REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, March 24, 2011

The Board of Water Supply, County of Kaua‘i, met in regular meeting at its office in Lihu‘e on Thursday, March 24, 2011. Chairperson Roy Oyama called the meeting to order at about 10:22 a.m. On roll call, the following answered present:

BOARD: Mr. Roy Oyama, Chairperson
Mr. Michael Dahilig
Mr. Larry Dill
Mr. Daryl Kaneshiro
Mr. Raymond McCormick
Mr. Randall Nishimura

Absent & Excused: Mr. Leland Kahawai

STAFF: Mr. David Craddick
Mr. William Eddy
Mr. Keith Aoki
Mr. Edward Doi
Mr. Gregg Fujikawa
Mr. Keith Konishi
Mr. Dustin Moises
Mr. Cleve Shigematsu
Ms. Faith Shiramizu
Ms. Marites Yano
Mr. Aaron Zambo
Deputy County Attorney Andrea Suzuki

GUESTS: Mr. Jan TenBruggencate – on behalf of The Limtiaco Company

Quorum was achieved.

AGENDA:
Mr. Dahilig moved to approve the Agenda, seconded by Mr. Dill; by a unanimous vote; motion was carried. Mr. Dill wished to add another committee member to the Finance Committee but was advised that items cannot be added to the Agenda once posted. This could be added to the next Agenda.

MINUTES:

Mr. Dahilig moved to approve the Regular Meeting Minutes of February 17, 2011, seconded by Mr. Kaneshiro; by a unanimous vote; motion was carried.
CORRESPONDENCE
Re: Correspondence from Kris Dela Cruz concerning claim against the Department of Water
Mr. Nishimura moved to receive the correspondence from Kris Dela Cruz dated February 22, 2011 and refer to Executive Session, seconded by Mr. McCormick; by a unanimous vote; motion was carried.

BOARD COMMITTEE REPORTS

Re: Report of the Rules Committee of the Kaua‘i County Board of Water Supply
The Rules Committee met with one item on the Agenda:

Re: Manager’s Report No. 11-24 – Committee Discussion and Possible Action on Part III Rule Amendments – Establishing Standards for Subdivision Water Systems
   i. Attached Proposed Draft Bill No. 2380

Mr. Dahilig stated the Rules Committee had briefly discussed Draft Bill No. 2380. The bill had been received by the County Council, revised and reintroduced as Bill No. 2401. The Committee has asked for a report from the department concerning the changes and requested the report at the next meeting. Mr. Nishimura moved to receive the Rules Committee report, seconded by Mr. Dill; by a unanimous vote; motion was carried.

Re: Committee of the Whole of the Kaua‘i County Board of Water Supply
The Committee of the Whole met with one item on the Agenda:

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

Chair Oyama stated that the Committee of the Whole had deferred this item to the May 2011 meeting. Mr. Dill moved to receive the Committee of the Whole Report on this item, seconded by Mr. Dahilig; by a unanimous vote; motion was carried.

Re: Report of the Finance Committee of the Kaua‘i County Board of Water Supply
The Finance Committee met with two items on the Agenda:


Mr. Dill noted that the Finance Committee had met on Tuesday, March 22 and held discussions on the Manager’s Report. There is still more work to do on this item and this had been deferred until we have a final recommendation back to the Board.

Re: Manager’s Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Change
This item is still being addressed and also needs to be deferred until there is a recommendation back to the Board.
Mr. Nishimura moved to receive the Finance Committee Report, seconded by Mr. Kaneshiro; by a unanimous vote; motion was carried.

OLD BUSINESS

Re: Manager's Report No. 11-24 – Committee Discussion and Possible Action on Part III Rule Amendments – Establishing Standards for Subdivision Water Systems,
   i. Attached Proposed Draft Bill No. 2380

Mr. Dahilig moved to receive this item, as Draft Bill No. 2380 is no longer current, seconded by Mr. Nishimura; by a unanimous vote; motion was carried.

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

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


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

Re: Manager’s Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes. Request from Special Committee Chair Kahawai to move this item from Special Committee to Finance Committee

Mr. Dill moved to defer this item to the next meeting, seconded by Mr. Nishimura; by a unanimous vote; motion was carried.
<table>
<thead>
<tr>
<th>Item No.</th>
<th>Goal</th>
<th>Status</th>
<th>Deadline</th>
<th>Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bond Float and Water Plan 2020</td>
<td>Manager provided updated figure of $37 million</td>
<td>End of November 2011</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Encumber $37 million in BAB</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Personnel and Accounting</td>
<td>Improve employee morale, employee survey</td>
<td>Baseline - Year beginning Year end figures</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Standards</td>
<td>Source Water Protection Plan</td>
<td>Working on grant funding application</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Facilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Inter Agency Coordination</td>
<td>Inter agency coordination between DOW, Planning and DPW for smart growth initiatives</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Goals from Staff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td><strong>Operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Continue to support and implement the re-organization of the operations division</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td><strong>Engineering</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Provide additional temporary storage space for files (approximately 10’ x 3’ area) until new permanent facilities (new office building) are built</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Need to arrange for leak-proofing of containers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>June 30, 2011</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td><strong>Special Projects</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Due to recent and anticipated staff departure and retirement within the Department, priority to evaluate and reorganize the current engineering activities and staff structure for the future operations related to the design and construction of projects within the Department of Water, which include Water Plan 2020 as well as privately funded projects. In doing so, make it a priority to attract and retain qualified staff during the reorganization process.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td><strong>Water Resources and Planning</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td><strong>Fiscal</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
DISCUSSION
Mr. Nishimura had two goals for the Manager:

Goal #1 - encumbering $42 million in BAB projects by the end of November, 2011.

Manager Craddick provided a revised figure of $37 million after talking with staff. Mr. Nishimura had proposed whether they could complete 18 projects by the end of November and asked if he had discussed this with the staff. Mr. Nishimura was trying to anticipate the completion of these by the end of the calendar year. Manager Craddick stated that some of these will carry over to the next year. Mr. Nishimura confirmed that he is looking for the number of projects complete, not the dollar amount.

Goal #2 – Improve employee morale.

Manager Craddick felt this goal is difficult to measure and felt the goal should be to try to get everyone to the performance indicators, and this is going to guide us in our budgeting process. As we use these on a regular basis, once you compare yourself to other people you try to improve what you are doing, that in itself is a morale booster. It is a comparison with other utilities and is a cut and dried way. Morale is important but he thinks that would be an easier way to measure it.

Mr. Nishimura asked if Manager Craddick had performance indicators that we could review for similar size utilities, which Manager Craddick stated he had, and he confirmed to Mr. Dill that these are AWWA established benchmarks. Mr. Dill also noted that there has been a high staff turnover recently and asked if that has contributed to the morale. Manager Craddick noted that with staff transitions, they are carrying more work than normal. Deputy Eddy also noted that changes bring stress but we are trying to fill positions through the recruitment process. People within the department apply and it does elevate stress levels. Mr. Dill asked if there were any projections on when positions will be filled. Manager Craddick stated there are some changes in the budget where some positions are dropped because of other changes but, other than Operations, felt it should be back to normal by the end of this calendar year. Manager Craddick will provide the performance indicators to the Board.

Mr. Dill moved to defer to the next meeting, seconded by Mr. Kaneshiro.

Mr. Nishimura asked that the board members consider what goals they would like to see the manager achieve during the year, rather than the manager setting his own benchmarks.

Chair Oyama also asked the staff to provide any further input.

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

NEW BUSINESS

Re: Manager’s Report No. 11-56 – Request Board Approval of the following documents from the following applicants for their respective projects:

1. Conveyance of Water Facility from Frances J. Acoba and Kaioli V. Acoba for the 2nd Water Meter Plan for Lot A-1; TMK: (4) 2-8-023:029, Koloa, Kauai, Hawaii
It was recommended that the Conveyance of Water Facility document be approved; whereby, Frances J. Acoba and Kaioli V. Acoba, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to: one (1) each, 1-inch copper single service lateral for 5/8” water meter, in place complete, for the 2nd Water Meter Plan for Lot A-1; TMK: (4) 2-8-023:029, Koloa, Kauai, Hawaii.

