A. CALL TO ORDER

B. ROLL CALL

C. ACCEPTANCE OF AGENDA

D. MEETING MINUTES
   Review and approval of:
   Regular Board Meeting – October 29, 2015

   Review and approval of:
   Executive Session - October 29, 2015

   Review and Receipt of Meeting Minutes from Transcripts:
   Regular Board Meeting – November 23, 2011
   Regular Board Meeting – December 22, 2011

E. CORRESPONDENCE/ANNOUNCEMENTS
   1. Correspondence from Mr. Marcus Eshtiaghy, dated October 6, 2015 regarding customer service

F. BOARD COMMITTEE REPORTS

G. OLD BUSINESS

H. NEW BUSINESS
   1. Manager’s report 16-19 - Discussion and Receipt of the Department of Water (DOW)’s Draft Financial Statements and Independent Auditor’s Report

   2. Discussion and Receipt of the Department of Water’s Capital Improvement Projects (CIP) for the 2016 Legislative Session
3. **Manager’s Report 16-20** – Board Discussion and Approval on County of Kaua‘i, Department of Water Submittal to Legislature for Changes to HRS46-146 Regarding Impact Fee

4. **Manager’s Report 16-21** - Board Discussion and Approval on County of Kaua‘i, Department of Water Submittal to Legislature for Changes to HRS46-43 regarding the County Records

5. **Manager’s Report 16-22** – Board Discussion and Adoption of Department of Water Rule Amendments to:
   - Part 3, Establishing Standards for Subdivision Water Systems within the County of Kaua‘i, Section III, Facilities Reserve Charge
   - Part 4, Fixing Rates for the Furnishing of Water Service in the County of Kaua‘i, Section I, General Use Rates
   - Part 4, Fixing Rates for the Furnishing of Water Service in the County of Kaua‘i, Section VII, Facilities Reserve Charge
   - Part 5, Facilities Reserve Charge

I. **STAFF REPORTS**

   **MONTHLY**
   1. Discussion and Receipt of the Kaua‘i County Water Department’s Statement of Revenues and Expenditures
      a. October Monthly Summary Budget
   2. Discussion and Receipt of the Report by the Public Relations Specialist on Public Relations Activities
   3. Discussion and Receipt of the Chief of Operation’s Summary Report on Operational Activities
   4. Discussion and Receipt of the Manager and Chief Engineer’s Monthly Update Regarding Activities of Note of the DOW
      a. Report of the BAB pay down as of October 2015

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 Hawai‘i Revised Statutes (HRS) Section 92-4, 92-5(a)(4), the purpose of this executive session is to review executive session minutes dated October 29, 2015. This consultation involves the consideration of the powers, duties, privileges, immunities, and/or liabilities of the Board and the Department as they relate to this agenda item.

K. **TOPICS FOR NEXT WATER BOARD MEETING** (December 2015)

   1. Discussion and Possible Action on Board Policy No. 30 - Proposed Delegation of a Meter Restriction
   2. Discussion and Possible Action on Board Policy No. 20 – Facilities Reserve Charge Credits for Developers of Affordable Housing

L. **TOPICS FOR FUTURE WATER BOARD MEETINGS**
   1. Discussion and Possible Action relating to Providing Water Service Outside of the Water Zone
   2. Discussion and Possible Action on the Petition for Subdivision, Designation of Restriction of Access Rights on Cancellations of Portions of Easements and Easement document for Kaumualii Highway Widening Lihue to West of Maluaha Road Phase 1 Lihue to West of Kipu Road at Lihue, Puna, Kauai, Hawaii Federal Aid Project No. STP-050-1 (267) TMK (4)3-4-007:003 *(January 2016)*
   3. Draft Budget for Fiscal Year 2016-2017 *(March 2016)*
      a. Fiscal Year 2016 - 2017 – Draft Operating Budget
      b. Fiscal Year 2016 - 2017 – Draft Capital Outlay Budget
   4. Employee of the Year Resolution *(April 2016)*

M. **UPCOMING EVENTS**
   1. Annual Meeting *(December 11, 2015)*
   2. AWWA/Hawaii Section Hawaii Water Environment Association 2016 Pacific Water Conference, Honolulu, HI *(February 2–6, 2016)*
   3. AWWA, Chicago, IL *(June 9 -12 2016)*

N. **NEXT WATER BOARD MEETING**
   1. Tuesday, November 25, 2015, 8:00 am – *Special Board Meeting*
   2. Thursday, December 17, 2015, 10:00 a.m.
   3. Thursday, January 28, 2016, 10:00 a.m.
   4. Thursday, February 25, 2016, 10:00 a.m.
   5. Thursday, March 31, 2015, 10:00 a.m.

O. **ADJOURNMENT**
Draft Minutes
MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, October 29, 2015

The Board of Water Supply, County of Kaua‘i, met in regular meeting at the Board Conference Room in Līhu‘e on Thursday, October 29, 2015. Chair Sherman Shiraishi called the meeting to order at 10:00 a.m. The following Board members were present:

BOARD: Mr. Sherman Shiraishi, Chair
Mr. Clyde Nakaya, Vice Chair
Ms. Laurie Ho
Mr. Wally Rezentes, Jr.
Mr. Michael Dahilig (entered meeting at 10:21 a.m.)

Quorum was achieved with 4 members present at the time of roll call.

EXCUSED: Mr. Larry Dill

STAFF: Mr. Kirk Saiki
Ms. Marites Yano
Mr. Bryan Wienand
Mr. Dustin Moises
Ms. Kim Tamaoka
Ms. Jonell Kaohelaulii
Ms. Sandi Nadatani-Mendez
Mr. Val Reyna
Mr. Eddie Doi
Mr. Carl Arume
Ms. Debra Peay
Mr. Chris Nakamura
Ms. Christine Erorita
Ms. Mj Akuna
Deputy County Attorney, Andrea Suzuki

ACCEPTANCE OF AGENDA
Mr. Nakaya moved to approve the reorder of the Agenda by Chair Shiraishi to move up Agenda Item H#1, Resolution N. 16-04–Discussion and Possible Action of Resolution No. 16-04, Mahalo DOW Participants 2015 Make a Splash Water Festival; seconded by Ms. Laurie Ho; with no objections, motion carried with 4 ayes.

