, MJ Garasi, Jeff and Sandi Mendez, Fay Tateishi, Mona Yamauchi and Faith Shiramizu.

**DOW ID Badges:** Joy (who will be the lead) and I met with Celia Wooton-Mahikoa and Robyn Nakata from the Kauai Bus to work out the details of getting our department IDs made at the Kauai Bus office since they have the equipment needed. By collaborating with them, the department avoided the need to purchase equipment unnecessarily. Mahalo to Janine Rapozo (who had initially agreed to work with the DOW) and Celia for being willing partners in this project.

**Blackboard Connect CTY:** Attended a meeting at Civil Defense regarding the use of Blackboard Connect CTY. It was determined that a core group at Civil Defense would decide what and when the notification system should be used to avoid the “tune-out” factor by the notification recipients. The DOW has been cleared to use it for our water outages. I will also be working with David and Bill to update our employee notification information.

The system is used as a supplement to our normal press release outreach via the county’s PIO. It was utilized on January 3<sup>rd</sup> for the January 4<sup>th</sup> and 5<sup>th</sup> scheduled Waimea water outage and again for the Kapaa outage for January 10-11, 2011.

DISCUSSION

Ms. Shiramizu reported that for the Board Member ID badges, she would use the photos that she already has.

Upon query from Mr. Nishimura if the Kauai Watershed Alliance would be providing a report on their activities, Ms. Shiramizu stated that they have to provide a final report before the final disbursement is given. The total grant is for \$150,000.

Mr. Nishimura moved to receive the December Public Relations Update, seconded by Mr. Dill, by a unanimous vote; motion was carried.

**Re: Deputy Manager's Summary Report on Monthly Operational Maintenance for the months of December 2010**

Deputy Eddy confirmed to Mr. Kahawai that the timeline for the Kalaheo Backwash Tank would be completed in a couple of days. Deputy Eddy reported to Mr. Nishimura that the delay was due to weather problems. The time period from finding it to completing it was several months. There was a long list of corrective items and they have completed about fifteen and there is only one service meter off that tank.

Upon query from Mr. Nishimura, Deputy Eddy reported that the Anahola work commenced on December 20 and is not yet complete, the line is still shut down. There is more work to be done, including replacing the guard rail.

Mr. Nishimura requested the Labor Report graph also show a bar for the previous month and previous year, he would like a percentage for the same time a year ago, so to show 13 months.

Mr. Nishimura moved to receive the December Deputy Manager's Summary Report, seconded by Mr. McCormick; by a unanimous vote; motion was carried.

**Re: MANAGER'S UPDATE for DECEMBER, 2010 to JANUARY, 2011**

CONTRACTS AWARDED BY THE MANAGER:

None

PUMP INSTALLATION PERMITS SIGNED BY MANAGER:

None

WAIVER, RELEASE AND INDEMNITY AGREEMENTS SIGNED BY THE MANAGER:

None

PERSONNEL MATTERS UPDATE:

Updated January 7, 2010

RECRUITMENT:

Ops Division:

1. Account Clerk. Position filled December 30, 2010

2. Lead Pipefitter vacancies. Interviews being scheduled this month.
3. Water Service Supervisor III vacancy. Interview being schedule this month.
4. Water Plants Superintendent. Department of Personnel Services reviewing job applications.
5. Water Field Operations Superintendent. Department of Personnel Services reviewing job applications.

Fiscal Division:

1. Waterworks Controller. Position filled December 1, 2010.
2. Accountant IV (Accounting Section Head). Internal Recruitment job applications being reviewed by Department of Personnel Services. Awaiting confirmation of qualified applicants.

Engineering and Special Projects Divisions:

1. Project Assistant (Special Projects Division). Position filled November 1, 2010.

Administration Division:

1. Clerical Assistant – Community Relations. Position filled December 6, 2010.
2. Computer Systems Support Technician I. Pending list of eligibles.
3. Secretary. Selection pending.
4. Commission Support Clerk. Pending position review and reallocation to Board Secretary. Preparing position description & attachments to be submitted to Department of Personnel Services.

COUNTY FURLOUGHS

This month's furloughs seem to be gone. The same is expected for the rest of the year. Overtime has increase considerably during this time but net effect is a slight reduction in budget and a slight increase in poor customer relations.

CLAIMS PAYABLE – December 31, 2010

Claims were paid in the amount of \$1,451,171.13.

AFFORDABLE HOUSING UPDATE:

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

DISCUSSION

Manager Craddick noted that the Commission Support Clerk had previously been an appointed position and would be upgraded to a Board Secretary civil-service position. Mr. Nishimura asked if other positions in administration would be down-graded and Manager Craddick felt this probably should not be discussed in open session.

On the Bond Project Priority Spend down, we are now up to \$27.7 million encumbered.

Manager Craddick noted for the Koloa Tank Acquisition, \$340,000 was paid out to escrow. To invest bond money we had to give the Finance Department what our spend-down was expected to be.

