MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, July 25, 2013

The Board of Water Supply, County of Kaua‘i, met in regular meeting at the Board Conference Room in Līhu‘e on Thursday, July 25, 2013. Chairperson Randall Nishimura called the meeting to order at 10:05 a.m. On roll call, the following answered present:

BOARD: Mr. Randall Nishimura, Chairperson
Mr. Clyde Nakaya
Mr. Michael Dahilig
Mr. Larry Dill
Mr. Sherman Shiraishi
Mr. Hugh Strom

EXCUSED/ABSENT: Mr. Raymond McCormick

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

STAFF: Mr. David Craddock
Mr. Kirk Saiki
Mr. Val Reyna
Ms. Marites Yano
Mr. Keith Aoki
Ms. Sandi Nadatani-Mendez
Mr. Dustin Moises
Deputy County Attorney, Andrea Suzuki

GUESTS: Mr. Manabu Tagomori, Oceanit
Mr. Kevin Gooding, Oceanit
Mr. Bill Arakaki, Department of Education Superintendent
Ms. Barbara Pendragon, Housing Agency

ACCEPTANCE OF AGENDA:
Chair Nishimura ordered to rearrange the agenda and to move up the Executive Session items after the Meeting Minutes, with no objections.

MEETING MINUTES:
Review and approval of:
Regular Board Meeting – June 20, 2013

Mr. Shiraishi moved to approve the Regular Board Meeting minutes of June 20, 2013 as circulated; seconded by Mr. Dill; with no objections, motion was carried with 6 ayes.

Review and approval of Executive Session:
Executive Session – May 23, 2013

Chair Nishimura ordered the Executive Session minutes to be reviewed in the Executive Session, with no objections.
Mr. Dill moved to go into Executive Session, seconded by Mr. Nakaya; with no objections, motion carried with 6 ayes at Roll Call (HS, SS, CN, MD, LD, RN).

(Note: Board Room was cleared for Executive Session. Item J2 was discussed first.)

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

2. Pursuant to Hawaii Revised Statutes (HRS) Section 92-4, 92-5(a)(4), the Office of the County Attorney requests an Executive Session with the Board to provide the Board with a briefing on Jennings Pacific, LLC, vs. Board of Water Supply of the County of Kauai, David R. Craddock in his official capacity as Manager and Chief Engineer of the County of Kauai Department of Water et. al., Civil No. 12-1-0284 (Fifth Circuit Court) and related matters. This briefing and consultation involves consideration of the powers, duties, privileges, immunities, and/or liabilities of the Board and the Department as they relate to this agenda item.

At 10:55 a.m., Chair Nishimura called for a recess after Item J2.

At 11:00 a.m., Chair Nishimura reconvened the Executive Board meeting for Item J1.

1. Pursuant to Hawaii Revised Statutes Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to provide the Board with a briefing regarding communications from HGEA. This briefing and consultation with the Board counsel involves the consideration of the powers, duties, privileges, immunities and/or liabilities of the Board and the Department as they relate to this agenda item.

At 11:57 a.m., Chair Nishimura reconvened the Regular Board Meeting.

Chair Nishimura announced the Executive Session minutes of May 23, 2013 were approved as submitted in Executive Session with no objections.

Chair Nishimura reordered the agenda to move up Item G 1. Manager’s Report No. 13-53 for testimonies to be heard from Mr. Manabu Tagomori and Mr. Kevin Gooding from Oceanit and Mr. Bill Arakaki, Department of Education Superintendent, with no objections.

G. OLD BUSINESS


Mr. Manabu Tagomori, Oceanit and Mr. Kevin Gooding, Oceanit provided their testimony.

Mr. Tagomori is a subcontractor to the Mears Group on Job No. PLH-03 - Kahili High Level Well Energy Savings Project and is charged to do an impact statement. Mr. Tagomori
introduced Mr. Kevin Good, Oceanit Hydrologist who has been instrumental as a Design Thinking facilitator and Bill Arakaki superintendent for the Department of Education (DOE), which is one of the biggest users of the Design Thinking process.

A handout on the Waihe'e Tunnel was distributed for the record to the Board which is similar to the proposed Kahili well.

WHICH WAIEHE TUNNEL?

The Waiehe Tunnel is a 40-year old water supply system that supplies water to the Ward property and supplies water to the Ward property.

The Waiehe Tunnel is about 200 feet below the ridge of the mountain where it is.

The tunnel can yield up to 75 million gallons of water per day, but is not able to provide the amount it can supply daily due to its size.

The Waiehe Tunnel is a gravity flow system, so electrical power is not needed to move the water. In the event of power outages, Waiehe can continue to supply water.

WHEN WAS IT BUILT?

Waiehe Tunnel was built in 1951 by Chester Westworth, Board of Water Supply hydrologist, who was auditing the Board of Water Supply (BWS). The BWS later merged with WWS in 1959. The tunnel took approximately one year to build.

WHY WAS IT BUILT AT THIS LOCATION?

By the late 1920's, geologists knew the principal sources of Waiehe water. Westworth, by analyzing stream measurements in Waiehe Valley, found that it was a "gathering" stream. A gathering stream is one that receives additional water (possibly from underground flow from Halo) as it moves downtown.

HOW LONG DOES IT TAKE FOR WATER TO FILTER FROM THE TOP OF THE RIDGE TO THE TUNNEL?

Water is filtered for a few months before it enters the tunnel and plant system. Because of the relatively short filtration period, Waiehe Tunnel is not treated at school district parks.

WHY IS WAIEHE TUNNEL UNIQUE?

Waiehe Tunnel is very unique in that it is the only tunnel in Hawaii that has been successfully built under Haleakula mountain.

The tunnel is on the concrete structure at the rear end of the tunnel that replaces the tunnel and which prevents leakage from the porous water compartment, resulting in a build-up or storage of water levels within the compartment.

Most other tunnels can only store a negligible amount of water.

Water is stored at Waiehe during the winter months for use during the dry summer season. It is our "bash reservoir" for water on Windward O'ahu.

ARE THERE OTHER DIKE TUNNELS IN THE BWS SYSTEM?

Yes. There are other tunnels at Wailua, Pulama, Waiehe, Kapaa, Kahe, and Waianae, among others. The new Waianae tunnel on the Manohe and Waianae Plantation.

A second Waiehe dike tunnel development involves four drilled wells at the base of Waiehe Falls along the roadway in the mountain north and meets the new Waiehe observation tunnel.

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DISCUSSION:
Chair Nishimura referred to Manager Craddick’s Report No. 13-53 which provided background and justification on the Public Relations Program.

Mr. Nakaya commented that the potential cost of the design study and feasibility study approximately $100,000 which is from the existing budget. He inquired on how this would affect the traffic study?