H. NEW BUSINESS
1. Resolution No. 16-04 – Discussion and Possible Action of Resolution No. 16-04, Mahalo DOW Participants 2015 Make a Splash Water Festival

BACKGROUND:
Public Relations Specialist, Ms. Kim Tamaoka presented Resolution No. 16-04, Mahalo to the DOW Participants 2015 Make a Splash Water Festival; a photo op followed. The Farm Bureau was not included in the Resolution which Ms. Tamaoka would add to the Resolution.
Ms. Ho approved as amended *Resolution No. 16-04* – Discussion and Possible Action of Resolution No. 16-04, Mahalo DOW Participants 2015 Make a Splash Water Festival; seconded by Mr. Nakaya; with no objections, motion carried with 4 ayes.

**D. MINUTES**

**Review and approval:**
Regular Board Meeting – September 17, 2015
Mr. Nakaya moved to approve as amended the Regular Board Meeting Minutes of September 17, 2015; seconded by Ms. Ho; with no objections, motion carried with 4 ayes.

Special Board Meeting – September 25, 2015
Mr. Nakaya moved to approve the Special Board Meeting Minutes of September 25, 2015; seconded by Ms. Ho; with no objections, motion carried with 4 ayes.

**Review and Receipt of Meeting Minutes from Transcripts:**
Finance Committee Meeting – May 1, 2012 *Recessed*
Mr. Nakaya moved to receive the Finance Committee Meeting Minutes of May 1, 2012 *Recessed*; seconded by Ms. Ho; with no objections, motion carried with 4 ayes.

Finance Committee Meeting – May 8, 2012 *Recessed*
Mr. Nakaya moved to receive the Finance Committee Meeting Minutes of May 8, 2012 *Recessed*; seconded by Ms. Ho; with no objections, motion carried with 4 ayes.

Special Board Meeting – December 15, 2011
Mr. Nakaya moved to receive the Special Board Meeting Minutes of December 15, 2011; seconded by Ms. Ho; with no objections, motion carried with 4 ayes.

Special Board Meeting – February 9, 2012
Mr. Nakaya moved to receive the Special Board Meeting Minutes of February 9, 2012; seconded by Ms. Ho; with no objections, motion carried with 4 ayes.

**E. CORRESPONDENCE/ANNOUNCEMENTS**

None.

**F. BOARD COMMITTEE REPORTS**

None.

**G. OLD BUSINESS**


**BACKGROUND:**

Manager Saiki recommended the Board receive the correspondence from the Small Business Regulatory Review Board (SBRRB) and the corresponding actions taken by the Department of Water (DOW) for Part 5 of the Rules, Facilities Reserve Charge (FRC).

Mr. Nakaya approved *Manager’s Report No. 11-28* – Discussion and Receipt regarding Part 5 of the Rules, Facilities Reserve Charge – Proposed New Rule and Part 4, Section VII affecting the Proposed
Rule - (SBRRB) Results and to receive the correspondence from SBRRB; seconded by Ms. Ho; with no objections, motion carried with 4 ayes.


**BACKGROUND:**
Manager Saiki recommended the Board receive correspondence from the SBRRB and the corresponding actions taken by the DOW.

Ms. Ho moved to approve Manager’s Report No. 14-24 – Discussion and Receipt regarding Part 4 Section I of the Rules, General Use Rates Proposed Amendments, SBRRB Results and to receive the correspondence from SBRRB; seconded by Mr. Rezentes; with no objections, motion carried with 4 ayes.


**BACKGROUND:**
Manager Saiki recommended the Board receive correspondence from the SBRRB and the corresponding actions taken by the DOW.

Ms. Ho moved to approve Manager’s Report No. 16-17 - Discussion and Receipt regarding Part 3 Standards for Subdivisions Water Systems, Section III affecting Part 5 Facilities Reserve Charge (FRC) Proposed Amendments, SBRRB Results to receive the correspondence from SBRRB; seconded by Mr. Rezentes; with no objections, motion carried with 4 ayes.

H. NEW BUSINESS
2. Discussion and Possible Action on Tentative Board Meeting Dates for 2016

Chair Shiraishi announced the Board meetings will be on the fourth Thursday of the month for 2016 to allow the Fiscal Division to complete their reports, with the exception of the November Board meeting. Water Works Controller, Ms. Marites Yano clarified the financial reports presented to the Board will be one month in arrears instead of two months behind.

Ms. Ho moved to approve the Tentative Board Meeting Dates for 2016; seconded by Mr. Rezentes; with no objections, motion carried with 4 ayes.

3. Election of Officers for 2016

Election results are as follows:
Mr. Nakaya nominated **Ms. Ho as Chair (effective January 1, 2016).**
Mr. Nakaya closed the nominations for Chair; seconded by Mr. Rezentes; with no objections, motion carried with 4 ayes.

*At 10:21 a.m., Mike Dahilig entered the meeting.*

Ms. Ho nominated **Mr. Nakaya as Vice Chair (effective January 1, 2016).**
Mr. Dahilig closed the nominations for Vice Chair; seconded by Mr. Rezentes; with no objections, motion carried with 5 ayes.
Ms. Ho nominated **Mr. Shiraishi as Secretary (effective January 1, 2016).**

Mr. Rezentes closed the nominations for Secretary; seconded by Mr. Dahilig; with no objections, motion carried with 5 ayes.

The Board congratulated Ms. Ho as Chair, Mr. Nakaya as Vice Chair and Mr. Shiraishi as Secretary for 2016.

