

REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, June 25, 2009

The Board of Water Supply, County of Kaua'i, met in regular meeting at its office in Lihu'e on Thursday, June 25, 2009. Vice Chairperson Randall Nishimura called the meeting to order at 10:12 a.m. On roll call, the following answered present:

BOARD: Mr. Randall Nishimura, Vice Chair
Mr. Dee Crowell
Mr. Donald Fujimoto
Mr. Ian Costa
Mr. Raymond McCormick
Mr. Roy Oyama

Absent & Excused: Mr. Leland Kahawai, Chairperson

STAFF: Mr. David Craddick
Mr. Paul Ganaden
Mr. Gregg Fujikawa
Mr. Keith Fujimoto
Mr. Bruce Inouye
Ms. Faith Shiramizu
Mr. Dustin Moises
Deputy County Attorney Amy Esaki (left meeting at about 11:20 a.m.)

Absent & Excused: Mr. William Eddy

GUESTS: Mayor Bernard Carvalho, Jr. (left meeting at about 10:35 a.m.)
Mr. John Isobe, Office of the Mayor (left meeting at about 10:35 a.m.)
Mr. Lindsay Crawford, Kukui'ula Dev. LLC (left meeting at about 11:05 a.m.)
Mr. Tom Shigemoto, A&B Properties (left meeting at about 11:05 a.m.)
Mr. Jerry Kaluna (left meeting at about 11:15 a.m.)

AGENDA

Vice Chair Nishimura reordered the Agenda to have New Business, G1, Request to Testify by Mayor Bernard Carvalho, Jr. for a "Presentation regarding the Administration's Visions and Goals for the County of Kaua'i and Directions and Priorities for the Board of Water Supply " to be first on the Agenda after the Acceptance of the Agenda to accommodate Mayor Carvalho's busy schedule.

Manager Craddick stated that for G2, Request Board Approval to Add Capacity to the Waiahi Treatment Facility, the applicant requested to withdraw this agenda item. It was so noted.

Mr. Oyama moved to accept the Agenda, as amended, seconded by Mr. Costa; motion was carried.

Re: Request to Testify by Mayor Bernard Carvalho, Jr. for a "Presentation regarding the Administration's Visions and Goals for the County of Kaua'i and Directions and Priorities for the Board of Water Supply"

Mayor Bernard Carvalho, Jr. and Mr. John Isobe were present at the meeting.

Mayor Bernard Carvalho, Jr. gave a presentation to the Water Board on the Administration's Visions and Goals for the County of Kaua'i and Directions and Priorities for the Board of Water Supply.

The Mayor's five (5) areas of focus for his tenure were:

- Supporting our economy
- Becoming more sustainable now
- Planning wisely for our future
- Caring for our communities, our families, our residents, and our visitors
- Delivering the exceptional customer service you expect and deserve

Mayor Carvalho also gave a status report on the various projects under the areas of focus above, which is documented in report card format. His presentation is also available on the County's website, kauai.gov, which will be updated to show the County's continuous progress.

Mayor Carvalho and Mr. Isobe both left the meeting at about 10:35 a.m.

Mr. Costa moved to receive the Mayor's Presentation for the record, seconded by Mr. Oyama; motion was carried.

MINUTES:

Special Meeting – April 2, 2009 and Regular Meeting – April 16, 2009

Mr. Costa moved to defer the Special Meeting minutes of April 2, 2009 and Regular Meeting minutes of Thursday, April 16, 2009, seconded by Mr. Oyama; motion was carried.

Special Meeting – May 8, 2009

Mr. Costa moved to approve the Special Meeting of May 8, 2009, seconded by Mr. Oyama; motion was carried.

Regular Meeting – May 21, 2009

Mr. Oyama moved to approve the Regular Meeting of May 21, 2009, seconded by Mr. Costa; motion was carried.

Special Meeting – June 10, 2009

Mr. Oyama moved to approve the Special Meeting of June 10, 2009, seconded by Mr. Costa; motion was carried.

CORRESPONDENCE:

Re: Letter from the State House of Representatives Chief Clerk Submitting House Resolution No. 52, which was adopted by the House of Representatives at the 2009 Legislative Session

Mr. Costa moved to receive this Correspondence, seconded by Mr. McCormick; motion was carried.

Re: Rescission of Notice of Violation, Surface Water Treatment Rule (SWTR) Treatment Technique from the State Department of Health for Public Water System 400, Lihu'e-Kapa'a

Mr. Costa moved to receive this Correspondence for Department's followup, seconded by Mr. McCormick; motion was carried.

Re: June, 2009 Newsletter from Kaua'i Board of Ethics

Mr. Costa moved to receive this Correspondence, seconded by Mr. Oyama; motion was carried.

OLD BUSINESS:

Re: Status Report by Kukuiula Development Company (Hawai'i) LLC on their Projects: 1) Subdivision Y Cottages, S-2005-25, TMK: (4) 2-6-016:016 thru 088; and 2) Subdivision Y Custom Home Sites, S-2005-25; and 3) Subdivision M1/M4 Custom Home Sites, S-2005-21, Kukuiula Development, Kukuiula, Kaua'i

Mr. Lindsay Crawford of Kukuiula Development Company and Mr. Tom Shigemoto of A&B Properties were both present at the meeting.

Kukuiula has submitted the monthly status update below on their project. As part of their Approval of DOW Waiver, Release and Indemnity Agreement Request for: 1) Subdivision Y Cottages, S-2005-25, TMK: (4) 2-6-016:016 thru 088; and 2) Subdivision Y Custom Home Sites, S-2005-25; and 3) Subdivision M1/M4 Custom Home Sites, S-2005-21, Kukuiula Development, Kukuiula, Kaua'i, the Board requested monthly status updates on Kukuiula's project since their initial request in May, 2008.

Waiver, Release and Indemnity Agreements (WR&I)

Instead of revising the remaining WR&I agreements to include language to clarify and confirm that they will maintain the circulation of water through their on-site water system and pay for the cost of the water used as proposed by the Kukuiula commission plan at the DOW established rates, Kukuiula has agreed to prepare a Memorandum of Agreement (MOA) which memorializes the requirements for circulating water through the subject development prior to the execution of any additional WR&I agreements by DOW for Subdivision Y and M1/M4. The MOA will be a separate document from the WR&I Agreement. On May 13, 2009 Kukuiula did submit a letter that included the terms and requirements of the water circulation MOA for DOW review. The DOW staff then informed Kukuiula to prepare the formal MOA

document for review. Once the MOA is finalized and executed, DOW will approve the remainder of the WR&I Agreements and its related Building Permits.