Mr. Gooding stated that the budget is based on the contingency of other studies. A traffic study is one example and will not be done because it is not pertinent to the project.

The Mears Group attachment to the report listed where the money came from in Line E for Environmental Impact Statement (EIS) and Line I for Other Planning and Permitting which is for Public Relations. Mr. Gooding clarified that no additional funds will be required.

Chair Nishimura asked the Board to entertain a motion for action on Manager’s Report No. 13-53 which failed for lack of a motion.

Chair Nishimura asked the Board to entertain a motion to defer Manager’s Report No. 13-53 to the next board meeting which failed for lack of a motion.

Mr. Nakaya questioned the benefit of the Design Thinking process for the Board and the Department. He recalled the project went before the public already.

Mr. Gooding explained that the Design Thinking process would entertain a variety of ideas which would start at the beginning and end up with what the public wants. It may not be what the controversial issue is before the project started.

Mr. Bill Arakaki, Department of Education (DOE) Superintendent, provided his testimony.

Mr. Arakaki explained how the Design Thinking process is used within the DOE and how the students applied what they learned in critical thinking and solving problems.

A Design Thinking Process Transition and Design Thinking Summary were distributed for the record.
Design Thinking Summary

Design Thinking is both a process and mindsets.

**Design Thinking Process:**

**EMPATHIZE** -- The first step of the design thinking process is to gain empathy so we can better understand the people for whom you are designing.

**DEFINE** -- Discover the meaningful challenge to work on: Who are you designing for, What are their needs, and What insights have you uncovered?

**IDEATE** -- Ideation is a generative part of the design thinking process: Coming up with many, diverse solutions concepts.

**PROTOTYPE** -- Prototype is get ideas out of your head and into the tangible world where you can build to think and get feedback on concepts.

**TEST** -- Let your users experience your prototype. Observe and interview them to get feedback.

**Design Thinking Mindsets:**

**FRAME** -- Develop empathy. When you frame a problem, you are need-finding. You want to put your self in someone else’s shoes through both observation and interviewing. Finding the right problem to solve is often the most difficult thing of all. The design thinking mindset that supports “Frame” is empathy.

**IMAGINE** -- Imagine is a phase where the sky is the limit. The mindset that supports “Imagine” is the ability to defer judgment of ideas – other people’s ideas as well as your own. When you are in this phase you want to generate an avalanche of ideas – wild and crazy one as well as practical and concrete ones. Every idea is important – you never know where you might end up when you build on each other’s ideas.

**MAKE** -- Make is when everything becomes tangible. You build prototypes – things your user can interact with – so you can find out early – on what works. The mindset that supports “Make” is learning from failure.

When the Empathy phase is used with the client, Framing of the problem is actually what it is suppose to be, and then ideas would come up. The client is interviewed and observed during the Design Thinking process. The difference in the DOW is the critical thinking model is in the Empathy phase and the Prototype phase. Before you do a project, get it back to the client, then if that meets the desire of the community, then you can move forward.
Design Thinking was used in the DOE food service cafeteria to find out why the students were not eating in the cafeteria. The issue was the presentation of the food and what the students thought about it.

Definitions discussed in the Design Thinking Process:
1) Empathize – Gain empathy to better understand the customer for whom you are designing and
2) Prototype – Get ideas out of your head and into the tangible world.

The Design Thinking Mindset:
1) Frame – Develop empathy. When you frame a problem, you are need-finding,
2) Imagine – is a phase where the sky is the limit.

DISCUSSION:
Mr. Dill commented that this process should have been done about two (2) years ago before the Department spent a lot of money. He questioned if the Department would cancel the contract and begin the Design Thinking to achieve the energy efficiency with the water system. The Kahili Well project should not be abandoned but should be reevaluated and adjusted to address the challenges of this project. Mr. Dill added that when the Board directed the Department to hold off on the community meetings, he envisioned the Department to take a step back and to reassess the particular problem as opposed to going back to square one with Design Thinking process.

Mr. Dahilig concurred with Mr. Dill’s concerns and comments. Mr. Dahilig’s concerns were raised at the last meeting that if the Design Thinking was the appropriate process for public relations but not for creative community support, this is a good process but fails because it already has a predisposed outcome from the onset.

Mr. Arakaki questioned what process has the Department used to address the concerns in order to move forward.

Chair Nishimura commented that the Design Thinking process was presented to the Board to start the project over which was not the Board’s desire. It could be incorporated in overcoming the challenges but would have to see what the Department comes back with.

Chair Nishimura thanked Mr. Arakaki for his perspective on the Design Thinking process.

Mr. Dahilig moved to receive Manager’s Report No. 13-53 Job No. PLH-03 – Kahili High Level Well Energy Savings Project, Proposed Public Relations Program; seconded by Mr. Dill; with no objections, motion was carried with 6 Ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS
1. Resolution No. 13-7 – Employee of the Year – Sandi Nadatani-Mendez, Administration

Chair Nishimura ordered, due to lack of quorum, the reading of Sandi Nadatani-Mendez’s Resolution be waived but would do a photo op with the Board; with no objections, Ms. Nadatani-Mendez agreed.

At 12:20 p.m., Chair Nishimura called for a recess and photo op with Ms. Nadatani-Mendez.
At 12:22 p.m., Chair Nishimura reconvened the Regular Board meeting.

At 12:22 p.m., Mr. Nakaya exited the meeting.

At 12:22 p.m., Mr. Strom exited the meeting.

Chair Nishimura welcomed new Board member, Mr. Strom who looked forward to the challenges and excitement as a new member.

Due to quorum issues, Chair Chairman announced that the meeting would end when Mr. Dill leaves the meeting.

2. Correspondence received from Ms. Debra Lee-Jackson, Huleia Farm, dated June 17, 2013

Chair Nishimura mentioned that Ms. Lee-Jackson’s letter would like the Department to join Huleia Farm and request that the Lihu'e basin be designated as a water management area. There may be potential conflict with the resource and would like to proceed carefully on this request.

A recent email correspondence from Ms. Lee-Jackson, dated July 23rd was distributed for the record.
Hui Ho'opulapula Na Wai o Puna

23 July, 2013

Department of Water,

Randall Nishimura, Board Chair

4398 Pua Loke St.

Lihue, HI 96766

Mr. Nishimura:

Thank you for putting us on the agenda for the Board meeting this week on July 25. We just learned today that being on the agenda provides for 3 minutes of the Board’s time. This is not a 3 minute issue.

We strongly suggest that the Department of Water offer another venue that will allow the Board to allocate the time necessary to hear and discuss the issues and processes the Hui has raised regarding the waters of Puna.

Thank you again for your stewardship of our waters and support of our process.

