COUNTY OF KAUAI

BOARD OF WATER SUPPLY

REGULAR MEETING

Wednesday, November 23, 2011
10:44 a.m. - 1:07 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:
Roy Oyama, Chair
Larry Dill
Michael Dahilig (arrived at 12:48 p.m.)
Daryl Kaneshiro
Raymond McCormick
Randall Nishimura

STAFF:
David Craddick
Deputy County Attorney Andrea Suzuki
Marites Yano
Faith Shiramizu
Dustin Moises
Val Reyna
Keith Aoki
Edward Doi
Becky Malapit (excused after roll call)
REGULAR MEETING

CHAIRMAN OYAMA: The regular Board of Water Supply monthly meeting come to order.

We're meeting in the Second Floor Micro Lab Building, Kauai County, Department of Water, 4398 Pua Loke Street, Lihue, Kauai, Hawaii 96766. It is Wednesday, November 23rd, and it is 10:45 a.m. May we have the roll call. So it's called to order now. We'll go to the roll call. Secretary can we have the roll call.

MS. MALAPIT: Roy Oyama.

CHAIRMAN OYAMA: Here.

MS. MALAPIT: Michael Dahilig. Larry Dill.

MR. DILL: Here.

MS. MALAPIT: Daryl Kaneshiro.

MR. KANESHIRO: Here.

MS. MALAPIT: Clyde Nakaya. Raymond McCormick.

MR. MCCORMICK: Here.

MS. MALAPIT: Randall Nishimura.

MR. NISHIMURA: Here.

MS. MALAPIT: We have a quorum.

CHAIRMAN OYAMA: Thank you. So we're on Item C, acceptance of agenda.

MR. KANESHIRO: Move to accept the agenda.
MR. DILL: Second.

CHAIRMAN OYAMA: Second made by Larry.

All right, any discussion.

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now Item D, meeting minutes, review and approval of special board meeting minutes, November 4th, 2011. I think it's right.

MR. NISHIMURA: Mr. Chairman, move to defer this item to the next meeting. There are no minutes in the packet.

MR. CRADDICK: Are you sure?

CHAIRMAN OYAMA: It's in the packet.

MR. CRADDICK: There are some changes to it.

CHAIRMAN OYAMA: Yeah, that's the one.

MR. NISHIMURA: This?

CHAIRMAN OYAMA: Yes.

MR. NISHIMURA: This is a transcript.

MR. CRADDICK: Does that have the minutes?

MR. NISHIMURA: This is the minutes?

CHAIRMAN OYAMA: Yes.

MR. NISHIMURA: So there will be no -- any other minutes provided?
MR. CRADDICK: Well --

CHAIRMAN OYAMA: It's a special meeting.

That's the way it states, special board meeting minutes.

MR. NISHIMURA: This is the minutes, the transcript?

CHAIRMAN OYAMA: Yes, yes. It went word for word on it.

MR. CRADDICK: There are a couple of changes. On page 7, line No. 6, it says, And the lease rebate. And that word was supposed to be, Leak rebate.

CHAIRMAN OYAMA: Okay, okay. Yes, yes. Leak rebate.

MR. CRADDICK: And then on --

MR. DILL: Where was that one?

MR. CRADDICK: Page 7, line 6.

CHAIRMAN OYAMA: All right. Leak rebate.

MR. CRADDICK: Then on page 8, line 17, they were going through five objectives, and this was the fifth objective. And it just says, This objective. And it was supposed to be, Fifth objective.

CHAIRMAN OYAMA: Fifth objective. Okay.

MR. NISHIMURA: Say that again.

MR. CRADDICK: Okay. Page 8, line 17, it just says, This objective. And it was supposed -- if you look up above in line 1 it's the third objective,
line 9 is the fourth objective, and it should have said, Fifth objective.

MR. NISHIMURA: All right. Thank you. The transcript is wrong?

MR. KANESHIRO: Yes.

CHAIRMAN OYAMA: Any more?

MR. CRADDICK: I see some hesitation to call these minutes, and I suspect before they go in our minutes book they will be summarized in the normal items put in that we normally have in our minutes book. So if you want to just maybe accept this as a true representation of what happened at the meeting rather than calling it minutes, I guess we could do something like that, of the action taken at the meeting.

MR. NISHIMURA: I would just have our minutes for this meeting reflect that it is a transcript.

MR. CRADDICK: Yeah.

CHAIRMAN OYAMA: It's better to be straight forward. Yes.

MR. NISHIMURA: The only question I have for legal counsel is if a transcript can, in fact, replace a set of minutes?

MS. SUZUKI: Well, minutes under HR have to be with sufficient detail to describe what's going on.
CHAIRMAN OYAMA: Okay.

MS. SUZUKI: And this has very sufficient detail. But it might behoove the department to put it in --

MR. CRADDICK: A shorter form?

MS. SUZUKI: Maybe this one is up to you guys because the special meeting there's only one thing on the agenda.

MR. CRADDICK: Right.

MS. SUZUKI: But for further meetings where we have the same type, and it might be beneficial to break it down to have it.

MR. NISHIMURA: Okay. And then the only other question would be, is the department representing that any handouts at the meeting are contained here on the CD?

MR. CRADDICK: No, I don't believe so, although it may be. I don't know.

MR. NISHIMURA: Okay. Because I believe those need to be included as part of the record.

MR. CRADDICK: Right. I guess I don't get the CD. You guys get the CD.

MR. NISHIMURA: Does it say whether we made this CD?

MR. CRADDICK: You didn't make any CD?
THE COURT REPORTER: Maybe the office did.

MR. NISHIMURA: I did not open this CD so I'm not sure if it's included with what was passed out.

MR. CRADDICK: That I don't know.

MS. SUZUKI: We can accept it as a transcript, and if you want the department to it turn into their normal format.

CHAIRMAN OYAMA: Okay. Very good. Thank you, Counsel.

MR. NISHIMURA: If the transcript is adequate, then I would move that the transcript of the Special Board Minutes for November 4, 2011, be approved as corrected and that any handouts that were distributed during the meeting be included in the official record of that meeting.

CHAIRMAN OYAMA: Okay. Any second to it?

MR. MCCORMICK: Second.

CHAIRMAN OYAMA: Move and seconded to accept the transcript as the minutes for this special meeting. Any discussion on it?

If no, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you. The minutes are accepted.

Now we're in the area of correspondence. We
have none.

Then we have F, board committee reports.

1. Report of the Committee of the Whole of the Kauai County Board of Water Supply.

   MR. KANESHIRO: Thank you for that, Mr. Chair. The board met this morning. There was some discussions on Board Policy No. 26, emergency reserve fund, and specifically items as to who will decide whether, you know, it's an emergency or not. Manager's designee. We've also had some other discussions in regards to unreimbursed funds and some discussions on budgeted funds for labor costs.

   So being that there were quite a lot of discussions held and some changes that need to be made to the emergency reserve fund, the committee called for a deferral on this until next committee meeting next month.

   CHAIRMAN OYAMA: Thank you. Do we have a motion to receive?

   MR. MCCORMICK: Motion to receive.

   MR. DILL: Second.

   CHAIRMAN OYAMA: Okay. Motion to receive.

   Thank you. Any discussion?
If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Next Item G, Old Business.

1. Manager's Report No. 11-24, committee discussion and possible action on Part III, rule amendments, establishing standards for subdivision water systems.

MR. CRADDICK: Okay. On the rule changes to implement the FRC in Part IV, we haven't received the final report from them back yet. And on the rule changes that was deferred in committee till December. So no action on that one today.

CHAIRMAN OYAMA: All right. Okay.

MR. NISHIMURA: Mr. Chair, move to defer the Manager's Report No. 11-24 to the December meeting.

CHAIRMAN OYAMA: Thank you. Move to defer. Second please.

MR. MCCORMICK: Second.

CHAIRMAN OYAMA: Moved and seconded. Any discussion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you. It's deferred.
Now Old Business No. 2, Manager's Report 11-28, request board approval of facilities reserve charge changes.

MR. MCCORMICK: I thought that's what we just did. 11-24.

MR. CRADDICK: Same comment on that one.

CHAIRMAN OYAMA: We've moved it down. We've taken same action as the previous motion. Is that all right?

MR. NISHIMURA: Mr. Chair, move to defer Manager's Report 11-28 to the December meeting.

CHAIRMAN OYAMA: Okay. Mr. Nishimura move to defer. Thank you.

MR. MCCORMICK: Second.

CHAIRMAN OYAMA: Seconded by Mr. McCormick. Thank you. Any discussion?

If not, all in favor say aye.

Yes, do you want to say something?

MR. CRADDICK: This is on 12-24 now?


CHAIRMAN OYAMA: Okay. All in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.
So this actually includes Rule i, rule change
to implement FRC in this and this includes implement
process change. Okay. So make sure we know where we
are with the agenda. Thank you.

Now we're on Item G, Old Business, No. 3,
Manager's Report 12-24, emergency reserve fund. Now
that debt policy.

MR. NISHIMURA: Mr. Chair.

CHAIRMAN OYAMA: Yes.

MR. NISHIMURA: Move to defer item 12-24 to
the January meeting.

CHAIRMAN OYAMA: Okay. Move to January
meeting by Mr. Nishimura. Any second?

MR. McCORMICK: Second.

CHAIRMAN OYAMA: Seconded by Mr. McCormick.

Thank you. Discussion?

MR. NISHIMURA: Mr. Chair.

CHAIRMAN OYAMA: Yes.

MR. NISHIMURA: I would like to keep this
business to the January meeting, but the committee still
needs to meet in December.

CHAIRMAN OYAMA: Okay.

MR. CRADDICK: So what's probably going to
happen on that one because of the discussion in
committee, I expect that the committee is going to refer
this back to the board to cancel this and split it into two manager's reports. One for operating reserve and one for --

MR. NISHIMURA: I would suggest that you complete this as far as your operating reserve and try to work on a new --

CHAIRMAN OYAMA: Then after that.

MR. CRADDICK: The problem is is that the manager's report kind of, I think, includes the open meeting. So if we're not going to do that, the manager's report is going -- we're going to be --

MR. NISHIMURA: You can modify your report, can't you?

MR. CRADDICK: I could, yes.

MR. NISHIMURA: Okay. Let's not recreate the wheel.

