BOARD OF WATER SUPPLY of the COUNTY OF KAUA‘I

REGULAR MEETING
Second Floor, Microbiology Lab Bldg
Kaua‘i County Department of Water
4398 Pua Loke Street, Lihu‘e, Kaua‘i, Hawai‘i 96766

THURSDAY, MAY 24, 2012
10:00 a.m.
Or soon thereafter

A. CALL TO ORDER

B. ROLL CALL

C. ACCEPTANCE OF AGENDA
1. Agenda reordered to approve the Employee/Crew of the Quarter Award – First Quarter – deferred from April 26, 2012 Board Meeting

D. MEETING TRANSCRIPTS:
Review and approval of:
Regular Board Meeting – March 22, 2012
Regular Board Meeting – April 26, 2012

E. CORRESPONDENCE/ANNOUNCEMENTS
1. Correspondence from Michele Hughes, Secret Beach Properties, LLC, via Belles Graham Proudfoot Wilson & Chun, LLP

F. BOARD COMMITTEE REPORTS
1. Report of the Rules Committee of the Kauai County Board of Water Supply

G. OLD BUSINESS


3. Manager’s Report No. 12-70 – Non-Potable water systems
BOARD OF WATER SUPPLY
REGULAR MEETING
May 24, 2012

G. OLD BUSINESS – cont.
4. Manager’s Report No. 12 - 71 – Revision of Board Policy No. 22 concerning change order threshold update

H. NEW BUSINESS
1. Manager’s Report No. 12 – 76 – Resolution No. 12-7 (5-12) Employee of the Year – Operations

2. Manager’s Report No. 12 – 77 – Resolution No. 12-8 (5-12) Employee of the Year

3. Manager’s Report No. 12 – 78 – Resolution No. 12-9 (5-12) Mahalo and Aloha Retiree Alison Koga

4. Manager’s Report No. 12 – 79 – Request to Amend the 2012 Budget to Fund the Short Term Engineering Program Assistant


6. Manager’s Report No. 12 – 81 – Resolution No. 12-10 (5-12) for Refunding of the Series 2005A County of Kauai G.O. Bonds

I. STAFF REPORTS
MONTHLY
1. Statement of Kaua‘i County Water Department’s Revenues and Expenditures
2. Report by the Public Relations Specialist on Public Relations Activities
3. Chief of Operation’s Summary Report on Monthly Operational Maintenance
5. Manager’s Monthly Update Regarding Activities of Note of the Kaua‘i County Water Department

QUARTERLY
1. Employee/Crew of the Quarter Award – First Quarter (re-ordered to beginning of Agenda)

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

1. Pursuant to Hawaii Revised Statutes Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to provide the Board with a briefing regarding the dual water system proposal by Grove Farm Company, Inc. 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 proposal.

NOTE: Special Accommodations for persons with disabilities are available upon request five (5) days prior to the meeting date. Please call the Department of Water, County of Kaua‘i, at 245-5408 or drop by at 4398 Pua Loke Street, Lihue‘e, Kauai. Our mailing address is P. O. Box 1706, Lihue‘e, HI 96766

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J. EXECUTIVE SESSION – contd.

2. Review of Executive Session Transcripts:
   a. December 8, 2011
   b. December 15, 2011
   c. December 22, 2011
      i. Session 1
      ii. Session 2
   d. January 5, 2012
   e. January 23, 2012
   f. January 26, 2012

3. Review of Executive Session Transcripts from March 22, 2012 Sessions:
   a. Executive Session 1
   b. Executive Session 2
   c. Executive Session 4

K. TOPICS FOR NEXT WATER BOARD MEETING
1. Final Budget Approval

L. TOPICS FOR FUTURE WATER BOARD MEETINGS
1. Quarterly Staff Reports (July 2012)
2. Public Hearing for Part II Rule - Leak Rebate Cancellation (July 2012)
4. Amend BAB Project List

M. UPCOMING EVENTS
1. AWWA – ACE 12 – June 10-14, 2012, Dallas, Texas
2. HWWA Conference – October 17-19, 2012, Ala Moana Hotel, Honolulu

N. NEXT WATER BOARD MEETING
1. Thursday, June 28, 2012, 10:00 a.m.
2. Thursday, July 26, 2012, 10:00 a.m.
3. Thursday, August 23, 2012, 10:00 a.m.
4. Thursday, September 27, 2012, 10:00 a.m.
5. Thursday, October 25, 2012, 10:00 a.m.
6. Wednesday, November 21, 2012, 10:00 a.m.
7. Thursday, December 27, 2012, 10:00 a.m.

O. ADJOURNMENT
COUNTY OF KAUA'I

BOARD OF WATER SUPPLY

REGULAR MEETING

Thursday, March 22, 2012
10:40 a.m. - 12:49 p.m.
1:33 - 1:48 p.m.

Second Floor, Microbiology Lab Building
Kauai County Department of Water
4398 Pua Loke Street
Lihue, Kauai, Hawaii 96766

REPORTED BY:

TERRI R. HANSON, CSR 482
Registered Professional Reporter
APPEARANCES

BOARD MEMBERS:

Michael Dahilig
Daryl Kaneshiro, Chair
Roy Oyama
Raymond McCormick
Randall Nishimura
Clyde Nakaya

STAFF:

Andrea Suzuki, Deputy County Attorney
William Eddy
Marites Yaco
Dustin Moises
Gregg Fujikawa
Val Reyna
Aaron Zambo
Sandi Nadatani-Mendez
Faith Shiramizu

GUEST:

Jeremiah Kaluna
REGULAR MEETING

CHAIRMAN KANESHIRO: Board of Water Supply

Regular Meeting is now called to order. It's Thursday, March 22nd at 10:40 a.m. With that, can I have the roll call, please.

MS. SUZUKI: Mr. Nakaya.

MR. NAKAYA: Here.

MS. SUZUKI: Mr. Kishimura.

MR. NISHIMURA: Here.

MS. SUZUKI: Mr. McCormick.

MR. MCCORMICK: Here.

MS. SUZUKI: Mr. Kaneshiro.

CHAIRMAN KANESHIRO: Here.

MS. SUZUKI: Mr. Oyama.

MR. OYAMA: Here.

MS. SUZUKI: Mr. Dahilig.

MR. DAHILIG: Present.

MS. SUZUKI: Mr. Dill. We have quorum.

CHAIRMAN KANESHIRO: Thank you for that.

MS. SUZUKI: You're welcome.

CHAIRMAN KANESHIRO: With that, motion to accept the agenda, please.

MR. DAHILIG: So moved.

MR. NAKAYA: Second.

CHAIRMAN KANESHIRO: With that, all those
in favor signify by saying aye.

   Any opposed?

   Hearing none, motion carried.

   Meeting transcripts, review and approval of the
special board meeting February 9th, 2012.

   MR. NISHIMURA: Move to approve the special
meeting of February 9, 2012, Mr. Chair.

   MR. OYAMA: Second.

   CHAIRMAN KANESHIRO: Do we have a second on
that? We do.

   Any discussion on that? Any additions?

   If not, all those in favor.

   Any opposed?

   Hearing none.

   Moving on to regular board meeting of
February 23, 2012.

   MR. NISHIMURA: Move to defer to the next
meeting, Mr. Chair.

   MR. DAHILIG: Second the motion.

   CHAIRMAN KANESHIRO: The motion was to?

   MR. NISHIMURA: Defer to the next meeting.

   CHAIRMAN KANESHIRO: Okay. The motion was
to defer to the next meeting. Do I have a second on
that?

   Any comments or additions to that before I call
for the motion to defer?

If not, all those in favor signify by saying aye.

Any Opposed?

Hearing none, motion carried.

We'll move on to correspondence and announcements, letter from KMH LLP concerning the audit.

With that, Mr. Eddy.

MR. EDDY: Okay. Thank you, Chairman.

Before you is a letter from our auditor KMH LLP. We did correspond with our auditor and asked for -- you know, why is this letter coming in now after the audit has been received -- reviewed and received.

And the response we got that this letter is a written documentation of the items communicated to the board during both presentations made by KMH. It is a standard auditing procedure to have this letter and it's not something unusual.

As far as board action, there is nothing specific in this letter requiring board action. This letter is to document the communication -- previous communication to the board on matters required by audit standards and to communicate those matters.

This will be the final correspondence for the fiscal year 2011 audit. We won't be receiving anything
else from our auditors.

There is an Appendix A shown here. It's the schedule of recorded audit adjustments, and these are the same adjustments that were discussed at the previous meeting and shown by our auditor.

CHAIRMAN KANESHIRO: Okay. Committee Members or Board Members, any questions or comments in regards to this letter from KMH LLP?

Hearing none, the motion would be to receive.

MR. OYAMA: Mr. Chair, move to receive.

CHAIRMAN KANESHIRO: Do I have a second on that?

MR. DAHILIG: Second the motion, Mr. Chair.

CHAIRMAN KANESHIRO: Before I call for the vote, do I have any further discussion or anyone have any comments to add to this letter?

If not, all those in favor signify by saying aye.

Any opposed? Hearing none.

Move on to board committee reports. Report of the Committee of the Whole of the Kauai County Board of Water Supply. Oh, I guess that's me.

MR. KISHIKURA: That's you. How soon he forgets.

CHAIRMAN KANESHIRO: Manager's Report No.
12-24, changes were made in committee by the
administration, and committee voted to move that on to
the full board.

Manager's Report No. 12-54, debt service
reserve fund policy, was deferred for more work by the
administration to come back to the committee to the next
board meeting.

So with that, any additions to that, Committee
Members or Board Members?

If not, we don't really need a motion on these,
right? It's just a report. Do we?

MS. SUZUKI: I don't think so.

CHAIRMAN KANESHIRO: Yeah, we can move on
to -- any other questions or any questions regarding
Manager's Report No. 12-24 or 12-54?

Hearing none, I'll move on to old business.
Manager's Report No. 12-24, emergency operations reserve
fund.

MR. EDDY: Thank you, Chairman. As
discussed in committee, we would like to finalize this
Manager's Report 12-24 and ask for board approval of the
emergency operating reserve fund as amended.

CHAIRMAN KANESHIRO: Okay. Any board
members have questions in regards to 12-24 emergency
operations reserve fund? Any further discussion on
that?

If not, I'm going to call for a motion for
approval.

MR. NISHIMURA: I have one question,
Mr. Chair.

CHAIRMAN KANESHIRO: Yes, sir, Randy.

MR. NISHIMURA: Originally in the rate
study, the emergency operations reserve fund was going
to be funded over a five-year period. In the reserve
policy it's required to be replenished at a rate of
25 percent per year. What are we going to do for this
first year? And would -- you know, do we need to put
something in there to allow us to build that over five
years?

CHAIRMAN KANESHIRO: Question.

MR. EDDY: Okay. Currently in the budget
that we've submitted to you today, I believe we're
showing an amount of 1.2 million, is that right?

MS. YANO: Yes. In the proposed 2013
budget, if it is approved, we will be transferring
1.2 million into an emergency reserve fund that's part
of our funding percent. It's rolled over to the
following year. And so we're also budgeting another
1.2 million in 2013. So to start the 2013 we would have
1.2 million in the emergency reserve fund. If you look
at your tab two on the proposed budget if you want to.

MR. EDDY: Jump to our budget real quick.


MS. YANO: The beginning balance --

MR. EDDY: On the first page here.

CHAIRMAN KANESHIRO: Okay.

MS. YANO: The proposed beginning balance
is showing a 1.2 million separate from the general fund
balance under the fiscal year 2012. And going down,
there is another 1.2 million under the expenditures debt
reserve, which will be added in 2013.

MR. NISHIMURA: Okay. Mr. Chair, I think
it's covered.

CHAIRMAN KANESHIRO: Okay.

MR. NISHIMURA: We get 40 percent if we do
it that way for the first year.

CHAIRMAN KANESHIRO: Any additional
concerns or comments on the Manager's Report 12-24 or
further discussion on that?

I will call for the motion for approval, the
motion on the floor for approval of the emergency
operations reserve fund policy 12-24.

MR. KAKAYA: So moved.

CHAIRMAN KANESHIRO: Second?

MR. OYAMA: Second.
CHAIRMAN KANESHIRO: Any further discussion on this?

MR. NISHIMURA: I vote with Roy.

CHAIRMAN KANESHIRO: Pardon?

MR. NISHIMURA: I vote with Roy.

CHAIRMAN KANESHIRO: If not, I will call for a vote at this time. All those in favor signify by saying aye.

Any opposed?

Hearing none, Manager's Report 12-24 is passed.

MR. NISHIMURA: Mr. Chair, just for clarification, yeah? As amended, yeah?

CHAIRMAN KANESHIRO: Right.

MR. NISHIMURA: Yeah.

CHAIRMAN KANESHIRO: Okay. With that, I'm moving on to Manager's Report 12-54, debt service reserve fund policy. I believe the deputy requested that this be deferred to the next meeting. So with that, do I have a motion on the floor?

MR. NAKAYA: Mr. Chair, move to defer to the next board meeting.

CHAIRMAN KANESHIRO: Second on that?

MR. McCORMICK: Second.

CHAIRMAN KANESHIRO: Before I call for the vote, any further discussion on that?
Okay. Hearing none, all those in favor.
Any opposed?
Hearing none, motion carried.
Manager's Report No. 12-63. With that,
Mr. Eddy.

MR. EDDY: Okay. Thank you, Mr. Chairman. The report 12-63 is before you today. You'll notice we haven't made any changes to this report, and the one item that we do have is a letter from the county attorney. We submitted it to the county attorney. He gave a written response. And the letter that he returned to us was in a legal format and it had the confidentiality statement so that we couldn't -- it's an attorney-client type of note on it. So we had to put it into executive session.

CHAIRMAN KANESHIRO: Okay.

MR. EDDY: So we do have the second executive session item is for the proposed employee rewards fund program.

CHAIRMAN KANESHIRO: So at this point we won't be able to release the attorney's letter. So would you want to go into executive session now and defer this, we come back or we could go into executive session and take this issue up at this point.

MS. SUZUKI: Yeah, you can. If you want to
go in exec, you can waive your confidentiality right in exec and move it out.

CHAIRMAN KANESHIRO: And can move it out?

MS. SUZUKI: If you wanted to.

CHAIRMAN KANESHIRO: Members?

MR. NISHIMURA: Chair, move to go into executive session as outlined in Section J2 of the agenda.

MR. DAHILIG: I second.

CHAIRMAN KANESHIRO: Okay.

MR. DAHILIG: Can we take care of the rest of the exec sessions, too?

CHAIRMAN KANESHIRO: Beg your pardon?

MR. DAHILIG: Can we take care of the rest of the exec sessions that are on the agenda?

CHAIRMAN KANESHIRO: Also since we're going to be in executive session. Once we get into executive session, that's the issue Mike brought up, that if we wanted to take any motion on this first, maybe take all executive sessions all at once, you know, and then come back on the floor rather than keep going back into executive session and excusing the staff.

MR. NISHIMURA: I have no problem with that. Withdraw my motion, Mr. Chair.

CHAIRMAN KANESHIRO: Well, we do have a
motion and a second, but we don't have any -- but we
didn't call for a motion on the floor yet so.

If we want to, you know, we can just defer this
until after executive session is held.

MR. OYAMA: Mr. Chair, I defer this to the
next executive session.

CHAIRMAN KANESHIRO: Okay. So we'll go
ahead and defer the Manager's Report No. 12-63 until the
executive session is held.

And at this point we're going to move on to
Manager's Report No. 12-64, the human resource
reorganization issue.

MR. NISHIMURA: Mr. Chair.

CHAIRMAN KANESHIRO: Yes.

MR. NISHIMURA: I've got to make some
notes.

CHAIRMAN KANESHIRO: What's that?

MR. NISHIMURA: I've got to make some
notes.

CHAIRMAN KANESHIRO: Old business.

MR. OYAMA: Yeah, old business.

MR. NISHIMURA: After --

CHAIRMAN KANESHIRO: 12-64.

MR. NISHIMURA: Nobody seconded Roy's
motion to defer.
CHAIRMAN KANESHIRO: Yes, and we already called for the vote.

MR. MCCORMICK: Too late.

MR. OYAMA: It was seconded.

CHAIRMAN KANESHIRO: I recall, and it was already called for the vote.

MR. NAKAYA: Sure, why not.

MR. NISHIMURA: Sure, why not.

CHAIRMAN KANESHIRO: We did have a motion to go into executive session, and we did have a second, but I didn't call for the vote. So we don't have to --

MR. OYAMA: You did right.

CHAIRMAN KANESHIRO: We don't have to retract any of that, is that correct?

MR. OYAMA: I did.

CHAIRMAN KANESHIRO: And then we went to defer.

MR. NISHIMURA: Okay. Got it.

CHAIRMAN KANESHIRO: The rewards program. Technicalities.

MR. NISHIMURA: Got it.

CHAIRMAN KANESHIRO: Until after executive session.

MR. NISHIMURA: Yeah.

CHAIRMAN KANESHIRO: Okay? All right. Now
we're on Manager's Report No. 12-64, the HR
organization.

Mr. Eddy, do you have anything new to add to
that?

MR. EDDY: Just a little bit, Mr. Chairman.

CHAIRMAN KANESHIRO: Okay.

MR. EDDY: The county is moving forward
with their proposed plan to convert their Department of
Personnel Services to this new department called Human
Resources and submitted in the budget, that would be
their fiscal year 2013 budget, this reorganization, and
it's before the county council.

They are showing that they're taking one of our
positions here at the Department of Water, our human
resource coordinator, and moving it to this new human
resource department. It's not clear about how they're
funding that. I believe they're fully funding it with
county funds.

On our side, the Department of Water, we've
also submitted in our budget that we'll present later
today full funding of our human resource of, you know,
our current employee. So there is this matter to
resolve still with the county. And we've been talking
with them to try and figure out what is the best way to
make this change happen so it can work out for both us
and this new HR department.

So otherwise, I don't have anything else to add. Other than the county's timetable is to have this HR department fully functional by October of this year.

CHAIRMAN KANESHIRO: But your Manager's Report 12-64 is asking for approval, right? I believe in the report for the board action, is that correct?

MR. EDDY: Correct. We're asking for approval for the board to fully fund the Department of Water human resource coordinator in this coming budget.

CHAIRMAN KANESHIRO: Okay. Any comments, Members? My recommendation would be, you know, I know part of the duties was for me to speak with the mayor and the task force, but I wasn't able to speak to the task force. I did have a chance to speak to the mayor, but the mayor indicated that he was willing to have the task force come before this body and make a presentation.

So my recommendation would be that we do that, is have the HR task force come before this body and we can address questions to the task force. The board members will have an opportunity to do that rather than act on this -- rather than to act on this Report No. 12-64 at this time.

Is there an urgency on your part, Mr. Eddy?
MR. EDDY: We have some time since the budget isn't finalized yet. So we do have some time.

CHAIRMAN KANESHIRO: Okay. And, you know, I really don't fully understand the whole concept of that, you know, until perhaps, as I said, we have the task force come before us so we can all ask questions, the duties and responsibilities and so forth.

So I would recommend to this board that we defer this and in the meantime schedule the task force to come before us in a -- do we send this back to committee so we can have the committee meeting? Or do we have enough time to defer to the next meeting, possibly have the task force and then have some action on it? Or we could do it simultaneously anyway.

MR. EDDY: I think that could also give us some time to work out the funding.

MR. OYAMA: Yeah.

CHAIRMAN KANESHIRO: Okay. I'm going to call for a deferral to the next board meeting.

MR. OYAMA: Yes, Mr. Chair.

CHAIRMAN KANESHIRO: Members, unless you have any other comments.

MR. DAHILIG: The presentation that we received -- or that I had was very helpful.

CHAIRMAN KANESHIRO: Okay.
MR. DAHILIG: So I think it would be enlightening for the board members to see what's going on at that end.

CHAIRMAN KANESHIRO: Okay. With that, and I will ask for a board member to make a motion to defer this to the next board meeting.

MR. MCCORMICK: So moved.

CHAIRMAN KANESHIRO: And at the same time would be for the board to request or send a letter or have the department send a letter having the task force come before us.

MR. OYAMA: The task force.

CHAIRMAN KANESHIRO: And before we start our next board meeting.

MR. OYAMA: Thank you.

CHAIRMAN KANESHIRO: Okay.

MR. NISHIMURA: Ray moved to defer already.

CHAIRMAN KANESHIRO: What's that?

MR. NISHIMURA: You're just waiting for a second. Ray already moved to defer.

CHAIRMAN KANESHIRO: Okay. Yeah. And then we needed a second. So based on that communication that we'll be sending over.

MR. OYAMA: Okay. I second.

CHAIRMAN KANESHIRO: Okay. So we have a
motion and a second.

With that, all those in favor.

Any opposed?

Hearing none.

MR. OYAMA: One at a time huh?

CHAIRMAN KANESHIRO: Okay.

THE COURT REPORTER: I got confused about who made the motion and who seconded it.

CHAIRMAN KANESHIRO: Ray made the motion and Roy seconded it.

MR. OYAMA: Ray made the motion to defer.

THE COURT REPORTER: I got it.

MR. McCORMICK: We're a confusing bunch.

CHAIRMAN KANESHIRO: Roy's close to me so I can hear him, but you've got to yell out.

MR. McCORMICK: I'm sorry. I'll quit mumbling.

CHAIRMAN KANESHIRO: Okay. With that, we go to new business, and draft fiscal year 2013 budget. Mr. Eddy, any comments before -- as you know, we're going to move this on to the finance committee. But any comments you want to make before we do that?

JR. NISHIMURA: I would suggest we receive and refer.

CHAIRMAN KANESHIRO: Receive and refer?
Any --

MR. NISHIMURA: Because we just got some new information today that we -- you know, it's in addition to the stuff that Tess emailed to us earlier this week.

MR. OYAMA: Better look at that, too, that new information.

CHAIRMAN KANESHIRO: Do you want to add to that before we do that, before we make a motion to receive and refer this to the finance committee?

MR. EDDY: We did prepare a bid to present to the board not in any detail but just the organization of the budget to try and help you folks understand how it's organized and laid out. And if you're interested, we could do that presentation now. It might be helpful for when you go into the details.

CHAIRMAN KANESHIRO: And before going to the finance committee? Before we receive and go to -- can you do it in five minutes? Only joking.

MR. NISHIMURA: Mr. Chair.

CHAIRMAN KANESHIRO: Yes, sir.

MR. NISHIMURA: Since the finance committee chair is not here, it might be worthwhile to wait.

CHAIRMAN KANESHIRO: Yeah. That's true also. You brought up a good point. Board Member
Nishimura brought up a good point that maybe we should just receive this and move this out into finance with the finance committee chair present, and then you folks do your presentation. I believe most of the board members would also attend some of the finance committee meetings at that time.

MR. EDDY: Okay.

CHAIRMAN KANESHIRO: Okay. With that, we have a recommendation to do that, to receive and refer this to the finance committee. Do I have a motion on the floor to do that?

MR. NISHIMURA: So moved.

MR. OYAMA: I second Mr. Nishimura's motion.

CHAIRMAN KANESHIRO: Got it. Any further discussion?

All those in favor.

Opposed?

Hearing none.

Moving on to Manager's Report No. 12-64.

MR. DAHILIG: Mr. Chair?

CHAIRMAN KANESHIRO: Yes, sir.

MR. DAHILIG: If I could suggest as an amendment to the report by the manager that it be termed as 64A given the presence of already having received
Manager's Report 12-64 under old business. Or another
formality is to distinguish this from the previous
report.

MR. NISHIMURA: 12-70. New business. We
have a duplicate.

MR. DAHILIG: Just something to distinguish
it from the previous one.

CHAIRMAN KANESHIRO: Right. I see that. I
didn't catch that. Okay.

MR. NISHIMURA: Do you guys have a report
12-70? Already in your file?

Why don't we just make that 70?

MR. EDDY: That would be fine.

MR. NISHIMURA: For lack of confusion -- to
avoid confusion.

CHAIRMAN KANESHIRO: Make this 12-70 then
at this point.

MR. DAHILIG: If the manager wouldn't have
any objection to presenting it in such a manner.

MR. EDDY: No, thank you.

MR. OYAMA: Correct it to 12-70 then.

CHAIRMAN KANESHIRO: As noted by board
members, Manager's Report number for the non-potable
water systems will now be 12-70. Manager's Report
No. 12-70. With that, Mr. Eddy.
MR. EDDY: Okay. Thank you, Chairman.

Before you is our report 12-70 regarding non-potable water systems, and included in this Manager's Report are some copies of an AWWA Manual M-24, and it's entitled, Planning of the Distribution of Reclaimed Water. And this was provided to do give some general information on non-potable water systems.

And I do have a prepared report to give you today to more fully describe how we've researched the topic in the past year or so in regards to a proposed non-potable water system. And so if I may, I would like to just jump right into the report.

CHAIRMAN KAKESHIRO: Mr. Nishimura.

MR. NISHIMURA: So the report that you're giving is for the proposed -- a proposed system?

MR. EDDY: It's real general in nature describing our findings of our research and also explaining to board members our past experiences with non-potable -- existing non-potable water systems on the island today.

MR. NISHIMURA: Can we get that in writing instead?

MR. EDDY: Sure.

MR. NISHIMURA: Because one of the things, and -- you know, I wanted to thank you for the report.
But it is, you know, my -- what I'm trying to get is your concerns or, you know, the department's problems that they're having in general with the dual water system.

Now, when I read through the materials that were given, basically it highlights primarily things that need to be considered. And much of that is, you know, addressed in water standards for potable water. And much of the information that's provided in here refers to reclaimed water, which may or may not be the case here.

And so what I would hope for was a report that highlights the department's concerns whatever the liabilities might be, you know, in a written format that we could review.

MR. EDDY: Okay.

MR. NISHIMURA: So to that extent I would prefer, you know, to defer this and have you refine the report.

MR. OYAMA: Is that a motion? I'll second it.

MR. NISHIMURA: Well, I leave that to the rest of the board. That is my position.

MR. OYAMA: Yeah, yeah.

CHAIRMAN KANESHIRO: It's just a
recommendation.

MR. OYAMA: Sure.

CHAIRMAN KANESHIRO: Mr. Eddy. I'll give you chance to respond at this point.

MR. EDDY: Well, we can certainly do that. Next month I'm hoping to present to you really a more detailed proposal that we've sent to the developer. So the report that we have here today is more general in nature. And so if you care to defer, that will be fine. I could give it now and then could give it written next month.

CHAIRMAN KANESHIRO: So we have two issues involved here. One is just a general report that you're proposing on the floor today and perhaps later a more detailed report on some potable systems that are moving along or in negotiations, I could say that, at this point.

MR. OYAMA: We're talking about a dual system?

CHAIRMAN KANESHIRO: Right, yeah. So, Members, what Mr. Eddy is presenting before us today, if you would like to listen just about the general overall of the non-potable water system and perhaps getting to the detailed information in a -- you're not prepared to do that at all today, right?
MR. EDDY: Right.

CHAIRMAN KANESHIRO: The detailed information?

MR. EDDY: No.

MR. OYAMA: Which would probably take executive session issues at that time.

MS. SUZUKI: Yeah, I would want to narrow the notice.

CHAIRMAN KANESHIRO: Right.

MS. SUZUKI: To give the public.

CHAIRMAN KANESHIRO: Well, we do have a notice today.

MS. SUZUKI: Yeah, but I think what he's talking about as the specifics of the current negotiations that are going on, I would want to narrow it.

CHAIRMAN KANESHIRO: And you're not prepared to do that today, is that right?

MR. EDDY: No, we're not prepared to do that today.

CHAIRMAN KANESHIRO: Okay. So we'll stick on this non-potable water system issue or general. So, Members, do you still want to defer that also is the question? The general report on that. We can do and take both of them up at that time. I mean, it's not a
problem with me.

MR. NISHIMURA: I think in terms of what we're dealing with in the long term, I would prefer a written report.

CHAIRMAN KANESHIRO: Okay. So a written report would be for generalities, general issues.

MR. NISHIMURA: You know, I would be happy to hear him -- his whatever he has to present, but I would still like some kind of written report so that in the future the board has something to refer back to especially since we are a continuously changing body.

CHAIRMAN KANESHIRO: Okay. So is it the recommendation of the board that we have some discussion on just the general report now and he make a presentation at this point then on the non-potable and then have a written report follow later for the next meeting and get into some other discussions and some issues? Board Members? Okay?

MR. OYAMA: I'm okay with that.

CHAIRMAN KANESHIRO: Okay. Mr. Eddy.

MR. EDDY: Okay. Thank you, Chairman.

So a potential driver and the basis for the department's interest in non-potable water is the possibility of substituting lower quality water that can be used for non-potable purposes in order to preserve
limited and more costly resources of high quality water. A potential driver for a developer is to provide a non-potable water system in addition to a potable water system that allows the potential for reduced development costs, reduced capital costs.

To step back just a little bit, I'd like to give a definition of a dual water system. Dual water systems involve the use of water supplies from two different sources in two separate distribution networks. The two systems work independently of each other within the same service area.

Dual distribution systems are usually used to supply potable water through one distribution network and non-potable through another distribution network.

The department does not currently have design standards for non-potable or dual water systems nor has the department ever modified or established and tested water system standards to accommodate for the addition of non-potable water.

We have experience with several existing non-potable water systems operating in parallel with our water systems. These systems exist in Kilauea, Anahola, Wailua, Lihue, Koloa, Poipu, and formerly in Kekaha. To the best of our knowledge these developments that built the dual water systems built the potable water systems.
in accordance to our standards and did not modify our 
portable water standards.

Interactions and conflicts between these 
non-portable water systems and the department's drinking 
water systems are not frequent, but we have had several 
occasions and several severe problems resulting from the 
non-portable and portable water being next to each other.

Some of the problems included cross 
connections. There have been some inadvertent cross 
connections between the systems. And quite often when 
leaks occur in areas where there's the portable and 
non-portable water systems, there's confusion over whose 
system is leaking and who's responsible to repair it.

Furthermore, we have experienced little benefit 
in terms of reduction in demand on the drinking water 
system due to the presence of the non-portable water 
systems in the areas that I mentioned.

The Honolulu Board of Water Supply is currently 
studying and developing standards for non-portable water 
systems. We've been in contact with them and are 
anxious to see the results of their study. And we 
expect that -- well, we understand that they're doing a 
quite thorough study, and we hope that the study will 
culminate in a well-conceived set of plans and standards 
for non-portable water systems.
They're also studying demand factors in this Honolulu study. And so the demand factors will include an analysis of potable water usage versus non-potable water usage in different zoning areas such as residential, commercial and such. And so this should be real good information for us, and we can possibly piggyback on this a little bit.

It is our understanding that the Honolulu plans and study revolve around the use of recycled wastewater and that it is the intention of the Board of Water Supply to own and operate the non-potable water system.

The use of highly treated and disinfected recycled wastewater as the source of non-potable water is fairly commonplace in urban and suburban centers. The use of untreated surface water as a source of non-potable water systems is more common in rural and farming type areas.

And I did this report based on some research that we've done in trying to find out in other areas of the country how things work.

So the department must balance the responsibility we have to our current and future customers with the untested but potentially beneficial prospects of non-potable waters. Any alteration or modification to our standards include potable water
should be thoroughly vetted and contain provisions to
shield the department and ensure that undue burden or
risk is not placed on the department. Plans for dual
water must include checks and balances.

As you know, we have been working with a
developer on a proposed dual water system in the Lihue
area. The system as proposed by the developer is unique
and innovative in many ways. We are carefully engaging
with the developer and are advancing solutions that are
allowable under current law in accordance with
department rules. We want to make sure that it can be
consistently applied for other developments.

We need to minimize the risk and liability on
our current and future customers while at the same time
striving to achieve the positive benefits that a dual
water system can provide.

Some of the planning and proposed management
elements of a dual water system that we have identified,
I'd like to give you a list of these proposed -- or
these planning and management elements.

First of all, we believe that a non-potable
water system needs to have a clearly defined ownership
and management system. This is needed to ensure
longevity and stability. The non-potable water system
would be expected to operate in perpetuity as would be
the potable water systems. Mechanisms to prevent
failure of the water systems need to be in place to
prevent undue burden and uncertainty to our customers.

Developers and managers of such non-potable
water systems will be responsible to maintain -- to
update and maintain all government permits. Inclusion
of non-potable water into a community will involve other
agencies besides the Department of Water, and these
other agencies will have oversight on such matters.

Potential users for non-potable water such as
residential, commercial, industrial and public need to
be identified and quantified. The question remains,
Will people use non-potable water?

The general public recognizes the needs and
benefits of a drinking water system. However, it is yet
to be determined if the public will necessarily see the
benefits of non-potable water. Public acceptance of the
non-potable water system is essential if the system is
to succeed in obtaining and retaining customers.

The availability, quantity, quality of the
non-potable water system needs to be established,
including it's source and storage. Recycled wastewater
may provide a reliable and controlled source. Untreated
surface water is more variable in quality and possibly
quantity.
And there are legal issues regarding water rights that need to be addressed from the very start.

The level of treatment that will be required to ensure public health and safety needs to be established. Public health considerations such as control of pathogenic organisms, controls to limit human exposure to potentially contaminated water, water source protection, et cetera.

While such health considerations may be the purview of other agencies such as the Department of Health, the Department of Water has a staked interest in ensuring that both components of the dual water system are functional and usable.

A business plan and financial analysis of the economic viability of the non-potable water system is needed to ensure long-term stability and operation.

Water sales and rate structures to recover the development, operating and maintenance costs are essential elements in the financial analysis. Again, the financial affairs of a privately owned non-potable water system may not directly be the responsibility of the Department of Water, but the department has a staked interest in ensuring that both components of the dual water system are financially capable of operating in perpetuity.
Usage rates and the corresponding facility improvement requirements for both potable and non-potable water need to be determined. Monitoring water usage as the development matures is needed to provide checks and balances.

Adjustments to design usage rates and the corresponding water system improvements after the water system has matured will be required. Distribution system elements such as waterline materials, valve type signage and most importantly point-of-contact devices that are used to discharge the potable water need to be established.

We hope that the study being done by the Board of Water Supply will give us good guidance in this area.

In summary, the department is committed to exploring such innovative ways to conserve our precious drinking water. Non-potable water has the potential to benefit our current and future costumers. We believe that careful planning is needed to achieve the desired results, and we will continue towards these ends.

CHAIRMAN KANESHIRO: Thank you for that, Mr. Eddy.

Members, any questions or comments?

If you look at the handout that the AWWA had, planning for the distribution of reclaimed water, also
points out a lot of the points that you brought up, I noticed in here when I went through these documents. So you can use that as reference in the presentation that Mr. Eddy brought up because it does talk a lot about protecting public health and municipal uses and so forth.

Any questions regarding the report that Mr. Eddy made on 12-70 on non-potable water systems at this point for discussion?

MR. NISHIJIMA: Mr. Chair, I would like to move that we receive Manager's Report 12-70 and that it be sent back to the department for refinement and resubmission.

MR. DAHLIE: I'll second that motion.

CHAIRMAN KANESHIRO: Okay. With that, any further discussion or comments with the motion on the floor?

If not, all those in favor signify by saying aye.

Any opposed?

Hearing none, motion carried. Thank you.

Manager's Report No. 12-65. Mr. Eddy.

MR. EDDY: Okay. Before the board is the tenth change order for Job No. 05-06. This is the pipeline project in Lihue that is underway and nearing
completion. So at this time we're requesting a change
order in -- funding of a change order in the amount of
$13,498. This money is requested to finish up some
paving work at the tail end of the project.

CHAIRMAN KAKESHIRO: So this would probably
finish this project at that point?

MR. MOISES: Yes.

CHAIRMAN KAKESHIRO: With the paving?

MR. MOISES: Yes. What happened was we had
to redesign some of the pipeline that went beyond the
original paving. And so we had to give Ray guys a new
intersection and Larry.

CHAIRMAN KAKESHIRO: Ray.

MR. NISHIMURA: You got two votes already.

Oh, Larry, no say. Sorry. No say.

CHAIRMAN KAKESHIRO: Okay. With that, do I
have a motion for approval on the floor, please.

MR. OYAMA: Mr. Chair, move to approve.

CHAIRMAN KAKESHIRO: And a second?

MR. MCCORMICK: Second.

CHAIRMAN KAKESHIRO: Any further discussion
on this item?

If not, all those in favor signify by saying
aye.

Any opposed?
Hearing none, Manager's Report 12-65 has been approved.

Manager's Report No. 12-66.

MR. NISHIMURA: Mr. Chair.

CHAIRMAN KANESHIRO: Yes.

MR. NISHIMURA: For the record I'm recusing myself from participating in this agenda item. I will record the -- continue to record the information, but I will not be voting on this matter.

CHAIRMAN KANESHIRO: Okay. At this time Board Member Nishimura is recused from this matter and will not be participating in the voting of this report No. 12-66. Mr. Eddy.

MR. EDDY: Okay. Before you is report 12-66, third change order --


MR. EDDY: Third change order for the rehabilitation of Elele twin tanks. We're asking for approval of funding in the amount of $150,000. And with that, Dustin, can you please let us know what's happening.

(Off the record dealing with microphone.)

MR. MOSES: So basically what we have before you is originally $150,000 of additional funding.
The original change order No. 3, which was submitted by Oceanic is in the amount of a little over $12,000, and that's to take care of an inlet piping problem that was discovered after excavating the area.

But beyond that, part of this project, there's two tanks. Some of you case are aware of this situation, but we did a first tank. There's a change order No. 2 in the amount of $86,000, where once we took the tank out of service and looked at the interior, we discovered that we have to do way move work than we initially found. We did the work, and the contractor did a really good job of renovating that tank.

And now that we're finishing up the first tank, I foresee the same problems occurring on the second tank. So since I have to come to you guys for additional funding, I felt it would be prudent to be proactive and ask for that additional funding now. Because the first time after we got the funding, we kind of had like a one-month delay.

So now that I know what's going to happen, I wanted to get approval for additional funding. And then the roughly $50,000 of additional contingency is basically because with this steel tank rehabilitation we're putting in cathodic protection with rectifiers that the department would prefer to have on our SCADA
system.

The original plans for the project didn't have a SCADA design. So what I did was I talked to our SCADA consultant to give us a design proposal so that we can get everything working, not just for the rectifiers, but there are several other infrastructure that wasn't included in the SCADA plans.

So this project would basically -- I mean, this additional funding basically will allow us to complete the SCADA project.

So that being said, initially I asked for $150,000 of additional money. But I got a proposal this morning, and the cost of the design and for our SCADA consultant to fly in and program the RTU to make all of these modifications came in like double of what I thought it would be.

So in essence, the approval that I'm really asking for is $175,000, and I think that additional $25,000 should take care of everything that I foresee at this time.

And I know you guys always ask me this question, Is this going to be enough to finish the project?

And my answer to that is, usually I say yes. This time I'll say, Maybe not because we haven't exposed
everything we intend to. And I guess my experience is
that you never know what you're going to find until you
dig it up.

So this will definitely get us to a point where
we don't have massive delays that could escalate the
cost later, but there could be the time where I've got
to come in for something like this $12,000 tank inlet.

MR. DAHILIG: Mr. Chair.

CHAIRMAN KANESHIRO: Go ahead.

MR. DAHILIG: This is more of a general
question then, maybe it's getting the last little bit
out of it. Generally when you do have change orders,
what percentage of that do you find in the range of
under $25,000 or so? It's rare?

MR. MOISES: Yeah, it's very rare.

MR. DAHILIG: It's usually bigger change
orders than that?

MR. MOISES: Yes.

MR. DAHILIG: Okay.

MR. MOISES: I try to make it as low as
possible by -- when I redesign stuff I try to take --
like redesign so if I can get a credit for something
that was already designed so that the new part is not so
high. But when you look at like most of our projects
like this pipeline, you know, the pipe installation
material cost is minimal compared to the final
restoration of paving. So any time you've got something
like that, you know, you look at this, this is two paths
of an intersection on the previous approval you guys
gave, that was like 50 grand.

MR. DAHILIG: And I wonder if from not only
an incentive standpoint but from a process standpoint
whether it makes sense for the board to maybe entertain
this idea of a certain change order threshold amount
that will give the authority to the manager instead of
having to wait for a month or two months to get it
approved through us. So that if, you know, something is
under 25,000 to a contract or something like that. And
maybe, I don't know, the manager, if that might would be
something that could be talked about.

But I just, you know, I know it takes a lot of
effort to put together these proposals and have to
submit them and wait for board approval for things that
are really kind of minor change order requirements. So
I'm sort of starting it off for discussion.

I think something like this, though, that this
amount is a little too much to give without the board
review, but I'm sure there are other minor things that
are out there.

MR. MOISES: Yeah, I think that's
definitely something that would help me expedite a lot of the work. This project is a little bit different because it's BAB funded too. So I feel like even if it's a dollar amount, I want to come to you guys and let you know when we're spending BAB funds.

But that's definitely a good recommendation. It will help. And if you could extend that not only to like for construction of 50 grand is maybe like a good small dollar amount. But if you could extend that to design contracts, too, and that would help to expedite design amendments.

MR. DAHILIG: Well, yeah, and I think it's worth a discussion from this standpoint. I don't know what that amount is.

MR. MOISES: Design is usually a certain amount.

MR. DAHILIG: Yeah, but whether that's --

MR. EDDY: Our contingency is gen-- -- is it five percent or?

MR. MOISES: Five percent undesigned. Five percent.

MR. EDDY: So typically we go five percent construction and ten percent on design for contingency funds.

MR. MOISES: And we've kind of got along
the beginning of this project with the five percent
through change order two, which was pretty high.

And if you look at the previous one, I mean, we
had five percent of two and a half million. And that
carried us through like nine change orders. So that
continues to be adequate.

MR. DAHLIG: Mr. Chairman, if you wouldn't
mind, if we request just a draft proposal for discussion
purposes just on the matter to see if it's feasible or
not.

CHAIRMAN KANESHIRO: Yeah, I've already
listed that down as number three for topics 3 for the
next board meeting. Just as a note, Mr. Board Member.

MR. DAHLIG: Thank you.

CHAIRMAN KANESHIRO: Okay. Any other
questions or comments or discussions on this matter, on
12-66?

MR. EDDY: I'm just not sure. So we're
asking for 150,000?

MR. MOSES: 175,000.

MR. EDDY: Okay. We're --

MR. MOSES: Adding 25,000.

MR. EDDY: We're asking to add 25,000 to
for change order?

MR. MOSES: Yeah, yeah.
CHAIRMAN KANESHIRO: Okay. So the motion would be as amended with the 175,000 on Manager's Report No. 12-66. So do I have a motion on the floor for that?

MR. MCCORMICK: So moved.

MR. OYAMA: Second.

CHAIRMAN KANESHIRO: Any further discussion on this matter?

If not, all those in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

MR. OYAMA: Good job, Dustin. Looks good.

CHAIRMAN KANESHIRO: Okay. We want to move right along to Manager's Report No. 12-67, board approval to extend funding of staff fitness program.

MR. EDDY: Thank you, Mr. Chairman. We're asking to -- for the board to provide funding to continue our staff fitness program to the end of the fiscal year. So that's another three and a half months or four months or so. The total amount of our request is $5,400.

During the initial three-month period, we called that our pilot program, and during our first request we said we wanted to try this program and call it a pilot and see how the results are at the end of it,
see if we wanted to continue it.

So we just got some numbers in from our fitness people on some health numbers, let's call it, to see if the fitness program was really helpful or successful. So I would like to go over them with you. They're not listed in my manager's report. Sorry. The numbers came in afterwards.

So one of the quantifiable measures is a person's blood pressure. Of course, we all know that we need to get our blood pressure down. So at the beginning of our pilot program, our fitness people, they measured our blood pressure. And throughout the people participating the average was -- average blood pressure 137 over 92.

MR. OYAMA: 92.

MR. EDDY: Over 92. Which is --

MR. OYAMA: High.

MR. EDDY: -- a little bit on the high side.

CHAIRMAN KANESHIRO: Higher than mine.

MR. OYAMA: Higher than mine. At the doctor, too.

MR. EDDY: The good news at the end of the fitness program we were measured again, and our blood pressure was reduced, and it came down to 124 over 84.
MR. CYAMA: Wow, improved.

MR. EDDY: So that was the average of all the people. So we improved there.

Our pulse rate, the resting pulse rate, dropped from 74 beats per minute to 68 beats per minute.

Our waists we measured a total loss of 14.25 inches throughout all our participants. Which is -- it's pretty good. I lost half an inch myself.

MR. CYAMA: That's good.

MR. EDDY: Unfortunately I gained six pounds. And overall, the weight actually increased by two pounds.

MR. DAHILIG: You're making me lose my appetite here.

MR. EDDY: Okay. I'll end the presentation. Well, I did want to bring up one other thing of note. In the Star Advertiser there's an article in the March issue, and the topic was creating healthy workplaces, and it highlighted three companies in Honolulu that have fitness programs. And we're struck that the fitness programs really seem very similar to ours, and the three companies are the Kaneoke Ranch Management Company, First Insurance Company of Hawaii, and Bowers & Kubota. So they're all undertaking fitness programs, and they actually have received an
award from the heart association for these programs.

And so, with that I -- oh, furthermore, in the budget that we did submit today, we are asking for continued funding of this fitness program throughout the next fiscal year, throughout fiscal year 2013. I believe the amount is 20,000. 20,000.

MS. YANO: For the whole year.

MR. EDDY: But today before you we're asking for funding in the amount of 5,400.

CHAIRMAN KANESHIRO: Thank you. Any questions or comments by board members?

Is the manager also participating in this?

MR. EDDY: He is. He started out being able to do one push-up, and he's up to three. So he's making progress.

CHAIRMAN KANESHIRO: Okay. Comments or discussion on the matter, Board Members?

If not, the motion would be to approve 12-67.

Do I have a motion on the floor for this?

MR. OYAMA: Mr. Chair, move to approve.

CHAIRMAN KANESHIRO: Do I have a second on that?

MR. MCCORMICK: Second.

CHAIRMAN KANESHIRO: Any further discussion?
Hearing none, all those in favor signify by
saying aye.

Opposed?

MR. NISHIMURA: No.

CHAIRMAN KANESHIRO: Hearing none, motion
carried.

MR. NISHIMURA: No.

CHAIRMAN KANESHIRO: No. One. For the
record, we will note one opposed. Same motion is
carried.

We'll move on to Manager's Report No. 12-68.

MR. EDDY: Thank you, Chairman. Before you
is a manager report requesting funding for design
contracts for our Water Plan 2020 Project K-05. It's a
pipeline replacement program in Hanalei. We have the
roads Weke, Anae, Mahimahi. These are the roads that
kind of wrap around the beach side there. We're
requesting funding in the amount of 157,965.

So we did a professional services selection and
selected a design consultant, and that is the Esaki
Surveying, and we asked them for a proposal, and they
submitted one in the amount of 143,605. Then we're
asking for the approximate ten-percent contingency.

Now, this project here is also on our list
of requests for state aid projects, and the legislature
did approve funding for this project in the amount of $125,000. And that funding is still available to us, and we're working to get the legislature to -- I believe they need to reauthorize it, and then we will need the governor to release the funds in the amount of $125,000. But we feel pretty confident that we will be able to get that. Dustin has been working with our Representative --

MR. MOISES: Kawakami.

MR. EDDY: Kawakami, to make it happen.

MR. MOISES: So what happened was at the last legislative session they authorized 100,000 for construction and 25 grand for design. But being that it's been lapsed at the end of June of this year, I asked Representative Kawakami and his staff to reauthorize the full 125,000 for design. So we wouldn't get anything for construction, but at the end the net is still going to be $125,000. And they're reauthorizing that, and I'm not too sure when it will get reimbursed, but sometime before June so we can get reimbursed.

MR. NISHIMURA: Dustin, is this going to come out of SRF or straight grant?

MR. MOISES: This from the state.

MR. NISHIMURA: Yeah.
MR. MOISES: Is a grant.

MR. NISHIMURA: It's a grant.

MR. MOISES: The 100 grand.

CHAIRMAN KANESHIRO: Any further questions or comments on this matter?

Hearing none, I am requesting for a motion to approve 12-68 Manager's Report No.

MR. OYAMA: Move to approve Manager's Report 12-68.

MR. MCCORMICK: Second.

CHAIRMAN KANESHIRO: Moved and seconded.

Any further discussion?

Hearing none, all those in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

We're going to the Manager's Report No. 12-69.

MR. EDDY: Thank you, Mr. Chairman. Vai, can I ask you to come up front and help me out on this one.

Okay. Before you is our Manager's Report 12-69. We're requesting to expend funds that are in the current budget in the amount of $800,000. And the budget line item is called, install electrical safety device.
MR. REYNA: Saving device.

MR. EDDY: Electrical savings device.

Thank you.

Now, if I could please ask you folks to move to the budget status report that is given by our fiscal section, you'll see on page 11 of our project status report, a line item called, install electrical savings device $800,000.


Proposed budget status report.

MR. EDDY: Okay. It's here in the budget status, it's 11. So I just wanted to let you know where it's located in our package here.

Now, the original intent of establishing this $800,000 budget was for the department to purchase some devices to save electricity and save money. And in our research of the topic over the past year, we just don't feel comfortable that there is such simple devices that we can just buy and install.

And so what we're asking for today is to utilize this budget line item to fund three projects, and they're all energy reduction projects. And they're all in motion already, but we haven't expended anything other than department labor funds so far.

So the three projects are, number one is the
Kaiaheo Deep Well No. 1 and No. 2 capacitors. So we actually do have -- have spent some money on design to design the replacement of these. And we hope to go out to bid, and we would like to utilize this budget funds for that. We expect a savings on our KIUC bill once we do change out the capacitors. One of them in particular is showing that the very low efficiency or a low power factor, and we really need to change that.

The second item is we're proposing to replace out a whole list of our deep-well motors, these are our hollow-shaft motors. And on the second page of our report is a list of the motors and the estimated purchase price. And so we're proposing to purchase these motors and do the change-outs ourselves with our own crews, which we're equipped and capable of changing out these motors. So we show the estimated purchase price and our estimated annual savings of going with these new premium efficiency motors.

So if you look at the bottom line there, it really looks like a payback period of three years or less. Is that right? Yeah.

MR. NAKAYA: Three years.

MR. EDDY: Okay. The third item is an energy audit and implementation of energy savings recommendations. So what we would like to do is to hire
an electrical engineer who will work in conjunction with an electrical contractor or licensed contractor to go to each one of our pump sites and measure the wire -- the so-called wire-to-water efficiency and determine which of our pump stations are on the lower end of efficiency and try and focus on those sites for -- to change out equipment that is old and inefficient.

So we have some -- 70 some pumping sites.
We've got about 50 deep-well sites and 20 booster-pump sites.

So the first phase of this would be to do this testing, to go to each site, and it does require quite a bit of work to do this.

And the second phase would be the design of the equipment replacement. Once the inefficient equipment is identified, then we'll go to design the replacement and prepare a bid package.

And then the third phase would be to go out to bid and have a contractor replace this inefficient equipment.

So with that, Val, do you have anything to add?
Val will be our project engineer on this project.

MR. REYNA: I have nothing to add unless you have questions.

CHAIRMAN KANESHIRO: I have a question.
MR. REYNA: Yes, sir.

CHAIRMAN KANESHIRO: So I see the estimated unit purchase price here for different pumps or efficiency motors, right?

MR. REYNA: Correct.

CHAIRMAN KANESHIRO: So you're going to replace those first before you do the test wire-to-water efficiency analysis?

MR. REYNA: We are thinking of doing that as they come or as they are supplied to us. We cannot do all of this all at one time. This will have to be done little by little. It might take a few months, maybe even a year to actually complete all these change-outs.

CHAIRMAN KANESHIRO: Okay. Because the concern will be, you know, some -- if you're going to do some of this analysis, it may point to some inefficient pump, right?

MR. EDDY: Right. Yeah, so the timing is --

CHAIRMAN KANESHIRO: So my question is, why change the pump first before the analysis?

MR. EDDY: I guess, we're actually proposing to change the motors.

CHAIRMAN KANESHIRO: Oh, the motors.
MR. EDDY: So the motors are -- the one's
that we're talking about are above-ground motors.

MR. REYNA: Okay. Right.

MR. EDDY: And then the pump is down in the
hole.

CHAIRMAN KANESHIRO: But isn't that part of
the wire-to-water efficiency analysis?

MR. EDDY: It is.

MR. REYNA: It will be. What we're going
to do is we will have the -- we will inform the
prospective -- or the contractor or the electrical
ingineer, we will inform them of what our plan is, and
they could include that already in their analysis.