Grant of Easement not required.

Mr. Nishimura moved to approve the Conveyance of Water Facility from Frances J. Acoba and Kaioli V. Acoba for the 2nd Water Meter Plan for Lot A-1; TMK: (4) 2-8-023:029, Koloa, Kauai, seconded by Mr. McCormick.


It was recommended that the Conveyance of Water Facility document be approved; whereby, Anaina Hou Land LLC, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to: one (1) each 1 1/2-inch copper single service lateral for 1” water meter, in place complete, for the Anaina Hou Onsite Construction Plan for Lot 13-A-1-A; TMK: (4) 5-2-017:028, Kaliihiwai, Hanalei District, Kauai, Hawaii.

Grant of Easement not required.

Mr. Nishimura moved to approve the Conveyance of Water Facility from Anaina Hou Land LLC for the Anaina Hou Onsite Construction Plan for Lot 13-A-1-A; TMK: (4) 5-2-017:028, Kaliihiwai, Hanalei District, Kauai, seconded by Mr. McCormick.

3. **Conveyance of Water Facility from JM Property Development, LLC for the Water Service Connection Quad Service Lateral for Lot 17-B-4; TMK: (4) 4-1-006:039, Wailua, Kawaihau District, Kauai, Hawaii**

It was recommended that the Conveyance of Water Facility document be approved; whereby, JM Property Development, LLC, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to: one (1) each, 2 1/2-inch copper quad service lateral for 5/8” water meter, in place complete, for the Water Service Connection Quad Service Lateral for Lot 17-B-4; TMK: (4) 4-1-006:039, Wailua, Kawaihau District, Kauai, Hawaii.

Grant of Easement was required.

Mr. Nishimura moved to approve the Conveyance of Water Facility from JM Property Development, LLC for the Water Service Connection Quad Service Lateral for Lot 17-B-4; TMK: (4) 4-1-006:039, Wailua, Kawaihau District, Kauai, seconded by Mr. McCormick.

4. **Grant of Easement W-1 from JM Property Development LLC, a Hawaii limited liability company for the Water Service Connection Quad Service Lateral for Lot 17-B-4, TMK: (4) 4-1-006:039, Wailua, Kawaihau District, Kauai, Hawaii**
It was recommended that the Board approve the Grant of Easement document whereby, JM Property Development LLC, a Hawaii limited liability company, grant to the Board of Water Supply, County of Kauai, perpetual easement, W-1, on, over and under that certain parcel of land located in TMK: (4) 4-1-006:039, Wailua, Kawaihau District, Kauai, Hawaii, for the reading of water meters and for the construction, installation, re-installation, maintenance, repair and removal of potable water pipelines and related meters, valves, and other associated waterworks facilities improvements and appurtenances, together with the right of ingress and egress at any time to and from the said easement area with or without vehicles or other equipment as the Department of Water shall deem necessary for the proper operation of its water system for the construction plans for Water Service Connection Quad Service Lateral for Lot 17-B-4, TMK: (4) 4-1-006:039, Wailua, Kawaihau District, Kauai, Hawaii.

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

Mr. Nishimura moved to approve the Grant of Easement W-1 from JM Property Development LLC, for the Water Service Connection Quad Service Lateral for Lot 17-B-4, TMK: (4) 4-1-006:039, Wailua, Kawaihau District, Kauai, including its indemnification provision, seconded by Mr. McCormick.

DISCUSSION
Relating to Manager’s Report No. 11-56, items 1 through 4, Mr. Nishimura asked Manager Craddick if there were any special conditions, and Mr. Aoki noted they are all standard. Concerning the quad service lateral in items 3 and 4, Mr. Aoki confirmed to Mr. Dill that it is one connection to support four meters and they are CPRs, but not necessarily agricultural zoning.

Mr. Dahilig mentioned wishing to see actual conveyance documents, textual conditions and maps. Mr. Dill noted that Deputy County Attorney Suzuki has already reviewed them by the time they come to the Board. Ms. Suzuki also noted the standard forms are on our website.

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

Re: Manager’s Report No. 11 – 57 - Delegation of Responsibility for Conveyance of Water Facilities and Grants of Easement

Board approval was requested to delegate “Acceptance of Easements” and “Conveyance of Water Facilities” to the staff subject to a report in the manager’s monthly report of all accepted and conveyed facilities and the associated value.

Background:
Relevant HRS laws relevant to the request and related to the Boards’ Powers and Duties are listed below.

§54-15 Powers and duties of board. The board of water supply shall manage, control, and operate the waterworks of the county and all property thereof, for the purpose of supplying water to the public in the county, and shall collect, receive, expend, and account for all sums of money
derived from the operation thereof and all other monies provided for the use or benefit of the waterworks and all property used for or held in connection therewith. [L 1961, c 155, pt of §1; Supp, §145A-5; HRS §54-15]

§54-19 Construction, additions, extensions, increases, betterments, and improvements. The board of water supply shall locate and determine the character and type of all construction and additions, extensions, increases, betterments, and improvements to the waterworks, and shall determine the policy for construction or the making of additions, extensions, increases, betterments, and improvements out of any public funds under its jurisdiction. [L 1961, c 155, pt of §1; Supp, §145A-9; HRS §54-19]

§54-20 Accounts, revenues and expenditures. The board of water supply shall maintain proper accounts in such manner as to show the true and complete financial status and the results of management and operation.

The accounts and financial status of the board shall be examined annually by the county auditor who shall report thereon to the board. The board may, whenever necessary in connection with the issuance of any bonds, employ a certified public accountant to make an audit of the accounts and financial status of the board. [L 1961, c 155, pt of §1; Supp, §145A-10; HRS §54-20]

These laws have been in place since 1960. Sometime in the early 1980’s the Board began approving corporate water facilities contributions that were in the form of agreements. Over the years this has morphed to the Board approving all facilities down to the service lateral. This exercise may no longer be a prudent use of the Board’s time.

- Over time the Board’s rules and regulations have changed to require everything from individual service requests to large subdivisions that install water facilities and accept service to turn those facilities over to the Board. The facilities must be built to the Board’s current standards. Typically there are anywhere from two or three to a dozen or more approvals at each Board meeting. To save time these are being grouped into one Manager’s Report. There are times when one of the dedications must be changed and that delays action on the other grouped items. In any case we cannot find any legal requirement for the Board through Board action to approve what is required by Rules and Regulations of the Board. It certainly would not be allowable to reject the facilities after they have been approved by staff and built to Standards.

In addition, customers apply for water meters after the Board meets have to wait another month for approval before they can install the meters.

We believe the system value can still be recorded and tracked as required under state law without monthly Board action to accept what is required.

DISCUSSION
Manager Craddick noted that at the last meeting the Board had requested a draft policy be formulated. The $500,000 is a random number. Mr. Aoki noted that most of the laterals would be less than $500,000 but may be higher than $20,000 depending upon what facilities are being installed. Manager Craddick noted that we are the only ones statewide who record these. Mr. Aoki stated the majority are just service laterals but there are some projects where they put in some interior piping. Mr. Dill felt that the service laterals could be done administratively, but wondered about the arbitrary $500,000 figure assigned. Manager Craddick felt that anyone
doing that level of work should receive recognition and thanks. None are necessary to come to the Board as it is required by our Rules.

Mr. Nishimura asked if there are instances where Facilities or Grants of Easement are conditional in such a manner that they may reserve certain rights, and if so, should that require board action.

The Regular Meeting went into recess at 10:52 a.m. and reconvened at 10:55 a.m.

Mr. Nishimura felt Board action was required to receive assets and any issues of liability, but he was not sure to what extent that could be delegated. Ms. Suzuki noted that Mr. Dahilig brought this up at the last meeting and that this is addressed in Item 4 of the policy, if that meets the Board’s concerns.

Mr. Dahilig suggested standardized language, and anything that falls outside of the standardized language should come to the Board.

Mr. Nishimura felt, like Mr. Dill, that rather than a dollar amount they cite specific conveyances that we would delegate.

Manager Craddick stated there may be an issue to including the detector check with the backflow preventer as the backflow preventer is usually on private property so we may need to review our policy on that.