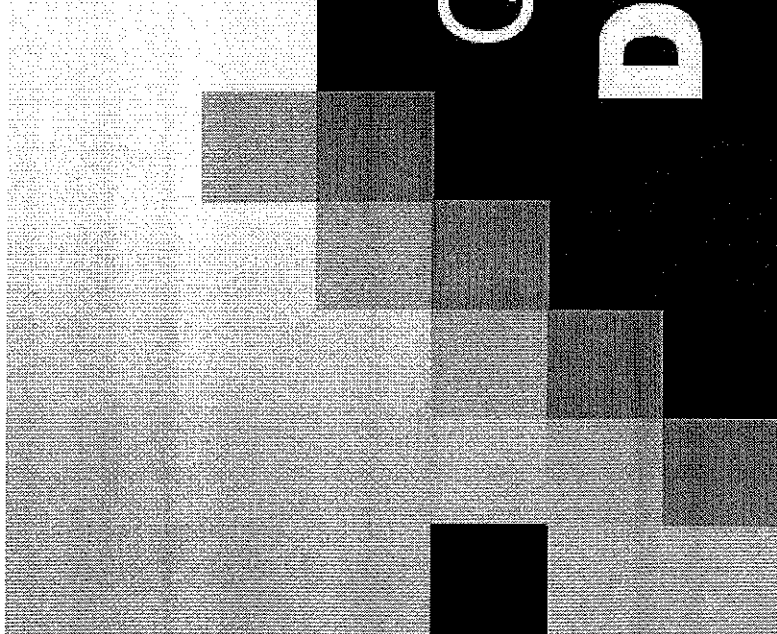
Manager Craddick will make the report more accurate to the Budget Status and Mr. Nishimura felt there should be another column in the spreadsheet showing total spend-down; Manager Craddick will be putting in the actual numbers.

Upon query from Mr. Kahawai on the benchmark, Manager Craddick noted that if you do not spend it and you collect more for interest you have to give it back to the government in arbitrage payments; there are no penalties for not hitting the benchmarks.

Mr. Kahawai moved to receive the Manager's Update, seconded by Mr. McCormick; by a unanimous vote; motion was carried.

#### **QUARTERLY REPORTS**

A written quarterly report of the status of the DOWs projects, along with an Executive Summary, was given to the Board for their information for the period ending December 31, 2010.



# Quarterly Status of **DOW Projects**

Department of Water  
**January 20, 2011**

January 20, 2011

# EXECUTIVE SUMMARY

The significant changes for this quarter are:

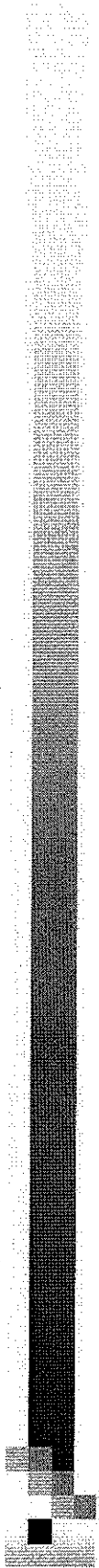
## Design

1. Project PLH-25, Eiwa, Umi, Akahi, Elua and Hardy Street Mainline Replacements, Lihue. Design completed. Ready for bidding.
2. Project WK-36, Pipeline Replacement along Wailua, Ohana, Anolani and Kuamoo Roads and Lehtia Lane, Wailua. Design completed. Ready for bidding.
3. Project KW-05, Waimea Well A Renovations, Design completed. Ready for bidding.
4. Job No. 10-02, Kaumualii Highway Widening Vicinity of Anonui Street to Vicinity of Lihue Mill Bridge

## Construction

1. Project HW-02, HW-03, Wainiha Booster and Haena Tank Renovations. Awaiting NPDES permitting.
2. Project WK-32, Waterline Replacements, Kapaa Homesteads. Awaiting NPDES permitting.
3. Project WK-14, Waterline Replacements for Vivian Heights and Kanalele Road, Kapaa. Construction started.
4. Project KW-14, Waterline Replacements along Kaumualii Highway and Waimea Canyon Drive, Waimea. Under construction.
5. Project KW-16, Waimea Town Waterline Replacements, Waimea. Under construction.
6. Project PLH-09, Lihue Town Waterline Replacements. Construction completed.
7. KW-05, Kekaha Well B Renovations. Construction nearing completion.
8. Construction is nearly complete for the Hanapepe pipeline (HE-10), which is in service.
9. Project WK-42, Phase 1 (Stable 1.0 MG Tank). Awaiting closing documentation.
10. Project WK-42, Phase 2 (Stable Tank Water Main along Kaapuni Road). Construction completed.
11. Project WK-09, Kapaa Homesteads 0.5 MG Tank. Construction nearing completion.
12. Project KW-01, Waterline Replacement along Kaumualii Highway between Elepaio and Hunakai Road. Construction completed.