CHAIRMAN KANESHIRO: I see.

MR. REYNA: If they have anything to add to
it, then we will be better equipped when we change out
everything.

MR. NAKAYA: We're basically just moving
some project from water fund to this project, right?

What is the water utility fund?

MR. NISHIMURA: It's a general account.

MR. NAKAYA: General account. What is the
balance in there? Is this going to bring it down to
zero or do we have a balance in there?

MR. EDDY: We intend to stay within that
$800,000. But the reason that we're coming to the board
is we're somewhat changing the intent of the project,
and so we thought we better get board approval to change
the -- the intent was originally to purchase these black
boxes that say to improve electrical efficiency, and
that idea seems to really have fallen through. And we
still have confidence that that would be helpful to us.
So in lieu of purchasing these black boxes, we would
like to undertake these three projects.

MR. NAKAYA: Okay.

CHAIRMAN KANESHIRO: Do you have any
questions?

MR. OYAMA: Just one.

CHAIRMAN KANESHIRO: Yeah, Board Member
Oyama.

MR. OYAMA: And I understand what I read.
Okay. So your total of the estimated power savings is
in dollars, $22,000, yeah?

MR. REYNA: Correct.

MR. OYAMA: And then you're comparing with
the price of purchase of the motors, right?

MR. REYNA: Correct.

MR. OYAMA: But I'd like to know, is it --
is real savings going to be exactly to that or you may
still have a percentage of off base or extra savings?
MR. REYNA: This is an estimate, and it's all based on the kilowatt hour cost. That comparison is based on that. So if KIUC's rate would go down, which probably will not, then if it goes down --

MR. OYAMA: Wishing, wishing.

MR. REYNA: We will realize more savings. If it was goes up, then we will realize less savings.

MR. OYAMA: So then because of the higher cost model shows in dollar sense a large amount, how would you replace this? You're going to go in order of lot size or do you have a different phaseout?

MR. REYNA: We have to take a look at our -- the condition of our motors. So the motors that are least efficient right now or the motors that are kind of not as reliable anymore will be the first one to be changed out.

MR. OYAMA: Okay. So you have an idea which ones you're talking about?

MR. REYNA: Yeah, we are in the process of doing that.

MR. OYAMA: So you're going to save a lot of money.

MR. REYNA: We're trying.

MR. EDDY: Some of the motors are very old, you know, 30 years old. And we just keep rewinding them
putting them back out there, but, you know, the suspected efficiency is very low.

MR. OYAMA: They worked their time so they can retire.

MR. EDDY: Yeah, 30 years. That's right.

MR. REYNA: And this is based on five-percent reduction only. This is conservative. It could be higher.

MR. OYAMA: Okay. That's what I wanted to know. You know, you wish for higher because of the oil prices also.

MR. REYNA: We'll strive for higher savings.

MR. OYAMA: Okay. Does that show up in the annual report also?

MR. REYNA: It could show up on our annual energy consumption.

MR. OYAMA: We would be able to make a comparison when that happens. That's all. Thank you.

MR. NISHIMURA: A couple questions.

CHAIRMAN KANESHIRO: Go ahead, Randy.

MR. NISHIMURA: On the second project, you folks check with KIUC if you qualify for the rebate from them?

MR. REYNA: Not yet, but we are going to.
MR. NISHIMURA: Because, as I recall, for
replacements, they will replace -- I believe they're
willing to fund up to, not all of it, but up to
50 percent of the material costs.

MR. REYNA: They do have a certain set
amount for that.

MR. NISHIMURA: Yeah, I understand.

MR. REYNA: So if they've already consumed
all of it, then we might not qualify anymore.

MR. NISHIMURA: Okay. The other thing is,
I got no problem really with items one and two. I have
some concerns about item three. And because your
pumping cost is the highest consumption, after you have
replaced all of these pumps and you bring in a
consultant and he says, Okay, give me $120,000. And,
you know, you guys did pretty good or this is about the
best you can do. And if it's strictly a budgetary
thing, I would be willing to support, you know,
encumbering those funds, but I don't know that the rush
to spend the money is necessary.

MR. REYNA: The $120,000 over there is for
budgetary purposes. It's not set in stone. There's a
possibility it could be lower being that our sites are
simple, one pump, one motor, a pump house or a booster.
It's not as complicated as, for example, an actual
treatment plant where there are so many moving parts.

MR. NISHIMURA: No, and that's kind of sort of what I'm looking at because, you know, we have -- you have 800,000 that was budgeted last year. We never used anything up till now. You're going to spend another 300,000, which leaves about 500,000. I could support leaving that money in the budget but not necessarily having to spend it right away. I think there's ways you can possibly look at other things and, you know, we decide at the end of next year whether, you know, if it's worth continuing that budgetary item.

MR. REYNA: Okay.

MR. NISHIMURA: That is my perspective on -- you know, from a budgetary standpoint. As far as the first two items, I really have no problem with that except, you know, we only have the material costs. You may want to save some of the rest of the money for -- to allocate for the CRP portion. Because isn't this CRP?

MS. YANO: CRP, rehab division.

MR. NISHIMURA: So it should not be coming out of operations then.

MS. YANO: Well, originally this 800,000 was coming from our operations.

MR. NISHIMURA: Yeah. Okay.

CHAIRMAN KANESHIRO: So with that, we would
have a motion on the floor to move and approve items one
and two. And again, Randy's --

MR. NISHIMURA: That's just my perspective.

CHAIRMAN KANESHIRO: -- suggestion was that
perhaps at this time maybe encumber some of the
remaining funds and look at other areas, right, that can
be an advantage of efficiency for the department?

MR. OYAMA: Yeah.

MR. REYNA: Our hope is to be able to get
the services of a consultant within this fiscal year, if
we can.

MR. EDDY: Maybe a little clarification.
The second item, we're talking about purchasing motors.

CHAIRMAN KANESHIRO: Right.

MR. EDDY: So a motor is just a -- maybe
not even half of the equation of the efficiency at a
pump site. You have the motor is of equal importance as
the pump itself. So we're not talking about replacing
pumps at this time.

And then the other equipment involved is the
motor control center, which we hope to gain some
efficiencies in the motor control center.

So by, you know, planning to replace our
inefficient motors while at the same time doing an
energy audit, I don't think really creates a conflict or
a waste of money. And the information gathered by the audit is valid whether we put a new motor on there or leave the old motor. It would be better if we could get the new motor on first, but they are not exclusive of each other.

CHAIRMAN KANESHIRO: Okay. Board Member Dahilig has a question.

MR. DAHILIG: Mr. Chair, I am going to make a motion -- or I'm going to make a motion to approve the manager's report as to items one and two and defer action on item three to give you guys a second at-bat on this. If really what I'm hearing is that totally is not going to interfere and is more adequately address Board Member Nishimura's concern regarding, you know, whether this makes sense for the next fiscal budget. I think those items need to be fleshed out a little more and be brought up at a second at-bat.

MR. REYNA: Okay.

MR. DAHILIG: Just to explain more clearly why now versus why not later.

MR. OYAMA: Yeah.

MR. DAHILIG: And I'd like to understand that. If that is the position of the manager and the department head and not now -- having it now is innocuous. Too much hot stuff. So that's my motion,
Mr. Chair.

CHAIRMAN KANESHIRO: Okay.

MR. OYAMA: Okay. Second.

CHAIRMAN KANESHIRO: We have a motion on the floor and a second as recommended by Commissioner Dahilig. Any further discussion on that or comments?

MR. NISHIMURA: Chair.

CHAIRMAN KANESHIRO: Sure.

MR. NISHIMURA: To what extent does the department feel that the pumps are involved?

MR. EDDY: Well, to a great extent. The deep-well pumps are --

MR. NISHIMURA: Because your program for replacement is run it till it breaks.

MR. EDDY: Right.

MR. NISHIMURA: Okay. Which one is going to break in the next five years?

MR. EDDY: We get about one, two or three pumps go down a year, let's say. So five years, 10, 12 pumps.

MR. NISHIMURA: That's half of the list.

MR. EDDY: Well, we have about 50 deep wells, so it's a fifth.

MR. NISHIMURA: And you guys have motors in stock right now, do you not?
MR. REYNA: Yeah, we have spares.

MR. NISHIMURA: Yeah. And those spares are not high efficiency?

MR. EDDY: Some are. In the past five years maybe, we've been buying high-eff- -- or premium efficiency exclusively. Any new sites --

MR. NISHIMURA: So this list is to supplement that?

MR. EDDY: This list is to change out the remaining old motors that are not premium efficiency. There's a total of 22 motors I'm showing here.

MR. NISHIMURA: But the likelihood of your pumps on those 22 going down?

MR. REYNA: They're not going to all go down at one time.

MR. NISHIMURA: No, I understand that. I think the point is if the pump systems are in as bad shape as you're suggesting, then you may not want to just replace the motors.

MR. EDDY: Yeah, the energy audit might identify some pumps that are very inefficient, that are really operating out of their range. And you're right, we may want to pull some pumps as well.

MR. NISHIMURA: Do you have enough spares right now, high-efficiency spares?
MR. REYNA: We have some to allow us to survive in an emergency.

MR. EDDY: I guess the reason that we kind of are coming in with the motors and the energy audit at the same time is that we know we can realize energy savings by changing out these motors. I mean, there is really no question about that. And for that reason, we've just thinking, okay, let's just go and get that done. And the energy audit part is a little bit more complicated and harder to figure out. So that was kind of the thinking in doing these in parallel.

MR. REYNA: Because actually changing out the old motors is the extent of our expertise. We need the help of other experts to point out to us what we don't know.

MR. EDDY: I don't know if I could possibly suggest going with the first two items and then just 3A, and then kind of putting 3B and C -- since we've probably won't be spending the 3B and 3C anytime soon because it's going to take us awhile to get to that point.

CHAIRMAN KAKESHIRO: So the other issue you also stated that you might not be able to get a consultant for a period of time, right?

MR. EDDY: It would take some time, yeah.
We're thinking of doing a request for proposals on this one. And --

CHAIRMAN KANESHIRO: So I think the motion on the floor is just to defer it at this point until, you know, that defer three and then have you come back and make more detailed information, right? To get more detailed information.

MR. DAHILIG: It's a $120,000 decision, and I'd like to -- I what is being talked to right now is an effort to get our arms around what exactly this thing is going to look like. And I'd rather it be itemized out and planned out and documented versus --

MR. EDDY: Okay. Yeah.

CHAIRMAN KANESHIRO: Come with a plan.

MR. EDDY: All right. That sounds good.

CHAIRMAN KANESHIRO: Yeah, we're not disagreeing or saying no.

MR. EDDY: Right.

CHAIRMAN KANESHIRO: I mean, most -- the majority of the board members agree on items 1 and 2.

MR. EDDY: Okay. I got it.

CHAIRMAN KANESHIRO: And get the motion moving and then perhaps come back at the next board meeting.

MR. OYAMA: Right.
CHAIRMAN KANESHIRO: Or, you know, whatever you're prepared to do so and come up with a plan on how you're going to approach this matter.

MR. EDDY: Okay. Yes. Additionally, we're also looking for grant monies through different -- a few different sources. Energy savings is really the hot topic, and there's some grant money out there, so we are looking to grab some of that.

CHAIRMAN KANESHIRO: We're still looking at that --

MR. DAHILIG: They're all good ideas.

CHAIRMAN KANESHIRO: Regardless if we did three or not, you're going to continue to do that, right?

MR. EDDY: Right.

CHAIRMAN KANESHIRO: You may come back with a report, oh, we did find some of this to do that.

MR. OYAMA: Yeah.

CHAIRMAN KANESHIRO: That's all we're asking for. So Board Member Dahilig's motion on the floor is to defer this and give you some time to come up with a plan of action.

MR. EDDY: Okay.

MR. OYAMA: Yeah. We just want to be cautious.
CHAIRMAN KANESHIRO: So any further discussion on the floor?

If not, I'm going to call for a motion that was made by Mr. Dahlig. We do have a second on the motion. Again, any further discussions or comments?

If not, all those in favor signify by saying aye.

Any Opposed?

Hearing none, motion carried.

Okay. Go back to staff reports.

MR. OYAMA: Fun time.

MS. YANO: Mr. Chairman, all reporting on for fiscal, I have two reports. One is for the budget status summary as of January 31st, 2012. And the other one is a status update on the scheduled findings of the financial audit fiscal year 2011. Both reports are in your packets. So if you have any questions, please ask.

MR. EDDY: Tess, can you explain the newly added section on the audit scheduled findings, please?

MS. YANO: The audit schedule findings I highlighted the reply that was submitted to the auditors in gray area and the status update underneath. Behind the report also attached is a draft or a chart of billed water sales, revenue receipts, there's two pages. And the other one is a report of actual billed revenues
called collections assumptive to the 2012 rate study
projection.

CHAIRMAN KANESHIRO: Okay. Any questions, Board Members?

MR. NISHIMURA: Is 1131 the one on the bylines?

MS. YANO: I'm sorry?

MR. NISHIMURA: 1101, finding 1101. That was the one that at the last meeting we said we would have that completed?

MS. YANO: Yes. Actually we're still working with the Honolulu Board of Water Supply. The last time I spoke to them, they only changed the AFS billing configuration in March 2- -- March 4 of this year.

So the prior year -- for the prior year and previous months, the AFS billing hasn't been corrected, and they're still working on it.

After the configuration is fully in place for the correction, that's where we could go back and make the adjustments that showed up in our overstated revenues for fiscal year 2011.

MR. NISHIMURA: What is that AFS?

MS. YANO: Automatic fire sprinkler. I think we call it our private fire lines.
MR. NISHIMURA: Okay. So AFS, this is the
fire line rate?

MS. YANO: Yes.

MR. NISHIMURA: If we do not get this
resolved, say, by this month or next month, is it going
to affect the audit for this coming year?

MS. YANO: It will still affect our
revenues -- reported revenues.

MR. NISHIMURA: And we're going to have to
make adjustments again?

MS. YANO: We're going to have to make
adjustments.

MR. NISHIMURA: So what is the current time
frame we're looking at getting this done? We were told
this month.

MS. YANO: That's true. We are dependent
on the Honolulu Board of Water Supply. Unfortunately,
we are competing with their ongoing billing conversion.
And they keep saying, We're going to work on it.

But I believe what I could do is I'm going to
get our manager involved or probably help us, Bill Eddy,
to help me follow up with that. Apparently my request
is not as important as when our managers get involved.

MR. NISHIMURA: The adjustments cannot be
made locally?
MS. YANO: It would just be an estimated adjustment, so I'd rather wait for the correction until the adjustments are reported.

MR. EDDY: Yes, just to clarify. The errors are not continuing anymore, right? It was corrected March, early March?

MS. YANO: The March, when I last talked to the employee that I'm working with, she told me that she made the correction on March 4th. Because before that, she told us that she corrected the current year new rates.

And when I tried to test the rates that came out, the 2012 billing that came out didn't reflect the correction that she said she did.

So then I went back and asked her it's not showing the correct calculation, she just told me that she only went on March 4 to change the rates for 2012. So at the time I didn't have enough data to verify if the billings for this particular AFS is calculating correctly.

MR. NISHIMURA: How much money were we talking about, the adjustments?

MS. YANO: Probably 300,000.

MR. NISHIMURA: So that revenue we are collecting or we have not collected?
MS. YANO: For 2011 we collected some that are overbilled, but we set aside an allowance for that overcollection.

If 2012 the overbill would be from July to December. Or I'll take it back. Until February if March has been corrected.

MR. NISHIMURA: But do we have a lot of customers that are not paying their bill?

MS. YANO: When we changed the rates, a few active accounts are affected by this overbilling because when the rates went up, a lot of those accounts closed those AFS fire line accounts.

MR. NISHIMURA: How many accounts are we looking at?

MS. YANO: Active accounts? More or less 15. We started with 200.

MR. NISHIMURA: And we're down to 15?

MS. YANO: Yes, active accounts.

MR. EDDY: You mean 15 active accounts with --

MS. YANO: That has usage.

MR. EDDY: That has usage.

MS. YANO: Yes.

MR. EDDY: And that need to have the bill corrected?
MS. YANO: Yes. Because the error only --

MR. EDDY: Only occurs when there's usage.

MS. YANO: Yes.

MR. EDDY: And fire lines typically don't have usage. They're not supposed to have usage.

MR. NISHIMURA: If we have only 15 accounts, why can't we do it manually?

MR. EDDY: We'll have to look into that and see if that's possible. It's hard because the entire billing is with Honolulu, and we just aren't quite sure how that can be done right now.

MR. NISHIMURA: 15 accounts, brah.

MS. YANO: 15 accounts that has usage. We oftentimes don't know if other accounts will have usage every now and then.

MR. NISHIMURA: Okay.

CHAIRMAN KANESHIRO: Okay. Any further questions in regards to the update on schedule of findings on fiscal year 2011 audit and the statement of Kauai County Water Department's revenues and expenditures and fiscal report?

MR. EDDY: Could I just point out one other thing. Towards the end of the report there's these three colorful drafts that are new additions to the report. They're intended to allow us to kind of track
our revenue as we move through the year. And it's particularly the last graph there it shows our 2012 actual billed, our 2012 actual collected, and then the 2012 rate study. So we're comparing our actual collected against the rate that SAIC did to see how our actual are comparing to the projected revenue.

CHAIRMAN KANESHIRO: Any questions or comments by board members on the graphs?

Okay. If not, the motion would be to approve the fiscal report -- or receive.

MR. MCCORMICK: Receive.

MR. NISHIMURA: Receive.

CHAIRMAN KANESHIRO: Receive.

MR. OYAMA: Second.

CHAIRMAN KANESHIRO: To receive the reports. The motion is to receive fiscal report. All those in favor.

Any opposed?

Hearing none.

Okay. The report by the public relations specialist of public relations activities.

MS. SHIRAMIZU: Thank you. Good morning.

Let me come up front.

CHAIRMAN KANESHIRO: Please.

MS. SHIRAMIZU: So my report is before you.
If you have any questions.

CHAIRMAN KANESHIRO: Okay. Members, any questions on the report that was submitted by the public relations specialist?

MR. DAHILIG: If we don't accept this, does that mean she has to stay?

CHAIRMAN KANESHIRO: We're not going to have a motion on this.

MR. NISHIMURA: She might quit.

CHAIRMAN KANESHIRO: The motion would be to defer so -- (laughter) -- at the next meeting.

MS. SHIRAMIZU: But if you don't have questions, I would like to thank the board. It's been a great experience.

But as part of my leaving, I have to complete an exit interview. So I wanted -- I don't know what the general process is, but I would hope that you guys would get to see the exit interview because I don't know where it goes once it's completed.

But I also was making a note to Debra because the exit interview asks a lot of questions about the supervisor and how it is to be working at the department. And we don't generally keep up with job performance reviews here, and the only one I've had was with my six-months' probation. And I think it would be
really good that if the department would try to do the
JPRs in a somewhat timely manner. Which to be honest, I
was just as guilty as with Joy's. You know, I was not
timely on that.

But if the employee that is being reviewed
could fill out a similar questionnaire like this exit
interview, I think it would help the supervisors do a
better job and maybe the employees can help hold
supervisors more accountable for what could make this
place be a more accountable department.

Anyway, that's just the comment I wanted to
make, and I'm putting it in writing to Debra as I turn
in my exit interview.

CHAIRMAN KANESHIRO: Thank you. So be
noted.

MR. NISHIMURA: Is Joy familiar with your
Limtiaco contract?

MS. SHIRAMIZU: She has been sitting in on
most of our meetings and I have the notes for this.

MR. NISHIMURA: Okay.

CHAIRMAN KANESHIRO: Any questions or
comments for Faith?

If not, thank you very much for that support.

MS. SHIRAMIZU: Thank you.

MR. NISHIMURA: Move to receive the public
relations report.

MR. OYAMA: Second.

CHAIRMAN KANESHIRO: All those in favor.

Any opposed?

Hearing none.

Chief of the operations summary report.

MR. REYNA: Good afternoon. The monthly report for February is before you. And most notable on the personnel, we lost another employee, our utility worker retired effective of March 1. But we did gain one last February, a new pipefitter helper started last month.

We recently conducted interviews for two pipefitter currently vacant. So some of the helpers might move up, and we are expecting two more vacancies for the helpers.

For our source and storage, Amfac shaft pumping and water quality sampling was completed as of 10:00 a.m. February 9th, last month. Water quality is with our micro lab.

Kilohana wells A, B and I as well as Puhi wells 5A and 5B are now converted to hypochlorite we are close to 50 percent conversion of all our chlorine gas sites. So we're moving forward with that, slowly but surely.

And if you have questions, please let me know.
CHAIRMAN KAKESHIRO: Members, any comments or questions?

MR. NISHIMURA: Do you get budget requests for bigger trucks for your plant operators to take care of the hypochlorite or are they going to use the small trucks yet?

MR. REYNA: Right now the plant operators are still using the smaller trucks, but recently when we bidded out some of the trucks, large -- large, around 1500, came out to be cheaper than the small Ford Rangers. So we ended up with some Dodge 1500s, which has a larger truck bed, larger capacity.

MR. NISHIMURA: I'm just worried that your small trucks not -- I don't know how you guys taking care of our hypochlorite versus the gaseous chlorine, but I would imagine you would need more payload unless you deliver in bulk.

MR. REYNA: They deliver it here. Our guys pick it up. Sometimes when they're out, they do go and pick it up. But they have not complained about the size of the trucks that they are using.

MR. NISHIMURA: And you've had input into the budget? You have had your input into the budget?

MR. REYNA: For some vehicles, yes, sir.

MR. NISHIMURA: No. Overall?
MR. REYNA: Overall, yes.

MR. NISHIMURA: Okay.

CHAIRMAN KANESHIRO: Okay. Go ahead.

MR. OYAMA: You mentioned the Amfac well quality of the water. Where are we?

MR. REYNA: Testing and sampling of the waters over there are completed and the reports are with our micro lab. I have not seen the report.

MR. OYAMA: Any results that were mentioned?

MR. REYNA: Well, the quantity is good.

MR. OYAMA: Yes, yes, I understand the quantity, but the quality.

MR. REYNA: Quality, quality, they did not raise any red flags. They have not mentioned anything questionable to us. So no news is good news.

MR. EDDY: We're compiling the data that we already have, and it's been sent to the EPA, who we have under contract to -- no answer, but I mean, the data looks good.

We did several different types of tests, bacteria, bacteriological tests. And then when you test for surface water intrusion, that's called a microscopic particle analysis where you pump water through a filter, and then you take the filter, with a microscope you'd
look on the filter to see what's stuck on there. And I
guess the laboratories, they look for plant life. They
look for plants that have chlorophyll or anything with
chlorophyll. And they figure if there's chlorophyll in
there, then it's seen the light of day sometime
recently, and then that's an indication that it's under
the influence of surface water.

So we did two of those types of tests this past
winter, and they both came out good, very good. And we
did them after rain events, too. So we feel good about
that. So our steps will be to get this report from EPA.
Our consultant is going to combine it into this report
in the format that the Department of Health will accept,
and then we send it to the Department of Health as a new
drinking water source, and then we hope to get approval
from them, and then we can develop the source.

MR. OYAMA: Quite long yet it took.

MR. EDDY: Yes, it's a lot of steps to
bring a new drinking water source online. It's time
consuming.

CHAIRMAN KANESHIRO: Any other questions or
comments for chief of operations report?

If not, we'll have a motion to receive.

MR. OYAMA: Move to receive.

MR. NISHIMURA: Second.
CHAIRMAN KANESHIRO: Moved and seconded. All in favor?

Any opposed?

Hearing none.

Water resources and planning subdivision report. Any questions on that, on the report that we have before us? And the monthly subdivision summary for comments?

MR. NISHIMURA: Same question for the division head. You've had input into your budget?

MR. FUJIKAWA: Which budget?

MR. NISHIMURA: The proposed budget.

MR. FUJIKAWA: Yes.

MR. NISHIMURA: Okay.

CHAIRMAN KANESHIRO: Okay. Any other questions or comments?

If not, the motion would be to receive this report from our water resources and planning subdivision area.

MR. KAKAYA: Move to receive.

MR. OYAMA: Second.

CHAIRMAN KANESHIRO: Further discussion?

Hearing none, all those in favor.

Any opposed?

Hearing none, motion carried.
Manager's monthly update. Mr. Eddy.

MR. EDDY: Thank you, Chairman. So we did one contract amendment this past month with Architects Hawaii for our base area improvement projects.

Dustin, do you think you could give us a quick explanation of that one, please.

MR. MOISES: It's our favorite project next to Kahili. So as far as this second amendment, it's good that we're bringing it up because we had contingency for this project. So this is an aside. But, you know, this project has been well discussed over the last year and a half or so. So, you know, the fact that this is a manager's update and not a report, you know, it's more of a functional thing within the board process.

But as far as the second amendment, what it really is, is when we initially did the concept of our schematics, you know, we had like eight different schematics. At that point in time we initially didn't think we'd have four individual subdivided lots when we started the process through the Architects Hawaii. You know, in the midst of that we subdivided this triangle and the road with parcel into four sections which requires rezoning the existing parcel for our uses.

So right now that entire parcel is open and
we're looking to make the new building lot and the
public works lot, the existing zoning of this lot, which
is R1 with special treatment.

So what we have to do after talking to the
consultant, since they didn't intend to go through the
zoning partition process was we got a consultant to come
on board and expedite the zoning for us and do it
properly so that we can take care of water, and we can
take care of public works needs. So that's roughly a
little over $20,000.

But doing the EA, we also had some issues as
far as somebody brought up nene birds sitting in the
triangle. So Fish and Wildlife asked us to do a nene
bird survey, which we didn't intend to do at the
beginning. So that was a couple grand.

And then the third portion of this was part of
the four-lot subdivision. We actually had to come back
and retopo across at King Auto and topo every
encumbrance that's going to be part of the future
subdivision and zoning of the parcels. Because
initially we thought we could take the entire parcel in
one and divide it into two lots.

But once we met with planning, and they said we
should take a portion and dedicate as a roadway. We had
to make sure we had all the encumbrances. So that was
like $2,000. So, in essence, that's the $29,000 that we
show in this amendment, which we're not asking for any
more money. It's just to be transparent that we're
making an amendment to the contract.

And I'm pretty confident that this should take
us through the final design. So the next time I come
back this will be for construction funding. And we're
trying to get the initial construction estimate through
a lot of value engineering design. So that's it.

CHAIRMAN KAKESHIRO: Any questions?

MR. OYAMA: So the shearwater project is
done?

MR. MOISES: Nene birds.

CHAIRMAN KAKESHIRO: Nene birds.

MR. OYAMA: Oh, the nene birds.

MR. MOISES: Yeah, it was nene birds.

MR. OYAMA: Did any --

MR. MOISES: Apparently. I never see them.

MR. OYAMA: In the field and on the golf
course.

MR. MOISES: But when someone says it does,
and Fish and Wildlife have to make comments for the EA,
we felt that we should take care of that potential
issue. And they didn't find -- when they came here, I
mean, they literally come in like for a couple days, sit
in the triangle and see if any nene birds basically
touch ground. And they said none touched ground, but
they were flying in the area.

MR. OYAMA: I want to be a nene, protected
for life.

MR. MOISES: So that's done already. We
did that part of the EA. That was finalized in
December.

MR. OYAMA: Okay.

MR. MOISES: We got a final EA in January.

MR. OYAMA: Very good. Thank you. So
moving on.

MR. MOISES: So we're moving. I mean, we
finalized the final layout when I came back from
vacation Tuesday. So, you know, now that that's done,
we're starting the full-blown design.

Thank you.

CHAIRMAN KANESHIRO: Any other questions or
comments? If not --

MR. MCCORMICK: Just one question.

CHAIRMAN KANESHIRO: Go ahead.

MR. MCCORMICK: Just for information.

There's a movement on by the community over here in Pua
Loke to put that connection back to Kaumualii Highway.
It's actually gone a little bit political now. We're dealing with that over at highways. Just for your information.

MR. MOISES: And for the record, I've been in discussion with Ray, and we're against that.

MR. MCCORMICK: I'll send you over to that community.

MR. MOISES: Yeah, yeah.

MR. NISHIMURA: You live there, huh?

MR. MOISES: I live across --

MR. NISHIMURA: They might not burn you out.

(Many people speaking at one time.)

MR. MOISES: Just for, I guess, informational purposes, if they were to reconnect to the main highway, it will totally disrupt everything that we had planned.

MR. MCCORMICK: It causes operational problems with the highway as well, severe operational problems. We're against it as well.

MR. MOISES: I just want to say, we -- everybody's got their own opinions. But I would be -- basically if you ask me what do I think, I would say -- I would not recommend supporting it in my opinion.

MR. NISHIMURA: Bill, just got to make a
correction, yeah. Oceanic, on the funding, you show
Oceanic contract, but, you know --

    MR. EDDY: Oh, yeah, yeah.

    MR. MOISES: But the contract number is
    correct.

    MR. NISHIMURA: 512.

    MR. MOISES: Would be 512.

    MR. NISHIMURA: Yeah.

    MR. EDDY: Okay. Thank you.

    MR. MOISES: Incorrect.

    MR. NISHIMURA: Yeah, because we show the
initial contract amount, that's what you've got to
correct.

    MR. EDDY: Okay.

CHAIRMAN KANESHIRO: Okay, Bill.

    MR. EDDY: Okay. Just looking at the
recruitment and position changes, in the engineering
division we're running a little short on inspectors.
We're down to one. But we did interview --

    MR. NISHIMURA: This past year?

    MR. EDDY: We just -- no, the inspector
just has to drive faster. So we did interview one.
Hopefully we can pick somebody up.

    In the administration side, the secretary
that's been vacant for some time, we do have five
applicants that will be interviewed.

And then finally on the monthly employee
meeting, the manager asked staff for ideas on our
mission statement. And so we did receive some ideas
there and we may be proposing a new mission statement
coming up.

MR. NISHIMURA: On the position status,
what is, No action? That means you're not going to fill
them right now? The welder, the pipe electrician.

CHAIRMAN KANESHIRO: Civil engineer,
computer technicians. All has, No action.

MR. EDDY: I believe it's no action in the
past month. Some of these may be dollar funded in the
coming budget, particularly in admin there's a civil
engineer 7. We proposed to dollar fund that position.
Some of the other ones, I guess, no action, some of them
we're having difficulty filling.

CHAIRMAN KANESHIRO: Any other questions
for Bill on his manager's report? Comments?

If not, the motion would be to receive.

MR. DAHILIG: So moved, Mr. Chair.

CHAIRMAN KANESHIRO: Do I have a second on
that?

MR. NAKAYA: Second.

CHAIRMAN KANESHIRO: Moved and seconded.
Any further discussion?

If not, all those in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

I believe we have some items in executive session.

MR. DAHILIG: Mr. Chair, move to --

CHAIRMAN KANESHIRO: Do we need to take off?

MR. DAHILIG: -- go into executive session as listed in the -- as the four items listed in the memorandum as part of the agenda.

CHAIRMAN KANESHIRO: Okay. Do I have a second on that?

MR. McCORMICK: Second.

MR. NISHIMURA: Second.

CHAIRMAN KANESHIRO: Any discussion or comments?

If not, all those in favor signify by saying aye.

Any opposed?

Hearing none --

MS. SUZUKI: We need a roll call vote.

CHAIRMAN KANESHIRO: Oh, we need a roll
call vote for executive session. Sorry. We'll have a roll call vote for executive session. Roll call, please.

MS. SUZUKI: I should ask. Board Member Nakaya.

MR. NAKAYA: Aye.

MS. SUZUKI: Board Member Nishimura.

MR. NISHIMURA: Aye.

MS. SUZUKI: Board Member McCormick.

MR. MCCORMICK: Aye.

MS. SUZUKI: Chair Kaneshiro.

CHAIRMAN KANESHIRO: Aye.

MS. SUZUKI: Board Member Oyama.

MR. OYAMA: Aye.

MS. SUZUKI: Board Member Dahilig.

MR. DAHILIG: Aye.

MS. SUZUKI: We got --

CHAIRMAN KANESHIRO: Okay. Motion carried. We're going to proceed into executive session in about five minutes.

(Executive Sessions at 12:49 p.m. to 1:33 p.m. in separate transcripts.)

CHAIRMAN KANESHIRO: We're now in regular session.

MR. NISHIMURA: Mr. Chair, for old
business, Item G3.

CHAIRMAN KANESHIRO: Right.

MR. NISHIMURA: I move that we defer this to the next meeting.

CHAIRMAN KANESHIRO: Okay. Do we have a second on that?

MR. OYAMA: Second.

CHAIRMAN KANESHIRO: Moved and seconded.

With that, all in favor.

Any opposed?

Hearing none, motion is to defer Item No. 12-63 rewards program to the next board meeting.

Now we have topics for next water board meeting. Any additional on that? I'm not certain if Bill or the administration has anything else to add.

There's a quarterly report, employee of the year resolution, and number three, extension of funds in regards to Mr. Dahilig on large projects, possibly up to $50,000. So that's another one that we probably put on the agenda item.

MR. NISHIMURA: What is that?

CHAIRMAN KANESHIRO: Mr. Dahilig --

MR. NAKAYA: Change order.

MR. NISHIMURA: Change order. Delegate.

MR. NAKAYA: Authorize -- yeah.
MR. DAHILIG: Authorize for minor change orders.

CHAIRMAN KANESHIRO: Yes, for minor change orders. So we'll have possibly some discussion on that on the next meeting.

MR. NISHIMURA: Mr. Chair.

CHAIRMAN KANESHIRO: Yes, sir.

MR. NISHIMURA: It doesn't have to be at the next meeting, but I would really like to -- I would like to revisit, and I will --

CHAIRMAN KANESHIRO: Future.

MR. NISHIMURA: Yes. And this is part of the rules.

CHAIRMAN KANESHIRO: Hold on one second. Let me try to finish this one first.

MR. NISHIMURA: Oh, sorry.

CHAIRMAN KANESHIRO: On number three, you prefer having something back by the next meeting or just future meetings?

MR. DAHILIG: It's only going to assist them so, you know, at whatever pace.

CHAIRMAN KANESHIRO: Well, we'll put it on for the next meeting and then we'll decide. Okay. And go ahead, Randy.

MR. NISHIMURA: Okay. The topic for
future.

CHAIRMAN KANESHIRO: Yeah.

MR. NISHIMURA: I would like to bring back the rule -- we got rid of adjustments to water bills for leaks or excessive use. I would like to revisit that. Having personal experience where the water department broke a line, and my house, my neighbor's house and there were about a dozen affected residences, we had to run the water for half an hour, and that is after the meter. So I would like to --

MR. OYAMA: To clear it?

MR. NISHIMURA: I would like to provide a means for the department to adjust bills in cases where it is caused by the department.

MR. OYAMA: Yeah, caused by the department, right.

MR. NISHIMURA: Yeah.

MR. OYAMA: That's horrible.

MS. SUZUKI: But not related to a leak?

MR. NISHIMURA: Yeah. But it is an adjustment on your bill because the water does pass through your meter, yeah?

MS. SUZUKI: Because of leak.

MR. NISHIMURA: The leak is out on the lateral.
CHAIRMAN KANESHIRO: The leak is on the main line. It's not on the lateral.

MR. NISHIMURA: No, it can be on the lateral, but in order to flush -- in order to flush the lines to the residences, you have to clean up the residents' water in order to flush the lines.

MR. OYAMA: To complete the circuit.

CHAIRMAN KANESHIRO: Instead of opening the fire hydrant, you individually --

MR. NISHIMURA: Ell, even if they open the fire hydrant, it's not adequate.

MR. OYAMA: The congested water is in the area.

MS. SUZUKI: But it's not related to the leak?

MR. NISHIMURA: It is not a leak rebate, but it is an adjustment to the bill. Is there a mechanism now?

MS. SUZUKI: Well, that one we still have to do public hearing on it.

CHAIRMAN KANESHIRO: Well, this one is not anything to do with the leak.

MS. SUZUKI: Right, that's why I'm just concerned.

CHAIRMAN KANESHIRO: So you're just asking
if there is adjustments currently in effect where the
water department had to go repair broken.

MS. SUZUKI: Yeah.

CHAIRMAN KANESHIRO: And then we have to
run our water for at least a half an hour to an hour to
clear the system.

MS. SUZUKI: Right. So the only adjustment
rule is the one that the --

MR. NISHIMURA: That's the one they still
considered a leak because there's no other provision for
adjusting a bill.

MS. SUZUKI: Right, so this one is
completely different type of adjustment.

MR. NISHIMURA: Yeah, yeah.

MS. SUZUKI: I just wanted to make sure.

It's not on the rule currently.

CHAIRMAN KANESHIRO: No. This is
completely different. How do we deal with that issue?

MR. NISHIMURA: How do we address this
issue?

CHAIRMAN KANESHIRO: In other words, I've
got to run my water for an hour.

MR. OYAMA: Who pays for it?

CHAIRMAN KANESHIRO: Okay. All right.

MR. NISHIMURA: And I'll go send a -- you
know, I'll go send a memo to probably you and Daryl.


And also, Members, if you have others as we move along before our next board meeting, you can also send correspondence to us so we can put it on before we meet for our agenda meeting. Okay.

MR. NISHIMURA: Daryl.

CHAIRMAN KANESHIRO: Yes, sir.

MR. NISHIMURA: Never mind. Keep going, keep going.

CHAIRMAN KANESHIRO: Okay. Upcoming events, Poipu Beach party, March 25. AWWA Hawaii section. Any discussion?

(Bill Eddy entered meeting.)

MR. NISHIMURA: There is -- Bill, there's a dual water session at AWWA conference?

MR. EDDY: There is.

CHAIRMAN KANESHIRO: In the Hawaii one there is, a non-potable one at Honolulu, right?

MR. EDDY: Right.

CHAIRMAN KANESHIRO: I saw the tentative agenda. It was on Friday morning?

MR. EDDY: Yes, yes.

CHAIRMAN KANESHIRO: Is it still on?
MR. EDDY: It is, yeah.

CHAIRMAN KANESHIRO: On the non-potable water systems.

MR. NISHIMURA: I just wanted to bring that up because since it's an item of interest to the board. Mr. Nakaya said he no can go out.

CHAIRMAN KANESHIRO: That's correct.

MR. NISHIMURA: You're sure you no can go Friday.

CHAIRMAN KANESHIRO: Even to the Friday session in the morning?

MR. NISHIMURA: Just go for the Friday session. No.

CHAIRMAN KANESHIRO: Because it's in regards to non-potable water.

MR. NAKAYA: It's all day. No, no, not three days.

CHAIRMAN KANESHIRO: I mean, the Friday session is a non-potable water discussion that's going to be brought up by the Honolulu board. So ...

MR. NAKAYA: Okay.

MR. NISHIMURA: I would suggest that anybody who can make it be allowed to go.

CHAIRMAN KANESHIRO: Okay. Well, I know I was going to sign up for the conference from Wednesday...
morning until Friday. So I don't know who else, you
know, wanted to attend. And I did talk to Mike. It's a
possibility that Mike might be able to attend. And
again, I know I received the email from Clyde saying
that he probably couldn't attend all sessions, all
three.

And then, if you are and you want to attend, we
need to have you fill out the applications today. We
need to get it in. Right? We've got to get it done.

MR. EDDY: Right.

CHAIRMAN KANESHIRO: So, again, what would
help, Bill, if you could probably get Marge to print out
what's going to be coming out for the sessions. So we
may have some board members that may want to attend,
especially the non-potable and some other sessions.

Did you all receive a copy of the session
itself?

MR. NISHIMURA: No.

MR. DAHILIG: No.

CHAIRMAN KANESHIRO: I wonder why.

MR. EDDY: I'm not sure why. It turned out

AWWA members, I guess, would get it mailed to them. I
can run down and make some copies right now.

MR. DAHILIG: I'm sure it's a pdf.

CHAIRMAN KANESHIRO: Okay. Anyway, if
we're -- if whoever is going to attend the Hawaii Section Annual Conference, we need to get it set up by today and no later by tomorrow. That's for sure. Because it's coming up the 17th through the 20th. Especially if you need flight reservations and room reservations. To fly out.

MR. NISHIMURA: I would encourage our attorney to attend that, too.

MR. DAWILIS: Second that.

MR. McCORMICK: Aye.

MS. SUZUKI: Is that a motion? Is it up for discussion now?

CHAIRMAN KANESHIRO: We already voted. It's unanimous.

Okay. So work on that right away. Let me know so we can get you going. I believe we have appropriated how much money for that slot? Just the Hawaii one, I'm saying.

MR. EDDY: Yeah, just three, I believe it is. Three.

MR. NISHIMURA: No, how much money we've got in the account?

CHAIRMAN KANESHIRO: Well, we'll check and see how much money we've got in the account and we can figure out who's going to go, who's not going to go,
who's staying and who's not staying. Because some
people may just fly in for some sessions and then fly
back out, which is good.

MR. DAHILIG: Yeah, I would just need
airfare and registration. I wouldn't -- so.

CHAIRMAN KANESHIRO: What's that?

MR. DAHILIG: I would just need airfare and
registration.

CHAIRMAN KANESHIRO: Yeah. So, you know,
we might have enough money to send all those who want
to. So can you please get Marge to make a copy of the
sessions that are going to start from Wednesday.

MR. EDDY: Okay.

CHAIRMAN KANESHIRO: That starts from
Wednesday. You don't have it on this right now?

That's okay. I don't know how to work it
anyways.

MR. OYAMA: Good job.

CHAIRMAN KANESHIRO: Okay. So again,
Members, today you can get one before you leave, right?

MR. EDDY: Yes.

CHAIRMAN KANESHIRO: For just, you know,
the sessions itself. So they may, you know, like Clyde
because of his really tight schedule might really want
to attend the non-potable one or some stuff like or
some, and then we see how we can accommodate the board members to do that. Okay?

MR. EDDY: Okay.

CHAIRMAN KANESHIRO: Okay. The AWWA, we're all set for the Dallas one, right? We've got everybody set. Randy.

MR. NISHIMURA: No, I just got the application.

CHAIRMAN KANESHIRO: Which one? For the AWWA one?

MR. NISHIMURA: I don't know what this is. North American individual application.

CHAIRMAN KANESHIRO: That's the main one.

MR. NISHIMURA: Member information, dues and benefits. What is this? To apply for --

MR. EDDY: I think membership into AWWA.

MR. NISHIMURA: I thought we automatically get that.

MR. OYAMA: Individually, right?

MR. NISHIMURA: I thought everybody was automatically.

CHAIRMAN KANESHIRO: Yeah. I think we all are. Check on it.

MR. OYAMA: It used to be.

MR. MCCORVICK: Carol does that.
MR. NISHIMURA: It's part of the budget.

CHAIRMAN KANESHIRO: I thought we are all.

MR. OYAMA: You should, you should.

MR. McCORMICK: I answered.

CHAIRMAN KANESHIRO: It's just a renewal.

We just got to pay the renewal.

MR. OYAMA: It should be paid by this.

CHAIRMAN KANESHIRO: Yeah, check on that.

Because I had a renewal notice, and I passed it on.

MR. McCORMICK: Me too.

CHAIRMAN KANESHIRO: You know, because it says, Renewal notice for AWWA members. So anyway.

Okay. So that's set, right?

We haven't got word back from the mayor yet on that. I know we sent a correspondence to the mayor, is that correct?

MR. EDDY: We did send a correspondence. I don't think --

MR. OYAMA: No answer.

CHAIRMAN KANESHIRO: Yeah. So I believe Randy, Roy Oyama -- Mr. Oyama, and Larry Dill, and also the mayor was going do attend that conference in Dallas, Texas. I got my cowboy hat, Randy, I got my cowboy boots if you want to wear it.

MR. NISHIMURA: That's why you may as well
go.

CHAIRMAN KANESHIRO: Giddy up.

MR. NISHIMURA: Giddy up.

MR. EDDY: One thing we need to do on this one, is we reserved the rooms, four rooms on somebody's credit card.

CHAIRMAN KANESHIRO: I know. And I think I told Marge to go ahead and send emails out to each one of them.

MR. EDDY: Okay. Yeah.

CHAIRMAN KANESHIRO: So I'm not certain if you received the email from Marge, but I did give her the go-ahead to contact Randy, contact Roy, and also contact the mayor so we can get that moving along.

No, he's not going to the national one. So is Ray and also Clyde cannot. So it's the three of you along with the mayor.

Okay. Next water board meetings. Anything else? Upcoming events. Anything else to add there, Bill?

MR. EDDY: No, Poipu Beach party is this Sunday.

CHAIRMAN KANESHIRO: Okay. Just going back. One of the topics that Randy (sic) brought up about future water board meetings and also one of the
topics for next water board meeting was the extension of
the funds. So you're going to do some research on that,
bring it up for water projects, you know, with minor
change orders. Do you know what I mean? That we had
some discussion on. So we're going to talk about that
at the next meeting.

MR. NISHIMURA: That was Mike, not me.
CHAIRMAN KANESHIRO: And then Randy had
the --

MR. NISHIMURA: Talk to Mike about it.
CHAIRMAN KANESHIRO: The future water board
meetings in regards to how do you make adjustment when
the water department fixes a pipe or fixes something and
the homeowner has to run his water --

MR. OYAMA: Flush it out.
CHAIRMAN KANESHIRO: Flushing water out for
about an hour. Are there adjustments to that? So that
will give you some time to look at that. Here's the
envelop for that. I think it is.

MR. NISHIMURA: Is this yours?
CHAIRMAN KANESHIRO: Oh, sorry. No.

Okay. Next water board meetings. Everybody on
schedule? April 26, May 24, June 28, July 26. We don't
have to go that far. But April 26. All okay.

MR. DAHILIG: I will be here for half a
day. I have a rehearsal.

CHAIRMAN KANESHIRO: Okay. Other than that, any other issues regarding water board meeting, next water meeting?

If not, the meeting is adjourned.

(Concluded at approximately 1:48 p.m., March 22, 2012.)

* * * * *
STATE OF HAWAII
go
COUNTY OF KAUAI
go

I, TERRI R. HANSON, RPR, CSR 482, do hereby certify:

That on Thursday, March 22, 2012, at 10:40 a.m. that the foregoing REGULAR MEETING, County of Kauai, Board of Water Supply, was held;

That the foregoing proceedings were taken down by me in machine shorthand and were thereafter reduced to typewritten form under my supervision; that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings had in the foregoing matter.

I certify that I am not an attorney for any of the parties hereto, nor in any way concerned with the cause.

DATED this 3rd day of April, 2012, in Kapaa, Hawaii.

TERRI R. HANSON, CSR 482
Registered Professional Reporter
COUNTY OF KAUAI

BOARD OF WATER SUPPLY

REGULAR MEETING

Thursday, April 26, 2012
10:43 a.m. - 12:49 p.m.

Second Floor, Microbiology Lab Building
Kauai County Department of Water
4398 Pua Loke Street
Lihue, Kauai, Hawaii 96766

REPORTED BY:

TERRI R. HANSON, CSR 482
Registered Professional Reporter
APPEARANCES

BOARD MEMBERS:

Larry Dill
Michael Dahilig
Daryl Kaneshiro, Chair
Raymond McCormick

(Exited meeting page 73, 12:32 p.m.)

Randall Nishimura

STAFF:

Andrea Suzuki, Deputy County Attorney
David Craddick
Marites Yano
Dustin Moises
Gregg Fujikawa
Val Reyna
Aaron Zambo
Keith Aoki
Joy Succi
Debra Calaycay
Ryan Smith

GUESTS:

Marc Guyot, Deputy County Attorney
Jānine Rapozo
Daniel Chang, Hawaii Department of Health
Jeremiah Kaluna
REGULAR MEETING

MR. KANESHIRO: Regular meeting of the Board of Water Supply is now called to order. Let the record reflect that it's roughly 10:50 or 10:49. At this time can I have the roll call, please.

MS. SUZUKI: Board Member Nakaya. Board Member Nishimura.

MR. NISHIMURA: Here.

MS. SUZUKI: Board Member McCormick.

MR. MCCORMICK: Here.

MS. SUZUKI: Chair Kaneshiro.

MR. KANESHIRO: Here.

MS. SUZUKI: Board Member Oyama. Board Member Dill.

MR. DILL: Present.

MS. SUZUKI: Board Member Dahilig.

MR. DAHILIG: Present.

MS. SUZUKI: We have quorum.

MR. KANESHIRO: Thank you for that. Do I have a motion to accept the agenda?

MR. NISHIMURA: Mr. Chair, move to accept the agenda as posted.

MR. KANESHIRO: Do I have a second on that?

MR. MCCORMICK: Second.

MR. KANESHIRO: Any objections to the
acceptance of the agenda?

    I will note that at this time that as we go
down through the agenda, I'm going to take the Manager's
Report No. 12-64 up first. So why don't we go ahead and
move on with the meeting transcripts and
correspondence/announcements and then board committee
reports real fast.

    At this time do I have a motion on the meeting
transcripts?

    MR. NISHIMURA: Mr. Chair.

    MR. KANESHIRO: Yes.

    MR. NISHIMURA: I handed out some
corrections that I noted, and I'd like to have this
incorporated onto the errata sheet, and move to accept
the minutes of the February 23rd, 2012, as amended. And
also incorporate the CD of the transcript, and that if
there are any discrepancies between the two, that the
audio copy take precedence.

    MR. KANESHIRO: Thank you for that,
Mr. Nishimura. We have a motion on the floor to go
ahead and approve that with the corrections noted by
Mr. Nishimura. Do I have a second on that motion to do
so?

    MR. MCCORMICK: Second.

    MR. KANESHIRO: Any further discussions on
the matter on the regular board meeting of
February 23rd, 2012?

It not, all in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

Regular board meeting, March 22nd, 2012.

MR. NISHIMURA: Mr. Chair, move to defer
action on this item.

MR. KANESHIRO: We have a motion to defer
on this item. I believe we may have some corrections to
be made on this. I'm just saying believe.

MR. DAHILIG: Second the motion.

MR. KANESHIRO: That's not necessarily so.

So at this time we have a motion to defer. We have a
second on the floor.

All in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

Correspondence/announcements, we have none
here.

MR. NISHIMURA: Mr. Chair.

MR. KANESHIRO: Go ahead.

MR. NISHIMURA: I need to recuse myself
from agenda item K2.

MR. KANESHIRO: Okay. K2, manager's report
number shall be noted.

I will be also making an announcement that I will be recusing myself from the executive session to be held today in regards to Grove Farms non-potable water system. So please note that for the record.

With that, any other correspondence or announcements?

MR. MCCORMICK: Mr. Chair.

MR. KANESHIRO: Yes, sir.

MR. MCCORMICK: I need to be excused at 12:30. I have another commitment.

MR. KANESHIRO: Okay. We'll try to move this meeting right along and hopefully be done by then.

MR. MCCORMICK: Okay.

MR. DAHILIG: Just for the record, Mr. Chair, I do need to catch a flight at 2:00, so I'll be leaving the meeting at 1:00.

MR. KANESHIRO: Thank you for that. So noted.

With that, moving on to board committee reports. Report of the committee of the whole that was held this morning was to go ahead and move Manager's Report 12-54, debt service reserve fund policy, on to the full board.

So any additions to that?
It was moved and approved to move on to the full board.

Hearing none, we head right into old business, Manager's Report No. 12-64. Do you want to do an introduction on that?

MR. CRADDICK: We have Ms. Rapozo and Marc Guyot from the attorney's office to give a presentation on the human resources --

MR. KANESHIRO: Do you want to speak into a mic so we can hear?

MR. CRADDICK: Restructuring.

MR. KANESHIRO: Thank you.

MR. CRADDICK: The floor is yours.

MR. GUYOT: Am I going to be needing a microphone or are we okay?

MR. CRADDICK: You're okay.

MR. GUYOT: Okay. I'll do my best on that. I'll be loud, and I'll try not to be wordy.

As David indicated, Janine and I are here. We represent the Human Resource Task Force. In addition to ourselves, we have John Isobe, Karen Matsumoto, who were actually retired but volunteered for the program because they had such a belief and concern for the program. As well as Kris Nakamura. Unfortunately, those three couldn't make it, so you have Janine and I for today.
We'll do our best to fill John's shoes moving forward here.

Back in May of 2011 the Cost Control Commission as well as some others recommended that the administration conduct an internal review of the human resource policies within the county, Department of Personnel Services, cost implications and if personnel within various departments who are performing similar type duties could be incorporated into one larger group.

We also looked at expanding the functional responsibilities of DPS to not only deal with purely the civil service type issues of recruitment and grievances and classification of jobs, but to cover the full gamut of HR functions that's expected in the 21st century such as employee training, workers' compensation, safety awareness, injury prevention, employee benefits, workforce planning, and internal disputes within the county and so forth.