MR. CRADDICK: Okay.

CHAIRMAN OYAMA: Okay. Very good. Any more discussion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now we're on No. 4, suggestions for capital improvement projects, CIP, for 2012 legislative session.

MR. CRADDICK: This one here we didn't get
any comments back from the administration other than they are not going to submit any CIP response to the legislature this year. And we told them that we kind of put in a schedule for a number of years out and even made the project for Eleele for the fiscal year '16, and no comment at this point.

MR. NISHIMURA: No comment?

MR. CRADDICK: Yeah. And I personally met with the mayor and the staff, and --

MR. NISHIMURA: So what would the project for Eleele be?

MR. CRADDICK: I don't even know as I have an amount that would put in there, you know, what they would expect to be done. And I, myself, feel that that sort of thing is what the community block grants are for. And to me I think if the county wants to go for that they should, you know, start planning a community block grant application to get funds to do their water system if that's what they need.

There is one thing in our agenda here today in new business to upsize the line that Habitat for Humanity is doing, and that will actually quite frankly go a long ways to helping them in offtake, not the source, but with transmission.

But still they have their entire distribution
system and other things to worry about. I'm assuming
they're just not far enough along in their plans to make
any kind of solid recommendation at this point.

So we could submit this without anything in
that last year. So what we would do is just eliminate
that column over there.

CHAIRMAN OYAMA: All right. Board members,
any other questions?

MR. CRADDICK: I did try and set up
meetings with our representatives, but that hasn't
happened yet. So maybe if you want to leave this for
one more month and I got those meetings, they might have
some recommendations.

CHAIRMAN OYAMA: Okay. Maybe we defer this
for another month?

MR. KANESHIRO: What's the time schedule on
this? Are we --

MR. CRADDICK: I think as long as we got it
close. If we get the bill in there by the time the
legislature opens, it's okay. So if we did it next
month, there will still be time.

CHAIRMAN OYAMA: Okay. Board members, you
want an action? Motion to defer?

MR. KANESHIRO: Motion to defer.

CHAIRMAN OYAMA: Any second?
MR. DILL: Second.

CHAIRMAN OYAMA: Seconded by Mr. Dill.

Thank you very much. Any discussion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now, we're on to New Business. Manager's Report No. 12-35, board adoption of Part IV rule amendments, Section I, general use rates, section revisions to institute monthly billing instead of bimonthly billing.

MR. CRADDICK: Okay. On this item here there was no public testimony today at the public hearing, and we would recommend to the board to adopt the changes in the rates that make it clear what the monthly charge is if we go to monthly billing or when we go to monthly billing. And that's it for the small business letters attached to the back there.

CHAIRMAN OYAMA: Any questions, board members?

MR. NISHIMURA: Mr. Chair, move to approve Manager's Report No. 12-35.

CHAIRMAN OYAMA: Move to approve. Any second?

MR. MCCORMICK: Second.
CHAIRMAN OYAMA: Seconded by Mr. McCormick.

Any discussion to the motion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now we are on No. 2, Manager's Report 12-36, board adoption of Part IV rule amendments, Section V, section revisions to provide detailed information about the method that the department uses to bill private fire lines.

MR. CRADDICK: Okay. On this one the rule changes are to clarify what the charges are and how it's done versus just then saying -- the current language says, Charge the normal charge.

And it rapidly became apparent that Honolulu didn't have an exact understanding of what the normal charge and neither did we until the bills came out.

And when the bills came out, we found out that they were charging what goes through the big lines as going through the small meter. And that has the effect of immediately jumping everything up to our fourth block.

And what this does is it allows the portion that didn't go through the small meter to be billed as though the fire line was a meter of the same size. And
then they have what is set aside in the first block, and also the zero-block and billing that at the lowest block rate. So, in fact, it halves the bill that they would be getting. So we didn't intend for this to happen. We're going to see this on the audit notes when we finally get it. We're having to deal with that in more ways than just this rule change here, but this will help clarify that, and we'll get it incorporated into our rates and system that does the billing as quickly as we can.

CHAIRMAN OYAMA: Any questions?

MR. DILL: Any impact on revenue to speak of?

MR. CRADDICK: Well, the answer is no. But right now we're showing the bills that went out this last year and even up till now are showing as it all going through the small meter, so the revenues are inflated by over a half million dollars at least for last year. And if this continues on through this year, it might even be more than that.

And that was never the intent when the board shifted the blocks down and made this fire line change. The intent was to just get people to not use the fire line which was effective, but every now and again some usage occurs on it, and it's now getting billed at the
maximum rate. And I don't think that was the intent of
the board to try and make this a big revenue generation
section. We're just trying to get people to not use the
fire line.

MR. DILL: Is there anything that we're
going to be seeing half a million dollars less revenue
than we projected?

MR. CRADDICK: The answer is no because we
make journal adjustments in our books to account for
this. But the auditor will pick up and make a note, I'm
sure of it, on our financials. But no, it's not going
to show in the audited final audit. It's just going to
say there is some kind of an adjustment made to account
for this error, if you will.

CHAIRMAN OYAMA: In other words, you're
talking about a rebate to the offset charge?

MR. CRADDICK: No, because we've told the
customers to not pay the bill. Our problem is that some
people have been paying the bill. Even though we're
saying don't pay it, they still paid it. And so if we
make an adjustment for the ones that are complaining
about it, we're not going to be able to just leave it at
that and not go back and catch the others. We're going
to have to go back and get even the people that paid and
reimburse what they paid. So that's the allowance
that's being made in the audit for that.

MR. NISHIMURA: So if I understand correctly, this rule was to clarify, or is it this rule change is what we are implementing using the old software, and that's why we're showing such higher revenue?

MR. CRADDICK: What happened was the rule that got passed it just said, Charge the normal charge. Well, it rapidly became apparent that there's no such thing as a normal charge for the fire line because normally we only charge per what's metered.

And in this case here in the fire line there is no meter. So we clearly had to say that we're calling the fire line a meter of the same size line. And then we're using that block rate to say, Okay, so let's use, for example, the eight-inch line, I think there's 500- or 400,000-gallon allowance in the first block that you pay at $3.20 or would pay if it was a regular metered line.

Well, right now it's being charged as though all of this, this 164 times what went through the small meter, they're showing that as all having gone through the small meter. And that was never the intent. Because immediately if even 1,000 gallons went through on this small meter you multiply that times 164, 164,000
gallons.

Well, the top block on the 5/8-inch meter I think is only 35,000 gallons. So immediately you jump to block four. And it's resulted in some absurd bills. The prison got a bill for $77,000. Big Save got one for 35,000.

CHAIRMAN OYAMA: And what about the Department of Transportation?

MR. MCCORMICK: I didn't get one like that yet.

MR. CRADDICK: Well, that's because they stopped using their water (laughter). But there are some schools out there that are just paying it. It's mainly schools that are just paying it.

CHAIRMAN OYAMA: They've got money.

MR. CRADDICK: Yeah, I guess, nobody is paying attention.

MR. NISHIMURA: So the net effect of this rule does what?

MR. CRADDICK: It just makes it to where we're calling -- the multiplication charge that we had in the previous rule we're calling that as going through a line, the same size -- or a meter the same size as the fire line.

CHAIRMAN OYAMA: Good job. They caught
that.

MR. CRADDICK: Well, I can't say that we caught it. Our customers caught it.

MR. DILL: I have a question. So if I understand, this is a detector check setup where the only actual metering of the water happens through the small meter on the bypass.

MR. CRADDICK: Yes, sir, that's correct.

MR. DILL: How are we coming up with the volume of water that we're billing them for?

MR. CRADDICK: The area ratio between the big line and the small line. So if the small line has a, say, one-square-inch area and the big line has 164 times that, which is the area of the 5/8-inch meter to the eight-inch line. Then if the meter says one, then we bill at 164. And then the charge --

MR. DILL: So the thousand gallons goes through the small meter, and using the 64,000 gallons went through --

MR. CRADDICK: Well, 63 went through the big one and one went through the small one.

MR. DILL: Is it possible for water to go through the small meter without any water going through the big meter?

MR. CRADDICK: It is possible, but then
that would be like say a leak or something like that.

MR. DILL: Right.

MR. CRADDICK: And this is designed to encourage people to fix the leaks on those lines, not just let them go. And the prison when they got their bill, by the end of that week, their leak was fixed and it was a substantial leak.

MR. DILL: Is it possible for water --

MR. CRADDICK: Matter of fact --

MR. DILL: -- to go through the detector check meter without going through the small bypass meter?

MR. CRADDICK: If somebody went in and shut off the bypass meter, you could probably do that.

MR. DILL: But when you have a big draw like a fire flow, an actual fire flow?

MR. CRADDICK: Then we don't charge. But then they have to get a letter from the fire chief saying there was actually a fire there. So then we don't charge.

MR. DILL: I guess I asked the question because it seems an assumption to me that if a thousand gallons of water went through the small bypass, that therefore 164,000 -- or 63,000 went through to the detector check.
MR. CRADDICK: That's a very conservative number. If you take the --

MR. DILL: In our favor.

MR. CRADDICK: No, no, in the favor of the customer. Just using the area ratio it's actually much more than that if a line is being used. Probably nine times more.

MR. DILL: Nine times more actually went through then what we're billing them for?

MR. CRADDICK: If there's a real fire going on.

MR. DILL: I'm talking about in non-fire situations, if it's a nuisance flow like a leak or something.

MR. CRADDICK: Then it could be anything. It could be anything. It could be as small as somebody turning on a hydrant to hose down sidewalks which is typically what happens at schools.

MR. DILL: Okay. But I thought that the detector check wouldn't even open unless it's a significant flow.

MR. CRADDICK: No, it needs, Keith and Eddie, what? About a three PSI difference and it'll start to open, and then it fully opened at nine PSI. I think somewhere in that order of magnitude.
MR. DOI: I myself don't know.

MR. CRADDICK: It's just a big weight. It's a big weight on a normal check valve, and the pressure differential is what opens it.

MR. DILL: It's only a few PSI?

MR. CRADDICK: It starts to open. It won't fully open. If that small meter is running at, say, 15 gallons a minute, the pressure differential at that point is nine PSI, and that check valve is wide open at that point.

MR. DILL: Okay. But that's at a big flow?

MR. CRADDICK: Yeah.