January 20, 2011



# ■ Design Projects

January 20, 2011

# WEST SIDE DESIGN PROJECTS KEKAHA, WAIMEA, HANAPEPE, ELEELE

WP 2020 NUMBER	PROJECT TITLE	% COMPLETE June 2010	% COMPLETE Sept 2010	EST COMPLETE	BUDGET COST	STATUS
KW-28	AMFAC SHAFT RENOVATION, Phase B	80	80	Q2 2011	\$950,000 (D)	Awaiting decision by management.
HE-08	REFURBISH 'Ele'ele STEEL TANKS	77	77	Q4 2010	\$215,904 (D)	Under design
KW-20	Waimea Well A Renovation	99	100	Q4 2010	\$169,575.50	Design completed Proceeding to bid.

January 20, 2011

# EAST SIDE DESIGN PROJECTS

## LIHUE-PUHI, WAILUA-KAPAA, ANAHOLO

WP 2020 NO.	PROJECT TITLE	% COMPLETE June 2010	% COMPLETE Sept 2010	EST. COMPLETE	BUDGET COST	STATUS
PLH-25	EIWA, UMI, AKAHI, ELUA & HARDY PIPELINES	95	100	Q3 2010	\$216,000 (D)	DESIGN completed Proceeding to bid.
PLH-30	NAWILIWILI, NIUMALU & KUPOLO PIPELINES	90	90	Q4 2010	\$265,000 (D)	Under design Awaiting DOT exemption
PLH-37	DEEPEN PUHI WELL NO. 2	PH 1-100	PH 1 - 100		\$ 67,900 BUDGET	PHASE 2 PROPOSAL PENDING
WK-2	REHAB AKULIKULI TUNNEL (PHASE I) REHAB AKULIKULI TUNNEL (PHASE II)	100 40	100 40	Q1 2005 (Ph. 1) Q3 2009 (Ph. 2)	\$300,000 (D) \$392,000	Ph. 1 - Completed Ph. 2 - on hold
WK-8	KAPAA 1.0 MG TANK (313 ZONE) (PHASE I - PLANNING)	97	97	Q4 2010	\$56,700 (P)	Under design
WK-28	WAILUA HOUSELOTS PIPELINE REPLACEMENTS	90	90	Q4 2010	\$240,260 (D)	Under design
Job No. 10-02	Kaunualii Highway Widening Vicinity of Anonui Street to Vicinity of Lihue Mill Bridge	70	85	Q4 2010	\$137,270 (D)	Under design

January 20, 2011

# EAST SIDE DESIGN PROJECTS ANAHOLA, WAILUA-KAPAA, LIHUE-PUHI

WP 2010 NUMBER	PROJECT TITLE	% COMPLETE June 2010	% COMPLETE Sept 2010	EST. COMPLETE	BUDGET COST	STATUS
WK-12	WAIPOULI AREA MAIN REPLACEMENT	74	74	Q4 2010	\$147,500 (D)	Under design
WK-14	VIVIAN HEIGHTS 8-INCH AND 6-INCH WATERLINE REPLACEMENT	100	100	Q2 2010	\$250,200 (D)	Construction contract awarded
WK-23	WAILUA HOMESTEADS 0.25 MG TANK (U.H. EXPERIMENT STN.)	60	60	PENDING UH R-O-E	\$100,000	DLNR PROGRESS ON LAND ISSUE
WK-28	WAILUA HOUSELOTS MAIN REPLACEMENT	85	90	Q3 2010	\$240,260 (D)	Under design
WK-30	WAIPOULI & HAUUKI ROADS PIPELINE REPLACEMENT	31	31	Q2 2010	\$237,400 (D)	UNDER DESIGN
WK-32	KAPAA HOMESTEADS MAIN REPLACEMENT - PHASE II	85	100	Q2 2010	\$374,000 (D)	Construction contract awarded
WK-36	WAILUA AREA MAIN REPLACEMENT	60	100	Q3 2010	\$62,001 (D)	Design completed

January 20, 2011

# NORTH SHORE DESIGN PROJECTS

## MOLOAA, KILAUEA, ANINI, HANAIEI, HAENA

WP 2020 NUMBER	PROJECT TITLE	% COMPLETE June 2010	% COMPLETE Sept 2010	EST. COMPLETE	BUDGET COST	STATUS
M-1 M-2	KOOLAUPU PIPELINE IMPROVEMENTS MOLOAA 0.10 MG TANK	5	5	Q2 2007	\$ 119,207 (D)	Awaiting land acquisition
WKK-2	KILAUEA WELL NO. 4 Site Selection Study (Phase I)	100	100	Q3 2004	\$ 37,451 (P) \$ 160,000 (D)	REQUEST MOLOAA WELL EO
WKK-15	KILAUEA 1.0 MG TANK (PHASE I)	10	10	Q4 2011	\$ 12,700 (P) \$ 236,600 (D)	WORKING ON ROE
H-1, H-2, H-3, H-10	MAKA RIDGE ROAD & PIPELINE IMPROVEMENT (PHASE II)	66	65	Q1 2011	\$ 144,000 (D)	Under design
HW-2	WAINIHA BOOSTER PUMP RENOVATION	95	100	Q2 2010	\$ 75,000 (D)	Bidding
HW-3	HAENA 0.1 MG TANK RENOVATION	95	100	Q2 2010	\$ 75,000 (D)	Bidding
H-8	Drill and Test Hanalei Well #2	15	15	Q2 2011	\$ 125,000	Awaiting ROE
HW-12	Drill and Test Wainiha Well #4	15	15	Q3 2010	\$ 125,000	Under design