Chair Shiraishi asked that *Chair Elect*, Ms. Ho appoint the committee members effective January 1, 2016.

I. **STAFF REPORTS**

   **MONTHLY**

1. Discussion and Receipt of the Kaua‘i County Water Department’s Statement of Revenues and Expenditures
   a. September Monthly Summary Budget

**BACKGROUND:**

Water Works Controller, Ms. Marites Yano presented the Fiscal Report as of September 30, 2015 and the Monthly Summary highlights based on the budget. Revenues went up 13% above projection and Water Sales exceeded projection by 23%. Expenditures is $2,497,146.51, Capital Expenditures are about $4M and the Summary of Meter consumption went up 54 million gallons.

Ongoing Fiscal Activities based on the result of the audit, Fiscal received the Government Accounting Standards Board (GASB) 68 Reports’ Reissuance from Employers Retirement System (ERS)’s consultants on October 31st. This caused a delay on the anticipated schedule of releasing the draft financial statement.

Ms. Yano requested the Board have a Special Board Meeting to receive the final draft financial statement the week of November 9th to November 13th or one week after the November 19th Regular Board Meeting. On the Regular Board Meeting, November 19th, the Board could receive the draft audit financial statement to allow the Department to meet County deadline of December 1st.

From the last Board meeting, there were discussions regarding the encumbrance rollover. The following highlights of the DOW Fiscal Systems PowerPoint and handout were presented as follows:

1. Overview
2. Fiscal System
3. Two Main Types of Fiscal Documents
4. DOW Budget
5. DOW Budget Components
6. Encumbrance Rollovers
7. Financial Statements
8. DOW Net Position Reporting
10. DOW Net Position Reporting
11. Timeline Overview, Fiscal Affairs
12. Achievements

**DISCUSSION:**

On Line 13, Ms. Yano clarified for Mr. Rezentes that Unexpended Prior Year Income Expenses are for FY 2015 rolling over into 2016.
Regarding encumbrances, Mr. Rezentes inquired if the Department does an annual review on contracts to determine if there is a need to close out or to continue to be in that contract? Construction Project Management Officer, Mr. Dustin Moises replied yes. Civil Engineer, Mr. Keith Aoki reviews the design contracts and Mr. Moises looks at the construction contracts that are done annually with the budget. Of the $8M encumbrances on the Build America Bond (BAB), $7,000,000 is for the new building. The BAB will be spent down by June 2016.

Chair Shiraishi commented because of Mr. Rezentes background, looking forward to him lending his expertise on the Department’s finances.

Mr. Dahilig moved to receive the Kaua‘i County Water Department’s Statement of Revenues and Expenditures and the September Monthly Summary Budget; seconded by Mr. Nakaya; with no objections, motion carried with 5 ayes.

2. Discussion and Receipt of the Report by the Public Relations Specialist on Public Relations Activities

Ms. Ho moved to receive the Report by the Public Relations Specialist on Public Relations Activities; seconded by Mr. Rezentes; with no objections, motion carried with 5 ayes.

3. Discussion and Receipt of the Chief of Operation’s Summary Report on Operational Activities

BACKGROUND:
Operations Chief of Operations, Val Reyna mentioned September’s highlight was a surprise inspection by the Hawai‘i Occupational Safety & Health (HIOSH) inspector who examined the baseyard and remote sites. This inspection was completed within three (3) to four (4) days.

Minor violations and verbal infractions were immediately corrected. One of the major findings was there was not enough eye wash solution near the sodium hydrochloride installations. The eye wash solution was purchased and infraction was corrected right away at the remote sites and the baseyard. The official written findings report is due in December.

Mr. Dahilig inquired what systems are in place so that the Department is in compliance and the citing does not reoccur? Mr. Reyna is the Safety Officer for Operations and baseyard. Manager Saiki added Operations does regular safety trainings. Mr. Dahilig stressed this should not reach a level to have infractions corrected.

Mr. Rezentes asked when was the last time the Department was inspected? Does HIOSH come back to see if the citing have been corrected? This was Mr. Reyna’s first experience with an unannounced HIOSH inspection.

The Department has not appointed a Safety Officer. Mr. Rezentes suggested having a third party risk management person come to check the properties. The Department will consider doing periodic checks on their properties to determine best practices on what should be done. This will help on reducing the liabilities to the Department.

Mr. Moises added the previous Manager wanted to create a Safety Officer position for the new building.
Deputy County Attorney, Andrea Suzuki mentioned the county has a vendor resource for risk management.

Mr. Reyna will work with the Department to provide the status of OSHA recommendations and Operations results (if public record) to the Board when they occur.

Mr. Nakaya moved to receive the Chief of Operation’s Summary Report on Operational Activities; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

4. Discussion and Receipt of the Manager and Chief Engineer’s Monthly Update Regarding Activities of Note for the DOW

BACKGROUND:
Manager Saiki highlighted the following:

1. Contracts Awarded to:
   - Akinaka & Associates, Ltd. for the Hanapēpē waterline; $4M is from the state.
   - Ka’iwa Construction, Inc. for Halewili Road; construction is $6M.

2. Personnel Matters Update:
   - CE III – Interviews are planned for November.
   - Deputy Manager – A list of qualified candidates was received. Interviews to begin in November.
   - Met with Department of Human Resources (DHR) to discuss their review for Operations and Fiscal Table of Organization (TO) changes. DHR reviews were received; Operations and Fiscal conducted follow up meetings.

3. IT Strategic Plan:
   - Began process to procure Project Management and documents imaging for the Construction Management projects and documents.

DISCUSSION:
Chair Shiraishi referred to Contract No. 610 Awarded to Local Landscaping for Job No. 15-9, Kalāheo Well Site Tree Trimming, Kalāheo site is on state property. Mr. Reyna commented the Department communicated with the state who said they will not pay for the tree trimming.