MR. DILL: Okay. So if it's at a few PSI, which is during a leak or a nuisance flow --

MR. CRADDICK: Well, also it could be just stealing water, and they're not supposed to be doing that. And it says right in the rule this is considered as a penalty.

MR. DILL: Okay. Well, if it's defined that way I guess I don't care.

MR. CRADDICK: Yeah, yeah, because they're not supposed to be using that line for anything but fire.

The other thing that we're probably going to have to address is the testing of the systems. And
that's not addressed in this current rule. But we're starting to get a number of things, you know, maybe we're going to have to allow the testing of the system without charging this, because now they're getting a $400 charge to test this system and a thousand dollar charge from the water department, which might drop to 500 for running the hundred gallons of water through that they use to test the system, and that's not intended but it's not covered right now in this rule.

MR. DILL: Okay. Thank you.
CHAIRMAN OYAMA: Okay. Good information.
MR. CRADDICK: More than you probably wanted to know.
CHAIRMAN OYAMA: Okay. Can we please have the action on this?
MR. DILL: Mr. Chair, I move to approve Manager's Report No. 12-36.
CHAIRMAN OYAMA: Okay. Movement. Second?
MR. MCCORMICK: Second.
CHAIRMAN OYAMA: Seconded by Mr. McCormick.
Thank you. Any discussion?
If not, all in favor say aye.
Opposed no.
Hearing none, motion carried. Thank you.
Now new business No. 3, Manager's Report No.
12-37, board adoption of Part IV rule amendments, 
Section XI, late charges, new section to institute a 
late payment fee in the amount of 0.5% against a 
delinquent balance for every month or fraction thereof.

MR. CRADDICK: Okay. On this one, here 
again, there was no public testimony. And we're 
recommending to the board to approve the institution of 
a late fee of one-half percent against the delinquent 
balance. And even though the report here doesn't say 
it, I believe we did a calculation test, and we 
estimated about 9,000 a year we might collect in from 
this rule change. It's not a big one, but it covers 
some of our expenses on several of these delinquent 
bills.

So the other water departments, at least Big 
Island and Honolulu, they charge one percent. And I 
felt that one percent was a little rich when people were 
getting less than two percent on their bank account. So 
cut it in half to one-half percent.

CHAIRMAN OYAMA: One percent is two percent 
for the year, yeah.

MR. CRADDICK: Yeah, so it is a small 
number. I don't know if it even covers our 
administrative expense, but it helps. And what we're 
trying to do is just encourage people to pay their bill
on time.

MR. DILL: Okay. So if I have a monthly bill of $50.00 and I'm late, what's my penalty going to be then for the next month? It's going to be --

MR. NISHIMURA: 25 cents.

MR. DILL: No, not even.

MR. CRADDICK: Is it calculated by the day?

MR. NISHIMURA: 25 cents.

MR. CRADDICK: Or is it calculated by the month?

MR. NISHIMURA: Half percent per month.

MR. DILL: One percent of $50 would be 50 cents.

MR. NISHIMURA: So half of that.

MR. DILL: 25 cents. Thank you.

MR. NISHIMURA: It might cover the stamp.

CHAIRMAN OYAMA: So figure 25 cents, that's quite a bit different.

MR. CRADDICK: You mean $9,000?

CHAIRMAN OYAMA: Yes.

MR. CRADDICK: Yeah, there are a number that are delinquent that subsequently pay.

CHAIRMAN OYAMA: Okay. Members, any questions?

MR. NISHIMURA: I just have one question.
So as soon as they come delinquent or is it 30 days, 60 days, 90 days?

MS. YANO: They becomes delinquent after 30 days.

MR. NISHIMURA: After 30 days?

MS. YANO: Of their due date.

MR. NISHIMURA: After the due date. So once you go over the due date, you impose this fee?

MS. YANO: After 30 days they get the final notice and then the .5 percent is applied.

MR. NISHIMURA: Applied at the same time?

MS. YANO: Yes.

MR. NISHIMURA: Okay.

CHAIRMAN OYAMA: Okay. Good. Any more?

MR. DILL: Mr. Chair, I just feel if the intent is to motivate people to pay their bills in a timely fashion, I don't know, 25 cents, I don't know how much leverage you're going to get out of 25 cents. I mean, I agree with the principle of the thing. And I appreciate David's concern with the economy. But even if you go one percent a month, now you're talking 50 cents. I'm willing to go along with it.

MR. CRADDICK: Because we don't have anything in there now, this gets us started. And if we see it doesn't have much affect at that rate, we can
change it later on. But then the section before doing
this will at least be in the rules. Right now we have
nothing at all in there.

MR. DILL: Okay.

MR. CRADDICK: So this is more getting all
the other language exactly what the rate is.

MR. DILL: Refresh my memory. So this is
our first leverage to try to get folks to pay a bill. I
guess eventually we'll get to a disconnect.

MR. CRADDICK: Yes.

MR. DILL: So at what point do we get to a
disconnect?

MR. CRADDICK: Tess?

MS. YANO: What point do they get the
disconnection notice?

MR. CRADDICK: No, when it's actually
disconnected.

MR. DILL: You're delinquent on your water
bill, at what point do we decide to disconnect somebody?

MS. YANO: 45 days a final notice is
issued, but then it depends on when they can go in and
shut off the water.

MR. DILL: Okay. 45 days after the initial
due date of a bill?

MS. YANO: Yes.
MR. CRADDICK: So you'll get this one-percent charge at 30 days and then 15 days later then the meter goes.

MR. DILL: Okay.

MR. CRADDICK: One half.

CHAIRMAN OYAMA: One-half percent.

MR. CRADDICK: What did I say? One percent?

MR. KANESHIRO: One percent. We're not there yet.

MR. DILL: Is there a reconnect fee?

MS. YANO: Yes, there is a reconnect fee.

MR. NISHIMURA: And a deposit.

MR. DILL: And a deposit required if you're --

MS. YANO: Right now we're not requiring them deposit, but I think --

MR. DILL: Our rules allow us to require a deposit?

MS. YANO: We're only collecting deposits from tenants.

MR. NISHIMURA: From what?

MS. YANO: Tenants.

MR. NISHIMURA: I thought all new accounts you need --
MS. YANO: It's not implemented, no.

MR. NISHIMURA: Isn't it in the rules?

MR. CRADDICK: No, I don't think so.

Department policy. It should possibly be in the rules.


We've got a discussion. Any more?

MR. CRADDICK: I'll have to tell you there's a lot of things on miscellaneous charges that go on that are not part of the rules because they're all charged at cost. And I guess we've gotten this far because nobody's complained about it. But the minute somebody complains and says, I'm going to get a lawyer, we probably wouldn't be able to charge what we're charging based on staff policies.

MS. SUZUKI: Can we deal with --

MR. CRADDICK: That later?

MR. DILL: What's on the agenda.

CHAIRMAN OYAMA: We didn't put that in the agenda. Sorry. My fault.

Okay. We need an action on this.

MR. McCORMICK: Mr. Chair, move to receive Manager's Report 12-37.

CHAIRMAN OYAMA: Received?

MR. McCORMICK: Approve.

CHAIRMAN OYAMA: Okay. Motion to approve.
Okay. Any second?

MR. DILL: Second.

CHAIRMAN OYAMA: Seconded by Larry. Thank you. Any more discussion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now we are on No. 4, Manager's Report 12-38, grant of easement, W-1, from Nalu Investments LLC for the construction plans for reduced pressure detector check assembly and domestic water meter. For --

MR. NISHIMURA: Mr. Chairman, move to approve Manager's Report No. 12-38.

CHAIRMAN OYAMA: Move to approve. Any second?

MR. MCCORMICK: Second.

CHAIRMAN OYAMA: Seconded by Mr. McCormick.

Any discussion?

MR. NISHIMURA: Mr. Chair, just as a matter of record, I would like the county attorney or department's attorney to confirm she's reviewed the documents and it doesn't impose undue liability to the board members.

MS. SUZUKI: It's just a general liability of distribution of unfunded property.
CHAIRMAN OYAMA: Yes, Mr. Aoki.

MR. AOKI: I just wanted to say I'm not sure what happened when the packet was made, but the easement documents should have been attached in here.

CHAIRMAN OYAMA: Okay. Any more discussion before we vote on the motion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now, on No. 5, Manager's Report 12-39, oversizing mainland extension in Eleele Luna Subdivision, S-2006-49, TMK (4)2-1-01:052, in Eleele, Kauai, Hawaii, construction project six-inch waterline, 12-inch waterline alternative, for the Kaumualii Highway.

Mr. Craddick.

MR. CRADDICK: Okay. This item here is we're taking an existing line, the subdivider needs six-inch, and we're wanting to increase it to a transmission line size. It's going along the highway. Just planning ahead for if the county ever does the Eleele Subdivision, and the amount is 118,000. It really is to expand the system to take on new customers, and I'm not certain it should be coming out of the CIP reserve fund. It should be coming from our FRC fund or
BAB fund, even though the report says just take it from the reserve fund there. Because it is intended to increase -- make what would now be just a distribution line to make it into a transmission line and deliver water to other subdivisions. So if you approve this, I would ask that it either come from the BAB funds or the FRC.

MR. NISHIMURA: Does the FRC fund have enough money?

MR. CRADDICK: Well, it does have enough money for this. But keep in mind, any money we take from that fund is going to make it that much harder to pay debt service as we go forward and deal with the FRC funds. So we're basically trying to conserve as much money as we can in there knowing that ultimately there's going to be debt service payments that have to come out of that fund.

So we did collect about half a million dollars more this last year, but that's still about a million dollars less than what we may need for debt service coming out of that fund as we go forward.

CHAIRMAN OYAMA: Any more questions?

MR. NISHIMURA: Is this from the 2020 plan?

MR. CRADDICK: Well, the whole Elelele project is not on the 2020 plan.
MR. NISHIMURA: Is or is not?

MR. CRADDICK: Is not on the 2020 plan. So this is just planning ahead because otherwise then we're going to be telling the county, You've got to put in a 12-inch line to serve your subdivision and for this $118,000 then, you know, it's just a matter of whether you guys think the county's subdivision is going to move forward or not in, say, the next like 10 years. I mean, obviously if it was 20 or 30 years before it goes forward, then I don't know if upsizing this thing and having it just sit unused for that length of time is a wise use of money.