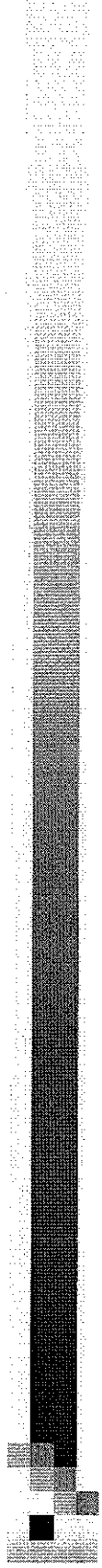
January 20, 2011

# NORTH SHORE DESIGN PROJECTS

## MOLOAA, KILAUEA, ANINI, HANAIEI, HAENA

WP 2020 NUMBER	PROJECT TITLE	% COMPLETE June 2010	% COMPLETE Sept 2010	EST. COMPLETE	BUDGET COST	STATUS
ANI-01	KILAUEA TO ANINI PIPELINE REPLACEMENT	0	0	Q3 2011	\$ 750,760 (0)	Processing consultant contract

January 20, 2011



# ■ Construction Projects

January 20, 2011

# Construction Projects

W/P 2020 NUMBER	PROJECT TITLE	% COMPLETE June 2010	% COMPLETE Sept 2010	EST. COMPLETE	BUDGET COST
KW-05	Kekaha Well B Renovation	90	90	Q4 2010	\$ 466,200
KW-25	Kapilimao 0.5 MG Tank	77	80	Q4 2011	\$3,987,000
KW-14 KW-15	WAIMEA CYN DR. 12" MAIN REPL. & WAIMEA 6" MAIN REPL.	10	10	Q2 2011	\$2,100,000
KW-16	WAIMEA MAIN REPLACEMENT	10	10	Q2 2011	\$3,028,000
WK-14	VIVIAN HEIGHTS 8-INCH AND 6-INCH WATERLINE REPLACEMENT	0	10	Q2 2011	\$2,686,000
HE-10	12" WATERLINE ALONG ULAULA & ULULU ROADS, Ele'ele	99	99	Q2 2010	\$ 458,966
LO-04	Piwal Tank	0	0	Q4 2011	\$2,205,000
PLH-41	8" PRY, 400 GPM BOOSTER PUMP & CONNECTING MAIN, NAWILIWILI TANK	97	97	Q2 2010	\$ 660,000
PLH-09	PIPELINE REPLACEMENT FOR LIHUE TOWN	95	100	Q3 2010	\$2,050,000
WK-9	KAPA'A HOMESTEADS 0.5 MG TANK (530 ZONE)	90	99	Q3 2010	\$3,060,000
WK-42	Stable Tank and Connecting Pipeline	80	99	Q3 2010	\$3,836,000
WK-42	Stable Tank Main	90	100	Q3 2010	\$1,980,000
WK-32, WK-14	Kaehulua & Aopolo Road Waterlines	90	100	Q3 2010	\$1,568,000
WK-32	KAPA'A PIPELINE REPLACEMENTS	0	0	Q2 2011	\$2,842,000

January 20, 2011

# Pending Water Plan 2020 Projects

FY 2002			
WP 2020 No.	PROJECT TITLE	STATUS	CURRENT BUDGET
WK-33	KAHUNA RD 12" MAIN REPLACEMENT (Seyer Subdivision Segment Construction Complete)	Phase 2 Design Consultant Selected	\$269,000 (DOW Oversizing) \$150,000 (Phase 2 Design)
A-2	ANAHOLA WELL NO. 4 (Pending ROE)	RFP	-0-
K-01	(north) KALAHEO 1111' AND 1222' WATER SYSTEM IMPROVEMENTS	RFP	(BAB)

**DISCUSSION**

Manager Craddick reported to Mr. Nishimura that we had been inside the Akulikuli Tunnel. There is a spring and we went two days after a big rainfall and took a sample from the spring which was fecal positive so it would need a treatment plant. That cost would be about \$5 million, and there is no place to get below grade so the water would have to be pumped. There is a good volume of water at 500-700 gallons per minute (gpm). Our pipeline broke some time ago. The owners are trying to claim it as a spring. Mr. Moises confirmed we have an easement. It was confirmed to Mr. Dill that the water makes a pond on their property, and the pipe empties into the stream; it is a small valve at 100 gpm.