Subdivision M1M4 and Manuhonuhonu Tank Flushing Incident:

Since the May 1, 2009 emergency flushing incident that was conducted by DOW and Kukuiula for the interior water lines for the M1M4 subdivision and at the Manuhonuhonu Tank, there still remains a concern over dropping chlorine residual levels at the Kukuiula Manuhonuhonu Tank and surrounding subdivisions. A drop in chlorine residual below acceptable levels may result in the build-up of elevated levels of back-ground bacteria counts and indicate stagnation within the waterlines. The DOW has since informed Kukuiula that prior to conveyance of the Kukuiula water improvements, KDC is responsible to operate and manage their water system improvements. Kukuiula added two additional flush points to improve flushing and circulation of the Kukuiula waterlines. Kukuiula has agreed to pay for the additional flushed water and will install water meters at the new flush points as soon as possible. .

Piwai 0.1 MG Tank

At the April, 2009 Board meeting the DOW verified that Kukuiula Development Company (KDC) and the DOW were able to reach a preliminary solution for the Piwai Tank.

The preliminary solution included the following:

1. KDC redesign and construct a altitude valve solution for Piwai Tank in order to maintain the current system pressure in the Lawai-'Oma'o System at 677'.DOW will review and approve the tank redesign.
2. KDC will provide the land necessary for the DOW new 05.MG 'Oma'o Tank that will be located adjacent to the Piwai Tank at no charge to DOW.
3. DOW will allow conveyance of the Piwai Tank project upon issuance of final inspection by DOW for the redesigned altitude valve solution.

The Board concurred with the preliminary solution and requested that the DOW and KDC prepare a formal agreement. Mr. Crawford stated that he would check with Mr. Max Graham, Esq. to work on drafting an agreement.

The Department and Kukuiula Development Company and A&B Properties met with the new Manager and Chief Engineer on June 6, 2009 at the DOW Lihue Office with the intent to resolve the Piwai Tank spillway elevation discrepancy. The group revised the list of agreement terms and details regarding the tank redesign and the DOW 0.5 MG 'Oma'o Tank Site land and the tank differential (concrete vs steel) issues. The current proposal includes:

KDCH will:

- Complete the design plans and specifications (ready to bid) for the "altitude valve solution" for Piwai Tank as approved by DOW
- Forego the Piwai Tank "materials reimbursement" payment by DOW
- Provide land for new DOW 0.5MG 'Oma'o Tank, 677', at no cost to DOW
- Include mutual indemnity clause as specified by the County Attorney
- Document the resolution of these issues in the form of a MOA between KDCH and DOW

DOW will:

- Implement the Piwai Tank “altitude valve” solution repair or raise the Piwai Tank spillway
- Deal with DOW customers that will have reduced water service pressure until the new 0.5MG ‘Oma‘o Tank is constructed
- Allow conveyance of Piwai Tank facility, without further repair or improvement by KDCH and with no cost for the land.

DOW is currently revising the list of terms and will respond to KDCH who will be preparing an agreement that will be submitted for review and approval by both parties.

Kukuiula Development’s Monthly Report:

Mr. Crawford submitted the following report:

Water System Completion and Conveyance:

All water system improvements are completed, tested and operating where needed to serve current demands in Kukui‘ula and the region. DOW and Kukui‘ula are working to finalize all remaining as-builts, conveyances, grants of easement and cost breakdowns, ultimately leading to issuance of Certification of Completion for each facility. Kukui‘ula is targeting June for receipt of Certification of Completion for each facility.

The total cost of offsite water system improvements now installed by Kukui‘ula is in excess of \$24 million. In return and to secure our water usage rights, Kukui‘ula proposes that a formal ‘will serve’ water agreement be executed between DOW and Kukui‘ula based on an example “Water Allocation” Agreement be provided by the DOW.

Piwai 0.1 MG Tank Spillway:

A meeting with the new water manager and staff was held on June 9, 2009 to resolve the spillway situation. A tentative solution was reached; whereby, Kukuiula would 1) deliver to DOW a ‘control valve’ design (prepared by Tom Nance Water Resources), 2) contribute free land for the new tank site; and 3) forego any claim to the ‘materials’ portion (cost difference for installing a concrete tank in lieu of a steel tank) of the pre-agreed reimbursement from DOW. In return, DOW will choose and implement a permanent solution to the spillway situation if and when needed.

Waiver, Release and Indemnity Agreements:

Waivers for the first eleven building permits (ten Subdivision Y Cottages and one Subdivision M1/M4 Custom Home) have been signed and recorded.

Waivers for the next seven Cottage lots in Subdivision Y were submitted to the DOW in October 2008. Waivers for (12) more Cottage lots in Subdivision Y will be submitted soon.

Water Circulation:

Kukui‘ula’s and DOW’s staff is working on a Memorandum of Agreement (MOA) memorializing the requirement to circulate water until the Certificates of Completion are issued. A second draft with DOW requested revisions were submitted to DOW on May 13, 2009.

Water Master Plan Update:

Kukui'ula resubmitted the Potable Water Master Plan, now titled "Potable Water Master Plan for the Work Force Housing" to DOW on February 12, 2009, and has elected to keep in place the original (May 2004), previously DOW approved "Kukuiula Potable Water Master Plan Report" prepared by Austin, Tsutsumi & Associates, Inc.

Commercial and Residential Openings/Occupancies:

The anticipated grand opening of the Kukui'ula Village Shopping Center is late August 2009.

The first residential homes in Subdivisions Y and M1M4 are under construction and should be ready for occupancy in late 2010.

Plantation Core began construction in September 2008 and should be ready for occupancy in late 2010.

Mr. D. Fujimoto moved to receive Kukuiula's Report and place on file, seconded by Mr. Oyama.

On query by Vice Chair Nishimura, Mr. Crawford stated that they still have outstanding are the paperwork for the two(2) Manuhonuhonu Tanks and the Piwai Tank resolution. Mr. Crawford added that the paperwork for these 2 tanks should be ready in about a month.

Motion was carried.

On query by Mr. Crowell, Mr. Crawford stated that normally after a homeowner gets his building permit, the homeowner would move in about a year's time.

On query by Vice Chair Nishimura, Mr. Crowell felt that he was satisfied that this project was moving along; therefore, informed Mr. Crawford that he need not submit a monthly report to the Board.

Vice Chair Nishimura entertained a motion to discontinue monthly reports to the Board from Kukuiula.

Mr. Crowell moved to discontinue monthly report to the Board from Kukuiula, seconded by Mr. Costa.

Vice Chair Nishimura suspended the rules to allow guest, Mr. Jerry Kaluna, to speak. Mr. Kaluna suggested that the Manager contact the Honolulu Board of Water Supply to request verification if they had this situation before, to get a second opinion if they could evaluate this situation. He felt that this situation did not sound right to him. Vice Chair Nishimura thanked Mr. Kaluna for his suggestion.