MR. DILL: Are there other areas that this might benefit?

MR. CRADDICK: Eddie or Keith? Any?

MR. DOI: I would think it would benefit the other portions or develop to the site.

MR. CRADDICK: I think if we were able to get a transmission line coming down from the bottom and a two-way feed, we would then have to be pumping water uphill -- or we'd have the ability to pump water uphill, and so we would have a lot less losses pumping through a 12-inch line versus a 6-inch line.

MR. DILL: It would be that beneficial to the department?
MR. CRADDICK: So even if Eleele didn't move forward, the lower transmission line is in the 2020 plan to have an alternate to the pumps coming out of the valley pumping up the hill to those upper tanks. If there's another way to feed those upper tanks without that system, then it would just strengthen that system a little bit. So this would have some value on its own whether the county went ahead with this affordable housing project or not.

MR. NISHIMURA: Does this tile go all the way back to the tanks?

MR. CRADDICK: It goes back to the tanks for sure because that's where the water is coming from.

MR. AOKI: Even the line being proposed it starts to the existing line which ends at the upper end of the Eleele Nani phase two subdivision and continues down the highway from there.

MR. CRADDICK: What size is that line?

MR. AOKI: A 12-inch.

MR. CRADDICK: Okay. And then the 12 inch --

MR. NISHIMURA: So going to the tank is another how far?

MR. AOKI: I'm not sure offhand. I can go and check and get back to you. It's about 2,000 feet.
maybe to the twin tanks.

MR. CRADDICK: I think this is a little short of a quarter mile.

MR. DOI: It's a hundred thousand.

MR. MOISES: Well, to that this is like a mile.

MR. NISHIMURA: About a mile? Half mile?

MR. MOISES: Half mile from the twin tanks.

MR. NISHIMURA: The water right now goes from the valley to the twin tanks and then back to each to 100,000?

MR. DOI: The water I guess to the big tanks and then gets pumped to the 100,000-gallon tank, and then it backfeeds into the top part of Eleele Nani. So I guess the tanks in the upper zone, the 12-inch would be extended down, I guess.

MR. CRADDICK: Anyways, right now coming out of the double tank is a 12-inch line, and this would be 12-inch tapped into that. So if we carry that 12-inch all the way down the hill when we eventually get the feed to the bottom.

MR. NISHIMURA: So from the feed tanks to the top of Eleele Nani is 12-inch already?

MR. CRADDICK: Yeah.

MR. AOKI: 100,000-gallon tank.
MR. CRADDICK: Yeah.

MR. NISHIMURA: Yeah. Okay. And you have a change order for this already, Dustin -- or Keith?

I'm sorry, Keith.

MR. AOKI: No.

MR. NISHIMURA: Or is this just an estimate?

MR. AOKI: This is based off contractors' bids.

MR. NISHIMURA: So this would include all the side streets and all that stuff?

MR. AOKI: No, no, this is just for the offsite waterline work.

MR. CRADDICK: Okay. I guess I should say one more thing, too. This price that was given is very low, very low. And it's conditioned upon them getting progress payments as it goes in. And normally we don't do that. Normally we just make one payment at the end of the job to make sure that it's all going to get done. And typically, we would have -- if we did that or actually there's been cases where we haven't done that in the past.

And what I'm looking at is to get us additionally listed in the performance bond by the contractor. And then if we can do that, then I think
we're covered even if something goes wrong with the contractor if we're going to make progress payments.

But they wanted -- this is kind of conditioned, this price that we have here is conditioned upon us making progress payments as we go, so like a normal contract that we would have.

MR. NISHIMURA: I would like to see that happen, but I'm going to ask the magic question. Is that allowable by our rules right now?

MR. CRADDICK: I don't think our rules cover it.

MS. SUZUKI: They do cover it, and it is an analysis I've been working on.

MR. NISHIMURA: Okay. So it can be done?

MS. SUZUKI: I'm not concluded yet.

MR. NISHIMURA: Okay. Now I would like to be able to do this as long as we're not violating the rule.

MR. CRADDICK: Okay.

MR. NISHIMURA: And that, you know, I hate to pick on my friend on my left, but, you know, we had almost a million dollars of additional funding requests for the 24-inch line going to Puhi. What is the likelihood of us getting further into crises if we go in this direction is my overriding concern.
MR. CRADDICK: This line is fixed in length. The other line -- the reason for that change order is because we added on a portion that they weren't changing the line on. And we wanted to get out from underneath the concrete. We didn't want to have to go to an extension into Lihue of that road and have to go under the concrete to get in our line. So we did it on your own.

MR. NISHIMURA: So are you saying that we don't have this situation on this one at all?

MR. CRADDICK: I don't. Keith?

MR. AOKI: The maintenance proposed fee in the shoulder and underneath the pavement.

MR. NISHIMURA: Okay. So we don't have to cross over to Eleele Nani or any of those areas?

MR. AOKI: No, the main line is on the Eleele Nani side of the highway.

MR. NISHIMURA: Okay.

MR. AOKI: The only road crossing is to get across to the project site.

MR. NISHIMURA: Okay.

CHAIRMAN OYAMA: Okay. Any action then?

No more questions?

MR. NISHIMURA: Move to approve, Mr. Chair.

CHAIRMAN OYAMA: Okay. Move to approve.
Thank you very much. Any second?

MR. DILL: I'll second.

CHAIRMAN OYAMA: Seconded by Mr. Larry, thank you.

Is there any more discussion.

If not -- oh, yes.

MS. YANO: Under what part, FRC or BAB?

CHAIRMAN OYAMA: Go ahead.

MR. NISHIMURA: I have a reluctance to tap the BAB. But because ...

MR. MOISES: Yes. Maybe I can help you.

MR. NISHIMURA: Okay.

MR. MOISES: I don't think we could do BAB because it's not on the list.

MR. NISHIMURA: I understand that. That's the other thing. Now, later on in the meeting we are entertaining --

MR. MOISES: Changes

MR. NISHIMURA: -- changes. Now, there are two issues here. One is, this is expansion, clearly. There's nothing on 2020, and our commitment to the county at the time we went for the bonding was that the focus would be on water 2020 projects as far as BAB monies. So to that extent I would like to do it from the FRC or CIP as the case may be. I don't know that
the department can make the argument that it should be CIP or FRC, one over the other.

MR. CRADDICK: Well, I think in either case it's -- I guess it would only be expansion if the county went forward, and we don't know that at this time. And let's say we did it with the CIP fund and then later on we found out that it was going to serve the affordable housing, and I suppose at that point if it takes something from the FRC side and reimburse this fund, once you knew it was clearly going to be a transmission line versus just something to reduce our operating costs for pumping up the hill. But you're right, yeah, it could go either way.

MR. DILL: I don't know if it helps, but I can tell that the county is moving forward with the project right now, though it is still a ways out there. But that's still the plan.

MR. CRADDICK: Yeah, I know. It is still part of the mayor's --

MR. NISHIMURA: My motion would be to take it out of CIP.

MS. YANO: I didn't --

CHAIRMAN OYAMA: Okay. In other words, that's within the original motion.

MR. NISHIMURA: As recommended by the
CHAIRMAN OYAMA: Okay. Thank you very much. All right. Any other discussion? Any more? If not, all in favor say aye.
Opposed no.
Hearing none, motion carried. Thank you.
Now we're on No. 6, Manager's Report 12-40, request board approval to expend funds for staff fitness pilot program. Wow. What you got now? Go ahead.
MR. CRADDICK: Anyways, what we're trying to do here is get a in-house fitness program to hopefully reduce away-from-work time for people and get the blood circulating a little better after lunch. The amount is low here. We've had some preliminary stuff that hasn't cost us any money so far. We've actually gone through the procurement process to get the group that we're looking at. That's why the numbers here are fairly well fixed. And we believe this would help employee morale as well as fitness of the employees. And I would ask that you approve this program. And then other departments, too, if they wanted to attend with us, they could.
MR. DILL: And board members?
MS. SHIRAMIZU: The board members are invited. Definitely.
MR. CRADDICK: Board members definitely could.

MR. NISHIMURA: Do we have to approve this?

MR. CRADDICK: Faith is telling me not to show some this equipment we looked at. But this year I guess it's kind of interactive with the other employees. So you kind of intertwine, you choose pulling on it. Let's see here if I can get this right. You kind of pull on it. You've got a different color for women and men.

MS. SHIRAMIZU: No, just the strength, the strength.

MR. CRADDICK: The strength.

MS. SHIRAMIZU: Yeah, some women could beat the men.

MR. CRADDICK: Yeah, that's right. The lady doing the instructions yesterday was well equipped to deal with the men. Anyways, that's some of the things. We got balls and balancing balls and various things.

CHAIRMAN OYAMA: Okay. Members, really interesting discussion.

MR. DILL: Mr. Chair, I'll move to approve as long as the manager participates in all of the -- (laughter).
CHAIRMAN OYAMA: Oh, boy, who will second that, quick.

MR. McCORMICK: I'll second that.

CHAIRMAN OYAMA: Movement and seconded by Mr. McCormick.

MR. NISHIMURA: Mr. Chair, a couple questions.

CHAIRMAN OYAMA: Yes.

MR. NISHIMURA: Is or was this made available to all members of the department? I see only 30 people or so.

MR. CRADDICK: Yes, yes.

MS. SHIRAMIZU: Can I -- sorry.

MR. CRADDICK: Yes, everybody. I was trying to make it mandatory, but somehow the union got in there (laughter).

MR. NISHIMURA: Do any of the other county departments have programs like this where they're spending money?

MR. McCORMICK: I'm not aware.

MS. SHIRAMIZU: I don't think that there are any other county departments. However, a lot of the county employees participate with Ho'ola Lahui, but they're located closer to their facilities. And for the Department of Water people to attend those exercise
programs -- and they cost a little less than this
program -- we don't have sufficient time in our lunch
period to go and participant really with the Ho'ola
Lahui program.

MR. NISHIMURA: And last question, I notice
this is being done lunch time.

MS. SHIRAMIZU: Initially when we proposed
it, and David has been very, very supportive, it was
presented to all of the employees and open to all of the
employees. And when we went and got the different
proposals from the different vendors, we asked for
different time periods to accommodate like operations.
They would have had a session early in the morning, and
also if we had had enough participation from the entire
department, David was wanting to allow us to do it even
during working time.