Upon query from Mr. Nishimura if the fecal contamination is going backwards, Manager Craddick stated that it is a lava tube and close to the surface and there is a lot of pig activity in the area. The ground in Hawaii has a lot of e-coli in it.

Mr. Nishimura stated that we have spent a lot of money on this and need to decide if we are just going to dump it. Mr. Moises is meeting with Operations and the MicroLab next week to decide the best move. We could drill or secure the tunnels and walk away. Mr. Nishimura remarked that if it comes back on line, that is 500 gpm that we do have to take from Lihue.

Mr. Moises noted that the RFP for the Horizontal Well has been issued.

Mr. Nishimura moved to receive the KDOW Briefing on Departmental Projects, seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

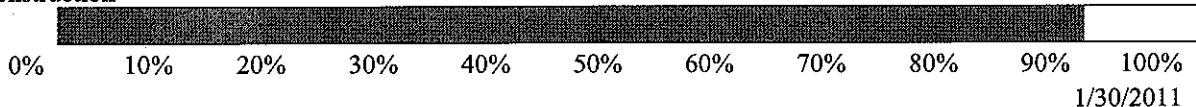
**Re: Affordable Housing Projects – Quarterly Summary Status as of December, 2010  
(formerly prepared by R.W. Beck)**

This report is a summary of progress on the Affordable Housing Projects.

**Job No. 05-03, KW-25, Kapilimao 0.5 million gallon tank: Construction**

A. Under construction. SSFM managing construction as of 4/22/10.

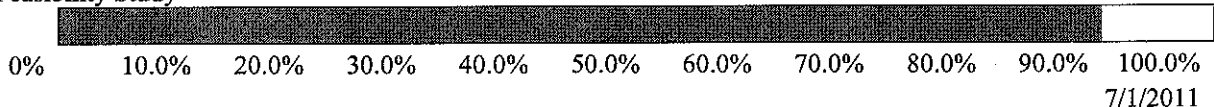
Construction



**Job No. KW-28, Amfac Shaft: Design**

A. Awaiting decision by management to proceed with more testing. Need to arrange crane training and install pump.

Feasibility Study



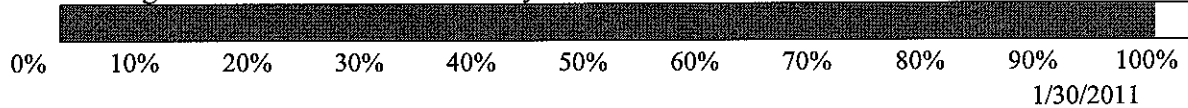
**Job No. 02-14, WK-08, Kapahi 1.0 million gallon tank: Design**

A. Proceeding with two 0.5 MG circular tanks at the existing Ornellas Tank site. EA being prepared. Awaiting soils evaluation and revised scope fee.

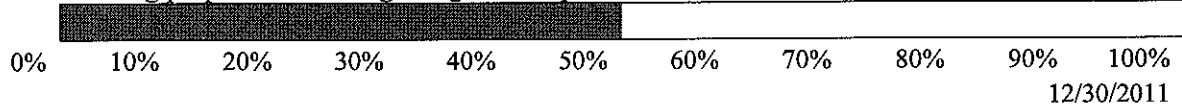


**Job No. 02-14, WK-09, Kapaa Homesteads 0.5 million gallon tank: Construction**

Awaiting final documents for closeout by contractor.

**Job No. WK-39, Kapaa Homestead Well #4: Construction**

A. EA being prepared. Awaiting design for Kapahi Tank and drain.

**Job No. 02-24, WK-02, Akulikuli Tunnel:**

A. Department is currently conducting water quality testing and awaiting results.

**DISCUSSION**

Mr. Moises reported that Job. No. 02-14 is almost complete; he is just waiting for the contractor to submit some final documents.

Manager Craddick noted that on the Amfac Shaft, we are stuck with the new OSHA regulations but are trying to get our employees certified.

**Re: Strategic Plan Update - Issue Champions Report****Issue No. 1, Morale:**1) Fun Committee Events:

- a) As reported in the Public Relations Update, DOW employees, decided to prepare and serve a meal to the people in the KEO Homeless and Transitional Housing, in a continuing effort to give back to the community as we all be aware and thankful for what we have. Any funds left over from this meal will be used for the next meal as the committee plans to do this community service project again in the near future.
- b) The Committee is contemplating an after work New Years pot luck. Members felt that this would be good for bonding, especially with all of the new employees.

2) Rewards Committee:

- a) Fourth Quarter Water Bucks were presented to Tessie Guerrero, Mary Jane Garasi and Koni Silva, with Congratulations going to Koni, our Employee of the 4<sup>th</sup> Quarter.

## **Issue No. 2, Strong and Qualified Workforce:**

Updated January 7, 2010

### RECRUITMENT:

#### Ops Division:

1. Account Clerk. Position filled December 30, 2010
2. Lead Pipefitter vacancies. Interviews being scheduled this month.
3. Water Service Supervisor III vacancy. Interview being schedule this month.
4. Water Plants Superintendent. Department of Personnel Services reviewing job applications.
5. Water Field Operations Superintendent. Department of Personnel Services reviewing job applications.