Mr. Costa added that he supported the motion as if an issue arose, the Board could request Kukuiula to submit a written status report.

Motion was carried.

Re: Status Update on the Brydeswood Agricultural Subdivision, Phase II (S-93-50) and Phase III (S-2006-04), TMK: 2-4-007:002 & 020, Kalāheo, Koloa District, Island of Kaua'i

Mr. Tom Shigemoto of A&B Properties and Mr. Lindsay Crawford were at this meeting.

Recommendations: n/a

Status Update:

At the May 21, 2009 Board meeting, the Board deferred this agenda item to the June 25, 2009 Board meeting in order to allow the staff and the developer to finalize the required Private Water System Waiver, Indemnity and Release agreement for the subject subdivisions.

The DOW met with the subdivider on June 9, 2009 to discuss the DOW recommendations regarding the revisions of the Private Water System Waiver, Release and Indemnity Agreement for the Brydeswood Agricultural Subdivision, Phase II and Phase III. The purpose of the meeting was to finalize the draft document. The final agreement will include the basis for the private water system design, modification of Water System Standards, private water company by-laws, subdivision bond conditions and various restrictive covenants relating to the private well water system. The DOW staff and the subdivider agreed to not attach the subdivision restrictive covenants as an exhibit to the agreement because the Brydeswood Private Water System will be operated by a private water company and not by the subdivision's homeowner association as was the case in a similar-type project that was being used as a guide for this private water system agreement. In addition, this agreement will be executed between the subdivider and the Department instead of with the Board of Water Supply primarily due to the precedent set by the Board in the previous private water system approval.

The subdivider plans to submit the final agreement to the DOW for final review in mid-June 2009. The DOW will execute the final agreement upon DOW's staff and County Attorney Office's review. The approved Private Water System Waiver, Release and Indemnity Agreement will satisfy one of several DOW subdivision water conditions that was recommended to the Planning Commission for the subject subdivision applications.

Background:

In January 2008, the DOW submitted Revised Subdivision Report recommendations for Brydeswood Subdivision, Phase II (S-93-50) and Phase III (S-2006-04), which provided the subdivision applicant the option to serve the proposed subdivision from a private (non-County) water system, in lieu of satisfying the conditions to connect to the County water system. Condition 3.e.(3), of the DOW revised report stated that the subdivider shall be responsible for the construction, operation and maintenance of the private well water system which shall provide adequate domestic and fire protection capacity for existing and proposed water demands for the lots. The private well water system shall conform to the Rules and Regulations and the construction standards of the Department of Water, and be in compliance with all other governmental agency requirements.

A & B Properties submitted a letter dated July 31, 2008 to the Board and subsequent letter to the Department of Water dated October 23, 2008 stating that the water system will be privately owned and requested to deviate from compliance with the Department of Water (DOW) Water System Standards, 2002 for their proposed private subdivision water system. The letter included a list of areas, which the Brydeswood Private Water System will deviate from the Water System Standards for the State of Hawai'i.

At the November 13, 2008 Board meeting, the subdivision applicant and the Board agreed that restrictive covenants and/or an Ag Subdivision Agreement similar to other subdivision private well water systems, shall be submitted by A&B Properties to the Board for its review.

Also, at the November 13, 2008 Board meeting, the Board approved the applicant's request subject to review of the deed and any other agreements that staff deems necessary to accomplish their project.

By letter dated November 3, 2008, A & B Properties submitted a draft "Non-Interconnect, Indemnification, Waiver and Release Agreement for Brydeswood Subdivision to the Department for review.

The Non-interconnect, Indemnity, Waiver and Release draft was recently reviewed by the County Attorney Office in early March, 2009 and is currently under Department review. The purpose of the agreement is to clarify the private water system improvement's ownership and operation and the approved modification to the DOW Water System Standards for this subdivision as well as other items that relate to other subdivision private water systems.

At the April, 2009 Board meeting, the Board was requested to review and discuss the provisions of the original draft Non-Interconnect Waiver, Release and Indemnity Agreement. As a result, the Board instructed DOW and the subdivider to meet and resolve the issues and format of the private well water system agreement and to provide a status report back to the Board at its May, 2009 meeting. At the May 21, 2009 Board meeting the Board decided to defer the staff report until the June 25, 2009 meeting.

There was nothing to add to the report; therefore, Mr. Oyama moved to receive the staff report and place on file, seconded by Mr. Costa; motion was carried.

Mr. Shigemoto and Mr. Crawford both left the meeting at about 11:05 a.m.

Re: Request Board Approval on the Hiring Matter of the Manager and Chief Engineer's Position

Recommendation: Pending.

Funding: n/a

Background:

Manager Craddick stated that he is a retiree from the Maui Department of Water Supply and receiving free medical benefits from the State Employment Retirement System (ERS) for his wife and himself. He requested clarification by the ERS

personnel to see whether he could still be covered as a retiree, with free medical benefits for his wife and himself. The ERS informed him that one possibility would be to have the Board justify that they had dire need to hire him as the Manager's position was vacant for so long with no qualified candidates. However, the ERS stated that each islands' Department of Personnel Services (DPS) should have a written policy and criteria on how to handle this type of situation.

Manager Craddick has since contacted our DPS and found that there is no existing County of Kaua'i policy; however, they will expedite research and finalize a written policy in a week. As of this meeting, the DOW has received nothing from DPS.

Vice Chair Nishimura clarified that the Department needed to show DPS verification that a personnel shortage should be formally declared, prior to the hiring process, then DPS would review and make a decision on the validity of our declaration.

Vice Chair Nishimura suspended the rules to allow guest, Mr. Jerry Kaluna, to speak. Mr. Kaluna stated that the Board took a long time to hire a manager and he reminded the Board that previously there was discussion about hiring a consultant to run the Department. Mr. Kaluna discussed that if Manager Craddick was hired as a consultant then it would not jeopardize his retirement.

Vice Chair Nishimura thanked Mr. Kaluna for his insight.

Mr. Costa moved to receive this report and place on file, seconded by Mr. Oyama.

Mr. D. Fujimoto added that the Board needed to find some way to help Manager Craddick to ensure that he has as much compensation as possible. He stated his concern that it would be a shame if we lost another Manager due to the process.

Motion was carried.

Mr. Kaluna left the meeting at about 11:15 a.m.

NEW BUSINESS

Re: Request Board Approval to Delegate Routine Personnel Matters to the Manager and Chief Engineer that were already approved in the Annual Budget

RECOMMENDATION: It was recommended that the Board approve the delegation of routine personnel matters to be signed, which were already approved in the Annual Budget, from the Board Chair to the Manager and Chief Engineer.