Sincerely,

Debra Lee-Jackson
Mr. Dahilig moved to receive Ms. Debra Lee-Jackson’s correspondence dated June 17, 2013 and for the Board to send a thank you reply but would decline a PowerPoint presentation at this time.

Mr. Dahilig withdrew his original motion; with no objections.

Mr. Dahilig moved to receive Ms. Debra Lee-Jackson’s correspondence, dated June 17, 2013 and for the Department to work with Ms. Lee-Jackson’s PowerPoint presentation first. The Department will make a recommendation to the Board whether to participate in the presentation; seconded by Mr. Shiraishi; with no objection, motion was carried with 4 ayes.

3. Correspondence received from Mr. Michael H. Tresler, Grove Farm Company, dated June 24, 2013

The Board acknowledged the increased fees was based on 3 million gallons of water per day for the remainder of 2013.

Mr. Shiraishi moved to receive correspondence from Mr. Michael H. Tresler, Grove Farm Company, dated June 24, 2013; seconded by Mr. Dahilig; with no objections, motion carried with 4 ayes.

3. Correspondence received from Mr. Jack Young, Ridgeway Rentals, LLLP, dated July 3, 2013

Mr. Dahilig moved to receive correspondence from Mr. Jack Young, Ridgeway Rentals, LLLP, dated July 3, 2013; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

Mr. Dill moved to have the Department respond to Mr. Jack Young on the basis for denial due to no Rule; with no objections, motion was carried with 4 ayes.

F. BOARD COMMITTEE REPORTS

1. Rules Task Force Report

Mr. Dahilig reported the Water System Development Fee (WSDF) Rules Part V was adopted by the Task Force Committee with the assistance of Deputy County, Andrea Suzuki. The Task Force Committee unanimously recommends that the Board refer and adopt WSDF Rules Part V draft at the August Board Meeting. The WSDF draft Rules Part V was distributed to the Board for the record.
PART V
WATER SYSTEM DEVELOPMENT FEE
within the County of Kauai
and Providing Penalties for the Violations Thereof.

Section I: General Provisions

A. Purpose and Authority

The following rules shall govern the assessment of impact fees for Board of Water Supply (Board) capital water facilities expansion for source, storage and transmission pipeline capacity. Expansion of capital water facilities is needed in order to accommodate increased demand on the capacity of these facilities due to new development and/or additional demand of existing users. These rules are authorized pursuant to Hawaii Revised Statutes (H.R.S.) §46-142 and other applicable State law. New development and/or additional demand shall be assessed impact fees in proportion to its demand on capital water facilities and the impact fees assessed shall be expended for public capital water facilities projects. Prior to this amendment the term Facilities Reserve Charge was used by the Board in its rules and regulations [Eff.: Am] (Auth: HRS 54-33; HRS 46-142) (Imp: HRS 54-33).

B. Findings

In the review of the impact of growth relative to the existing and planned capital water system facilities capacity available to the water system, the Board hereby finds that, the recent and anticipated population growth rates and corresponding water demands would place additional burdens on the existing water system. The Board further finds that such growth and increased demand would necessitate an excessive expenditure of public funds in order to create adequate facilities and to promote and protect the public health, safety, and welfare. The Board also finds that it is fair and reasonable to require new development and/or additional demand to pay its proportional share of the capital costs necessary to accommodate such development. Finally, the Board finds that establishing benefit zones as identified in Hawaii Revised Statutes (H.R.S.) §46 is not necessary as a reasonable benefit can be otherwise derived. (Needs to be done)
Section II: Definitions

"Additional Dwelling Unit (ADU)" is as defined in Kaua'i County Code Section 8-26.1 and means living quarters attached to a main dwelling or within an accessory building located on the same lot as the main dwelling for use as a separate dwelling.

"Additional water service" means the need/request for additional water source, storage or transmission resource.

"Allocation" means quantity and size of meter(s) identified as those required to serve the water needs of a premise for the purpose of reserving a quantity of water to meet the anticipated source, storage and transmission demand of that service.

"Applicant" means any person, individual, corporation, partnership, business, organization, association, or other entity whatsoever that applies for water service from the Department.

"Board" means the Board of Water Supply of the County of Kaua'i.

"Building permit" means the official document or certificate issued by the County authorizing the construction or alteration of any structure.

"Consumer" has the meaning prescribed to it under Part II section 1 of the Department of Water Rules and Regulations.

"County" means the County of Kaua'i, a political subdivision of the State of Hawaii.

"Dedicated water system improvements" means water system improvements that are accepted by the Board for operation and are privately designed and constructed.

"Distribution system" means the water pipelines used to bring water from the transmission system or storage tank to individual service laterals and hydrants.

"Developer" means any person(s) causing an increase in demand on the water system.

"Department of Water" (DOW) means the County of Kaua'i Department of Water.

"Facilities Reserve Charge" shall mean the name of the fee in effect prior to enactment of this rule.

"Manager" means the Manager and Chief Engineer, Department of Water of the County of Kaua'i.
"Offset" means a reduction in WSDF designed to fairly reflect the value of site related public facility capital improvements provided by a developer pursuant to an agreement with the Department of Water.

"Person" means an individual, firm, partnership, company, corporation, association, syndicate, governmental agency, or any legal entity, including but not limited to a trustee, receiver, assignee, or similar representative thereof.

"Premise" means a parcel of real property and any structures thereon which have water service will require water service or requires additional water service.

"Recoupment" means the proportionate share of the public facility capital improvement costs of excess capacity in existing capital facilities where excess capacity has been provided by DOW in anticipation of the needs of a development.

"Schedule" means the Water System Development Fees as approved by the Board set out in Part IV section VII of these rules and regulations.

"Service lateral" means the connection to a distribution pipeline, pipes, fittings, valves, and other appurtenances up to and including the consumer shut-off valve and water-meter box, but not including the water meter.

"Source" means any structure used to capture and/or convey, potable waters; and any fee simple land required for the improvements.

"Storage tank" means an enclosed reservoir to store potable water as required in Water System Standards as amended, and any fee simple land required for the improvements.

"Subdivider" has the meaning ascribed to it under section I of Part III of the Department's Rules and Regulations.

"Subdivision" has the meaning ascribed to it under section I of Part III of the Department's Rules and Regulations.

"Subdivision water system" shall mean the water system, within and adjacent to any subdivision, including distribution lines, valves, hydrants, laterals, and all appurtenances necessary to distribute water and provide for hydrant service for such subdivision in accordance with 2002 State of Hawaii Water Standards as amended.

"Temporary meter" means any meter connected to a hydrant or a service lateral used less than one year allowed by agreement with the Manager.

"Transmission pipeline" means a pipeline that delivers potable water from a source development to a storage tank or distribution system, including any booster
pump stations and appurtenances and any fee simple land required for the improvements.