#### Fiscal Division:

1. Waterworks Controller. Position filled December 1, 2010.
2. Accountant IV (Accounting Section Head). Internal Recruitment job applications being reviewed by Department of Personnel Services. Awaiting confirmation of qualified applicants.

#### Engineering and Special Projects Divisions:

1. Project Assistant (Special Projects Division). Position filled November 1, 2010.

#### Administration Division:

1. Clerical Assistant – Community Relations. Position filled December 6, 2010.
2. Computer Systems Support Technician I. Pending list of eligibles.
3. Secretary. Selection pending.
4. Commission Support Clerk. Pending position review and reallocation to Board Secretary. Preparing position description & attachments to be submitted to Department of Personnel Services.

## **Issue No. 3, Water Quality: (No changes to this report from the last quarter)**

1. Sample site work order for Kuamoo Rd. submitted in September, but no work yet. Operations requested a different site be selected. Currently using the old Poliahu State Park site since they have constructed a new bathroom.
2. New sites chosen for routine sampling to replace sites that were hard to access or have been removed. More old sites need to be changed. Ongoing.
3. Main break monitoring on hold, pending finalizing procedures and follow up between both the Lab and Operations. In the meantime, Peggy is informally checking on mainline breaks.
4. Decided to go with Triggered Monitoring Plan for the new GWR. Plan submitted to SDWB (accepted by SDWB). One hit so far. Monitoring plan seems to be workable.
5. Sampling sources to see if any will present problems with fecal indicators if triggered monitoring is required. So far only Garlinghouse Tunnel seems to be problematic. On going.
6. Kalaheo, Lawai/Omao and Koloa have to be one system under the GWR. We propose to call it Kalaheo/Koloa System #434. The proposed system has been submitted to SDWB. We are awaiting approval. Has been approved as of 12/1/09.

## STATUS OF WATER PLAN 2020 PROJECTS:

### PROJECTS UNDER DESIGN:

- 1) Job No. 06-01, KW-28 Amfac Shaft (Consultant: Brown & Caldwell)
  - a. Refer to the Manager's Report for Affordable Housing Projects – Quarterly Summary Status as of December 2010.
- 2) Job 02-06, WKK-15 Kilauea Tank #2 (Consultant: Kodani & Associates) – Negotiating with landowners of the proposed tank site. Working on Environmental Assessment.
- 3) Job 05-02, H-8 Drill and Test Hanalei Well #2 (Consultant: Kodani & Associates) – Negotiating with landowners of the proposed well site. Topo being done.
- 4) Job 05-02, HW-12 Drill and Test Wainiha Well #4 (Consultant: Kodani & Associates) – Consultant preparing the Environmental Assessment. CDUA Received.
- 5) Job 02-14, WK-08, Kapahi (Ornellas) Tank (Consultant: Belt Collins)
  - a. Refer to the Manager's Report for Affordable Housing Projects – Quarterly Summary Status as of December 2010.
- 6) Job WK-39 Kapaa Homesteads Well #4 (Consultant: Hawaii Pacific Engineers)
  - a. Refer to the Manager's Report for Affordable Housing Projects – Quarterly Summary Status as of December 2010.
- 7) Job No. 10-01, ANI-1, Anini & Kalihiwai Road 6" Main replacement (Consultant – Fukunaga & Associates)
  - a. Under design
- 8) Job No. 02-11, M-02, Moloaa 0.1 MG Tank (Consultant – Esaki Surveying and Mapping, Inc.)
  - a. Met landowner, Sent ROE to landowners for site survey
- 9) Job No. 02-17, H-01, 02, 03, Maka Ridge Renovations (Consultant – Wagner Engineering)
  - a. Awaiting final design revisions.
- 10) Job No. 02-24, WK-02 Renovate Akulikuli Tunnel, Phase 2 (Consultant: SSFM International)
  - a. Refer to the Manager's Report for Affordable Housing Projects – Quarterly Summary Status as of December 2010.
- 11) Job 05-06, PLH-25 Eiwa, Ekahi, Elua and Hardy Streets 8" Waterline Improvements (Consultant: BOW Engineering) – Construction contract awarded to BCP Construction of Hawaii, Inc.
- 12) Job 02-16, WK-36, Pipeline Replacement along Wailua, Ohana, Anolani and Kuamoo Roads and Lehia Lane (Consultant: Esaki Surveying) – Construction contract awarded to Koga Engineering and Construction, Inc.
- 13) Job No. 02-15, WK-36, Wailua Houselots Main Replacement. (Consultant – RM Towill)

- a. Awaiting approval signatures from County. RM Towill processing the drawings.
- 14) Job No. 05-05, PLH-30, Nawiliwili, Niumalu, and Kupolo Pipeline Replacements (Consultant - Belt Collins)
  - a. Plans approved by WW, dropped at DOT (left is DPW & DOW)
- 15) Job NO. K-01 (North) Kalaheo Water System Improvements (Consultant - Belt Collins)
  - a. Under design
- 16) Job No. HE-11, 6" Main Lele Road to Salt Pond, Hanapepe. (Consultant – TBD)
  - a. Project put on hold.
- 17) Job No. PLH-39, Lihue Baseyard Improvements (Consultant:Architects Hawaii)
  - a. Met with DPW. Waiting on comments with regards to storage building before Architects Hawaii can finalize master plan.
- 18) Job No. 02-19, Waipouli Main Replacement – Kuhio Highway (Consultant:Kodani and Associates)
  - a. Returned 1<sup>st</sup> review comments for revisions.