The Board needs to keep track of our assets for the audit and we track all of these for depreciation. We are giving a report to the Board of the total dollar value, a factual summary as part of the Manager’s Report, giving an indication of where it is located. There is no legal requirement in HRS or the Charter. Mr. Dill did not want an arbitrary number, perhaps the Board should approve anything that is non-standard. Manager Craddick stated liability issues are already coming to the Board. None of the other counties does this. Mr. Kaneshiro asked the time frame between the time they meet the conditions and meet the requirements and then come to the Board and then Board approval. Mr. Aoki noted that it depends upon when they complete the project, they have to get the documents in to us in time for the Agenda, it could delay the project a month to the next board meeting and the delay could cost people money. Mr. Aoki stated it could delay subdivisions also.

Manager Craddick confirmed to Mr. Dahilig that this is required in our Rules. If they are told to build it because an agency says so, even if the board does not want it any more, there may be legal issues, and he does not want the Board to place the department in that situation. Mr. Dill wondered what type of recognition people who make significant contributions would be given and Manager Craddick stated we could do a form letter. Mr. Dill noted we could always send a letter from the board and Manager Craddick noted that is why he put the $500,000.

Ms. Suzuki stated that it comes to the board because the Chair signs off on its acceptance before it goes to the Bureau and he doesn’t sign until it’s approved by the Board. Maybe something to address that situation can be written in the policy where the Board agrees that the Chair and the Manager can sign off on certain things, without it having to come to the full board. Mr. Nishimura stated that if the Chair has a problem then it could come to the Board and we can tweak the policy to address that issue. Mr. Kaneshiro asked if the language specifically states that it goes to the BOWS. Ms. Suzuki reviews and signs off on all of them.
Mr. Dahilig wondered what is the mass that we are delegating away, maybe an itemized list of everything that has come in and will come in in the future, with dollar amounts, so we have a 360 view. He felt that we could adopt the interim policy while this is fleshed out and refined and revise the policy to add “with the consent of the Chair” otherwise it would have to come to the Board for approval. Mr. Dahilig was asked if this was his motion and he concurred; seconded by Mr. Dill.

Ms. Suzuki confirmed that motion is to adjust the policy to include consent of the Board chair and approve this as an interim policy.

Mr. Nishimura stated that as it is an interim policy, we need a sunset date or it goes away. Mr. Dahilig suggested by the May meeting.

Deputy Eddy asked for clarification on the information requested and Manager Craddick indicated a list of all past projects, service laterals, fire check meters, and guessimate for the future. Deputy Eddy stated that if this was for the past year, there would be thousands of them. Mr. Nishimura stated that all service laterals would be covered by the policy, but should or would all fire check meters, all subdivision improvements, what categories would be affected by this policy. If they are all listed, then you can see how many go over $500,000.

Mr. Aoki wondered if we limit the conveyances facilities for approval to source and storage and leave transmission and laterals off, but Mr. Dill also wanted to include transmission. Mr. Nishimura suggested we look at the final policy saying that we delegate everything except this, which might be easier. Mr. Kaneshiro stated in order to have a decision by the May meeting we would need examples of what we are accepting. Mr. Dill noted they should be source and storage, transmission and distribution. Mr. Dahilig suggested moving the sunset date to the August meeting.

Mr. Dahilig noted another option is if what is delegated in a simple report to the Board by the manager for information purposes; it was confirmed to Mr. Dahilig by Ms. Suzuki that this is already covered in #5 of the policy.

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

Re: Manager's Report No. 11 – 58 – Job No. 05-01, Waimea Main Replacement (Water Plan 2020 Project No. KW-16), Waimea, Kauai, Contract Change Order #6 with Goodfellow Bros., Inc.

RECOMMENDATION:

It was recommended that the Board approve Change Order #6 in the amount of $39,525.00 plus an additional $10,000 for contingency, Contract No. 504, with Goodfellow Bros., Inc. for:

A. Kaumualii Highway – Relocation of existing Hawaiian Telcom Conduits
B. Kaumualii Highway – Demolish and Remove existing underground concrete structure.
C. Pule Road – Remove existing Fire Hydrant and return to DOW Bascyard.

It is further recommended that the Board allocate $49,513.48 from Account No. 201-01, Bond BAB to fund the balance needed for the subject change order and additional project contingency.
FUNDING:
WATER UTILITY - 101b (CRP), 2009 - 2010

BUDGET
Contract No. 504, Goodfellow Bros., Inc., Job
No. 05-01, KW-16, Waimea Town Main

Replacement, Waimea.
Original Contingency
$2,884,376.0
$143,624.00
Additional Funding Approved (August 2010)
$233,776.00

TOTAL AVAILABLE: $3,261,776.00

Change Order #1 $17,491.68
Change Order #2 (no cost)
Change Order #3 $40,073.27
Change Order #4 $304,572.79
Change Order #5 $15,250.74
Proposed Change Order #6 $39,525.00
Proposed Additional Contingency $10,000.00

TOTAL REQUIRED: $3,311,289.48

Additional Funding Required, Account 201-01, Bond
($49,513.48)

FUNDING TRANSFER TO THE BOND (BAB) ACCOUNT 201-01
as of June 30, 2010

Amount paid to Goodfellow Bros. prior to February
2010. $38,294.50
Balance Remaining transferred to
Account 201-01 (BAB) for Contract 504,
Goodfellow Bros. $2,989,705.50

Additional Funding Approved (August 2010) $233,776.00

Current Total BAB Funded for Contract 504,
Goodfellow Bros. $3,223,481.50

Contract Amount after change order #6 $3,301,289.48

Current Account 201-01 (BAB) Balance as of March 1, 2011 $30,111,751.22
Additional funding request for Change Order #6 $49,513.48
New Account 201-01 (BAB) Balance as of March 1, 2011 $30,062,237.74
BACKGROUND:
This project includes the design for furnishing and installing materials for the installation of approximately 540 linear feet of 12-inch, 2,290 linear feet of 8-inch, 5,475 linear feet of 6-inch, 295 linear feet of 4-inch, and 22 linear feet of 3-inch water pipes, and appurtenances including connections to existing waterlines, removal, disposal and grouting of existing Asbestos-Cement, PVC and Ductile Iron waterlines within the State and County Right-of-Way, new valves, new fire hydrants, installation of new service laterals and meter boxes, transfer of service, reconnection of existing service laterals, installation of air valves and permanent cleanouts with meter boxes, salvaging fire hydrants, valves, and valve boxes, and restoration and repaving work, all in accordance with the plans and specifications.

During the design phase, the Department of Public Works requested that several portions of pipeline be moved out of the paved roadway which moved the new waterlines closer to existing utilities. During construction probing the contractor encountered various existing utilities that were not shown or differed in alignment and/or elevation from original as-builts used to design the new waterlines. The Department of Public Works requested that additional paving be done due to the actual areas disturbed while finding pipeline conflicts. There were also a few water meters unaccounted on the construction plans as well. As a result, redesigns were done by DOW to address the conflicts. Change order #4 compensated the contractor for all conflicts discovered along Gay Road, Pule Road, Alawai Road, Kaumuali'i Highway, Kahakai Road, Panako Road, Laau Road, and Moana Road.

During subsequent construction, Hawaiian Telecom requested the relocation of existing conduits that were discovered and conflicted with the new waterline installation. In addition to that, an existing underground concrete structure was discovered along Kaumuali'i Highway that conflicted with waterline installation. Finally, an existing fire hydrant that has been abandoned must be removed and was not shown on the plans. The additional contingency will be used to compensate Goodfellow Bros. for disposal of unsafe soil encountered on the project once a direction is given on how to proceed with the material.

The contractor, Goodfellow Bros., Inc., proposed $39,525.00 and requests an additional 24 calendar day contract time extension for this change in the project scope which appears reasonable.

Mr. Dill moved to approve the Contract Change Order #6 with Goodfellow Bros., Inc. for Job No. 05-01, Waimea Main Replacement (Water Plan 2020 Project No. KW-16), Waimea, Kauai, seconded by Mr. Kaneshiro; by a unanimous vote; motion was carried.