FUNDING: n/a

BACKGROUND: In discussion with Board Chair Leland Kahawai to increase efficiency, it was decided to approach the Board to request approval of delegating routine personnel matters that would normally be signed by the Board Chair to the Manager and Chief Engineer, if these personnel matters have already been approved in the Annual Budget. I would then keep the Board in the loop on these personnel matters via my Manager's Monthly Update Board Report.

Mr. D. Fujimoto moved to approve the Manager's recommendation, with the effective date of June 25, 2009, seconded by Mr. McCormick.

Vice Chair Nishimura discussed that this matter should be documented via a Board Policy; therefore, a proposed Board Policy will be on the next Board Meeting agenda.

Motion was carried.

Re: Request Board Approval of the Budget of the County Water Department for Fiscal Year 2009-10

It was reported that the Finance Committee met on Friday, May 8, 2009, Thursday, May 28, 2009 and Wednesday, June 10, 2009 and have submitted their report on their findings of the proposed Budget for Fiscal Year 2009-10 and approved the proposed budget at the Finance Committee Meeting prior to this meeting. If that report is approved by the Finance Committee, they will refer the budget to the full Board for final approval at the Thursday, June 25, 2009 Board Meeting.

Thereafter, a resolution to reconcile the actual balances within the budget (a budget reconciliation resolution) needs to be approved at the Thursday, August 21, 2009 Board Meeting.

Mr. Costa moved to approve the Budget for Fiscal Year 2009-10, seconded by Mr. Oyama.

Manager Craddick added that there is a cost of power adjustment in the budget.

Vice Chair Nishimura thanked the Department and staff for working on the budget and trimming about \$2 million off of the draft budget.

Motion was carried.

Re: Memorandum of Agreement for the Waimea Main Replacement, Job No. 05-01, Water Plan 2020 Project No. KW-16 Between Board of Water Supply, County of Kauai, and Department of Public Works, County of Kauai, affecting portions of County roads, Pokole Road, Laau Road, Moana Road, Halepule Road, Panako Road, Ala Wai Road, Pule Road, Menehune Road and Gay (Olioli) Road, Waimea, Kauai, Hawaii

RECOMMENDATION:

It was recommended that the Board approve the Memorandum of Agreement document; whereby, the Board of Water Supply, County of Kauai, agrees to abandon existing waterline facilities within certain County roads located as specified above in the Waimea District, Kauai, Hawaii.

FUNDING: Not applicable.

BACKGROUND:

Construction plans call for the abandoning of all existing water facilities as required during the Waimea Main Replacement installation. The Department of Public Works,

County of Kauai, has asked the Department of Water to enter into the Memorandum of Agreement in order to leave existing water facilities abandoned in place.

Mr. Oyama moved to approve the Memorandum of Agreement, seconded by Mr. Costa.

On query by Vice Chair Nishimura, Mr. K. Fujimoto stated that this MOA is required by Public Works to allow the DOW to leave our existing waterlines in the ground and if something happens because of our waterline, it would be the DOW's responsibility.

Motion was carried.

Re: Right of Entry Agreement for the Hardening of Generator Shelters- Makaleha Tank and Pump Station, Job No. 03-03, Water Plan 2020 Project No. WK-15 with Kauai Island Utility Cooperative (KIUC), affecting Portion of TMK: (4) 4-6-03:012, Kawaihau, Kauai, Hawaii

Vice Chair Nishimura recused himself from this agenda item as his firm is a subcontractor for this project. It was so noted and Board Secretary Dee Crowell presided over this agenda item.

RECOMMENDATION:

It was recommended that the Board approve the Right of Entry documents; whereby, the Board of Water Supply, County of Kauai, grants to the Kauai Island Utility Cooperative, a right of entry, on, over and under that certain parcel of land located as specified above in the Kawaihau District, Kauai, Hawaii, for the relocation of existing underground service and existing riser pole at Makaleha Water Tank Site 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 Kauai Island Utility Cooperative shall deem necessary to complete the work.

FUNDING: Not applicable.

BACKGROUND:

Construction plans call for the relocation of the existing underground electrical service since the new generator building will be built over its current location. The right of entry will allow KIUC to relocate all existing underground services and the riser pole as needed during construction.

Mr. Costa moved to approve this Right-of-Entry, seconded by Mr. Oyama; motion was carried.

Vice Chair Nishimura presided over the rest of the meeting.

Re: Right of Entry Agreement from Alexander Jay Bivens and Marie Terry- Bevins, husband and wife; Albert Pondok Alamodin; Leslie Sakae Sakaki, Co-Trustee of the Nanea Revocable Living Trust (unrecorded); Nancy Graf, Co-Trustee of the Nanea Revocable Living Trust (unrecorded), with the Board of Water Supply, TMK: (4) 4-6-32:012, Kawaihau Road, Kapaa, Kauai, Hawaii

It was recommended that the Board approve the Right of Entry Agreement from Alexander Jay Bivens and Marie Terry-Bevins, husband and wife; Albert Pondok Alamodin; Leslie Sakae Sakaki, Co-Trustee of the Nanea Revocable Living Trust (unrecorded); Nancy Graf, Co-Trustee of the Nanea Revocable Living Trust (unrecorded), for the Department of Water for the purpose of conducting all work necessary to identify possible sites for the water storage tank, water facilities and drilling and testing of an exploratory well on TMK: (4) 4-6-32:012, Kawaihau Road, Kapaa, Kauai, Hawaii.

Further, Board approval is 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.

Mr. Costa moved to approve this Right-of-Entry, with the indemnification provision, seconded by Mr. Oyama; motion was carried.

Re: Grant of Easement from Kukuiula Development Company (Hawaii), LLC, a Hawaii Limited Liability Company; for M1M4 Subdivision (S-2005-21), TMK: (4) 2-6-17: 036, 037, and 038, Koloa, Kauai, Hawaii

It was recommended that the Board approve the grant of easement 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 located at TMK: (4) 2-6-17: 036, 037 and 038, Koloa, Kauai, Hawaii, for the construction, installation, reinstallation, maintenance, repair and removal of potable water pipelines, related meters, valves, and other associated waterworks facility improvements and appurtenances, together with the right of ingress and egress at any time to, from, and through the easement area, with or without vehicles or equipment, as the Department of Water shall deem necessary for the proper operation of its water system for M1M4 Subdivision (S-2005-21), TMK: (4) 2-6-17: 036, 037, and 038, Koloa, Kauai, Hawaii.

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

Mr. Costa moved to approve the Grant of Easement from Kukuiula Development Company (Hawaii), LLC for the M1M4 Subdivision, with the indemnification provision, seconded by Mr. Oyama; motion was carried.