PROJECTS UNDER CONSTRUCTION:

- 1) Job 05-03, KW-25, 03-03, KW-24, Kapilimao 0.5MG Tank and 03-03 Generator Shelter (Consultants: Brown and Caldwell, Kodani & Associates)(Contractor: Kauai Builders)
  - a. Refer to the Manager's Report for Affordable Housing Projects – Quarterly Summary Status as of December 2010.
- 2) Job 02-14, WK-09, 03-03, WK-15, Kapaa Homesteads 0.5 MG Tank and Makaleha Generator Shelter (Consultants: Belt Collins, Kodani & Associates, Contractor: Kauai Builders)
  - a. Refer to the Manager's Report for Affordable Housing Projects – Quarterly Summary Status as of December 2010.
- 3) Job WK-42 Phase I, 1 MG Stable Tank and Control Valves (Consultant: Tom Nance Water Resource Engineering, Contractor: Kauai Builders) – Project is 100% complete. Awaiting final documents.
- 4) Job 97-10, WKK-14 Kilauea Booster Pump Station (Consultant: Austin Tsutsumi, Contractor: Oceanic Companies) – Project is 100% complete. Researching design issues with ATA.
- 5) Job No. 04-06, KW-05 & KW-20, Kekaha Well B Renovations (Consultant: Engineering Solutions, Contractor: Goodfellow Bros.) – Project is 97% complete.
- 6) Job No. 05-01, KW-16 & KW-23, Waimea Town Waterline (Consultant: Hawaii Pacific Engineers, Contractor: Goodfellow Brothers) – Project is 68% complete.
- 7) Job No. 02-03, KW-14 & KW-15, 12" Waterline along Kaumualii Highway and Waimea Canyon Drive (Consultant: Park Engineering, Contractor: Koga Engineering & Construction) – Project is 36% complete.

- 8) Job No. 02-05, HE-10A & PLH-41 12-Inch Waterline along Ulaula & Uliuli Roads, Eleele and 8-Inch Pressure Reducing Valve, 400 GPM Booster Pump & 6" Connecting Main, Nawiliwili (Consultant: Kodani & Associates, Contractor: Earthworks Pacific) – Project is 97% complete.
- 9) Job No. 04-02, WK-14 Phase II, Pipeline Replacement for Vivian Heights and Kanaele Road (Consultant: Fukunaga & Associates, Contractor: Earthworks Pacific) – Project is 31% complete.
- 10) Job No. 02-18, WK-32 Phase II, Pipeline Replacement for Kapaa Homesteads (Consultant: Fukunaga & Associates, Contractor: Jennings Pacific) – Project is 20% complete.
- 11) Job 03-02, HW-03, (Phase II), Wainiha Booster and Haena Tank Renovations (Consultant: Brown & Caldwell) – Contract awarded to Unlimited Builders, LLC. Contractor working to attain NPDES permit and Notice to Proceed will be issued after that.
- 12) Job 05-06 Eiwa, Umi, Ekahi, Elua and Hardy Streets 8" Waterline Improvements (Consultant: Bow Engineering) (Contractor – BCP Construction of Hawaii, Inc.)
  - a. Preconstruction meeting set for January 2011
- 13) Job No. 02-16, WK-36, Pipeline Replacement along Wailua, Ohana, Anolani and Kuamoo Roads and Lehia Lane (Consultant – Esaki Surveying and Mapping) (Contractor – Koga Engineering and Construction)
  - a. Preconstruction meeting set for January 2011
- 14) Kapaa Homesteads Well #3 (DLNR Contract) (Contractor: Koga Engineering and Construction, Inc.)
  - a. Working on change order with Koga.
- 15) Job No. 02-02, LO-04, Piwai 0.5 MG Tank (Consultant: Fukunaga & Associates) (Contractor – Unlimited Builders )
  - a. Project is 28% Complete
- 16) Job No. 04-06, KW-20, Waimea Well "A" Renovations (Consultant: Engineering Solutions) (Contractor – R. Electric)
  - a. Contract awarded. Awaiting contract finalization before scheduling preconstruction meeting.

**Issue No. 4, Workplace Efficiencies: (new issue champions needed – both retired)**

Ongoing:

1. Jeff Mendez in IT continues to work to broaden our information base for our Geographic Information System (GIS). He is assisted by WR&P's Engineer Heath Prow and Eng. Tech. Cleve Shigematsu.