RECOMMENDATION:
It was recommended that the Board approve the fifth contract amendment for Contract No. 405 with Kodani and Associates, Inc. in the amount of $2,200.00 to add the additional NPDES permit filing required for the Kuhio Highway portion of the project.

FUNDING:
Water Utility Fund.......................................................... $ 203,300.00

Regular Meeting: Thursday, March 24, 2011 – Page 13 of 30
Build America Bond Fund (BAB) .................................................. $ 89,000.00
Total Funds Budgeted .......................................................... $ 292,300.00

Contract No. 405, Kodani and Associates, Inc., Job
No. 02-19, WK-12, Waipouli
Main Replacement .......................................................... $ 147,500.00
Amendment #1 (Water Utility Fund) .............................. void
Amendment #2 (Water Utility Fund) ................................ $ 53,600.00
Amendment #3 (BAB) ....................................................... $ 77,600.00
Amendment #4 (BAB) ....................................................... $ 11,400.00
Amendment #5 (Water Utility Fund) .............................. $ 2,200.00
Total Contract Amount .................................................. $ 292,300.00

Balance (Remaining project contingency) ......................... $ 0.00

BACKGROUND:
The project consultant, Kodani and Associates, Inc. was selected to prepare the construction
drawings and specifications for the mainline replacement along Kalokolou, Keaka, Moanalani,
Fernandez, Hoi, Panihi, Niulani, Makaha and Kealoha Roads at Waipouli.

During the review of the project scope, it was determined that approximately 300 feet of an
existing corroded 6" mainline will need to be replaced with a 12" waterline along Kuhio
Highway, in addition to that requested in Amendment #3. Due to the separate bidding of the
original roadways and the added portion currently in design, a separate NPDES filing is required
for the Kuhio Highway phase.

The Department anticipates that the consultants should be able to complete the required design
and environmental permitting by December 31, 2011 subject to timely reviews by the
Department of Water and the other governmental agencies. Therefore, additional time beyond
the previous end date of February 1, 2011 is needed in the form of a contract extension. Their
proposal of $2,200.00 for the additional permitting is reasonable.

DISCUSSION
Mr. Nishimura asked if the NPDES is standard for all waterline projects and Manager Craddock
noted is has become that way for anything over an acre of property that is affected. Mr.
Nishimura asked if this is the responsibility of the contractor and Manager Craddock stated it
could be, but it delays the job. Mr. Dill wondered why the NPDES was not required in the
original scope. Mr. Moises reported that when they did the scope in 2002, that additional footage
was not in and neither was the NPDES. When we did the additional scope about a year ago we
added in the NPDES. Then the portions of the job were phased and DOH is requiring the
additional NPDES for the second phase. Mr. Moises responded to Mr. Dill that the cost is about
$5,000 but we minimized the cost on this one as they used some information from the first one to
do the second permit.

Mr. Dill moved to approve the Fifth Contract Amendment with Kodani and Associates, Inc.
Job No. 02-19, WK-12, Waipouli Main Replacement, Lihue-Kapa Water System, seconded by
Mr. McCormick; by a unanimous vote; motion was carried.
Re: Manager’s Report No. 11 – 60 - Budget Item 67 – Health & Dental – Retirees and OPEB

RECOMMENDATION:
It was recommended that the Board approve additional funds of $276,500 to increase Budget Item 67 from $795,500 to $1,072,000.

FUNDING: Contractual Services #27

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration, Remaining Balance</td>
<td>$220,000.00</td>
</tr>
<tr>
<td>Fiscal, Remaining Balance</td>
<td>$105,000.00</td>
</tr>
<tr>
<td>Available Funds</td>
<td>$325,000.00</td>
</tr>
<tr>
<td>Requested Additional Funds for Budget # 67</td>
<td>$276,500.00</td>
</tr>
<tr>
<td>Remaining Balance Available, #27</td>
<td>$48,500.00</td>
</tr>
</tbody>
</table>

BACKGROUND:
The AON Consulting was engaged by the County of Kauai to do Actuarial Valuation Study of the County of Kauai and Department of Water Post Employment Benefits Other Than Pensions.

AON Consulting issued a report dated November 30, 2010. The Valuation Date was July 1, 2009. The Department of Water (DOW) Annual Required Contribution (ARC) for FY 2011 was determined at $1,072,000 using Normal Cost plus the amortization of the Unfunded Actuarial Accrued Liability (AAL).

Our current budget for this item is at $795,500. We need additional $276,500 to fully fund our 2011 ARC. Funding would come from Water Utility Fund - Item #27, Contractual Services.

Mr. Nishimura moved to approve the additional funds noted in Manager’s Report No. 11-60 - Budget Item 67 – Health & Dental – Retirees and OPEB, seconded by Mr. McCormick; by a unanimous vote; motion was carried.

Re: Manager’s Report No. 11 – 61 - Job #02-03, WP 2020 KW-14, 12” Waterline along Kaumualii Highway and Waimea Canyon Drive – Koga Engineering

Board approval to amend the budget was requested to allow funding for the Waimea main project to be funded temporarily from the Water Utility Fund in the amount of $1.5 million.

This project was to have been funded from the Water Utility Fund in FY 10. The BAB was issued in FY10. The Waimea project was on the BAB project list and previous FY 10 funding was dropped from the budget for FY 11. The strategy when the project was first funded was to utilize state development funds as the funding source. State sources are usually bond funds also.

We do not want to get in a position of needing to request reimbursement of BAB funds due to potential bond covenant issues in either State or County bonds. I say potential because there may be legal issues that prevent the BAB from being reimbursed once paid to a contractor. We are not checking to see what restrictions there may be and just not asking for reimbursement of paid out BAB funds. Being cognizant of the refunding issue the safe course is to change funds from BAB to Water Utility Fund to pay for the project until we see if state funds maybe available. All
of our State Senators and Representatives are working to get the funds released. I cannot say at this time what the likelihood is of getting State funds. This is a temporary matter and if we never get the state funds we would reimburse the Water Utility fund from the BAB funds.

<table>
<thead>
<tr>
<th>Funding Source: Capital Improvement (101)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tank Sites Acquisition (Koloa, Kilauea, Hanalei)</td>
</tr>
<tr>
<td>Expenditure</td>
</tr>
<tr>
<td>Net Amount Available</td>
</tr>
</tbody>
</table>

Less Remaining balance on Waimea project 1,500,000.00

Balance $ 926,000.00

**DISCUSSION**

Manager Craddick reported that this was originally an SRF project but we did not ask for SRF funds as we asked the legislature for $2.5 million. It was funded under BAB and we awarded the job. With the change in governor there may be a chance to get a portion funded, about $1.5 million and we have sent in a request. In the meantime, we did a budget amendment to take money out of the water utility fund, so if the grant is given they will be reimbursing our cash. We are taking it from BAB fund to fund it under the water utility fund.

Mr. Dill asked if we receive the grant, would we need Board action to move it back again and Manager Craddick stated that we should although it was up to the Board. Mr. Dahilig felt its approval should be contingent on Board action to move it back again.

Mr. Dill moved to approve subject to the Board moving the project back to Bond funding should the grant not be successful, seconded by Mr. Kaneshiro; by a unanimous vote; motion was carried.

**Re: Manager’s Report No. 11 – 62 - Civil Engineer Position for Water Resources and Planning Division**

**Recommendation:**

The Board of Water Supply was asked to approve the re-organization and funding of a Civil Engineer II Position for the Water Resources and Planning Division.

The Water Resources and Planning Division and Department met on Friday February 4, 2011 to review the Table of Organization for the proposed re-organization within the Water Resources and Planning Division and received approval to create and immediately fill a Civil Engineer II position. The Position Description and Table of Organization had staff input and the suggestions were incorporated. Upon approval, these documents will then be sent to Kauai County Department of Personnel Services for their review process. This re-organization was for the Board’s action at the March 24, 2011 meeting.
History and Rationale:
The reorganization is a result of proactively moving forward to get the Department’s Geographic Information System (GIS) mapping and hydraulic modeling function started on a set schedule for completion and to provide necessary resources to maintain and support the existing “short range” planning function of the division. During the past year, after successful completion of a “pilot” GIS project for the Anahola System, the Department has moved forward to research and determine the feasibility of converting the Department’s manual mapping and computer modeling functions to an efficient digital (computer) based GIS system that will exponentially improve and replace the outdated manual mapping and filing system. The web-based GIS will also computerize multiple manual functions throughout the Department for the benefit of the Department staff and the public.