Mr. Reyna will follow up with a letter to put the State on notice of the needed contract work. The Department is committed to cut down the Albizia trees to avoid unsafe conditions.

Mr. Rezentes moved to receive the Manager and Chief Engineer’s Monthly Update Regarding Activities of Note for the DOW; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

   a. Report of the BAB pay down as of September 2015

Mr. Rezentes moved to receive the Report of the BAB pay down as of September 2015; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

QUARTERLY (July – September 2015)
1. Discussion and Receipt of the DOW’s Quarterly Project Status Update
   a. Construction Management

BACKGROUND:
Mr. Moises provided the Executive Summary for the Construction Quarterly Project Status Update.
The new building is progressing quickly.
Haleko Road has issues with the public navigating through the detour. Haleko Road is under redesign and the detour should be done by the end of December.
Kīlauea waterline will be done by the end of the year.
Project Manager position had 20 applicants; 1 applicant qualified, but declined to relocate to Kaua'i.

**DISCUSSION:**
Chair Shiraishi and Mr. Moises mentioned King Auto, 76 Gas Station and Kawamura Farms businesses are affected by the Haleko Road detour. Directional signs have been put up to help the public access these businesses.

Ms. Ho moved to receive the Quarterly Project Status Update of Construction Management; seconded by Mr. Dahilig; with no objections, motion carried with 5 ayes.

**b. Engineering Design**

Civil Engineer, Mr. Bryan Wienand reported for Civil Engineer, Keith Aoki. They are currently overseeing 23 ongoing DOW Design projects. Eleven (11) Engineering design projects were presented from the Executive Summary.

**DISCUSSION:**
Mr. Wienand explained the abbreviations from the charts (D) = Design and (P) = Preliminary Budget or Initial Budget. The Board requested that future Engineering Design quarterly reports include a column of potential FRC generating projects.

Mr. Dahilig moved to receive the Quarterly Project Status Update of Engineering Design; seconded by Mr. Nakaya; with no objections, motion carried with 5 ayes.

**c. Water Resources and Planning**

**BACKGROUND:**
Chief of Water Resources and Planning, Mr. Eddie Doi commented that the Needs Assessment and Facilities Reserve Charge (FRC) study were completed; and the amendments received. A Public Hearing will be held on Tuesday, November 10th.

The Water Use and Development Plan is moving forward with Community meetings. Mr. Doi recognized the work of Manager Saiki and staff, Deputy County Attorney, Andrea Suzuki and Public Relations Specialist, Kim Tamaoka.

Mr. Rezentes, moved to receive the Quarterly Project Status Update of Water Resources and Planning; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

Mr. Dahilig read the following Executive Session language:

**EXECUTIVE SESSION**

1. Pursuant to Hawai'i Revised Statutes Sections 92-4 and 92-5(a)(4), the purpose of this executive session is for the Office of the County Attorney to provide the Board with a briefing and request authority for a possible settlement proposal in a claim filed by Victorino Nunez on August 14, 2015 for damages allegedly caused by a Department of Water employee hitting the claimant’s vehicle. This briefing and consultation involves the consideration of the powers, duties, privileges, immunities and/or liabilities of the Board and the Department as they relate to this agenda item.
Mr. Dahilig moved to go into Executive Session; seconded by Mr. Nakaya; with no objections, motion carried with 5 ayes at Roll Call MD, LH, WR, CN, SS.

At 11:40 a.m. Chair Shiraishi reconvened the Regular Board meeting.

Mr. Dahilig moved to receive Agenda Items, K, L, M, & N; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

**K. TOPICS FOR NEXT WATER BOARD MEETING (November 2015)**
1. Draft Annual Audit
2. Discussion and Possible Action of Proposed Delegation of a Meter Restriction Board Policy No. 30
3. Discussion and Receipt of the Department of Water’s Capital Improvement Projects (CIP) for the 2016 Legislative Session

**L. TOPICS FOR FUTURE WATER BOARD MEETINGS**
1. Discussion and Possible Action relating to Providing Water Service Outside of the Water Zone
2. Discussion and Possible Action on Board Policy No. 20 – Facilities Reserve Charge (FRC) Credits for Developers of Affordable Housing (December 2015)

**M. UPCOMING EVENTS**
1. Annual Meeting (December 11, 2015)
2. AWWA/Hawaii Section Hawaii Water Environment Association 2016 Pacific Water Conference, Honolulu, HI (February 2–6, 2016)
3. AWWA, Chicago, IL (June 9 -12 2016)

**N. NEXT WATER BOARD MEETING**
1. Tuesday, November 10, 2015, 5:00 p.m. – Public Hearing, Location: Council Chambers
2. Thursday, November 19, 2015, 10:00 a.m.
3. Thursday, December 17, 2015, 10:00 a.m.
4. Thursday, January 28, 2016, 10:00 a.m.
5. Thursday, February 25, 2016, 10:00 a.m.

**O. ADJOURNMENT**

Mr. Dahilig moved to adjourn the Regular Board Meeting at11:45 a.m.; seconded by Ms. Ho; with no objections, motion carried with 5 ayes.

Respectfully submitted,                              Approved,

Edie Ignacio Neumiller                             Laurie Ho
Commission Support Clerk                           Secretary – Board of Water Supply
The Board of Water Supply, County of Kaua‘i, met in regular meeting at the Board Conference Room in Līhu'e on Wednesday, November 23, 2011. Chairperson Roy Oyama called the meeting to order at 10:45 a.m. On roll call, the following answered present:

**BOARD:**
- Mr. Roy Oyama, Chairperson
- Mr. Larry Dill
- Mr. Daryl Kaneshiro
- Mr. Raymond McCormick
- Mr. Randall Nishimura
- Mr. Michael Dahilig (arrived at 12:48 p.m.)