Re: Conveyance of Water Facility from Kukuiula Development Company (Hawaii), LLC, a Hawaii Limited Liability Company; for the M1M4 Subdivision (S-2005-21), TMK: (4) 2-6-17:036, 037, and 038, Koloa, Kauai, Hawaii

It was recommended that the Conveyance of Water Facility document be approved; whereby Kukuiula Development Company (Hawaii), LLC, a Hawaii limited liability

company, transfers unto the Board of Water Supply, County of Kauai, all of its right, title and interest to:

Waterline:

- 2,774 lineal feet of 16" Ductile Iron Waterline
- 2,206 lineal feet of 12" Ductile Iron Waterline
- 1,935 lineal feet of 8" Ductile Iron Waterline
- 510 lineal feet of 6" Ductile Iron Waterline
- 8 Ea. 16" Resilient Seat Gate Valve w/ 3" bypass, including C.I. valve box & cover
- 11 Ea. 12" Gate Valve, including C.I. valve box & cover
- 12 Ea. 8" Gate Valve, including C.I. valve box & cover
- 13 Ea. 6" Gate Valve, including C.I. valve box & cover
- 12 Ea. Fire Hydrant Assembly w/ 1-4 ½" & 1-2 ½" outlet
- 8 Ea. 2.5" Cleanout
- 4 Ea. 4" Cleanout
- 6 Ea. 1" Copper Air Relief Valve Assembly
- 19 Ea. 1-inch Copper Single Service Lateral for 5/8" water meter
- 12 Ea, 1 ½ inch Copper Single Service Lateral for 5/8" water meter

in place complete, for the M1M4 Subdivision (S-2005-21), TMK: (4) 2-6-17:036, 037, and 038, Koloa, Kauai, Hawaii.

Mr. Costa moved to approve the Conveyance of Water Facility from Kukuiula Development Company (Hawaii), LLC for the M1M4 Subdivision, seconded by Mr. Oyama; motion was carried.

REPORTS

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

Mr. Costa moved to receive the Statement of Kaua'i County Water Department's Revenues and Expenditures report and placed it on file, seconded by Mr. Oyama; the motion was carried.

Re: Public Relations Specialist's Monthly Update Regarding DOW Public Relation Activities

Public Relations Specialist Faith Shiramizu gave the following report:

Re: Public Relations Update

Consumer Confidence Report: The 2009 Water Quality Reports otherwise known as Consumer Confidence Reports (CCR's) are complete and being mailed to all customers, as required by the Safe Drinking Water Act. Thanks for a job well done to Carl, Andy and Peggy in the Lab and Jeff and Sandi in IT for compiling the information, getting it printed and mailed.

SRF/ARRA: The Invitation for Bids on the first of two ARRA projects (Pipeline Replacement for Lihue Town) is being advertised with bids scheduled to be opened on July 9, 2009 at 2:00 pm. The second project will be ready for advertising soon.

Water Outage Notice: Kudos to Dustin for managing the Kapa'a Homesteads tie-in project and demonstrating the benefits of collaboration. To quote Dustin from his email on May 29th, *"Just wanted to say job well done to everyone involved with the tie-in last night. It was a perfect example of everyone taking part in planning the task at hand and working together to finish the work on time while minimizing the effect to our customers in the area. Thanks to Bill/Koni and crew for the detailed planning prior to last night and for shutting down the line on time. Thanks to Koga Engineering and Construction for the preplanning prior to last night which allowed us to actually finish 3 hours ahead of schedule. Thanks to Jay for working on his birthday. Thanks to Faith, Sandi and Jeff for working together to notify customers. Last but not least.....to everyone else who helped by answering phone calls leading to last night's work."*

County Employee Awards Banquet: The Annual Employee Awards Banquet was held on Tuesday, May 26, 2009 at the Kauai War Memorial Convention Hall. DOW Employee of the Year award was presented to Keith Fujimoto by new Manager and Chief Engineer, David Craddick, with a rousing "WATER - METER" cheer by all in attendance. In addition, retirees and years of service awards were presented.

Summer Intern: Heather Kubota... is baaacckk! She started on May 26th and jumped right into her to-do list, like getting Make a Splash invitations out to principals, getting ready to update the yearbook and working on her new project, questions for our new customer survey. It's great having an intern return with a willingness to take on any challenge presented to her, allowing herself to gain the experience and confidence by going beyond her comfort zone to complete a task.

Mr. Oyama moved to receive the Public Relations Update and placed it on file, seconded by Mr. Costa; motion was carried.

Re: Acting Chief of Operations' Summary Report on the Monthly Operational Maintenance Report

Mr. Costa moved to receive the Monthly Operational Maintenance Report and placed it on file, seconded by Mr. Oyama; the motion was carried.

*Deputy County Attorney Esaki was excused and left the meeting at about 11:20 a.m.
Recess: 11:23 a.m. to 11:35 a.m.*

Re: Manager's Update for May, 2009 to June, 2009

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: Revised Table of Organization, Fiscal-Accounting Division only to reflect new Accountant I position.

Affordable Housing Update:

The last Affordable Housing Task Force (AHTF) meeting was held on Monday, April 13, 2009 at Pi'ikoi Conference Room A, with the status of projects below. There was no meeting for May, 2009.

Updates on AHTF Projects:

1. DHHL – Anahola Residence Lots Unit 6, “Pi'ilani O Kekai, The DOW issued the “Certification of Completion” notice on June 8, 2009 for Phase 1 of the subdivision.
2. Habitat - Eleele I Luna Subdivision Phase 2: Habitat is processing the CDBG funding requirements with the Housing Agency for sewer line improvements.
3. Kauai Lagoons – Courtyard at Waipouli: The DOW issued the “Certification of Completion” notice on May 26, 2009 for the project. The developer applied for and the DOW did install the water meters and fire detector Check meter in early June, 2009. The housing agreement with the County state that the deadline to complete and occupy the project is June 18, 2009.
4. Kauai Lagoons – Kapule Project: The B.P. application was issued by the Building Division. Site grading is complete. Fire Hydrant construction is underway. Building construction is underway.
5. Kukui'ula Employee Housing- “Gap” Housing subdivision and zoning permit: Amended water master plan was returned to the developer for revisions on January 28, 2008. The developer has resubmitted the revised WMP to DOW in February.
6. Kohea Loa (Hanamaulu Triangle): DOW completed its review of the revised May 15, 2009 draft version of the Grove Farm Amfac/JMB Lihue Hanamaulu Potable Water Master Plan and submitted comments to the consultant, Kodani and Association. A meeting with the Developer was conducted on June 3, 2009 to resolve the DOW comments and recommendations. The developer will complete the revisions based on the result of the meeting with DOW and resubmit a revised draft.
7. Paanau Village, Phase 2: The Housing Agency will depend on the engineering design to determine the access to the project site.