"Water meter" means a device that measures the volume of water delivered to any premise.

"Water Meter Application" is the form filled out to request that a meter be placed in service.

"Water Service Request" means the form filled out inquiring into available water system service and requesting an allocation of source, storage and transmission capacity.

"Water system" means the system operated by the Board.

"Water System Development Fee (WSDF)" is a charge designed to recover a portion of the investment required for water system facilities growth that is assessed by the Board of Water Supply on a developer, new customer, or existing customer who increases their demand for water service. The payment of the Water System Development Fee charge runs with the land not with the payor.

Section III: WSDF Fee Schedule

A. The WSDF imposed shall be as set forth in the WSDF Schedule, in Part IV of the Department Rules. The WSDF Schedule was created in accordance with a report prepared by an independent consultant as adopted by the Board for the purposes of WSDF assessment. The report calculated the costs associated with water development needs as laid out in the Department of Water facilities needs assessment study entitled "Water Plan 2020" as amended.

Section IV: Applicability

A. On and after the effective date of this Part V Rule, unless exempted pursuant to Section VI, all new developments requiring water supplies from the Department of Water or those requesting additional water supplies from existing water services will be subject to this Chapter of the rules.

1. The above includes but is not limited to, the following:

   a. Irrigation or agricultural use water services.
   b. Additional structures, ADUs or additions to structures.
   c. Requests for additional meters with no changes to the premise.
   d. Additional use on combined fire flow and potable flow meters.
   e. Connections to any DOW water system to provide private fire flow will be subject to a portion of the storage and transmission components of the WSDF.
f. All accounts that have been inactive (meter removed) for more than one year are subject to the WSDF.
g. Subdivisions of land and/or lots to be subdivided
h. Existing lots of record that have no water service.

Section VI: Water System Development Fee Computation

A. General Provisions

1. An Applicant for new or additional water supply shall submit to the Department of Water a Water Service Reservation Request, which details the amount of fixture units to be installed by the Applicant.
   a. The Applicant shall submit an affidavit under penalty of false representations before a government official, along with the Water Service Reservation Request, attesting to the number of fixture units to be installed by the Applicant.

2. The Department shall collect a processing fee for the Water Service Reservation Request as set by the Manager to offset the cost of processing. The Department shall waive these fees for any affordable or workforce housing project approved or sponsored by the County Housing Agency.

3. Upon review and submittal of the Water Service Reservation Request and affidavit, the Department may issue conditional approval and assign an appropriate meter size.

4. In order to secure a reservation of water, the Applicant shall pay the appropriate Water Service Reservation fee. Payment of the Water Service Reservation Fee shall be made before completing any items required by the conditional approval of the Water Service Reservation Request. The Manager may secure reservation of water without immediate payment of the fee for any affordable or workforce housing projects approved or sponsored by the County Housing Agency provided fees are collected before installation of the meter.

5. A water reservation shall be perfected when actual installation of the meter is complete. A water reservation shall be valid for a period of one year and shall expire unless installation of the meter occurs within that period or an extension of the reservation is granted
   a. An extension of the reservation may be granted for a single additional one-year period.
   b. Upon expiration, a full refund of the Water Reservation Fee shall be made and any reservation rights the Applicant held shall be extinguished.

6. A Water Meter Application shall be submitted to effectuate installation of a meter. The Applicant shall pay the WSDF that is in force and effect at
the time of submittal of Water Meter Application with full credit of the Water Reservation Fee being applied.
   a. Any increased difference of the WSDF between the time of reservation of water and the time of Water Meter Application shall be waived if the Water Meter Application is submitted within one year from the payment of the Water Reservation Fee.

7. The Department may negotiate water system facilities charges other than those in the schedule when it is determined that the schedule is inappropriate. The Department may also negotiate agreements with developers for payment of the actual costs of the installation of the necessary water system facilities or require the installation of the facilities by the developer in lieu of payment of water system.

8. The Department shall assess a non-refundable administrative charge as laid out in Part IV of the Rules and Regulations.

Section VI: Exemptions from WSDF payment.

A. A premise which was serviced by a meter that was removed within one (1) year of the current water meter application is exempt from the WSDF fee up to the current value of the prior meter size.

B. Detector check meters or other private fire line services to be used solely for fire purposes are exempt from the source portion of this rule.

C. Temporary meters are exempt from the WSDF provided they are used one year or less.

Section VII: Refund or Reimbursement of WSDF

A. An Applicant that is granted a reduction in the size of water meter shall not be entitled to any WSDF reimbursement.

B. In the event the WSDF has been paid for a subdivision and subsequently the subdivision is reconsolidated reducing the number of buildable lots, the WSDF will be returned for the consolidated lots in the amount paid, provided the reconsolidation is completed within one (1) year following the prior subdivision approval.

1) This shall not apply to a premise which has received approval for a building permit on the premise to be reconsolidated.

C. Refund of the WSDF shall not be made with the termination of water service.
D. If the WSDF is not expended or encumbered within six years, a refund shall go to the Applicant or the Applicant's successor in title in the amount paid with any accrued interest.

1) A WSDF refund request shall be submitted to the Department within one (1) year of the date on which the right to claim arises.

2) Any unclaimed refund shall be retained in special trust fund or interest bearing account and shall be expended according to this Part V Rule.

E. If the WSDF is ever terminated, all unexpended or unencumbered funds shall be refunded as provided in Section VII (D) of this rule.

1) The Board shall give public notice of termination and availability of refunds at least two (2) times in a general circulation newspaper with daily distribution.

2) All funds available for refund shall be retained for a period of one year at the end of which any remaining funds may be transferred to the Board's general fund and expended for any public purpose involving water supply or service as determined by the Board.

F. Recoupment shall be exempt from this section.

Section VIII: Facilities Reserve Charge Paid Prior to Enactment of Part V Rules

A. This Section applies to those Applicants that have paid what was known as a "Facilities Reserve Charge" prior to enactment of these Part V Rules and have failed to install a water meter on the subject property for which the Facilities Reserve Charge was paid, hereinafter referred to as "Prior Applicants".

B. Prior Applicants have 6 months from the date of enactment of these Part V Rules, to install a water meter, hereinafter referred to as the "Grace Period", at no additional cost.

C. After expiration of the Grace Period, Prior Applicants must pay the difference of the original Facilities Reserve Charge paid and the WSDF in effect at the time the meter is installed.

Section IX: Offset

A. When an applicant consumer, or subdivider is required to construct and dedicate water source or water storage facilities, or water transmission mains, to the department, the following rules shall apply:
1. The applicable WSDF liability of such applicants, consumers, or subdividers shall be offset by up to 33% each where water source or water storage improvements are constructed, and up to 50% where water transmission mains are constructed; provided that the total amount of all offsets that an applicant, consumer, or subdivider receives shall not exceed 100% of the applicant's, consumer's, or subdivider's WSDF liability and provided further that the offset for any source or storage improvement or transmission main shall not exceed the actual cost of the source or storage improvement or transmission main.