This is the current structure that DPS has at this point. It is what they call a flat structure. We get to have a toy here finally, so I'll try not to use it too much. At the top is the Civil Service Commission. Then there is a director, who has a private secretary, and then it goes to a manager for the personnel services manager. Then the rest are all in a
horizontal type structure of varying duties and
specialties.

They have tried to go with a generalized
program, all the people in a sense being generalists in
that they could do many different things. However,
because of lack of personnel that were available as well
as the specialized training in terms of job
classification and so forth, they weren't as successful,
I don't think, as they had originally intended to be.

It seems great in theory but without having
enough time and people to train everybody in these
areas, you can't have somebody who's good at carpentry,
plumbing and electrical without a great deal of
investment.

So that's the current structure that is in
place. In looking at that, you see a decentralized
system and duplication of efforts between the
departments and DPS. And these are the challenges that
DPS currently experiences in it's present form.

There's also lack of consistency in policies
and procedures among the various departments and DPS.
And to no fault of the departments, training has been a
constant problem within DPS and their counterparts and
the departments keeping everybody current and on the
same page.
Timeliness in filling vacancies, this may be of special concern to other more departments, some departments more than others. And that happens for a variety of reasons. But nonetheless, there is a problem -- systemic problem of being able to fill the vacancies in a timely manner.

Also as mentioned before, there's a lack of full range of HR functions. Benefits, workers' comp, health, safety, investigation, working on disputes within the organization. Those are things that are lacking.

By not having an HR department and just relaying purely on the DFS system that we have for the last few years you have issues of liability and long-term exposure because of variations in policies and decentralized personnel options and operations and more opportunities for missteps when there isn't consistent guidance.

So in looking at what can we do to fix those problems, the challenges that we just mentioned, we needed to review the organizational structure of other jurisdictions as well as private entities to see what's being done. Internally we reviewed the position descriptions and conducted written surveys of all department personnel staff.
After doing that, we then conducted audits of particular department personnel to see what it is they actually do as opposed to what the job description says or what came out of the initial survey.

Then we looked at determining the functions and manpower needs of a restructured Department of Personnel Services human resources. Reviews were conducted with the personnel director, affected department heads. And as most of the employees involved in the proposed restructure, they fell under the HCFA, so we also talked with the union on that.

Eventually a reorganization plan was completed, including departmental positions that were appropriate to be transferred, classifications, and an estimate of associated costs.

The proposed restructuring is a bit more vertical in nature. We still have to have the Civil Service Commission. It guides the Department of Personnel Services. But in addition to the director, there now will be four division heads, if you will, within that; the administrative services division, recruitment/examination division, classification payroll -- classification and pay and labor relations, and then a health and safety division.

Your administrative services department will
help oversee the employee services programs and 
benefits, manage/update employee records, coordinate 
development of personnel rules, and provide clerical 
support to all of the other divisions as well as the 
departments because there will be some people left in 
the departments.

There has to be kind of a liaison with the 
departments. We can't just have it completely 
centralized. It doesn't make sense and there needs to 
be some give and take. There are certain things that 
are required that departments have to do and keep track 
of that it's much more expeditious to have that done at 
the department level. But it's going to be much less 
than it's currently done then -- currently done now.

The recruitment and examination section, this 
will assist the departments with the recruitments so 
there won't be that time delay in filling the empty 
positions as well as selection of qualified candidates.

The other area would then be classification and 
labor relations. Just to let you know, we looked at 
multiple different formats. We looked at organizing by 
unions. We looked at organizing in a variety of 
different ways. And we eventually settled on this 
system to provide the services that were most needed and 
most lacking from the challenge that we saw from the
current system. So putting classification and labor
relations together, putting together the classification
and pay plans for the county positions and reviewing
those positions and making sure that they're consistent
from jurisdiction to jurisdiction, following the equal
pay for equal work theory, and trying to find what the
departments need and how to fill that and get that in a
timely manner.

That, of course, ties into a lot of the labor
relations which go to classification and wages and so
forth. That's typically their biggest area. So those
two seem like a natural fit together.

And we're going to be merging the last one,
which would be the health and safety division. This is
currently a mishmash of some trainer from public works,
people in risk management, people in my office, and the
ADA coordinator's office. This is going to be all put
together under health and safety division, which is kind
of a risk management employee relations type area.

So to try to address all of those areas and
then have a system where there's employees below these
division heads that will be able to carry them out
expeditiously across the county for all the departments.

So the new structure looks like this. You have
your director, you have your administrative division,
you have your recruitment, you have your labor and
classification, and you have your health and safety and
employee relations division. And that is how they're
going to branch out.

This was branched off separately as opposed to
being part of the whole downward line because this
department does assist with all of the other departments
and it seemed to make sense in the structure to put it
that way.

I apologize for the delay here. Usually Mr.
Isobe does this. He's done that about eight times, so
he's just got this thing on the tip of his tongue.

So that is essentially the new structure that
we've come up with. It now goes to 18 people as opposed
to the 8 or 9 that are in there currently. And by
enlarging these areas and bringing these people under
one roof, it's anticipated that there will be less
burden on the individual departments for a lot of the
administrative functions of personnel and human resource
issues that exist there now.

So the timeline to implement this program has
started quite a ways before, but now we're getting into
the implementation line which, of course, is predicated
upon the council allowing the budget shift so that can
be done. So in this month, which we're getting very
close to the end of, looking at a variety of space
requirements and seeing if there are any additional
budgetary needs that are based upon the space
requirements or some input that we've heard back from
the council.

The next milestone will be in May where we are
looking to finalize a list of vacant positions in DPS.
Recently we've gone out and recruited for that. We have
seen quite a few applications that have come in. Some
internal, some external. We have generally put out the
job recruitment notice. We've recruited within a range.
So we have a variety of people to fit in those various
positions that are there.

Next milestone looks to be in July. And May
will also be the final determination from the council on
the budget. Provided all goes well in July, we'll look
to actually start filling the positions and transition
the current employees from their departments into DPS
human resources.

Between July and October, we're looking to make
the transition from both physical as well as mental, if
you will, the shift over from the different departments.
Some employees in the departments would not be leaving
on July 1st. Some may be coming over in August or
September. It just depends on how the needs are. We
understand that when we make a change of this magnitude, that there are going to be some ongoing things that these people in departments have going with their departments. We're trying to minimize the loss to those departments. Some departments have given up people that have great institutional knowledge, and it would create a void for those departments.

I see Mr. Dill over there smiling..

And those are not done lightly. It was an important analysis to be done as to who could fill the positions that we have to help make the smoothest transition for the county. And unfortunately, to quote from Star Trek, sometimes the needs of the few are outweighed by the needs of the many.

And it was just the departments that had suffered losses of long-term employees, had collateral staff that could, in a sense, lighten the wound, if you will, for the loss of those important employees.

But on the other hand, we realized that because of a long-term employee being taken, that there is going to be some communication needs that have to be done and even after October. I don't doubt that certain departments will call people that left from their department and go, Hey, help what's going on here? I need this. And we're not going to frown upon that.
What's nice is that instead of that one employee going, Oh, gosh, I've got to go try and find somebody. They're now in that department to say, Hey, can you help me with this? Can you help with this? I need this. And it should get done quicker. That's what we're hoping for to happen. Consistency, speed, to make it a more user-friendly organization.

Under the current CPS model, they were very concerned of protecting all of the civil service rules to the point of merely being protectionists and not being helpful and protectionists at the same time. Departments come in and say, We'd like this? Instead of saying, What is it that you need to have filled? Let's try and work together to get this.

It was a constant no with no explanation as to why and what we could do to fix it lots of times. And I think that created a lot of problems within the county of trying to get positions filled, which is why we had many open positions as well as a lack of communication and cooperation. And hopefully under the system that we've worked on, that well no longer be a problem.

MR. CRADDICK: When you say hopefully, what if that hope doesn't pan out?

MR. GUYOT: Well, first off, as blunt as this sounds, it can't get any worse.
MR. CRADDICK: No, it could get a lot worse if the people that are doing the work now are taken away. It could get a lot worse.

MR. GUYOT: They're only moved. They're only moved. They're still there. You can reach them.

MR. CRADDICK: Yeah, but if they've got other job assignments and stuff, they're certainly not reporting to you anymore. I mean, I could see it really going into a big mess.

And the real problem that I have is how do you get rid of the inherent conflict of H.R.S. where the director of civil service is there for that purpose that you just said, you know, they're there to make sure that everybody that's getting the same pay is doing the same -- has the same level of responsibility. And then in the same group, somehow having somebody else advising, Oh, you know, here's what you need to do.

And a lot of these things are more -- I would say, pay related, because you can't get people to fill the positions that you're in. So you're fooling around trying to justify higher pay in order to get the positions filled versus -- and maybe it really is, you know, the responsibility thing. But if you can't fill positions, if people won't apply for them, I mean, I don't see anything going on there to resolve that.
MR. GUYOT: That's going to come more from a cultural change within the organization. And in our discussions amongst the transition team, it has been to look at human resources as a service industry to the county.

MR. CRADDICK: But how do they tie that in with the H.R.S. where it's --

MR. GUYOT: It can be done.

MR. CRADDICK: It's set up in H.R.S. --

MR. GUYOT: You can recruit above pay grade if you're having difficulties. You can make the classification fit the job, and you need to work with that. I'm sorry. Make the classification appropriate to what the job is. That's what you need to do, is you need to match them up so you meet your equal pay requirements.

On the other hand, if you are having difficulty in filling positions, you can -- outside of range. So you can recruit out above grade if you're having difficulties in certain areas. These are options that need to be explored to get you to the needs of the departments.

And that will be much easier done when you have a larger department that is able to address those things on a quicker basis. Right now, you have seven people
down there.

MR. CRADDICK: Yeah, yeah, yeah, you don't have to explain that part of it.

MR. GUYOT: Yeah. So they're not able to address those things.

MR. CRADDICK: Yeah.

MR. GUYOT: And I don't think that the culture has been, we're here to serve the county. The county is our client.

There are essentially three departments that drive the engine of the county internally; purchasing, procurement -- I'm sorry. Purchasing and procurement are the same thing, finance, and human resources.

I think a lot of you have seen over the last year or so, year and a half, that there's been big strides in purchasing. They're much more helpful. Finance is trying. But the human resource transition team wanted human resources to be on that same level to provide services to our clients in a much more friendly manner and to be helpful as to, This is where you need to go. Let us give you some options how to get there. As opposed to, Oh, you just want to go this way. No. And not tell you that there's other options. And that's what I think that you'll see -- what we're hoping that you'll see in the near transition.
It's a new program, and there will be some bumps. In every new program there's a bump. People at Apple weren't successful at first on their iPhone. They always had problems. Even the Apple 4 had problems. They had to come up with the 4S. But you adapt with those. We have enough people, we have a budget, and I think they have the right vision to be able to make those changes to reach the final goal.

MS. RAPOZO: And just to add to what Marc is saying, ultimately the Civil Service Commission is the appointing authority and board that is overseeing this. And so --

MR. CRADDICK: Yeah, but there's -- yeah, but see, there's the problem. Now you have the department going, I presume, they're going to go because they're the ones supposedly helping you. They're going to go around their manager to go to the civil service board. How is that going to work?

MR. GUJOT: I'm not sure what --

MR. CRADDICK: The manager says, No, you can't have this because it's not equal pay. And so what, somebody else in that same department is going to go around that manager to the civil service board?

MS. RAPOZO: They have that right to appeal any classification decision.
MR. CRADDICK: Yeah, I know, but now you're taking the people away from us that do that work, and now they're going to -- they're forming this HR department, where now, you know, the manager says, Oh, can't have this because of something. So that same group is going to go around him to the board and say, Oh -- I mean, it happens in the other departments too. It happens here too, but not in a formal session. It's kind of behind scenes a little bit.

MR. GUYOT: I think there's another side to that coin, is that you with the departments that have had people that are now put into the DPS HR, and in a sense you'll have allies. So you will have a balance in there.

MR. CRADDICK: You understand what I'm saying, huh?

MR. GUYOT: To a certain degree.

MR. CRADDICK: Okay, okay. Here, let me make it more clear --

MR. NISHIMURA: Mr. Chair, Mr. Chair, may I?

MR. KANESHIRO: Yeah, go ahead.

MR. NISHIMURA: Before this debate goes further, one, I'd like to allow them to finish their presentation, and then come back and --
MR. KANESHIRO: Yeah, because we're not here to make any decisions at this point.

MR. NISHIMURA: Right.

MR. KANESHIRO: We're here to --

MR. NISHIMURA: We're trying to find out what all the process is about. You know, the impact -- potential impacts to the department, potential impacts to our budget, those kinds of things.

MR. KANESHIRO: And I agree --

MR. NISHIMURA: So if we can allow them to continue --

MR. KANESHIRO: I agree with my committee member. So we will continue with the presentation. Many of our committee members haven't seen this before. I'm not certain if our manager was privileged to see this presentation or was involved in this presentation at all. But, as I stated, many of the members have not had the opportunity to even be presented this presentation.

So with that, Mr. Guyot, go ahead and continue your presentation.

MR. GUYOT: Thank you. I just have a couple closing remarks here which may hopefully ease some fears that are inherent in a project like this.

In order for this effort to be successful in
any major effort, there needs to be cooperation and
support at all levels of the organization. As we said,
this has come from the mayor, council, Cost Control
Commission, Civil Service Commission, as well as some
departments have indicated this is something they want.
The county is a service organization. We don't
make a product. 80 percent of its operating budget is
personnel and related costs. It's important, we owe it
to our employees, to have a full-service HR department
for them and for the organization.

Therefore, the benefits that we derive from
moving to the full-service HR structure will have an
impact on the county and its overall performance and its
overall success.

And we think, like I mentioned earlier, that we
built in enough room to adjust to some of the bumps that
may come up into the road.

And we know that it's not -- until we actually
go through it, there are things that we don't know that
we don't know yet. And again, I think we made
accommodations for it.

That concludes our presentations. And you can
start with some of those questions that you have.

MR. KANESHIRO: Okay. Committee members.

-- I mean, board members. I'm still in committee.
MR. GUYOT: Old habits are hard to break.

MR. KANESHIRO: Okay. Board members, we're all a committee anyway, board or not.

MR. NISHIMURA: I've got about five questions.

MR. KANESHIRO: Okay.

MR. NISHIMURA: Technical training will stay within the departments, is that correct?

MR. GUYOT: Yes.

MR. NISHIMURA: So what you're looking for in terms of training is more systemwide training that is not dependent on which department you're working for?

MR. GUYOT: Not department specific. Yeah.

MR. NISHIMURA: In terms of your timeline, I noticed that between April and May you're reviewing all your requirements and all that. One of the things when I look at your organizational chart, it's about almost triple. And have all of those positions already been recharacterized or reclassified or whatever?

MR. GUYOT: Yes.

MR. NISHIMURA: Oh, they have been. Okay.

MR. GUYOT: That was one of the jobs that Karen helped us with. That was her specialty in DPS before she retired.

MR. NISHIMURA: And I guess that leads me
to the third question is and concern that the manager
had is that, okay, you've got 18 positions we've
reclassified, reorganized in I don't know how long. The
department has been pushing to try and get their
reorganization which involved, I believe, less than a
dozen people. And it's been three years.

And those are the kinds of concerns that the
department has. And I think they're fair concerns.
That being said, you know, that, I think some of the
things you presented make a lot of sense because they go
above and beyond what one individual can, you know,
currently what we have one individual doing in the
department.

And lastly, you mentioned some kind of liaison
between the department and HR.

MR. GUYOT: Yes.

MR. NISHIMURA: How many departments
currently have that if they do not have a personnel
officer?

MR. GUYOT: All departments have some
personnel functions within them, just inherent. Water
has one, public works has two and a half, three. Police
and fire have multiple people that do it. Larry's
giving me two fingers there. I believe that's two.

Public works has three. No, two. I'm sorry. Parks has
essentially two.

MS. RAPOZO: I think the differences of the departments is the level that the position holds. We have secretaries doing it. We have accountants doing it versus the larger departments have like the personnel officer or things like that. But everyone has someone to some extent.

MR. GUYOT: For example, in the county attorney's office, our office administer has some personnel functions. And because of the small degree of the functions she has she, of course, will be staying at the county attorney's office. But there should be a bit less for her to do.

MR. NISHIMURA: Okay. And I guess the last question is, what's it going to cost the water department?

MS. RAPOZO: Right now we have looked at the particular position number, and we're not looking at putting anything specifically in the budget. David, you might need to help me with this as far as charging it to the re-allocation -- the allocation of services.

MR. NISHIMURA: Is that the fire hydrant charges?

MR. CRADDICK: Yeah. Well, yeah. This isn't the time or place to go through that for sure,
'cause something happened here this last year that I didn't know. That went from 900,000 to 1.5 million now that is being charged to the county. So now the county is going to have to justify what they're doing with that 1.5 million. And it's far, far beyond anything that I see of any service that we get from the county.

MR. NISHIMURA: But that's the --

MS. RAPOZO: But that's the method that we use, yes.

MR. NISHIMURA: The mechanism.

MR. KANESHIRO: The methods.

MR. NISHIMURA: Okay.

MS. RAPOZO: Yes.

MR. NISHIMURA: So you're not looking at any additional financial burden from the department at this time?

MS. RAPOZO: No.

MR. NISHIMURA: Okay. That's it. Thank you.

MR. DILL: Mr. Chair.

MR. KANESHIRO: Go ahead, Mr. Dill.

MR. DILL: When these services get centralized in the new department of human resources over there, what kind of things, what services will the department still be expected to take care of on its own
as far as anything HR personnel related is concerned?

MR. GUYOT: Depending on the particular
union or unions that are attached to your department.
There's a requirement in the CBA that grievances are
handled through the departments. You're going to want
to do some time/attendance type information, some
payroll information that's going to come through. You
will have a departmental file on the employees. You're
going to need to have information in case of an injury.
You need to look at disciplinary things when you are
reviewing disciplinary actions. You may be looking at a
knowledge, training, and experience base to see your
people who could maybe move somewhere. A large majority
of the files will be kept at personnel. So there will
be a centralized repository for it.

UNIDENTIFIED SPEAKER: Other type of
functions?

MR. GUYOT: I mean, for example, a new
employee comes in. They, of course, have to get
orientated to your department. Shortly thereafter,
they'll be sent to DPS HR for their initial onboarding,
list of benefits, this is what you're going to need to
put on. And then DPS HR will be monitoring what program
that they've chosen, which medical, life insurance,
those types of things that will be given to them.
They'll also go through -- give a copy of the county policies to them. So everybody will start off essentially with the same types of things.

MR. DILL: Okay. So -- and I'm not familiar with the details of what's currently over here as far as the personnel setup is concerned, but so I assume many of those things are being handled by the department right now.

MR. CRADDICK: Pretty much. Like I say, we don't handle this -- try to slow it down.

MR. DILL: And from a public works perspective, as I've mentioned before, a concern I have at public works and I don't know how it applies at the Department of Water or not, is our existing personnel officer plays a significant role in the addressing of step one grievances with the union, and we would lose that. We would have to be addressing that ourselves, as I understand, the public works gets support from the new HR department. But it's just a concern that I have that we would lose a lot of industrial knowledge. And I'm wondering if that same issue is -- will or will exist in the Department of Water.

MR. GUYOT: I would image that in your particular case for your department that it would be rather silly to not allow that person to be your liaison
to work back with you on that. They have a lot of
knowledge, and I think that could be.

I'm not the department head of DPS, but I would
think that under the new culture that's being promoted
at the time, that that type of cooperation is what would
be needed for everyone to be successful. And it would
be crazy not to. And to use your employees' knowledge
for the other departments, that's where I think we start
to grow.

MS. RAPOZO: And just for clarification,
Larry, no particular person from water is being moved to
personnel. So, yeah, it's a little different in public
works.

MR. DILL: All right.

MR. NISHIMURA: Follow up to Larry's
questions. Why aren't the grievances being folded into
personnel services? If a grievance is supposed to be
handled where it's supposed to be fairly administered,
the last thing you would want is to have the grieving
party -- or the person who's being grieved against
handle that function.

MR. CRADDICK: I think when the discipline
comes out, we will be talking with them to make sure
it's even across everybody.

MR. NISHIMURA: Even the fact finding
portion.

MR. CRADDICK: Well, I don't know. The investigation and stuff like that, that's --

MR. GUJOT: Part of it's required in the CBA that it is done by the department. Now --

MS. RAPozo: Yeah, because the next level basically goes to the director.

MR. GUJOT: Yeah. So we're kind of hamstrung by what the CBA says how the grievance procedure goes. What the DPS HR will provide to the departments is once a grievance comes in, we can look at it with them and give them recommendations so there's a consistent response from the county.

Right now you'll get a grievance coming into public works where they say, Oh, water does it differently. And the grievance comes into water and they say, Oh, parks does it differently. This way we will conquer that problem by having a consistent model of, callbacks are done like this, PA is done like this, overtime is giving in this way that's consistent with the CBA. Some of the CBAs are not really clear. But at least if the county has a consistent approach to it, it's more understandable for everyone.

MR. CRADDICK: Can I draw my picture here now?
MR. GUYOT: He's ready for his example.

MR. CRADDICK: And I don't need an answer to this. It's just more a rhetorical question. You've got a board, you've got a manager, you've got some offshoot group here that does something, and then you've got the main work going on. And I'm presuming this main work will be -- this will be the one that's really working with the departments down here.

Okay. And let's say they come up with some plan, reorganization plan that somehow the manager doesn't agree with. Says, Oh, no, you can't classify them at this. And then the department wants to fight it. That's us. Now, is this group that prepared all this work now going to go around all of this and fight the civil service board? Or are we going to be -- not have any of this help anymore and they just say, Oop, didn't get approved. You're out on your own, and you've got to go fight it against the civil service board if you want to?

MR. GUYOT: Well --

MR. CRADDICK: And I don't want an answer. I really don't want an answer.

MR. KANESHIRO: It's an example.

MR. CRADDICK: I just see it as an inherent conflict of interest because this position is the way it
is because of H.R.S. And this needs to almost be a separate department so if they do need to fight against this, they can without looking like they're going around their manager.

MR. GUYOT: Okay. Without giving an answer, good point. We'll do the best we can on that. You know where the office is. We can come by and talk about this if you want.

MR. CRADICK: Well, every time I think -- I've brought the same issue up every time, and I just -- I notice no answer ever comes to it, so...

MR. GUYOT: Well, you just told me not to give you one.

MR. CRADICK: Well, well, right here in this setting.

MR. NISHIMURA: Oh, boy, you two guys.

MR. GUYOT: Well, like I said, you come by the round building, we can talk about this.

MR. KANESHIRO: And maybe you can have that discussion.

MR. CRADICK: Okay.

MR. GUYOT: With Janine and I. Our offices are close.

MR. CRADICK: Okay, okay.

MR. NISHIMURA: Mr. Chair, can we get this
-- your PowerPoint sent to the board?

MS. RAPOZO: Yeah, sure.

MR. CRADDICK: We actually already have it there. Gregg --

MR. KANESHIRO: Gregg, thank you.

MR. CRADDICK: And we'll make it part of the CD.

MR. GUYOT: The tech master or mistress could make a copy -- print that off for them. We have no problem with that.

MR. CRADDICK: You want it on the CD, right?

MR. KANESHIRO: Board members any further questions or any other discussions on this matter? If not, thank you very much for the presentation.

MR. GUYOT: Our pleasure. Always nice to come down and visit you folks.

MR. KANESHIRO: Thank you. Okay. Members --

MR. NISHIMURA: Thank you. Mr. Chair, move to --

MR. KANESHIRO: Receive.

MR. NISHIMURA: -- receive Manager's Report 12-64, county human resources reorganization.
MR. KANESHIRO: Do I have a second on that?

MR. MCCORMICK: Second.

MR. KANESHIRO: Moved and seconded. Any further discussion on this matter? We're receiving Manager's Report No. 12-64.

If not, all those in favor.

Any opposed?

Hearing none, motion carried.

We'll continue on with the old business and at this time take up Manager's Report No. 12-54, debt service reserve fund policy. Mr. Craddock. We're okay.

I'm watching the time.

MR. CRADDICK: Okay.

MR. DILL: Unless you want --

MR. CRADDICK: The committee recommended approving it. So I don't know if I need to talk anymore.

MR. KANESHIRO: Okay. We might have more questions.

MR. CRADDICK: You might. If you do, I'll try my best to answer them.

MR. NISHIMURA: Mr. Chair.

MR. KANESHIRO: Yes, sir.

MR. NISHIMURA: Move to defer action on it Manager's Report 12-54, the debt service reserve fund.
policy.

MR. DAHLSTEDT: Second the motion.

MR. KANESHIRO: Okay. There's a motion on the floor to defer action on this in the board meeting. Before I call for the vote, any discussion on the matter?

Hearing none, motion for deferral, all those in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

Manager's Report No. 12-63, rewards program.

Any addition to this, Mr. Craddick?

MR. CRADDICK: There's actually nothing from the county attorney's office, but subsequent to the last meeting, we did find something in H.R.S. that specifically allows cash -- or, you have something there, Andrea?

MR. KANESHIRO: Do I have a copy or is something to be passed out to the members?

MS. SUZUKI: I just made a copy of H.R.S.

MR. KANESHIRO: Okay.

MR. CRADDICK: Thank you. And it says in here that, Programs may provide for cash award to recognize suggestion, invention, superior accomplishments, length of service, and other personnel
or group efforts. A cash award shall be in addition to
the employee's regular compensation. The acceptance of
a cash award shall constitute an agreement that used by
the government of any idea, method, or device which the
award is made shall not form the basis of a further
claim upon the government by the employees or their
heirs and assigns.

So it allows for cash awards. The state law
already allows for it. So maybe we don't even need an
opinion from the attorney if this is what it says. You
know, it says what we can do already. So as long as
we're in compliance with this, it shouldn't be an issue.

MR. KANESHIRO: Questions by board members?

MR. NISHIMURA: Question for the county
attorney. Who's the chief executive?

MS. SUZUKI: For the water department?

Beats me. I think it would be him (pointing).

MR. NISHIMURA: Okay. So does the first
paragraph mean that a policy would have to be generated?
Last sentence.

MS. SUZUKI: Yeah, I thought that there was
an instance to this. David, do you have a policy set up
for what you propose?

MR. CRADDICK: Well, I think that's what we
were trying to get the board to approve was what -- the
program. So...

MR. NISHIMURA: So you're going to draft a

policy for review?

MR. CRAWDICK: We can make it into a

policy. But I would just say, you know, just on this

particular item, just we recommend moving forward by

submitting a policy. And then this item number can drop

off and it will have a separate number when it comes

back to you for the -- whatever policy is written up.

MR. NISHIMURA: So you want the money

before the policy?

MR. CRAWDICK: It...

MS. SIZUKI: Is there a policy for your

Water Bucks program?

MR. CRAWDICK: No, there wasn't. I mean,

other than internally. I don't think it included the

board that I'm aware of.

MR. DAHILIG: Mr. Chair, I'd like to move

that we defer the item until such time as we receive a

draft policy from the water manager concerning the

implementation of this appropriation pursuant to H.R.S.

78-29, and that such policy shall be reviewed by the

county attorney before presentation before the whole

board for adoption.

MR. MCCORMICK: Second.
MR. KANESHIRO: Okay. We have a motion and a second on that. With that, I'm asking for deferral of this rewards program until we have that policy established and reviewed by the county attorney.

Given that, all those in favor signify by saying aye.

Any opposed?

Hearing none, program is deferred at this point.

Manager's Report No. 12-69. Mr. Craddick.

MR. CRADDICK: Okay. Let's see here. On this item here, the board approved one and two and didn't approve three. And we have in our budget this year a similar number to do this three. And so what I would say is we just drop this -- eliminate this three out of here. We're not going to do it. We'll just do what the board previously approved and leave it with this year's budget.

And they're working to try and get a better proposal here on what's going on. And it may be that we can get it funded. Well, if we do the, what do you call that? The one where somebody comes in, does the program for you, and then if you go forward with the program, they get a percentage of the savings, and it doesn't really cost us anything to do the study. So we're
working right now with the county to try and come up with a program like that.

MR. DAHILIG: Mr. Chair, I'd like to make a motion to receive the remainder of the communication.

MR. KANESHIRO: So at this point the motion on the floor and then that request would be to drop section three.

MR. CRADDICK: Yes.

MR. KANESHIRO: Of that portion of it, and you would still continue on with one and two?

MR. CRADDICK: Yes.

MR. KANESHIRO: So that's for clarification.

MR. DAHILIG: That's my intent, Mr. Chair.

MR. KANESHIRO: For one and two.

MR. NISHIMURA: Point of order.

MR. KANESHIRO: Yes.

MR. NISHIMURA: I know we already approved one and two.

MR. KANESHIRO: One and two.

MR. NISHIMURA: So is the motion to receive item three?

MR. KANESHIRO: Would be the motion to receive item three at this point?

MR. DAHILIG: Yeah.
MR. KANESHIRO: Okay. With that, the motion is on the floor to receive item three of 12-69, Manager's Report number. Do I have a second on that? Do we have a second on that?

MR. MCCORMICK: Second.

MR. KANESHIRO: We have a second also. All those -- any further discussion?

All those in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

Manager's Report No. 12-70, Mr. Craddick, non-potable water systems.

MR. CRADDICK: Okay. On this item here, I understand that some fairly amount of information was given aside from the manager's report, and the board wanted to have that additional information. And that is what is attached on the back of that Manager's Report 12-70 there, the additional material that was given at that meeting.

MR. KANESHIRO: Board members, any questions for Mr. Craddick? None?

MR. NISHIMURA: I have a couple questions on the planning and management elements. For item one, I think if you could expand a concern. You know, you don't address the undue burden and uncertainty. I think
you should include that further in your discussion.

MR. CRADDICK: You're -- let's see.

MR. NISHIMURA: Mechanism to prevent, water systems need to be in place to prevent undue burden and uncertainty to our customers.

MR. CRADDICK: Which number is that under?

MR. NISHIMURA: Number one under some of the planning and proposed management elements.

MR. CRADDICK: Okay.

MR. NISHIMURA: And don't go into verbal. I want it addressed in writing.

MR. CRADDICK: Well, I -- this drifted off the -- what we're even reporting on on this 12-70. So I think the board was asking about non-potable water systems in general.

MR. NISHIMURA: Yes, this is in general.

MR. KANESHIRO: We have general.

MR. CRADDICK: Yeah, but this is a specific case where we're dealing with where somebody wants to do a private system but they don't want to turn it over to us. This is not an issue for ones that are turned over to us for operation.

MR. NISHIMURA: Well, then it should be specified in that paragraph.

MR. CRADDICK: Okay.
MR. NISHIMURA: Okay.

MR. CRADDICK: Okay.

MR. NISHIMURA: Item three, kind of sort of need -- would like to know the nexus to the potable water system. It's inferred in there, but you don't complete the thought, I think. And same thing for number four.

MR. CRADDICK: On number four, I'm not sure what you're talking about there. There's no unanswered question there.

MR. NISHIMURA: Well, okay, the availability, quantity and quality of the non-potable water, as it relates to what? As it relates to the potable water system or as it just relates to their particular needs?

MR. CRADDICK: Well --

MR. NISHIMURA: Because I think the disconnect I may be having is that when I look at only a non-potable system, I only look at it simply as a non-potable system. I do not interconnect it with the potable water system. And I understand that there is a concern within the department that they need to be tied together.

MR. CRADDICK: And I'm telling you, if it is operated by the water department, the answer to that
MR. NISHIMURA: Well, you need to make that clear is that in this report if it is water -- done by the water department, then, you know, why is it so; and if it's done somebody else, why is it not so.

MR. CRADDICK: Well, I think that is covered in the report itself, in the one, two, three, fourth paragraph of the actual letter itself. Because when it's not so, it becomes -- it would become a burden on our ratepayers to solve the problems. And they'd been receiving no income from that, so why would they want to solve that problem? If you're operating both systems, you kind of have an obligation to solve the problem if you took it on in the first place.

MR. NISHIMURA: That's the kind of thing I want to see in the report.

MR. CRADDICK: But you don't --

MR. NISHIMURA: I don't see it in there. That's the thing.

MR. CRADDICK: Okay. Okay.

MR. NISHIMURA: And then number eight, again, you know, I think those things if it's not under our purview, it's no big deal. If it's tied to us, you know, or it impacts on us, then it should be pointed out.
MR. CRADDICK: Try that again.

MR. NISHIMURA: Item eight.

MR. CRADDICK: Yeah, yeah, yeah. But what's the question there?

MR. NISHIMURA: If we're not operating it, why is it a concern to us? It should be explained in there. I kind of have an idea of where you're going with it. But if you take the report and you give it to somebody who has never looked at something like this --

MR. CRADDICK: Yeah.

MR. NISHIMURA: -- like a board member that may replacement, I would like him or her to be able to read through it and understand on the first reading why we're having a possible disconnect between the department and developers that may want to do a private non-potable system.

With that, Mr. Chair, I'd like to receive and refer back to department for refinement.

MR. DAHILIG: Second the motion.

MR. KANESHIRO: Okay. I have a motion on the floor. Any further discussion on that motion?

If not, all in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

Before we go into new business, we'll take a
10-minute recess at this time.

(A break was had.)

MR. KANESHIRO: Regular meeting of the
Board of Water Supply is now called back to order.
Under new business, what I would like to do is take up
Manager's Report No. 12-75, first of all, since we have
in here from Honolulu --

UNIDENTIFIED SPEAKER: He's not here.

MR. KANESHIRO: Take that off, and we'll
move on with some of the other items, and I believe we
have some for deferral also. So at this time, Mr.
Craddick, Manager's Report No. 12-75.

MR. CRADDICK: With us today we have Dan
Chang with the State Department of Health, and then Joy,
who is filling in for Faith's absence. And I'll let
them give the report. Well, Joy, filling in in Faith's
absence is what I said.

MS. SUZUKI: Yeah, we heard.

MR. CRADDICK: What? More than an absence,
huh? Well, you never know.

MR. KANESHIRO: She'll be doing the
presentation.

MR. CRADDICK: You never know how long that
absence will be. Anyways, Dan, Joy.

MR. KANESHIRO: Okay. Go ahead with that.
Go ahead, Dan and Joy.

MR. CHANG: I think Faith was the Project WET coordinator for the State of Hawaii, I guess, under the Kauai Department of Water. And so we discussed the possibility of funding further activities under the Project WET to include the areas of educational, ground water, source water protection, and that type of activities. So we are proposing to give the Kauai Department of Water a grant in the range of $200,000 to further develop the statewide Project WET program. And I think part of it includes Kauai Make a Splash, the annual Make a Splash event.

So activities that they included were to try and get a coordinator to work with the Department of Education to get these activities standardized so that it would meet Department of Education requirements and standards, and then also to try and fund the actual education of teachers and do educational events throughout the state under the Project WET type program. So that's about it.

MR. KANESHIRO: Okay.

MR. CRADDICK: Joy, anything?

MS. BUCCAT: So this grant would be a temporary thing for like three years. It would be spread out for three years. And because Kauai has been
the strongest -- or strongest supporter or doer of
Project WET or water education through Project WET
curriculum, I guess the state felt that we would be the
best ones to implement this statewide. And so,
therefore, we would need the fund to bring someone on
board to actually really focus on that part.

    MR. CRADDICK: When you say, On board, do
you mean like a contract?

    MS. BUCCAT: Contract, yeah. Contract
out.

    MR. CRADDICK: Not a civil service
position?

    MS. BUCCAT: Not a civil service position.
Contracted out for three years.

    MR. NISHIMURA: Quick question. On the
budget line item 36, Project WET is listed at 20,000 and
the public education 10, so that's 30,000. Was that --
did that include that contract position as well?

    MS. BUCCAT: In the current budget now?

    MR. NISHIMURA: Yeah, what's being proposed
to us currently. The total budget for the PR budget is
86.5, which would include other things --

    MS. BUCCAT: It didn't include a
coordinator.

    MR. NISHIMURA: It did not?
MS. BUCCAT: It did not.

MR. NISHIMURA: Okay.

MR. CRADDICK: But I believe the grant is in the back, isn't it? Is it in the back?

MR. NISHIMURA: No.

MR. CRADDICK: Tess?

MR. NISHIMURA: I don't see it. I did not see it as --

MS. BUCCAT: It would be separate.

MR. CRADDICK: It may not have been because we didn't -- this obviously wasn't approved, you know, when we first submitted the budget.

MS. YANO: It hasn't been approved yet.

MR. CRADDICK: So I'm looking at Tess, and I don't believe it's in there. So if the board approves this, then we'll amend the budget to add this in.

MR. NISHIMURA: Okay. And this is a three-year period?

MS. BUCCAT: Three years.

MR. NISHIMURA: Okay. Mr. Chair.

MR. KANESHIRO: Yes sir.

MR. NISHIMURA: Move to approve Manager's Report No. 12-75 to receive and expend funds from the state Department of Health, Safe Water Drinking Branch, to development and initiate implementation of a
statewide source water protection education program and that the monies for that be limited to that purpose.

MR. KANESHIRO: So noted. Do I have a second on that motion?

MR. MCCORMICK: Second.

MR. KANESHIRO: Any further discussion?

MR. DILL: Yes, Mr. Chair.

MR. KANESHIRO: Mr. Dill.

MR. DILL: So this is a statewide position based out of Kauai?

MR. CHANG: Yeah.

MR. CRADDICK: It might not be based out of Kauai.

MR. CHANG: It would be operated through this contract with the Kauai Department of Water, but it's up to --

MS. BUCCAT: So we would oversee the contract, right?

MR. CHANG: Yeah, yeah. So if the ideal person would be benefit to be in Oahu to work with the Department of Education, then that's possible. It's not limited to where the person is going to be.

MR. DILL: Okay. I think it's a great program. You know, I participate in it every year, so I fully support it. But if it's a statewide effort, most
of these Project WET events, educational materials and
supplies, curriculum activity guides by default will be
on Oahu. Do you concur with that? Just because that's
where all the children are, the majority of the
children.

MR. CHANG: You know, I think part of it is
because, like Joy said, Kauai has been part of this
Project WET, that it will -- the push will be to get
things accomplished here and then presented as part of,
you know, try to get the other water departments, county
water departments to also participate in activities to
try and get it statewide for the reports.

MR. DILL: Okay.

MR. KANESHIRO: Anything else to add to
this? Any other questions?

MR. DILL: I just find it interesting. And
I'm glad that Kauai has shown the most leadership in
spearheading the program. I just find it interesting
that we would be the entity with the smallest
population, but the funds would be used in an effort at
least on Kauai just by the virtue of our small
population.

MR. CHANG: That's up to you. I'm not
going to tell you what happens with the money. If it's
-- you know, if it's focused on Kauai, and if it's
presented to the other counties, that's fine. But, you
know, it's --

MR. KANESHIRO: Mr. Craddick.

MR. CRADDICK: Maybe -- I definitely had
the same concern that you did, Larry. You know, why is
Kauai, little Kauai, doing this statewide program?

And I think Joy explained it very well, in that
we have the most experience in doing it. I don't think
the state would even be talking to us if we didn't have
the experience that we had. And I just think -- I'm
guessing that they think that if it's going to be
successful, it's going to be with us being able to
export our efforts. And if we have this extra money,
we'll be able to export our effort more.

But trying to work with the state and their
curriculum, I mean, there's probably no question that it
would be helpful having a person in Honolulu be the one
to do it. And I don't really see -- I think if we can
get this into the curriculum, it's either going to be
funded by the individual water departments or by the
state through the Department of Education. I mean, if
we can get it into the curriculum in three years, we
will, I think, have done a great service to the state.

MR. DILL: I agree. No doubt. I just -- I
guess I find it interesting, I guess, that we're chosen
because we've done an excellent job at it, I guess.

MR. CRAWDICK: Yeah.

MS. BUCCAT: Well, we're the only ones, I think, statewide right now that is doing anything like a Make a Splash. It's not on Maui or Oahu in this capacity that we see here on Kauai. And we're like in our ninth year, so it's like a well-running machine. Well, this will be our ninth year.

MR. DILL: Okay. Yeah, and Faith did an excellent job.

MS. BUCCAT: Yes, she did. And even before -- I think it started before even Faith. So it's just proof that it's a good program to continue.

MR. DILL: And again, I fully support the program. So that $200,000 would go towards these contracted services?

MS. BUCCAT: Part of --

MR. CHANG: Contracted services, material and supplies, training --

MS. BUCCAT: Travel.

MR. CHANG: Travel.

MS. BUCCAT: Workshops.

MR. CHANG: Conducting workshops. Actually finding for the Make a Splash events or --

MR. DILL: Okay. So but then the project
manager at the Department of Water side here on Kauai
would have to manage that contract, so that's additional
burden on that person then?

MS. BUCCAT: Yeah.

MR. DILL: So in addition to doing the Make
a Splash festival on Kauai, this position supports that?

MS. BUCCAT: Correct. Yeah, that's the
thought behind it, that this person who we're
contracting out will handle most of what is needed to be
done.

MR. DILL: Okay.

MS. BUCCAT: From what we've done every
year.

MR. DILL: Okay. All right.

MR. KANESHIRO: Okay. Any further
questions or discussions?

If not, the motion is already on the floor.
All those in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

At this time Manager's Report No. 12-71, I
believe we wanted to have a motion to defer on that.

MR. DAHILIG: So moved, Mr. Chair.

MR. KANESHIRO: Do we have a second on that
motion? Board Policy No. 22 concerning change order
threshold update. Do I have a second on that to defer?

MR. NISHIMURA: Second.

MR. KANESHIRO: Okay. Any discussion on it? Okay. Before I called for the motion --

MR. DILL: Excuse me, Mr. Chair.

MR. KANESHIRO: If I call for the motion, wouldn't it be better to put this into committee or just leave it on the board's agenda?

MR. NISHIMURA: You can leave it on the board agenda, I think.

MR. KANESHIRO: Huh?

MR. NISHIMURA: I think --

MR. DAHLIG: I think it's fine right here.

MR. NISHIMURA: Yeah.

MR. KANESHIRO: Okay.

MR. NISHIMURA: I think it's the threshold amount that -- you know, as far as the policy itself it's --

MR. KANESHIRO: That's too much of a policy discussion, so I guess it's an issue. Okay. With that, the motion is to defer.

All in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

Manager's Report No. 12-73 and also Manager's
Report 12-74.

MR. NISHIMURA: Point of order, Mr. Chair.

MR. KANESHIRO: And 12-72. I was going to come to that.

MR. NISHIMURA: Right now we have this board policy 22 that was previously approved, correct?

MR. CRADDICK: Yes. That's what we're following now.

MR. NISHIMURA: Okay. For now. So it does not preclude the department from doing change orders on 10 percent of whatever it was and the lesser amount of 25,000. So that allows the small change orders to continue?

MR. CRADDICK: No, no, no. Even small change orders cannot go through right now. That's the change that's being made to allow the small change orders to go through.

MR. NISHIMURA: Let's see. The way the policy currently reads, 10 percent of the total contract or --

MR. CRADDICK: No, no. It's five percent.

Item E, 2E is five percent.

MR. NISHIMURA: I see 10 percent over here.

MR. CRADDICK: You're reading the policy, signed policy, June 12th, 2002?
MR. NISHIMURA: I have the proposed one. Where is the old one?

MR. CRADDICK: You're looking at it right here. You're looking at it right there. 2E is what's there now. And these things come to you when we run out of that five percent.

MR. NISHIMURA: I thought at the last meeting, and that's why I didn't want to approve the minutes for the last meeting was I thought that that had been approved already as far as moving it to a bigger threshold, but we did not -- you know, 25,000.

MR. MOISES: No. I think at the last meeting Mike brought up that because the -- once you run out of the five percent, proposing something to increase the threshold, which is zero right now basically, so that we wouldn't have to come to like -- if you look at Report 12-72, we're coming to you guys for like three grand, you know, to have some kind of policy that would allow us to eliminate that type of report.

So there's nothing right now in this policy that would be that mechanism. What are the funds that it comes from -- to the fund that it comes from, what the percentage is? And that $25,000 would actually take care of that.

MR. DAHILIG: We'll discuss it more.
MR. NISHIMURA: Okay.

MR. KANESHIRO: Okay.

MR. NISHIMURA: But it was for the 5 and 25 or 5 -- or 10 and 25.

MR. MOISES: 10 and 25. But I looked at most of our current construction projects, some design ones and even some in the past. And if you take the -- it's really an additional 5 percent to the 5. But, you know, if you look at that 10 percent, the 25 grand would basically govern almost every contract. But you need to differentiate -- say, a typical well project, you might have a $100,000 pump replacement, but you could only use 10 percent of that. You know, that's 10 grand. It's really to, I guess, limit abuse of the policy.

MR. CRADDICK: Yeah. Rather than taking whichever is higher, it's whichever is lower to prevent -- because Dustin kind of did a spreadsheet of all of our change orders and we saw how we could handle a majority of them.

MR. NISHIMURA: Okay. I misunderstood. Because when I look at the existing board policy and the proposed board policies, the redaction is way different. I thought it was going from the -- to just adding the 'or,' but we're actually increasing it to 10 percent from the 5 percent?
MR. MOISES: No.

MR. CRADDICK: No, no. I'm not sure how that 'or' got underlined separate, but the underline has nothing to do with how it's changed from the existing. I'm not sure why that 'or' is underlined.

MR. NISHIMURA: Well, that is where it gets confusing.

MR. MOISES: I think the 'or' got underlined because when I revised your report, I wanted to emphasize it's not 'and,' it's 'or.' So that the 25,000 could govern as the lowest. So I think someone just dropped it in.

MR. NISHIMURA: Okay. So actually that new section 2E --

MR. CRADDICK: Is replacing the old section E.

MR. NISHIMURA: No, it's added on. It's a whole new section.

MR. MOISES: Yeah, it's new.

MR. NISHIMURA: Because the old 2E is 2B now.

MR. CRADDICK: Yeah, yeah. Okay.

MR. KANESHIRO: Okay. We have -- we had a motion to defer this item.

MR. NISHIMURA: Yeah.
MR. KANESHIRO: So I just allowed this for some clarification. Actually on the rules of order, any deferral may not have any more further discussions.

There were some clarifications that were needed.

MR. NISHIMURA: Thank you, Mr. Chair.

MR. KANESHIRO: A little out of my staff as a chairman. But again, this revision, board policy No. 22, would be -- or has been deferred, so you heard some of the --

MR. MOISES: Maybe you should do it on a separate policy and not within 22.

MR. KANESHIRO: Well, we got this on deferral. So we'll take up this at the next general board meeting. And then at that time we'll see what the administration will present to us. Okay.

With that, I wanted to move on to Manager's Report No. 12-72. I believe when we move on that item, I know --

MR. NISHIMURA: I've got to recuse.

MR. KANESHIRO: -- Mr. Nishimura will be recusing himself on both on that item.

MR. DAHILIG: Move for approval.

MR. MCCORMICK: Second.

MR. KANESHIRO: And also, I wanted to move on Manager's Report No. 12-73 and Manager's Report No.
12-74.

MR. DAHILIG: Mr. Chair, move for approval of all three items with the understanding that Mr. Nishimura is recused on item No. 72.

MR. KANESHIRO: Okay. Do I have a second on that?

MR. DILL: Second.

MS. SUZUKI: Just to make it clear, do that one separate. Then you can do your other --

MR. KANESHIRO: Okay. I'm sorry. Because he's recusing himself.

MR. DAHILIG: I will withdraw both my motions.

MR. KANESHIRO: Okay. As noted, I will recognize the motion to approve report No. 12-72 first. Do I have a second on that?

MR. DILL: Second.

MR. KANESHIRO: Okay. All those in favor signify by saying aye.

Any opposed saying no.

Hearing none.

We'll take on Manager's Report No. 12-73 and Manager's Report No. 12-74 resolutions.

MR. DAHILIG: Move for approval of both items, Mr. Chair.
MR. KANESHIRO: Do I have a second on that?

MR. DILL: Second.

MR. KANESHIRO: Any discussion on that?

Val does.

MR. REYNA: Managers Report No. 12-74, on our retirees last name should be Hiraoka and not Hironaka.

MR. KANESHIRO: So noted. We'll make those corrections.

With that, the motion on the floor is to approve those resolutions with correction made to resolution No. 12-74. All those in favor.

Any opposed?

Hearing none, motion carried.

We're going to get on and move on with some other items. I believe some members will be --

MR. DAHILIG: Mr. Chair, if I could just suggest maybe on the record putting a motion to defer executive session on C, just for the record before we start losing members.

MR. KANESHIRO: Okay. The motion is to defer that. Because as noted previously, we have some board members leaving at another time 12:30 today. So with that, any second to the executive session motion being deferred?
MR. McCORMICK: Second.

MR. KANESHIRO: Any discussion?

All those in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

Staff reports. Getting right into staff reports. I believe there was one of them you wanted to move up now for some discussions with the board members while they're here or do you think we may be able to go over some of these now.

The manager had a staff report that he wanted to make to the board before the board members are excused for today's meeting. Some of the board members are excused. So would you like to take that up now first?

MR. CRADDICK: Okay. Just in the manager's update.

MR. KANESHIRO: Okay. Why don't we do that.

MR. CRADDICK: There's one contract there listed, the MCC chlorination facilities for the Koloa well. And then we had one other contract to the solicitation for furnishing and delivery of two SUV four-wheel-drive. And that's two of those, and then two SUV two-wheel-drive vehicles with Servco Pacific. And
they were the only bidder. Midpac did submit a bid, but
they didn't submit the specification sheets and were
considered nonresponsive. And Cutter did not meet the
minimum specs for cargo room and were considered
nonresponsive. So that's added to the manager's update
there.

MR. NISHIMURA: Did you distribute that?

MR. CRADDICK: Here you go.

MR. KANESHIRO: Did you have a copy
distributed to the members?

MR. CRADDICK: (Handing paper out.)

MR. KANESHIRO: And part of the reason
manager brought this up is because somehow, you know --

MR. CRADDICK: It was presented to me in a
timely manner, but it didn't get on the list here.

MR. KANESHIRO: Yeah. And we missed
getting it put on the manager's report item. But as
noted from previous discussions, we've had discussions
regarding any purchase of equipment that has come before
the board to, you know, present the information to the
board.

MR. CRADDICK: Yes.

MR. DAHILIG: So no action is required on
those? It's just --

MR. CRADDICK: No, no, it's just
information.

MR. KANESHIRO: Yeah, we don't require action on it, right.

Okay. Since we're on the manager's monthly update, anything else you wanted to add since we have it on the floor now, Mr. Manager?

MR. CRADDICK: No, I don't think so. No.

MR. KANESHIRO: Okay. All right. Do I call for a motion to receive this at this time or do we just do all the --

MS. SUZUKI: You can receive it now.

MR. KANESHIRO: We can receive manager's report notes at this time.

MR. DAHILIG: So moved.

MR. KANESHIRO: Do I have a second on that?

MR. MCCORMICK: Second.

MR. KANESHIRO: Any discussion on manager's report?

If not, all those in favor.

Any opposed?

Hearing none, motion carried.

Statement of Kauai County Water Department revenues and expenditures.

MS. YANO: From fiscal division, the budget
status summary as of February 29, 2012, is included in
your packet. Also included is a chart comparative
report on actual receipts for years 2012 and 2011.
There's also a chart on water sales comparing actual
billed water sales of '12 collections in comparison with
the 2012 rate study projection and another chart on the
billed water sales. It's a comparative report between
fiscal years 2011 and 2012.

MR. CRADDICK: I guess the big thing here
that I would like you to note as it kind of came up in
our finance committee there, the rate increase has been
in place for two months, and the rates this year -- or
the money collected this year is less than last year.
So it's something to watch as we move forward in our
budget, and the finance committee has taken note of
that.

MR. NISHIMURA: Mr. Chair, move to receive
the statement of water department revenues and
expenditures and instruct the finance department to
provide a monthly update on the auditor's report.

MR. KANESHIRO: Okay. Do I have a second
on that motion?

MR. MCCORMICK: Second.

MR. KANESHIRO: Any further discussion on
the motion to receive the monthly report on the
auditor's report?

If not, all in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

Report by public relations specialist on public relations activities.

MS. BUCCAT: The only thing I wanted to add on here at the -- on the back side of the paper, the meeting webinars. I just went to Koloa Elementary School yesterday, but I didn't know the amount of students we'd be talking to, so it says XX. I think it's 50 students. Unless anybody has any questions.