AWWA Hawai'i Section Conference:

The 35th annual conference was held at the Sheraton Waikiki in Honolulu May 13-15, 2009. The theme was titled “Stimulating Hawai'i's Economy with Water, Today and in the Future”. Conferees were Keith Konishi, Bruce Inouye, Edward Doi, Corey Silva and Gregg Fujikawa, along with Board Members Leland Kahawai, Roy Oyama and Randy Nishimura.

The Kaua'i DOW Women's tapping team participated in the 23rd annual Pipe Tapping Contest and came in second place to the winning Honolulu Board of Water Supply's team.

In addition, the County Water Manager's Meeting was held at the Honolulu Board of Water Supply on Tuesday, May 12, which Gregg Fujikawa attended. The agenda included a AwwaRF briefing and a update for the upcoming HWWA conference on the Big Island and a update of the Status of American Recovery and Reinvestment Act (Economic Stimulus).

Opaekaa Falls' Subdivision: Private Water System Agreement for TMK Nos. (4) 4-2-03:12, 65 & 66:

This Agreement has been finalized, approved and signed by both the County Attorney's Office and our Board Chairperson and returned to Max Graham's Office for Bureau recordation.

Judy Taafuli Webb's Water Meter Allocation Agreement:

This Agreement has also been finalized, approved and signed by both the County Attorney's Office and our Board Chairperson and returned to Max Graham's Office for Bureau recordation. Once the recorded waiver agreement is returned, Ms. Webb will be allowed to apply for her water meter.

A note that Ms. Webb has submitted a request letter to the Department on June 15, 2009 and her letter states that the Agreement she signed states that she agreed that she would pay the account balance of \$3600 owed due to a water leak. However, she is now asking for an adjustment to the account balance. Her reason is that the leak occurred during the interim between the developers' consent to assign her the meter and the Department of Water's action. She added that the leak was repaired as soon as it was discovered. This matter is still pending.

Department of Health Violation Status:

On June 5, 2009, DOW received a Reissuance of Notice of Violation, Surface Water Treatment Rule (SWTR) Treatment Technique, January, 2009. The original violation notice informed the DOW that violation was based on Aqua Engineers reporting that it did not provide adequate disinfection and/or contact time at the Grove Farm Water Treatment Facility during January 12 and 13, 2009. In response to the violation, Aqua Engineers provided data and supporting information which allowed the Department of Health (DOH) to calculate that the CT was achieved on those two days. The DOH is satisfied with the information and data and discussions with Aqua Engineers, SWTP Operator, and agrees that the apparent violation did not in fact occur, but was caused in part by a reporting error. However, the DOH expects that Aqua Engineers, Grove Farm and the DOW will be committed to immediately correcting the way data is inputted, CTs are calculated, and reports are generated to avoid the reporting errors that led to the violation. DOH is requiring that a follow up report that describes the corrective measures be submitted to DOH by July 5, 2009. The DOW is working with Aqua Engineers and Grove Farm to submit the final report to DOH.

AWWA San Diego 2009 Conference:

This year's conference was in San Diego, California and was held from June 14-18, 2009. Attendees were staff members Edward Doi, Keith Konishi, Mona Yamauchi, Deb Togioka and I and board members Donald Fujimoto and Ian Costa.

Department of Water's Deputy Manager-Engineer:

Manager Craddick will be working on the Deputy Manager-Engineer recruitment shortly.

Manager Craddick added that at an upcoming Board Meeting, he will discuss with the Board about a bond issue.

Mr. D. Fujimoto commended Manager Craddick for so quickly getting on board and tackling our departmental issues.

Mr. D. Fujimoto moved to receive the Manager's Update and place it on file, seconded by Mr. McCormick; motion was carried.

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

Pro-Tem Finance Chair McCormick reported that the Finance Committee approved the Budget for Fiscal Year 2009-10 and referred it to the full Board at this meeting.

Mr. Costa moved to receive this report and place on file, seconded by Mr. Oyama; the motion was carried.

Mr. Oyama was excused and left the meeting at about 11:38 a.m.

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

Mr. Crowell reported that action was deferred on the Rules Amendment until our legal position is filled.

Mr. Costa moved to accept the report, seconded by Mr. McCormick; motion was carried.

STRATEGIC AND BUSINESS PLAN AND NEEDS ASSESSMENT:

Re: Updates on the Kaua'i Water Department's Strategic and Business Plan and Water Plan 2020 Program Sustainability Services

Manager Craddick reported that he would like the Board's permission to refocus staff effort on this matter.

Manager Craddick stated that he has reviewed the strategic issues identified in the Beck report of the 2007-2012 ANNUAL BUSINESS PLAN (ABP).

The Peer Review done in 2002 is substantially the same as the Beck report without the need to get additional work to implement. In addition to the QualServe program provided by AWWA there are now Performance Indicators (PI) developed by AWWA and WEF with nationally recognized benchmarks.

With your permission I would like to relax the ABP effort and focus on the PI developed by AWWA Research Foundation and WEF. There are yearly updates to the performance indicators in book form, from AWWA so it is easier to compare with national norms than the ABP. I believe the goal of each is substantially the same in that there is a road map for continuous improvement. In addition, the benchmarking program does not stop with the recognized performance indicators. There is always the ability to bench mark with other utilities when we see processes occurring that are above best in class level.

Manager Craddick submitted for the Board's review the Department's PI and who they have been assigned to for compilation. It is his intent that these will be published in a Kauai Board of Water Supply internal Annual Report with goals for the

coming year and quarterly reports to the Board on ongoing efforts. A more detailed report on the how the PI are calculated is available by internet if you want them sent to you.

Vice Chair Nishimura requested to see a modified Strategic Plan with the Performance Indicators incorporated.

Mr. Costa moved to approve to have a modified Strategic Plan, seconded by Mr. McCormick.

Mr. D. Fujimoto stated that he felt that Manager Craddick was going in the right direction and was very interested in the results. Manager Craddick stated that they also have this AWWA program for wastewater.

Motion was carried.

Re: Report from Issue Champions

Ms. Shiramizu reported on the following:

Issue No. 1, Morale:

1) Fun Committee Events:

- a) Upcoming Event: Family Picnic at Anini Beach Park on Saturday, June 20, 2009. Official time 8:00 am to 1:00 pm. We have the 3rd Pavilion (located farthest north of 3 Pavilions) reserved from 8:00 am to 10:00 pm.
- b) Hiking adventure scheduled for July 18th; group will meet to select Kokee trail for the hike and work on details. Save the date!
- c) Golf Tournament is set for August 15th, at Pua Kea Golf Course. Save the date, more information will be forthcoming.

Issue No. 2, Strong and Qualified Workforce:

Recruitment

- 1) Accountant I – Had interviews on June 8, 2009. Selection will be done shortly.
- 2) Welder – DPS has list of eligibles. DOW requesting for the list to begin interviews.
- 3) Pipefitter Helper – D.O.W. submitting request to recruit and fill for the position.
- 4) Water Service Supervisor III – Position Description Minimum Qualifications to be updated and submitted to DPS for approval.
- 5) Operations Re-Organization – Pending.