2. The Department, and not the applicant, consumer, or subdivider, shall calculate and determine the total amount of an applicant's, consumer's, or subdivider's WSDF offset in any given case. The Department may require the applicant, consumer, or subdivider to submit documentation verifying the actual cost of a source or storage improvement or transmission main.

3. The offsets described in this section shall not apply to water transmission mains constructed by a subdivider, applicant or consumer which are within or adjacent to a subdivision or lands either 1) owned by the applicant, subdivider, or consumer, or 2) developed by the applicant or consumer or subdivider for uses such as, but not limited to residential agricultural, commercial, resort, industrial, governmental, religious, or educational uses. Where water transmission mains are constructed within, adjacent to, or outside of such subdivisions or lands, the offsets shall apply only to mains constructed outside of and off-site from such subdivisions or lands.

Section X: Records, Accounts Contest Severability and rule changes

A. COLLECTION AND EXPENDITURE of WSDF

a. Upon collection of WSDF, WSDFs shall be deposited in a special trust fund or interest-bearing account. The portion that constitutes recoupment may be transferred to any appropriate fund.

b. For dedicated water system improvements, the Department shall, upon acceptance and by agreement, establish and record a value for the water improvements conveyed and any offset activity.

B. Contesting the WSDF

a. Any person impacted by these rules pertaining to WSDF may contest the amount of the fees assessed by following the requirements of Part I of these rules and regulations.

C. Severability
a. If any of these regulations or the application thereof to any person or circumstance, is held invalid, such determination shall not affect other provisions or applications of these regulations which can give effect without the invalid provision or application, and to that end the provisions of these regulations are severable.

Mr. Dahilig moved to receive and refer the Rules Task Force Draft Rule on Part V, Water System Development Fee (WSDF) to Manager Craddick for review and comment to the Full Board at the August Board meeting; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

The Commission Support Clerk requested a point order with Chair Nishimura on a correspondence which was received late from the auditors, KMH, LLP. Deputy County Attorney, Andrea Suzuki advised the Board there needed to be a 2/3 vote, and that the correspondence was not posted. There was no action for the Board to take.

G. OLD BUSINESS

2. Approval of FY 2013 – 2014 Capital Improvement Project (CIP) Budget

Chair Nishimura recognized that the new building was budgeted at $4M and that $2M would be left out in the FY 2013 – 2014 budget. The Department could come back to the Board.

Mr. Dill moved to approve the Approval of the FY 2013 – 2014 CIP Budget by moving the funding of the new building as a dollar funded project; seconded by Mr. Dahilig; with no objections, motion was carried with 4 ayes.

3. Board Adoption of the Manager and Chief Engineer Goals for FY 2013 - 2014

Recommendations on Manager Craddick’s Goals for FY 2013 - 2014:

Item D – Chair Nishimura requested Manager Craddick to reduce the amount of time to respond to grievances 30%, which Manager Craddick agreed to.

Item G - remains as is. Manager Craddick’s comments were taken into consideration.

Item H - remains as is. Manager Craddick’s comments were taken into consideration.

Item I – Manager Craddick’s No. 1 comment - There should be cost savings or demand reduction projects, Manager Craddick agreed to add 4 additional items under cost saving or demand reduction.

Item I – Manager Craddick’s No. 2 comment (items d & e) – Distribution lines are replacement projects so are the sum of 30 needed or some number between 10 and 20. Manager Craddick agreed to do a combination of 30 distribution and replacement projects.
Item J – Complete the installation of energy efficient motors purchased in FY 2012 by 2nd quarter of FY 2013-2014 & Item K – items a through e – Complete Design of top 10 projects by FY end.

Manager Craddick will do the top 10 projects and complete design by FY end (within 1 year) and to do an analysis on priorities.

Chair Nishimura requested to have the Department put up a bulletin board to show the progress of all the priorities listed.

Mr. Dahilig moved to approve the recommendations by Chair Nishimura on the Board Adoption of the Manager and Chief Engineer Goals for FY 2013 - 2014; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

Due to quorum issues, Mr. Dahilig recommended the Board take up New Business Item 1 Manager’s Report No. 14-01 because it involved a change order; with no objections, Chair Nishimura agreed.

H. NEW BUSINESS

Mr. Dahilig moved to approve Manager’s Report No. 14-01 – Job 02-13 WK-28 Wailua House lots Main Replacement, 3rd Amendment to Contract No. 403 with R.M. Towill Corporation and that the 3rd Amendment be incorporated to current or future budgets; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

At 12:55 p.m., Chair Nishimura recessed the meeting due to quorum issues until later today or tentatively reconvene on Monday, July 29th at 9:00 a.m.

At 3:30 p.m., Chair Nishimura reconvened the Regular Board Meeting.

G. OLD BUSINESS

Mr. Shiraishi’s draft on the proposed new language for Board Policy No. 1 was distributed for the record.

RECEIVED FOR THE RECORD

BOARD OF WATER SUPPLY POLICY NO. 1
RE: HEALTH & SAFETY

The Department is subject to laws relating to hazard communication programs, health and safety standards, equipment guarding, etc. In addition, collective bargaining agreements may mandate certain safety procedures and equipment for Department employees. In order to provide a safe and healthful work environment for employees, customers, and visitors, the Manager and Chief Engineer shall implement and enforce a workplace safety program in compliance with applicable laws, rules, regulations, and collective bargaining agreements.
The Department shall provide information to employees about workplace safety and health issues through procedural manuals and policies, regular internal communication channels such as supervisor-employee meetings, bulletin board postings, memos, and other written communications.

The Department shall provide employees with periodic workplace safety education or training. The education or training shall cover potential safety and health hazards and safe work practices and procedures to eliminate or minimize hazards.

The Department shall provide safety equipment necessary or advisable for the safety of employees, customers, and visitors.

The Department shall encourage employees to suggest or recommend ideas, concerns, or suggestions for improved safety in the workplace.

OPTIONAL - The following may already be provided for in applicable employee manuals or operating procedures:

Each employee is expected to obey safety rules and to exercise caution in all work activities. Employees must immediately report any unsafe condition to the appropriate supervisor. Employees who violate safety standards, who cause hazardous or dangerous situations, or who fail to report or, where appropriate, remedy such situations, may be subject to disciplinary action, up to and including termination of employment.

DISCUSSION:

There was no objection to Paragraph 2.

Manager Craddick indicated that the “Department” is no one because it is everyone. If “Department” is used, nobody takes responsibility. The “Department” is defined by the Charter as the Board, the Manager and necessary staff.