- a) Current GIS Update by Jeff  
Using the gps points as a basis, a GIS model of Anahola was created by Jeff, with help from Heath. Pipes were drawn in and attributes for all pipes, hydrants,

laterals, tanks, meters, etc. were entered. This attribute information is what makes GIS a powerful tool, and there is a lot of information to input.

Heath took the GIS Model and imported it into a water modeling software called WaterGems. With this software, he can determine water needs and water demands for a water system. Heath conducted a Presentation of the Anahola water model at the HWWA Conference on October 13, 2010.

- b) Jeff, with the assistance of two summer interns, created a Geodatabase for the Puhi-Lihue-Hanamaulu Water System. Jeff gps'd all the valves, hydrants, wells and tanks.  
Summer Interns, Michael Fujikawa and Ryan Kunselman, gps'd all the meters. This water system is 90% complete, with mainly attribute information to fill in. The meters collected are about 80% complete. We still have about 500 meters that need to be gps'd. Jeff drew in the pipes from the gps valves shots and as-built drawings. Hope to be completed with the Lihue System by the end of January.
- c) Jeff did training and some retraining on the use of GIS. Would like to start with Operations and then Engineering, and determine who else needs. Jeff also trained many staff, mainly in Engineering and Operations on the use of new Pictometry program.
- d) Jeff is now working on developing a GIS model of the Hanapepe-Eleele System.
- e) Heath and Cleve are beginning work on developing a GIS model for the Kalaheo System.

#### Contract Management System

The Issue Champions Committee was requested to work on the implementation of the DOW Contract Management System to monitor progress of the DOW's contracts.

- 1) Meeting was held on October 26, 2010 for overview of the System
- 2) Implemented on November 1, 2010 – still working out the kinks!
- 3) Documentation of the process will be included in the DOW's work process manual.

#### Work Processes

- 1) Envision a department-wide work process manual to be compiled with documentation of any type of divisional work processes to assist with succession planning and to better internal and external customer service
  - a) Processes need to be reviewed and updated.
  - b) Will be documented using Microsoft Visio software.
  - c) Will setup internal meetings.
- 2) The Issue Champions Committee requested the DOW employee's vacation/sick leave status into a computerized monthly statement, which will eventually be issued as part of the computerized payroll module.

**Issue No. 5, Accountability:**

- 1) Of note, all DOW cell phone users are now all on Verizon.

**DISCUSSION**

Ms. Shiramizu wondered if the Board wished to continue to receive this report, as most of the report contents are covered elsewhere. There is little momentum on the Issue Champions Report. The Fun Committee and Rewards Committee could continue to be reported in the PR Report. If Manager Craddick reports on the performance indicators, that helps with the accountability portion.

It was confirmed to Mr. Nishimura that the Water Quality Report is being produced by the Lab, and Manager Craddick stated that this portion of the Issue Champions report could go into his Manager's Update on a quarterly basis.

Mr. Nishimura moved to receive the Issue Champion's Report and have these reports be consolidated and reported on a quarterly basis in the Manager's Update, seconded by Mr. McCormick; by a unanimous vote; motion was carried.

**EXECUTIVE SESSION**

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

1. Approval of Executive Session Minutes: December 16, 2010

Mr. Nishimura moved to approve the Executive Session Minutes of December 16, 2010, seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

**AWWA National Conference, Washington, DC, June 12-16, 2011**

As four Board Members are in the budget to attend, Chair Oyama, Mr. McCormick, and Mr. Dill would be attending. The fourth slot would be offered to Mr. Dahilig, then our seventh Board Member if Mr. Dahilig did not wish to attend.

**TOPICS FOR NEXT WATER BOARD MEETING**

1. Board Discussion on the Next Year's Goals for the Manager
2. Manager's Report on Conveyance of Water Facilities not requiring Board approval
3. Possible Revision of some Board Meeting Dates

**TOPICS FOR FUTURE WATER BOARD MEETINGS**

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

**UPCOMING EVENTS**

1. AWWA National Conference, Washington , D.C., June 12-16, 2011

**NEXT WATER BOARD MEETINGS**

1. Thursday, February 17, 2011, 8:00 a.m.
2. Thursday, March 17, 2011, 10:00 a.m.
3. Thursday, April 21, 2011, 10:00 a.m.
4. Thursday, May 19, 2011, 10:00 a.m.

Mr. Nishimura moved to defer Items 1 through 4 to next meeting, seconded by Mr. McCormick; by a unanimous vote; motion was carried.

**ADJOURNMENT**

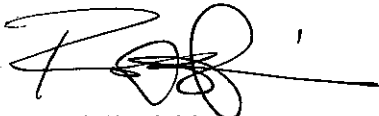
There being no further business, the meeting was adjourned at about 4:30 p.m.

Respectfully submitted,



Carol A. Beardmore  
Secretary

Approved,



Randall Nishimura  
Secretary – Board of Water Supply

cab