MR. KANESHIRO: So the XX would be about 50 students?

MS. BUCCAT: Yes.

MR. KANESHIRO: Okay. So noted.

MR. KANESHIRO: Go ahead, Mr. Craddick.

MR. CRADDICK: If you guys go another page after that PR report, there's a letter from KIUC. And if you go to the next page, the last month apparently an incident happened where they would have either had to do roving blackouts or the whole island electric grid would have gone down. And I believe KIUC worked with Ryan and Val. And you can see that upper graph is a normal day's use, and you can see what the use is at KIUC without our
pumps running.

UNIDENTIFIED SPEAKER: Wow.

MR. CRADDICK: And they basically -- so that was -- thank you, guys. I wasn’t even here when that happened. So good job with everybody that was involved in that.

MR. REYNA: That’s mostly Ryan and his crew.

MR. DILL: You say without pumps running. Were they running on generators or were they running on --

MR. SMITH: We just had the systems down temporarily, so we were basing all of our consumption and usage off of the storage building and the tanks for the time being until KIUC could bring their grid back up.

MR. KAKESHIRO: Okay. Any additions to the discussions on the public relations packet report?

MR. NISHIMURA: Mr. Chair, move to receive the report as amended.

MR. KAKESHIRO: Motion, do I have a second on that?

MR. MCCORMICK: Second.

MR. KAKESHIRO: Moved and seconded. All in favor signify by saying aye.
Any opposed?

Hearing none, motion carried.

Chief of operations summary report on monthly operational maintenance.

MR. REYNA: Yes. Our operations division report for the month of March is before you. On personnel matters, we interviewed three in-house applicants for two vacant positions for pipefitter. We've made our evaluations, and recommendations are forwarded to the manager.

You will notice on the source and storage, under the plant operations and maintenance, this is unusually long. This is due to the storms of May 3 through May 10th (sic). We encountered a lot of remote site problems. And thanks to Ryan and his crew, again, we were able to provide water to everyone without interruption.

MR. KANESHIRO: All right.

MR. REYNA: And then also on our base yard, the two new Dodge truck pick-ups arrived and were delivered. One for special projects and the other for our water service supervisor.

If you have further questions, please let me know.

MR. KANESHIRO: Any questions by board
members?

MR. NISHIMURA: No, just a comment for Val and Ryan. Please pass on our thanks for the hard work during March -- you know, this period. I think it kind of highlights that there's a lot that goes on that nobody knows about or sometimes appreciates. Good job, guys.

MR. SMITH: Thank you.

MR. REYNA: Thank you.

MR. KANESHIRO: So noted. With that, do we have a motion to receive the summary report of our chief of operations?

MR. MCCORMICK: Motion to receive.

MR. KANESHIRO: Do I have a second on that?

MR. NISHIMURA: Second.

MR. KANESHIRO: Any further discussion?

If not, all those in favor signify by saying aye.

Any opposed?

Hearing none, motion carried.

Water resources and planning subdivision report.

MR. CRADDICK: I think -- I think that one -- I'm not sure if that's -- I don't see it in here either.
MR. NISHIMURA: No, it's in there because I just looked at it.

MR. CRADDICK: Oh, yeah, yeah, here we go.

MR. KANESHIRO: Right there.

MR. CRADDICK: One, two, three, four, five, six.

MR. NISHIMURA: Mr. Chair.

MR. KANESHIRO: Yes, sir.

MR. NISHIMURA: I do have a question not related to the subdivision report. I just wanted an update on the Waikulua (sic) backflow preventers. Waiakulua. Waiakulua. Has that been completed?

MR. FUJIKAWA: Yeah. Status update, the last backflow prevention device that was required by the water department for this incident was installed by the owner on April 5th, 2012. So it's done.

MR. NISHIMURA: Okay.

MR. FUJIKAWA: You know, in summary there were 33 properties that were issued final notices to install the backflow preventer, after -- you know, after their water meters. And we sent this final notice out in January of 2012.

But shortly thereafter, we went house to house, and we did a campaign to personally contact and explain the situation to each of those separate consumers.
These were the consumers who after our first and second notice did not -- you know, indicated that they were not going to follow the requirements for installing a backflow preventer. So we went out house to house. And basically what happened, that approach proved successful as the consumers, you know, once they found out with the one-on-one confrontation with our staff, they agreed to go and complete the work, and we agreed to give them more time beyond the point where we told them we're going to pull their meters. So that worked out real good. So in the process, no water meter was removed by the water department during this incident.

And basically that was a result of all of the affected consumers there, they did agree to comply with the water department's requirement.

(Raymond McCormick exited meeting.)

MR. NISHIMURA: Okay. Thank you, Greg. Chair, move to receive the water resources and planning subdivision report.

MR. KANESHIRO: Have a second on that, please?

MR. DILL: Second.

MR. KANESHIRO: Any further discussions?

If not, all those in favor signify by saying aye.
Any opposed?

Hearing none, motion carried.

We're in quarterly, employee of the quarter award. We already did the manager's report.

MR. CRAWDICK: Are the guys here?

MR. REYNA: No, but Ryan will receive the award.

MR. CRAWDICK: Okay. Anyhow, we were going to do something with the employees of the quarter. Maybe we'll just leave that till next month since they had to go out and do stuff, couldn't be here today. That's probably better.

MR. KANESHIRO: Okay.

MR. CRAWDICK: Okay.

MR. KANESHIRO: So we'll have to come back on that next regular meeting.

MR. CRAWDICK: Okay.

MR. NISHIMURA: Can we put that at the front of the agenda, Mr. Chair?

MR. KANESHIRO: Okay. So that way we get them up early.

MR. NISHIMURA: Yeah.

MR. SMITH: Yeah, first thing in the morning would be best if we could.

MR. NISHIMURA: Okay. We go work -- we go
meet at 8:00 then. 6:00, right, right.

MR. SMITH: 6:00 works.

MR. NISHIMURA: Thanks.

MR. SMITH: Thanks.

MR. KANESHIRO: Okay. Project status update.


Dustin.

MR. MOISES: So I guess before you you got the whole quarterly update, the executive summary basically highlights everything that's been going on since January. But normally I say here's the report, let me know if you have any questions. But today I wanted to highlight specifically the design portion number one in the executive summary.

So this is with regards to the Kahili well. We issued notice to proceed in January of this year. And over the last few months we still haven't attained any right of entry from Grove Farm so that our consultants and their team can go onto the site and actually do the survey work that is needed.

So to date, I just got an invoice from them for about $48,000. But it's gotten to a point where myself as the project manager, not being able to get access to the property due to other issues that the landowner has
with the department, this is a bad reflection on the
water department. And it is kind of embarrassing that
we can't even get permission to go on the land.

So Mears has been in contact with me about
getting this approval. But in light of the current
situation that the landowner and our department has
issues, I think if we cannot attain right of entry by
the end of the month, then I would recommend to
management that possibly we suspend the contract or even
cancel the Kahili well project.

But there's implications besides not doing the
project since Kahili well is tied into SRF funds since
they gave us the million dollar grant with several of
our other projects.

So I just wanted to point out that this project
is really dead in the water until we can get right of
entry. And I think the board -- I just wanted to make
you guys aware of the predicament that this project is
in.

MR. DAHLIG: I have a question for the
deputy county attorney. Is it possible for the
department to look at a condemnation of a temporary
easement over the property to access the well site?

MS. SUZUKI: We can condemn easement. It's
possible.
MR. NISHIMURA: On a temporary basis?

MR. DAHILIG: Temporary basis.

MR. CRADDICK: It's actually not an easement. It's just a right of entry.

MR. DAHILIG: I know, but in terms of compelling access.

MR. CRADDICK: What I've done is I've written a letter to one of the board members.

MR. DAHILIG: My assessment as I'm listening to what is going on to what we've been familiar with, I think in good faith we've tried to get legal access. And they've chosen not to engage in good faith on this. And so if we already made that attempt, I think, you know, as a sovereign body, it's within our rights to gain access.

And I think that message should be conveyed to Grove Farm that, you know, this -- enough toying around. If you can't agree with this kind of stuff, then we can seek legal recourse to get access to the property.

MR. NISHIMURA: Chair.

MR. DAHILIG: I'm just putting that out there.

MR. NISHIMURA: How much time does that process take?

MS. SUZUKI: I'm going to have to look into
condemnation for a temporary right of entry.

MR. NISHIMURA: Okay. Well, even

condemning --

MS. SUZUKI: Condemnation, once we file the

complaint, we have access.

MR. NISHIMURA: You have access?

MS. SUZUKI: Yes.

MR. KANESHIRO: Okay.

MR. NISHIMURA: So that time frame is --

MS. SUZUKI: But I have to look at right of

entry.

MR. NISHIMURA: Okay. On the timing side,

I'm looking at time and money. I understand where

Dustin is coming from. How much money is this project?

MR. CRADDICK: 2 million.

MR. NISHIMURA: And that's all BAB money or

is half SRF?

MR. CRADDICK: Half BAB and half SRF.

MR. MOISES: No, it's all SRF, but one

million grant from SRF.

MR. CRADDICK: Sorry. That's right.

That's right.

MR. MOISES: We took off the BAB.

MR. NISHIMURA: It was taken off BAB?

MR. CRADDICK: Yeah, yeah.
MR. NISHIMURA: And, you know, I'm assuming that because it's a green source of water that was part of the motivation to do it, would Department of Health consider -- and the reason I bring it up is I was looking at some of the volumes that were talked about in Kokolau and this horizontal were roughly the same according to the report that I saw. I got to go look for where I saw it.

MR. CRADDICK: Oh, no, no, you're talking about the Mink report?

MR. NISHIMURA: I don't know. No, it wasn't a Mink. It was something that, I believe, was 4 million gallons a day, and both of them kind of cited that, for both Kokolau and the high-level water.

MR. MOISES: Kokolau is about 400,000 gallons per day.

MR. NISHIMURA: 400,000 gallons per day.

MR. MOISES: Yeah, half a million. Yeah, half a million gallons.

MR. NISHIMURA: That was when it was operating?

MR. CRADDICK: Yes.

MR. MOISES: So maybe put 0.4.

MR. NISHIMURA: No, it might have been just a pipe, you know. I just wondering because it was -- at
the time when I looked at it, I said, Why we spending this much money on high-level water?

MR. MOISES: Yeah.

MR. NISHIMURA: And we could get the same amount out of Kokolau. Why we spending money on high-level water?

MR. MOISES: Oh, yeah, I could see if you saw that. I mean, I've never seen that. I'm not saying that it's not out there, but I think the numbers that I've always seen was half a million for Kokolau, and up to 8 million for Kahili.

MR. NISHIMURA: Okay.

MR. MOISES: Eight is projected, not necessarily sustainable yield, but minusing those numbers.

MR. NISHIMURA: Okay. Because that was the volume stuff that I saw. And I don't know if that was the one that went to the ledge or not. But that number jumped out at me because of the relative cost. So that having been said, that goes away for me.

MR. CRADDICK: Another thing, too, is I have written to -- well, I've talked with the chairman of the Grove Farm board and wrote to one of the members of Visionary, the person that bought the property, and I've sent a direct letter to them expressing this
concern here. So hopefully we'll get some response.

MR. KANESHIRO: Okay.

MR. MOISES: And then I just wanted to
touch on something that is pretty general, but is
related to the budget. If you look at previous
quarterly reports, you might see -- and even in this one
you might see that a lot of the designs are nearing
completion, and you might be wondering why you might see
in other reports that we're not going to bid them out
until maybe not fiscal year '12-'13, but maybe '13-'14,
and you might see the budget show it as dollar funded in
BAB.

And that's basically because over the last
month and a half we've been reprioritizing all of the
projects in Water Plan 2020 as far as what has already
been procured because we are running out of money. So I
just wanted to point that out so that you guys can, I
guess, correlate why projects that initially we planned
to start at the end of this calendar year might get
pushed out to the end of next calendar year.

MR. CRADDICK: Especially ones that we
might get legislative funding for next year.

MR. MOISES: But other than that, water is
flowing.

MR. DAHLIG: Move to receive, Mr. Chair.
MR. KANESHIRO: Okay. Motion to receive the project status update. Second?
All those in favor.
Motion carried.
We still have affordable housing update, so anything else to add to that? If not. Mr. Craddick?

MR. CRADICK: No, I think the one here will be submitting the report there for Amfac shaft. The EPA will be coming to visit, I think, June 1st with the local -- this is EPA Region 10 who did our microparticulate analysis and the local DOH, and there may ever be some people from Region 9 that come to review that.

And then this item here would be done, and it's kind of misleading 'cause this was just a prelude to getting the project started. If we get that identified as water not under the influence, then we start the job to build this and put a pipeline in to get the water into use.

And so even if this is 100 percent, this is -- then you're going to have another one on here that starts over from zero, which will be the design and construction project.

MR. NISHIMURA: What affordable housing project is out there?
MR. CRADDICK: Really the only one, I think, is Eleele, and that is like five or six years away.

MR. MOISES: It's not even tied in with this.

MR. NISHIMURA: No, I'm asking in the Kekaha/Waimea area, the Kapilimaoo and Amfac, what affordable housing projects are out there?

MR. MOISES: So when this was initiated, I think by R.W. Beck in 2007, 2008, I think the initial Amfac shaft and Kapilimaoo project went to supplement projects by Waimea Canyon Park, you know that rectangular parcel --

MR. NISHIMURA: By the tech center.

MR. MOISES: Yeah, between the tech center and the park, got that parcel. At that time I cannot remember, that was one of them.

MR. FUJIKAWA: This thing goes back to the county council. The pipe was there, and basically what happened was Mayor Baptiste came to the water board. I'm not sure when, but he asked for some kokua with the then water board.

These were perceived source and storage requirements for their state parcels affordable housing project with the county. You know, it was going to do
that.

So basically what the water board did was to say that they were going to take on these source and storage projects and not make them requirements, you know, for the specific parcel developments.

MR. NISHIMURA: Okay.

MR. FUJIKAWA: And so they had one site, and it was more in Kekaha, in the Kekaha area. And then the rest of the state parcels were located more in the Kapaa homesteads area.

MR. NISHIMURA: Right, I remember that part. Is there any reservation being put on water in the Kekaha area to accommodate the affordable housing so that it isn't given, quote/unquote, given away for other uses since there was an excess to spend all that money?

MR. FUJIKAWA: I think -- if you talk about Amfac shaft, when that is completed, we have more than have enough water for, you know, the proposed affordable state parcel in Kekaha if the county, you know, hasn't opposed the developments of that.

MR. NISHIMURA: If it comes to fruition.

MR. FUJIKAWA: Because it's been a while. And we'll have enough for that, and we'll have enough for even more planned growth in the Kekaha/Waimea area.

MR. NISHIMURA: Okay.
MR. CRADDICK: The other thing, too, is that we're discussing that anyways in the FRC rule, whether we're going to allow somebody to grab all the available water. And I think the general consensus is that we're not going to do that, so we just need to come up with language and how we'll deal with that.

MR. KANESHIRO: Okay. Motion would be to receive this affordable housing update.

MR. NISHIMURA: So moved, Mr. Chair.

MR. DAHILIG: Second the motion.

MR. KANESHIRO: Moved and seconded. All those in favor.

Hearing no one that opposed, motion carried.

Executive session minutes or transcripts.

MR. DAHILIG: I believe we deferred the whole motion to --

MR. KANESHIRO: Including J.

MR. CRADDICK: Including J, all of J.

MR. KANESHIRO: Okay. As deferral. All right.

With that, I believe we don't have any other motions on the floor to be recognized. So any other topics or topics for future water board meetings and so forth? If you have some, please note it and send it to the chair's attention. We'll add that on the meetings.
Upcoming events, AWWA. Anything else that we wanted to note for the record before we adjourn this meeting?

I would like to adjourn this meeting at this time so we can have lunch. Meeting adjourned. Thank you, guys.

(Concluded at approximately 12:49 p.m., April 26, 2012.)

* * * * *
STATE OF HAWAII

COUNTY OF KAUAI

I, TERRI R. HANSON, APR, CSR 482, do hereby certify:

That on Thursday, April 26, 2012, at 10:48 a.m. that the foregoing REGULAR MEETING, County of Kauai, Board of Water Supply, was held;

That the foregoing proceedings were taken down by me in machine shorthand and were thereafter reduced to typewritten form under my supervision; that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings had in the foregoing matter.

I certify that I am not an attorney for any of the parties hereto, nor in any way concerned with the cause.

DATED this 14th day of May, 2012, in Kapaa, Hawaii.


TERRI R. HANSON, CSR 482
Registered Professional Reporter
Honorable Daryl Kaneshiro, Chairman, and
Members of the Board of Water Supply

O/o Department of Water
County of Kauai
P. O. Box 1706
Lihue, Kauai, Hawaii 96766

RE: Tax Key Nos.: (4) 5-2-05-032 and 033
Owners: Justin Hughes and Michele Hughes, Co-Trustees
Tax Key No.: (4) 5-2-05-036
Owner: Secret Beach Properties, LLC

Dear Chairperson Kaneshiro and Members of the Board of Water Supply:

I am writing to you as a 33-year multi-use customer of the Department of Water
("DOW"). My husband, Justin and I have consistently complied with all requirements set by the
DOW and we have been timely in ALL of our financial obligations for water usage.

We currently own a total of 34 acres of land (the three parcels identified above)
located in the State Land Use and Conservation Districts and, for those two parcels with
dwellings, zoned Agriculture by the County of Kauai. The properties with the dwellings are at
2884 and 2908 Kauapea Road in Kilauea.

For approximately four (4) years, based on applications filed and approved, we
have received agricultural water rates for our extensive nursery operation. The water account
numbers for the Ag water are:

Account No. 1020668-1022646 (TMK: 5-2-05-032)
Account No. 1007132-1006339 (TMK: 5-2-05-033)
Account No. 10210148-1028119 (TMK: 5-2-05-036)

We understand that notices were mailed by the Department as a courtesy to all Ag
water customers last June 2011 advising that annual applications must be filed, and for 2011,
must be received by July 22, 2011. Prior to that, once an application had been submitted, the
DOW had continued the dedication from year to year. Unfortunately, we never received the
courtesy notification, nor were we aware of the change of policy. Our mail goes to our post

(W:/DOCS/26911/WD123136.DOC) (W:/DOCS/26911/WD123136.DOC)
Honorable Daryl Kaneshiro, Chairman, and  
Members of the Board of Water Supply  
April 24, 2012

box address in Kilauea, an address we have had for 20 years and the address you have on file for us.

Beginning September 26, 2011, because our application was not received, we received billings at the general service rate for residential properties. When we realized what had happened, we immediately applied for the Ag water rates for all three accounts and were approved in December 2011 (the Ag water rates were applied for the next billing cycle).

The increase for the period in which residential water rates were applied has created a serious hardship for us during these difficult economic times. The history of our three Ag water accounts demonstrates that we had no reason to change our Ag water rates, and had it not been for the Department's change of policy requiring annual renewals (of which, as pointed out, we were unaware), we would have been billed at the Ag water rates continually because of our nursery operations. We sincerely apologize for this oversight which, of course, was due to circumstances beyond our control.

By letters to your Comptroller and to your Manager, we had requested consideration and application of the Ag water rates to the billings at the residential rates, which were refused.

We respectfully ask that the Board, in deference to our history of 33-year customer relationship with multiple accounts and a perfect payment history, and a situation which we did not cause, reconsider our request for an adjustment of our invoices to reflect Ag water rates instead of residential water rates. Enclosed are copies of relevant correspondence and the invoices for the periods during which the residential rates were applied and the invoices thereafter once our Ag water applications were received and approved. As you can see, the difference in the rates is quite substantial.

Therefore, we ask for the Board's consideration in providing us a credit for the difference between the Ag and residential rates for the billing cycles in question.

Sincerely,

MICHELE HUGHES, individually, and in her capacity as Member of Secret Beach Properties, LLC

Enclosures
February 27, 2012

Mr. Justin Hughes  
Ms. Michele Hughes  
Post Office Box 781  
Kilauea, HI 96754

Dear Mr. Hughes and Ms. Hughes:

Subject: Request for an Adjustment on Water Bill Dated December 27, 2012 for the Following Accounts.

Account No. 1020668-1022646 (TMK: 5-2-05: 032)  
Account No. 1007132-1006339 (TMK: 5-2-05: 033)  
Account No. 1021948-1028119 (TMK: 5-2-05: 036)

I have received and reviewed your letter dated February 13, 2012 requesting consideration of an adjustment to your water bill dated December 27, 2012. I have also reviewed our billing records and spoke to my staff regarding this matter. Based on the above, I believe the following series of events occurred:

1. The Department mailed a Notice of Renewal for agricultural rate customers to the billing address of the three (3) subject accounts. The notice stated, “In order to retain the agricultural rate, a service holder must submit a written application during each fiscal year.” Furthermore, the renewal states, “The following must be submitted to us no later than Friday, July 22, 2011.”

2. No renewal applications for the subject accounts were received by the Department and by the stated deadline which resulted in the subject accounts being billed the general service rate beginning September 9, 2011.

3. Renewal applications for the subject accounts were received by the Department in December 2011 and the accounts were billed at the agricultural rate for the next billing cycle.
February 29, 2012  
Mr. Justin Hughes  
Ms. Michele Hughes  
Subject: Request for an Adjustment on Water Bill Dated December 27, 2012 for the Following Accounts.  
Page 2

You state in your letter dated February 13, 2012 that you did not receive the renewal notices. The Department is not able to verify the chain of custody of the renewal notice after it was mailed, however, I believe that proper procedures were followed by the Department in providing you adequate notice. We are not responsible for problems in mail service and did not encounter this problem with any of the other 400 some notices sent to agricultural rate customers. I regret to inform you that I will not consent to the adjustment of the bills as requested based on the above and in all fairness to our customers as a whole and to those agricultural rate customers who did complete the renewal application on-time. I can offer a payment plan to you in which the past due amount may be paid over a period of time. Please let me know if you are interested in a payment plan and I will make the arrangements.

Should you have any questions, please contact me at (808) 245-5408.

Sincerely,

[Signature]

David R. Craddick, PE  
Manager and Chief Engineer

DCWE:dm  
Documents/WE/Letters
January 9, 2012

Dear Ms. Nishimitsu:

Our office received your letter on behalf of your clients; Mr. Justin Hughes and Ms. Michele Hughes requesting adjustment of their water bills for the periods that their water utility accounts were billed at residential rates instead of agricultural rates.

In your letter, you indicated that your clients did not receive the notices that we sent out to our existing database of agricultural water users. These notices were sent out to all our existing Agricultural Water Rate Users all on the same day and in the same manner. To date, we have no record of returned mail from these accounts.

If your clients did not receive their notices on time because they do not reside on the address that we have on file, it was their responsibility to inform our office of any change in address that they wish to receive their mail.

I regret to inform you that your request for adjustment in their water bills is denied. As soon as your clients complete the requirements for an AG Rate if they haven’t done so, and pass our inspection team to qualify for the AG Rate, our office will change their account from residential to AG Rate accordingly.

Should you have any further questions, please don’t hesitate to call Mel Yamase at 808-245-5428.

Very truly yours,

MARIFESIANO
Waterworks Controller
December 29, 2011

Ms. Marites Yano, Waterworks Controller  
Department of Water  
County of Kauai  
P. O. Box 1706  
Lihue, Kauai, Hawaii 96766

RE: Account No. 1020668-1022646 (TMK: 5-2-5-32)  
Account No. 1007132-10056339 (TMK: 5-2-5-33)  
Account No. 1021948-1028119 (TMK: 5-2-5-36)

Dear Ms. Yano:

This office represents Justin and Michele Hughes, the owners of the first two properties referenced above, and Secret Beach Properties, LLC, the owner of the third property identified above. All three of the properties had been billed at the agricultural water rate based on applications filed and approved.

In the fall of 2010, our clients' noticed that their water billing had changed drastically (since water bills were paid automatically from their accounts, they had not had an opportunity to review the bills as soon as they had been sent). After having their agricultural consultant review what had been occurring, as leaks had first been suspected and an investigation conducted, they learned that they were being billed at the residential water rates. After further investigation and speaking with your Department’s Billing Supervisor, my clients learned that the DOW rules had changed and that an annual reapplication for agricultural water rates was now required.

Mr. Yamase explained that notices had been sent out to agricultural water users of the change in the procedures; however, my clients did not receive any such notification and would have, had, they received the notification, had this office prepare and submit the renewal forms on their behalf. This office has since applied for the agricultural water rates for all three of the above accounts (delivered December 16, 2011).
Based upon the fact that our clients had had agricultural dedications in place for all three of the properties, and had in the past been paying the agricultural water rates for their operations, but failed to receive the notification of the change in policy that annual renewals would be required, it is respectfully requested that you adjust the prior billings that imposed the residential rates. Thank you very much for your consideration of the above request. If you require any additional information, please do not hesitate to contact me.

Very truly yours,

BELLES GRAHAM PROUDFOOT
WILSON & CHUN, LLP

Lorna A. Nishimitsu

cc: Mr. Justin Hughes
✓Ms. Michele Hughes
Mr. Mel Yamase, Billing Supervisor
December 16, 2011

Mr. Mel Yamase  
Department of Water  
County of Kauai  
4398 Pua Loke Street  
Lihue, Kauai, Hawaii 96766

VIA HAND DELIVERY

RE: Renewal Application for Agricultural Rate  
Justin Hughes and Michele Hughes, Pualani Gardens, LLC  
and Secret Beach Properties, LLC  
Tax Map Key Nos.: (4) 5-2-5-32, 33 and 36

Dear Mr. Yamase:

This office represents Justin Hughes and Michele Hughes, who are the owners of  
Tax Key Nos.: (4) 5-2-5-32 and 33, and also represents Secret Beach Properties, LLC, which is  
the owner of Tax Key No.: (4) 5-2-5-36.

Water service to the properties is from meters located on Kauapea Road. The  
properties, their street addresses and the relevant DOW account numbers are:

<table>
<thead>
<tr>
<th>TMK#</th>
<th>Street Address</th>
<th>Total Land Area</th>
<th>Total Area Under Cultivation</th>
</tr>
</thead>
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<tr>
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<tr>
<td>Customer Name: Michele Hughes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TMK: (4)5-2-5-33</td>
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<td>2.704 ac.</td>
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<tr>
<td>Acct. No. 1007132-10056339</td>
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<tr>
<td>Customer Name: Pualani Gardens, LLC</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>TMK: (4) 5-2-5-36</td>
<td>0000 Kauapea Road</td>
<td>23.803 ac.</td>
<td>7.559 ac.</td>
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<tr>
<td>Acct. No. 1021948-1028119</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Customer Name: Secret Beach Properties, LLC</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

Enclosed, for processing, are the original Renewal Application for Agricultural Water Rate forms signed by Michele Hughes in her individual capacity, and as Member for both
Mr. Mel Yamase  
Department of Water  
December 16, 2011  
Page 2

Pualani Gardens, LLC and Secret Beach Properties, LLC. Each Renewal Application includes the a 4-year summary of agricultural income and 2010 G-45 forms filed for Pualani Gardens, LLC (all agricultural income is derived through Pualani Gardens, LLC although crops are grown on all three properties) and the Backflow Prevention Assembly Test Report specific to each of the three properties.

The land areas for each of the lots which are under cultivation have been dedicated for agricultural use with the Real Property Assessment Division of the County of Kauai. The Notice of Dedication to Agriculture, as to TMK: 5-2-5-32, was recorded as Document No. 2007-219283 in the Bureau of Conveyances of the State of Hawaii, and as to TMK: 5-2-5-33, was recorded as Document No. 2007-219284. The Notice of Dedication to Agriculture as to TMK: 5-2-5-36 is pending dedication (application for dedication was sent by cover letter dated July 13, 2011).1

The Hughes are also the owners of Pualani Gardens, LLC, a Hawaii limited liability company, which actually handles the sales of the agricultural products. The General Excise Tax License I.D. for Pualani Gardens is W68672520-01 (a copy of the GET license is enclosed, as is a print-out from the Department of Taxation's website showing that the license is still valid). Sales of the agricultural products (flowers, potted plants, tree stock, etc.) are all handled through Pualani Gardens, which was established to enable our clients to separate their rental income from their agricultural sales.

Please let this office know, at your earliest convenience, whether the applications have been approved, or if you require anything further in connection with the applications. Thank you very much for your kind attention to the foregoing.

Very truly yours,  

BELLES GRAHAM PROUDFOOT  
WILSON & CHUN, LLP  

Lorna A. Nishimitsu

Enclosures  
cc:  Mr. Justin Hughes (w/ copies of enclosures)  
     Ms. Michele Hughes (w/ copies of enclosures)

1 Because of the delay in receiving any confirmation about the dedication, follow-up contact was made with Damien Ventura on December 12, 2011, and he conducted an inspection on December 13, 2011. We are still awaiting a response on the Petition to Dedicate for this parcel.

{WADOCSD9269111W90121016.DOC}
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**Total billed** $2,823.89

Average amount billed per month for all accounts $282.39

**Residential rates**

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**Total billed** $8,901.55

Average amount billed per month for all accounts $2,225.39

Net change per month due to rate change $1,943.00

4 months excess billed due to rate change $7,771.99
### BILLING SUMMARY (See back for details)

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<tr>
<td>Previous Balance</td>
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<tr>
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</tr>
<tr>
<td>Adjustments</td>
<td>$0.00</td>
</tr>
<tr>
<td>Current Charges</td>
<td>$0.00</td>
</tr>
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</table>

**TOTAL AMOUNT DUE:** $3,414.67

**Past Due Amount:** $3,414.67

**Payment Must Reach Us By:** 03/06/2012
TOTAL AMOUNT DUE
$3,414.67

Payment Must Reach Us By 03/06/2012

THIS IS A FRIENDLY REMINDER.

To retain your good credit standing, we urge you to pay this bill immediately.
Please return the bottom portion of this notice with your payment.
If you have any questions, please call us at 246-5442.

EXPLANATION OF CHARGES

GENERAL USE RATE
1. SERVICE CHARGE: For each service, there shall be a charge per month based on the size of the meter, regardless of the amount of water used.
2. USE CHARGE: In addition, you are charged for each 1,000 gallons of water you use based on block threshold rates.

HOW TO PAY YOUR BILL
1. By mail using the enclosed envelope. Please allow sufficient time for payment to arrive by the PAYMENT MUST REACH US BY date.
2. By Automatic Bill Payment from your checking or savings account.
3. In person at our office or at our night deposit box at 4398 Pua Loke Street, Lihue.
4. There is a $7.50 charge for all dishonored payments made by check or Automatic Bill Payment.

MOVING/VACATING, START/STOP SERVICE, CHANGE NAME/ADDRESS
All water charges will continue to be your responsibility until you notify us to close your account under your name.

NOT PAYING YOUR BILL ON TIME
1. If payment is not received by the PAYMENT MUST REACH US BY date on your bill, the entire amount shall become past due and a Final Notice will be issued.
2. If you receive a Final Notice, please pay all past due payments at our Business Office at 4398 Pua Loke Street, Lihue.
3. If your water is turned off for non-payment you will be required to pay your bill in full plus a turn-on charge before your water can be restored. You may also be required to pay a cash deposit.

ESTIMATED READING
We try to read your meter each billing period. However, if it is not possible to do so, we will estimate your consumption based on your recent average water usage. Please help us by keeping your meter accessible and clear of grass, debris, foliage, and dogs.

DIRECT LINE NUMBERS
Water Bills & Existing Water Service Questions .... 808-245-5442
New Water Service Applications ......................... 808-245-5430
Public Relations/Conservation ............................. 808-245-5455

To ensure proper credit to your account, write account number on check, and do not punch holes, staple, fold or mutilate this form. Thank you.
Please make sure address appears on the envelope window.

Department of Water Supply
County of Kaua'i
4398 Pua Loke St.
Lihue, HI 96766-1600
**ACCOUNT INFORMATION**

- **Account Number**: 1007132-1006339
- **Old Account Number**: 846-40765-2
- **Name**: MICHELE HUGHES
- **Address**: 2908B KAUAPA RD
- **Billing Date**: 01/24/2012
- **Meter Number**: 08115871
- **Meter Size**: 5/8"*

**BILLING SUMMARY** (See back for details)

- **Service Period**: 11/22/2011 - 01/24/2012
- **Previous Balance**: $3,120.03
- **Payments**: $0.00
- **Adjustments**: $0.00
- **Current Charges**: $344.64
- **TOTAL AMOUNT DUE**: $3,414.67

**Past Due Amount**: $3,112.53
**Payment Must Reach Us By**: 02/23/2012

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Indicate address changes below. Please detach and return bottom portion with your payment.

**DEPARTMENT OF WATER**

- **County of Kaua‘i**: 4398 Pua Loke Street
- **Lihue, HI 96766-1600**

**ACCOUNT NUMBER**: 1007132-1006339

**PAYMENT MUST REACH US BY**: 02/23/2012

**TOTAL AMOUNT DUE**: $3,414.67

**AMOUNT ENCLOSED – KAUAI**

[Signature]

THANK YOU

Make checks payable to: DEPARTMENT OF WATER
EXPLANATION OF CHARGES

GENERAL USE RATE

1. **SERVICE CHARGE:** For each service, there shall be a charge per month based on the size of the meter, regardless of the amount of water used.

2. **USE CHARGE:** In addition, you are charged for each 1,000 gallons of water you use based on block threshold rates.

   **HOW TO PAY YOUR BILL**

   1. By mail using the enclosed envelope. Please allow sufficient time for payment to arrive by the PAYMENT MUST REACH US BY date.
   2. By Automatic Bill Payment from your checking or savings account.
   3. In person at our office or at our night deposit box at 4398 Pua Loa Street, Lihue.
   4. There is a $7.50 charge for all dishonored payments made by check or Automatic Bill Payment.

   MOVING/VACATING, START/STOP SERVICE, CHANGE NAME/ADDRESS

   All water charges will continue to be your responsibility until you notify us to close your account under your name.

NOT PAYING YOUR BILL ON TIME

1. If payment is not received by the PAYMENT MUST REACH US BY date on your bill, the entire amount shall become past due and a Final Notice will be issued.

2. If you receive a Final Notice, please pay all past due payments at our Business Office at 4398 Pua Loa Street, Lihue.

3. If your water is turned off for non-payment you will be required to pay your bill in full plus a turn-on charge before your water can be restored. You may also be required to pay a cash deposit.

ESTIMATED READING

We try to read your meter each billing period. However, if it is not possible to do so, we will estimate your consumption based on your recent average water usage. Please help us by keeping your meter accessible and clear of obstructions, debris, foliage, and dog poop.

DIRECT LINE NUMBERS

- Water Bills & Existing Water Service Questions: 808-245-5442
- New Water Service Applications: 808-245-5430
- Public Relations/Conservation: 808-245-5455

To ensure proper credit to your account, write account number on check, and do not punch holes, staple, fold or mutilate this form. Thank you.

Please make sure address appears on the envelope window.

Department of Water Supply
County of Kaua‘i
4398 Pua Loa St.
Lihue, Hi 96766-1600

UTH10800-K
Department of Water
County of Kaua'i

ACCOUNT INFORMATION
Account Number: 1007132-1006399
Old Account Number: 846-40765-2
Name: MICHELE HUGHES
Address: 2009B KAUAPEA RD
Billing Date: 12/27/2011
Meter Number: 06115871
Meter Size: 5/8"

BILLING SUMMARY (See back for details)
Service Period: $3,112.53
Previous Balance: $3,112.53
Payments: $3,112.53
Adjustments: $7.50
Current Charges: $3,120.03

TOTAL AMOUNT DUE: $3,120.03
Past Due Amount: $3,112.53
Payment Must Reach Us By: 01/03/2012
ABP Amount will be deducted on: 01/17/2012

DEPARTMENT OF WATER
County of Kaua'i
4398 Pua Loke Street
Lihue, HI 96766-1600

ACCOUNT NUMBER
1007132-1006399
PAYMENT MUST REACH US BY
01/03/2012

TOTAL AMOUNT DUE
$3,120.03

AMOUNT ENCLOSED – KAUA'I

DO NOT PAY
THANK YOU

Make checks payable to: DEPARTMENT OF WATER
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<th>PAYMENTS/ADJUSTMENTS/CHARGES</th>
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<th>BALANCE</th>
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<td>7.50</td>
</tr>
<tr>
<td></td>
<td>TOTAL AMOUNT DUE</td>
<td></td>
<td>$3,120.03</td>
</tr>
</tbody>
</table>

Payment Must Reach Us By 01/03/2012

EXPLANATION OF CHARGES

GENERAL USE RATE

1. **SERVICE CHARGE:** For each service, there shall be a charge per month based on the size of the meter, regardless of the amount of water used.

2. **USE CHARGE:** In addition, you are charged for each 1,000 gallons of water you use based on block threshold rates.

HOW TO PAY YOUR BILL

1. By mail using the enclosed envelope. Please allow sufficient time for payment to arrive by the PAYMENT MUST REACH US BY date.
2. By Automatic Bill Payment from your checking or savings account.
3. In person at our office or at our night deposit box at 4398 Pua Loke Street, Lihue.
4. There is a $7.50 charge for all dishonored payments made by check or Automatic Bill Payment.

MOVING/VACATING, START/STOP SERVICE, CHANGE NAME/ADDRESS

All water charges will continue to be your responsibility until you notify us to close your account under your name.

NOT PAYING YOUR BILL ON TIME

1. If payment is not received by the PAYMENT MUST REACH US BY date on your bill, the entire amount shall become past due and a Final Notice will be issued.
2. If you receive a Final Notice, please pay all past due payments at our Business Office at 4398 Pua Loke Street, Lihue.
3. If your water is turned off for non-payment you will be required to pay your bill in full plus a turn-on charge before your water can be restored. You may also be required to pay a deposit.

ESTIMATED READING

We try to read your meter each billing period. However, if it is not possible to do so, we will estimate your consumption based on your recent average water usage. Please help us by keeping your meter accessible and clear of debris, foliage, and dogs.

DIRECT LINE NUMBERS

Water Bills & Existing Water Service Questions ........................................... 808-245-5442
New Water Service Applications ................................................................. 808-245-5430
Public Relations/Conservation ................................................................. 808-245-5455

To ensure proper credit to your account, write account number on check, and do not punch holes, staple, fold or mutilate this form. Thank you. Please make sure address appears in the envelope window.

Department of Water Supply
County of Kaua'i
4398 Pua Loke St.
Lihue, HI 96766-1600

UTH0800-K
Water Bill Questions? .......................... 808-246-5442  
Water Trouble? (5:00 am to 4:30 pm) .......................... 808-246-5444  
Call Police Dispatch (After hours, holidays, weekends) .......................... 808-241-1711  
Office Hours: Monday thru Friday 7:45 am to 4:30 pm

**Water has no substitute... Conserve it!**

### ACCOUNT INFORMATION
- **Account Number**: 1007132-1006339  
- **Old Account Number**: 846-90765-2  
- **Name**: MICHELE HUGHES  
- **Address**: 29088 KAUAPEA RD  
- **Billing Date**: 11/22/2011  
- **Meter Number**: 08115871  
- **Meter Size**: 5/8"  

### BILLING SUMMARY
(See back for details)
- **Previous Balance**: $1,256.22  
- **Payments**: $1,256.22  
- **Adjustments**: $0.00  
- **Current Charges**: $3,112.53  
- **TOTAL AMOUNT DUE**: $3,112.53  
- **Due Date**: 12/12/2011  
- **ABP Amount will be deducted on**: 12/12/2011  

### Average Daily Usage (gallons/day)

<table>
<thead>
<tr>
<th>DATE</th>
<th>BILLED</th>
<th>THOUS. GAL</th>
<th>DAYS</th>
<th>GAL/DAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/22/2011</td>
<td>$3,112.53</td>
<td>483</td>
<td>67</td>
<td>4474</td>
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<tr>
<td>09/28/2011</td>
<td>$1,256.22</td>
<td>642</td>
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<td>10720</td>
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<tr>
<td>07/28/2011</td>
<td>$542.62</td>
<td>270</td>
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<td>05/31/2011</td>
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<tr>
<td>12/03/2010</td>
<td>$367.21</td>
<td>169</td>
<td>53</td>
<td>2205</td>
</tr>
</tbody>
</table>

**Indicate address changes below. Please detach and return bottom portion with your payment.**

**DEPARTMENT OF WATER**  
**COUNTY OF KAUAI**  
**4398 PUA LOKE STREET**  
**LIHUE, HI 96766-1690**

**ACCOUNT NUMBER**
- **1007132-1006339**

**DUE DATE**
- **12/12/2011**

Due dates apply to Current Charges only. All past due amounts are due immediately.

**TOTAL AMOUNT DUE**
- **$3,112.53**

**AMOUNT ENCLOSED - KAUI**

**DO NOT PAY**

Thank you

Make checks payable to: DEPARTMENT OF WATER To ensure your account is properly credited, please write account number on check.
<table>
<thead>
<tr>
<th>DATE</th>
<th>PAYMENTS/ADJUSTMENTS/CHARGES</th>
<th>AMOUNT</th>
<th>BALANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/13/2011</td>
<td>Previous Balance</td>
<td></td>
<td>1,256.22</td>
</tr>
<tr>
<td></td>
<td>Payment - Thank You</td>
<td>-1,256.22</td>
<td></td>
</tr>
</tbody>
</table>

**Balance before Current Charges**

<table>
<thead>
<tr>
<th>Water Charge</th>
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<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Water Service Charge</td>
<td></td>
<td>26.40</td>
<td></td>
</tr>
<tr>
<td>Power Adjustment Charge (per 1000 gallons)</td>
<td>483 @ 0.310 = 149.73</td>
<td>149.73</td>
<td></td>
</tr>
<tr>
<td>Water Usage Charge (per 1000 gallons)</td>
<td>2 @ 0.000 = 0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>12 @ 3.200 = 38.40</td>
<td>38.40</td>
<td></td>
</tr>
<tr>
<td></td>
<td>14 @ 4.000 = 56.00</td>
<td>56.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7 @ 6.000 = 42.00</td>
<td>42.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>44 @ 6.250 = 2,800.00</td>
<td>2,800.00</td>
<td></td>
</tr>
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</table>

**Total Water Charges**

3,112.53

**TOTAL AMOUNT DUE**

<table>
<thead>
<tr>
<th>Due Date</th>
<th>12/12/2011</th>
</tr>
</thead>
</table>

Meter No: 09115871 Curr Rdg: 6638 Prev Rdg: 6355 Cons: 483 thousand gals

---

**EXPLANATION OF CHARGES**

**GENERAL USE RATE**

1. **SERVICE CHARGE**: For each service, there shall be a charge per month based on the size of the meter, regardless of the amount of water used.
2. **USE CHARGE**: In addition, you are charged for each 1,000 gallons of water you use based on block threshold rates.

**HOW TO PAY YOUR BILL**

1. By mail using the enclosed envelope. Please allow sufficient time for your payment to reach us by the DUE DATE.
2. By Automatic Bill Payment from your checking or savings account.
3. In person at our office or our right deposit box at 4398 Pua Loko Street, Lihue.
4. There is a $7.50 charge for all dishonored payments made by check or Automatic Bill Payment.

**MOVING/VACATING, START/STOP SERVICE, CHANGE NAME/ADDRESS**

All water charges will continue to be your responsibility until you notify us to close your account under your name.

---

**NOT PAYING YOUR BILL ON TIME**

1. If payment is not received by the due date on your bill, the entire amount shall become past due and a Final Notice will be issued.
2. If you receive a Final Notice, please pay all past due payments at our Business Office at 4398 Pua Loko Street, Lihue.
3. If your water is turned off for non-payment, you will be required to pay your bill in full plus a turn-on charge before your water can be restored. You may also be required to pay a cash deposit.

**ESTIMATED READING**

We try to read your meter each billing period. However, if it is not possible to do so, we will estimate your consumption based on your recent average water usage. Please help us by keeping your meter accessible and clear of cars, debris, foliage, and dogs.

**DIRECT LINE NUMBERS**

- Water Bills & Existing Water Service Questions: 245-5442
- New Water Service Applications: 245-5430
- Public Relations/Conservation: 245-5455

---

To ensure proper credit to your account, do not punch holes, staple, fold or mutilate this form. Thank you.

Please make sure address appears in the envelope window.

---

Department of Water Supply
County of Kaua'i
4398 Pua Loko St.
Lihue, HI 95766-1600
DEPARTMENT OF WATER
COUNTY OF KAUAI
4398 Pua Loke Street
Lihue, HI 96766-1600
www.kauaiwater.org

Water Bill Questions? ............................................. 808-245-5442
Water Trouble? (8:30 am to 4:30 pm) ....................... 808-245-5444
Call Police Dispatch (After hours, holidays, weekends) . .808-241-1711
Office Hours: Monday thru Friday 7:45 am to 4:30 pm

Water has no substitute... Conserve it!

ACCOUNT INFORMATION

Account Number  ................................................. 1007132-1006339
Old Account Number ........................................... 848-40765-2
Name  ............................................................. MICHELE HUGHES
Address  ......................................................... 608B KAUAPEA RD
Billing Date  .................................................... 9/26/2011
Meter Number .................................................... 08115671

BILLING SUMMARY (See back for details)

Previous Balance  ............................................. $542.82
Payments ........................................................  $542.82
Adjustments ..................................................... 0.00
Current Charges ............................................... $1,208.22

TOTAL AMOUNT DUE  .......................................... $1,256.22

Due Date .......................................................... 10/13/2011
ABP Amount will be deducted on ............................ 10/13/2011

Average Daily Usage (gallons/day)

<table>
<thead>
<tr>
<th>DATE</th>
<th>BILLED</th>
<th>THOUS. GAL</th>
<th>DAYS</th>
<th>GAL/DAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/28/2011</td>
<td>$1,256.22</td>
<td>842</td>
<td>60</td>
<td>10700</td>
</tr>
<tr>
<td>07/29/2011</td>
<td>$642.82</td>
<td>270</td>
<td>58</td>
<td>4655</td>
</tr>
<tr>
<td>09/30/2011</td>
<td>$642.82</td>
<td>270</td>
<td>58</td>
<td>4655</td>
</tr>
<tr>
<td>06/01/2011</td>
<td>$60.24</td>
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<td>02/02/2011</td>
<td>$66.66</td>
<td>14</td>
<td>61</td>
<td>230</td>
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<tr>
<td>12/03/2010</td>
<td>$367.21</td>
<td>189</td>
<td>59</td>
<td>2009</td>
</tr>
<tr>
<td>10/09/2010</td>
<td>$1,256.22</td>
<td>842</td>
<td>60</td>
<td>10700</td>
</tr>
</tbody>
</table>

ACCOUNT NUMBER

1007132-1006339

DUE DATE

10/13/2011

Due dates apply to Current Charges only. All past due amounts are due immediately.

TOTAL AMOUNT DUE

$1,256.22

AMOUNT ENCLOSED - KAUA'I

Make check payable to: DEPARTMENT OF WATER. To ensure your account is properly credited, please write account number on check.

DO NOT PAY

THANK YOU
DATE  PAYMENTS/ADJUSTMENTS/CHARGES  AMOUNT  BALANCE
08/16/2011  Previous Balance  -542.82  542.82
Payment - Thank You

Balance before Current Charges  0.00

Water Charge
Water Service Charge  30.00
Power Adjustment Charge (per 1000 gallons)  199.02
642 @ 0.310 = 199.02
Water Usage Charge (per 1000 gallons)  1,027.20
642 @ 1.600 = 1,027.20

Total Water Charges  1,256.22

TOTAL AMOUNT DUE  $1,256.22
Due Date  10/13/2011

Meter No: 08115971 Curr Rgd: 6555 Prev Rdg: 5713 Cons: 642 thousand gals

EXPLANATION OF CHARGES
GENERAL USE RATE
1. SERVICE CHARGE: For each service, there shall be a charge per month based on the size of the meter, regardless of the amount of water used.
2. USE CHARGE: In addition, you are charged for each 1,000 gallons of water you use based on block threshold rates.

HOW TO PAY YOUR BILL
1. By mail using the enclosed envelope. Please allow sufficient time for your payment to reach us by the DUE DATE.
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3. In person at our office or at our night deposit box at 4398 Pua Loke Street, Lihue.
4. There is a $7.50 charge for all dishonored payments made by check or Automatic Bill Payment.

MOVING/VACATING, START/STOP SERVICE, CHANGE NAME/ADDRESS
All water charges will continue to be your responsibility until you notify us to close your account under your name.

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ESTIMATED READING
We try to read your meter each billing period. However, if it is not possible to do so, we will estimate your consumption based on your recent average water usage. Please help us by keeping your meter accessible and clear of cars, debris, foliage, and dogs.

DIRECT LINE NUMBERS
Water Bills & Existing Water Service Questions: 245-5442
New Water Service Applications: 245-5480
Public Relations/Conservation: 245-5465

To ensure proper credit to your account, do not punch holes, staple, fold or mutilate this form. Thank you.
Please make sure address appears in the envelope window.

Department of Water Supply
County of Kaua'i
4398 Pua Loke St.
Lihue, HI 96766-1800
**ACCOUNT INFORMATION**

- Account Number: 1007132-1006339
- Old Account Number: 860-40765-2
- Name: MICHELE HUGHES
- Address: 2906B KAUAPEA RD
- Billing Date: 12/03/2010
- Meter Number: 08115871
- Meter Size: 5/8" 

**BILLING SUMMARY (See back for details)**

- Service Period: 10/05/2010 - 12/03/2010
- Previous Balance: $1,299.84
- Payments: $1,299.84
- Adjustments: $0.00
- Current Charges: $377.21
- TOTAL AMOUNT DUE: $377.21

Due Date: 12/22/2010
ABP Amount will be deducted on: 12/22/2010

---

**Average Daily Usage (gallons/day)**

- 16000
- 12500
- 10000
- 7500
- 5000
- 2500
- 0

For Billing Period Ending On: 12/03/2010

---

**ACCOUNT NUMBER**

1007132-1006339

**DUE DATE**

12/22/2010

Make checks payable to: DEPARTMENT OF WATER
To ensure your account is properly credited, please write account number on check.
**ACCOUNT INFORMATION**

- **Account Number**: 1020668-1022646
- **Name**: M & J HUGHES
- **Address**: 2864 KAUAPEA RD
- **Billing Date**: 01/24/2012
- **Meter Number**: 06111680
- **Meter Size**: 5/8"

**BILLING SUMMARY**

<table>
<thead>
<tr>
<th>Service Period</th>
<th>11/22/2011 - 01/24/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous Balance</td>
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<tr>
<td>Payments</td>
<td>$2,141.95</td>
</tr>
<tr>
<td>Adjustments</td>
<td>$0.00</td>
</tr>
<tr>
<td>Current Charges</td>
<td>$58.99</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT DUE</strong></td>
<td><strong>$58.99</strong></td>
</tr>
</tbody>
</table>

Payment Must Reach Us By
ABP Amount will be deducted on
02/10/2012

---

**Average Daily Usage (gallons/day)**

<table>
<thead>
<tr>
<th>Date</th>
<th>Billed</th>
<th>THOUS. GAL</th>
<th>DAYS</th>
<th>GAL/DAY</th>
</tr>
</thead>
<tbody>
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<td>01/24/2012</td>
<td>$58.99</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11/22/2011</td>
<td>$2,141.65</td>
<td>335</td>
<td>57</td>
<td>5877</td>
</tr>
<tr>
<td>09/26/2011</td>
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<tr>
<td>05/31/2011</td>
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<td>56</td>
<td>60</td>
<td>1417</td>
</tr>
<tr>
<td>04/01/2011</td>
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<td>58</td>
<td>855</td>
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<tr>
<td>02/02/2011</td>
<td>$538.41</td>
<td>269</td>
<td>61</td>
<td>4410</td>
</tr>
</tbody>
</table>

---

**DEPARTMENT OF WATER**

County of Kaua‘i
4398 Pua Lake Street
Lihue, HI 96766-1600

Water has no substitute... Conserve it!
DATE: 12/12/2011

PAYMENTS/ADJUSTMENTS/CHARGES

Previous Balance

Amount
2,141.65

Balance before Current Charges

Water Charge

Water Service Charge
31.50

Power Adjustment Charge (per 1000 gallons)
14 @ 0.310 = 4.34

Water Usage Charge (per 1000 gallons)
5 @ 1.750 = 8.75

Water Usage Charge (per 1000 gallons)
9 @ 1.630 = 14.40

Total Water Charges
58.99

TOTAL AMOUNT DUE
$58.99

Payment Must Reach Us By 02/10/2012

Meter No: 08111680 Curr Rdg: 7933 Prev Rdg: 7919 Cons: 14 thousand gals

---

EXPLANATION OF CHARGES

GENERAL USE RATE

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DIRECT LINE NUMBERS

Water Bills & Existing Water Service Questions: 808-245-5442
New Water Service Applications: 808-245-5450
Public Relations/Conservation: 808-245-5465

To ensure proper credit to your account, write account number on check, and do not punch holes, staple, fold or mutilate this form. Thank you. Please make sure address appears in the envelope window.
DEPARTMENT OF WATER
County of Kauai
4398 Pua Loke Street
Lihue, HI 96766-1600
www.kauaiwater.org

Water Bill Questions: 808-245-5442
Water Trouble? (6:00 am to 4:30 pm) 808-245-5444
Call Police Dispatch (After hours, holidays, weekends) 808-241-1711
Office Hours: Monday thru Friday 7:45 am to 4:30 pm

Water has no substitute... Conserve it!