Two recent events have reduced the staffing at the Water Resources and Planning Division. First, the incumbent CE IV accepted and was transferred to a vacant CE V position in the Engineering Division. Second, the then vacant CE IV position was “reallocated” to the Engineering Division in order to address a potential personnel shortage situation. Both events have significantly reduced the staffing resources in the division. The Water Resources and Planning division is currently “stretched” and will not be able to maintain current functions and duties in the long term. The “short range” planning duties that include review and processing of water meter, building permit, backflow prevention, County and State land-use permit and subdivision applications must be maintained at an acceptable level so that in-house staff and the public are not negatively affected.

Proposed Re-organization:
The Civil Engineer II will be responsible primarily to provide necessary support and manpower to complete the Departments GIS Mapping and Hydraulic Model conversion project. This position shall report to the Civil Engineer VI and will be assigned to the GIS project team that consists of other Water Resource and Planning personnel.

In the longer term, once the GIS project is completed and operational, the new CE II position will be assigned to support the “short range” planning duties that must be maintained. Although this new Engineer in Training CE II position is not the same as a more experienced and qualified licensed Civil Engineer IV, the position is “less expensive” and based on current Human Resource accounts, seven CE II applicants are currently listed in the eligibility listing for the County Department of Personnel list.

There is ample Department Personnel funding to support this position for the remainder of the fiscal year. The annual starting salary for a Civil Engineer II is $42,132 per year. Sufficient funding is available from Budget Account #15 Salaries – DOW.

Once the “reallocated” civil engineer position in the Engineering Division is filled and trained, the other existing civil engineering position in the Engineering Division will be terminated once it is vacated in late 2011. As a result, the number of positions in both divisions will remain the same and the needs of both divisions will have been met in the short term.

DISCUSSION
Manager Craddock noted we have a list of eligible people from DPS, and there is also a possibility that the manager of that section not being around and it would be good to get someone trained. Even though the Board is approving this additional position right now, once another position in the department leaves, that position in the next budget is not funded for the full year.
so that position will not be funded or replaced. We should get a letter of resignation with a certain date, i.e., September 2011. There will not be anyone in the position for a while as we have to go through the process, or may have to re-recruit if the list runs out.

Mr. Nishimura asked if this is reflected in the current budget submission. Manager Craddock indicated it is included because the other position goes away, but there may be a short period of overlap. Mr. Dill asked what happens if the person changes their mind. Manager Craddock stated that is why we would get the letter of resignation with a definite date. Mr. Dill asked if this letter should be obtained before the Board takes action, and Manager Craddock stated it would be prudent administration action but it would be up to the Board if they wished to do something else. Mr. Nishimura asked if this is a position that will have a position number, and then the other position number will go away and this was confirmed by Manager Craddock.

Mr. Nishimura moved to approve Manager’s Report No. 11-62, having another Civil Engineer for Water Resources and Planning provided that once the other section does not need their position, that that position be eliminated, seconded by Mr. McCormick.

It was confirmed to Mr. Fujikawa that he could go ahead and fill the position. Mr. Nishimura noted that once that becomes vacant, that position number goes away.

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

Re: **Manager’s Report No. 11 – 63 - Water Plan 2020 Project List Update, March 2011**

**Recommendation:**
It was recommended that the Board approve the proposed updated prioritized list of projects for Phase 1 (FY09-FY13) and Phase 2 (FY14-FY19) and Phase 3 (FY15-FY29) of the Department of Water, Water Plan 2020 dated March, 2011.

**Background:**
The primary objective for this Water Plan 2020 project update is based on the Board’s Goals for DOW Manager for Year 2010, Item I.D. “Revisit Water Plan 2020 – Update and re-prioritize projects and submit for Board Approval”.

The DOW Project Update team that included the Manager, Deputy Manager and Water Resources and Planning Division, and IT Division reviewed and prioritized the projects for Water Plan 2020. The updated project listing was limited to the “0.7 (Project Under Design)”, “Phase 1 Project”, “Phase 2 Project” and “Phase 3 Project” project phase type classifications. Projects that are classified as being “Project Completed”, “Project under construction” or “Deleted Project” were not included as prioritized projects. The list of projects and associated details are provided in *Attachment 4*. The team updated estimated project costs to 2010 dollar amounts. The following describe the project list cost breakdown.

<table>
<thead>
<tr>
<th>Project Phase</th>
<th>No. Projects</th>
<th>Total Cost Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.7 (Under Design)</td>
<td>23</td>
<td>$ 85,525 M</td>
</tr>
<tr>
<td>1 (Phase 1)</td>
<td>13</td>
<td>$ 80,094 M</td>
</tr>
<tr>
<td>2 (Phase 2)</td>
<td>30</td>
<td>$ 116,999 M</td>
</tr>
<tr>
<td>3 (Phase 3)</td>
<td>119</td>
<td>$ 338,795 M</td>
</tr>
<tr>
<td>TOTAL</td>
<td>185</td>
<td>$ 621,413 M</td>
</tr>
</tbody>
</table>

Regular Meeting: Thursday, March 24, 2011 – Page 18 of 30
The 20-year long-range plan has been updated and will provide the basis for the Department’s Capital Improvements Project (CIP) program and associated spending priorities for the last three years of the 5-year long Water Plan 2020 Phase 1 and the next 5 year period for Phase 2 and includes the long range planning project list for the remaining 10 year period for Phase 3. In November 2007 the Board approved shifting the phase periods for Water Plan 2020 from the original planning phases. The Phase 1 period was extended through Fiscal Year 2013-2014 (FY2013). The Phase 2 period was revised to start in FY2014 instead of FY2007, and be extended through Fiscal Year 2018. Finally, the Phase 3 period was revised to include FY15-FY29. The phase dates remain the same and was not revised during this update.

During the November 2007 Project List update a new category for an outside Program Manager Consultant ("P") was approved to complete certain Water Plan 2020 projects and an Affordable Housing ("A") category. Both categories intended to procure outside consultant services to compete certain prioritized projects that were considered critical. However since then, the implementation of both categories was not completed and as a result the all of the projects have been assigned to the DOW In-House ("I") category. Please note that although the attached reports still include the "P" and "A" categories, the implementation for all of the projects are currently being assigned to the Department’s DOW In-House staff.

The Updated Project Listing is further described in more detail in the attached reports.

**Attached Reports:**
Attached are several reports and tables that describe the prioritized updated project list and the master project list update for all Water Plan 2020 projects.

The attached summary tables and reports are described as follows:

**WP2020 – 2011 Project List Update Summary Tables**

The 2011 final program prioritized project update listing the approach outline above. The following tables are a comprehensive summary of the 20-year Water Plan 2020 Updated Project List that includes 0.7 (Project Under Design), Phase 1, Phase 2 and Phase 3 project phases.

- **Attachment 1**: Improvements by Water System Summary Table
- **Attachment 2**: Improvements by Fund Type (CIP, CRP, CRPL) Table
- **Attachment 3**: Water Plan 2020 Plan “A” Project Evaluation Summary Report Table

Attachment 3 is the “master” list of all Water Plan 2020 projects that have been classified as being completed, deleted, on-going or future projects. The total number of Water Plan 2020 now total 260 projects.