Mr. Dahilig suggested changing “Department” to “Manager” or “designee.”

Chair Nishimura inquired if “the Manager and Chief Engineer shall provide information through the Manager and Chief Engineer.”

Mr. Shiraishi suggested the wording be changed to “employees shall be provided information in workplace safety.” He did not want to impose additional duties on the Manager and Chief Engineer and followed the Board Policy as stated in Paragraph 1.

Paragraph 3 was deleted in the existing policy which was replaced with “The Department shall provide safety equipment necessary or advisable for the safety of employees, customers, and visitors.”

The existing policy in Paragraph 2 states: “Except in the case of gross negligence, all safety equipment which is lost, damaged or worn out will be replaced by the Department.”
Mr. Shiraishi indicated the draft states “Lost items will be replaced once a year.” Chair Nishimura inquired if the policy can state “the Department shall establish and maintain health and safety and is it sufficient.”

Mr. Dill requested to see a Board policy established and implemented at the Board level which gives direction to the Manager. The SOP would be by the Manager that responds to the Board policy.

Mr. Shiraishi’s draft in Paragraph 1 states: “In order to provide a safe and healthful work environment for employees, customers, and visitors…”

Mr. Dill proposed a beginning statement in the policy to state: “The Manager shall be responsible for implementation of a comprehensive safety program to include but not limited to the following …”

Chair Nishimura suggested a preamble to state “In order to provide a safe and healthful environment, the Manager and Chief Engineer shall implement and enforce a safety program.” A suggested to add After Collective Bargaining Agreements: “including but not limited to as to hazard communication programs, health and safety standards, equipment guarding, etc.,” this can be incorporated as part of the safety program. The state, federal, county ordinance, Occupational Safety & Health Administration (OSHA) and Hawai‘i Occupational Safety & Health Administration (HIOSH) should also be referenced.

Chair Nishimura recommended after Manager and Chief Engineer shall ... add: “develop,” implement and enforce a workplace safety program in compliance with applicable laws, rules, regulations, and Collective Bargaining Agreements.”

Mr. Dill mentioned what the exiting policy stated: “The Department will furnish personal safety equipment to all those employees performing duties which expose them to hazards where such safety equipment may be expected to prevent injury.”

Chair Nishimura commented that the intent is to take care of personal safety equipment to be incorporated in the safety program.

The Standard Operating Procedure (SOP) No. 7 addressed safety glasses and safety shoes confirm by Mr. Shiraishi.

Chair Nishimura explained that in the electrical industry there is a new regulation, NFPA 70e which does not allow employees to do live electrical work (i.e., taking voltage measures). They need to be trained and certified by the employer. Manager Craddick agreed that when the law changes, then the policy would cover the new regulations.

Record keeping requirements can be covered through the implementation portion which should be provided to the employees which is applicable to the rules and regulation laws.

Optional portion (last paragraph) - The employee manual is distributed to new employees by the HR Coordinator during orientation on the first day of work which the optional portion could already be covered.
Manager Craddick questioned if the employee manual states if an employee fails to follow the safety rules, could it result in disciplinary action. If it is written or not written it could be considered insubordination.

Mr. Shiraishi mentioned that the employee manual should be consistent with other provisions which Mr. Reyna confirmed it is in the progressive discipline guidelines.

Mr. Reyna suggested deleting the optional paragraph in Mr. Shiraishi’s draft.

Mr. Dahilig moved to defer Mr. Shiraishi’s input on the Review of Board Policy No. 1 – Personal Safety Equipment Proposed New Language (3-20-1981) to be cleaned up by the Department and resubmission at the August Board meeting; seconded by Mr. Shiraishi; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

5. Review of Board Policy No. 2 – Lowering of Pipeline Proposed New Language (2-12-1970)

Chair Nishimura read the existing Board Policy No. 2 as follows: “Pipelines within the shoulder area which were not installed to present Board of Water supply Standards will be lowered free of charge for the property owner in the event such lowering is necessary for the construction of a driveway into the property.”

DISCUSSION:
Manager Craddick pointed out that “present” could mean today or “present” could mean in 1970 when the policy was approved. It could also be the standard the time the line was installed. This was cleared up to read “not installed to Board of Water Supply Standards at the time of construction will be lowered free of charge.” If this met the standard and recognizing that standards change, the Department should not be subject to do corrective work if the standard was met. If the intent was to make adjustments any time the standard changes the DOW would have to do corrective work. This could result in many changes costing a lot.

Mr. Dill referenced “service laterals within the public easement area ....” what does it include?

Manager Craddick indicated the Department has an easement over all county road right of ways for purposes of operations and repair of facilities so it would include all those areas.

Mr. Reyna confirmed that there are pipelines encroaching on private properties.

Manager Craddick commented that the relocation of pipelines on private property is not the topic of this policy. This may be why the policy was established.

Chair Nishimura referenced the existing policy which states “within the shoulder area.”

Mr. Dill did not understand No. 2 of the suggested policy which states, “In cases where there is no easement, the property owner must first convey an easement to the Board.” He gave an example (referring to No. 1) of owning a vacant lot and to build a driveway by finding out that the lateral is too shallow, then it needs to be lowered. Mr. Dill would not be in a position to convey an easement within the county road right of way; therefore No. 2 did not make sense.
Manager Craddock clarified if there is a public right of way there would be an easement. Some individuals may not have given an easement for the pipeline and it may not be in a public road.

Chair Nishimura commented that the policy may have been established in cases where the facilities were not conveyed.

Mr. Shiraishi referenced No. 1 and No. 2 may not be consistent with each other. No. 2 applies to a situation with the Department going on private property. He suggested going back to “within the shoulder area” instead of “within the public easement area.” There may be pipelines on private property with no easement. The pipelines on private roads should have an easement.

Where No. 2 is applied, Chair Nishimura suggested removing “within the public easement area.”

Manager Craddock stated if the lateral is not in the public easement area, the Department will not touch it without an easement. If the Department did not own the facility it would stop the line rather than raising it if it is not serving other customers without an easement.

Mr. Aoki questioned No. 2 if the easement is given, could the Department lower the line?

Manager Craddock commented that it could be done if it was not put into standard at the time it was done.

Chair Nishimura inquired whether it is on private property or has to be in a public easement (i.e., the line, the meter and the lateral on private property).

Manager Craddock noted those are problem areas in a subdivision where the road was not done to standard.

Chair Nishimura commented if the owner has a water meter and service lateral but does not have an easement, the Department would not do the remainder of the work. But if the owner conveys an easement, the Department would do the work. Chair Nishimura suggested taking out “within the public easement area” because No. 2 would take care of this issue.