ACCOUNT INFORMATION
Account Number 1020688-1022646
Name M & J HUGHES
Address 2884 KAUAPEA RD
Billing Date 11/22/2011
Meter Number 08111660
Meter Size 5/8"

BILLING SUMMARY (see back for details)
Previous Balance $520.87
Payments $520.87
Adjustments $2.00
Current Charges $2,141.65
TOTAL AMOUNT DUE $2,141.65
Due Date 12/12/2011
ABP Amount will be deducted on 12/12/2011

Average Daily Usage (gallons/day)

For Billing Period Ending On 11/22/11

<table>
<thead>
<tr>
<th>DATE</th>
<th>BILLED</th>
<th>THOUS. GAL</th>
<th>DAYS</th>
<th>GAL/DAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/22/2011</td>
<td>$2,141.65</td>
<td>335</td>
<td>57</td>
<td>5877</td>
</tr>
<tr>
<td>09/26/2011</td>
<td>$520.87</td>
<td>257</td>
<td>62</td>
<td>4283</td>
</tr>
<tr>
<td>07/29/2011</td>
<td>$311.10</td>
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<td>2552</td>
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<td>05/31/2011</td>
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<table>
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<tr>
<th>DATE</th>
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<th>THOUS. GAL</th>
<th>DAYS</th>
<th>GAL/DAY</th>
</tr>
</thead>
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<tr>
<td>12/03/2010</td>
<td>$778.44</td>
<td>379</td>
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<td>6712</td>
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</tbody>
</table>

DEPARTMENT OF WATER
COUNTY OF KAUA'I
4398 PUA LOKE STREET
LIHUE, HI 96766-1600

ACCOUNT NUMBER 1020688-1022646
DUE DATE 12/12/2011
TOTAL AMOUNT DUE $2,141.65
AMOUNT ENCLOSED - KAUA'I

DO NOT PAY

THANK YOU

Make checks payable to:
DEPARTMENT OF WATER
To ensure your account is properly credited, please write account number on check.
<table>
<thead>
<tr>
<th>Date</th>
<th>Payments/Adjustments/Charges</th>
<th>Amount</th>
<th>Balance</th>
</tr>
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<tbody>
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<td>10/13/2011</td>
<td>Previous Balance</td>
<td></td>
<td>520.87</td>
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<tr>
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<td>Payment - Thank You</td>
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<tr>
<td></td>
<td>Balance before Current Charges</td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>Water Charge</td>
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<td>Water Service Charge</td>
<td>26.40</td>
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<td>Power Adjustment Charge (per 1000 gallons)</td>
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<td></td>
<td>335 @ 0.310 = 103.85</td>
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<td></td>
<td>Water Usage Charge (per 1000 gallons)</td>
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<td></td>
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<td></td>
<td>2 @ 0.000 = 0.00</td>
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<td>12 @ 3.200 = 38.40</td>
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<tr>
<td></td>
<td>14 @ 4.000 = 56.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7 @ 6.000 = 42.00</td>
<td></td>
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<tr>
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<td>2,141.65</td>
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<tr>
<td>TOTAL AMOUNT DUE</td>
<td></td>
<td></td>
<td>$2,141.65</td>
</tr>
</tbody>
</table>

Due Date: 12/12/2011

Meter No: 08111660 Curr Read: 7919 Prev Read: 7584 Cons: 335 thousand gals

EXPLANATION OF CHARGES
GENERAL USE RATE
1. SERVICE CHARGE: For each service, there shall be a charge per month based on the size of the meter, regardless of the amount of water used.
2. USE CHARGE: In addition, you are charged for each 1,000 gallons of water you use based on block threshold rates.

HOW TO PAY YOUR BILL
1. By mail using the enclosed envelope. Please allow sufficient time for your payment to reach us by the DUE DATE.
2. By Automatic Bill Payment from your checking or savings account.
3. In person at our office or at our night deposit box at 4398 Pua Loke Street, Lihue.
4. There is a $7.50 charge for all dishonored payments made by check or Automatic Bill Payment.

MOVING/VACATING, START/STOP SERVICE, CHANGE NAME/ADDRESS
All water charges will continue to be your responsibility until you notify us to close your account under your name.

NOT PAYING YOUR BILL ON TIME
1. If payment is not received by the due date on your bill, the entire amount shall become past due and a Final Notice will be issued.
2. If you receive a Final Notice, please pay all past due payments at our Business Office at 4398 Pua Loke Street, Lihue.
3. If your water is turned off for non-payment, you will be required to pay your bill in full plus a turn-on charge before your water can be restored. You may also be required to pay a cash deposit.

ESTIMATED READING
We try to read your meter each billing period. However, if it is not possible to do so, we will estimate your consumption based on your recent average water usage. Please help us by keeping your meter accessible and clear of cans, debris, foliage, and dogs.

DIRECT LINE NUMBERS
Water Bills & Existing Water Service Questions ........................................ 245-5442
New Water Service Applications ......................................................... 245-5430
Public Relations/Conservation .............................................................. 245-5456

To ensure proper credit to your account, do not punch holes, staple, fold or mutilate this form. Thank you.
Please make sure address appears in the envelope window.

Department of Water Supply
County of Kaua'i
4398 Pua Loke St.
Lihue, HI 96766-1600
DEPARTMENT OF WATER
County of Kaua‘i
4398 Pua Loke Street
Lihue, HI 96766-1600
www.kauaiwater.org

Water Bill Questions? ........................................... 808-245-5442
Water Trouble? (6:00 am to 4:30 pm) ..................... 808-245-5444
Call Police Dispatch (After hours, holidays, weekends) ..808-241-1711
Office Hours: Monday thru Friday 7:45 am to 4:30 pm

Water has no substitute... Conserve it!

ACCOUNT INFORMATION

Account Number .................................................. 1020668-1022646
Name ................................................................. M & J HUGHES
Address ............................................................. 2884 KAUAPEA RD
Billing Date ......................................................... 09/26/2011
Meter Number ..................................................... 08111660
Meter Size .......................................................... 5/8"*

BILLING SUMMARY (See back for details)

Previous Balance ............................................... $311.10
Payments ......................................................... $311.10
Adjustments ...................................................... $0.00
Current Charges ............................................... $520.87

TOTAL AMOUNT DUE ........................................... $520.87

Due Date .......................................................... 10/13/2011
ASB Amount will be deducted on ...................... 10/13/2011

Average Daily Usage (gallons/day)

For Billing Period Ending On ...................................

Indicate address changes below. Please detach and return bottom portion with your payment.

DEPARTMENT OF WATER
COUNTY OF KAUAI
4398 PUA LOKE STREET
LIHUE, HI 96766-1600

ACCOUNT NUMBER

1020668-1022646

DUE DATE

10/13/2011

Due dates apply to Current Charges only.
All past due amounts are due immediately.

TOTAL AMOUNT DUE

$520.87

AMOUNT ENCLOSED - KAUA‘I

THANK YOU

DO NOT PAY

Make checks payable to:
DEPARTMENT OF WATER
To ensure your account is properly credited,
please write account number on check.

431 1 AV 0.340

M & J HUGHES
PO BOX 761
KILAUEA, HI 96754-0761
EXPLANATION OF CHARGES

GENERAL USE RATE
1. SERVICE CHARGE: For each service, there shall be a charge per month based on the size of the meter, regardless of the amount of water used.
2. USE CHARGE: In addition, you are charged for each 1,000 gallons of water you use based on block threshold rates.

HOW TO PAY YOUR BILL
1. By mail using the enclosed envelope. Please allow sufficient time for your payment to reach us by the DUE DATE.
2. By Automatic Bill Payment from your checking or savings account.
3. In person at our office or at our night deposit box at 4396 Puna Loke Street, Lihue.
4. There is a $7.50 charge for all dishonored payments made by check or Automatic Bill Payment.

MOVING/VACATING, START/STOP SERVICE, CHANGE NAME/ADDRESS
All water charges will continue to be your responsibility until you notify us to close your account under your name.

NOT PAYING YOUR BILL ON TIME
1. If payment is not received by the due date on your bill, the entire amount shall become past due and a Final Notice will be issued.
2. If you receive a Final Notice, please pay all past due payments at our Business Office at 4396 Puna Loke Street, Lihue.
3. If your water is turned off for non-payment, you will be required to pay your bill in full plus a turn-on charge before your water can be restored. You may also be required to pay a cash deposit.

ESTIMATED READING
We try to read your meter each billing period. However, if it is not possible to do so, we will estimate your consumption based on your recent average water usage. Please help us by keeping your meter accessible and clear of cars, debris, foliage, and dogs.

DIRECT LINE NUMBERS
Water Bills & Existing Water Service Questions: 245-5442
New Water Service Applications: 245-5430
Public Relations/Conservation: 245-5455

To ensure proper credit to your account, do not punch holes, staple, fold or mutilate this form. Thank you.
Please make sure address appears in the envelope window.

Department of Water Supply
County of Kaua'i
4396 Puna Loke St.
Lihue, HI 96766-1600
Account Number: 1020668-1022646
Name: M & J Hughes
Address: 2884 Kauapea Rd
Billing Date: 12/03/2010
Meter Number: 08111660
Meter Size: 5/8".

Service Period: 10/05/2010 - 12/03/2010
Previous Balance: $1,808.49
Payments: $1,808.49
Adjustments: $0.00
Current Charges: $778.44
TOTAL AMOUNT DUE: $778.44
Due Date: 12/22/2010
ARO Amount will be deducted on 12/22/2010

Average Daily Usage (gallons/day)

Date: 12/03/2010
THOUS. QAL: 395
DAYS: 50
GAL/DAY: 790

Date: 10/05/2010
THOUS. QAL: 941
DAYS: 57
GAL/DAY: 16509

Date: 09/28/2010
THOUS. QAL: 827
DAYS: 57
GAL/DAY: 14357

Date: 08/28/2010
THOUS. QAL: 459
DAYS: 57
GAL/DAY: 8255

Date: 02/12/2010
THOUS. QAL: 672
DAYS: 51
GAL/DAY: 13016

Date: 02/11/2010
THOUS. QAL: 335
DAYS: 59
GAL/DAY: 5678

Date: 12/14/2009
THOUS. QAL: 378
DAYS: 00
GAL/DAY: 9300

DEPARTMENT OF WATER
COUNTY OF KAUA'I
4398 PUA LOKE STREET
Lihue, HI 96766-1600

ACCOUNT NUMBER
1020668-1022646
DUE DATE
12/22/2010
TOTAL AMOUNT DUE
$778.44
AMOUNT ENCLOSED - KAUA'I

THANK YOU

Make checks payable to:
DEPARTMENT OF WATER
To ensure your account is properly credited, please write account number on check.
ACCOUNT INFORMATION

Account Number: 1021948-1028119
Name: SECRET BEACH PROPERTIES LLC
Address: 0000 KAUAPEA RD
Billing Date: 01/24/2012
Meter Number: 06120434
Meter Size: 5/6

BILLING SUMMARY (See back for details)

Service Period: 11/22/2011 - 01/24/2012
Previous Balance: $967.41
Payments: $967.41
Adjustments: $0.00
Current Charges: $235.69
TOTAL AMOUNT DUE: $235.69

Payment Must Reach Us By: 02/10/2012
ABP Amount will be deducted on: 02/10/2012

ACCOUNT NUMBER
1021948-1028119

TOTAL AMOUNT DUE
$235.69

AMOUNT ENCLOSED - KAUAI

DO NOT PAY

THANK YOU
<table>
<thead>
<tr>
<th>DATE</th>
<th>PAYMENTS/ADJUSTMENTS/CHARGES</th>
<th>AMOUNT</th>
<th>BALANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/12/2011</td>
<td>Previous Balance</td>
<td>-967.41</td>
<td>967.41</td>
</tr>
</tbody>
</table>

**Balance before Current Charges**

**Water Charge**

- **Water Service Charge**: 31.50
- **Power Adjustment Charge (per 1000 gallons)**: 32.24
- **Water Usage Charge (per 1000 gallons)**: 64.75
- **Total Water Charges**: 235.69

**TOTAL AMOUNT DUE**: $235.69

Payment Must Reach Us By: 02/10/2012

Meter No: 06120434 Curr Rdg: 9779 Prev Rdg: 8675 Cons: 104 thousand gals

---

**EXPLANATION OF CHARGES**

**GENERAL USE RATE**

1. **SERVICE CHARGE**: For each service, there shall be a charge per month based on the size of the meter, regardless of the amount of water used.
2. **USE CHARGE**: In addition, you are charged for each 1,000 gallons of water you use based on block threshold rates.

**HOW TO PAY YOUR BILL**

1. By mail using the enclosed envelope. Please allow sufficient time for payment to arrive by the PAYMENT MUST REACH US BY date.
2. By Automatic Bill Payment from your checking or savings account.
3. In person at our office or at our night deposit box at 4398 Pua Loke Street, Lihue.
4. There is a $7.50 charge for all dishonored payments made by check or Automatic Bill Payment.

**MOVING/VACATING, START/STOP SERVICE, CHANGE NAME/ADDRESS**

All water charges will continue to be your responsibility until you notify us to close your account under your name.

---

**NOT PAYING YOUR BILL ON TIME**

1. If payment is not received by the PAYMENT MUST REACH US BY date on your bill, the entire amount shall become past due and a Final Notice will be issued.
2. If you receive a Final Notice, please pay all past due payments at our Business Office at 4398 Pua Loke Street, Lihue.
3. If your water is turned off for non-payment, you will be required to pay your bill in full plus a turn-on charge before your water can be restored. You may also be required to pay a cash deposit.

**ESTIMATED READING**

We try to read your meter each billing period. However, if it is not possible to do so, we will estimate your consumption based on your recent average water usage. Please help us by keeping your meter accessible and clear of cars, debris, foliage, and dogs.

**DIRECT LINE NUMBERS**

- Water Bills & Existing Water Service Questions: 808-245-6442
- New Water Service Applications: 808-245-6430
- Public Relations/Conservation: 808-245-6455

---

To ensure proper credit to your account, write account number on check, and do not punch holes, staple, fold or mutilate this form. Thank you. Please make sure address appears in the envelope window.
ACCOUNT INFORMATION

Account Number 1021948-1028119
Name SECRET BEACH PROPERTIES LLC
Address 0000 KAUAPEA RD
Billing Date 11/22/2011
Meter Number 06120434
Meter Size 5/8"  

BILLING SUMMARY (See back for details)

Previous Balance $902.87
Payments $902.87
Adjustments $0.00
Current Charges $967.41
TOTAL AMOUNT DUE $967.41

Due Date 12/12/2011
ABP Amount will be deducted on 12/12/2011

<table>
<thead>
<tr>
<th>DATE</th>
<th>BILLED</th>
<th>THOUS. GAL</th>
<th>DAYS</th>
<th>GAL/DAY</th>
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<td>159</td>
<td>57</td>
<td>2737</td>
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<td>09/26/2011</td>
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<td>7617</td>
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<td>$155.36</td>
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<td>05/31/2011</td>
<td>$338.07</td>
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<td>04/01/2011</td>
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<td>02/02/2011</td>
<td>$203.10</td>
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<td>$933.55</td>
<td>510</td>
<td>59</td>
<td>8644</td>
</tr>
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Indicate address changes below. Please detach and return bottom portion with your payment.

DEPARTMENT OF WATER
COUNTY OF KAULA
4398 PUA LOKE STREET
LIHUE, HI 96766-1690

ACCOUNT NUMBER
1021948-1028119

DUE DATE
12/12/2011

Due dates apply to Current Charges only.
All past due amounts are due immediately.

TOTAL AMOUNT DUE
$967.41

AMOUNT ENCLOSED - KAULA

DO NOT PAY

Make check payable to:
DEPARTMENT OF WATER
To ensure your account is properly credited,
please write account number on check.
### Payments/Adjustments/Charges

**Previous Balance**
- Payment - Thank You
  - Amount: -902.87
  - Balance: 902.67

**Balance before Current Charges**
- Total: 0.00

<table>
<thead>
<tr>
<th>Charge Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Charge</td>
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<tr>
<td>Water Service Charge</td>
<td>28.40</td>
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<tr>
<td>Power Adjustment Charge (per 1000 gallons)</td>
<td>48.36</td>
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<tr>
<td>15 @ 0.310 @ 00.00</td>
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</tr>
<tr>
<td>Water Usage Charge (per 1000 gallons)</td>
<td>892.65</td>
</tr>
<tr>
<td>2 @ 0.000 = 0.00</td>
<td></td>
</tr>
<tr>
<td>12 @ 3.200 = 38.40</td>
<td></td>
</tr>
<tr>
<td>14 @ 4.000 = 56.00</td>
<td></td>
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<td>7 @ 8.000 = 56.00</td>
<td></td>
</tr>
<tr>
<td>121 @ 6.250 = 756.25</td>
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</tr>
</tbody>
</table>

**Total Water Charges**
- Total: 967.41

**Total Amount Due**
- Due Date: 12/12/2011
- Amount Due: $967.41

Meter No: 06120434 Curr Rdg: 8875 Prev Rdg: 8519 Cons: 156 thousand gals

---

**Explanation of Charges**

**General Use Rate**

1. **Service Charge**: For each service, there shall be a charge per month based on the size of the meter, regardless of the amount of water used.
2. **Use Charge**: In addition, you are charged for each 1,000 gallons of water you use based on block threshold rates.

**How to Pay Your Bill**

1. By mail using the enclosed envelope. Please allow sufficient time for your payment to reach us by the DUE DATE.
2. By Automatic Bill Payment from your checking or savings account.
3. In person at our office or at our right deposit box at 4398 Pua Lake Street, Lihue.
4. There is a $7.50 charge for all dishonored payments made by check or Automatic Bill Payment.

**Moving/Vacating, Start/Stop Service, Change Name/Address**

All water charges will continue to be your responsibility until you notify us to close your account under your name.

---

**Not Paying Your Bill on Time**

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2. If you receive a Final Notice, please pay all past due payments at our Business Office at 4398 Pua Lake Street, Lihue.
3. If your water is turned off for non-payment, you will be required to pay your bill in full plus a turn-on charge before your water can be restored. You may also be required to pay a cash deposit.

**Estimated Reading**

We try to read your meter each billing period. However, if it is not possible to do so, we will estimate your consumption based on your recent average water usage. Please help us by keeping your meter accessible and clear of grass, debris, foliage, and snow.

**Direct Line Numbers**

- Water Bills & Existing Water Service Questions: 245-5442
- New Water Service Applications: 245-5430
- Public Relations/Conservation: 245-5455

---

To ensure proper credit to your account, do not punch holes, staple, fold or mutilate this form. Thank you.

Please make sure address appears in the envelope window.

---

Department of Water Supply
County of Kaua'i
4398 Pua Lake St.
Lihue, HI 96766-1600
ACCOUNT INFORMATION

Account Number: 1021948-1028119
Name: SECRET BEACH PROPERTIES LLC
Address: 6000 KAUAPEA RD
Billing Date: 09/26/2011
Meter Number: 06120434
Meter Size: 5/8

BILLING SUMMARY (See back for data)

Previous Balance: $155.36
Payments: $155.36
Adjustments: $0.00
Current Charges: $902.87

TOTAL AMOUNT DUE: $902.87
Due Date: 10/13/2011
ABP Amount will be deducted on: 10/13/2011

DEPARTMENT OF WATER
COUNTY OF KAUAI
4398 PUA LOKE STREET
Lihue, HI 96766-1698

ACCOUNT NUMBER
1021948-1028119
DUE DATE
10/13/2011

Due dates apply to Current Charges only.
All past due amounts are due immediately.
TOTAL AMOUNT DUE
$902.87
AMOUNT ENCLOSED – KAUAI

DO NOT PAY
THANK YOU

Make checks payable to:
DEPARTMENT OF WATER
To ensure your account is properly credited,
please write account number on check.
<table>
<thead>
<tr>
<th>DATE</th>
<th>PAYMENTS/ADJUSTMENTS/CHARGES</th>
<th>AMOUNT</th>
<th>BALANCE</th>
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<tbody>
<tr>
<td>08/16/2011</td>
<td>Previous Balance Payment - Thank You</td>
<td>-155.36</td>
<td>155.36</td>
</tr>
</tbody>
</table>

**Balance before Current Charges**

**Water Charge**
- Water Service Charge: \[30.00\]
- Power Adjustment Charge (per 1000 gallons): \[141.67\]
- Water Usage Charge (per 1000 gallons): \[731.20\]

**Total Water Charges**

**TOTAL AMOUNT DUE**

Due Date: 10/13/2011

Meter No: 06120434 Curr Rdg: 8519 Prev Rdg: 8062 Const: 457 thousand gals

---

**EXPLANATION OF CHARGES**

**GENERAL USE RATE**

1. **SERVICE CHARGE**: For each service, there shall be a charge per month based on the size of the meter, regardless of the amount of water used.
2. **USE CHARGE**: In addition, you are charged for each 1,000 gallons of water you use based on block threshold rates.

**HOW TO PAY YOUR BILL**

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3. In person at our office or at our night deposit box at 4398 Pua Lake Street, Lihue.
4. There is a $7.50 charge for all dishonored payments made by check or Automatic Bill Payment.

**MOVING/VACATING, START/STOP SERVICE, CHANGE NAME/ADDRESS**

All water charges will continue to be your responsibility until you notify us to close your account under your name.

---

**NOT PAYING YOUR BILL ON TIME**

1. If payment is not received by the due date on your bill, the entire amount shall become past due and a Final Notice will be issued.
2. If you receive a Final Notice, please pay all past due payments at our Business Office at 4398 Pua Lake Street, Lihue.
3. If your water is turned off for non-payment, you will be required to pay your bill in full plus a turn-on charge before your water can be restored. You may also be required to pay a cash deposit.

**ESTIMATED READING**

We try to read your meter each billing period. However, if it is not possible to do so, we will estimate your consumption based on your recent average water usage. Please help us by keeping your meter accessible and clear of debris, leaves, and snow.

**DIRECT LINE NUMBERS**

- Water Bills & Existing Water Service Questions: 245-5442
- New Water Service Applications: 245-5430
- Public Relations/Conservation: 245-5455

---

To ensure proper credit to your account, do not punch holes, staple, fold or mutilate this form. Thank you.

Please make sure address appears in the envelope window.
ACCOUNT INFORMATION

Account Number 1021948-1028119
Name SECRET BEACH PROPERTIES LLC
Address 0000 KALUAPEA RD
Billing Date 12/03/2010
Meter Number 05120434
Meter Size 5/8*

BILLING SUMMARY (See back for details)

Service Period 10/05/2010 - 12/03/2010
Previous Balance $1,914.33
Payments $1,814.33
Adjustments $0.00
Current Charges $993.90

TOTAL AMOUNT DUE $993.90

Due Date 12/22/2010
ABP Amount will be deducted on 12/22/2010

Average Daily Usage (gal/ton/Day)

<table>
<thead>
<tr>
<th>DATE</th>
<th>BILLED</th>
<th>THOUS. GAL</th>
<th>DAYS</th>
<th>GAL/DAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/03/2010</td>
<td>$993.90</td>
<td>510</td>
<td>59</td>
<td>16.644</td>
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<td>12/14/2009</td>
<td>$1,034.19</td>
<td>661</td>
<td>60</td>
<td>17.233</td>
</tr>
</tbody>
</table>

Indicate address changes below. Please detach and return bottom portion with your payment.

DEPARTMENT OF WATER
COUNTY OF KAUA'I
4398 PUA LOKE STREET
LIHUE, HI 96766-1600

ACCOUNT NUMBER
1021948-1028119

DUE DATE
12/22/2010

Due dates apply to Current Charges only.
All past due amounts are due immediately.

TOTAL AMOUNT DUE
$993.90

AMOUNT ENCLOSED - KAUA'I

DO NOT PAY
THANK YOU

Make checks payable to:
DEPARTMENT OF WATER
To ensure your account is properly credited, please write account number on check.
DEPARTMENT OF WATER
County of Kauai
2300 Pau Laka Street
Lihue, HI 96766-1500
www.kauawater.org

Water Bill Questions:.................808-245-5642
Water Trouble:......................808-245-5644
Cust. Service (non-emergencies):...808-245-5644
Office Hours: Monday - Friday 7:45 am to 4:30 pm

Water has no substitute...Conserve It!

ACCOUNT INFORMATION
Account Number: 1021648-1098139
Name: SECRETBECHEEPROPERTIEMLLO
Address: 0300 KALAMPA RD
Billing Date: 12/29/2010
Water Number: 081030144
Meter Size: 5/8"

BILLING SUMMARY
Service Period: 12/05/2010 - 12/05/2011
Previous Balance: $5,814.63
Payments: $5,814.63
Adjustment: $0.00
Current Charges: $0.00
TOTAL AMOUNT DUE: $5,814.60

Due Date: 12/29/2010
AMP Amount will be deducted on: 12/29/2010

DATE | BILL # | TOLL | RATE | AMT | FROM | TO
# BACKFLOW PREVENTION ASSEMBLY TEST REPORT

**Kauai Department of Water**

<table>
<thead>
<tr>
<th>Assembly ID</th>
<th>Facility Name</th>
<th>Michelle Hughes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acct Number</td>
<td>123-123123456</td>
<td>Motor # 09115127</td>
</tr>
<tr>
<td>Service Address</td>
<td>2905 B Lawopa St.</td>
<td></td>
</tr>
<tr>
<td>Equip Location</td>
<td>West Corner</td>
<td></td>
</tr>
<tr>
<td>TMK</td>
<td>22-4-22</td>
<td></td>
</tr>
<tr>
<td>Contact Name</td>
<td>Ph</td>
<td></td>
</tr>
<tr>
<td>Map Page</td>
<td>#2</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Test Report Due:</th>
<th>Schedule Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assembly Info</td>
<td>(Replacement/Correction)</td>
</tr>
<tr>
<td>SN</td>
<td>603727</td>
</tr>
<tr>
<td>Mr</td>
<td>4715</td>
</tr>
<tr>
<td>Type</td>
<td>K</td>
</tr>
<tr>
<td>Size</td>
<td>1”</td>
</tr>
<tr>
<td>Model</td>
<td>909</td>
</tr>
<tr>
<td>Install Date</td>
<td></td>
</tr>
<tr>
<td>Permit Num</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Confinement</th>
<th>Freeze Protect</th>
<th>Hazard Type</th>
<th>Haz. Level</th>
</tr>
</thead>
</table>

**Line pressure at time of test:** 46

**REPORT OF TEST RESULTS**

<table>
<thead>
<tr>
<th></th>
<th>Check Valve #1</th>
<th>Check Valve #2</th>
<th>Relief Valve</th>
<th>PVB/SVB</th>
<th>Shut Off Valves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Test</td>
<td>Held at 25.4 PSID</td>
<td>Held at 25.4 PSID</td>
<td>Opened at 24.9 PSID</td>
<td>Did Not Open</td>
<td>Closed Tight Leaked</td>
</tr>
<tr>
<td></td>
<td>Closed Tight</td>
<td>Closed Tight</td>
<td>Did Not Open</td>
<td>Did Not Open</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Leaked</td>
<td>Leaked</td>
<td>Leaked</td>
<td>Leaked</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>CLEANED</th>
<th>CLEANED</th>
<th>CLEANED</th>
<th>CLEANED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>REPLACED</td>
<td>REPLACED</td>
<td>REPLACED</td>
<td>REPLACED</td>
</tr>
<tr>
<td></td>
<td>Disc</td>
<td>Disc</td>
<td>Disc</td>
<td>Disc</td>
</tr>
<tr>
<td></td>
<td>Spring</td>
<td>Spring</td>
<td>Spring</td>
<td>Spring</td>
</tr>
<tr>
<td></td>
<td>Seat</td>
<td>Seat</td>
<td>Seat</td>
<td>Seat</td>
</tr>
<tr>
<td></td>
<td>Hinge Pin</td>
<td>Hinge Pin</td>
<td>Hinge Pin</td>
<td>Hinge Pin</td>
</tr>
<tr>
<td></td>
<td>Diaphragm</td>
<td>Module</td>
<td>Module</td>
<td>Module</td>
</tr>
<tr>
<td></td>
<td>Module</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Other/Notes:**

**Approved BFP**

<table>
<thead>
<tr>
<th>Shut Off Valves</th>
<th>#1</th>
<th>#2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed Tight</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leaked</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**THE ABOVE REPORT IS CERTIFIED TO BE TRUE:**

**Owner's Signature**

**Date:**

<table>
<thead>
<tr>
<th>Initial Test By</th>
<th>Certificate</th>
<th>Date:</th>
<th>Gauge Num</th>
<th>Time In</th>
<th>Time Out</th>
<th>Company</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bryan A.</td>
<td>360-532</td>
<td>12-14-11</td>
<td>635</td>
<td></td>
<td></td>
<td></td>
<td>658-9745</td>
</tr>
</tbody>
</table>

**Final Test By**

**Repair By**
COUNTY OF KAUA\i
BUILDING DIVISION
TRANSFER OR REINSPECTION

<table>
<thead>
<tr>
<th>Identification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner/Trustee: Justin Hughes/Michele Hughes, Trustees</td>
</tr>
<tr>
<td>Project Address: 2804 A Kapaa Road</td>
</tr>
<tr>
<td>Eleea, Kauai, Hawaii 96754</td>
</tr>
<tr>
<td>Contractor: Owner-Builders</td>
</tr>
<tr>
<td>Lic. No. -</td>
</tr>
<tr>
<td>Other:</td>
</tr>
<tr>
<td>Lic. No. -</td>
</tr>
<tr>
<td>Address:</td>
</tr>
<tr>
<td>Plumbers/Electricians: Bryan Yoon</td>
</tr>
<tr>
<td>Lic. No. 0-21703</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reinspection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Reinspection @ $25.00</td>
</tr>
<tr>
<td>Plumbing Reinspection @ $25.00</td>
</tr>
<tr>
<td>Electrical Reinspection @ $25.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Permit Transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Permit Transfer @ $50.00</td>
</tr>
<tr>
<td>Plumbing Permit Transfer @ $50.00</td>
</tr>
<tr>
<td>Electrical Permit Transfer @ $50.00</td>
</tr>
</tbody>
</table>

I hereby acknowledge that I have read this application and state that the above is correct and agree to comply with all County of Kauai ordinances and state laws regulating plumbing.

[Signature]
## BACKFLOW PREVENTION ASSEMBLY TEST REPORT

### Kauai Department of Water

<table>
<thead>
<tr>
<th>Assembly ID</th>
<th>Facility Name</th>
<th>Test Report Due</th>
<th>Schedule Code</th>
<th>Assembly Info</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acct Number</td>
<td>10219</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meter #</td>
<td>061220434</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Address</td>
<td>0000 KAUAPA K #</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equip Location</td>
<td>4 corner of Property 20' from street</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TMK</td>
<td>5-2-5-2</td>
<td>Containment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact Name</td>
<td>3035</td>
<td>Ph</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Map Page</td>
<td>#2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Confinement**: [ ]
- **Freeze Protect**: [ ]
- **Hazard Type**: [ ]
- **Haz. Level**: [ ]

### Line pressure at time of test: **85**

### REPORT OF TEST RESULTS

<table>
<thead>
<tr>
<th>Check Valve #1</th>
<th>Check Valve #2</th>
<th>Relief Valve</th>
<th>PVB/SVB</th>
<th>Shut Off Valves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held at 7.5 PSI</td>
<td>Held at 7 PSI</td>
<td>Opened at 3.2 PSI</td>
<td>Air Inlet Opened at PSI</td>
<td>Shut Off Valves #1 #2</td>
</tr>
<tr>
<td>Closed Tight</td>
<td>Closed Tight</td>
<td>Did Not Open</td>
<td>Did Not Open</td>
<td>Closed Tight</td>
</tr>
<tr>
<td>Leaked</td>
<td>Leaked</td>
<td></td>
<td>Check Held at PSI</td>
<td>Leaked</td>
</tr>
</tbody>
</table>

- **REPAIR**
  - [ ] CLEANED
  - [ ] REPLACED
  - [ ] DISC
  - [ ] SPRING
  - [ ] GUIDE
  - [ ] SEAT
  - [ ] HINGE PIN
  - [ ] DIAPHRAGM
  - [ ] MODULE

### Other/Notes:

- **REPAIR**
  - [ ] DISC
  - [ ] SPRING
  - [ ] GUIDE
  - [ ] SEAT
  - [ ] HINGE PIN
  - [ ] DIAPHRAGM
  - [ ] MODULE

### FINAL TEST

- **PSID**: 85
- **PSID**: 85
- **Open at PSI**: 85
- **Air Inlet**: 85
- **CK Valve**: 85
- **Closed Tight**: 85

---

**THE ABOVE REPORT IS CERTIFIED TO BE TRUE:**

**Owner's Signature**

**Date:**

---

<table>
<thead>
<tr>
<th>Initial Test By</th>
<th>Certificate</th>
<th>Date:</th>
<th>Gauge Num</th>
<th>Time In</th>
<th>Time Out</th>
<th>Company</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bryan Yoon</td>
<td>634.53</td>
<td>12-24-11</td>
<td>135</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Final Test By</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Repair By</th>
</tr>
</thead>
</table>
COUNTY OF KAUA'I
PLANNING DEPARTMENT

ZONING PERMIT APPLICATION
USE PERMIT APPLICATION
PROJECT DEVELOPMENT USE PERMIT APPLICATION
VARIANCE PERMIT APPLICATION
SPECIAL PERMIT APPLICATION
SMA PERMIT APPLICATION

APPLICANT: Thomas Hughes
ADDRESS: 920 Hikinaakalani St, Princeville, HI 96724

PHONE NO. (work): 808-396-9007 (home)
Tax Map Key: 6-2-5-32 Lot No. 5 Lot Size: 0.328 Acres

APPLICANT IS: (check one)
A. Owner of Property ✓ (Holder of at least 75% of the equitable and legal title.)
B. Lessee of Property ___ Number of Years Leased From ___ to ___
C. Authorized Agent ___ Attach Letter of Authorization.

NOTE: Lessee must have an unexpired and recorded lease of five (5) years or more from date of filing this application. Owner(s) must sign below if lease is less than five (5) years remaining and/or unrecorded.

DESCRIPTION OF PROPOSED USE, IMPROVEMENT, ALTERATION, AND/OR CONSTRUCTION: (specify exact use, number of units, etc.)

2 Farms Distillery Warehouse
Sheed, 3000 sq ft\需拆

dock to be demol"

FOR VARIANCE OR USE PERMITS ONLY

Conditions justifying Variance or Use Permit Application: (use additional sheets as required)

The owner and/or his authorized representative for the purposes of said permit shall, prior to commencing erection, construction, installation or placement of the foundations and/or footings of the improvements allowed hereunder, and after compliance with the foregoing conditions, notify the Planning Department no later than five (5) working days to commence of such work, in order that the Planning Department may inspect and certify the applicable and imposed setbacks and other zoning requirements.

The construction, work, use, or activity approved in this permit shall be subject to inspection by the Planning Inspector or authorized personnel of the Planning Department, County of Kaua'i. The applicant is advised that inspection will occur prior to or during construction and use to ascertain compliance with the provisions of Ordinance No. 164, as amended (Comprehensive Zoning Ordinance, County of Kaua'i), and/or other laws which are enforced by the Planning Department.

APPROVED FOR DRAINAGE AND DRAINAGE CONDENSATION ONLY A REVIEW/PERMIT WAS MADE ON THIS STRUCTURAL INTEGRITY OF THE EXISTING ELEVATION TO BE REMAINED AN UNDISTURBED BASEMENT. APPROVAL OF THIS STRUCTURE IF CONSTRUCTION IS APPROVED BY THE PLANNING DEPARTMENT.

APPROVED BY: Michael Hughes

MAINTAIN EXISTING DRAINAGE
RUNOFF AND FLOWPATHS KEEP DRAINAGE:
IMPLEMENT BEST MANAGEMENT PRACTICES TO PROTECT DAMAGE BY Owner/Applicant DUNT, SEDIMENT AND OTHER POLLUTANTS TO STREAMS, WATER COURSES, NATURAL AREAS AND THE PROPER OF OTHERS

Panal GOE, Zone X
DEPARTMENT OF WATER
County of Kauai
P.O. Box 1706
Lihue, Hawaii 96766-5706

PREPARE IN DUPLICATE

RENEWAL APPLICATION FOR AGRICULTURE RATE

In accordance with the provisions of Department of Water (Rules and Regulations Part 4, fixing rates for Furnishing Water Service in the County of Kauai), I hereby apply for the Agricultural Rate for all water drawn through the below described water service.

CUSTOMER NAME: Secret Beach Properties, LLC (Act 1021948-1028119)
ADDRESS: P.O. Box 781
ADDRESS: Kilauea, Hawaii 96754

Res. Ph. (xxx) xxx-xxxx 808-639-0904 Bus. Ph. (xxx) xxx-xxxx

Premise Location: Kauapea Road, Kilauea, Hawaii
TRK: 5-2-5-36
Area Under Cultivation: 7.559 acres

Type of Crop or Stock: Tropical flowers, nursery crops

** Estimated Yearly Gross Sales** Please attach one copy of your current General Excise/Use Tax Return Form G-45
**General Excise Tax License ID. and General Excise Tax License.**

I certify that I am actively engaged on a commercial basis in AGRICULTURE STOCK RAISING DAIRY FARMING

I have met the installation, testing and certification requirements of Reduce Pressure Backflow Prevention Assembly (BFPA). [See attachment 1]

I understand that if this application is approved, the Agricultural Rate will continue in effect for the remainder of this fiscal year unless cease being actively engaged on a commercial basis in agriculture, stock raising or farming. Application for Agricultural Rate shall be renewed annually and should be submitted no later than June 30th of each fiscal year. Agricultural Rate will be cancelled if application is not renewed.

The Department of Water reserves the right to limit or restrict water flow to agricultural uses in the event water service to domestic uses is disrupted or lowered because of agricultural water use.

DATE: 12-16-11

SIGNATURE OF SERVICE HOLDER

(FOR DOW USE ONLY)

Inspected: __________________________ Application No. __________________________

Approval Recommended: Yes ______ No ______

Justification:
## Pualani Gardens, LLC

**Receipts by year**

**All Transactions**

<table>
<thead>
<tr>
<th>Income</th>
<th>Dec 31, 08</th>
<th>Dec 31, 09</th>
<th>Dec 31, 10</th>
<th>Dec 31, 11</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Income</td>
<td>18,045.79</td>
<td>10,720.18</td>
<td>7,721.88</td>
<td>985.25</td>
<td>35,672.86</td>
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<tr>
<td>Total Income</td>
<td>35,045.79</td>
<td>10,720.16</td>
<td>7,721.88</td>
<td>985.25</td>
<td>35,872.86</td>
</tr>
</tbody>
</table>

---

11:15 AM
12/13/11
Cash Basis
FORM G-45 (EFile)  
STATE OF HAWAII - DEPARTMENT OF TAXATION  
GENERAL EXCISE/USE TAx RETURN

☐ Check this box if this is an AMENDED Return  
☐ Month  ☐ Quarter  ☑ Semiannual  
Period Ending July 2010 to December 2010  
HAWAII TAX I.D. NO.  W68672520-01  

NAME: Puritan Gardens LLC  
Last 4-digits of your FEIN or SSN: 5118

PART I - GENERAL EXCISE and USE TAXES @ 1/2 OF 1% (.005)

1. Wholesaling
2. Manufacturing
3. Producing
4. Wholesale Services
5. Use Tax on Imports for Resale
6. Business Activities of Disabled Persons
7. Sum of Part I, Column a (Taxable Income) - Enter the result here and on Page 2, line 21, Column a

PART II - GENERAL EXCISE and USE TAXES @ 4% (.04)

8. Retailing
9. Services including Professional
10. Contracting
11. Theater, Amusement and Broadcasting
12. Commissions
13. Transient Accommodations Revenue
14. Other Rentals
15. Interest and All Others
16. Use Tax on Imports For Consumption
17. Sum of Part II, Column a (Taxable Income) - Enter the result here and on Page 2, line 22, Column a

DECLARATION - I declare, under the penalties set forth in section 231-36 of HRS, the information, (including any accompanying schedules or statements) has been examined by me, and, to the best of my knowledge and belief, is true, correct, and complete return, made in good faith for the tax period stated, pursuant to the General Excise and Use Tax Law and the rules issued thereunder.  
IN THE CASE OF A CORPORATION OR PARTNERSHIP, THIS RETURN MUST BE SIGNED BY AN OFFICER, PARTNER OR MEMBER, OR SOLELY AUTHORIZED AGENT.

Michelle Hunsley  
SIGNATURE  
01/20/2011  
TITLE  
DATE

Continued on Page 2 - Parts V & VI MUST be completed

01/20/2011  PRN012001421321  

FORM G-45 (Rev. 2008) 10
FORM G-45 (EFile) Page 2 of 2

NAME: Pualei Gardens LLC
HAWAII TAX I.D. NO. W68672520-01
Period Ending July 2010 to December 2010
Last 4-digits of your FEIN or SSN: 5118

BUSINESS ACTIVITIES

PART III - Insurance Commissions @ 0.15% (0.0015)

18. Insurance Commissions

PART IV - City & County of Honolulu Surcharge Tax @ 1/2 OF 1% (.005)

19. Oahu Surcharge

PART V - SCHEDULE OF ASSIGNMENT OF TAXES BY DISTRICT (ALL taxpayers MUST complete this Part and may be subject to a 10% penalty for noncompliance.) See instructions DARKEN the circle of the taxation district in which you have conducted business, if you did business in more than one district, darken the cir. MULT. and indicate the assignment of General Excise/Use Taxes by District in the boxes below.

20. [ ] Oahu [ ] Maui [ ] Kauai [ ] MULTI

OAHU DISTRICT
MAUI DISTRICT
KAUAI DISTRICT

PART VI - TOTAL PERIODIC RETURN

<table>
<thead>
<tr>
<th>TAXABLE INCOME</th>
<th>TAX RATE</th>
<th>TOTAL TAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Column (a)</td>
<td>Column (b)</td>
<td>Column (c)</td>
</tr>
<tr>
<td>21. Enter the amount from Part III line 16</td>
<td>$5,509.00</td>
<td>X 0.006</td>
</tr>
<tr>
<td>22. Enter the amount from Part II, line 18</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>23. Enter the amount from Part III line 18</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>24. Enter the amount from Part III line 19, Column c</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>25. TOTAL TAXES FROM TOTALS of lines 21 through 24 and enter total here.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26. Amounts assessed during the period. (For Amended Return ONLY)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PENALTY $</td>
<td>INTEREST $</td>
<td>TOTAL</td>
</tr>
<tr>
<td>27. TOTAL AMOUNT. Add lines 25 and 26</td>
<td></td>
<td>32.55</td>
</tr>
<tr>
<td>28. TOTAL PAYMENTS MADE FOR THE PERIOD (For Amended Return ONLY)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>29. CREDIT TO BE REFUNDED Line 26 minus line 27 (For Amended Return ONLY)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30. ADDITIONAL TAXES DUE. Line 27 minus Line 28 (For Amended Return ONLY)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31. FOR LATE FILING ONLY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PENALTY $</td>
<td>INTEREST $</td>
<td>TOTAL</td>
</tr>
<tr>
<td>32. TOTAL AMOUNT DUE AND PAYABLE (Original Returns, add lines 27 and 31; Amended Returns, add lines 27 and 31)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>33. PLEASE ENTER THE AMOUNT OF YOUR PAYMENT. If you are not submitting a payment with this return, please enter 0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34. GRAND TOTAL OF EXEMPTIONS/DEDUCTIONS CLAIMED. (Attach Schedule G-IE)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If Schedule G-IE is not attached, exemptions/ deductions claimed will be disallowed</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FORM G-45 (Rev. 2008)
**Schedule GE**

**STATE OF HAWAI'I -- DEPARTMENT OF TAXATION**

**General Excise/Use Tax**

**Schedule of Exemptions and Deductions**

*(To be filed with Forms G-45 or G-49)*

For Period Ending __12__ / __10__ (MM/DD/YY) or Tax Year Ending __/__/____ (MM/DD/YY)

**HAWAII TAX I.D. NO.: W88672520-01**

If you are claiming exemptions/deductions on your periodic or annual general excise/use tax return (Forms G-45 or G-49), complete and attach this form to your tax return (Forms G-45 or G-49). If you do not attach this form to your Forms G-45 or G-49, then your exemptions/deductions will be disallowed and additional taxes assessed. Use this form to explain the exemptions/deductions that you are claiming in Column b on Forms G-45 or G-49. *Note: Most ordinary business expenses are NOT DEDUCTIBLE (e.g., materials, supplies, etc.) on your general excise/use tax return.*

**Act. Code** - For each business activity in which you are claiming an exemption/deduction for in Column b on your general excise/use tax return (Forms G-45 or G-49), enter the part and line number in the Act. Code column (e.g., the activity code for exemptions/deductions claimed for Wholesaling is "W11" because Wholesaling is listed in Part I, line 1 on Forms G-45 and G-49; for Contracting see Part II, line 18; for "Imports for Consumption" it is "P219", since Imports for Consumption is Part II, line 16; for Insurance Commissions II is "P316", since Insurance Commissions is Part III, line 18).

**Amount** - Enter the amount of the exemption/deduction you are claiming. In the last column, enter the Hawaii Revised Statutes section for each exemption/deduction you are claiming. The schedules of exemptions and deductions are at the end of the general excise/use tax return instructions. If you are claiming a deduction for payments to subcontractors, you must indicate the subcontractor's name and general excise Hawaii Tax I.D. No. For subcontracts, see Form G-45-1, Wholesale sales of amusements, see Form G-81.

<table>
<thead>
<tr>
<th>ACT. CODE</th>
<th>AMOUNT</th>
<th>ACTIVITIES UNDER CHAPTER 237, HRS -- GENERAL EXCISE TAX LAW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

**SUBTOTAL -- General Excise Tax Exemptions/Deductions**

<table>
<thead>
<tr>
<th>ACT. CODE</th>
<th>AMOUNT</th>
<th>ACTIVITIES UNDER CHAPTER 238, HRS -- USE TAX LAW</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

**SUBTOTAL -- Use Tax Exemptions/Deductions**

<table>
<thead>
<tr>
<th>ACT. CODE</th>
<th>AMOUNT</th>
<th>ACTIVITIES -- CITY &amp; COUNTY OF HONOLULU SURCHARGE</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

**SUBTOTAL -- City & County of Honolulu Surcharge Exemptions/Deductions**

**GRAND TOTAL** (Add the general excise tax, use tax, and City & County of Honolulu surcharge exemptions/deductions subtotals listed above and enter the amount on this line and on Form G-45, line 34 or Form G-49, line 38).

*(If more space is needed, please attach a separate schedule.)*
FORM G-45 (EFile)

GENERAL EXCISE/USE TAX RETURN

NAME: Pukalei Gardens LLC

Last 4-digits of your FEIN or SSN: 5118

HAWAII TAX I.D. NO. W68672620-01

Period Ending: January 2011 to June 2011

CHECK THIS BOX IF THIS IS AN AMENDED RETURN

☐ Month       ☐ Quarter   ☑ Semianual

Column a
VALUES, PROCEEDS OR GROSS INCOME

Column b
EXEMPTIONS (column a x rate)

Column c
TAXABLE INCOME (column a minus column b)

PART I - GENERAL EXCISE and USE TAXES @ 1% (.005)

1. Wholesaling

2. Manufacturing

3. Processing

4. Wholesale Services

5. Use Tax on Imports for Resale

6. Business Activities of Disabled Persons

7. Sum of Part I, Column c (Taxable income) - Enter the result here and on Page 2, line 21, Column (a) 389.00

PART II - GENERAL EXCISE and USE TAXES @ 4% (.04)

8. Retailing

9. Services Involving Professional

10. Contracting

11. Theaters, Amusement, and Broadcasting

12. Commissions

13. Transient Accommodations Receipts

14. Other Renta's

15. Interstate and All Others

16. Use Tax on Imports for Consumption

17. Sum of Part II, Column c (Taxable Income) - Enter the result here and on Page 2, line 22, Column (a) 597.00

DECLARATION - I declare, under the penalties set forth in section 231-35-1 of Hawaii Revised Laws, this return, including any accompanying schedules or statements, has been examined by me and, to the best of my knowledge and belief, is true, correct, and complete, made in good faith for the tax period stated, pursuant to the General Excise and Use Tax Law and the regulations issued thereunder.

In the case of a corporation or partnership, this return must be signed by an officer, partner or member, or duly authorized agent.

Michelle Hughes
SIGNATURE

07/20/2011
DATE

07/20/2011 PRN072001691781

Continued on Page 2 - Parts V & VI MUST be completed
FORM G-45 (EFile) Page 2 of 2

NAME: Puuanui Gardens LLC
HAWAII TAX I.D. NO. W88672820-01 Period Ending January 2011 to June 2011
Last 4-digits of your FEIN or SSN: 5118

PART III - Insurance Commissions @ 0.15% (0.0015)
18. Insurance Commissions

PART IV - City & County of Honolulu Surcharge Tax @ 1/2 OF 1% (0.005)
19. Oahu Surcharge

PART V - SCHEDULE OF ASSIGNMENT OF TAXES BY DISTRICT (ALL taxpayers MUST complete this Part and may be subject to a 10% penalty for noncompliance.) See instructions. DARKEN the box of the taxation district in which you have conducted business. If you did business in MORE THAN ONE district, darken the box "MULTI" and indicate the amount of General Excise Tax by District in the boxes below.