**ABSENT/EXCUSED:** Mr. Clyde Nakaya

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

**STAFF:**
- Mr. David Craddick
- Ms. Marites Yano
- Ms. Faith Shiramizu
- Mr. Dustin Moises
- Mr. Dustin Moises
- Mr. Val Reyna
- Mr. Keith Aoki
- Mr. Eddie Doi
- Ms. Becky Malapit (excused after roll call)

**Deputy County Attorney Andrea Suzuki**

**AGENDA:**
Mr. Kaneshiro moved to accept the agenda; seconded by Mr. Dill; with no objection, motion carried with 6 ayes.

**MINUTES:**
**Review and approval of:**
Special Board Meeting Transcript – November 4, 2011

Mr. Nishimura moved to approve as corrected the Special Board Meeting Transcript of November 4, 2011 and the handouts that were distributed during the meeting be included in the official record of that meeting; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

The Department will transcribe the transcript into regular minutes for the official minute book.

**CORRESPONDENCE**
None

**BOARD COMMITTEE REPORTS**
1. Report of the Committee of the Whole of the Kauai County Board of Water Supply
DISCUSSION:
Mr. Kaneshiro commented the Committee of the Whole met this morning and needed to decide whether what would be considered an emergency. Other discussion items included unreimbursed funds and budgeted funds for labor costs. Since there were changes to be made to the emergency reserve fund, the committee called for a deferral at the next committee meeting in December.

Mr. McCormick moved to receive the Committee of the Whole report on Manager’s Report No. 12-14 – Emergency Reserve Fund Policy and to defer further discussion to the next Committee of the Whole meeting in December; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

G. OLD BUSINESS

DISCUSSION:
Manager Craddick mentioned the final report on the rule changes to implement the Facility Reserve Charge (FRC) in Part IV have not been received.

Mr. Nishimura moved to defer the Manager’s Report No. 11-24 – Committee Discussion and Possible Action on Part III Rule Amendments – Establishing Standards for Subdivision Water Systems to the December meeting; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

2. Manager’s Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes
   i. Rule changes to implement FRC in Part Four
   ii. Rule changes to implement Process Changes

Mr. Nishimura moved to defer Manager’s Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes to the December meeting; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

Chair Oyama mentioned this included Rule 1, change to implement FRC in the process change.


DISCUSSION:
Mr. Nishimura requested to keep Manager’s Report No. 12-24 in the January meeting but the committee will still meet in December.

Manager Craddick expects the committee to refer this back to the Board to cancel and split it into two (2) Manager’s Reports (one report for operating reserve).

Mr. Nishimura moved to defer Manager’s Report No. 12-24 – Emergency Reserve Fund Policy to the January meeting; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

4. Suggestions for Capital Improvement Projects (CIP) for 2012 Legislative Session

BACKGROUND:
Manager Craddick mentioned there were no comments back from the Administration. The Administration is not going to submit any Capital Improvement Projects (CIP) response to the legislature this year.
Administration was informed that the Department submitted a schedule for a number of years out and made the project for Elelele for fiscal year 2016. The Elelele project has not been identified yet and have put in an amount that would expect to be done. Manager Craddick thinks the county wants to start planning a Community Block Grant application for funds for their water system.

Manager Craddick referred to an agenda item under New Business regarding upsizing the line that Habitat for Humanity is doing. This would go a long way to help them in offsite, not the source but with transmission. They still have their entire distribution system and are not far along in their plans to make a solid recommendation at this point. The CIP could be submitted without anything in the last year and to eliminate a column. He will set up a meeting with the Kaua’i Representatives for their recommendations.

Mr. Kaneshiro moved to defer Suggestions for Capital Improvement Projects (CIP) for 2012 Legislative Session to the December meeting; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

H. NEW BUSINESS
1. 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 Bi-Monthly Billing

DISCUSSION:
Manager Craddick commented there was no public testimony today at the Public Hearing. The Department recommended the Board adopt the rate changes that clarifies the monthly charge and when the Department starts to monthly billing.

Mr. Nishimura moved to approve 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 Bi-Monthly Billing; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

2. Manager’s Report No. 12 – 36 - Board Adoption of Part IV Rule Amendments: Section V Section Revisions to provide detailed information about the method the Department uses to bill Private Fire Lines

BACKGROUND:
Manager Craddick commented that the rule changes clarify what the charges are and how it is done versus what the current language says “charge the normal charge.” Honolulu and the Department didn’t have an understanding of what the normal charge is until the bills came out. The Department found out that they were charging what goes through the big lines as going through the small meter. This immediately effects jumping to the fourth block. This 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. The first block is set aside and the zero-block and billing is at the lowest block rate. This halves the bill that they would be getting and didn’t intend for this to happen. This will be in the audit notes when they are ready. This will help to clarify what will be incorporated into the rates and system that does the billing.

DISCUSSION:
Mr. Dill inquired if there will be any impact on revenue? Manager Craddick replied no but the Department is showing the bills that went out last year currently it all goes through the small meter. The revenues are inflated by over a half million dollar for last year. If this continues this year, it may even be more. This was never the intent when the Board shifted the blocks down and made the fire line change. The intent was to get people to not use the fire line which was effective, sometimes usage
occurs on it and it is not getting billed at the maximum rate. This was not the intent of the Board to try and make this a big revenue generation section.

Mr. Dill questioned if there is anything going to be half a million dollars less revenue than projected? Manager Craddick said no because journal adjustments are in the fiscal books to account for this which the auditor will note it on the financials. This will not be shown in the audited final audit but it will state an adjustment made to account for this error.

Chair Oyama asked if this was about a rebate on the offset charge. Manager Craddick replied no because the customers do not pay the bill. The Department’s problem is some people have been paying the bill and end up making adjustments for the people that are complaining about it. The Department would go back and reimburse the people who paid, an allowance made in the audit.