- **Attachment 4**: A more detailed explanation of this report contained in Attachment 3
**Attachment 1:** Water System Summary – Improvements by Phase (0.7, 1, 2, & 3)

<table>
<thead>
<tr>
<th>Water System</th>
<th>Total Cost</th>
<th>Nbr of Projects</th>
<th>Phase 0.7</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anahola</td>
<td>16,233,000.00</td>
<td>8</td>
<td></td>
<td>2,620,000.00</td>
<td>13,613,000.00</td>
<td></td>
</tr>
<tr>
<td>Anini</td>
<td>8,521,000.00</td>
<td>2</td>
<td>5,397,000.00</td>
<td></td>
<td></td>
<td>3,124,000.00</td>
</tr>
<tr>
<td>Haena-Wainiha</td>
<td>21,050,000.00</td>
<td>11</td>
<td>2,438,000.00</td>
<td>4,182,000.00</td>
<td>14,430,000.00</td>
<td></td>
</tr>
<tr>
<td>Hanalei</td>
<td>17,960,000.00</td>
<td>10</td>
<td>5,657,000.00</td>
<td></td>
<td></td>
<td>12,303,000.00</td>
</tr>
<tr>
<td>Hanapepe-Elecle</td>
<td>28,491,000.00</td>
<td>12</td>
<td>164,000.00</td>
<td>3,061,000.00</td>
<td>25,266,000.00</td>
<td></td>
</tr>
<tr>
<td>Kalaheo</td>
<td>47,709,000.00</td>
<td>11</td>
<td>10,826,000.00</td>
<td>8,660,000.00</td>
<td>28,223,000.00</td>
<td></td>
</tr>
<tr>
<td>Kekaha-Wainee</td>
<td>42,161,000.00</td>
<td>14</td>
<td>4,230,000.00</td>
<td>4,204,000.00</td>
<td>33,727,000.00</td>
<td></td>
</tr>
<tr>
<td>Koloa-Poipu</td>
<td>47,726,000.00</td>
<td>16</td>
<td>8,469,000.00</td>
<td>5,158,000.00</td>
<td>34,099,000.00</td>
<td></td>
</tr>
<tr>
<td>Lawai-Omao</td>
<td>43,851,000.00</td>
<td>15</td>
<td></td>
<td>14,191,000.00</td>
<td></td>
<td>29,660,000.00</td>
</tr>
<tr>
<td>Moloa</td>
<td>7,249,000.00</td>
<td>4</td>
<td>2,402,000.00</td>
<td>131,000.00</td>
<td></td>
<td>4,716,000.00</td>
</tr>
<tr>
<td>Puhi-Lihue-Hanamaulu</td>
<td>150,952,000.00</td>
<td>31</td>
<td>14,640,000.00</td>
<td>59,194,000.00</td>
<td>26,814,000.00</td>
<td>50,304,000.00</td>
</tr>
<tr>
<td>Wailua-Kapaa</td>
<td>134,160,000.00</td>
<td>34</td>
<td>39,427,000.00</td>
<td>1,310,000.00</td>
<td>36,640,000.00</td>
<td>56,783,000.00</td>
</tr>
<tr>
<td>Waipake-Kilauea-Kaliihiwai</td>
<td>55,350,000.00</td>
<td>17</td>
<td>11,334,000.00</td>
<td></td>
<td>11,469,000.00</td>
<td>32,547,000.00</td>
</tr>
<tr>
<td>Totals</td>
<td>621,413,000.00</td>
<td>185</td>
<td>85,525,000.00</td>
<td>80,094,000.00</td>
<td>116,999,000.00</td>
<td>338,795,000.00</td>
</tr>
</tbody>
</table>

**Attachment 2:** Water System Summary – Improvements by Fund Type (0.7, 1, 2, & 3)

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Total Cost</th>
<th>Nbr of Projects</th>
<th>Phase 0.7</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIP</td>
<td>208,382,000.00</td>
<td>48</td>
<td>37,437,000.00</td>
<td>64,800,000.00</td>
<td>49,113,000.00</td>
<td>57,032,000.00</td>
</tr>
<tr>
<td>CRP</td>
<td>62,106,000.00</td>
<td>53</td>
<td>12,129,000.00</td>
<td>4,360,000.00</td>
<td>1,965,000.00</td>
<td>43,652,000.00</td>
</tr>
<tr>
<td>CRPL</td>
<td>350,925,000.00</td>
<td>84</td>
<td>35,995,000.00</td>
<td>10,934,000.00</td>
<td>65,921,000.00</td>
<td>238,111,000.00</td>
</tr>
<tr>
<td>Totals</td>
<td>621,413,000.00</td>
<td>185</td>
<td>85,525,000.00</td>
<td>80,094,000.00</td>
<td>116,999,000.00</td>
<td>338,795,000.00</td>
</tr>
</tbody>
</table>

Regular Meeting: Thursday, March 24, 2011 – Page 20 of 30
Note:
CIP: Capital Improvement Project
CRP: Capital Rehabilitation Project
CRPL: Capital Replacement Project


Attachment 4 - Explanation of Water Plan 2020 Plan “A” Project Evaluation Summary Report

The report is sorted first by “Strategic Initiative” or phase type for each project (ie. Phase 0, 0.5, 0.7, 1, 2 & 3) and second by “Total Score”. The report format is intended to review the project status and the prioritization each project.

The Total Score is the raw number of points assigned to each project based on the Water Plan 2020 prioritization criteria. These criteria include:

- Condition Assessment
- Public Health and Safety, and
- Level of Service

On a scale of 1 to 10, points for each of these criteria were assigned by consensus of the project team. High total points were given to an improvements of an asset that is much deteriorated (condition assessment), in an area where there is deficient fire protection (health & safety), and with significant capacity constraints leading to numerous denials of requests for new service (level of service). In addition to total points, there are other judgments that are considered in the prioritization, partly in recognition that some projects that do not gain many points in one category may be very important to initiate ahead of other projects with a higher point count. By way of example, a purely new facility inherently would receive 0 points for “level of service” because the repair does not increase water system capacity. Other considerations included the department’s understanding of construction timing constraints, our perceptions of the urgency of the current conditions, review of the mix of projects island-wide and by project type, and how the project addresses the most critical needs of our customers.

Separate design and construction budget estimates have been prepared for the 0.5 (Project Under Construction) and 0.7 (Project Under design) “on-going” projects and for the Phase 1, Phase 2 and Phase 3 projects. The budget information is used for planning and scheduling purposes, and has been updated to reflect current 2010 estimated costs. The estimated costs for all ongoing projects were updated to 2010 dollars.

A category for “phase type” and “project management” was created to identify and classify the projects. “Phase type” refers to the project status and is labeled as follows:

0 = Completed Project
0.5 = Project Under Construction
0.7 = Project Under Design
1 = Phase 1 Project
2 = Phase 2 Project
3 = Phase 3 Project
6 = Deleted Project
The “Under Design” category, which is labeled as Phase 0.7, includes projects that are in the project design phase and is covered by a DOW design contract. Other phase types include: Phase 0 for projects that are already completed, Phase 0.5 for projects that are under construction and not completed. Phase 1 is for the first 5 year projects; Phase 2 is the second 5 year projects. Phase 3 projects are projected for the remaining 10 year period. Phase 6 projects have been deleted or no longer needed.

Information included in the reports summarize details of the project such as the project name, “remaining useful life”, the type of project (CIP is expansion construction, CRP is rehabilitation project, CRPL is a replacement project), and budgetary projections.

The “project management” ("PM") classification refers to the project manager in charge of the project. During November 2007, two new “PM” classifications were created for the report. The updated project list includes eight projects that were originally managed by a consultant under the “Professional Services Contract for Strategic and Business Plan and Water Plan 2020 Sustainability Services” with R.W. Beck, Inc. The updated project list also included projects that were being proposed to be managed by the RFP Project Manager consultant. The following legend was used in the reports:

I = DOW In-House
A= Affordable Housing – BECK
P = Program Manager Consultant

However, since 2007 the eight Affordable Housing – BECK (“A”) projects and the Program Manager Consultant (“P”) contract was terminated or was not implemented. As a result all projects regardless of the PM designation are being managed by the Department staff and is considered the same as a “DOW In-House” (“I”) project.

DISCUSSION
Mr. Fujikawa provided the master list which contains all the projects since WP 2020 was originally done. Mr. Fujikawa explained the different phases and tables, using 2010 dollars, and noted that, at some point, we need to do a complete overhaul of the master plan. Mr. Dill asked why the attachment #1 showed 185 projects rather than the 260. Mr. Fujikawa reported that within the 260 there are 185 remaining on the “to do” list. Mr. Fujikawa explained the legends on the attachment and reviewed the categories explaining their priority status and scoring criteria.