20. [ ] Oahu [ ] Maui [ ] Kauai [ ] Other [ ] MULTI

OAHU DISTRICT MAUI DISTRICT KAUAI DISTRICT

PART VI - TOTAL PERIODIC RETURN

24. Enter the amount from Part I line 7: $300.00
   TAXABLE INCOME Column (a) $300.00
   TAX RATE Column (c) 0.005
   TOTAL TAX Column (d) = Column (a) x Column (c) $1.50

25. TOTAL TAXES DUE: Add columns (b) of lines 21 through 24 and enter result here. If you did not have any activity for the period, enter "0.00" here. $25.68

26. CREDIT TO BE REFUNDED: Line 26 minus line 27 (For Amended Return Only) 25.63

31. FOR LATE FILING ONLY
   PENALTY $0.00
   INTEREST $0.00

FORM G-45 (Rev. 2008) 10
<table>
<thead>
<tr>
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**SUBTOTAL -- General Excise Tax Exemptions/Deductions**

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**SUBTOTAL -- City & County of Honolulu Surcharge Exemptions/Deductions**

**GRAND TOTAL** (Add all general excise, use tax, and City & County of Honolulu surcharge exemptions/deductions subtotals listed above and enter the amount on this line and on Form G-45, line 24 or Form G-49, line 88)

(if more space is needed, please attach a separate schedule.)
# BACKFLOW PREVENTION ASSEMBLY TEST REPORT

**Kauai Department of Water**

<table>
<thead>
<tr>
<th>Assembly ID</th>
<th>Facility Name</th>
<th>SECRET BEACH PROPERTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acct Number</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Address</td>
<td>6000 KHUAPA RD</td>
<td></td>
</tr>
<tr>
<td>Equip Location</td>
<td>Warden at Property 20: FROMGATE</td>
<td></td>
</tr>
<tr>
<td>TMK</td>
<td>5-2-5-267</td>
<td>Containment</td>
</tr>
<tr>
<td>Contact Name</td>
<td></td>
<td>Ph</td>
</tr>
<tr>
<td>Map Page</td>
<td>#2</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Assembly Info</th>
<th>(Replacement/Correction)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SN</td>
<td>607481</td>
</tr>
<tr>
<td>Sn</td>
<td>WAT2</td>
</tr>
<tr>
<td>Type</td>
<td>R</td>
</tr>
<tr>
<td>Size</td>
<td>1</td>
</tr>
<tr>
<td>Model</td>
<td>909</td>
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</table>

**Line pressure at time of test:** 85

**REPORT OF TEST RESULTS**

<table>
<thead>
<tr>
<th>Initial Test</th>
<th>Relief Valve</th>
<th>PVB/SVP</th>
<th>Shut Off Valves</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Held at 7.5 PSID</td>
<td>Closed Tight</td>
<td>Closed Tight</td>
</tr>
<tr>
<td>#2</td>
<td>Held at 7.7 PSID</td>
<td>Closed Tight</td>
<td>Closed Tight</td>
</tr>
<tr>
<td>#3</td>
<td>Opened at 3.0 PSID</td>
<td>Did Not Open</td>
<td>Leaked</td>
</tr>
</tbody>
</table>

**REPAIR**

<table>
<thead>
<tr>
<th>Disc</th>
<th>Spring</th>
<th>Guide</th>
<th>Seat</th>
<th>Hinge Pin</th>
<th>Diaphragm</th>
<th>Module</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLEANED</td>
<td>REPLACED</td>
<td>CLEANED</td>
<td>REPLACED</td>
<td>CLEANED</td>
<td>REPLACED</td>
<td>REPLACED</td>
</tr>
</tbody>
</table>

| Other/Notes: | 95 |

<table>
<thead>
<tr>
<th>FINAL TEST</th>
<th>PSI</th>
<th>PSI</th>
<th>Opened at PSI</th>
<th>Air Inlet PSI</th>
<th>Check Valve PSI</th>
<th>Closed Tight</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Closed Tight</td>
<td>85</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>#2</td>
<td>Closed Tight</td>
<td>85</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**THE ABOVE REPORT IS CERTIFIED TO BE TRUE:**

<table>
<thead>
<tr>
<th>Owner's Signature</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Initial Test By:**

<table>
<thead>
<tr>
<th>Honest Detail</th>
<th>Certificate</th>
<th>Date:</th>
<th>Gauge Num</th>
<th>Time In</th>
<th>Time Out</th>
<th>Company</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bryan Yowell</td>
<td>P66-63</td>
<td>12-24-11</td>
<td>435</td>
<td>83</td>
<td>82</td>
<td>Elyon Hardware</td>
<td>634-9245</td>
</tr>
</tbody>
</table>

**Final Test By:**

**Repair By:**


RENEWAL APPLICATION FOR AGRICULTURE RATE

In accordance with the provisions of Department of Water (Rules and Regulations Part 4, fixing rates for Furnishing Water Service in the County of Kauai), I hereby apply for the Agricultural Rate for all water drawn through the below described water service.

CUSTOMER NAME: Mibelle Hughes
ADDRESS: P. O. Box 781
ADDRESS: Kiluaea, Hawaii 96754


Premise location: 29088 Kuaapa Rd., Kiluaea, Kauai

Area Under Cultivation: 2.704 acres (dedicated)

Type of Crop or Stock: tropical flowers, fruit, nursery and field stock

** Estimated Yearly Gross Sales** Please attach one copy of your current General Excise/Use Tax Return Form G-45
**General Excise Tax License I.D. and General Excise Tax License.

I certify that I am actively engaged in a commercial basis in AGRICULTURE, STOCK RAISING, DAIRY FARMING

I have met the installation, testing and certification requirements of Reduce Pressure Backflow Prevention Assembly (BPFA).

(See attachment 1)

I understand that if this application is approved, the Agricultural Rate will continue in effect for the remainder of this fiscal year unless cease being actively engaged in a commercial basis in agriculture, stock raising or farming. Application for Agricultural Rate shall be renewed annually and should be submitted no later than June 30th of each fiscal year. Agricultural Rate will be cancelled if application is not renewed.

The Department of Water reserves the right to limit or restrict water flow to agricultural uses in the event water service to domestic users is disrupted or lowered because of agricultural water use.

12-10-11

Signature of Service Holder

FOR DOW USE ONLY

Inspected: __________________________ Application No. __________________________

Approval Recommended: Yes____ No____

Justification: __________________________
Pualani Gardens, LLC
Receipts by year
All Transactions

<table>
<thead>
<tr>
<th>Income</th>
<th>Dec 31, 08</th>
<th>Dec 31, 09</th>
<th>Dec 31, 10</th>
<th>Dec 12, 11</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Income</td>
<td>16,245.79</td>
<td>10,720.16</td>
<td>7,721.68</td>
<td>885.25</td>
<td>35,672.68</td>
</tr>
<tr>
<td>Total Income</td>
<td>16,245.79</td>
<td>10,720.16</td>
<td>7,721.68</td>
<td>885.25</td>
<td>35,672.68</td>
</tr>
</tbody>
</table>
**GENERAL EXCISE/USE TAX RETURN**

- **NAME:** Puulan Gardens, LLC
- **Last 4-digits of your FEIN or SSN:** 5118
- **HAWAII TAX I.D. NO.:** W68672620-01
- **Period Ending:** July 2010 to December 2010

### PART I - GENERAL EXCISE and USE TAXES @ 1/2 OF 1% (.005)

1. Wholesale
2. Manufacturing
3. Producing
4. Wholesale Services
5. Use Tax on Imports for Resale
6. Business Activities of Disabled Persons
7. Sum of Part I, Column (a) (Taxable Income) - Enter the result here and on Page 2, line 21, Column (b)

### PART II - GENERAL EXCISE and USE TAXES @ 4% (.04)

8. Retailing
9. Services Including Professional
10. Contracting
11. Theater, Amusement, and Broadcasting
12. Commissions
13. Transient Accommodations, Rentals
14. Other Rentals
15. Interest and All Others
16. Use Tax on Imports For Consumption
17. Sum of Part II, Column (c) (Taxable Income) - Enter the result here and on Page 2, line 22, Column (d)

---

**DECLARATION** - I declare, under the penalties set forth in section 231-360(3), that this return (including any accompanying schedules or statements) has been examined by me and, to the best of my knowledge and belief, is true, correct, and complete return, made in good faith for the tax period stated, pursuant to the General Excise and Use Tax Act and the rules issued thereunder.

In the case of a corporation or partnership, this return must be signed by an officer, partner, or member, or duly authorized agent.

**Signature: Michele Hughes**

**Title:**

**Date:** 01/20/2011

---

Continued on Page 2 - Parts V & VI MUST be completed
**FORM G-45 (EFile) Page 2 of 2**

**NAME:** Puuueni Gardens LLC

**HAWAII TAX I.D. NO.:** W66672520-01

**Period Ending:** July 2010 to December 2010

**Last 4-digits of your FEIN or SSN:** 5118

**BUSINESS ACTIVITIES**

<table>
<thead>
<tr>
<th>Column a</th>
<th>Column b</th>
<th>Column c</th>
</tr>
</thead>
<tbody>
<tr>
<td>VALUE</td>
<td>INCOME</td>
<td>EXCEPTIONS/DEDUCTIONS</td>
</tr>
<tr>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**PART III - Insurance Commissions @ 0.15% (0.0016)**

18. Insurance Commissions

Enter this Amount on line 23, Column (a)

**PART IV - City & County of Honolulu Surcharge Tax @ 1/2 of 1% (0.005)**

19. Oahu Surcharge

Enter this Amount on line 23, Column (a)

**PART V - SCHEDULE OF ASSIGNMENT OF TAXES BY DISTRICT**

(ALL taxpayers MUST complete this Part and may be subject to a 10% penalty for noncompliance.) See instructions. Darken the box of the taxation district in which you have conducted business. If you did business in MORE THAN ONE DISTRICT, darken the box MULTI and darken the assignment of General Excise/Use Taxes by Districts in the boxes below.

NOTE: Please enter zero in the district box if you did not have any activity. For your convenience you may use Form G-176 worksheet to help breakdown your district taxes.

- [ ] Oahu
- [ ] Maui
- [ ] Kauai
- [X] Multi

OAHU DISTRICT  MAUI DISTRICT  KAUAII DISTRICT

**PART VI - TOTAL PERIODIC RETURN**

<table>
<thead>
<tr>
<th>Description</th>
<th>TAXABLE INCOME Column (a)</th>
<th>TAX RATE Column (b)</th>
<th>TOTAL TAX Column (c) = Column (a) x Column (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>21. Enter the amount from Part III, line 18</td>
<td>$6,509.00</td>
<td>X 0.005</td>
<td>= $32.55</td>
</tr>
<tr>
<td>22. Enter the amount from Part III, line 19</td>
<td>$</td>
<td>X 0.04</td>
<td>=</td>
</tr>
<tr>
<td>23. Enter the amount from Part III, line 20, Column (c)</td>
<td>$</td>
<td>X 0.0018</td>
<td>=</td>
</tr>
<tr>
<td>24. Enter the amount from Part III, line 21, Column (c)</td>
<td>$</td>
<td>X 0.005</td>
<td>=</td>
</tr>
</tbody>
</table>

TOTAL TAX DUE = Line 23 through 24 and enter result here. If you did not have any activity for the period, enter "0.00" here. The interest is based on the interest rate set by the Hawaii legislature. If you did not have any activity, enter "0.00" here for the Interest. (For Amended Return ONLY)

- Interest $ 22.55

**FORM G-45 (Rev. 2008)**

- Total Amount, Add lines 25 and 26: 32.55

- Total Payments Made for the Period (For Amended Return ONLY): 20.

- Credit to Be Refunded, Line 28 minus Line 27 (For Amended Return ONLY): 20.

- Additional Taxes Due, Line 27 minus Line 28 (For Amended Return ONLY): 30.

- For Late Filing Only: 31.

- Total Amount Due and Payable: (Original Return; add lines 27 and 31; Amended Return; add lines 28 and 31): 32.

- Please Enter the Amount of Your Payment, If you are not submitting a payment with this return, please enter "0.00" here: 33.

- Grand Total of Exemptions/Deductions Claimed: (Attach Schedule G-E): 34.
### Schedule GE

**State of Hawaii — Department of Taxation**  
**General Excise/Use Tax**  
**Schedule of Exemptions and Deductions**  
*(To be filed with Forms G-45 or G-49)*

For Period Ending: **12/10/XX** or Tax Year Ending: **__/__/XX**

**Hawaii Tax I.D. No.:** W6872528-01

If you are claiming exemptions/deductions on your periodic or annual general excise/Use tax return (Forms G-45 or G-49), complete and attach this form to your tax return (Forms G-45 or G-49). If you do not attach this form to your Form G-45 or G-49, then your exemptions/deductions will be disallowed and additional taxes assessed. Use this form to explain the exemptions/deductions that you are claiming in Column b on Forms G-45 or G-49. **Note:** Most ordinary business expenses are **not** deductible (e.g., materials, supplies, etc.) on your general excise/Use tax return.

**Act. Code** - For each business activity in which you are claiming an exemption/deduction for in Column b on your general excise/Use tax return (Forms G-45 or G-49), enter the part and line number in the Act. Code column (e.g., the activity code for exemptions/deductions claimed for Wholesaling is “P11” because Wholesaling is listed in Part I, line 1 on Forms G-45 and G-49; for Contracting is Part II, line 10; for “Imports for Consumption” it is “P216”, since Imports for Consumption is Part II, line 16; for Insurance Commission it is “P318”, since Insurance Commission is Part II, line 16).

**Amount** - Enter the amount of the exemption/deduction you are claiming. In the last column, enter the Hawaii Revised Statutes section for each exemption/deduction you are claiming. The schedules of exemptions and deductions are at the end of the general excise/Use tax return instructions. If you are claiming a deduction for payroll or subcontract, you must indicate the subcontractor's name and general excise Hawaii Tax I.D. No. For sublines, see Form G-61. For wholesale sales of assessments, see Form G-91.

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**SUBTOTAL — General Excise Tax Exemptions/Deductions**

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**SUBTOTAL — Use Tax Exemptions/Deductions**

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**SUBTOTAL — City & County of Honolulu Surcharge Exemptions/Deductions**

**GRAND TOTAL** (Add the general excise tax, use tax, and City & County of Honolulu surcharge exemptions/deductions subtotal lines above, and enter the amount on this line and on Form G-45, line 34 or Form G-49, line 81)

*(If more space is needed, please attach a separate schedule.)*
**FORM G-45 (EFile)**

**STATE OF HAWAII – DEPARTMENT OF TAXATION**

**GENERAL EXCISE/USE TAX RETURN**

- Check this box if this is an AMENDED Return
- Month [ ] Quarter [ ] Semiannual

**Period Ending January 2011 to June 2011**

**HAWAII TAX I.D. NO.** W88672520-01

**NAME:** Peulent Gardens LLC

**Last 4-digits of your FEIN or SSN:** 5118

### PART I - GENERAL EXCISE and USE TAXES @ 1/2 OF 1% (.005)

<table>
<thead>
<tr>
<th>Business Activity</th>
<th>Value of Gross Proceeds or Expense</th>
<th>Exemption/ Deductions</th>
<th>Taxable Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Wholesaling</td>
<td>389.00</td>
<td></td>
<td>389.00</td>
</tr>
<tr>
<td>2. Manufacturing</td>
<td>597.00</td>
<td></td>
<td>597.00</td>
</tr>
</tbody>
</table>

**PART II - GENERAL EXCISE and USE TAXES @ 4% (.04)**

<table>
<thead>
<tr>
<th>Business Activity</th>
<th>Value of Gross Proceeds or Expense</th>
<th>Exemption/ Deductions</th>
<th>Taxable Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Sum of Part I, Column c</td>
<td>369.00</td>
<td></td>
<td>369.00</td>
</tr>
<tr>
<td>8. Retailing</td>
<td>597.00</td>
<td></td>
<td>597.00</td>
</tr>
</tbody>
</table>

**DECLARATION** - I declare, under the penalties set forth in section 231-36, HRS, that this return (including any accompanying schedules or statements) has been examined by me and, to the best of my knowledge and belief, is true, correct, and complete return, made in good faith for the tax period stated, pursuant to the General Excise and Use Tax Laws and that I have issued the return in the name of a corporation or partnership. This return must be signed by an officer, partner or member, or duly authorized agent.

**Michelle Hughes**  
**Signature**

**Date:** 07/20/2011

**Continued on Page 2 - Parts V & VI MUST be completed**

---

**07/20/2011**  
**PRN072001691701**  
**FORM G-46 (Rev. 2006)**  
**10**
FORM G-45 (EFile) Page 2 of 2
NAME: Fushland Gardens LLC
HAWAII TAX I.D. NO. W86672520-01 Period Ending January 2011 to June 2011
Last 4-digits of your FEIN or SSN: 5116

<table>
<thead>
<tr>
<th>BUISNESS ACTIVITIES</th>
<th>VALUES, GOODS, PRODUCTS OR OTHER INCOME</th>
<th>EXCEPTIONS/REDUCTIONS</th>
<th>TAXABLE INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Column a</td>
<td>Column b</td>
<td>Column c</td>
</tr>
</tbody>
</table>

**PART III - Insurance Commissions @ 0.15% (0.0015)**
18. Insurance Commissions
   Enter this Amount on line 23, Column(s)

**PART IV - City & County of Honolulu Surcharge Tax @ 1/2 OF 1% (.005)**
19. Oahu Surcharge
   Enter this Amount on line 24, Column(s)

**PART V - SCHEDULE OF ASSIGNMENT OF TAXES BY DISTRICT** (ALL taxpayers MUST complete this Part and may be subject to a 10% penalty for noncompliance.) See Instructions, DARKEN the box of the taxation district in which you have conducted business. IF you did business in MORE THAN ONE district, darken the box MULTI and indicate the assignment of General Exempt/Exclusions by checking the boxes below.
NOTE: Please enter zero in the district box if you did not have any activity in your convenience you may use Form 978 worksheet to help breakdown your district taxes.
20. ☐ Oahu ☐ Maui ☐ Kauai ☐ HAWAII DISTRICT ☐ KAUM DISTRICT ☐ MULTI

**PART VI - TOTAL PERIODIC RETURN**

<table>
<thead>
<tr>
<th>TAXABLE INCOME</th>
<th>TAX RATE</th>
<th>TOTAL TAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Column (a)</td>
<td>Column (b)</td>
<td>Column (c)</td>
</tr>
</tbody>
</table>

21. Enter the amount from Part IV line 7 $389.00 X 0.005 = $1.95
22. Enter the amount from Part IV line 17 $597.00 X 0.04 = 23.88
23. Enter the amount from Part IV line 19 $0 X 0.0015 =
24. Enter the amount from Part IV line 18 $0 X 0.0015 =
25. TOTAL TAXES DUE Add column (c) of lines 21 through 24 and enter result here. If you did not have any activity for the period, enter "0.00" here. 25.83
26. Amounts Assesseds During the Period 25.83
27. TOTAL AMOUNT Add lines 25 and 26 25.83
28. TOTAL PAYMENTS MADE FOR THE PERIOD (For Amended Return ONLY) 25.83
29. CREDIT TO BE REFUNDED Line 28 minus line 27 (For Amended Return ONLY) 25.83
30. ADDITIONAL TAXES DUE Line 27 minus Line 28 (For Amended Return ONLY) 25.83
31. FOR LATE FILING ONLY
   PENALTY $ INTEREST $ 0.00 25.83
32. TOTAL AMOUNT DUE AND PAYABLE (Original Return, add lines 27 and 28; Amended Return, add lines 29 and 31) 25.83
33. PLEASE ENTER THE AMOUNT OF YOUR PAYMENT
   If you are not submitting a payment with this return, please enter "0.00" here. 25.83
34. GRAND TOTAL OF EXCEPTIONS/REDUCTIONS CLAIMED (Attach Schedule G-95)
   If Schedule G-95 is not attached, exemptions/deductions claimed will be disallowed. 25.83
STATE OF HAWAI'I -- DEPARTMENT OF TAXATION

General Excise/Use Tax
Schedule of Exemptions and Deductions
(To be filed with Forms G-45 or G-49)

For Period Ending ______ / ______ (MM/YY) or Tax Year Ending ______ / ______ (MM/DD/YY)

HAWAII TAX I.D. NO.: W86672520-91

If you are claiming exemptions/deductions on your periodic or annual general excise/use tax return (Forms G-45 or G-49), complete and attach this form to your tax return (Forms G-45 or G-49). If you do not attach this form to your Forms G-45 or G-49, then your exemptions/deductions will be disallowed and additional taxes assessed. Use this form to explain the exemptions/deductions that you are claiming in Column b on Forms G-45 or G-49. Note: Most ordinary business expenses are NOT DEDUCTIBLE (e.g. materials, supplies, etc.) on your general excise/use tax return.

Act. Code – For each business activity in which you are claiming an exemption/deduction for in Column b on your general excise/use tax return (Forms G-45 or G-49), enter the part and line number in the Act. Code column. For example, the activity code for Exempt wholesale selling is "P11" because wholesale selling is listed in Part I, line 1 on the Forms G-45 and G-49; for Contracting it is "P210", since Contracting is Part II, line 10; for "Import for Consumption" it is "P216", since Imports for Consumption is Part II, line 16; for Insurance Commissions it is "P319", since Insurance Commissions is Part III, line 18.

Amount – Enter the amount of the exemption/deduction you are claiming. In the last column, enter the Hawaii Revised Statutes section for each exemption/deduction you are claiming. The schedule of exemptions and deductions are at the end of the general excise/use tax return instructions. If you are claiming a deduction for payments to subcontractors, you must indicate the subcontractor's name and general excise Hawaii Tax I.D. No. For sales, see Form G-726. For gross sales of amusements, see Form G-81.

<table>
<thead>
<tr>
<th>ACT. CODE</th>
<th>AMOUNT</th>
<th>ACTIVITIES UNDER CHAPTER 237, HRS -- GENERAL EXCISE TAX LAW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SUBTOTAL -- General Excise Tax Exemptions/Deductions**

<table>
<thead>
<tr>
<th>ACT. CODE</th>
<th>AMOUNT</th>
<th>ACTIVITIES UNDER CHAPTER 238, HRS -- USE TAX LAW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SUBTOTAL -- Use Tax Exemptions/Deductions**

<table>
<thead>
<tr>
<th>AMOUNT</th>
<th>ACTIVITIES -- CITY &amp; COUNTY OF HONOLULU SURCHARGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SUBTOTAL -- City & County of Honolulu Surcharge Exemptions/Deductions**

GRAND TOTAL (Add the general excise tax, use tax, and City & County of Honolulu surcharge exemptions/deductions subtotal lines above and enter the amount on this line and on Form G-45, line 34 or Form G-49, line 38)

(If more space is needed, please attach a separate schedule.)

Schedule GE
(Form G-45/G-49)
# Backflow Prevention Assembly Test Report

## Kauai Department of Water

<table>
<thead>
<tr>
<th>Assembly ID</th>
<th>Facility Name</th>
<th>Michelle Hughes</th>
<th>Test Report Due:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acct Number: 1067</td>
<td>Meter #: 05-11507</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Address: 2406 B Koloa St.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equip Location: West Corner</td>
<td>Containment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TMK: 72-45-23</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact Name:</td>
<td>Phone</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Map Page:</td>
<td>#2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Report of Test Results

| Line Pressure at Time of Test: | 60 | | |

<table>
<thead>
<tr>
<th>Check Valve #1</th>
<th>Check Valve #2</th>
<th>Relief Valve</th>
<th>PVD/SVB</th>
<th>Shut Off Valves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held at 60 PSID</td>
<td>Held at 60 PSID</td>
<td>Opened at 24 PSID</td>
<td>Did Not Open</td>
<td>Closed Tight Leaked</td>
</tr>
<tr>
<td>Closed Tight</td>
<td>Closed Tight</td>
<td></td>
<td>Did Not Open</td>
<td></td>
</tr>
<tr>
<td>Leaked</td>
<td>Leaked</td>
<td></td>
<td>Check Held at</td>
<td></td>
</tr>
</tbody>
</table>

## Repair

<table>
<thead>
<tr>
<th>Repair</th>
<th>Other Notes:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleaned</td>
<td>7/35</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Final Test</th>
<th>PSID</th>
<th>PSID</th>
<th>Opened at</th>
<th>Air Inlet</th>
<th>PSID</th>
<th>PSID</th>
<th>Closed Tight</th>
<th>Leaked</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSID</td>
<td>PSID</td>
<td>Opened at</td>
<td>Air Inlet</td>
<td>PSID</td>
<td>PSID</td>
<td>Closed Tight</td>
<td>Leaked</td>
<td></td>
</tr>
</tbody>
</table>

## Certification

The above report is certified to be true:

---

Owner's Signature

Date: 7/35

---

Initial Test By: Bryan Upton

Certificate: 62653

Date: 12-14-11

Gauge Num: 835

Time In: 8:55

Time Out: 9:35

Company: Bryan Depuy

Phone: 659-9245

Final Test By:

Repair By:
PREPARE IN DUPLICATE

DEPARTMENT OF WATER
County of Kauai
P.O. Box 1706
Lihue, Hawaii 96766-5706

RENEWAL APPLICATION FOR AGRICULTURE RATE

In accordance with the provisions of Department of Water (Rules and Regulations Part 4, fixing rates for Furnishing Water Service in the County of Kauai), I hereby apply for the Agricultural Rate for all water drawn through the below described water service.

CUSTOMER NAME: Puulani Gardens, LLC

ADDRESS: P. O. Box 781
Kilauea, Hawaii 96754

Res. Ph. (xxx) xxx-xxxx 808-639-0904 Bus. Ph. (xxx) xxx-xxxx

Premise Location: 2884 Kauapea Road, Kilauea, Kauai

TNK: 5-2-5-32

Area Under Cultivation: 3.667 acres (dedicated)

Type of Crop or Stock: tropical flowers, fruit, nursery and field stock

**Estimated Yearly Gross Sales** Please attach one copy of your current General Excise/Use Tax Return Form G-45

**General Excise Tax License No.** and General Excise Tax License.

I certify that I am actively engaged on a commercial basis in (AGRICULTURE) STOCK RAISING DAIRY FARMING

I have met the installation, testing and certification requirements of Reduce Pressure Backflow Prevention Assembly [BFPA].

(See attachment 1)

I understand that if this application is approved, the Agricultural Rate will continue in effect for the remainder of this fiscal year unless cease being actively engaged on a commercial basis in agriculture, stock raising or farming. Application for Agricultural Rate shall be renewed annually and should be submitted no later than June 30th of each fiscal year. Agricultural Rate will be cancelled if application is not renewed.

The Department of Water reserves the right to limit or restrict water flow to agricultural users in the event water service to domestic users is disrupted or lowered because of agricultural water use.

DATE: 12-16-11

SIGNATURE OF SERVICE HOLDER

Member, Puulani Gardens, LLC

(FOR DOW USE ONLY)

Inspected: Application No.:________________________

Approval Recommended: Yes No:

Justification:
Puaianl Gardens, LLC
Receipts by year
All Transactions

<table>
<thead>
<tr>
<th>Income</th>
<th>Dec 31, 08</th>
<th>Dec 31, 09</th>
<th>Dec 31, 10</th>
<th>Dec 12, 11</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Income</td>
<td>16,245.79</td>
<td>10,720.16</td>
<td>7,721.66</td>
<td>985.25</td>
<td>35,672.66</td>
</tr>
<tr>
<td>Total income</td>
<td>16,245.79</td>
<td>10,720.16</td>
<td>7,721.66</td>
<td>985.25</td>
<td>35,672.66</td>
</tr>
</tbody>
</table>
FORM G-45 (EFile)

STATE OF HAWAI'I - DEPARTMENT OF TAXATION

GENERAL EXCISE/USE TAX RETURN

☐ Check this box if this is an AMENDED Return
☐ Month ☐ Quarter ☑ Semiannual
Period Ending July 2010 to December 2010
HAWAII TAX I.D. NO. W3673522-01

NAME: Puget Gardes, LLC

Last 4-digits of your FEIN or SSN: 5118

1. Wholesaling
2. Manufacturing
3. Producing
4. Wholesale Services
5. Use Tax on Imports for Resale
6. Business Activities of Disabled Persons
7. Sum of Part I, Column c (Taxable Income) - Enter the result here and on Page 2, line 21, Column (a)

PART II - GENERAL EXCISE and USE TAXES @ 4% (.04)

8. Retailing
9. Services including Professional
10. Contracting
11. Theater, Amusement and Broadcasting
12. Commissions
13. Transit Accommodation Agents
14. Other Receipts
15. Interest and All Others
16. Use Tax on Imports For Consumption
17. Sum of Part II, Column c (Taxable Income) - Enter the result here and on Page 2, line 22, Column (a)

DECLARATION - I declare, under the penalties set forth in section 291-36.5, that this return, including any accompanying schedules or statements, has been examined by me and, to the best of my knowledge and belief, is true, correct, and complete return, made in good faith for the tax period stated, pursuant to the General Excise and Use Tax Law and the rules issued thereunder.

IN THE CASE OF A CORPORATION OR PARTNERSHIP, THIS RETURN MUST BE SIGNED BY AN OFFICER, PARTNER OR MEMBER, OR DULY AUTHORIZED AGENT.

Michelle Hughes
SIGNATURE

04/20/2011
DATE

Continued on Page 2 - Parts V & VI MUST be completed
FORM G-45 (EFile) Page 2 of 2

NAME: Pualani Gardens LLC
HAWAII TAX I.D. NO. W66923620-01
Period Ending July 2010 to December 2010
Last 4-digits of your FEIN or SSN: 5116

**PART III - Insurance Commissions @ 0.15% (0.0015)**
18. Insurance Commissions

**PART IV - City & County of Honolulu Surcharge Tax @ 1/2 OF 1% (.005)**
19. Oahu Surcharge

**PART V - SCHEDULE OF ASSIGNMENT OF TAXES BY DISTRICT (ALL taxpayers MUST complete this Part and may be subject to a 10% penalty for noncompliance.)** See Instructions: DARKEN the oval of the taxation district in which you have conducted business. If you did business in MORE THAN ONE district, darken the oval "MULTI" and indicate the assignment of General Excise/Use Taxes by District in the boxes below.

- OAHU DISTRICT
- MAUI DISTRICT
- HAWAII DISTRICT
- KAUAI DISTRICT

**PART VI - TOTAL PERIODIC RETURN**

<table>
<thead>
<tr>
<th>TAXABLE INCOME Column (a)</th>
<th>TAX RATE Column (b)</th>
<th>TOTAL TAX Column (c) = Column (a) x Column (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6,609.00</td>
<td>X 0.005</td>
<td>$32.55</td>
</tr>
</tbody>
</table>

20. Amounts Assessed During the Period (For Amended Return ONLY)

21. TOTAL AMOUNT. Add lines 22 through 24 and enter result here. If you did not have any activity for the period, enter "0.00" here. $32.55

22. TOTAL TAXES DUE. Column (c) of lines 21 through 24 and enter result here. $32.55

23. TOTAL PAYMENTS MADE FOR THE PERIOD (For Amended Return ONLY) $0.00

24. CREDIT TO BE REFUNDED. Lines 25 minus Line 27 (For Amended Return ONLY) $0.00

25. ADDITIONAL TAXES DUE. Line 27 minus Line 28 (For Amended Return ONLY) $0.00

26. FOR LATE FILING ONLY

27. PENALTY $0.00

28. INTEREST $0.00

29. TOTAL AMOUNT DUE AND PAYABLE (Original Return, add lines 27 and 31; Amended Return, add lines 27 and 31) $32.55

30. PLEASE ENTER THE AMOUNT OF YOUR PAYMENT, If you are not submitting a payment with this return, please enter "0.00" here. $32.55

31. GRAND TOTAL OF EXEMPTIONS/Deductions CLAIMED. (Attach Schedule GE) If Schedule GE is not attached, exemptions/deductions claimed will be disallowed $0.00

FORM G-45 (Rev. 2008) 10
**Schedule GE**

(Rev. 2018)

**STATE OF HAWAII — DEPARTMENT OF TAXATION**

**General Excise/Use Tax**

**Schedule of Exemptions and Deductions**

(To be filed with Forms G-45 or G-49)

For Period Ending ___/___/___ (MM/DD/YYYY) or Tax Year Ending ___/___/___ (MM/DD/YYYY)

**HAWAII TAX I.D. NO.:** W88672520-01

If you are claiming exemptions/deductions on your periodic or annual general excise/use tax return (Forms G-45 or G-49), complete and attach this form to your tax return (Forms G-45 or G-49). If you do not attach this form to your Forms G-45 or G-49, then your exemptions/deductions will be disallowed and additional taxes assessed. Use this form to explain the exemptions/deductions that you are claiming in Column b on Forms G-45 or G-49. **Note:** Most ordinary business expenses are NOT DEDUCTIBLE (e.g., materials, supplies, etc.) on your general excise/use tax return.

**Act. Code** — For each business activity in which you are claiming an exemption/deduction for in Column b on your general excise/use tax return (Forms G-45 or G-49), enter the part and line number in the Act. Code column (e.g., the activity code for exemptions/deductions claimed for wholesaling is “P11” because wholesaling is listed in Part I, line 1 on Forms G-45 and G-49; for Contracting it is “P210”, since Contracting is Part II, line 10; for “Imports for Consumption” it is “P210”, since Imports for Consumption is Part II, line 16; for Insurance Commissions it is “P310”, since Insurance Commissions is Part III, line 18).

**Amount** — Enter the amount of the exemption/deduction you are claiming. In the last column, enter the Hawaii Revised Statutes section for each exemption/deduction you are claiming. The schedules of exemptions and deductions are at the end of the general excise/use tax return Instructions. If you are claiming a deduction for payments to subcontractors, you must indicate the subcontractor’s name and general excise Hawaii Tax I.D. No. For subleases, see Form G-31. For wholesale sales of amusement, see Form G-81.

<table>
<thead>
<tr>
<th>ACT. CODE</th>
<th>AMOUNT</th>
<th>ACTIVITIES UNDER CHAPTER 237, HRS — GENERAL EXCISE TAX LAW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>SUBTOTAL</td>
<td></td>
<td>-- General Excise Tax Exemptions/Deductions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACT. CODE</td>
<td>AMOUNT</td>
<td>ACTIVITIES UNDER CHAPTER 238, HRS — USE TAX LAW</td>
</tr>
<tr>
<td>-----------</td>
<td>--------</td>
<td>----------------------------------------------------------</td>
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<tr>
<td></td>
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<td></td>
</tr>
<tr>
<td>SUBTOTAL</td>
<td></td>
<td>-- Use Tax Exemptions/Deductions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AMOUNT</td>
<td></td>
<td>ACTIVITIES - CITY &amp; COUNTY OF HONOLULU SURCHARGE</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SUBTOTAL</td>
<td></td>
<td>City &amp; County of Honolulu Surcharge Exemptions/Deductions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td></td>
<td>Add the general excise tax, use tax, and City &amp; County of Honolulu surcharge exemptions/deductions subtotal lines above, and enter the amount on this line and on Form G-45, line 34 or Form G-49, line 38</td>
</tr>
</tbody>
</table>

(If more space is needed, please attach a separate schedule.)
**FORM G-45 (EFile)**

**STATE OF HAWAII -- DEPARTMENT OF TAXATION**

**GENERAL EXCISE/USE TAX RETURN**

☐ Check this box if this is an AMENDED Return

☐ Month  ☐ Quarter  ☑ Semiannual

**Period Ending January 2011 to June 2011**

**NAME:** Pusani Gardens, LLC

Last 4-digits of your FEIN or SSN: 5115

**HAWAII TAX I.D. NO.** W6872520-01

**BUSINESS ACTIVITIES**

<table>
<thead>
<tr>
<th>Column a</th>
<th>Column b</th>
<th>Column c</th>
</tr>
</thead>
<tbody>
<tr>
<td>VALUES / GROSS INCOME</td>
<td>EXCISE / USE EXC.</td>
<td>TAXABLE INCOME</td>
</tr>
</tbody>
</table>

**PART I - GENERAL EXCISE and USE TAXES @ 1% (0.05)**

1. Wholesaling  389.00  389.00
2. Manufacturing
3. Producing
4. Wholesaling Services
5. Use Tax on Imports for Resale
6. Business Activities of Disabled Persons
7. Sum of Part I, Column a (Taxable Income) - Enter on Line 21, Column (c) 389.00

**PART II - GENERAL EXCISE and USE TAXES @ 4% (0.04)**

8. Retailing  597.00  597.00
9. Services Including Professions
10. Contracting
11. Theater, Amusement, & Broadcasting
12. Commissions
13. Transient Accommodations & Rentals
14. Other Rentals
15. Interest and All Others
16. Use Tax on Imports For Consumption
17. Sum of Part II, Column a (Taxable Income) - Enter the result here and on Page 2, line 22, Column (c) 597.00

**DECLARATION**

I declare, under the penalties set forth in section 231-36, Rev. 1984, this Return (including any accompanying schedules or statements) has been examined by me and, to the best of my knowledge and belief, is a true, correct, and complete return, made in good faith for the tax period stated, pursuant to the General Excise and Use Tax Laws and the rules issued thereunder.

IN THE CASE OF A CORPORATION OR PARTNERSHIP, THIS RETURN MUST BE SIGNED BY AN OFFICER, PARTNER, OR MEMBER, OR AUIY AUTHORIZED AGENT.

Michele Hughes

**SIGNATURE**

**DATE** 07/20/2011

**Continuation on Page 2 - Parts V & VI MUST be completed**
PART III - Insurance Commissions @ 0.15% (0.0015)
18. Insurance Commissions

PART IV - City & County of Honolulu Surcharge Tax @ 1/2 OF 1% (.005)
19. Oahu Surcharge

PART V - SCHEDULE OF ASSIGNMENT OF TAXES BY DISTRICT (ALL taxpayers MUST complete this Part and may be subject to a 10% penalty for noncompliance.) See Instructions, DARKEN the box of the taxation district in which you have conducted business. IF you did business in MORE THAN ONE district, darken the box MULTI and indicate the assignment of General Excise Tax by District in the boxes below.

NOTE: Please enter zero in the district box if you did not have any activity in that district. For your convenience you may use Form G-47 worksheet to help breakdown your district taxes.

20. □ Oahu District □ Maui District □ Hawaii District □ Kauai District □ MULTI

PART VI - TOTAL Periodic RETURN

<table>
<thead>
<tr>
<th>TAXABLE INCOME</th>
<th>TAX RATE</th>
<th>TOTAL TAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>$360.00</td>
<td>0.06%</td>
<td>$ 1.55</td>
</tr>
<tr>
<td>$567.00</td>
<td>0.04%</td>
<td>23.88</td>
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<tr>
<td>$1,165.00</td>
<td>0.06%</td>
<td>66.93</td>
</tr>
</tbody>
</table>

25. TOTAL TAXES DUE: Add column (c) of lines 21 through 24 and enter result here. If you did not have any activity for the period, enter "0.00" here. 25.83

28. Amounts Assessed During the Period
   (For Amended Return Only)
   PENALTY $ 21, 22, 24, and 25.

29. CREDIT TO BE REFUNDED: Line 26 minus line 27 (For Amended Return Only) 23.

30. ADDITIONAL TAXES DUE: Line 27 minus Line 25 (For Amended Return Only) 30.

31. FOR LATE FILING ONLY
   PENALTY $ 21, 22, 24, and 25.

32. TOTAL AMOUNT DUE AND PAYABLE (Original Returns, add lines 27 and 31; Amended Returns, add lines 25 and 31) 32.

33. PLEASE ENTER THE AMOUNT OF YOUR PAYMENT.
   If you are not submitting a payment with this return, please enter "0.00" here. 33.

34. GRAND TOTAL OF EXEMPTIONS/DEDUCTIONS CLAIMED. (Attach Schedule G)
   If Schedule G is not attached, exemptions/deductions claimed will be disallowed. 34.
STATE OF HAWAII – DEPARTMENT OF TAXATION

General Excise/Use Tax
Schedule of Exemptions and Deductions
(To be filed with Forms G-45 or G-49)

For Period Ending __/__/____ (MM/YY) or Tax Year Ending ______/____/____ (MM/DD/YY)

HAWAII TAX I.D. NO.: W8872520-01

If you are claiming exemptions/deductions on your periodic or annual general excise/use tax return (Forms G-45 or G-49), complete and attach this form to your tax return (Forms G-45 or G-49). If you do not attach this form to your Forms G-45 or G-49, then your exemptions/deductions will be disallowed and additional taxes assessed. Use this form to explain the exemptions/deductions that you are claiming in Column b on Forms G-45 or G-49. Note: Most ordinary business expenses are NOT DEDUCTIBLE (e.g. materials, supplies, etc.) on your general excise/use tax return.

Act. Code - For each business activity in which you are claiming an exemption/deduction, enter in Column b on your general excise/use tax return (Forms G-45 or G-49), the part and line number in the Act. Code column (e.g., the activity code for exemptions/deductions claimed for wholesaling is "P11" because wholesaling is listed in Part I, line 1 on Forms G-46 and G-49; for Contracting it is "P210", since Contracting is Part II, line 10; for "Imports for Consumption" it is "P216", since imports for Consumption is Part II, line 16; for Insurance Commissions it is "P315", since Insurance Commissions is Part III, line 18).

Amount - Enter the amount of the exemption/deduction you are claiming. In the last column, enter the Hawaii Revised Statutes section for each exemption/deduction you are claiming. The schedules of exemptions and deductions are at the end of the general excise/use tax return instructions. If you are claiming a deduction for payments to subcontractors, you must indicate the subcontractor's name and general excise Hawaii Tax I.D. No. For subleases, see Form G-72 For Wholesale sales of amusements, see Form G-81.

<table>
<thead>
<tr>
<th>ACT. CODE</th>
<th>AMOUNT</th>
<th>ACTIVITIES UNDER CHAPTER 237, HRS -- GENERAL Excise Tax LAW</th>
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<tbody>
<tr>
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SUBTOTAL -- General Excise Tax Exemptions/Deductions

<table>
<thead>
<tr>
<th>ACT. CODE</th>
<th>AMOUNT</th>
<th>ACTIVITIES UNDER CHAPTER 238, HRS -- USE Tax LAW</th>
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SUBTOTAL -- Use Tax Exemptions/Deductions

<table>
<thead>
<tr>
<th>AMOUNT</th>
<th>ACTIVITIES -- CITY &amp; COUNTY of Honolulu Surcharge</th>
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SUBTOTAL -- City & County of Honolulu Surcharge Exemptions/Deductions

GRAND TOTAL (Add the general excise tax, use tax, and City & County of Honolulu Surcharge exemptions/deductions subtotal lines above and enter the amount on this line and on Form G-45, line 34 or Form G-49, line 36)

(If more space is needed, please attach a separate schedule.)

Schedule GE
(For G-45/G-49)
**BACKFLOW PREVENTION ASSEMBLY TEST REPORT**

Kauai Department of Water

<table>
<thead>
<tr>
<th>Assembly ID</th>
<th>Facility Name</th>
<th>Service Address</th>
<th>Test Report Due</th>
<th>Schedule Code</th>
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<tbody>
<tr>
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<table>
<thead>
<tr>
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<table>
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<th>Equip Location</th>
<th>SN</th>
<th>Mfr</th>
<th>Type</th>
<th>Size</th>
<th>Model</th>
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<tbody>
<tr>
<td>EAST CORNER OF PROPERTY</td>
<td>111180</td>
<td>WATTS</td>
<td>F.P</td>
<td>1&quot;</td>
<td>4.09</td>
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<table>
<thead>
<tr>
<th>Assembled Info</th>
<th>(Replacement/Corrections)</th>
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<thead>
<tr>
<th>Confinement</th>
<th>Freeze Protect</th>
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<th>Haz. Level</th>
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**APR 5, 6**

**Line pressure at time of test:**

<table>
<thead>
<tr>
<th>Check Valve #1</th>
<th>Check Valve #2</th>
<th>Relief Valve</th>
<th>PVB/SVB</th>
<th>Shut Off Valves</th>
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<tbody>
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<table>
<thead>
<tr>
<th>Initial Test</th>
<th>Replace</th>
<th>Repair</th>
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</table>

**REPAIR**

<table>
<thead>
<tr>
<th>Other/Notes:</th>
<th>PASS</th>
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</table>

<table>
<thead>
<tr>
<th>Final Test</th>
<th>PSID</th>
<th>PSID</th>
<th>Opened at</th>
<th>Air Inlet</th>
<th>PSID</th>
<th>CK Valve</th>
<th>PSID</th>
<th>Closed Tight</th>
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</thead>
<tbody>
<tr>
<td>Initial Test By</td>
<td>Certificate</td>
<td>Date</td>
<td>Gauge Num</td>
<td>Time In</td>
<td>Time Out</td>
<td>Company</td>
<td>Phone</td>
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</table>

**THE ABOVE REPORT IS CERTIFIED TO BE TRUE:**

Owner's Signature  
Date:

**Repair By:**
One set of color aerial photographs of the subject properties will be available at the Board Meeting

They will be in David's binder
BOARD REPORT

May 24, 2012

Subject: Board’s Committee Reports

The following Board Committee Chair will report at the Regular Meeting what transpired at their respective Committee Meeting:

Report of the Rules Committee of the Kaua‘i County Board of Water Supply


Your rules committee has met on this matter a number of times since October 2010 and submits a revised proposal back to the full Board.

The community has communicated in writing and in person on this matter. During this time the County Council has also changed some of the subdivision requirements during which time this committee held action until that matter was finalized.

The matter arises out of a concern the Manager had, and our legal representative has made us aware that the existing rule language refers to an action the Department can take. According to the Charter, the Department consists of the Board, Manager and necessary staff making it unclear who can take action.

In summary, our recommendation is that the Manager is allowed to make changes when an existing subdivision provision would cause an absurd, unfair or unreasonably harsh result. The result should be unique and exceptional and should be approvable if a similar case came up and the Manager would also grant that request. These changes should be reasonably necessary or expedient and not contrary to the intent and purpose of the rules.

Your committee is also reviewing recommended changes to the Facilities Reserve Charges to the rules and until this is completed any changes to the existing FRC must come to the Board.

Should the Manager propose to take any action it must come to the Board in the form of the Manager’s Monthly Update to the Board. Should the Board want to deny or modify the proposed action it can do so with a super majority vote.

The Board may take similar action if a request is denied by the Manager. The Board action would also have to have a super majority.

Michael Dahilig
Chair – Rules Committee
may refuse to operate and maintain facilities installed without the Department’s prior approval. Prior to
the commencement of water service, and as a prerequisite to such service, the subdivider shall also
deliver to the Department perpetual easements for all portions of the subdivision water system installed in
other than publicly owned property. The subdivider shall also convey to the Department fee simple title to
all sites on which are located tanks, reservoirs, sources of supply, and pumps constructed by the
subdivider and connected to the public water system together with easements for ingress and egress.
The subdivider shall also convey to the Department a breakdown of costs of the subdivision water system
on forms provided by the Department.

SECTION XII - MODIFICATION OF REQUIREMENTS

When conditions pertaining to any subdivision are such that the public may be properly served with water
and with fire protection without full and strict compliance with these rules and regulations, or where the
subdivision site or layout is such that the public interest will be adequately protected[,] such modification
thereof as is reasonably necessary or expedient, and not contrary to law or the intent and purposes of
these rules and regulations, may be made by the Department.

The Manager and Chief Engineer may waive or modify requirements of this rule when not contrary
to the purpose of the rule or the public interest, and when the Manager and Chief Engineer finds
that:

1. Strict application of the rule would cause an absurd, unfair, or unreasonably harsh result; and

2. The applicant’s circumstance or condition is unique or exceptional, and the Manager and
Chief Engineer would grant the same request if made by every similarly situated applicant; and

3. Such modification thereof as is reasonably necessary or expedient, and not contrary to
law or the intent and purposes of these rules and regulations.

4. In cases of exemption from or reduction of the FRC fee, the request must be brought to
the Board for approval.

Any waiver or modification made by the Manager and Chief Engineer will not be considered to
have final approval until the Board is notified of the action through the Manager and Chief
Engineer’s monthly report to the Board, and the Board has not chosen to deny or modify the
Manager and Chief Engineer’s decision by a two-thirds vote.

Should the Manager and Chief Engineer decline to waive or modify the requirements, an applicant
may ask the Board to waive or modify requirements of these rules when not contrary to the
purpose of the rule or the public interest. The Board must find that:

1. Strict application of the rule would cause an absurd, unfair, or unreasonably harsh result; and

2. The applicant’s circumstance or condition is unique or exceptional, and the Board would
grant the same request if made by every similarly situated applicant; and

3. Such modification thereof as is reasonably necessary or expedient, and not contrary to
law or the intent and purposes of these rules and regulations; and

4. In cases of exemption from or reduction of the FRC fee, the resulting financial impact
would not unduly impede or impair the financial health of the Department.
Any waiver or modification made by the Manager and Chief Engineer will not be considered to have final approval until the Board is notified of the action through the Manager and Chief Engineer's monthly report to the Board, and the Board has not chosen to deny or modify the Manager and Chief Engineer's decision by a two-thirds vote.

SECTION XIII - CONSTRUCTION AGREEMENT AND BOND

To secure final approval prior to construction of the required improvements in a subdivision, the subdivider shall enter into a written agreement with the County and the Department to make, install and complete all of the required improvements within a specified time. In addition thereto, a Surety Bond or other security as hereinafter specified shall be filed with and attached to the agreement by the subdivider.

A. Construction Agreement:

   (1) The Agreement shall specify that the subdivider will complete the subdivision to the satisfaction of the Manager and Chief Engineer.

   (2) The Agreement shall further specify that the Department may complete the work at the expense of the subdivider where the subdivider fails to complete the work to the satisfaction of the Manager and Chief Engineer, or fails to complete the work within the time specified.

B. Surety Bond:

   (1) The Surety Bond shall be filed with the agreement and shall be for the following purposes:

       (a) The Surety Bond shall assure to the County and the Department that the actual construction and installation of the improvements and utilities specified will be carried out.

       (b) The Surety Bond shall further assure to the Department that the facilities reserve charge will be paid, if said charge is not already paid.

   (2) The Surety Bond shall be executed by the subdivider as principal and the surety shall be a company authorized to transact a surety business in the State of Hawaii.

   (3) The bond or other security shall be one of the following:

       (a) A Surety Bond in a sum equal to the cost of the work required to be done as estimated by the Manager and Chief Engineer; payable to the County and the Department, and shall be conditioned upon the faithful performance of all work required to be done by the subdivider, and shall be further conditioned to the effect that should the subdivider fail to complete all work required to be done within a specified reasonable time, the Department may cause all required work which is not finished to be completed, and the parties executing the bond shall be firmly bound for the payment of all necessary costs, therefore; or

       (b) Where the subdivider has entered into a contract with a reputable contractor, and has filed with the Director all three of the following: 1) a certified copy of his said contract and specifications; 2) a certified copy of the performance bond of his said contractor; and 3) a surety bond in a sum equal to at least 50 per cent of the cost of all work required to be done by the subdivider as estimated by the Manager and Chief Engineer, and shall be payable and conditioned as above set forth; or
Contents Record for Manager’s Report 11-24

1. Manager’s Report 11-24 August 2010 government and large lot deferral  Page 1
2. Minutes from first meeting asking for rule to be written up including other  rules pending. Oct. 2010 Page 2-3
4. Communication from Max Graham regarding rule change Page 16-18
5. Communication from Grove Farm regarding rule change Page 19-20
6. Proposed council Ordinance 2381 not directly related to proposed rule. Page 21-24
7. Revision to Ordinance 2381 since new council elected Ordinance 2401. Page 25-27
8. Final Ordinance draft 2 approved. (deals with 4 lots) Page 28-30
9. Revision to Part III, Section XII – Modification of Requirements Page 31
10. Revision to Part III, Section XII – Modification of Requirements. MAD. 5-9-12 Page 32
DEPARTMENT OF WATER
County of Kauai
"Water has no Substitute - Conserve It!"

MANAGER'S REPORT NO. 11-24:

September 9, 2010

Re: Committee Discussion and Possible Action on Part III Rule Amendments - Establishing Standards for Subdivision Water Systems

RECOMMENDATION
It is recommended that the Board amend the Part III Standards for Subdivision Water Systems noted in the attached rule change.

BACKGROUND

The rule currently allows the Manager to make changes and various Managers have exempted various subdivisions. I would prefer to have regulation established by rule rather than by the current thought or even changing thoughts of the Manager.

The goal of these changes is twofold:

1. To allow subdivisions for governmental purposes to move forward provided water is not needed for the lot. There is always the portion of land that will stay in the hands of the current owner or some other owner. This non-government piece will have whatever rights it had prior to the subdivision. The action may result in a higher cost per sq foot to meet DOW water requirements. In the end it is a decision of the land owner to require or not the government to put in infrastructure improvements before a particular piece of land is subdivided for either purchase or through donation to the government.

2. Allow subdividers with existing land locked lots or boundary changes that do not affect water demand to relocate them to more convenient locations. In this case we limit the changes to lots that are buildable. In other words if they are in a gulch or in a stream or other such non-buildable site we would not allow the change.

Respectfully submitted,

[Signature]

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

cab
Attachments

Mnsp Rule Amendment Part III- Establishing Standards for Subdivision Water Systems (9-16-10).cab
Board Policy 22 – Budget and Contract Award process. (This Policy is added for completeness and is not relevant to the request being made and nothing will be changed with this policy.)

Procedural processes that are suggested to be affected by Policy 15A, if approved by the Board, are enclosed for your review.

Approval of this request will allow the finance committee and Board to focus on financial issues that that are not ministerial in duty. The Board could require a personal Bond for the Manager which would be paid by the Board which could protect the Board from fraudulent acts.

The recommended Board of Water Supply Policy 15A was provided.

Mr. Oyama moved to receive and refer Manager’s Report No. 11-23 to the Rules Committee, seconded by Mr. Costa.

Manager Craddick noted that the existing Board Policy No. 15 will be replaced by Board Policy 15A. There was no modification of Board Policy No. 3 unless the Board wanted to modify it.

The motion was amended to receive and refer Manager’s Report No. 11-23 to the Rules Committee for consideration, and to look at Board Policy No. 3 to see if any changes are necessary.

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

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

RECOMMENDATION
It was recommended that the Board amend the Part III Standards for Subdivision Water Systems noted in the attached rule change.

BACKGROUND
The rule currently allows the Manager to make changes and various Managers have exempted various subdivisions. I would prefer to have regulation established by rule rather than by the current thought or even changing thoughts of the Manager.