Deputy Manager, Mr. Saiki questioned in No. 1 “installed to Board of Water Supply Standards at the time of construction” and asked which construction? There is a distinction on the installation of the water line and lateral and the construction on the discovery that it needs to be lowered.

Mr. Dill stated that the intent is at the time of original construction of the pipeline or service line. He clarified the following: “Pipelines or service laterals which are not installed to the Board of Water Supply Standards at the time of their installation will be lowered free of charge…”

Deputy Manager, Mr. Saiki inquired if pipelines and service laterals are to be defined as water facilities?

Mr. Shiraishi suggested “the pipelines maintained or owned by the Department.” He recommended deleting “At construction” in No. 1 and delete “at the time of construction” and to read: “water facilities which were not installed to Board of Water Supply Standards will be lowered free of charge when the lowering is necessary for the construction of a new driveway into the property.”
If the facilities were installed originally, then the Board would not pay to relocate them. The Board should not be penalized if the standards are changed.

If a subdivision lot is bought and the owner puts in a driveway based on a Public Works building code but later found out there was a pipeline there (30 years ago) which was to standard, the owner would have to redesign the driveway to accommodate the code today. Public Works and the Board of Water Standards are consistent with each other.

Chair Nishimura understood the proposed new language in No. 1 and read: At-construction “Board of Water Supply Facilities Pipelines or service laterals within the public easement area which were not installed to Board of Water Supply Standards at the time of “initial” construction will be lowered free of charge when the lowering is necessary for the construction of a driveway into the property.” No. 2 remained as is: “In cases where there is no easement, the property owner must first convey an easement to the Board.”

Mr. Shiraishi moved to approve the revised Board Policy No. 2 – Lowering of Pipeline language for service laterals to read “At-construction, The Board of Water Supply Facilities which were not installed to the Board of Water Supply Standards at the time of initial construction will be lowered free of charge when the lowering is necessary for the construction of a driveway into the property.” Sentence No. 2 will remain as is; seconded by Mr. Dahlig; with no objections, motion was carried with 4 ayes.

**DISCUSSION:**
Manager Craddick commented that there are a number of things above ground and by changing the policy from pipelines and service laterals to Water Department facilities would broaden the policy. If someone is moving a driveway, the Department would move the facilities.

There have been requests to relocate facilities as indicated by Mr. Aoki. Water Resources & Planning could prepare construction drawings but the owner would move it at their own cost.

Chair Nishimura’s perspective is if the Department allows an owner to put in a driveway, they should have to absorb the cost.

Mr. Dill moved to reconsider the previous motion; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

Mr. Dill moved to amend the previous motion on Board Policy No. 2 to indicate that the Board of Water Supply Facilities be referenced as “Board of Water Supply Pipelines and Service Lines”; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

Amended change was: “At-construction, The Board of Water Supply Facilities Pipelines and Services Lines which were not installed to the Board of Water Supply Standards at the time of initial construction will be lowered free of charge when the lowering is necessary for the construction of a driveway into the property.” Sentence No. 2 will remain as is; seconded by Mr. Dahlig; with no objections, motion was carried with 4 ayes.
6. Review of Board Policy No. 10 – Temporary Assignment *(rescinded per 1-10-08, RBM minutes)*

Mr. Dahilig moved to reaffirm the previous action of the prior Board to rescind Board Policy No. 10; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

7. Review of Board Policy No. 21 – Travel Policy and Procedures *(rescinded per 2-14-08, RBM minutes)*

Mr. Dahilig moved to reaffirm the previous action of the prior Board to rescind Board Policy No. 21; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

**STAFF REPORTS**

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

**PRESENTATION:**
Ms. Yano reported on the budget status summary for May 31, 2013 reflected on pages 61 to 83 (IPads).

Mr. Dill moved to receive the Statement of Kaua'i County Water Department’s Revenues and Expenditures; seconded by Mr. Dahilig; with no objections, motion was carried with 4 ayes.

Re: Report by the Public Relations Specialist on Public Relations Activities

**PRESENTATION:**
Mr. Dahilig commented on an article in the paper regarding Honolulu Councilwoman Ann Koboyashi complaining that their water department was not charging the other counties enough on their billing system. That was an insinuation Manager Craddick mentioned which has been corrected. In Manager’s Update Report a $6,700 charge is being paid by the Department to change the shut off time.

Ms. Nاداتاني-Mendez explained that the new billing system was never renegotiated before the new billing system was in place. Once the new billing system was in place, the HBWS was supposed to renegotiate what the Department was paying them which has not been done. The $6,700 charge includes changing the configuration and testing before it goes into production. The Department should anticipate the additional cost the beginning of next year.

Mr. Dill referred to the press release sent out by the DOW titled: “DOW Miscalculates Water Bills.” Ms. Nاداتاني-Mendez clarified the press release was incorrectly written which was *not* all customers in Kekaha, Waimea and Puhē; only 400 customers were affected within Kekaha, Waimea and Puhē. All reads at night are sent to O‘ahu. The DOW reads clashed with Maui’s reads which rejected Kaua’i’s reads but processed Maui’s reads. If a read is not put in within three (3) days, the system automatically generates a system estimate bill based on the history. Ms. Nاداتاني-Mendez re-billed each account. The majority of the bill amounts went down, some went up and some bills stayed the same. This is the second time this occurred in which Ms. Nاداتاني-Mendez has already written to HBWS. Previously, 900 customers were re-billed the first time bills were miscalculated. Late charges which will start on August 1st. The 400 customers who were re-billed will not be assessed late charges.
This issue was Chair Nishimura’s previous request to delay the billing request until the billing system was fined tuned which compounds late charges to incorrect bills.

Ms. Nadatani-Mendez will provide a follow up on a response from HBWS regarding the incorrect billing, per Mr. Dill’s request.

A DOW newsletter was distributed to the Board members which covered September 2011 to present done by the PR Intern, Bryanna Pacleb. Write ups were included on all Board members.

**Press Releases sent out:**
- **June 18th** – Announced the launch of its eBill Presentation and eStatement initiative.
- **June 20th** – Regarding July 1st scheduled rate increase and informational meetings.
- **June 30th** – Wainiha residents to conserve water due to a water main break.
- **July 1st** – Water conservation request was lifted for the Wainiha area following a water main break which occurred Sunday, June 30th on Wainiha Powerhouse Road.
- **July 1st** – Announced the DOW’s Annual 2013 Water Quality Report.
- **July 12th** – DOW Billing “System Estimates”

**TGI Press Releases:**
- **June 25th** – H20 rates rising
- **June 30th** – More homes, better business for Lihu‘e
- **July 2nd** – Letters to the Editor – Water rate hike seems fair, but public meetings a chance to listen, learn
- **July 3rd** – Repairs made to water main in Wainiha
- **July 4th** – DOW’s water rate hike draws fire
- **July 4th** – Better than bottled
- **July 14th** – DOW miscalculates water bills
- **July 14th** – Attorney: Pesticides at Waimea Canyon Middle School violates federal law

**TV Media:**
- **July 16th** - KHON2 News Website/Televised – New billing system means not all customers are paying equally for water.