Mr. Nishimura asked about the discrepancy on page 30, showing $636 million and on attachment # 1 it states $621 million; Mr. Fujikawa stated that the $636 million is for all 260 projects. Mr. Fujikawa confirmed to Mr. Nishimura that we have done about 80 of the 260 projects. Mr. Fujikawa described what the costs are for the remaining projects. Mr. Nishimura asked how many, out of the $621 million we need to do, how many are under construction. Mr. Fujikawa’s report does not show this. Mr. Moises states that 37 are complete, 26 are under construction and 23 are in design. Mr. Nishimura asked if the FRC and rate study would account for the $80 million we need in Phase 1. Mr. Fujikawa presumed it would include all projects up to and including Phase 3.

Mr. Fujikawa stated the Table can be sorted differently, and can be sorted by water system.

Manager Craddick stated that while we were taking to some of the Council members about the rates, the likelihood of this work being done by 2020 is remote and another name for the plan would be needed because of the length of time of the plan, though there is a high community understanding of the Water Plan 2020.
Mr. Fujikawa confirmed to Mr. Dill that this has been updated various times.

Manager Craddick noted that in terms of the budget and the rates, the FRC is quite comprehensive and a lot of the projects are in there and some may actually have to be taken out. The rates study is to try to get up to some level of funding rather than looking at specific projects. If we do more than that, we need to look at staffing changes to get the work done.

Mr. Nishimura moved to receive Water Plan 2020 Project List Update, March 2011, seconded by Mr. Dahilig; by a unanimous vote; motion was carried.

Re: Managers' Report No. 11 – 64 – Proposed Budget 2012
Mr. Nishimura moved to receive the Proposed Budget 2012 and refer to the Finance Committee, seconded by Mr. McCormick.

Mr. Nishimura supported Mr. Dill's suggestion to have a separate committee, a budget committee.

Ms. Yano distributed some revised pages to the budget binder packet.

The original motion was withdrawn, and Mr. Nishimura moved to receive the report, seconded by Mr. Dill; by a unanimous vote; motion was carried.

Re: Manager's Report No. 11 – 65 - Hiring Legal Assistance in negotiating the Kahili High Level Well Right of Entry

Board approval was requested to hire legal assistance in negotiating the Kahili High Level Well Right of Entry.

The Kahili High Level Well project, as is any exploratory drilling project is highly speculative in nature and carries a high level of financial risk. As a result it usually does not warrant giving away the results before they are known. Additionally, DOW must have an unfettered right to develop what it finds as a result of its exploration.

The draft agreement reserves rights which we feel go to the risk taker. No one is prevented from joining in the risk and enjoying the fruits of the risk. The publics rights must be protected in this matter and we feel specialized legal assistance is needed in the negotiation of this Right of Entry.

Cost for this would be in the range of $8K-$16K or 40 hours at $200 to $400 per hour.

After the budget amendment request in Manager’s Report No. 11-60, there will be $40 K remaining in the legal assistance and liaison funds budget.

This item is listed for executive session should the Board feel it is necessary.

Mr. Nishimura moved that the Board move into Executive Session for the items listed: 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).

Pursuant to Hawai‘i Revised Statutes Sections 92-4 and 92-5(a)(3), the purpose of this executive session is for the Board to deliberate concerning the authority of persons designated by the Board to negotiate the acquisition of public property rights relating to Job No. PLH-03, Kahili High Level Well.

Pursuant to Hawai‘i Revised Statutes Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to provide the Board with a briefing and request authority for a possible settlement proposal in a claim filed by Krista Dela Cruz on December 8th, 2010 for damages allegedly caused by a clogged water line. This briefing and consultation 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.

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 a County Attorney opinion issued dealing with whether or not the Board is relieved of its duty to conduct its annual external audit. This briefing and consultation 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.

Deputy County Attorney Suzuki reported, as the Kahili Well concerns Grove Farm, if Mr. Kaneshiro should recuse himself as his son works for Grove Farm. Mr. Kaneshiro stated he had no financial interest in Grove Farm. Ms. Suzuki stated that if a board member has a child who is an owner, officer, director or executive director then they should recuse themselves. Although Mr. Kaneshiro did not feel his son was in these categories, he did recuse himself from this first item of the three executive sessions to be on the safe side.

This was seconded by Mr. Dahilig; by a unanimous vote; motion was carried.

Ms. Suzuki and Manager Craddick were requested to remain for the Executive Session, all other staff was excused.

The Regular Meeting was recessed at 12:20 p.m. to move into Executive Session.

The Regular Meeting reconvened at about 12:55 p.m.

Re: Manager’s Report No. 11 – 65 - Hiring Legal Assistance in negotiating the Kahili High Level Well Right of Entry

Mr. Nishimura moved to receive the Manager’s Report No. 11-65 - Hiring Legal Assistance in negotiating the Kahili High Level Well Right of Entry, and defer to the next meeting, seconded by Mr. McCormick; by a unanimous vote; motion was carried.

STAFF REPORTS

Re: Public Relations Specialist’s Monthly Update Regarding DOW Public Relations Activities for the month of February, 2011
**Public Relations Services:** We completed two focus group meetings in February, one commercial (agriculture and non-agriculture) and the other residential customers and community/environmental interests. The results were summarized as follows:

- Generally positive input regarding the reputation of DOW service and the quality of the water (with the exception of some commercial interests regarding permitting)
- There was general agreement that system upgrades were essential and that protection of the water quality and delivery was important and should be supported by rate increases if necessary, especially if the rates are perceived as equitable and if DOW demonstrated efficiencies on its part
- Request for more communication from DOW, including messages on water conservation
- Request for transparency in communication, especially as it may affect rates
- Request for updates on Water 2020 Plan progress
- Community meetings cited as the outreach method of choice

The public relations outreach plan has been modified so as to take into account these outcomes of the focus group research. Specifically:

- A printed brochure and direct mail program to all customers is replaced with additional community meeting outreach.
- Agency to produce a recap of the Water 2020 Plan progress and secure publicity for it.
- Agency to produce a “statement of case” for potential rate increase to explain the formula in lay terms and demonstrate equitability.
- Agency to produce a piece on where DOW stands against national average on performance indicators
- Agency to generate water conservation tips to be printed into DOW invoices.

During March advance meetings were organized by the agency and held with public officials, including the mayor, the legislative delegation and the county council to inform them of a possible need for a rate increase.

Water conservation messages were written and we are in process of getting them imprinted on our invoices as well as the DOW web site address for more conservation tips.

Content is being developed for a micro-web site. A piece called “The Story of Water” has been submitted by the agency and is under department review. This tells the story of where water comes from and how it gets to consumers and what drives cost. We are reviewing a piece called “Water 2020 Plan Update” that will also be posted on the new micro-web site and used for general publicity.

**Fun Committee:** Mahalo to MJ Garasi, Karen Delgado, Joy Buccat, Eddie Doi, Keith Aoki, Virgil Kapanui, Scott Shibuya, Koni Silva, Cleve Shigematsu, Keith Konishi, Lance Nakata, Tess Yano, and Faith Shiramizu for organizing and assisting in putting on our pau hana Party in the Park on February 22nd.

Next up is a zipline adventure scheduled for March 25th. Everyone will call in their own payments to Backcountry Zipline Adventure.
**Source Water Protection Plan:** Working with Dan and Erin on our draft application for the Source Water Protection Plan grant through the Department of Health.

**WaterSense:** The Department has put out a challenge to all of the 4th graders in the Kauai Department of Education Public School System, to have their families’ pledge that they will look for leaks and get them fixed, during the EPA and WaterSense Fix-a-Leak Week. They have been further challenged to motivate their entire family to monitor and record their water usage for 5 days during Fix-a-Leak week, which was March 14-20, 2011. The intent is to have more people become fully aware of how much water they are actually using. Once they are aware, they will know where they can make simple lifestyle changes to conserve water.

We have partnered with Subway Lihue, who will provide a Subway lunch for the 4th grade class of the winning school. Kudos to Joy Buccat for putting this challenge together.