Mr. Nishimura inquired if this rule change is being implemented using the old software shown with a higher revenue. Manager Craddick explained that the rule that was passed stated “charge the normal charge.” This became apparent that there is no such thing as a normal charge for the fire line because the only charge is per what is metered. In this case, the fire line has no meter (calling the fire line a meter of the same size line).

The block rate, for an 8-inch line (as an example) with a 400,000 gallon allowance in the first block charges or would pay $3.20 if it was a regular metered line. This was not the intent to have 164 times to go through the small meter (if 1,000 gallons went through the small meter, multiply 164,000 gallons.) The top block on the 5/8 inch meter is 35,000 gallons. See block four which resulted in absurd bills. Mr. McCormick indicated the Department of Transportation (DOT) did not get a big bill yet. Manager Craddick said mainly the schools are paying their bill. Manager Craddick said the net effect of this rule makes it the multiplication charge in the previous rule which went through a meter the same size as the fire line; error was caught by the customers.

Mr. Dill commented that this is a detector check setup where actual metering of the water happened through the small meter on the bypass. Manager Craddick said the area ratio between the big line and the small line determines the volume of water that is being billed. If the small line has a one-square-inch area and the big line has 164 times (area of the 5/8-inch meter to the 8-inch line), the meter would be billed at 164 (63,000 gallons went through the big line and one went through the small one). It is possible for the water to go through the small meter without water going through the big meter but could possibly be a leak. This is designed to encourage people to fix the leaks on those lines and not to let them go.

Mr. Dill asked if it is possible for water to go through the detector check meter without going through the small bypass meter. Manager Craddick said it is possible if somebody shut off the bypass meter. If there is a big draw from an actual fire flow there would be no charge. A person would have to get a letter from the Fire Chief stating there was an actual fire in that area, then the Department would not charge. The question was raised by Mr. Dill because it seemed if 1,000 gallons of water went through the small bypass, then 164,000 or 63,000 gallons went through to the detector check. This conservative number was in favor of the customer. Nine times more went through what was billed if there is a real fire according to Manager Craddick.

Mr. Dill commented if there was a non-fire situation (nuisance flow like a leak), Manager Craddick said it could be somebody turning on a hydrant to hose down sidewalks which happens at schools. He added the detector would start to open at a three PSI difference, then fully opens at nine PSI. If the
small meter is running at 16 gallons a minutes, the pressure differential is nine PSI and the check valve is wide open at that point.

Mr. Dill asked is it at a few PSI during a leak or a nuisance flow? Manager Craddick said it could be someone stealing water, a penalty.

Testing of the systems is not covered in this current rule which need to be addressed. It cost $400 to test this system and a $1,000 charge from the Water Department which may drop to $500 for running the 100 gallons of water through.

Mr. Dill moved to approve Manager’s Report No. 12-36 - Board Adoption of Part IV Rule Amendments: Section V – Section Revisions to provide detailed information about the method the Department uses to bill Private Fire Lines; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

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 the delinquent balance for every month or fraction thereof

BACKGROUND:
Manager Craddick indicated with no public testimony, the Department recommended the Board to approve the institution of a late fee of .5% against the delinquent balance. A calculated test was previously done with an estimate of $9,000 a year that might be collected from this rule change. This covered expenses on several of the delinquent bills. The Big Island and Honolulu charge 1%.

DISCUSSION:
Ms. Yano indicated bills become delinquent after 30 days of a due date. After 30 days, a customer will get the final notice and a .5% fee is applied. Mr. Dill expressed that if the intent is to motivate people to pay their bills on time, he didn’t know if 25 cents is much leverage and could go without the fee.

Manager Craddick commented this gets the Department started to access a late fee. If this does not have an effect on the rate, it could be changed later and would be in the rules section. This is the first leverage of getting people to pay a bill that would lead to a disconnect. Ms. Yano indicated at 45 days, a final notice is issued but depends if the water is shut off.

Ms. Yano said there is a reconnect fee and a deposit is required from tenants. Mr. Nishimura thought all new accounts are accessed a late fee. Ms. Yano indicated it is not implemented or in the rules.

Manager Craddick said there are a lot of items in the miscellaneous charge that are not part of the rules and charged at cost. If a person complained and hired a lawyer, the Department wouldn’t be able to charge the fee based on staff policies.

Mr. McCormick moved to approve Manager’s Report No. 12 – 37 - Board Adoption of Part IV Rule Amendments: Section V – Section Revisions to provide detailed information about the method the Department uses to bill Private Fire Lines; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

4. Manager’s Report No. 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 Nalu Investments LLC, TMK: (4) 1-6-008:010, Waimea District, Kaua‘i
DISCUSSION:
Mr. Nishimura would like the County Attorney or DOW’s Deputy County Attorney to confirm she reviewed the documents and doesn’t impose undue liability to the Board members. Deputy County Attorney, Andrea Suzuki commented it is a general liability of distribution of unfunded property.

Civil Engineer, Mr. Keith Aoki mentioned the easement documents should have been attached in the packet.

Mr. Nishimura moved to approve Manager’s Report No. 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 Nalu Investments LLC, TMK: (4) 1-6-008:010, Waimea District, Kaua‘i; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.


BACKGROUND:
Manager Craddick commented that the existing line that the subdivider needs a 6-inch line. The Department wants to increase it to a transmission line size that will go along the highway. If the County does the Eleele Subdivision the cost would be $118,000. This will expand the system to take on new customers and he was not sure if it should come out of the CIP reserve fund. If approved, it should come from the FRC fund or Build America Bond (BAB). There is enough FRC fund for this project but any money that is taken from the FRC is going to make it harder to pay debt service going forward with the FRC. The Department is trying to conserve FRC money. A half a million dollars was collected last year but is still about a million dollars less than what is needed for debt service coming out of that fund.

Manager Craddick said the Eleele project is not on the 2020 plan. Planning ahead, the Department will inform the County of a 12-inch line to service and go in for the subdivision at $118,000 if the project moves forward the next 10 years.