Training

1. National Rural Water Association continues to provide free monthly training until September 2009.
2. Plans being made to have Ray Ohta provide training for the Front Office personnel.

Issue No. 3, Water Quality:

1. Sample site work order for Kuamoo Rd. submitted in September, but no work yet. Operations requested a different site be selected.
2. New sites chosen for routine sampling to replace sites that were hard to access or have been removed
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. New Issue #3 champion or co-champion should be from Operations.
5. Decided to go with Triggered Monitoring Plan for the new GWR.

6. 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.

PROJECTS UNDER DESIGN:

- 1) Job 02-03, KW-14, KW-15, 12" Waterline along Kaumualii Highway and Waimea Canyon Drive (Consultant: Park Engineering) – Returned the reviewed pre-final plans and specifications to the consultant for corrections.
- 2) Job 04-06, KW-05, KW-20, Waimea Well A and Kekaha Well B Renovations (Consultant: Engineering Solutions) – Completed the final plans and specifications.
- 3) Job 04-04, PLH-09, Pipeline Replacement for Lihue Town (Consultant: Akinaka & Associates)
 - a. Plans are fully approved.
 - b. Finalizing the specifications.
 - c. Pre-bid conference scheduled for June 26, 2009.
 - d. Bid opening scheduled for July 9, 2009.
- 4) Job 03-02, HW-03, (Phase II), Wainiha Booster and Haena Tank Renovations (Consultant: Brown & Caldwell) – Consultant preparing the revised plans and specifications to address the DOW's review comments.
- 5) Job 05-01, KW-16, KW-23, Waimea Town Waterline (Consultant: Hawaii Pacific Engineers) – Reviewed plans sent to consultant for corrections.
- 6) Job 02-18 WK-32 Phase II, Kaehulua Road Waterline (Consultant: Fukunaga & Associates) – Received Board approval and additional funding to proceed with the Phase II design.
- 7) Job 04-02, WK-14 Phase II, Apopo Road Waterline (Consultant: Fukunaga & Associates) – Received Board approval and additional funding to proceed with the Phase II design.
- 8) Job No. KW-28 Amfac Shaft (Consultant: Brown & Caldwell)
 - a. Received the MPA results, which indicates that the well water is not affected by the surface (pond) water.
 - b. Forwarded to consultant to finalize reports.
 - c. The work to clean and seal the shaft from any external influences has been scheduled to begin on June 15, 2009.
- 9) Job 02-06, WKK-15 Kilauea Tank #2 (Consultant: Kodani & Associates) – Negotiating with landowners of the proposed tank site.
- 10) Job 05-02, H-8 Drill and Test Hanalei Well #2 (Consultant: Kodani & Associates) – Negotiating with landowners of the proposed well site.
- 11) Job 05-02, HW-12 Drill and Test Wainiha Well #4 (Consultant: Kodani & Associates) – Consultant preparing the Environmental Assessment.
- 12) Job 02-14, WK-08, Kapahi (Ornellas) Tank (Consultant: Belt Collins)
 - a. Negotiating with landowners adjacent to the existing Ornellas Tank site.
 - b. Proceeding with the surveying for the alternate tank site.
- 13) Job 05-03, KW-25, Kapilimao 0.5 M.G. Tank – State Department of Health reviewing the National Pollution Discharge Elimination System (NPDES) permit prior the DOW issuing

the Notice to Proceed for construction.

- 14) Job WK-39 Kapaa Homesteads Well #4 (Consultant: Hawaii Pacific Engineers) – Negotiating with landowner for an alternate well site.
- 15) Job No. 02-24, WK-02 Renovate Akulikuli Tunnel, Phase 2 (Consultant: SSFM International)
 - a. Negotiating additional work with the consultant.
 - b. Received the Army Corps of Engineers determination of the wetlands delineation.
 - c. Proceeding with sealing the tunnel portals.

PROJECTS UNDER CONSTRUCTION:

- 1) Job 94-3, K-10, Kalaheo 0.5MG Reservoir, Booster Pumps and Connecting Pipelines (Consultant: Paren, Inc.) (Contractor: Kauai Builders)
 - a. Gave final approval on May 1, 2009.
 - b. Final payment released. Project is completed.
- 2) Job A-11, Anahola Well 3 (Consultant: Akinaka and Associates) (Contractor: TOMCO) – Project 89% complete.
- 3) Job 03-02, A-04, KW-06, (Phase I), Anahola 0.15 MG Tank and Kekaha Shaft Renovations (Consultant: Brown and Caldwell) (Contractor: TOMCO) – Final payment released. Project is completed.
- 4) 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. Bid opening held.
 - b. Kauai Builders is the apparent low bidder.
- 5) Job 03-01, KW-03, Elepaio Road 8” Waterline (Consultant: Engineering Solutions) (Contractor: Cushnie Construction) – Final payment released. Project is completed.
- 6) Job 02-14, WK-08, 03-03, WK-15, Kapaa Homesteads 0.5 MG Tank and Makaleha Generator Shelter (Consultants: Belt Collins, Kodani & Associates, Contractor: Kauai Builders) – Project is 45% complete.
- 7) Job WK-42 Phase I, 1 MG Stable Tank and Control Valves (Consultant: Tom Nance Water Resource Engineering, Contractor: Kauai Builders) – Project is 36% complete.
- 8) Job WK-42 Phase II, Kaapuni Road Waterline for Stable Tank (Consultant: Hawaii Pacific Engineers, Contractor: Earthworks Pacific, Inc.) – Project is 50% complete.
- 9) Job 02-18, WK-32, 04-02, WK-14, Phase I, Kaehulua & Apopo Roads Waterlines (Consultant: Fukunaga & Associates, Contractor: Earthworks Pacific, Inc.) – Project is 75% complete.
- 10) Job 97-10, WKK-14 Kilauea Booster Pump Station (Consultant: Austin Tsutsumi, Contractor: Oceanic Companies) – Project is 96% complete.
- 11) Job No. 05-04, KW-27, 12-Inch Waterline along Kaumualii Highway, Elepaio Road to Huakai Road, Kekaha (Consultant: Fukunaga & Associates, Contractor: Earthworks Pacific) – Project is 24% complete.

- 12) Job No. 05-07, K-07, Waha, Wawae, and Niho Road Main Replacement, Kalaheo (Consultant: Akinaka & Associates, Contractor: Koga Engineering & Construction, Inc.)
– Project is 5% complete.
- 13) 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 98% complete.