**SRF Workshop:** The Hawaii 2011 State Revolving Fund (SRF) Workshop, held on March 1-2, was organized and conducted by EPA and DOH. It included a review of general SRF guidelines as well as information on new features and requirements of the SRF program. These new items include:
- Introduction of Principal Forgiveness, Negative Interest Loans through the American Recovery and Reinvestment Act (ARRA)
- Addition of Davis Bacon Act (carried over from ARRA)
- Green Project Reserve (GPR)– ARRA and Beyond
- EPA Sustainability Initiative

The GPR provides an opportunity for the department to benefit with a 30% Capitalization grant for the High Level Horizontal Well project as well as conservation projects.

There was also a session for counties to provide updates of projected SRF needs and discussion on experiences of using the SRF program. It was interesting to learn that the Clean Water section which covers Wastewater projects offers a much lower rate than the Drinking Water section. Hawaii Department of Health and the EPA are currently reevaluating their loan rates to try to offer more competitive rates to the counties.

**Conservation and Leak Detection Workshop:** The Conservation and Leak Detection Workshop sponsored and organized by the Honolulu Board of Water Supply, held on March 2-3, provided opportunities to collaborate with all counties and now expanding to partner with state community organizations.

Two tracks were provided, one regarding Water Conservation Programs and the second on Leak Detection. The conservation track allowed for all counties to share information on their conservation programs, additional speakers included Gail Suzuki from DBEDT, Neal Fujii from CWRM, Herbert Imamura from HBWS, Chris Dacus from DOT and Derrick Sonoda from Hawaii Energy. Topics of discussion ranged from the energy-water nexus to sight inspections for the Green Business Recognition Program, flow monitoring program, state water conservation programs and more.

The leak detection track provided presentations by vendors and included discussion and sharing of experiences regarding different types of equipment.

**Utility Policies and Procedures/Standard Operating Procedures (SOPs) Training:** Training was provided by Gary Byrd from the Hawaii Rural Water Association. The training provided a
very broad but good overview of SOPs that should be in place at every utility. Gary touched on nearly every area of business which was a great eye opener. The department should use this information to set goals so we can be prepared to handle various occurrences as well as be more efficient and provide for a smoother transition for new employees.

Additional and more topic specific training should be arranged to actually create and review these SOPs.

Community Events: As of this writing, we have two community events coming up. On March 22nd, Carl, our Microbiologist will be speaking to the seniors at the Lihue Neighborhood Center regarding the need to use water filters.

On March 24th, we will be hosting 2nd graders from King Kaumualii Elementary School. Their field trip topic is “Goods and Service”. We will talk to them about providing water from ground to tap.

In April, we will be at the 2011 CAK Home Show with water conservation and permitting information. We will also be at King Kaumualii for their PTSA sponsored “Go Green” night, with water conservation information and activities.

DISCUSSION
Ms. Shiramizu reported that we will not, after all, be participating in the CAK Home Show this year with so many other pressing things to do.

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

Re: Deputy Manager’s Summary Report on Monthly Operational Maintenance for the month of February, 2011

Deputy Eddy reported that a key position had been filled by Ryan Smith, who is in charge of the crews that maintain and operate our pump systems. He was formerly with the Navy and has good experience with pump systems, operation and maintenance.

Mr. Dahilig moved to receive the February Deputy Manager’s Summary Report, seconded by Mr. McCormick; by a unanimous vote; motion was carried.

Re: Statement of Kaua‘i County Water Department’s Revenues and Expenditures for January 31, 2011

Mr. Nishimura moved to receive the January 31, 2011 report, seconded by Mr. McCormick; by a unanimous vote; motion was carried.

Re: MANAGER’S UPDATE for FEBRUARY 2011 to MARCH 2011

CONTRACTS AWARDED BY THE MANAGER:
None
PUMP INSTALLATION PERMITS SIGNED BY MANAGER:
None

WAIVER, RELEASE AND INDEMNITY AGREEMENTS SIGNED BY THE MANAGER:
None

PERSONNEL MATTERS UPDATE:

Updated March 14, 2011

RECRUITMENT & POSITION CHANGES

Ops Division:
1. Water Service Supervisor III selection is pending.
2. Lead Pipefitter selection pending.
3. Water Plants Superintendent started work March 14, 2011.
4. Water Field Operations Superintendent job applications are being reviewed by Department of Personnel Services.
5. Chief of Operations interviews to be scheduled.

Fiscal Division:
1. Accountant III interview to be scheduled.

Engineering and Special Projects Divisions:
1. Civil Engineer II (Engineering Division) interviews completed. Selection pending.

Administration Division:
1. Reallocate Commission Support Clerk to Board Secretary. Paperwork submitted to Department of Personnel Services for review & approval.
2. Private Secretary position duties clarified to show Private Secretary / Admin. Office Manager position duties. Paperwork submitted to Department of Personnel Services for review & approval.
3. Secretary position posted via internal departmental recruitment. Applications forwarded to Department of Personnel Services for qualification reviews.

CLAIMS PAYABLE – February 28, 2011
Claims were paid in the amount of $4,477,521.42
Please see attached Claims Payable Report.

AFFORDABLE HOUSING UPDATE:
Update will be provided after the next Task Force Meeting is held.

LEGISLATIVE VISITS FOR CIP PROJECTS
On Wednesday, February 23, I met with Senator Ron Kouchi, Representative James Tokioka and Representative Dee Morikawa.

VISITS WITH MAYOR, COUNCIL MEMBERS AND LEGISLATORS ON RATE INCREASES
On March 7, together with Chair Oyama, Vice Chair Kahawai and Faith Shiramizu, I met with Mayor Carvalho. Subsequent meetings have also been held with Council members.
DISCUSSION
Deputy Eddy confirmed that we do not require a pump installation permit. Kalaeo Well #1 is complete and we have the parts for Well #2 so hopefully that will be completed by next week.

Recruitment and position changes were reviewed.

The wording of “Claims Payable” needs to be changed to “warrants approved”.

For the Affordable Housing at Elecele, Mr. Nishimura asked if we have enough water to supply the project. Mr. Fujikawa indicated that the project does not know what its needs are, and have several different scenarios to choose from. He does not know what it will be rezoned to yet. The range of units is depending upon the scenario. He does not think we have enough for the 75 acre piece, and is still waiting for information from Housing. The Board would like to help the project and Mr. Nishimura felt they should be told about the time frame which could be five to six years or longer so they aware, and that they acknowledge this to the board, and realize it has to be planned in advance. Mr. Fujikawa was requested to highlight to them how long this could take. Mr. Fujikawa stated they have hired a consultant to help them determine this. Mr. Fujikawa stated we need to know how much water they need in order for us to make the improvements. Mr. Nishimura noted to Chair Oyama that the General Plan does not include this portion.

Mr. Nishimura moved to receive the Manager’s Update, seconded by Mr. Dahilig; by a unanimous vote; motion was carried.

EXECUTIVE SESSION

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

TOPICS FOR NEXT WATER BOARD MEETING
1. Quarterly Reports
2. Finance Committee appointment
3. Employee of the Year Resolution
4. Possible Budget Committee – Special Committee for the Budget

TOPICS FOR FUTURE WATER BOARD MEETINGS
1. 2012 Budget (May 2011)
2. Revised Organizational Chart (May 2011)
3. 2012 Finalized Budget (June 2011)
4. Board Policy #24 Update (August 2011)

UPCOMING EVENTS

NEXT WATER BOARD MEETINGS
1. Thursday, April 28, 2011, 10:00 a.m.
2. Thursday, May 26, 2011, 10:00 a.m.
3. Tuesday, June 21, 2011, 10:00 a.m.
4. Thursday, July 28, 2011, 10:00 a.m.
5. Thursday, August 25, 2011, 10:00 a.m.
6. Thursday, September 22, 2011, 10:00 a.m.

**ADJOURNMENT**
There being no further business, the meeting was adjourned at about 1:15 p.m.

Respectfully submitted,

[Signature]
Carol A. Beardmore
Secretary

Approved,

[Signature]
Randall Nishimura
Secretary – Board of Water Supply

cab