DISCUSSION:
Mr. Dill asked if there were other areas that this benefits. Civil Engineer, Mr. Eddie Doi said it would benefit other portions or develop to the site. Manager Craddick added if the Department was to get a transmission line coming down from the bottom and a two-way feed, pumping water would be uphill. There would be less losses pumping through a 12-inch line versus a 6-inch line. If the Eleele project did not 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 the upper tanks. If there is another way to feed those upper tanks without that system, it would strengthen that system. This would have some value on its own whether the county went ahead with the affordable housing project or not. There is tile that goes back to the tank where the water is coming from.

Mr. Aoki commented even the 12-line being proposed starts on the existing line which ends at the upper end of the Eleele Nani Phase 2 subdivision and continues down the highway (approx. 2,000 feet to the twin tanks or 1/2 mile from the twin tanks). Mr. Doi believes the water to the big tanks is pumped to the 100,000 gallon tank, then back feeds into the top part of Eleele Nani. The tanks are in the upper zone and the 12-inch would be extended down. Manager Craddick said coming out of the double tank is a 12-inch line and would be a 12-inch line taped into that. The 12-inch is carried down the hill when the feed is at the bottom. This estimate is from the contractor’s bid for the offsite waterline work. This price is low...
according to Manager Craddick and is conditioned upon the contractor getting progress payments as the job goes which the Department normally doesn’t do. The Department makes one payment at the end of the job. The goal is to get listed in the performance bond by the contractor to be covered even if something goes wrong with the contractor. This analysis is being worked in the rules by Deputy County Attorney, Andrea Suzuki which has not be concluded yet. Mr. Nishimura would like to be able to do this without violating the rule.

There was a million dollars of additional funding requested for the 24-inch line going to Puhi which Mr. Nishimura mentioned. His concern was the likelihood of getting further into crises if this is the direction we are heading. Manager Craddick commented that the line is fixed in length. The reason for the change order on the other line was because of an added portion by the Department that they were not changing the line on. The Department didn’t want to have to go to an extension into Līhu'e of that road and go under the concrete to get in our line. Mr. Aoki mentioned the maintenance proposed fee is in the shoulder and underneath the payment. There would be no cross over to Eleele Nani; the main line is on the Eleele Nani side of the highway.

Mr. Aoki was reluctant to tap the BAB. Mr. Moises added that the BAB was not on the list. Mr. Nishimura mentioned two (2) issues: 1) This is expansion; there is nothing on Water Plan 2020 and our commitment to the county at the time of bonding, the focus would be on Water Plan 2020 projects on BAB monies. He suggested to do this from the FRC or CIP. Manager Craddick said it could either way and in either case it would be expansion if the county went forward which is unknown at this time. If the CIP fund was used but later found out that it was going to serve the affordable housing, then take something from FRC and reimburse this fund, and once it was clearly going to be a transmission line versus something to reduce the operating costs for pumping up the hill. This plan is still part of the Mayor’s goals.

Mr. Nishimura moved to approve Manager’s Report No. 12 – 39 – Oversizing Mainline Extension – Eleele Luna Subdivision (S-2006-49), TMK: (4) 2-1-01:052, Eleele, Kauai, Hawaii - Construction project: 6” Water Line (12” Waterline Alternative) For Kaumuali‘i Highway to take funding out of the CIP as recommended by the Manager; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

6. Manager’s Report No. 12 – 40 - Request Board Approval to Expend Funds for Staff Fitness Pilot Program

BACKGROUND:
Manager Craddick requested the Board’s approval for an in-house fitness program to reduce away-from-work time for staff and to improve employee morale. Procurement process was done and the numbers are low. This program would be available to all the employees of the Department and Board members.

DISCUSSION:
Mr. McCormick and Public Relations Specialist, Ms. Faith Shiramizu was not aware of other county departments’ spending money on a fitness pilot program. A lot of county employees participate with Ho‘ola Lahui in Līhu‘e but is farther away from the Department which is not enough time to get to & from that location during lunch time. If there were enough employees from Operations that wanted to participate, an early morning session could be created.

Mr. Dill moved to approve Manager’s Report No. 12 – 40 - Request Board Approval to Expend Funds for Staff Fitness Pilot Program; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

BACKGROUND:
Mr. Moises explained this project was supposed to be BAB funded. Since the Department got the State Revolving Fund (SRF) grant, this project is not SRF funded. Money needs to be fronted until the Department gets reimbursed at the final agreement. The $4M is to allow the Department to bid the job and then pay until the reimbursement is received later. Manager Craddick mentioned the next step is a resolution to accept the SRF loan for the project.

Mr. Nishimura moved to approve Manager’s Report No. 12 – 41 – Request Board Approval for Additional Funding for Job No. 02-15, WK-28, Wailua Houselots Main Replacement, Wailua - Kapa’a Water System; Wailua; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

8. Manager’s Report No. 12-42 – Request Board Approval of Resolution No. 12-3 (11/12) Adoption, Pertaining to State Revolving Fund (SRF) Funding for DW400-0004 Job No. PLH-03, Kahili Horizontal Directional Drilled Well and DW413-0008 Job No. 02-15, WK28, Wailua Houselots Main Replacement, Phase I

BACKGROUND:
A standard SRF resolution was presented to the Board but instead are getting grant monies. Manager Craddick explained 1) the grant money could be expend first before starting into the loan money which is 50/50 and 2) another loan needed to be taken out for the Wailua project is the management of funds on their end. The December report had a certain amount of funds that are SRF funded projects.