But because it was such a small number of
people that were really seriously interested, then we
decided, well, if David would allow that we would do it
on our own time during lunch. And because it's
scheduled during our lunch time, that was because the
operations people -- we didn't have really any
interested except for a couple.

MR. CRADDICK: And they can still attend.

MS. SHIRAMIZU: And they can still attend.
And if they decide they want to participate, I think we would try to create an early morning session for them or something to fit their schedule because it is different from the office staff. But I think at this point none of them were willing to do it on their own time.

CHAIRMAN OYAMA: Okay. Any more questions?

Ready for the question. Okay. We vote then.

All in favor of the motion, please say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now next item is No. 7, Manager's Report 12-41, request board approval for additional funding for Job No. 02-15, WK-28, Wailua houselots main replacement, Wailua, Kapaa water system, Wailua.

MR. CRADDICK: Okay. On this one here, is this just not to the budget or why are we going after that?

MR. MOISES: So basically this was supposed to be BAB funded. So since we made the deal to get the SRF grant fund we got, this project is now SRF funded. And like any other SRF project, we've got to front the money until we get reimbursed at final agreement time. So this $5 million is basically to allow us to bid the job and then pay until we get reimbursed later.

CHAIRMAN OYAMA: Okay. Members, any
questions?

MR. CRADDICK: I believe the next item is a resolution to accept the SRF loan for this project, this and the high-level well.

MR. NISHIMURA: Mr. Chair, move to approve Manager's Report No. 12-41.

CHAIRMAN OYAMA: Move to approve Manager's Report 12-41. Any second?

MR. McCORMICK: Second.

CHAIRMAN OYAMA: Seconded by Mr. McCormick.

Thank you.

Any discussion to the motion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried.

Now Manager's Report No. 12-42, request board approval of Resolution No. 12-3 on 11/12 adoption, pertaining to state resolving fund, SRF funding, for DW400-0004, Job No. PLH-03 Kalihi horizontal directional drilled well and DW413-0008, Job No. 02-15, WK28, Wailua houselots main replacement, phase one.

MR. CRADDICK: We have the resolution before you, and this is a standard SRF resolution, except that in this case here we are getting grant monies. And there are couple of things going on with
the grant.

One, we do get to expend all the grant money first before we start into the loan money, the one that's 50/50.

And then the other one is just they wanted us to take another loan out for another project, which is the Wailua project if we're going to do this because I think that's just management of funds on their end.

And we do have in the dec report a certain amount of funds that are projects that are SRF funded. So this won't affect the dec report or anything like that or what we plan to do going forward.

MR. NISHIMURA: So if I understand the funding mechanism correctly, five million will go to Wailua and one million will go to the Kahili project, right?

MR. CRADDICK: No.

MS. SHIRAMIZU: No.

MR. MOISES: No.

MR. NISHIMURA: Okay.

MR. MOISES: Good catch. So basically SRF they gave us four million for Wailua and two million for Kahili. And not to put Mr. Dill on the spot, but right now during the final design there's a possibility that we might have to remove a lot of the existing pipe.
MR. NISHIMURA: Nah, no need.

MR. DILL: Are we talking about right away?

MR. MOISES: Yeah, so we're planning to
getting to taking that out through MOA. But I guess to
account for that possibility I put five million -- or
that extra million to remove pipe.

MR. NISHIMURA: Why you tell him that?

MR. MOISES: So now they know that, so they
don't get signed. That's another million dollars to
remove pipe. But I think we got some kind of agreement
that we can share the burden down the road. So it might
not be needed. But I guess we needed the money so that
we could bid the job. If not, we'd be back here next
January asking for more money. And I didn't think it
was prudent to -- knowing that if that was a possibility
to keep them low. But that's what it is. It's four and
two.

MR. NISHIMURA: And then what is the other
monies that we got to take out a loan for?

MR. CRADDICK: That's the Wailua houselots.

MR. MOISES: Yes.

MR. CRADDICK: And the high-level wells.

MS. SHIRAMIZU: Yeah.

MR. MOISES: So if we bid Wailua houselots
and it came out five million, SRF would only reimburse
four million.

MR. NISHIMURA: Oh, four. On this one?

MR. MOISES: Yeah.

MR. NISHIMURA: And this is the grant money, right? The six million is the grant money or is it --

MR. MOISES: One million is loan for Kahili, one million is grant for Kahili, and four million is loan for Wailua.

MR. NISHIMURA: Okay. So they're all bundled together?

MR. MOISES: Yeah. And this was dropped in like two weeks ago. Since then I think we might be saving a million dollars on Wailua.

MR. NISHIMURA: Don't tell him that.

MR. MOISES: 90 days, right? Well, we're working on it. I mean, it's not a fixed yet, but progressive.

CHAIRMAN OYAMA: Okay. Members, any more questions?

If not, can we take action?

MR. NISHIMURA: Move to approve Manager's Report 12-42.

CHAIRMAN OYAMA: Move to approve.

MR. KANESHIRO: Second.
CHAIRMAN OYAMA: Seconded by Mr. Kaneshiro.

Thank you.

Any discussion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now Item 9, Manager's Report 12-43, request board approval of amendment to extend the drought mitigation MOA.

MR. CRADDICK: Okay. This one here we got most of the materials, but we didn't get our leak correlator yet, and we're just extending the time for six months, is it Faith?

MS. SHIRAMIZU: Yes, six months.

MR. CRADDICK: Six months, in order to be able to get that. But there's enough time.

MS. SHIRAMIZU: Well, we have to resend the request to them for the extension, but we need your approval to do that.

CHAIRMAN OYAMA: Okay. Any questions, board members?

MR. CRADDICK: Is that how much is remaining, $80,000?

MS. SHIRAMIZU: The total, because we have the 17,000 for the Kekaha one that I'm waiting for Bill
to supply. And then we didn't submit for the 11,000 for
the water conservation, but that money is pretty much
spent. So basically it's the detection equipment which
is the 51,000.

MR. CRADDICK: Okay.

CHAIRMAN OYAMA: Okay.

MR. KANESHIRO: Motion to approve.

CHAIRMAN OYAMA: Motion to approve by Mr.
Kaneshiro. Any second?

MR. MCCORMICK: Second.

CHAIRMAN OYAMA: Seconded by Mr. McCormick.

Thank you.

Any discussion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now, on New Business No. 10, Manager's Report
12-44, Job No. 11-10, water plan 2020 Job No. K-18,
eight-inch water main replacement, Halewili Road,
Kaumualii Highway to Haku Hale Street, Kalaheo. Really?
Now we got the Kalaheo. Thanks. Okay.

MR. CRADDICK: Anyways, this is part of our
budget, and with respect to go ahead with this, it is a
design.

MR. MOISES: Just to kind of elaborate, I
don't know if you guys are aware, earlier this year the berm in Brydeswood subdivision, there's an existing pipeline into that berm and the pipeline moved. So this design is to realign the pipeline and eliminate that pipeline that goes through a berm and goes through private property to connect to the subdivision pipe.

CHAIRMAN OYAMA: Okay. Members?

MR. NISHIMURA: So this is construction monies?

MR. MOISES: This is to do the design for construction plans, yeah.

MR. NISHIMURA: Design.

MR. MOISES: Yes. Lyon Associates is the consultant chosen.

MR. DILL: Mr. Chair, I move to approve Manager's Report No. 12-44.

CHAIRMAN OYAMA: Okay. Move to approve No. 12-44. Any second?

MR. KANESHIRO: Second.

CHAIRMAN OYAMA: Seconded by Mr. Kaneshiro. Any more discussion.

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now we're on New Business 11, Manager's Report
No. 12-45, Job 02-06, WKK-15, one million gallon tank and connecting pipeline, phase two, Kilauea, Kauai, Hawaii, second amendment for Contract No. 440 Kodani & Associates, Inc.

MR. CRADDICK: Okay. This project is a tank out in Kilauea, and what we're planning on doing here is knocking down the existing tank. It's a 100,000-gallon tank. There's still -- I think on our books it's still listed for around 400,000 asset. So it is a substantial asset, but I have it under good authority from our attorney going through the condemnation process to get the additional land we need to put the similar size tank next to it. It will sufficiently delay things or make the project time completion unknown that we're recommending us to do this. So all those things together.

CHAIRMAN OYAMA: Okay. Any questions?

MR. DILL: How old is that Kodani tank?

MR. CRADDICK: Oh, boy. Anybody?

MR. DOI: Eight years. I'm not real sure.

MR. CRADDICK: Yeah, it's not an old tank.

MR. DILL: It's a fairly new tank?

MR. CRADDICK: Yeah, yeah. They took about two months convincing me to do this.

MR. NISHIMURA: Cost and delay, would it
cost more than 400,000 to condemn?

MR. CRADDICK: It's about the same amount.

The only thing is that you'd have another asset there, but the delay and things like that is now becoming the issue. And I felt that the money was sufficiently close that it's kind of a wash on whether we save or expended more to get the other. And the tank is so small. I mean, the time to have done this was when the original tank was put in. We should have been participating with them to expand it. We didn't.

MR. NISHIMURA: Move to approve, Mr. Chair, Manager's Report 12-45.

CHAIRMAN OYAMA: All right. Move to approve. Any second?

MR. DILL: Second.

CHAIRMAN OYAMA: Seconded by Mr. Dill.

Thank you.

Any more discussion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried.

Now, No. 12, Manager's Report 12-46, BAB project list changes, Resolution No. 12-4, FY 2012, addition of PLH-01a, replace Grove Farm tanks number one and number two and M-03, acquire source/install pump,
controls and 12-inch pipeline, Moloa'a tank/well site
and other land acquisitions.

MR. CRADDICK: On this one here there are
two projects. One, it says, Grove Farm tanks, but what
it is is that shortcut road back behind Costco going
over to Puhi Industrial Park, there's two rectangular
in-the-ground tanks there. And they're those old
cisterns that just have a roof over. Not real safe.

And what's happening is that Safeway is saying
they'll give us additional land. We give them that
land, and they'll give us additional land to build this
other tank on. And so it's a good opportunity for us to
currently, Moloa'a is currently
get this changed. That's the one.