The goal of these changes is twofold:

1. To allow subdivisions for governmental purposes to move forward provided water is not needed for the lot. There is always the portion of land that will stay in the hands of the current owner or some other owner. This non-government piece will have whatever rights it had prior to the subdivision. The action may result in a higher cost per square foot to meet DOW water requirements. In the end it is a decision of the land owner to require or not require the government to put in infrastructure improvements before a particular piece of land is subdivided for either purchase or through donation to the government.
2. Allow subdividers with existing land locked lots or boundary changes that do not affect water demand to relocate them to more convenient locations. In this case we limit the changes to lots that are buildable. In other words if they are in a gulch or in a stream or other such non-buildable site we would not allow the change.

Manager Craddick noted that we have additional material as a handout on what the Council is doing on the same matter, and we should see how it fits in with what we are proposing.

Mr. Oyama moved to receive Manager's Report No. 11-24 and refer the draft Rule Amendments to the Rules Committee for the October meeting, with the staff providing the proposed language, seconded by Mr. Costa; by a unanimous vote; motion was carried.

Re: Manager's Report No. 11-25 - Memorandum of Agreement, Job No. 05-05, PLH-30, Nawiliwili, Lihue and Kupolo Pipeline Replacement, Lihue Water System

RECOMMENDATION:
It was recommended that the Board approve the Memorandum of Agreement (MOA) 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 Nawiliwili and Lihue Districts, Kauai, Hawaii. The MOA binds the Board to remove the abandoned waterlines should the Department of Public Works require its removal in the future.

BACKGROUND:
Construction plans call for the abandoning of all existing water facilities as required during the Nawiliwili-Kupolo Mainline 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. The MOA binds the Board to remove the abandoned waterline in the County Right-of-Ways should the Department of Public Works require its removal in the future.

Mr. K. Fujimoto noted that the MOA has been signed by the County but we are still waiting for the State to reply on our request for the same.

Mr. Costa moved to approve the Memorandum of Agreement for Job No. 05-05, seconded by Mr. Oyama; by a unanimous vote; motion was carried.

Re: Manager's Report No. 11-26 - Dedication Deed for Water Tank Site and Water Well Sites from Alexander & Baldwin, Inc., and McBryde Sugar Company Limited, TMK: 2-5-001:002(por) and 001(por), Omao, Koloa District, Kauai, Hawaii

It was recommended that the Dedication Deed for TMK: 2-5-001:002(por) and 011(por), Omao, Koloa District, Kauai, Hawaii be approved; whereby Alexander & Baldwin, Inc. and McBryde Sugar Company, Limited, both Hawaii Corporations, hereby dedicate, grant and convey unto the Board of Water Supply, the real property described as Lot C-1-B, Lot C-1-C and Lot C-I-D, and further described in exhibit "A".

Manager Craddick indicated that Kukuiula wants an agreement for water allocation. That agreement will be forthcoming once we get it.
SECTION 1—DEFINITIONS

For the purpose of these rules and regulations, unless it is plainly evident from the context that a different meaning is intended, certain words and phrases used herein are defined as follows:

1. The word “DEPARTMENT” shall mean the Department of Water, County of Kauai, consisting of a board of water supply, a manager and chief engineer and the necessary staff.

2. The word “BOARD” shall mean the Board of Water Supply of the Department.

3. The term “MANAGER (AND CHIEF ENGINEER)” shall mean the person holding the office of Manager and Chief Engineer of the Department.

4. The word “SUBDIVIDER” shall mean a person, firm, corporation, partnership, association, trust or other legal entity, or any combination of any thereof, who or which causes land to be divided into a subdivision for himself, himself or for others.

5. The word “SUBDIVISION” shall mean any improved or unimproved land or lands divided or proposed to be divided into two or more lots, parcels, sites, or other subdivisions of land for the purpose, whether immediate or future, of sale, lease, rental, transfer of title to or interest in, any or all of such parcels, and shall include re-subdivision, and when appropriate to the context shall relate to the process of subdividing the land or territory subdivided, and shall include horizontal or vertical condominium regimes.

6. The word “COMMISSION” shall mean the Planning Commission of the Planning Department, County of Kauai.

7. The words “PUBLIC WATER SYSTEM” shall mean the water system owned and operated by the Board.

8. The words “SUBDIVISION WATER SYSTEM” shall mean the water system, to and within any subdivision, including mains, valves, hydrants, laterals, pumps, tanks, reservoirs and all appurtenances necessary to provide water and fire protection for such subdivision and, where necessary, sources of supply.

9. The word “DIRECTOR” shall mean the person holding the office of the Planning Director of the Planning Department, County of Kauai.

10. The term “FACILITIES RESERVE CHARGE” shall mean the fees to be paid by subdividers or, when applicable, new consumers as their proportionate share in improvements to the Department’s Public Water System.

11. The word “MAIN” or “MAIN PIPE” shall mean the Public Water System Department’s supply or distribution pipe to which service and hydrant connections are made.

12. The term “PRESSURE ZONE” shall mean the section served from forty pounds per square inch below a storage tank to a pressure regulation valve, pressure regulation valve to pressure regulator valve or from pressure regulator to storage tank.
13. The term "SERVICE CONNECTION" shall mean the main tap, pipe fittings, meter and valve from the water main to and including the shut-off valve on the consumer's side of the meter.

14. The term "SERVICE AREA" shall mean the area served by the continuous connection from source to service.

SECTION II - AVAILABILITY OF WATER AND APPROVAL OF SUBDIVISION MAP

1. Extensions from and connections to the public water system for subdivisions will be approved by the Department Manager where pressure conditions permit, provided the following have been met:

a. The Department, Public Water System has a sufficient source, storage, transmission and distribution pipelines water system developed for domestic potable use and, if required by the Department, a sufficient water system for fire protection. The determination of sufficiency will be based on application of the Water System Standards applied at the proposed connection location and pressure zone where the additional water service demand is proposed and established engineering practices.

b. The additional water service demand on the existing Public Water System will not be detrimental to people already being served in the service area as determined by the Manager. In order for the Manager to determine if the additional service will be detrimental to people already being served in the service area, present consumers, the department-may require the subdivider to perform an estimate of water demand needed to be consumed by the proposed subdivision water system. The subdivider may use the subdivision water demand calculator found in the Departments website www.kauaiwater.org.

c. The subdivision water system complies with these rules and regulations, and is designed and constructed in compliance with (1) all applicable statutes, ordinances, rules, and regulations of the State of Hawai'i and the County of Kaua'i, and (2) the 2002 Water System Standards ("Standards") developed by Hawai'i's four county departments of water, as amended by the Department's 2005 Amendments ("2005 Amendments") to the Standards. The Standards and the 2005 Amendments are hereby incorporated by reference into the Department's rules. The Manager and Chief Engineer-easy, for good cause shown and based on established engineering practices, permit departure from the Standards or 2005 Amendments, or both.

d. The facilities reserve charge down payment for the subdivision has been paid, or a bond posted in lieu thereof, as provided under Section XIII of this Part.

2. In areas where there is no Public Water System available or where large quantities of water are required or a large investment is necessary to provide service the subdivider will be informed as to the conditions under which the subdivision may be approved and, where appropriate, refund made.

3. After the Director submits the subdivision map to the Department, the Department-Manager will inform the Director in writing of its approval, requirements for approval, or its disapproval of a subdivision map after taking the above into consideration.

SECTION III - FACILITIES RESERVE CHARGE

1. The subdivider shall pay to the Department the facilities reserve charge down payment established in Part 4 of the Rules and Regulations of the Department, for each additional parcel created by the subdivision, including the first lot, except as provided below, when facilities reserve charges have already been paid by the developer or subdivider.
2. No Facilities reserve charge will be made zero for lots created by the subdivision which, by representation of the subdividers, will not be served by the Department's Public Water System. In the event that the Department determines subdividers represent - that the subdivision will not be served by the Department's Public Water System, but later water service is requested, full payment of the then applicable facilities reserve charge must be paid. A statement to this effect shall be clearly lettered on the subdivision map.

3. No Facilities reserve charge will be zero made for any parcel which is already-serviced from the Public Water System by an existing meter.

4. Facilities reserve charge will be zero for any parcel which was serviced from the Public Water System or which was serviced by a meter within 365 days prior to formal submittal of the subdivision request to the Planning Department.

5. The subdivider shall pay the facilities reserve charge to the Department prior to subdivision approval by the Department Manager except that subdivision approval may be given prior to construction of required improvements or the payment of the facilities reserve charge by the posting of a bond for the down payment as described in Section XIII of this Part.

6. In the event the facilities reserve charge-down payment has been paid for a subdivision and subsequently the subdivision is consolidated or otherwise reduced in initially approved size, the facilities reserve charge will be returned provided the consolidation is completed within 365 days following the interim subdivision approval before the facilities reserve charge payment made has been encumbered for a project to serve the development or else the subdivider must wait until water requests are approved that are the portion of the facilities reserve charge that was to have covered the additional lots or density in an administrative fee of two percent.

SECTION IV - EXTENSIONS TO SUBDIVISION

1. General Requirement. The subdivider shall install and pay for the subdivision water system required from the public water system to the subdivision. All such subdivision water systems shall be designed and located in accordance with the Water System Standards of the Department. The subdivider may be required to improve the public water system if the public water system is inadequate to serve the subdivision.

2. Increase in Size of Water Main or Transmission Line Extensions Within 100' of Proposed Subdivision for Service to Other Areas. Whenever the Department Manager finds it necessary that the existing water mains or transmission lines proposed are within 100 feet of the proposed subdivision and are to be used to deliver water to a proposed subdivision and are deemed to be of a greater capacity than is required to provide adequate service and fire protection for such subdivision, in order to supply water and fire protection to other property currently not served by the public water system, the Department shall require the subdivider to install mains of such greater capacity to the proposed subdivision property boundary along the road frontage the proposed subdivision to allow other connections or extensions to the lines located past the proposed subdivision.

3. Increase in Size of Water Main or Transmission Line Extensions Beyond 100' of Proposed Subdivision for Service to Other Areas. Whenever the Manager finds that existing water mains or transmission lines are beyond 100 feet of the proposed subdivisions and are used to deliver water to a proposed subdivision and are of a greater or lesser capacity than is required to provide adequate service and fire protection for such subdivision, in order to supply water and fire protection to other property currently not served by the public water system, the Department shall require the subdivider to install mains of such greater capacity to the proposed subdivision property boundary along the road frontage the proposed subdivision to allow other connections or extensions to the lines located past the proposed subdivision.

4. Reimbursement to Subdivider for Additional Costs of Water Main or Transmission Lines Beyond 100' of the Proposed Subdivision to Subdivisions. When the subdivider is required to install a larger sized water main or transmission line for the reasons set forth in the preceding paragraph, the Department
Board will reimburse the subdivider for improvement work that was done according to State procurement laws and approved by the Board, as soon as practicable after the acceptance by the Department Manager of the completed work improvements. The additional cost of the installation over and above the cost of the mains that would have been required, provided, that reimbursement will not be made to the subdivider where such larger mains or mains will serve only areas under the same ownership as the subdivision under consideration.

Before the subdivider enters into a contract where a reimbursement to the subdivider for additional costs of mains to the subdivision will be made, the Department Board shall review and either approve or disapprove the contract for amounts over five hundred thousand dollars ($500,000). The Manager shall review and either approve or disapprove the contract for amounts less than five hundred thousand dollars ($500,000). If the contract is disapproved, the subdivider shall revise the contract until its form and content is acceptable to the Department Board for cases over $500,000 or Manager in cases less than $500,000.

After the installation has been completed, payments or bond transfer provided, and accepted by the Department Manager, the subdivider shall furnish the Department Manager with an affidavit itemizing the costs incurred by him in the installation of the said larger mains or transmission lines before final reimbursement is made. The said additional costs shall be determined by the Department Manager.

SECTION V - INSTALLATIONS WITHIN SUBDIVISION

1. **General Requirement.** The subdivider shall install in accordance with these rules and regulations and the standards of the Department and pay for the subdivision water system required within a subdivision.

2. **Increase in Size of Water Mains or Transmission Lines with Subdivisions for Benefit of Other Areas.** Whenever, in order to provide for existing or future services beyond the boundaries of a subdivision, the Department Manager finds that the mains to be installed within the subdivision should be of greater capacity than was required to provide adequate service within such subdivision, the Department Manager will require the subdivider to make installations of such greater capacity.

3. **Reimbursement to Subdivider for Additional Costs of Water Mains or Transmission Lines within Subdivisions.** When the subdivider is required to install a larger sized water main or transmission line for the reasons set forth in the preceding paragraph, the Board will reimburse the subdivider for improvement work that was done according to State procurement laws and approved by the Board, as soon as practicable after the acceptance by the Manager of the completed work improvements, the additional cost of the installation over and above the cost of the mains that would have been required, provided, that reimbursement will not be made to the subdivider where such larger mains or mains will serve only areas under the same ownership as the subdivision under consideration.

Before the subdivider enters into a contract where a reimbursement to the subdivider for additional costs of mains to the subdivision will be made, the Board shall review and either approve or disapprove the contract for amounts over five hundred thousand dollars ($500,000). The Manager shall review and either approve or disapprove the contract for amounts less than five hundred thousand dollars ($500,000). If the contract is disapproved, the subdivider shall revise the contract until its form and content is acceptable to the Board for cases over $500,000 or Manager in cases less than $500,000.

When the subdivider is required to install a larger sized main for the reasons set forth in the preceding paragraph, the Department will reimburse the subdivider, as soon as practicable after acceptance by the Department of the completed work, the additional cost of the installation over and above the cost of the mains that would have been required, provided, however, that in no case will reimbursement be made of any portion of the cost of a main of less than 6-inch in diameter; provided, further, that reimbursement will not be made to the subdivider where such larger mains or mains will serve only areas under the same ownership as the subdivision under consideration.
SECTION VI - SIZES OF MAINS, HYDRANT SPACING.

FIRE PROTECTION

1. Sizes of Mains. Any subdivision, except where fire protection facilities are not required by the Department, hereafter to be laid out within the County shall provide 6-inch minimum water mains or larger in residential districts and 8-inch water mains or larger in business, industrial and hotel and apartment districts. Sizing of mains within agricultural subdivisions and subdivisions where fire protection facilities are not required shall be determined by the Department.

2. Hydrant Spacing. Fire hydrants shall be spaced not more than 350 feet in business, industrial, hotel and apartment districts, 500 feet in urban residential districts and 600 feet in rural residential district (Urban and rural refer to boundaries established by the State Land Use Commission). Fire hydrants may not be required in agricultural subdivisions as determined by the Department. The Department Manager will determine the location of all hydrants. All fire hydrants required for adequate fire protection of a subdivision will normally be located within the subdivision.

If, in the interest of better fire protection, it is determined that one or more of the required hydrants will serve the subdivision to better advantage if located outside the subdivision, they may be so located and the cost shall be borne by the subdivision, subject to the limitation that the cost to the subdivision shall not exceed the cost to him which would have resulted had all the hydrants been located inside the limits of the subdivision.

3. Fire Protection. In fixing the standards for fire protection as to water supply is concerned, the Department will be guided by the standards of the National Board of Fire Underwriters in "Grading Cities and Towns of the United States with Reference to Their Fire Defence and Physical Conditions" and by any specific recommendations made by the said National Board with respect to the County.

SECTION VII - SERVICE CONNECTIONS, DEAD-ENDS, ALTERATIONS TO PUBLIC WATER SYSTEMS, CONTOURS

1. Service Connections. Where water main construction is necessary, the subdivider shall provide each lot in a subdivision with a service connection from the water main to the property line adjacent to the lot or as directed by the Department's Manager Engineer. As an alternate, one multiple service connection may be installed for each two or more lots served from a single location provided the lateral is properly sized.

Where the lot to be created front on an existing water main, a service connection as required above shall be paid for by the subdivider and installed by the Board Department staff or subdivider when inspected by the Department staff, except that the service connection installation may be deferred and paid for by the subdivider at the time the request for water service is made for minimum lots and other subdivisions for which the Department determines that it is impractical to require such installations prior to the request for water service.

2. Dead-Ends. Where water mains proposed by a subdivider would result in dead-ends, the subdivider shall correct the condition by the installation of such interconnections as may be required by the Board.

3. Alterations to Public Water System. All work and materials in connection with the change in location or grade of any part of the existing public water system made necessary by the subdivision shall be at the expense of the subdivider.
4. **Contours.** When required by the BoardManager, contours or elevations shall be furnished by the subdivider, based upon mean sea level.

**SECTION IX - PREPARATION OF PLANS, INFORMATION ON PLANS, ELEVATION AGREEMENT, APPROVAL OF PLANS, DELAYS IN CONSTRUCTION**

1. **Preparation of Plans.** All construction plans shall be prepared by a registered engineer to the extent of his professional qualifications under the laws of the State. Preliminary maps and final maps of subdivisions to be reviewed by the Department shall fully conform to the definitions and requirements of the Rules and Regulations of the Commission.

2. **Information to be shown on Construction Plans.** The construction plans, insofar as the water system is concerned, shall show the following on County of Kauai standard size sheet or sheets:
   a. Name of subdivision, name of subdivider, name of engineer and location of subdivision.
   b. Date, north arrow, scale, tax key.
   c. The proposed subdivision water system complete, in both plan and profile, and its inter-relationship with streets lines, lot lines, curb grades, sewers and drains, both existing and proposed, as well as any other features natural or artificial necessary for a complete understanding of the water system design.
   d. Plan and profile views drawn to a scale of one inch equals 40 feet and one inch equals 5 feet, respectively, or as approved by the DepartmentManager. Manholes, fire hydrants, lateral and other details drawn to a scale of one half inch equals one foot or larger.
   e. The designation, including alignment and width, of all easements for parts of the water system which will not be in street areas to be dedicated to the public.
   f. A general layout map showing the locations of lots and streets within the subdivision and its near vicinity together with existing and proposed water system.
   g. A small key location inset or vicinity map showing the proposed subdivision in relationship to streets and water mains in the area.
   h. Review submittals should show all utilities and easements lines in plan and profile with different colors for ease of review. Colors to be set by standard drafting convention or as directed by Department staff. Drawing not submitted in this manner will remain on the bottom of the review priority list until all other reviews are complete.
   i. In cases in which the owner or subdivider also owns areas contiguous to the proposed subdivision, or separated therefrom by a street, a sketch of the future street and lot pattern and the water system proposed to serve such contiguous areas shall be furnished for study with the construction plans.

3. **Elevation Agreement.** Wherever a lot or lots within a subdivision are at such an elevation that they cannot be assured of a dependable forty pounds per square inch during normal flow, water supply, the approval of the construction drawings will be subject to each owner of such lot or lots signing an "elevation agreement" whereby such lot owner agrees to accept such water service as the Department is able to render, and each owner agrees to construct, if necessary, and maintain at his expense, a tank or a pump with a tank, all in accordance with the standards and requirements of the Department, of sufficient capacity to furnish a supply of water at such times as the pressure in the water main may be insufficient to supply such lot or lots with water.
When required, a statement as to this conditional approval will be clearly lettered on the subdivision map and as a deed restriction on the lot deed.

4. **Approval of Plans.** No construction of a subdivision water system, or any portion thereof, shall be undertaken prior to approval of the final construction plans by the Manager and Chief Engineer, the Director, the County Engineer of the Department of Public Works, and the State Department of Health. After said approval, the subdivider shall transmit four sets of all final construction plans to the Manager and Chief Engineer. Color may be eliminated from these drawings.

In areas where there is no public water supply available to serve the subdivision, plans and specifications for the development of water sources, including wells, tunnels, shafts, pumps, buildings, mains and other appurtenant structures and devices, shall be in conformance with the standards of the Department and shall be approved by the Department Manager in their entirety prior to the construction.

5. **Delays in Construction.** If any period exceeding one year or such extension as may be granted passes without substantial progress in the construction of the water facilities, after approval of plans by the Department, the plans thereof shall be returned to the Department for review and for making such changes as it deems proper because of changed conditions or revision of standards or rejection because of system adequacy.

**SECTION X - MATERIALS AND CONSTRUCTION STANDARDS, INSTALLATION OF WATER SERVICE, INSPECTION OF WORK**

1. **Materials and Construction Standards.** All materials, design and construction procedures, and workmanship, with respect to any subdivision water system, or any portion thereof shall be in accordance with the requirements of the "Standard Specifications for Waterworks Construction" of the Board of Water Supply, County of Kauai, dated 10/1/63 or as later amended and with the requirements of the State Department of Health and all applicable laws. The Manager and Chief Engineer shall determine the capacity and location of any of the component parts of the subdivision water system.

2. **Installation of Water Service.** No water service will be approved until the subdivision water system has been completed and accepted by the Department Board and the FRC has been paid to the Department. Temporary Service for subdivision construction purposes such as site work and roadways (excluding including construction work for individual lots) not to exceed one year may be approved when not detrimental to the service of existing customers.

3. **Inspection of Work.** The Manager and Chief Engineer or any Department employee or employee delegated representative authority here shall have full access at all times to all installations made for the subdivision and shall be given any assistance required and every facility, information and means of thoroughly inspecting the work to be done and the materials used or so be used.

**SECTION XI - OWNERSHIP OF INSTALLED WATER SYSTEM**

Before the Department Manager will provide water service within the subdivision, the subdivider shall convey the subdivision water system to the Department Board and said subdivision water system thereafter will be maintained and operated as a part of the public water system; provided, however, that the Department Board may refuse to operate and maintain facilities installed without the Department's Manager's prior approval. Prior to the commencement of water service, and as a prerequisite to such service, the subdivider shall also deliver to the Department perpetual easements for all portions of the subdivision water system installed in other than publicly owned property. The subdivider shall also convey to the Department Board for simple title to all sites on which are located tanks, reservoirs, sources of supply, and pumps constructed by the subdivider and connected to the public water system together with easements for ingress and egress and along the influent and effluent lines.
subdivider shall also convey to the Department Manager an affidavit with a breakdown of costs of the subdivision water system on forms provided by the Department Manager.

SECTION XII - MODIFICATION OF REQUIREMENTS AND EXCEPTIONS

1. Modification of Requirements. When conditions pertaining to any subdivision are such that the public may be properly served with potable water and with fire protection without full and strict compliance with these rules and regulations, or where the subdivision site or layout is such that the public interest will be adequately protected, such modification thereof as is reasonably necessary or expedient, and not contrary to law or the intent and purposes of these rules and regulations, may be made by the Department Board.

2. Exempt Subdivisions. The following described subdivisions ("Exempt Subdivisions") shall be exempt from the provisions of this Part III when they are not in need of water now or in the next ten years, or are part of a master planned development:

   a. Subdivisions requested by any governmental agency;

   b. Subdivisions resulting from the construction of public improvements by governmental action;

   c. Subdivisions requested for public utility purposes;

   d. Consolidations and re-subdivisions of properties where no additional lots or parcels are created, provided that the resulting properties would not permit greater density and they are buildable in the current location.

SECTION XIII - CONSTRUCTION AGREEMENT AND BOND

To secure final approval prior to construction of the required improvements in a subdivision, the subdivider shall enter into a written agreement with the County and the Department to make, install and complete all of the required improvements within a specified time. In addition thereto, a Surety Bond or other security as hereinafter specified shall be filed with and attached to the agreement by the subdivider.

A. Construction Agreement:

   (1) The Agreement shall specify that the subdivider will complete the subdivision to the satisfaction of the Manager and Chief Engineer.

   (2) The Agreement shall further specify that the Department may complete the work at the expense of the subdivider where the subdivider fails to complete the work to the satisfaction of the Manager and Chief Engineer, or fails to complete the work within the time specified.

B. Surety Bond:

   (1) The Surety Bond shall be filed with the agreement and shall be for the following purposes:

   (a) The Surety Bond shall assure to the County and the Department that the actual construction and installation of the improvements and utilities specified will be carried out.

   (b) The Surety Bond shall further assure to the Department that the facilities reserved charge down payment will be paid, if said change is not already paid.
(2) The Surety Bond shall be executed by the subdivider as principal and the surety shall be a company authorized to transact a surety business in the State of Hawaii.

(3) The bond or other security shall be one of the following:

(a) A Surety Bond in a sum equal to the cost of the work required to be done as estimated by the Manager and Chief Engineer; payable to the County and the Department, and shall be conditioned upon the faithful performance of all water improvement work required to be done by the subdivider, and shall be further conditioned to the effect that should the subdivider fail to complete all work required to be done within a specified reasonable time, the Department Manager may cause all required work which is not finished to be completed, and the parties executing the bond shall be liable for payment of all necessary costs, etc.

(b) Where the subdivider has entered into a contract with a reputable contractor, and has filed with the Director all three of the following: 1) a certified copy of his said contract and specifications; 2) a certified copy of the performance bond of his said contractor; and 3) a surety bond in a sum equal to at least 50 per cent of the cost of all work required to be done by the subdivider as estimated by the Manager and Chief Engineer, and shall be payable and conditioned as above set forth; or

(c) The subdivider shall make a deposit of money with the Director as agent of the County and the Department, in an amount equal to the cost of the construction of said improvements as estimated by the Manager and Chief Engineer. Under this arrangement, the agreement may provide for progress payments to be made to the contractor for materials used and services rendered, and the deposit shall be used to make such payments to the contractor for labor and services performed; provided that said progress payments shall at no time exceed the value of the completed portion of said improvements as determined by the Manager and Chief Engineer and the County Engineer of the County, or

(d) In lieu of said surety bond or deposit as herein mentioned in Paragraphs 3 (a) (b) (c) above, the subdivider may deposit with the Director bonds or other acceptable securities in the amount as provided by Paragraphs 3 (a) (b) (c) respectively of this Section and acceptable to the Manager and Chief Engineer.

(4) Facilities Reserve Charge. All bonds or other securities as provided in Paragraphs 3 (a) (b) (c) (d) above shall include the assurance of payment of the facilities reserve charge down payment except for the following:

(a) This paragraph shall not be applied where the facilities reserve charge has already been paid.

(b) A separate bond primarily for the purpose of paying the facilities reserve charge down payment may be filed by the subdivider.

(5) All bonds or securities posted under this Section shall not be canceled except with approval of the County and the Department Manager.

SECTION XIV - NON-DEVELOPMENT AGREEMENTS

1. Purpose. The purpose of this section is to assist families who wish to transfer interests in real property between themselves without immediately complying with Department rules and construction standards and specifications imposed when family members request subdivision approval.

2. Definitions. As used within this section:
   "Development" includes, but is not limited to:
(1) the construction, reconstruction, alteration, remodeling, renovation, or repairing of single-family residences, additional dwelling units, or any other dwelling, building, or structure of any kind on or within the property being subdivided, or

(2) the construction of additions or extensions to any dwelling, structure, or building existing as of the date of this agreement, or

(3) the construction, reconstruction, installation, alteration, or repair of piping, waste-water systems, landscaping or irrigation systems.

which result in increased fire protection requirements arising because of the property's development, increased consumption of water upon the property being subdivided, calculated from the date of the agreement described in this section, or which may, in the Department's judgment, possibly contaminate existing potable water-well sources located in the vicinity of the property being subdivided.

"Hawai'i child" means a person for whom an adult once provided food, nourishment, and support for a minimum period of at least one year prior to the time that the applicant applied for subdivision approval and who is generally acknowledged as the adult's child among friends, relatives, and the community.

"H.R.S." means Hawaii Revised Statutes, as amended.

"Non-development agreement" means the agreement required to be executed under this section.

"Rule" or "Rules" mean the Rules and Regulations of the County of Kauai Department of Water.

"Water System Facilities" mean all water infrastructure of the Department determined to be necessary to provide adequate residential water service and fire protection for the property being subdivided and shall include, but not be limited to, any and all necessary wells, pumps, storage tanks, water transmission and distribution lines and related meters, valves, and other water system improvements and equipment.

3. Authorization to defer subdivision improvements under certain terms and conditions. The Manager and Chief Engineer may approve requests for subdivision approval and temporarily defer subdivision requirements imposed by the Department's rules and construction standards and specifications for the sole and limited purpose of allowing a subdivision applicant to transfer interests in real property from the applicant to others, provided the applicant satisfies or complies with the following conditions:

a. Property interests may be transferred only between: natural persons who are related to the applicant by birth, blood, adoption, marriage, or prior marriage. Eligible transferees are limited to:

   Spouse,
   Ex-spouse,
   Parents,
   Grandparents,
   Children,
   Grandchildren,
   Brothers, and
   Sisters.

   The preceding list of terms shall be understood according to their most widely-known and usual significance, without attending so much to the literal and strictly grammatical construction as to their general, ordinary, or popular use or meaning.

b. The Manager and Chief Engineer shall not approve subdivision requests under this section if development will occur as a result of the subdivision.
c. With respect to the property being subdivided, the Department Manager shall not approve further subdivision requests, requests for water service when apartments within the property have been created pursuant to Chapter 51A, H.R.S., or development of any kind, unless and until adequate water system facilities, as may be determined by the Department Manager when development occurs, are constructed, in place and complete, to provide adequate residential water service and fire protection for the property being subdivided.

d. The Department Manager shall not approve residential building permits for any property which is subject to a non-development agreement unless adequate water system facilities are constructed pursuant to subparagraph 3.e. of this section or is combined with a lot with water and development rights.

If the Department Manager erroneously or inadvertently approves a building permit before necessary water system facilities are constructed, the Department Manager shall immediately upon learning of its action, rescind its approval.

e. If, before necessary water system facilities are constructed to serve the property being subdivided, the Department Manager erroneously or inadvertently approves the issuance of a building permit for any development within the subdivision and development occurs, the developer shall either construct the necessary water system facilities or remove the development at the developer's own cost and expense.

Should the Department be required to enforce the provisions of this subparagraph through civil court action, the developer shall pay to the Department and be jointly and severally liable for any and all attorneys' fees, court costs, and other related fees, costs, and expenses necessary to prosecute and defend such action.

f. The subdivision applicant and all persons to whom an interest in the property may be transferred shall release the Department of any and all liability arising from the Department's decision to recommend subdivision approval under this section.

The applicant and all persons to whom an interest in the property may be transferred shall also forever indemnify, defend, save, and hold harmless the Department from and against any and all injury to persons and damage to property, deaths, claims, fines, suits, actions, economic and non-economic damages, costs, losses, and liabilities of every nature and kind arising or growing out of the Department's decision to recommend subdivision approval of the applicant's property under this section.

g. The provisions of this section shall be implemented through an agreement executed between 1) the Manager and Chief Engineer, and 2) the subdivision applicant and all persons to whom an interest in the property may be transferred. The agreement shall contain terms and conditions determined to be necessary by the Manager and Chief Engineer and as advised by the County Attorney. The covenants and restrictions created by the agreement shall constitute covenants which shall run with the land and constitute notice to all who may claim an interest in the property being subdivided.

Any subdivision approval granted under this section shall be null, void, and of no legal effect unless 1) the Department receives a non-development agreement containing original signatures executed by all of the parties to the agreement, and 2) the agreement has been recorded in the State of Hawaii Land Court or Bureau of Conveyances.

h. The documents conveying title or an interest in the property shall specifically incorporate by reference the non-development agreement. Further, the agreement shall be attached to the conveyance documents as an exhibit.
i. The final subdivision map shall contain a brief and concise statement saying that the lots created by the subdivision are subject to a non-development agreement. The statement shall further summarize the major terms and conditions of the agreement.

4. **Applicability.** This section shall apply only to subdivisions served by County Public Water Systems, and not to private water systems not served by the County Public Water System.

5. **Fees, Charges, and costs under this section.** Notwithstanding any other section or provision in the Rules to the contrary including, but not limited to, Paragraph 1, Section III, Part 3 of the Rules, any and all applicable Departmental fees, charges, and costs, including facilities reserve charges, shall be paid at the time of such development or at the time that development occurs and at the time that the non-development agreement is entered into by the County.

6. **Changed development conditions.** The applicant or subsequent transferees of the applicant shall be responsible for checking conformity in writing with the Manager, Department, and determining whether water infrastructure development requirements have so changed such that necessary water-system facilities no longer need to be constructed. The Department Manager shall not be responsible for informing the applicant or subsequent transferees of any such changed development conditions.

**SECTION XV - SEVERABILITY**

If any rule, section, sentence, clause, or phrase of these rules and regulations or any application to any person or circumstance is held to be unconstitutional or invalid, the remaining portions of these rules and regulations or the application of these rules and regulations to other persons or circumstances or property shall not be affected. The Department hereby declares that it would have adopted these rules and regulations and each and every rule, section, sentence, clause, or phrase thereof, irrespective of the fact that any one or more other rules, sections, sentences, clauses, or phrases be declared unconstitutional or invalid.

**SECTION XVI - PENALTIES**

Any person, firm or corporation which violates any rule or regulation herein shall be fined not more than $500.00, except that in cases where the offense shall be of a continuing nature, each day's continuance of the same, shall constitute a separate offense.
Thank you.

Aloha,

Julie Mararagan
Secretary to Max W. J. Graham, Jr.
Bellees Graham Proudfoot Wilson & Chun, LLP
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Lihue, Kauai, Hawaii 96766
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AMENDMENTS TO THE RULES AND REGULATIONS, AS AMENDED,
OF THE BOARD OF WATER SUPPLY, COUNTY OF KAUAI, STATE OF HAWAII

BE IT RESOLVED BY THE BOARD OF WATER SUPPLY OF THE COUNTY OF KAUAI,
STATE OF HAWAII:

SECTION 1. This amendment to the Rules and Regulations of the County of Kauai
Department of Water (hereafter "Rules") is made pursuant to Section 17.03C and D of the Kauai
County Charter 1984, as amended, Part 1, Section II of the Rules, as amended, and Chapter 91,

SECTION 2. This amendment to the Rules amends Part 3, Section XII.

SECTION 3. Now, therefore, Part 3, Section XII of the Rules is hereby amended as
follows:

SECTION XII – MODIFICATION OF REQUIREMENTS AND EXCEPTIONS

1. Modification of Requirements. When conditions pertaining to any subdivision
are such that the public may be properly served with water and with fire protection without full
and strict compliance with these rules and regulations, or where the subdivision site or layout is
such that the public interest will be adequately protected, such modification thereof as is
reasonably necessary or expedient, and not contrary to law or the intent and purposes of these
rules and regulations, may be made by the Department.

2. Exempt Subdivisions. The following described subdivisions ("Exempt
Subdivisions") shall be exempt from the provisions of this Part 3:
   a. Subdivisions requested by any governmental agency;
   b. Subdivisions resulting from the construction of public improvements by
governmental action;
   c. Subdivisions requested for public utility purposes;
   d. Consolidations and resubdivisions of properties where no additional lots
   or parcels are created, provided that the resulting properties would not permit greater density.

SECTION 4. Administrative rule material to be repealed is bracketed. New material is
underscored. In printing this rule amendment, the brackets, bracketed material, underscoring
need not be included.
SECTION 5. If any provision of this rule amendment or the application thereof to any person or circumstances is held invalid, the invalidity does not affect other provisions or applications of the rule amendment, which can be given effect without the invalid provision, or application, and to this end the provisions of this rule amendment are severable.

SECTION 6. This rule amendment shall be effective ten (10) days after it is filed with the County Clerk of the County of Kauai.

BOARD OF WATER SUPPLY
COUNTY OF KAUAI

__________________________
Its Chairperson

APPROVED AS TO FORM
AND LEGALITY:

_____________________________________
County Attorney

Received this ___ day of
__________________________, 2010

Approved this ___ day of
__________________________, 2010

_____________________________________
Peter Nakamura
County Clerk, County of Kauai

_____________________________________
Bernard P. Carvalho, Jr.
Mayor, County of Kauai
October 21, 2010

Mr. Randy Nishimura, Chairman
Board of Water Supply, County of Kauai
P.O. Box 1706
Lihue, HI 96766

Dear Chairman Nishimura:

Subject: Part III Rule Amendments – Establishing Standards for Subdivision Water Systems

For the October 21, 2010 Board of Water Supply meeting, we wish to submit the enclosed testimony for Agenda Item F.2.b. We received an electronic word document version of the Department of Water, County of Kauai Rules and Regulations Part 3 Establishing Standards for Subdivision Water Systems. The document included proposed changes by Manager, David Craddock. His proposed changes are in blue. Using the Track Changes function, we made our proposed changes in red.

We support the proposed changes and are hopeful that our proposed changes will also be incorporated. If you have any questions or concerns please contact me at 632-2528.

Sincerely,

Michael H. Tresler
Senior Vice President.
may refuse to operate and maintain facilities installed without the Department's prior approval. Prior to the commencement of water service, and as a prerequisite to such service, the subdivider shall also deliver to the Department perpetual easements for all portions of the subdivision water system installed in other than publicly owned property. The subdivider shall also convey to the Department a simple title to all sites on which are located tanks, reservoirs, sources of supply, and pumps constructed by the subdivider and connected to the public water system together with easements for ingress and egress. The subdivider shall also convey to the Department a breakdown of costs of the subdivision water system on forms provided by the Department.

SECTION XII - MODIFICATION OF REQUIREMENTS

1. Modification of Requirements. When conditions pertaining to any subdivision are such that the public may be properly served with water and with fire protection without full and strict compliance with these rules and regulations, or where the subdivision site or layout is such that the public interest will be adequately protected, such modification thereof as is reasonably necessary or expedient, and not contrary to law or the intent and purposes of these rules and regulations, may be made by the Department.

2. Exempt Subdivisions. The following described subdivisions ("Exempt Subdivisions") shall be exempt from the provisions of this Part 3 when there is a reasonable expectation of no additional water demand on the water system and the:
   a. Subdivision is requested by any governmental agency;
   b. Subdivision is requested for the construction of public improvements by governmental action or to be turned over to the government;
   c. Subdivision is requested for public utility purposes;
   d. Consolidations and resubdivision of properties, that can be built on in their current location, where no additional lots or parcels are created provided that the resulting properties would not permit greater density.
   e. The Subdivisions into of large lots of such a size that it is reasonable to expect further development ("Large Lots"), including but not limited to, subdivision, use permit, or zoning permit applications, with full and strict compliance with these rules. In the case where a subdivision includes both Large Lots and lots that do not require further development ("Small Lots"), the subdivider shall be exempt provided the Large Lots account for at least 50% of the land area, not including roadways and utilities, and the Subdivider executes a Waiver and Release Agreement for the Small Lots. In all cases, the Subdivider shall execute an agreement with the Manager and Chief Engineer to determine when full and strict compliance with these rules and regulations shall occur, if not already agreed to or set forth in a master plan. The Manager and Chief Engineer shall require a Waiver and Release agreement to run with the land until there is full and strict compliance with these rules and regulations if the lot is less than ten acres in size.
A BILL FOR AN ORDINANCE TO
AMEND CHAPTER 8, KAUA’I COUNTY CODE 1987, AS AMENDED,
RELATING TO THE SUBDIVISION ORDINANCE

BE IT ORDAINED BY THE COUNCIL OF THE COUNTY OF KAUA’I, STATE OF HAWAI’I:

SECTION 1. Findings and Purpose:

(a) The Council finds that county agencies, at times impose infrastructure requirements not in rough proportionality to the impact of a proposed subdivision application.

(b) The “rough proportionality” takings argument has been successfully argued at the U.S. Supreme Court to overturn local government exactions (Dolan vs. City of Tigard) where the degree of the exactions required by the local agency does not bear the required relationship to the projected impact of the proposed development.

(c) For the County of Kaua’i, this is especially true with smaller applications where the applicant is required to upgrade substantial portions of offsite county infrastructure.

(d) There has been instances where an applicant, in order to provide for their children a buildable lot and an affordable home, applies for a subdivision that proposes no additional lots or additional residential density than what is already allowed, are stopped because of off-site infrastructure requirements imposed.

(e) The purpose of this amendment is to clarify the extent to which County agencies impose off-site infrastructure requirements and to allow subdivisions that create no additional lots or additional residential density to proceed without unwarranted conditions or requirements.

(f) Thresholds already exist in the CZO that allow exemptions to development standards:

(1) CZO Sec. 8-7.4(c)(4) allows an exemption from one time subdivision provision in the Agriculture District where: Consolidation and resubdivision of properties where no additional lots or parcels are created provided that the resulting properties would not permit greater density.”
(2) Sec. 8-3.7 of the CZO allows up to four houses to be served by a driveway, without the requirement of a County standard road.

(g) Conditions requiring infrastructure improvements that are normally applied to subdivisions resulting in an increase in density and places additional demands on the existing public infrastructure, should not apply to consolidations and re-subdivisions where no additional density or demands on the public infrastructure are created.

SECTION 2. Section 9-2.13 of the Kauai County Code 1987, as amended, is hereby amended to read as follows:

"Sec.9-2.13 Consolidation of Lots

All consolidation of lots, shall be processed through the Planning Commission and shall require its approval before recordation of any maps or documents pertinent to the consolidation. Consolidation involving not more than four (4) existing lots or parcels of record and re-subdivision where no additional lots or density are created by the resultant properties, shall not be required to provide any off-site county infrastructure improvements, except as needed to connect to an adjacent roadway or utility line. If the resulting lots or parcels do not place an increased demand on public infrastructure, then the Planning Commission shall not impose additional conditions pursuant to Section 9-3.4(b). The Planning Commission shall establish rules and fee for consolidation of lots."

SECTION 3. Section 9-3.4 of the Kauai County Code 1987, as amended, is hereby amended to read as follows:

"Sec. 9-3.4 Approval Of Preliminary Subdivision Map.

(a) Compliance and Distribution.

(1) The Planning Department within ten (10) calendar days shall check for compliance of form and contents of the map. If the form and contents are found not to be in compliance, it shall be rejected and returned to the applicant in writing.

(2) After the maps have been preliminarily accepted, the Planning Department shall forward copies to the Department of Public Works, the Department of Water, the State Department of Health, and other affected agencies, departments and utility companies, as the Planning Director determines for comment or approval[,] except for consolidation and re-subdivision of lots exempted by Sec. 9-2.13.
Accompanying application, if any, for required zoning permits, shall also be referred.

(b) Review. After the preliminary subdivision maps have been preliminarily accepted as to form and contents, the following review schedule shall apply:

<table>
<thead>
<tr>
<th>Various governmental agency review to Planning Director.</th>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>After receipt of the agency reviews, the Planning Director shall prepare a report to the Planning Commission. The Planning Commission shall approve, approve with condition or disapprove preliminary subdivision map.**</td>
<td>30 Calendar Days*</td>
<td>45 Calendar Days*</td>
</tr>
<tr>
<td></td>
<td>45 Calendar Days*</td>
<td>45 Calendar Days*</td>
</tr>
</tbody>
</table>

Column 1: For subdivisions not including streets and improvements where the number of lots to be created is twenty (20) or less.

Column 2: For subdivisions requiring new streets and improvements.

* Or within a longer period as may be agreed to by the applicant.

** If the Planning Commission fails to take action within the time limit prescribed in this Section, unless the applicant assents to a delay, the preliminary subdivision map shall be deemed approved."

SECTION 4. Severability. If any provision of this ordinance or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this ordinance which can be given effect without the invalid provision or application, and to this end, the provisions of this ordinance are declared to be severable.

SECTION 5. This Ordinance shall take effect upon its approval.

Introduced By:

DEREK S. K. KAWAKAMI

Date of Introduction:

Līhu'e, Kaua'i, Hawai'i
DATE: November 24, 2010

TO: Planning Department
Ian K. Costa, Director (Dale)

SUBJECT: Zoning Amendment Permit Application ZA-2011-2, Proposed Draft Bill (No. 2380) – A Bill for an Ordinance to Amend Chapter 9, Kauai County Code 1987, as amended, relating to the Subdivision Ordinance = County of Kauai

DOW COMMENTS:

The Department of Water offers the following comments to Proposed Bill (No. 2380) as follows:

1. The bill does not set a limit on the total number of residential units that is based on the existing density of the consolidation/re-subdivision. Proposed Bill “Section. 9-2.13 Consolidation of Lots” states that “Consolidation involving not more than four (4) lots or parcels of record and re-subdivision where no additional lots or density are created by the resulting properties shall not be required to provide any off-site county infrastructure improvements…”

a) If the intent of the Bill is to limit the number of resulting lots and corresponding residential density to a total of not more than 4 lots and/or 4 dwelling units, then the density of the resulting properties should be restricted or limited such that the total resulting number of dwelling units does not exceed the four (4) lot/dwelling unit intended limit. Based on higher CZO zoning designations and resulting lot size, despite the bill’s provision for “no additional density”, there is a potential that the actual residential development may result in a larger number of single family or multi-family units that will be exempt from providing necessary off-site infrastructure improvements under this proposed bill.

b) How will the proposed bill apply to subdivisions of resulting properties that include non-residential zoning designations such as public, commercial, or industrial?

c) If off-site county improvements are not required for the resulting consolidation and re-subdivision under the proposed bill, then can off-site infrastructure improvements be required as a condition for actual development of the resulting properties that may require zoning/use permit, building permit, or water meter service connection application approval? What happens in the case where there are no County water lines or the system is inadequate? Current rules of the Water Department do not allow service when the system is inadequate. Just as a matter of fact if there are no offsite improvements they may not be able to get service.

d) Is there a definition for “off-site infrastructure improvements”?

e) Our suggestion is that the system before lot changes must be able to service the lot. This does not mean they can’t do the subdivision it just means they may not be able to get water service if none is available.

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

ZA-2011-2, Proposed Draft Bill (No. 2380)
A BILL FOR AN ORDINANCE TO
AMEND CHAPTER 9, KAUA'I COUNTY CODE 1987, AS AMENDED,
RELATING TO THE SUBDIVISION ORDINANCE

BE IT ORDAINED BY THE COUNCIL OF THE COUNTY OF KAUA'I, STATE
OF HAWAII:

SECTION 1. Findings and Purpose:

(a) The Council finds that county agencies, at times impose infrastructure
requirements not in rough proportionality to the impact of a proposed subdivision
application.

(b) The "rough proportionality" takings argument has been successfully
argued at the U.S. Supreme Court to overturn local government exactions
(Dolan vs. City of Tigard) where the degree of the exactions required by the local
agency does not bear the required relationship to the projected impact of the
proposed development.

(c) For the County of Kaua'i, this is especially true with smaller
applications where the applicant is required to upgrade substantial portions of
offsite county infrastructure.

(d) There has been instances where an applicant, in order to provide for
their children a buildable lot and an affordable home, applies for a subdivision that
proposes no additional lots or additional residential density than what is already
allowed, are stopped because of off-site infrastructure requirements imposed.

(e) The purpose of this amendment is to clarify the extent to which County
agencies impose off-site infrastructure requirements and to allow subdivisions that
create no additional lots or additional residential density to proceed without
unwarranted conditions or requirements.

(f) Thresholds already exist in the CZO that allow exemptions to
development standards:

(1) CZO Sec. 8-7.4(c)(4) allows an exemption from one time
subdivision provision in the Agriculture District where: Consolidation and
resubdivision of properties where no additional lots or parcels are created
provided that the resulting properties would not permit greater density."

(2) Sec. 8-3.7 of the CZO allows up to four houses to be served by a
driveway, without the requirement of a County standard road.

(g) Conditions requiring infrastructure improvements that are normally
applied to subdivisions resulting in an increase in density and places additional
demands on the existing public infrastructure, should not apply to consolidations
and re-subdivisions where no additional density or demands on the public
infrastructure are created.
SECTION 2. Section 9-2.13 of the Kaua'i County Code 1987, as amended, is hereby amended to read as follows:

"Sec.9-2.13 Consolidation of Lots

All consolidation of lots, shall be processed through the Planning Commission and shall require its approval before recordation of any maps or documents pertinent to the consolidation. Consolidation involving not more than four (4) existing lots or parcels of record and re-subdivision where no additional lots or density are created by the resultant properties, shall not be required to provide any off-site county infrastructure improvements, except as needed to connect to an adjacent roadway or utility line. If the resulting lots or parcels do not result in an increase in density, then the Planning Commission shall not impose additional conditions pursuant to Section 9-3.4(b). The Planning Commission shall establish rules and fee for consolidation of lots."

SECTION 3. Severability. If any provision of this ordinance or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this ordinance which can be given effect without the invalid provision or application, and to this end, the provisions of this ordinance are declared to be severable.

SECTION 4. Ordinance material to be repealed is bracketed. New ordinance material is underscored. When revising, compiling or printing this ordinance for inclusion in the Kaua'i County Code 1987, the brackets, bracketed material, and underscoring need not be included.

SECTION 5. This Ordinance shall take effect upon its approval.

INTRODUCED BY:

Nadine K. Nakamura
(By Request)

Date of Introduction:
March 23, 2011
Līhu'e, Kaua'i, Hawai'i
CERTIFICATE OF THE COUNTY CLERK

I hereby certify that heretofore attached is a true and correct copy of Bill No. 2401, Draft 2, which was adopted on second and final reading by the Council of the County of Kaua‘i at its meeting held on May 4, 2011, by the following vote:

FOR ADOPTION: Bynum, Chang, Kuali‘i, Nakamura, Rapozo, Furfaro
AGAINST ADOPTION: Yukimura
EXCUSED & NOT VOTING: None
REJECTED & NOT VOTING: None

TOTAL - 6,
TOTAL - 1,
TOTAL - 0,
TOTAL - 0.

Lihue, Hawaii
May 4, 2011

Peter A. Nakamura
County Clerk, County of Kaua‘i

ATTEST:

Jag Furfaro
Chairman & Presiding Officer

DATE OF TRANSMITTAL TO MAYOR:

May 4, 2011

Approved this day of __________, 2011.

______________________________
Bernard P. Carvalho Jr.
Mayor
County of Kaua‘i
A BILL FOR AN ORDINANCE TO
AMEND CHAPTER 9, KAUAI COUNTY CODE 1987, AS AMENDED,
RELATING TO THE SUBDIVISION ORDINANCE

BE IT ORDAINED BY THE COUNCIL OF THE COUNTY OF KAUAI, STATE
OF HAWAII:

SECTION 1. Findings and Purpose:

(a) The Council finds that county agencies, at times impose infrastructure
requirements not in rough proportionality to the impact of a proposed subdivision
application.

(b) The “rough proportionality” takings argument has been successfully
argued at the U.S. Supreme Court to overturn local government exactions
(Dolan vs. City of Tigard) where the degree of the exactions required by the local
agency does not bear the required relationship to the projected impact of the
proposed development.

(c) For the County of Kaua'i, this is especially true with smaller
applications where the applicant is required to upgrade substantial portions of
offsite county infrastructure.

(d) There has been instances where an applicant, in order to provide for
their children a buildable lot and an affordable home, applies for a subdivision that
proposes no additional lots or additional residential density than what is already
allowed, are stopped because of off-site infrastructure requirements imposed.

(e) The purpose of this amendment is to remove unwarranted off-site
infrastructure requirements where proposed subdivisions create no additional lots
or additional residential density.

(f) Thresholds already exist in the CZO that allow exemptions to
development standards:

(1) CZO Sec. 8-7.4(c)(4) allows an exemption from one time
subdivision provision in the Agriculture District where: Consolidation and
resubdivision of properties where no additional lots or parcels are created
provided that the resulting properties would not permit greater density.

(2) Sec. 8-3.7 of the CZO allows up to four houses to be served by a
driveway, without the requirement of a County standard road.

(g) Conditions requiring infrastructure improvements that are normally
applied to subdivisions resulting in an increase in density and places additional
demands on the existing public infrastructure, should not apply to consolidations
and re-subdivisions where no additional density or demands on the public
infrastructure are created.
SECTION 2. Section 9-2.13 of the Kaua‘i County Code 1987, as amended, is hereby amended to read as follows:

"Sec. 9-2.13 Consolidation of Lots

[All] The consolidation of lots, including Kuleana lots, shall be processed through the Planning Commission and shall require its approval before recordation of any maps or documents pertinent to the consolidation. Consolidation involving not more than four (4) existing lots of record and re-subdivision where no additional lots or density are created by the resultant properties, shall not be required to provide any off-site infrastructure improvements, except as needed to connect to an adjacent roadway or utility line. If the resulting lots do not result in an increase in density, the Planning Commission shall not impose additional conditions pursuant to Section 9-3.4(b). The Planning Commission shall establish rules and [fee] fees for consolidation of lots."

SECTION 3. Severability. If any provision of this ordinance or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this ordinance which can be given effect without the invalid provision or application, and to this end, the provisions of this ordinance are declared to be severable.

SECTION 4. Ordinance material to be repealed is bracketed. New ordinance material is underscored. When revising, compiling or printing this ordinance for inclusion in the Kaua‘i County Code 1987, the brackets, bracketed material, and underscoring need not be included.

SECTION 5. This Ordinance shall take effect upon its approval.