**Miscellaneous**
- DOW received the 2013 Annual Report for the East & West Kaua‘i Soil & Water Conservation Districts.

The Fun Committee - Met on July 10th to announce the 1st Annual cook-off contest to boost employee morale titled “So you think you can bake!” scheduled for July 19th. The Intern Appreciation Pau Hāna party is scheduled for August 2nd.

MAS (Make a Splash) – Ms. Nadatani-Mendez will head the MAS scheduled for September 26th.

Mr. Dill moved to receive the Public Relations Specialist on Public Relations Activities; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.
Re: Chief of Operation's Summary Report on Monthly Operational Maintenance

PRESENTATION:
Mr. Reyna reported out of 193 Work Orders issued in May, 158 were completed.

Mr. Shiraishi moved to receive the Chief of Operation’s Summary Report on Monthly Operational Activities Report; seconded by Mr. Dahilig; with no objectives, motion was carried with 4 ayes.

Re: Manager's Monthly Update Regarding Activities of Note of the Kaua’i County Water Department

PRESENTATION:
Manager Craddick highlighted the following DOW activities in July 2013:

1. CONTRACTS AWARDED/EXTENSION/AMENDMENTS – CONTRACT #573 GS-2013-5 TO PACIFIC PIPE COMPANY, INC. FOR THE FURNISHING & DELIVERY OF HYDRANTS & APPURTENANCES & VARIOUS REPAIR & MAINTENANCE FITTINGS IN THE AMOUNT OF $291,094.10

2. FIRST AMENDMENT TO PROJECTING RAINFALL VARIATIONS FOR KAUA’I PROFESSIONAL SERVICE AGREEMENT, UNIVERSITY OF HAWAII, OFFICE OF RESEARCH STUDIES, HONOLULU, HI EXTENSION TO A THREE (3) YEAR PROJECT UNTIL NOVEMBER 15, 2013. NO FUNDING REQUIRED. THIS IS A NO COST CHANGE ORDER.

3. Personnel Matters Update – Deputy Secretary and Public Information Officer are scheduled to start in August.

4. Warrant Vouchers were paid in the amount of $2.6M.

5. Conveyance of Water Facility – None

6. Water Quality Report – Second Quarter (April – June 2013) – A letter was sent to customers with a direct on line link on the Water Quality Report. Ms. Margie Loo is providing hard copies to customers at their request.

7. CC&B Billing System Update: As of July 18th, 139 accounts have been set up with eBill & eStatement out of that, 44 have elected to receive their bill electronically saving paper & postage.

8. IT Strategic Plan Update: Kick off meeting was held on the Financial System revamp. Ms. Nadatani-Mendez will follow up on the IT Strategic Plan list.

9. Affordable Housing Update: Will be provided after the next Task Force meeting is held.

10. Legislative Update: DOW received $1.3M for the Kilaeua School waterline and will restart the redesign process. Mr. Aoki explained the reason for the redesign was that Department of Accounting General Services (DAGS) did the design but when the construction bids came in per budget, the project was not done. At the 12th hour DAGS said the DOW could not use the design and had to go through the procurement process. If the existing design consultant is used during the procurement process, the drawings would be updated.

11. BAB subsidy - Some people have re-financed their BAB with revenue GO bonds but it is too late to do this for DOW as the current nontaxable bond interest is 3.5% for the counties rating.

12. Customer Service: Six (6) trainings will be given to the staff on the following topics:
   a) The Service Mentality
   b) Six Cardinal Rules of Customer Service

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c) Business Friendly Customer Service  
d) Killer words of Customer Service  
e) How to Handle the Irate customer  
f) Essential Telephone Skills

Mr. Dill moved to receive the Manager’s Monthly Update Regarding Activities of Note of the Kauai County Water Department for July 2013; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

a. **Report of the BAB Bond pay down as of July 2013**
Mr. Dill moved to receive the Report of the BAB Bond pay down as of July 2013; seconded by Mr. Shiraishi; with no objections, motion was carried with 4 ayes.

**Re: Conference Reports**

Chair Nishimura added that Deputy Manager, Kirk Saiki’s Department Travel report does not need to be filed or submitted to the Board for approval.

Mr. Shiraishi moved to receive the AWWA Conference Report; seconded by Mr. Dill; with no objections, motion was carried with 4 ayes.

**QUARTERLY REPORTS**
1. Quarterly Update on Project Status  
   a. Construction Management Division Status  
   b. Engineering division Design Status

Mr. Shiraishi moved to receive the Quarterly Update on Project Status for a) Construction Management Division Status and b) Engineering Division Design Status; seconded by Mr. Dill; with no objections, motion was carried with 4 ayes.

**TOPICS FOR NEXT WATER BOARD MEETING (August 2013)**
1. Resolution No. 14-1 (08/13), Budget for Fiscal Year 2013-14  
2. Selection of 3 attendees for the AWWA Hawaii Section Conference 2013—October 23-25, 2013, Maui, Hawaii (delete from agenda)  
3. Water System Development Fee (WSDF) and FRC Proposed Rules  
   i. Part V WSDF (revised 7-18-13)  
5. Board Policy No. 3 – Expenditure of Water Utility Funds (10-17-2006)  
6. Manager Craddick to provide a Proposed Board Policy regarding payment of FRC and Water Utility Debt Service  
7. Discussion on Dollar Funding the New Building  
8. Capital Improvement Projects (CIP) for 2014 Legislative Session (first draft list)

**TOPICS FOR FUTURE WATER BOARD MEETINGS**
1. Board Committee Assignments (August 2013)  *(Add to Announcements)*

**UPCOMING EVENTS**
1. HWWA Hawaii Section Maui, HI *(October 23-25, 2013)*

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NEXT WATER BOARD MEETING
1. Thursday, August 22, 2013, 10:00 a.m.
2. Thursday, September 19, 2013, 10:00 a.m.
3. Thursday, October 17, 2013, 10:00 a.m.
4. Thursday, November 21, 2013, 10:00 a.m.

ADJOURNMENT
Mr. Shiraishi moved to adjourn the Regular Board meeting at 4:54 p.m.; seconded by Mr. Dahilig; with no objections, motion was carried with 4 ayes.

Respectfully Submitted,

Edie Ignacio Neumiller
Commission Support Clerk

Approved,

Sherman Shiraishi
Secretary – Board of Water Supply