And then the other one is Moloa'a is currently
on the BAB list, but it's a different project. It's 02,
I think, this one is M03. And this is basically land
acquisition. And so just to make it clear because the
project list right now only lists M02. We wanted to
make it clear that we're doing these other things and
it's coming from the BAB list.

We currently, I think -- what does it say here?
No money has been spent on either of these two projects
yet, but I think they were encumbered on the BAB in
anticipation of action on this item here, but no monies
have been expended yet.
MR. NISHIMURA: These are all 2020 projects?

MR. CRADDICK: Yes.

MR. NISHIMURA: Are these the only changes you will make in the next year?

MR. CRADDICK: For this year, yes.

MR. NISHIMURA: Fiscal year? Calendar year? Other years? We already did one last year -- I mean this year.

MR. CRADDICK: No, the last one was done on 12/16. So this is one month early. We're trying to do them in December of each year per calendar year. You said you wanted it on a calendar year basis. So you're right. This will be all there is for this year.

MR. NISHIMURA: Okay. Because I was looking at your report then. You address a spenddown for next year, and I just want to make sure that you're going to take care of that before the end of -- you know, you run into problems at the end of next year.

MR. CRADDICK: I don't see any that we would be adding right now. We're pretty much there.

MR. MOISES: I think we're at the point where --

MR. CRADDICK: Nothing left on the BAB list.
MR. MOISES: That can be encumbered. We only got like 20 million left to encumber. So that's pretty much the extent.

MR. NISHIMURA: Mr. Chair?

CHAIRMAN OYAMA: Yes, sir.

MR. NISHIMURA: Move to approve Manager's Report 12-46.

CHAIRMAN OYAMA: Thank you. Any second?

MR. MCCORMICK: Second.

CHAIRMAN OYAMA: Again, by Mr. McCormick.

Thank you two.

All right. Any more discussion?

If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Now we're on --

MR. CRADDICK: You know what it doesn't say in this resolution. A copy of this will be submitted to the council the mayor.

CHAIRMAN OYAMA: We can communicate all of this.

Okay. No. 13, Manager's Report No. 12-47, Job No. 05-03, KW-25, Kapilimaohalf-million gallon tank and Job No. 03-03 hardening a generator shelter, Kekaha water system, Kekaha, Kauai, Hawaii.
What is meant by hardening a generator?

MR. CRADDICK: Making it so that there is some protection to the one that's out there on the site rather than just sitting there parked out in the open.

MR. MOISES: What happened was, I don't know if you remember when we got the construction manager out there at SSFM to board approve 400,000. And we got how much back?

Well, actually I take that back. I guess it was 470,000 was the initial fund, and we got 400,000 back. And we thought the job was done, but I guess some small portion didn't get paid for. And so this is since we already cancelled the funds, we thought the job was over, there's no funds left in that contract. So there's a $700 charge.

CHAIRMAN OYAMA: So they paid it, right?

MR. MOISES: Yeah.

MR. DILL: Mr. Chair, I move to approve Manager's Report No. 12-47.

CHAIRMAN OYAMA: Okay. Move to approve.

Any second?

MR. McCORMICK: Second.

CHAIRMAN OYAMA: I'm asking for a second.

Oh, seconded. I'm sorry.

Okay. Any more discussion?
If not, all in favor say aye.

Opposed no.

Hearing none, motion carried. Thank you.

Wow, now we are on the last one. Department of Water, 2010-2011 financial statements.

MR. CRADDICK: Okay. This was supposed to have been our review of the final audit, and the final audit is not ready. And so we're asking that this item just be dropped. I can give you some comments why I believe it's not ready. But short story is it's not ready, and it doesn't appear that it's going to be ready until the week of the 5th of December.

The biggest item -- well, we originally were expecting to get it now the 30th of this month, and we'd have it by the 2nd, which might have allowed us to just extend this meeting. But I thought because the notice -- it doesn't really say financial -- audited financial statement. It just says financial statements. I thought it was best to just re-notice another meeting.

And what's going on is statewide, the state changed the method that it accounts for the retirees' payments, and we had been making payments to the fund calling them payments, and the retirement fund is recording them as deposits. And as a result, this is causing concern for all the counties and all of the...
boards of water supplies.

So we're having to adjust our audit. And it
may go back a number of years, not just this year. And
go back next year and any other years besides last year.

MR. NISHIMURA: Three years.

MR. CRADDICK: Yeah.

MS. YANO: 2008 is when we started paying.

MR. CRADDICK: Yeah. And then the other
issue is really this fire line issue and our revenues
and getting that straightened out. That was the issue.
But we felt that would have been done here maybe by this
week sometime. So it would have been delayed anyhow
because of that other one here is a bigger issue.

So what I'm suggesting is that on the 8th of
December when we have, I think, a board meeting to deal
with nothing but the rates, we -- no?

MS. SUZUKI: We have a rules committee
meeting in the daytime.

MR. CRADDICK: Yeah.

MS. SUZUKI: Not a board meeting. A
committee meeting. Then we have a public hearing that
night at 6:00 p.m.

MR. CRADDICK: That's on the 7th.

MS. SUZUKI: No.

MR. NISHIMURA: Yeah, on the 8th.
MS. YANO: 7th is the small business.

MR. NISHIMURA: 7th is small business.

MR. CRADDICK: Okay. You're right. Yep, you're right.

So anyhow, before sometime there, maybe the 5th of December or even on that date, on the 8th, we would have to notice a meeting to take care of the audit before -- because the council -- well, I would recommend somewhere earlier in the week because I think that Wednesday the council has to notice their agenda for final approval of the audit, and somehow we need to get ours before then.

I expect to see the management discussion and the analysis, the missing pages that are in the draft you've got before then. And as soon as we get those, we'll get those out to you.

Any estimate on that one?

MS. YANO: It's all going to come out at the same time. Our financial statement is ready. When I spoke to James, it is -- it has been ready to go to their quality control for review. But then there was this potential issue of -- is it countywide potential issue that the way our OPEB cause was accounted for in our financial statements is a different accounting from the state.
So the auditors are trying to research on this before they could give a final issue of the statement.

CHAIRMAN OYAMA: Any questions?

MR. CRADDICK: So do we have a time when we know the final would be ready?

MS. YANO: Originally James was shooting for the end of this month.

MR. CRADDICK: Which is the 30th.

MS. YANO: Which is the 30th. And then we would be able to schedule a special meeting after that. But now with this potential issue that was mentioned, we could get another plan, which is plan B. The December 8th would be more likely a better date.

MR. CRADDICK: Will the 8th give the council enough time if the board accepts it then? Because I thought the council meeting is on the 15th or something.

CHAIRMAN OYAMA: It's the 14th, on a Wednesday.

MR. CRADDICK: So somehow they need to know when they file their agenda on the 8th that our audit is approved. So I guess it could go as long as the 8th.

MR. NISHIMURA: So are we going to have many hours to review this audit?

MR. CRADDICK: Well, we expect to get the
electronic format.

MR. NISHIMURA: By?

MR. CRADDICK: By, say, the 30th or the 2nd, somewhere in there. And we would have hard copies at the board meeting time if we had a board meeting on the 8th.

You would just be looking at electronic copy, but it wouldn't say draft on it anymore.

MR. NISHIMURA: The draft is not even complete so --

MR. CRADDICK: Well, that will be --

MR. NISHIMURA: And I will tell you that I have some reluctance about signing off on something that I only have hours to look at.

MR. CRADDICK: You don't think we're going to get the MD&A discussion shortly. That's what he said in the telephone conversation that we had yesterday.

MS. YANO: We could request a copy of the MD&A.

MR. NISHIMURA: I thought it was pages two to -- three to six, but actually the one that I'm looking at is at the end of the discussion. It's actually, I believe, finding the recommendations is what is the -- it's the last three, four pages of last year's audit.
MS. YANO: Yes. There's two parts of the audit. It's the financial statements and the single audit. And the schedule of findings is easily after the single audit report. The way -- the report, though, is emailed to everybody, which is the financial statements just so the numbers could be reviewed by the board before it gets finalized.

But towards the end, these other issues came out. So now there is a delay under where the statement report is being issued. So it's just for your review of the financial statement.

MR. CRADDICK: Which is what the county needs.

MS. YANO: Which is what the county needs.

MR. CRADDICK: So if you want to restrict your approval of only the financial statements and not the findings --

MS. YANO: Single audit.

MR. CRADDICK: That's okay. So you'd have more time to review the other stuff. We can review that and approve that later.

CHAIRMAN OYAMA: Okay. This is no action. Just information. Okay. If not, we're moving on to staff reports.

MR. CRADDICK: Why don't we take a break
because I think her fingers --

CHAIRMAN OYAMA: Okay. We'll take a break.

Recess.

(A break was had.)

CHAIRMAN OYAMA: We're back on the staff reports. First one on is statement of the Kauai County Department of Water, revenues and expenditures. Tess.

MS. YANO: Yes, Mr. Chairman. My report is on the status of our budget. As of September 30th, 2011, we're on the 25 percentile. So it shows our normal expenditures, capital expenditures and revenue. And if you have any questions.

CHAIRMAN OYAMA: Any questions? Anyone? None. Any questions?

Moving on then. Report of the public relations specialist on public relation activities.

MS. SHIRAMIZU: Sir, my report is before you. I wanted to add a few comments. If you have any questions first. Ray?

MR. MCCORMICK: I'm good.

MR. CRADDICK: What is hydrated from the conference speakers?

MS. SHIRAMIZU: Where are you?

MR. CRADDICK: Project wet, second paragraph, second line.
MR. NISHIMURA: Drinking. I thought that is dehydrating.

MS. SHIRAMIZU: We're just playing with words.

Regarding our community notifications and press releases, I don't know if you guys ever go and check our website. But Jeff came up with a really great idea. So he created a special location so that we're going to try to always put on whatever press releases we send out. Especially the notifications that includes a map so that people if they click on there they can easily find what is going on, what projects we are working on that may affect people.

In all of our press releases now we pretty much refer them to our website for a map for more details. So we're just trying to make our website more user friendly. And so I just wanted to give him kudos for coming up with that. And it looks really good and easy to find when you go onto the website.

And besides the releases that I have listed here, I think there was one other, yeah, Val, in Hanalei, and I guess that happened after I did this report. Sorry. Yeah. We use Connect CTY. We've been using Connect CTY a lot. I think that helps.