INTRODUCED BY: /s/ Nadine K. Nakamura

Date of Introduction:
March 23, 2011
Līhu‘e, Kaua‘i, Hawai‘i
CERTIFICATE OF THE COUNTY CLERK

I hereby certify that heretofore attached is a true and correct copy of Bill No. 2401, which was passed on first reading and ordered to print by the Council of the County of Kaua‘i at its meeting held on March 23, 2011, by the following vote:

FOR PASSAGE: Bynum, Chang, Kawakami, Nakamura, Rapozo, TOTAL - 6, Furfaro
AGAINST PASSAGE: None TOTAL - 0,
EXCUSED & NOT VOTING: Yukimura TOTAL - 1,
RECUSED & NOT VOTING: None TOTAL - 0.

Lihu‘e, Hawai‘i
March 23, 2011

Peter A. Nakamura
County Clerk, County of Kaua‘i
SECTION XII - MODIFICATION OF REQUIREMENTS

When conditions pertaining to any subdivision are such that the public may be properly served with water and with fire protection without full and strict compliance with these rules and regulations, or where the subdivision site or layout is such that the public interest will be adequately protected; and such modification thereof as is reasonably necessary or expedient, and not contrary to law or the intent and purposes of these rules and regulations, may be made by the Department.

The Manager may waive or modify requirements of this rule when not contrary to the purpose of the rule or the public interest, and when the Manager finds that:
1. Strict application of the rule would cause an absurd, unfair, or unreasonably harsh result; and
2. The applicant's circumstance or condition is unique or exceptional, and the Manager would grant the same request if made by every similarly situated applicant; and
3. Such modification thereof as is reasonably necessary or expedient, and not contrary to law or the intent and purposes of these rules and regulations.

The Board by a two thirds vote of the entire voting membership may waive or modify requirements of this rule when not contrary to the purpose of the rule or the public interest, and when the Board finds that:
1. Strict application of the rule would cause an absurd, unfair, or unreasonably harsh result; and
2. The applicant's circumstance or condition is unique or exceptional, and the Board would grant the same request if made by every similarly situated applicant; and
3. Such modification thereof as is reasonably necessary or expedient, and not contrary to law or the intent and purposes of these rules and regulations; and
4. In cases of exemption from or reduction of the FRC fee, the resulting financial impact upon the Department and future consumers is acceptable to the Board.
SECTION XII - MODIFICATION OF REQUIREMENTS

When conditions pertaining to any subdivision are such that the public may be properly served with water and with fire protection without full and strict compliance with these rules and regulations, or where the subdivision site or layout is such that the public interest will be adequately protected:

The Manager and Chief Engineer may waive or modify requirements of this rule when not contrary to the purpose of the rule or the public interest, and when the Manager and Chief Engineer finds that:
1. Strict application of the rule would cause an absurd, unfair, or unreasonably harsh result; and
2. The applicant's circumstance or condition is unique or exceptional, and the Manager and Chief Engineer would grant the same request if made by every similarly situated applicant; and
3. Such modification thereof as is reasonably necessary or expedient, and not contrary to law or the intent and purposes of these rules and regulations.
4. In cases of exemption from or reduction of the FRC fee, the request must be brought to the Board for approval.

Any waiver or modification made by the Manager and Chief Engineer will not be considered to have final approval until the Board is notified of the action through the Manager and Chief Engineer's monthly report to the Board, and the Board has not chosen to deny or modify the Manager and Chief Engineer's decision by a two-thirds vote.

Should the Manager and Chief Engineer decline to waive or modify the requirements, an applicant may ask the Board to waive or modify requirements of these rules when not contrary to the purpose of the rule or the public interest. The Board must find that:
1. Strict application of the rule would cause an absurd, unfair, or unreasonably harsh result; and
2. The applicant's circumstance or condition is unique or exceptional, and the Board would grant the same request if made by every similarly situated applicant; and
3. Such modification thereof as is reasonably necessary or expedient, and not contrary to law or the intent and purposes of these rules and regulations; and
4. In cases of exemption from or reduction of the FRC fee, the resulting financial impact would not unduly impede or impair the financial health of the Department.
MANAGER’S REPORT No.12-54

January 26, 2012
Revised April 26, 2012

Re: DEBT SERVICE RESERVE FUND POLICY No. 27

Recommendation:
Your approval is requested for the attached proposed Debt Reserve Fund Policy. We also recommend implementing this policy at the start of the next budget year.

Background:
During the budget process for FY 2012 the Board started setting aside funds for Emergencies. There was a restriction put on the expenditure of funds from the emergency fund until such time as a policy position was taken by the Board. Subsequently the Board wanted to separate the debt service reserve from operational emergency reserves. This is a much more conservative position that is desirable from the perspective of the person owed the debt and rating agencies.

The debt service reserve fund would be funded from the fund that would be required to pay the debt service. In some cases this may result in funding from the Water Revenue fund or the Facilities Reserve Charge fund.

The proposed policy holds 6 months plus 8 eight percent of annual debt payments until the final payment then monthly adds a month of debt service payments to the reserve resulting in a full years debt service being in reserve when the semiyearly payment is made.

When that payment is made the reserve would fall back to the 6 months plus 8 eight percent. This continues until the final payment is due. At that time no further payments are made to the reserve. During the course of holding the reserves they are invested according to law.

This policy requires the investments be dispersed at a minimum of every three years or as required by any specific debt issue. At the time the last debt service payment is made on the issue the remaining interest plus the eight percent would be returned to the fund that paid into the reserve when it was started.

Two signatures are required to wire transfer or sign checks from the fund.

Funding Example:
Our current long term debt for bonds and loans is $6.513 million. Half of this plus eight percent of the total is (1/12-1/2) * (6.513) = $3.8 million. This initial reserve would go up by 1/12 * 6.513 = $0.543 each month for 6 months. That would total $3.256 million, at which time a $3.257 million payment would be made. This theoretical cash flow would only happen if all debt started and ended on the same day. All debt does not start and end on the same day.
recommendation to fund this is to start this next budget year with the full reserve being reached in four years.

This example is for FY 2012 and would be different for FY 2014 when principle payments for the BAB are required. Just for your information the total debt service requirement for 2014 is $8.264 million less federal interest subsidy of approximately $0.800 million.

Respectfully submitted,

[Signature]

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

Attachment: Draft Board Policy #27

DRC/cab
Mgrp-Debt Service Reserve Fund Policy (1-26-12) (4-26-12)
RE: DEBT SERVICE RESERVE FUND

The Department of Water shall establish and maintain a Debt Service Reserve Fund (DSRF) for all outstanding debt except those that are initially for ten years or less. The purpose of the DSRF is to provide a reserve source of payment for principal and interest as these obligations are due and provide proper oversight of debt obligations.

The DSRF shall be an element of the Department’s annual operating budget. The DSRF minimum level shall be not less than 58% fifty eight percent and not more than 108% of the average annual debt service. The DSRF shall be funded through a contribution from the fund that created the debt obligation or as designated by resolution of the Board. Initially the DSRF is to be funded over a four year period for debt issuances occurring prior to the date this policy was approved. For new debt issuances the DSRF is to be immediately funded with an amount equal to the last payment plus eight percent.

Conditions for Deposit, Disbursement and Handling of investment of DSRF monies:

1) DEPOSITS INTO DSRF
   i) The DSRF shall be a separate account.
   ii) Funds shall be deposited into the DSRF from either the Water Utility Fund or the Facility Reserve Charge Fund depending on the source of funding for the debt.
   iii) Funds shall be deposited on the initial date of debt issuance in an amount equal to six (6) months of debt service payments plus eight percent (8%) of the annual debt service.
   iv) Thereafter, one twelfth (1/12) of the annual debt service requirement for each issue shall be deposited monthly from the source paying the debt service until there is only one (1) payment remaining on the debt issue.
   v) Monthly deposits to the fund shall cease when there is only one payment remaining to pay in full or defease the debt.
   vi) Sub-accounts shall be established and maintained for each debt obligation. In cases where the obligation is funded for a combination of replacement and expansion purposes, separate sub-accounts shall be established.

2) DISBURSEMENTS FROM DSRF
   i) Two signatures shall be required to withdraw or authorize check payments or wire transfer DSRF funds. The two signatures required shall be from: (1) the Manager or Deputy Manager; and (2) the Controller or Chairperson of the Board.
ii) Any balance or overage in the DSRF after the final payment shall be returned to the
fund or funds which are paying the debt in the same ratio that was initially paid into
the DSRF.

iii) In order to ensure that payments are made on a timely basis, disbursements from the
fund shall occur on or about the day debt service payments are due.

3) INTEREST FROM DSRF

i) DSRF monies shall be invested in permissible interest-bearing instruments as
specified by law. For purposes of this policy, long term investments are defined to
mean any time funds are invested, with an early withdrawal clause that gives less
interest if funds are removed from the investment, for more than twenty five percent
of the time between fund deposit and required payment of debt service. For example
funds invested with early withdrawal clause for more than five years that do not need
to be paid out until the last debt service payment in twenty years, are a long term
investment. The five monthly deposits that will be paid out within six months will be
considered long term if it exceeds 60 days for all but the fifth monthly payment which
would be 30 days.

ii) When DSRF monies are used to pay a combination of expansion (Facilities Reserve
Charge Fund) and replacement (Water Revenue Fund) project debt, the DSRF interest
shall be deposited into the sub-account as accrued in the same ratio as the sub-
accounts that were established by the obligation.

iii) Should any specific debt issue require investment time to maturity of less than three
years, the reserves for that specific debt issue shall be invested as in accordance with
the debt issuance documents.

iv) Investments of DSRF monies shall mature no later than the final maturity of any
individual debt issuance and shall be invested at the highest interest allowed by law.
Should any specific issue require investment time to maturity less than three years,
the reserves for that specific issue shall be invested as defined in the debt issuance
documents.

APPROVED BY:

Chairperson, Board of Water Supply

Dated: April 26, 2012

Effective date: ________________________
<table>
<thead>
<tr>
<th>Monthly Debt Service Transfers</th>
<th>Pmt Due Date</th>
<th>2014</th>
<th>50% DSR</th>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
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<td>4th Quarter Loan</td>
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**TOTAL** | | 559,178 | 299,569 | 49,311 | 49,311 | 49,311 | 49,311 | 49,311 | 49,311 | 559,178 |
MANAGERS REPORT No. 12-70

March 22, 2012
Revised April 26, 2012

RE: Non-Potable Water Systems

RECOMMENDATION:
It is for informational purposes only and no Board action is required.

BACKGROUND:
The Board asked for general information on issues related to dual water lines. Below are excerpts from AWWA Manuals of Water Supply Practices M24 2nd third edition regarding dual water systems.

The information given below is related to policies and procedures for managing dual water systems. Technical issues are not part of this presentation. Non-potable water managers are water purveyors. However, unlike potable systems, non-potable purveyors do not have a natural base with inherent demand for the product. The attachment from the AWWA M24 manual all pertain to systems being operated by the water utility that is operating the potable system. Also, the EPA Guidelines for Water Reuse can be found at: http://www.epa.gov/nrmrl/pubs/625r04108/625r04108.pdf

Another possibility is a developer proposing a dual system they do not intend to turn over to the Board for operation or maintenance that proposes to reduce system infrastructure requirements based on hoped for performance standards.

In this case the system must be operated and maintained in perpetuity as the potable system is operated. At no time should “failure” of the system result in additional expenses for the rate payers. This means the developer or user of the system must bear responsibility for failure or inability to meet its performance standards. Failure is used here with a fairly restricted definition which is a service that doesn’t meet it’s hoped for demand reduction as compared to the standards.

Respectfully Submitted:

David R. Craddock, P.E., C.E.M.
Manager and Chief Engineer

DRC/cab
Mgrrp-Non-Potable Water Systems (3-22-12)/(4-26-12)

Attachment: Dual Water Talking Points from March 22, 2012 Meeting
March 22, 2012 Dual water comments from William Eddy.

- A **potential driver and basis for the Department's** interest in non-potable water is the possibility of substituting lower quality water that can be used for non-potable purposes in order to preserve limited and more costly resources of high quality water.

- A **potential driver for a developer** to provide a non-potable water system in addition to the potable water system is the potential reduction in development costs as non-potable system will likely have lower capital costs than the potable water systems.

- **Definition of dual water.** Dual water systems involve the use of water supplies from two different sources in two separate distribution networks. The two systems should work independently of each other within the same service area. Dual distribution systems are usually used to supply potable water through one distribution network and non-potable water through the other.

- The Department does not currently have **design standards for non-potable or dual water systems** nor has the Department ever modified established and tested Water System Standards to accommodate for the addition of non-potable water.

- **We have experience with the several existing non-potable water systems** operating in parallel with our drinking water systems. Such systems exist in Kilauea, Anahola, Wailua, Lihue, Koloa-Poipu and formerly in Kekaha. To the best of our knowledge, these developments that built dual water systems built the potable water system in accordance with standards and did not under design.
• Interaction or conflicts between these non-potable systems and the Department's drinking water systems are not frequent but there have been several severe problems including cross-connections and confusion over responsibility for leak repairs. Furthermore, we have experienced little benefit in terms of reduction in demand on the drinking water system due to the presence of the non-potable water systems.

• The Honolulu Board of Water Supply is currently studying and developing standards for non-potable water systems. We have been in contact with them and are anxious to see the results of their study that will hopefully culminate in well-conceived plans and standards. Demand factors including analysis of potable vs. non-potable demands are part of the study. It is our understanding that the Honolulu plans and study revolve around the use of recycled wastewater and that it is the intention of the BWS to own and operate the non-potable water systems.

• The use of highly treated and disinfected recycled wastewater as the source of non-potable water systems is fairly commonplace in urban and suburban centers. The use of untreated surface water as the source of non-potable systems is more common in rural and agricultural regions.

• The Department must balance the responsibility we have to our current and future customers with the untested but potentially beneficial prospects of non-potable water. Any alteration or modification to standards due to inclusion of non-potable water should be thoroughly vetted and contain provisions to shield the Department and ensure that
undue burden or risk is not placed on the Department. Plans for dual water include must include checks and balances.

- **As you know, we have been working with a developer** on a proposed dual water system for the Lihue area. The system as proposed by the developer is unique and innovative in many ways. We are carefully engaging with the developer and are advancing solutions that are allowable under current law, in accordance with Department rules and regulations, may be consistently applied to other future developments, minimize the risk and liability to our current and future customers, while striving to achieve the positive benefits a dual water system.

**Some of the planning and proposed management elements** of any proposed non-potable water system to be used in conjunction with a Department drinking water system must include the following:

1. **Clearly defined ownership and management of the non-potable water system.** This is needed to **ensure longevity and stability.** The non-potable water system would be expected to operate in perpetuity as would be expected of the potable water system. Mechanism to prevent failure of the water systems need to be in place to prevent undue burden and uncertainty to our customers.

2. Developers and managers of such non-potable water systems will be responsible to **obtain and maintain all required governmental permits.** Inclusion of non-potable water into a
community will involve other agencies besides the Department of Water who have oversight on such matters.

3. Potential users for non-potable water such as residential, commercial, industrial and public open spaces must be identified and quantified. The question remains, will the non-potable system be used? The general public recognizes the need and the benefits of the drinking water system, however, it is yet to be determined that the public will necessarily see the benefit of non-potable water. Public acceptance of the non-potable water system is essential if the system is to succeed in obtaining and retaining customers.

4. The availability, quantity and quality of the non-potable water to be established including source and storage. Recycled wastewater may provide a reliable and controlled source. Untreated surface water is more variable in quality and possibly quantity. Legal issues regarding water rights for now and into the future need to be addressed.

5. The level of treatment that will be required to ensure public health and safety needs to be established. Public health considerations such as control of pathogenic organisms, controls to limit human exposure to potentially contaminated water, water source quality protection, etc. While such health considerations may be the purview of other agencies, the Department of Water has a staked interest in ensuring that both components of the dual water system are functional and usable. Furthermore, measures to protect the potable water system from contamination by the non-potable water system are essential.

5. A business plan and financial analysis of the economic viability of the non-potable water system is needed to ensure long-term stability of the operation. Water sales and rate
structure to recover development, operating and maintenance costs are essential elements of the financial analysis. Again, the financial affairs of a privately owned non-potable water system may not directly be the responsibility of the Department of Water, but the Department has a staked interest in ensuring that both components of the dual water system are financially and functionally capable of operating in perpetuity. Lacking this the Department should be protected from any liability and have an escape plan in the event of individuals going over the allowed limits that would be set by the developer.

7. **Usage rates and the corresponding facility improvement requirements** for both potable and non-potable water systems need to be determined. Monitoring water usage as the development matures is needed to provide checks and balances. Adjustments to design usage rates and the corresponding water system improvement after the water system has matured may be required.

8. Non-potable system operations and maintenance procedures and protocols are to be developed and adhered to.

9. Distribution system design elements such as waterline materials, valve types, signage and most importantly, point of contact devices that are used to discharge the non-potable water.

The Department is committed to exploring such innovative ways to conserve our precious drinking water. Non-potable water has the potential to benefit our current and future customers. We believe that careful planning is needed to achieve the desired results and we will continue toward these ends.
Dual Line additional information

When developers want to provide private water supply facilities less than standard for private systems it is the staff position that we don’t want the Department to take any liability for approving the request. This includes the County, Board, Manager, Staff and existing customers.

It is a matter of fact that the DOW is not in the risk taking business and it does not profit from any development. Therefore why should existing rate payers be liable or financially responsible for anything that goes on good or bad with a private water supply?

Clearly when the Board takes action to waive certain requirements or is not in control of an operation both financially and or physically there is little incentive if any to assume risk associated with the action. This is why waivers and liability protection are required from developers proposing water systems not being built or operated by the DOW.

This reasoning is the same for a system that may build with allowable materials but is not built to standard capacity. A developer may propose retaining operation of an alternate method of supplying needed capacity from a source not under the control of the Board i.e. a dual water system. These things may save money for the developer but DOW and its customers get nothing for taking any risk associated with the project.
MANAGERS REPORT No. 12-71

April 26, 2012

RE: Revision of Board Policy No. 22 concerning change order threshold update

RECOMMENDATION:
It is recommended that the Board approve revised Board Policy No. 22.

FUNDING: Through the budget process and contract change orders through the emergency operations reserve.

BACKGROUND:
The Board wanted to accelerate the change order approval process and generally review its Policy No. 22 dealing with contracts and amendments. Previously, once change orders exceeded the allowable 5% contingency, DOW Staff had to come to the Board for additional funding approval. The Board has received a number of small design, construction, material supply, service and equipment contract change orders for approval in the past. The Board has discussed allowing staff to provide an option to deal with these items in a more comprehensive manner than a few thousand dollars at a time.

The changes in this proposal allow up to $200,000 of the operations reserve to be used for change orders that do not exceed 10 percent of the original contract or $25,000, whichever is lower. The emergency operations reserve must be reimbursed every budget year from funds reimbursed at the same ratio as the contract changes were originally made.

The current policy only allows award of construction contracts to the lowest responsible bidder. During fiscal year 2012-2013, all contracts will be awarded on a Request for Proposal (RFP) basis. If the current provision of the policy remains, all future contracts will have to come to the board for approval. We are requesting that the awarding requirement include the low bid award process while also allowing contracts awarded by the RFP process which would be to the highest rated responsive and responsible offeror who may or may not have the lowest cost proposal.

Respectfully Submitted:

[Signature]

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

DRC: cab
Mgrp-Revision of Board Policy No. 22 (4-26-12)

Attachments: Revised Board Policy No. 22
Original Board Policy No. 22
Re: Budget and Contract Award Process

Purpose:
To streamline and improve the efficiency of the procedure for the department to procure and award formal contracts for services, equipment, materials, and construction and implement change orders while maintaining Board of Water Supply oversight.

Procedure:
1. The Board approves the Department’s Annual Operating and Capital Improvement Projects Budget.

2. The Board authorizes the Manager and Chief Engineer to procure, award and approve formal contracts and required change orders for services, equipment, materials, and construction as approved in the budget that previously would come before the Board for its approval (e.g., formal bid contracts), provided that the following guidelines are followed:
   a. The contract for services, equipment, materials and supplies, or construction is within the approved budget amount.
   b. The contingency percentage, unless otherwise approved by the Board, shall be (5) five percent of the total contract award amount.
   c. The department follows applicable procurement laws.
   d. The County Attorney or Deputy approves and signs contract as to form and legality.
   e. In addition to the five percent contingency allowed per project, each budget year there shall be up to two hundred thousand dollars of the emergency operations reserve that can be used for change orders that do not exceed 10% of the total contract, or $25,000, whichever is lower.
   f. Redirection of funds for other purposes not approved in the budget shall come to the Board for its approval.
   g. Projects that are dollar funded must come to the Board for approval.
   h. When the emergency operations reserve is used per (e.) above, the reserve shall be replenished the following budget year in the ratio of the funding source(s) that was initially used to fund the project.
3. The Department shall report to the Board, on a monthly basis, contracts and changes awarded under this policy (e.g., contracts awarded by formal bid request for proposal, or change orders associated with either).

4. The Manager and Chief Engineer is authorized to sign such contracts.

5. The Board Chair is authorized to sign such contracts, as necessary.

6. When a competitive bid process is used and a proposed contract award will be to other than the lowest bidder, the Board must approve the contract prior to award.

7. When the Request for Proposal process is used and the proposed contract award is to the highest rated responsive and responsible offeror who is other than the lowest cost offeror, the Board must approve the contract prior to award.

APPROVED BY:

_____________________________                             Dated: May 24, 2012
Chairperson, Board of Water Supply

Effective Date:     

Bd. Gen./Bd. Policy No. 22 (revised 4-26-12)
Re:  **Budget and Contract Award Process**

**Purpose:**
To streamline and improve the efficiency of the procedure for the department to procure and award formal contracts for services, equipment, materials, and construction while maintaining Board of Water Supply oversight.

**Procedure:**
1. The Board approves the Department’s Annual Operating and Capital Improvement Projects Budget.

2. The Board authorizes the Manager and Chief Engineer to procure, award and approve formal contracts for services, equipment, materials, and construction as approved in the budget that previously would come before the Board for its approval (e.g., formal bid contracts), provided that the following guidelines are followed:
   a. The contract for services, equipment, materials and supplies, or construction is within the approved budget amount.
   b. The department follows applicable procurement procedures.
   c. The County Attorney approves and signs contract as to form and legality.
   d. Should the department require additional funds above the approved budget amount (e.g., contract amount exceeds the approved budget amount, additional funds required for contingencies or change orders that exceed the approved budget amount, etc.), the department will come to the Board for its approval.
   e. The contingency percentage, unless otherwise approved by the Board, shall be 5 percent of the total contract award amount.
   f. Redirection of funds for other purposes not approved in the budget shall come to the Board for its approval.

3. The Department shall report to the Board, on a monthly basis, contracts awarded under this policy (e.g. formal bid contracts).

4. The Manager and Chief Engineer is authorized to sign such contracts.

5. The Board Chair is authorized to sign such contracts, as necessary.

6. When a competitive process is used and if a proposed contract award will be to other than the lowest bidder, the DOW will seek Board approval prior to award.

**APPROVED BY:**

[Signature]
Chairperson, Board of Water Supply

**Re:** Budget and Contract Award Process  
**Effective Date:** June 12, 2002
Manager's Report No. 12-76

May 24, 2012

Re: Resolution No. 12-7, (5-12), Congratulations Warren Rita, 2011 DOW Employee of the Year – Operations Division

It is requested that the Board approve Resolution No. 12-7 (5-12), Congratulations Warren Rita, 2011 DOW Employee of the Year – Operations Division.

The resolution is not included in your agenda packet; however, it will be available and read at the Thursday, May 24, 2012 Board Meeting.

Respectfully submitted,

[Signature]

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

cab
Mgrp/Res. #12-7 (5-12) Warren Rita EOY - Ops (5-24-12) cab
Manager's Report No. 12-77

May 24, 2012

Re: Resolution No. 12-8, (5-12), Congratulations Dustin Moises, 2011 DOW Employee of the Year

It is requested that the Board approve Resolution No. 12-8 (5-12), Congratulations Dustin Moises, 2011 DOW Employee of the Year.

The resolution is not included in your agenda packet; however, it will be available and read at the Thursday, May 24, 2012 Board Meeting.

Respectfully submitted,

[Signature]

David R. Craddick, P.E., C.E.M.
Manager and Chief Engineer
Manager's Report No. 12-78

May 24, 2012

Re: Request Board Approval of Resolution No. 12-9 (5-12), Mahalo and Aloha Retiree Alison Koga

It is requested that the Board approve Resolution No. 12-9 (5-12), Mahalo and Aloha Alison Koga, who will be retiring from the Department of Water effective May 31, 2012.

The resolution is not included in your agenda packet; however, it will be available and read at the Thursday, May 24, 2012 Board Meeting.

Respectfully submitted,

[Signature]

David R. Craddick, P.E., C.E.M.
Manager and Chief Engineer
MANAGER'S REPORT No. 12-79

May 24, 2012

Re: Request to Amend the 2012 Budget to Fund the Short Term Engineering Program Assistant

RECOMMENDATION:
It is recommended that the Board approve the request to amend the budget to fund the short term Engineering Program Assistant.

BACKGROUND:
The Department has a plethora of engineering projects that require the support of a Short Term Engineering Program Assistant to assist with posting information and processing paperwork needed to get these projects to the next phase of development. This position will be under the direct supervision of the Special Projects Division Head.

Also, the administration office is short staffed with the Secretary vacancy. The Department earnestly continues to pursue filling that position. Thus, the short term Engineering Program Assistant is needed to support Engineering with the clerical assistance to get these projects moving smoothly.

FUNDING:
Salaries # 15
Administration
Contract Hire (Short Term) $12,000.00

Respectfully submitted,

Debra Calaycay
Human Resources Coordinator

Concurred:

David R. Craddick, P.E., C.F.M.
Manager and Chief Engineer

DRC/DC/Cha
Mgrp_Amend the 2012 Budget to Fund the Short Term Engineering Program Assistant (5-24-12)
MANAGER’S REPORT NO.12-80

May 24, 2012


RECOMMENDATION:
It is recommended that the Board approve the additional funding required for Contract No. 525 with R. Electric, Inc., for the subject project.

FUNDING:
Waimea Well A Renovations
Total Funds Certified (BAB): $620,163.00

- Contract No. 525, R. Electric, Inc.: $533,488.00
- Change Order #1 (GET): $0.00
- Change Order #2 (PVC Conduit): $1,406.37
- Change Order #3 (Paving): $62,983.22
- Change Order #4 (Pump Removal): $22,285.41
- Proposed Change Order #5 (Video/Brush/Bail): $18,086.96

Total Funding Required: $636,641.72

Additional Funds Required (BAB): $16,478.72
Funds Available from BAB: $19,332,571.20
Available Balance: Account # 201-01 BAB Bond: $19,316,092.50

BACKGROUND:
Furnishing and installing a replacement submersible turbine pump in an existing well, replacement of an existing gaseous chlorine disinfection system with a sodium hypochlorite disinfection system, including appurtenant controls, piping and equipment; construction of an extension to the existing control building, including specified hardware and finishes; installation of appurtenant yard piping; furnishing and installation of a motor control center (MCC); modifications to the existing SCADA system; temporary erosion control; equipment start-up and testing; repairs to the existing building roofing, doors and windows; and modifying existing perimeter fencing and gates to add barbed wire, and all other work necessary to provide a complete operational system at the Waimea Well “A” site.

The original pump was jammed within the well and, with additional effort, we were successful in removing the pump. However, the next step would be to video the well, then brush and bail any
build up within the casing. Although this is standard language in our pump replacement bid documents, this item is not found in the specifications for the project. For this reason, the contractor did not include it in the bid and additional funds are required for the proposed change order.

The contractor, R. Electric, Inc., proposes $18,086.96 for the new scope of work which includes the videoing, brushing and bailing. The contractor will be provided an additional 30 calendar days for the additional scope of work, which appears reasonable.

Respectfully submitted,

[Signature]
Dustin Moises
Waterworks Project Manager

Concurred:

[Signature]
David R. Craddick, P.E., C.E.M.
Manager and Chief Engineer

DM: cab
Mgrp_5th CO-R.Electric-Job No. 04-06, Waimea Well A Renovations (WP 2020 Project No. KW-20), Waimea
Manager’s Report No. 12-81

May 24, 2012

Subject: Resolution No 12-10 (5-12) for Refunding of the Series 2005A County of Kauai G.O. Bonds

Recommendation:
Board approval of the attached resolution which allows refunding of the DOW portion of County 2005A G.O. bonds is requested.

Background:
The County feels money can be saved by refinancing the 2005A G.O. Bonds some of which are being repaid by the Water Department. The bond documents indicate there must be a reduction in interest of 2% or more.

Respectfully submitted,

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

Attachments: Resolution No. 12-10 (5-12)

DRC/cab
Mgrp-Resolution No. 12-10- Refunding Series 2005A G.O. Bonds (5-24-12)
RESOLUTION NO. 12-10
(2011-12)
Resolution No. 12-10, Bond Resolution (5-24-12 Board Meeting)


WHEREAS, the Department of Water (the “Department”), consisting of a Board of Water Supply (the “Board”), Manager and Chief Engineer and the necessary staff, is a department of the County of Kaua‘i (the “County”) established under the Charter of the County to manage and operate the waterworks system of the County (the “Waterworks System”); and

WHEREAS, the County has heretofore issued $50,230,000 aggregate principal amount of General Obligation Bonds, Series 2005A (the “2005A Bonds”), including $6,485,000 aggregate principal amount of reimbursable general obligation bonds (the “2005A Waterworks Bonds”) which were issued to finance or refinance certain improvements and betterments to and extensions of the Waterworks System; and

WHEREAS, the 2005A Bonds are currently outstanding in the aggregate principal amounts of $44,385,000, including $6,240,000 of outstanding 2005A Waterworks Bonds; and

WHEREAS, pursuant to Ordinance No. 891, as adopted by the Council of the County (the “Council”) on February 17, 2010 and approved by the Mayor of the County on February 18, 2010 (“Ordinance No. 891”), the County has authorized the issuance of general obligation refunding bonds from time to time for the purpose of refunding outstanding general obligation bonds previously issued by the County, subject to the condition that any such issuance shall result in debt service savings with a present value not less than two percent (2%) of the callable par amount of the bonds to be refunded; and

WHEREAS, the Director of Finance of the County has advised, based on current market conditions, that a refunding of all or a portion of the 2005A Bonds, including the 2005A Waterworks Bonds, would be expected to produce debt service savings in excess of the threshold required by Ordinance 891;

NOW, THEREFORE, BE IT RESOLVED by the BOARD OF WATER SUPPLY of the County of Kaua‘i, State of Hawai‘i:

SECTION 1. The issuance and sale of up to $6,635,000 aggregate principal amount of reimbursable general obligation bonds (the “Refunding Bonds”) to refund all or a portion of the 2005A Waterworks Bonds is hereby approved. The Refunding Bonds may be issued and sold in one or more series, at such time or times and upon such terms as the Director of Finance shall determine in accordance with Ordinance No. 891; provided, however, that such refunding shall produce debt service savings with a net present value not less than two percent (2%) of the callable
par amount of the 2005A Waterworks Bonds to be refunded as required by Ordinance 891. The Refunding Bonds of a series may be issued separately or as part of a larger issue of general obligation bonds of the County, as determined by the Director of Finance. The Refunding Bonds shall be in the form prescribed by Ordinance No. 891 authorizing such Refunding Bonds.

SECTION 2. The Refunding Bonds shall be deemed issued for a public undertaking from which revenues are derived, to wit: for the Waterworks System of the County. The General Fund of the County shall be reimbursed for the payment of the principal of and the interest and premium (if any) on the Refunding Bonds, at least annually as determined by the Director of Finance, from the revenues of the Waterworks System remaining after the costs of operation, maintenance, and repair of said Waterworks System have been paid and the required payments of the principal of and the interest and premium (if any) on all revenue bonds, if any, of the Department have been made.

SECTION 3. The Board hereby covenants and agrees to establish, maintain, collect, and enforce a schedule of rates, fees, tolls and charges for connection to and use of the Waterworks System, which schedule shall be sufficient to assure that the revenue thereby produced, together with any other funds which may be lawfully available, shall pay all reasonable costs and expenses of operation, maintenance and repair of the Waterworks System, shall pay the principal of and the interest and premium (if any) on any revenue bonds of the Department, and shall pay or reimburse the General Fund of the County for payments of the principal of and the interest and premium (if any) on the Refunding Bonds, promptly as the same become due and payable, respectively. The Board hereby specifically consents to the application of such revenues of the Waterworks System to pay or reimburse the General Fund of the County for payments of the principal of and the interest and premium (if any) on the Refunding Bonds.

SECTION 4. All resolutions or parts of resolutions heretofore adopted by this Board which are in conflict or inconsistent with the provisions of this resolution be and the same are hereby repealed to the extent of such conflict or inconsistency. This resolution shall take effect upon the adoption thereof, and a certified copy hereof shall be delivered to the Mayor and to the Council.

Approved as to Form and Legality:

County Attorney, County of Kaua‘i
CERTIFICATE

I hereby certify that the BOARD OF WATER SUPPLY, County of Kaua‘i, adopted the foregoing Resolution No. 12-10 at a regular meeting held on May 24, 2012, by the following vote of the Board:

FOR ADOPTION:  

AGAINST ADOPTION:  

ABSENT & NOT VOTING:  

TOTAL:  

TOTAL:  

TOTAL:  

By: __________________________

Name: Randall Nishimura

Title: Board Secretary
DEPARTMENT OF WATER
County of Kaua‘i

"Water has no Substitute – Conserve It!"

PR SPECIALIST REPORT

May 24, 2012

Press Releases: A press release was issued for a planned water outage for portions of Kalāheo. Connect CTY notification was also sent following the press release.

Postcard notifications were sent out to customers in the Nāwiliwili area for work beginning May 2012, with anticipated completion in August 2012.

Conservation: Only nine students participated in this year’s contest. These students from Wilcox Elementary School submitted signed filtering out bad water habit pledges and drew maps of their water meter location for their homes. They each received a Certificate of Participation, Water Conservation Activity Booklet and numerous water-saving/detection items. Although teachers were given more time this year in response to concerns on timing of the contest in 2011, the participation numbers declined significantly. The month of March was selected because the EPA’s Fix a Leak Week and the State of Hawai‘i’s Detect a Leak Week also run in March, making it a seemingly perfect time to run the contest with these campaigns simultaneously, but after two years of low participation, review of the date and/or contest itself will need review for next year.

A list of conservation information/tips was forwarded to the manager for review and approval. Once approval is granted, we will move forward on getting information onto our water bills.

Received minutes from the State Water Conservation Advisory Group (WCAG) Meeting #4 (copy of minutes available upon request; 12 pgs of minutes with 29 pgs of additional attachments). The next meeting will tentatively be scheduled sometime in June 2012.

DOW Activities: The Kaua‘i Independent Food Bank Spring Food Drive ended internally on April 23rd. Food and monetary donations were turned in to the KIFB at the County Building Rotunda on April 30th (thanks Keith Konishi for helping with the drop off). The DOW did not reach its goal of 100% participation but still managed to raise over 230 lbs. of food! Special recognition to the WRP division for the highest percentage of participation, Eddie Doi & Analyn Flores for the most pounds of food donated, Regina Flores for winning the lucky drawing for the use of the manager’s parking for one month, and to the following employees who donated the “most wanted” KIFB items & who each earned two DOW polo shirts: Carolyn Carheiro, Cleve Shigematsu, Eddie Doi, Jeff Mendez, Joy Buccat, Keith Konishi, Regina Flores, and Tessie Guerrero.

The DOW has submitted two employees for the 2011 Outstanding Employee of the Year to the County. Congratulations to Warren Rita and Dustin Moises, recipients of the department’s top honor. Tickets for the Employee Recognition Banquet are available for purchase until May 24th. Banquet is scheduled for Thursday, June 7th.

Public Relations: The Limtiaco Company has organized three FRC focus group meetings for the DOW. Three groups were comprised of realtors & bankers, developers, and farmers & Hawaiian homes scheduled on May 9th and 10th here at the DOW Board Room.
Meetings, Webinars and More:

- Met with DOH – Dan Chang. Discussed next steps to securing and finalizing a grant request to establish source protection education with Project WET program.
- Attending the PWET USA Conference in Massachusetts from May 19 – May 26, 2012.
- An internal request was sent out for assistance in our annual copper/lead testing for the EPA. Test volunteer homes were requested for the Līhuʻe-Kapaʻa, Anahola, Hanapēpē, Kekaha-Waimea and Kalāheo areas.

Respectfully submitted,

[Signature]

Joy Buccaf
Public Relations Specialist
Operations Division Report for the Month of April 2012

Personnel

- Two Pipefitter Helpers were promoted to Pipefitters.
- 5 Operations Division personnel attended the AWWA conference on Oahu
- 24 Operations Division personnel attended “Signal Person and Rigging” training classes.

Source and Storage

- Corrective actions to address significant deficiencies and recommendations by the sanitary survey inspectors are on-going.
- Koloa Wells C and D were converted to Hypochlor.
- Constructed shelter for Kekaha/Waimea SCADA cabinet.

Distribution

- Operations crews continue to perform leak repair of service laterals and mainlines damaged by contractors of Water Plan 2020.
- Operations crews assisted in overnight new waterline tie-in by operating valves along Hardy Street, Umi Street, Leho Drive, Kapena and Mokoi Streets.
- Five (5) new residential water meters were installed; eighteen (18) defective meters were replaced, and one (1) hydrant meter was installed.

Fleet, Inventory, Warehouse and Baseyard Area

- We received a total of 41 calls from customers reporting leaks on the mainline, service laterals, meters, and fire hydrants including 3 called-in complaints of low water pressure and 6 calls for no water.
### Work Orders by Job Reason Code for Selected Date Range

**04/01/2011** to **04/30/2012**

<table>
<thead>
<tr>
<th># of W/O's</th>
<th>Job Reason Code</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>27</td>
<td>LEAK-BOX</td>
<td>Meter Box Leak Repair</td>
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<tr>
<td>26</td>
<td>LEAK-CUST</td>
<td>Customer-Side Leak Repair</td>
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<tr>
<td>145</td>
<td>LEAK-MAIN</td>
<td>Mainline Leak Repair</td>
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<tr>
<td>170</td>
<td>LEAK-S/L</td>
<td>Service Lateral Leak Repair</td>
</tr>
</tbody>
</table>

#### Work Orders by Job Reason Code

![Pie chart showing distribution of work orders by job reason code]

- LEAK-BOX: 7.3%
- LEAK-CUST: 7.1%
- LEAK-MAIN: 36.4%
- LEAK-S/L: 46.2%
- Total: 100.0%

#### Number of Leak Repairs per Month

![Line graph showing number of leak repairs per month]

- LEAK-BOX
- LEAK-CUST
- LEAK-MAIN
- LEAK-S/L
May 24, 2012
MEMO

TO: David R. Craddick, P.E., C.E.M., Manager & Chief Engineer
FROM: Gregg Fujikawa, Water Resources and Planning Division

SUBJECT: MONTHLY SUBDIVISION SUMMARY

<table>
<thead>
<tr>
<th>Subdivision Number</th>
<th>Map Number</th>
<th>Date of Approval</th>
<th>Project Title</th>
<th>Date</th>
<th>Approval Date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>S-2012-7</td>
<td>2-6-17:004; 2-6-17:005; 2-6-18:001; 2-6-18:067</td>
<td>Kukui`ula Development Co. (Hawaii), LLC.</td>
<td>3/15/2012</td>
<td>4/17/2012</td>
<td>Pre-Final Subdivision Map Review &amp; approval</td>
<td>Recommend Final</td>
</tr>
</tbody>
</table>
MANAGER'S UPDATE

May 24, 2012

MANAGER'S UPDATE for APRIL 2012 to MAY 2012

CONTRACTS AWARDED BY THE MANAGER:

None

PUMP INSTALLATION PERMITS:

None

WAIVER, RELEASE AND INDEMNITY AGREEMENTS SIGNED BY THE MANAGER:

None

PERSONNEL MATTERS UPDATE:

Update: May 11, 2012

RECRUITMENT AND POSITION CHANGES

Operations Division
2. Pipefitter #2418 and #2443 positions are filled.
5. Utility Worker #2438. Updating position description.

Fiscal Division
1. Billing Section position description revisions being reviewed due to upcoming implementation of new billing system.
2. Accountant II (New) – Billing Section. DOW finalizing position description.

Engineering Division, Special Projects Division, and Water Resources & Planning Division
1. Engineering, Construction Management (currently Special Projects) and Water Quality Divisions Re-Organization. Received DPS’s response. DOW preparing retort.
2. Civil Engineer II #2458 (Engineering Division). Referred list of eligibles received.
3. Civil Engineer II #2468 (Engineering Division). Reallocation to CE III approved.
4. Civil Engineer III #2360 (Water Resources and Planning Division). Scheduling interviews.
6. Water Inspector II #2483 (Engineering) and #2357 (Special Projects). Job announcement to be posted May 13, 2012.

Administration
1. Commission Support Clerk #2493. Pending referred list of eligible from DPS.
2. Private Secretary #E-35 reallocation to Private Secretary/Administration Office Manager. Pending response from DPS.
4. Secretary #2354. No selection possible from current referred list. DPS to post job announcement May 13, 2012.

SUMMARY OF WARRANT VOUCHERS PAID – April 30, 2012
Warrant vouchers were paid in the amount of $1,960,698.33.
Please see attached Warrant Vouchers Report.

STAFF REPORTS - FY 12:
Conveyance of Water Facility:

None for this period

Total

LO‘IHI BILLING SYSTEM UPDATE
We have been advised by the Honolulu Board of Water Supply that the new billing system will be deferred to sometime between September and December, due to implementation issues at HBWS.

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

Respectfully submitted,

[Signature]
David Craddick, P.E., C.E.M.
Manager and Chief Engineer

cab
Mgrp/Manager’s Update (5-24-12); cab
May 24, 2012 BOARD MEETING

DEPARTMENT OF WATER
Summary of Warrant Vouchers Paid
April 30, 2012

WATER UTILITY FUND
Other Expenses, Department of Water
  Capital Expenditures $252,837.13
Other Expenses, Department of Water
  Normal Expenditures $540,673.68
TOTAL WATER UTILITY FUND $793,510.81 $793,510.81

BOND FUND

TOTAL BOND FUND $-

F R C FUND

FRC REFUNDS $-
PORETECH ENGINEERING, LLC (FINAL) $21,009.70
TOTAL FRC FUND $21,009.70 $21,009.70

BOND - BAB

JENNINGS PACIFIC, LLC $147,063.95
BCP CONSTRUCTION OF HAWAII, INC. $80,250.87
EARTHWORKS PACIFIC, INC. $240,122.05
BELT COLLINS HAWAII, LTD. $6,151.40
BELT COLLINS HAWAII, LTD. $147,471.25
GOODFELLOW BROTHERS, INC. $344,036.40
OCEANIT LABORATORIES $4,731.00
UNLIMITED BUILDERS, LLC. $148,968.70
ARCHITECTS HAWAII, LTD. $27,392.20
TOTAL BAB BOND FUND $1,146,177.82 $1,146,177.82

TOTAL CLAIMS PAYABLE $1,960,698.33

WATER UTILITY FUND
4/30/12 AP $793,510.81 $793,510.81

BOND FUND

F R C FUND

BOND - BAB:
4/30/12 AP $1,146,177.82 $1,146,177.82

BANK TRANSFER - $1,960,698.33

Bank Transfer Adjustments:
Due to W/U - Transfer Adjustment

4.12 CLAIMS PAYABLE
## DEPARTMENT OF WATER
### WATER UTILITY FUND
#### RECAP OF NORMAL EXPENDITURES
April 30, 2012

<table>
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<tr>
<th>BUDGET CODE</th>
<th>AMOUNT</th>
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<td>$7,424.36</td>
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<td>59</td>
<td>$825.36</td>
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**TOTAL NORMAL EXPENDITURES**

$540,673.68

NORMAL EXPENDITURES
### Recap of Capital Expenditures

**April 30, 2012**

<table>
<thead>
<tr>
<th>CAPITAL EXPENDITURES:</th>
<th>BUDGET CODE</th>
<th>AMOUNT</th>
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</thead>
<tbody>
<tr>
<td>CAPITAL IMPROVEMENT PROJECTS</td>
<td>101</td>
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<tr>
<td>MISCELLANEOUS CAPITAL EXPENDITURES</td>
<td>102</td>
<td>$11,676.05</td>
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<tr>
<td>OFFICE &amp; ENGINEERING EQUIPMENT</td>
<td>103</td>
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<td>VEHICLES &amp; EQUIPMENT</td>
<td>106</td>
<td>$2,414.76</td>
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<td>CIP RESERVE</td>
<td>106B</td>
<td></td>
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<tr>
<td>PURCHASE OF METER &amp; METER BOXES</td>
<td>107</td>
<td>$47,940.00</td>
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<tr>
<td><strong>SUB-TOTAL</strong></td>
<td></td>
<td>$92,513.86</td>
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</tbody>
</table>

**Water Utility Fund**

| CON  | 370 NISHIMURA, KATAYAMA, OKI, INC.   | 370 | $600.00    |
| CON  | 521 KODANI & ASSOCIATES, INC.       | 621 | $6,000.00  |
| CON  | 462 KENNEDY/JENKS CONSULTANTS       | 647 | $2,478.10  |
| CON  | 507 KOGA ENGINEERING                | 687 | $108,574.80|
| CON  | 545 AECOM TECHNICAL SERVICES, INC.  | 700 | $24,595.37 |
| CON  | 549 BEYLIK DRILLING & PUMP SERVICE, INC. | 701 | $18,075.00 |

**Contract Payments - WU**

| CON  | **Total Water Utility -Capital Expenditures** |            |
|      |                                             | $252,837.13 |

**Bond**

**Contract Payments - Bond:**

| CON  | **Total Capital Expenditures** |            |
|      | $1,420,024.85                 |
The Department of Water, County of Kaua‘i

Proudly presents this certificate of achievement to

Darwin Bukoski

awarded one of our

Crew Members of the 1st Quarter

"For superior service and unselfish devotion to duty performed during the “Storm of 2012” and the weeks following the event. The storm event required long hours at all times of the day and night to perform emergency corrective maintenance in order to keep our wells operational and provide uninterrupted service to our customers. On several occasions all five employees were dispensed to different locations around the island to combat multiple equipment failures. The storm resulted in three burned motors, power failures at more than 15 different sites from Kekaha to Hāʻena that required troubleshooting, two separate main line breaks (one in Anahola and the other in Kōloa) that were found and isolated prior to our tanks emptying completely, three different Booster Pump sites that required MCC repair to restore operation, and communication failures at more than 20 sites that threatened automatic pump and tank operation. Needless to say, all five employees responded to the emergencies promptly and efficiently. The quick response, teamwork and technical knowledge of the above mentioned employee(s) reflects a great credit upon themselves and were in keeping with the highest standards of the Water Department. Through their combined efforts, no community was without water during this event."

Given this 26th day of April 2012

Manager & Chief Engineer – David Craddick

Water Buck Authors – Val Reyna & Ryan Smith
The Department of Water, County of Kaua‘i

Proudly presents this certificate of achievement to

Neil Iseri

awarded one of our

Crew Members of the 1st Quarter

“For superior service and unselfish devotion to duty performed during the “Storm of 2012” and the weeks following the event. The storm event required long hours at all times of the day and night to perform emergency corrective maintenance in order to keep our wells operational and provide uninterrupted service to our customers. On several occasions all five employees were dispensed to different locations around the island to combat multiple equipment failures. The storm resulted in three burned motors, power failures at more than 15 different sites from Kekaha to Ha‘ena that required troubleshooting, two separate main line breaks (one in Anahola and the other in Kōloa) that were found and isolated prior to our tanks emptying completely, three different Booster Pump sites that required MCC repair to restore operation, and communication failures at more than 20 sites that threatened automatic pump and tank operation. Needless to say, all five employees responded to the emergencies promptly and efficiently. The quick response, teamwork and technical knowledge of the above mentioned employee(s) reflects a great credit upon themselves and were in keeping with the highest standards of the Water Department. Through their combined efforts, no community was without water during this event.”

Given this 26th day of April 2012

Manager & Chief Engineer – David Craddick

Water Buck Authors – Val Reyna & Ryan Smith
The Department of Water, County of Kaua‘i

Proudly presents this certificate of achievement to

David Okamoto

awarded one of our

Crew Members of the 1st Quarter

"For superior service and unselfish devotion to duty performed during the “Storm of 2012” and the weeks following the event. The storm event required long hours at all times of the day and night to perform emergency corrective maintenance in order to keep our wells operational and provide uninterrupted service to our customers. On several occasions all five employees were dispatched to different locations around the island to combat multiple equipment failures. The storm resulted in three burned motors, power failures at more than 15 different sites from Kekaha to Hā‘ena that required troubleshooting, two separate main line breaks (one in Anahola and the other in Kōloa) that were found and isolated prior to our tanks emptying completely, three different Booster Pump sites that required MCC repair to restore operation, and communication failures at more than 20 sites that threatened automatic pump and tank operation. Needless to say, all five employees responded to the emergencies promptly and efficiently. The quick response, teamwork and technical knowledge of the above mentioned employee(s) reflects a great credit upon themselves and were in keeping with the highest standards of the Water Department. Through their combined efforts, no community was without water during this event."

Given this 26th day of April 2012

Manager & Chief Engineer – David Craddick

Water Buck Authors – Val Reyna & Ryan Smith
The Department of Water, County of Kaua‘i

Proudly presents this certificate of achievement to

Lance Nakata

awarded one of our

Crew Members of the 1st Quarter

“For superior service and unselfish devotion to duty performed during the “Storm of 2012” and the weeks following the event. The storm event required long hours at all times of the day and night to perform emergency corrective maintenance in order to keep our wells operational and provide uninterrupted service to our customers. On several occasions all five employees were dispersed to different locations around the island to combat multiple equipment failures. The storm resulted in three burned motors, power failures at more than 15 different sites from Kekaha to Hā‘ena that required troubleshooting, two separate main line breaks (one in Anahola and the other in Kōloa) that were found and isolated prior to our tanks emptying completely, three different Booster Pump sites that required MCC repair to restore operation, and communication failures at more than 20 sites that threatened automatic pump and tank operation. Needless to say, all five employees responded to the emergencies promptly and efficiently. The quick response, teamwork and technical knowledge of the above mentioned employee(s) reflects a great credit upon themselves and were in keeping with the highest standards of the Water Department. Through their combined efforts, no community was without water during this event.”

Given this 26th day of April 2012

Manager & Chief Engineer – David Craddick

Water Buck Authors – Val Reyna & Ryan Smith
The Department of Water, County of Kaua‘i

Proudly presents this certificate of achievement to

Galen Shigeta

awarded one of our

Crew Members of the 1st Quarter

"For superior service and unselfish devotion to duty performed during the “Storm of 2012” and the weeks following the event. The storm event required long hours at all times of the day and night to perform emergency corrective maintenance in order to keep our wells operational and provide uninterrupted service to our customers. On several occasions all five employees were dispensed to different locations around the island to combat multiple equipment failures. The storm resulted in three burned motors, power failures at more than 15 different sites from Kekaha to Hā‘ena that required troubleshooting, two separate main line breaks (one in Anahola and the other in Kōloa) that were found and isolated prior to our tanks emptying completely, three different Booster Pump sites that required MCC repair to restore operation, and communication failures at more than 20 sites that threatened automatic pump and tank operation. Needless to say, all five employees responded to the emergencies promptly and efficiently. The quick response, teamwork and technical knowledge of the above mentioned employee(s) reflects a great credit upon themselves and were in keeping with the highest standards of the Water Department. Through their combined efforts, no community was without water during this event."

Given this 26th day of April 2012

Manager & Chief Engineer – David Craddick

Water Buck Authors – Val Reyna & Ryan Smith
May 24, 2012

Re: EXECUTIVE SESSION

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

1. Pursuant to Hawaii Revised Statutes Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to provide the Board with a briefing regarding the dual water system proposal by Grove Farm Company, Inc. 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 proposal.

2. Review of Executive Session Transcripts: (deferred from March 22, 2012)
   a. December 8, 2011
   b. December 15, 2011
   c. December 22, 2011
      i. Session 1
      ii. Session 2
   d. January 5, 2012
   e. January 23, 2012
   f. January 26, 2012

3. Review of Executive Session Transcripts from March 22, 2012 Sessions:
   a. Executive Session 1
   b. Executive Session 2
   c. Executive Session 4

Mgrp/Executive Session (5-24-12):cab