Issue No. 4, Workplace Efficiencies:

Ongoing:

- a) For the AMR Program, installation of all meters is completed; however, the consultant (PMI) is still repairing broken installations, which are under warranty. PMI was paid their final payment late last month.
- b) Jeff Mendez continues to work to broaden our information base for our Geographic Information System

Upcoming:

- a) The Issue Champions Committee requested to work on the implementation of the DOW Contract Management System to monitor progress of the DOW's contracts.
 - 1) Project engineers to update the status of their projects
 - 2) Trial period to implement DOW Contract Management System will be July 1, 2009 to December 31, 2009.
 - 3) Once system works, documentation of the process would be included in the DOW's work process manual.
- b) 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 internal and external customer service
 - 1) Processes need to be reviewed and updated.
 - 2) Will be documented using Microsoft Visio software.
 - 3) Will setup internal meetings.
- c) 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:

- a) Cell phone policy is being re-routed to committee members for finalization.
- b) Manager Craddick has volunteered to be a co-champion for Issue No. 5

At a previous Issue Champions meeting, it was suggested that the opportunity to participate as an Issue Champion should be shared with other employees for renewed energy. It was also suggested to have each division head look for volunteers from their division and if none, they should designate a minimum of one person to serve as an issue champion. Each division needs to be represented.

Mr. Costa moved to accept the Issue Champions Report and placed it on file, seconded by Mr. McCormick; motion was carried.

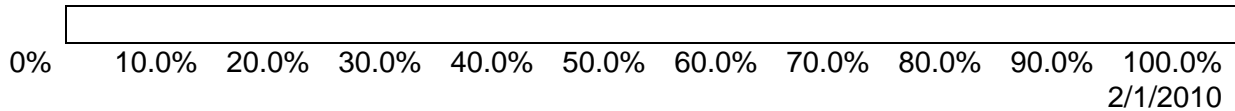
Re: Affordable Housing Projects – Summary Status April 2009

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

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

- A. Awaiting NPDES review from the Department of Health before issuing notice to proceed.

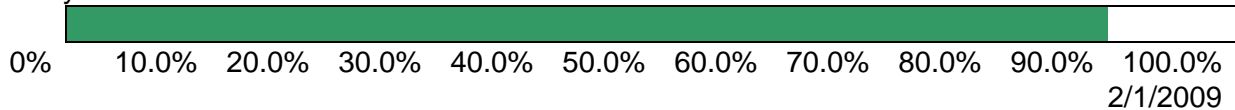
Construction



Job No. KW-28, Amfac Shaft:

- A. The work to clean and seal the shaft from any external influences has been scheduled to begin June 15.

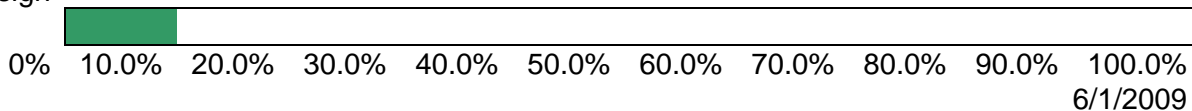
Feasibility Study



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

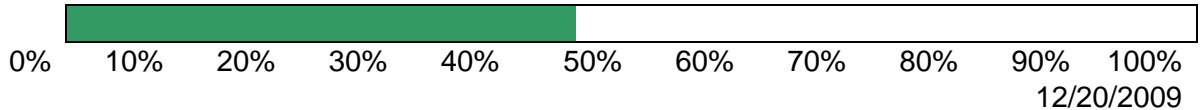
- A. Negotiating with landowner (Al Alamodin) for alternate site.
- B. Proceeding with the surveying for the alternate tank site.

Design



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

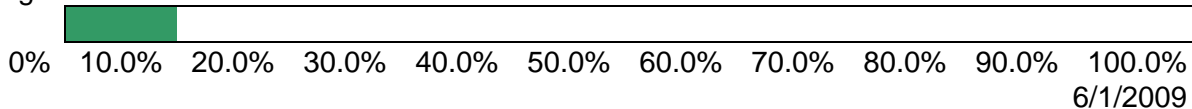
- A. Under construction.



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

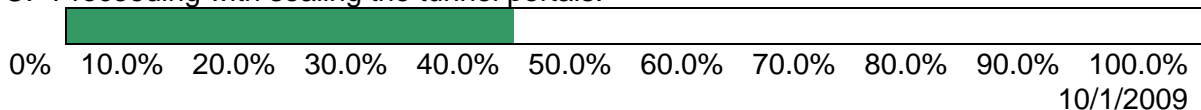
- A. Negotiating with landowner (Al Alamodin) for alternate site.
- B. Proceeding with the surveying for the alternate tank site.

Design



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

- A. Negotiating additional work with SSFM, project consultants.
- B. Received Army Corps' determination of the wetlands delineation.
- C. Proceeding with sealing the tunnel portals.



Manager Craddick explained that it is planned for the Akulikuli Tunnel to be sealed to verify the water quality and if it is groundwater under the influence of surface water. On query by Vice Chair Nishimura, Mr. K. Fujimoto stated that the scheduled DOW's Affordable Housing Projects does not include any projects in Eleele at this time.

Manager Craddick stated that on next Board Meeting Agenda, he will have an agenda item on bond issue as another avenue to expedite funding of all the proposed projects that are part of Water Plan 2020. He will be consulting the County on the possibility of taking part with their bond issue that is upcoming in the next few months. Mr. Costa added that we should consult the Mayor's Office to see if our projects may also support his projects, then it could be a cooperative effort.

Mr. Costa moved to accept the Affordable Housing report and placed it on file, seconded by Mr. D. Fujimoto; motion was carried.

Recess: 12:06 p.m. to 12:10 p.m. All staff, including Manager Craddick were excused from the meeting at this time.

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).

REVIEW OF EXECUTIVE SESSION MINUTES:

- a. Special Meeting: Thursday, April 2, 2009
- b. Regular Meeting: Thursday, April 16, 2009
- c. Special Meeting: Friday, May 8, 2009
- d. Special Meeting: Wednesday, June 10, 2009

Mr. Nishimura moved to go into Executive Session at about 12:10 p.m. to receive the Executive Session minutes that were formally noticed under Executive Session, seconded by Mr. Oyama.

There was no Board discussion and no public testimony. Motion was carried. *Staff was excused from the meeting.*

The Regular Meeting reconvened at 12:13 p.m. as it was so noted that the Executive Session minutes could be approved in Regular Meeting; therefore, Mr. Costa moved to receive all of the Executive Session minutes above, seconded by Mr. Crowell; motion was carried.

ADJOURNMENT:

There being no further business, the meeting was duly adjourned at 12:14 p.m.

Respectfully submitted,

Rona Miura, Secretary

APPROVED:

David R. Craddick, P.E.
Manager and Chief Engineer

rm