MR. NISHIMURA: That's the one they use for
civil defense?

MS. SHIRAMIZU: The emergency. Yes.

MR. REYNA: The sky is falling.

MR. NISHIMURA: That's good because especially if the guys no can get there because of dogs and stuff if they have that service.

MS. SHIRAMIZU: I think usually the places that have dogs they generally have a fence or something. So that's why often they put messages in a ziploc and just attach it to the fence. But people not going to always see the fence. But anyway. So I don't know if you have any questions.

MR. NISHIMURA: The leak detector thing?

MS. SHIRAMIZU: Regarding the job mitigation?

MR. NISHIMURA: Yeah, when is that expected to be procured or whatever?

MS. SHIRAMIZU: Well, my understanding is that Bill is working on the RFP. But you know how long it takes at RFP, and I guess he wasn't ready to address any of this when we first got the grant. And now that he has Val and more time, I guess, he can work on it.

MR. NISHIMURA: It's just that, one, we're doing the extension and this has been over a year already. And seeing how it's on the leak detection or...
leak monitoring is on the manager's goals, I would hope
that is a priority for someone.

MS. SHIRAMIZU: It is.

MR. CRADDICK: You didn't look at the
performance indicators, did you?

MS. SHIRAMIZU: Not yet.

MR. NISHIMURA: No.

MR. CRADDICK: Anyways, I told you we have
to double check some of the numbers on there, but
according to that report --

MR. NISHIMURA: Whatever we go finish,
whatever, first. So I just want to make sure it's a
priority.

MR. CRADDICK: It is.

MS. SHIRAMIZU: Can I just make one more
comment?

CHAIRMAN OYAMA: Sure.

MS. SHIRAMIZU: It's not on my report, but
just so you guys are aware that while they were putting
these board packets together and David was not here,
that I just also wanted to give kudos to Dustin because
he had to review and help us with most of the board
reports and created these wonderful draft charts further
in your packet, the colorful ones. But I just wanted to
commend him for his extra effort, yeah.
MR. NISHIMURA: Good Job, Dustin.

MS. SHIRAMIZU: Sorry.

CHAIRMAN OYAMA: Very good, Dustin.

Okay. Any questions for Faith?

None. Okay. Thank you very much. Very good.

And I'm glad you recognized Dustin. He's been recognized outstanding employee, still is outstanding.

You did a good job. I don't think people are aware what's going on. Okay. Dustin, thank you.

And I heard about the plan and heard about the site. Are you going to report anything on the site?

MR. CRADDICK: I can.

CHAIRMAN OYAMA: Okay. I mean, I would like to hear that more so everybody understands what is happening on the new building site. Go ahead.

MR. REYNA: I guess to my report.

CHAIRMAN OYAMA: Oh, your report. All right. We go now there. Operations, is Bill around? Are you going to do it?

MR. REYNA: Yeah, I will do it, sir.

Before you is the operations divisions report for the month of October. Most notable for personnel is a compilation of the labor report done by fiscal division. It's a graph showing our man hours, overtime, labor, especially overtime. It's a roller coaster ride. It
all depends on what happens after hours.

For source and storage, Haena deep well was converted from chlorine to hypochlorite, sodium hypochlorite.

And also for Hanamaulu Well No. 3 pump station, the contractor has completed cleaning of that deep well, and the contractor hasn't submitted a video log of the cleaned well yet. They said they will be submitting that shortly. And we'll probably report that on the next board meeting.

Based on the video log of the before cleaning, there was a lot tuberculosis on the well. There's also about 20 feet of collapsed open hole. So originally 560 feet deep of well, the video recorded log showed only 535. Less than 540 feet deck of the well. So that's what they cleaned. We'll give you a further report later on after we receive the video log.

On the third page of that report is a pie chart as well as graphs of our monthly work orders that our distribution and repair and maintenance personnel have been doing. If you have questions, let me know.

MR. CRADDICK: Do you want to update them what happened with Amfac shaft, the part about the --

MR. REYNA: Well, for the month of October, we started installation of the pump. The reason why I
did not include it here is that the pump and the motors
and everything was completed, installation was completed
in November. So it's not part of this report. Early
part of the first week of November, everything was
installed, we started running the pump. And we monitor,
we perform daily monitoring of the pump. And we're
getting approximately 270 to 300 GPM flow rate, and our
microlab technicians are performing their daily
monitoring also. They've been sharing the reports with
the manager and the deputy.

MR. NISHIMURA: So is this producing the
amount of water you guys were looking for?

MR. REYNA: The production is restricted by
the pipe size that we installed. We installed a
three-inch discharge pipe near the meter, so it's
restricted by that. It's been fluctuating between, like
I said earlier, 270 to 300 GPM. But the depth-to-water
level is actually stable. During the first minute we
had drawdown of about 0.2 inches.

MR. CRADDICK: 0.2 inches or feet?

MR. REYNA: Inches.

MR. CRADDICK: Inches.

MR. REYNA: Yeah, on the first minute.

After 24 hours of monitoring the water level was stable.

MR. CRADDICK: At that 0.2 inches?
MR. REYNA: After a week of monitoring we don't see any change.

MR. CRADDICK: At the 0.2 inches?

MR. REYNA: Yeah. After -- well, from November 19 to the 21st, we are at 58.7 feet depth-to-water level. So it didn't change for three days. It means that the well is actually producing. And had we installed a larger discharge pipe, we would be able to get more than the current 300 GPM.

CHAIRMAN OYAMA: I know that well because I've been working that end, and we use that for irrigation. It's a good well. As far as quality, I don't know. But water, it's good. Lots of water.

MR. REYNA: Three or four years ago, initial work or initial study that was performed, the well produced what? 400, 450 GPM. And during the three-step well testing started at 200, went to 400, and then the third one was at 700. So the well can actually produce a lot of water. Now the question is if the well will be viable -- the quality. We have quantity. We don't know about the quality.

MR. CRADDICK: I think the big thing here is that our guys have learned a fair amount. They've made this pump out of the scraps in the yard that we had from three different pumps. And the guys who installed
the pump had to pull it out once and reinstall it. So they've learned quite a bit, I think, out of it. And other than me trying to push them faster than what they were willing to be doing it, I think that's the only problem we ran into.

MR. REYNA: It created a huge sense of accomplishment for our guys. It's a new skill that they learned. Some never thought that they would be able to install or even run that pump.

MR. CRADDICK: I was just starting to think that myself after a year, two years.

MR. REYNA: So everybody was excited to start that pump.

MR. NISHIMURA: So the next pump, Val, are you guys going to try to take a month?

MR. REYNA: I don't know.

MR. NISHIMURA: Just curious.

MR. REYNA: We tried. We said, we tried starting one, but we cannot say that we are experts.

MR. CRADDICK: I didn't know. After dropping one down the hole, you can't say that probably.

MR. REYNA: Not that many people can say that they dropped one and retrieved.

CHAIRMAN OYAMA: You're right.

MR. CRADDICK: And still function.
MR. REYNA: And still function.

CHAIRMAN OYAMA: And still can find water.

Okay. Very good.

MR. NISHIMURA: You know, your leaks on your system, I notice you get still a lot of service level. Is that primarily because of the construction work?

MR. REYNA: That's primarily because of the construction work.

CHAIRMAN OYAMA: Really?

MR. REYNA: Yes.

CHAIRMAN OYAMA: That's good then.

MR. DILL: Are materials for those surface levels, are they PVC the ones that are leaking or how about the copper ones? Are they okay?

MR. REYNA: Coppers are okay. PVC are the ones that really break.

CHAIRMAN OYAMA: Is that right?

MR. MOISES: Galvanized too.

MR. NISHIMURA: So we're doing all copper now?

MR. REYNA: That's what our guys are doing whenever given the chance to change or convert.

CHAIRMAN OYAMA: Okay. Very good. Thank you. Any more questions?
Oh, Mr. Dahilig is here.

MR. NISHIMURA: I want his lunch

(laughter).

MR. DAHILIG: Over my dead body.

MR. NISHIMURA: You're going to get a name, you know.

CHAIRMAN OYAMA: Very good.

MR. NISHIMURA: Good job, Val.

CHAIRMAN OYAMA: Any body else with questions or comments?

Then we can move on. Okay. Now we have water resource and planning subdivision report.

MR. DOI: I guess the report is before you. If you have any questions, you can feel free to ask.

MR. CRADDICK: Subdivision, summary one, Eddie, is that what you're talking about?

MR. DOI: Yeah, it's one page.

MS. SHIRAMIZU: It's the last page.

CHAIRMAN OYAMA: Oh, the last page. Okay. I got it. Any questions?

MR. NISHIMURA: I got one but it's not included on the report. How you guys coming on the GPS stuff? You guys got the new equipment already?

MR. DOI: New equipment for?

MR. NISHIMURA: I thought we budgeted
something for some new GPS units or something like that.

MR. DOI: The more handheld ones?

MR. NISHIMURA: Yeah.

MR. DOI: I don't think so.

MR. NISHIMURA: Okay. Just curious. And I know before Heath left the goal was to try and finish or substantially finish the GPS modeling by -- in the next year or so.

MR. DOI: Yeah, that has been kind of put on hold right now.

MR. NISHIMURA: Until you hire another engineer?

MR. DOI: Yeah, a person that can kind of come up to -- that is up to speed or can come up to speed.

MR. NISHIMURA: Okay.

CHAIRMAN OYAMA: Okay. If not, continue. Silent.

Okay. Now manager's monthly update regarding activities of note of Kauai County Water Department. Okay. The manager, all yours.

MR. CRADDICK: Okay. On the first one there, there was a contract amendment with the Hanalei and Wainiha contracts with Kodani, and it was a reduction in the contract. So nothing for the board to
approve. Anyways, no pump permits.

Going down to the recruitment, we did hold the interviews, and the pipefitter helper selection should be forthcoming within the next month or so.

Let's see here. I guess we're going to get a list of names to do the leak detection work there also. That's a crew position on the board that's not filled that we're trying to fill.

The finance comp three, we had a person who was selected, and they are saying they can't come till February. And I think I'm still in the process of deciding if we can wait because the person is very, very, very good.

Anyways, engineering we met this morning with personnel on both the board secretary and the reorganization of the engineering, and that one there we decided we're going to meet again next week since some additional material that they needed was only given to them a couple of days ago.

And we did the interview for engineer two with the filing section. And what happened there was we'd been doing some skype interviews with people from off island. And this time here they decided not to do that. So when that happened, all of the people backed out except the one that was on island here. I think we're
still going to go ahead with that.

And then we did -- I believe we got the list of
names. That's what they said this morning in the
meeting up for the deputy's secretary.

So the next thing is the vouchers paid,
1.4 million. And then one conveyance of water
facilities, board of local housing update. No meeting
held.

And then you got this report here, and what I
understand is that it's actually they're trying to base
it on these reports that the board looks at and given to
the board, but if you notice this month it was
September. And I wanted this to be more current, and so
we're going to revise this and get it back up to current
the way it was.

And that's partly why the numbers didn't match
before, because you were looking at current numbers
based on what action the board had taken versus when
accounting actually incorporated it into the books, and
I still want to get back to that point. I want to get
this where it's current to the signature on the payment
whether we've made the payment or not. If we've
approved the payment for the contractor I want it on
here when it goes to the board.

But you also have some better visuals, I guess,
of the 2020 plan progress. They're going back to 2000
what's going on now.

I think that's it. If you have any questions.

Was there something you wanted to talk about
there a little bit on the last report, the operations
report?

MR. NISHIMURA: Yeah, unencumbrance, but if
what you and Dustin say, then I don't have to worry
about between now and September.

MR. CRADDICK: Okay. You mean September
and now.

MR. NISHIMURA: No, now and September.

MR. CRADDICK: Yeah, yeah, yeah.

MR. NISHIMURA: Because this curve gets
very steep in -- well, in one week.

MR. CRADDICK: Yeah, yeah.

MR. NISHIMURA: And it's not reflective of
what's been happening.

MR. CRADDICK: Yeah, yeah.

MR. NISHIMURA: So I just want to make sure
that these are real numbers.

MR. MOISES: Yeah, it's real numbers. When
you look at, I guess, the blue line, you know, the
spenddown, there's some funky formulas to project based
on when we issued NTP and then it calculates as if you
made a payment every month. But if you look at like the red line as far as, you know, what we encumbered, that is in present date. So only the blue line has got a three-month lag. And you can see the trend is different only because the construction projects have not been paid every month, like every two months or something like that.

But what I did after I did this one is -- I don't know if this is going a monthly thing. It can be a monthly thing, if you guys want. But this blue line gets pushed out a little bit more because I revised the formulas. So to say that the line on the BAB balance spenddown would be that steep, it is not the case. So it's going to be pushed out. And it comes out to like March 2013. But the reality is that that's not the reality -- or going to be reality. It's projection.

MR. CRADDICK: Dustin, how's the Maka Ridge one going?

MR. MOISES: It's almost going. We've got -- Larry's helping me with that, doing some.

MR. NISHIMURA: Good job, Larry.

MR. MOISES: He's been a big help for a lot of things including the land transfer.

CHAIRMAN OYAMA: Very true.

MR. CRADDICK: I know one thing that's
happened and I guess that also happened this month is Kaluna Park here next door is now again with some help from Larry, is the voluntary recent letter signed off on the subdivision there, so that's going forward right now.

CHAIRMAN OYAMA: Yeah, maybe Dustin you would like to comment on that, too?

MR. MOISES: Yeah, so I mean you guys know we've been working on getting the land authorization in the last couple of months. But after meeting back and forth with administration last week, Monday, we got authorization. And so I got the signed form from Wally Junior on Friday, and we issued NTP this past Monday to start design. So we're going forward with the first amendment. And that's big.

CHAIRMAN OYAMA: It's a subdivision plan, right?

MR. MOISES: Yes. Well, they authorized us to subdivide with a co-applicant on their behalf, and then over the next month or two we probably will be submitting subdivision to planning, and then going through that process.

CHAIRMAN OYAMA: Any questions? Very good. Thank you very much. Larry, thank you for helping Dustin. And thank Wally for us, too. We appreciate it.
very much. Anyone?

MR. NISHIMURA: The 5.9 mill that's going into designing this year, what does that translate into construction work? And over what's planned in the next five, six years?

MR. CRADDICK: Is that something you want answered at the next meeting? I hope.

MR. NISHIMURA: Yes, that's fine.

MR. CRADDICK: Okay.

MR. NISHIMURA: And the other thing is what's the status of your negotiations with Grove Farm? I would like that summarized at the next meeting also.

MR. CRADDICK: Okay.

MR. NISHIMURA: The status.

CHAIRMAN OYAMA: Very good, Mr. Nishimura. Keeping busy. Okay. Any other questions or --

MR. NISHIMURA: Mr. Chairman, I move that we accept all of the reports.

CHAIRMAN OYAMA: All right. Move to accept all the reports. Seconded by who?

MR. KANESHIRO: Here.

CHAIRMAN OYAMA: Kaneshiro seconded.

Any discussion?

If not, all in favor say aye.

Opposed no.
Hearing none, motion carried. Thank you.

We're on the elections, water board meetings.

MR. CRADDICK: No, no, that's the next meeting.

CHAIRMAN OYAMA: Next meeting.

MR. KANESHIRO: Next discussions.

CHAIRMAN OYAMA: On topic. Okay. We're on next discussion. Anybody has anything else?

Go to next page, upcoming events. Oh, annual employee breakfast, December 1. It's around the corner already.

MR. NISHIMURA: Next week.

CHAIRMAN OYAMA: Around the corner. Wow. Okay. Anybody that's coming for that?

Moving on then, No. 2, AWWA, ACE year 12, June 10 through 14, Dallas, Texas. Nobody has comment on that?

Then we're on the water board meetings, next meeting December the 22nd, 10:00 a.m.; January 26, 10:00 a.m.; February 23, 10:00 a.m.; March 22, 10:00 a.m.; April 26, 10:00 a.m. Everybody okay with that?

If not, we're waiting for adjournment.

MR. CRADDICK: Do you want to discuss a little bit more on the special board meeting for the audit? Is the 8th okay of December, Thursday, in the --
sometime?

MR. KANESHIRO: I would imagine you have to set it, because if it has to go before council sometime.

MR. CRADDICK: That's the last day.

MR. KANESHIRO: That's the last day.

MR. DILL: There's a rules committee already that day.

CHAIRMAN OYAMA: Correct.

MR. KANESHIRO: After the rules committee meeting.

CHAIRMAN OYAMA: It's good to say the 8th so if we could get everything in line, shoot for that target.

MS. SUZUKI: And we have the public meeting that night.

CHAIRMAN OYAMA: Correct.

MR. CRADDICK: Provide lunch and dinner, right.

CHAIRMAN OYAMA: Is that all right? We shooting for that? Any change, then you would have notice. Okay. Very good. So you will follow up on that?

MR. CRADDICK: Yes.

CHAIRMAN OYAMA: Okay.
MR. DILL: So, what time would we do that on the 8th?

CHAIRMAN OYAMA: Rules on 9:00 or 10:00.

MR. DILL: It's already decided what time?

MS. SUZUKI: 8:00 a.m.

MR. DILL: Oh, 8:00 a.m.

MR. KANESHIRO: So we could do it at 9:00. I know if we're really going to go through the rules stuff, it will take as much time as they want to take, and it literally could take the better part of the day for that. So maybe we just have to interrupt it and set it at a certain time.

MR. NISHIMURA: Either that or flip flop the meetings.

MR. DAHILIG: I mean, if it's more critical to get the audit stuff out, maybe having a primer or some type of introduction, give us some time to stew on it.

CHAIRMAN OYAMA: So you could start at 8:00 and then recess?

MR. DAHILIG: Recess, then reschedule something later on. That's fine.

CHAIRMAN OYAMA: See if we could get it --

MR. CRADDICK: So you want it earlier then in the day?
MR. NISHIMURA: No, I just -- you know, to allow the rules committee to do their, or you can recess and then --

CHAIRMAN OYAMA: Stop at 9:00 a.m. or so on the --

MR. NISHIMURA: Maybe just put a -- whatever the time it is and go 8:01 or thereafter.

CHAIRMAN OYAMA: Okay. That's what you do then.

MR. CRADDICK: Is that okay? But keep in mind now, the rules committee is only a few people. For the other meeting you have to get a quorum to show up.

CHAIRMAN OYAMA: Committee as a whole, yeah.

MR. CRADDICK: All of those voting correctly to show up.

CHAIRMAN OYAMA: So shooting for 9:00 as a whole. At 8:00 to start the rules.

MS. SUZUKI: Did we notice the committee meeting? I don't think we have. So you if want the committee -- I mean, the board, the special meeting before the rules, you're welcome to do that because it's not set in stone.

CHAIRMAN OYAMA: Is that all right?

MR. DAHILIG: I think we deferred the items
for a specific time. So I don't know if you just want
to check on that to be consistent or whatever it is.
It's fine.

MS. SUZUKI: Yeah, I think the main thing
is the notice to the public.

CHAIRMAN OYAMA: Yeah.

MR. CRADDICK: So 8:00 for the audit?

Everybody. Maybe go 8:00 audit, then 8:01.

CHAIRMAN OYAMA: Okay.

MR. MCCORMICK: I'm okay with it.

CHAIRMAN OYAMA: Then you can carry on with
the traffic, you two guys.

MR. KANESHIRO: We're up at 8:00 a.m.

CHAIRMAN OYAMA: Committee as a whole 8:00.

Okay. We're all okay. We don't have to vote, yeah.
But this is going to be something that you got to
adjust.

MR. CRADDICK: Yeah, yeah.

CHAIRMAN OYAMA: Okay. If no other
business, we are adjourned at this time. Thank you
very much.

(Concluded at approximately 1:07 p.m.,
November 23, 2011.)

* * * * *
STATE OF HAWAII  
)  
) ss.  
COUNTY OF KAUAII  
)  

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

That on Wednesday, November 23, 2011, at 10:44 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 10th day of December, 2011, in Kapaa, Hawaii.

[Signature]

TERRI R. HANSON, CSR 482  
Registered Professional Reporter

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Transcript of the November 23, 2011 Regular Board Meeting, as recorded by Ralph Rosenberg Court Reporters, Inc.

Approved,

[Signature]

Randall Nishimura
Secretary – Board of Water Supply