DISCUSSION:
Mr. Nishimura understood the funding mechanism of $5M would go to Wailua and $2M would go to the Kahili project. Mr. Moises said no but explained the SRF received for $4M was for Wailua and $2M for the Kahili project. During the final design, there is a possibility the Department might remove a lot of existing pipe right away. Mr. Moises is planning to talk this out through a Memorandum of Agreement (MOA) for an extra $1M to remove pipe (so it doesn’t get signed). There is some kind of agreement that could be shared down the road and may not be needed to bid the job. If not, the Department would be asking for more money in January.

Manager Craddick said the other monies will be taken out of a loan for Wailua Houselots for the high-level wells. If the Wailua Houselots bid and came out to $5M, SRF would only reimburse $4M. $1M is loan for Kahili, $1M is a grant for Kahili and $4M is loan for Wailua pointed out by Mr. Moises. This was dropped in two (2) weeks ago and could save $1M on Wailua.

Mr. Nishimura moved to approve Manager’s Report No. 12-42 – Request Board Approval of Resolution No. 12-3 (11/12) Adoption, Pertaining to State Revolving Fund (SRF) Funding for DW400-0004 Job No. PLH-03, Kahili Horizontal Directional Drilled Well and DW413-0008 Job No. 02-15, WK28, Wailua Houselots Main Replacement, Phase I; seconded by Mr. Kaneshiro; with no objections, motion carried with 5 ayes.

9. Manager’s Report No. 12 – 43 – Request Board Approval of Amendment to Extend the Drought Mitigation MOA
BACKGROUND:
Manager Craddick received most of the materials except the leak correlators with extended time of six (6) months. Ms. Shiramizu commented the total for Kekaha is $17,000. The $11,000 was not submitted for the water conservation but the money was spent. The detection equipment cost $1,000.

Mr. Kaneshiro moved to approve Manager’s Report No. 12 – 43 – Request Board Approval of Amendment to Extend the Drought Mitigation MOA; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

10. Manager’s Report No. 12 – 44 - Job No. 11-10, Water Plan 2020 Job No. K-18, 8-inch Water Main Replacement Halewili Road (Kaumuali‘i Highway to Haku Hale Street), Kalaheo, Hawai‘i

BACKGROUND:
Manager Craddick indicated this part of the budget is design. Early this year, the berm in Brydeswood subdivision had an existing pipeline into the berm and the pipeline moved. The design was to realign the pipeline and eliminate it which goes through a berm through private property to connect to the subdivision pipe. This is to do the design for construction plans; contractor is Lyon Associates.

Mr. Dill moved to approve Manager’s Report No. 12 – 44 - Job No. 11-10, Water Plan 2020 Job No. K-18, 8-inch Water Main Replacement Halewili Road (Kaumuali‘i Highway to Haku Hale Street), Kalaheo, Hawai‘i; seconded by Mr. Kaneshiro; with no objections, motion carried with 5 ayes.


BACKGROUND:
Manager Craddick said this project is a tank in Kilauea. The existing 100,000 gallon tank will be knocked down and listed in the fiscal books as a $400,000 as an asset. The Deputy County Attorney is going through the condemnation process to get the additional land needed to put the similar size tank next to it. This would make the project time completion unknown. The age of the tank could be eight (8) years old.

DISCUSSION:
Mr. Nishimura asked if it would cost more than $400,000 to condemn? Manager Craddick commented it would be the same amount but there is another asset; the delay is the issue. The money was close but a wash to save or expend more. He added the tank is so small and the time to have done this was when the original tank was put in. The Department should have participated to expand it but didn’t.

Mr. Nishimura moved to approve Manager’s Report No. 12 – 45 - Job 02-06 (WKK-15), 1.0 MG Tank and Connecting Pipeline, Phase II, Kilauea, Kauai, Hawaii, Second Amendment for Contract No. 440, Kodani and Associates, Inc.; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

12. Manager’s Report No. 12 – 46 – BAB- Project List Changes – Resolution No. 12-4 (FY 2012), Addition of PLH-01a - Replace Grove Farm Tanks #1 and #2, and M-03 - Acquire Source/Install Pump, Controls and 12” Pipeline – Moloa’a Tank/Well Site and Other Land Acquisitions

BACKGROUND:
Manager Craddick indicated there are two (2) projects: 1) Grove Farm tanks – a shortcut road behind Costco going to the Puhi Industrial Park, there are two (2) rectangular in-the-ground tanks. There are old
cisterns with just a roof over it which is not safe. Safeway will give the Department additional land to build the other tank on and 2) Moloa’a project (M03) is on the BAB list which is a land acquisition. These are encumbered projects on the BAB and no monies have been expended yet.

**DISCUSSION:**
Mr. Nishimura asked if there are the only changes that will be made this year. The Department is trying to do changes in December of each calendar year. The last change was done on December 16th. The spend down was addressed by Manager Craddick for next year. Mr. Moises added this could be encumbered and we only have $20M left to encumber.

Mr. Nishimura moved to approve *Manager’s Report No. 12 – 46 – BAB- Project List Changes – Resolution No. 12-4 (FY 2012), Addition of PLH-01a - Replace Grove Farm Tanks #1 and #2, and M-03 - Acquire Source/Install Pump, Controls and 12” Pipeline – Moloa’a Tank/Well Site and Other Land Acquisitions;* seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

A copy of the resolution will be submitted to the Mayor and the County Council.

13. *Manager’s Report No. 12 – 47 - Job No. 05-03, KW-25, Kapilimao 0.5 MG Tank and Job No. 03-03 Hardening of Generator Shelter, Kekaha Water System; Kekaha, Kauai, Hawaii*

**DISCUSSION:**
Chair Oyama asked what is meant by hardening a generator. Mr. Craddick explained there is some protection to the tanks that is out on site rather than just sitting and parked in the open.

Mr. Moises added when the construction manager got out at SSFM to Board approve $400,000, the initial fund was $470,000. The Department got $400,000 back and thought the job was done but a small portion didn’t get paid. Since the funds were cancelled, the Department thought the job was over, there are no funds left in that contract with a $700 charge that was paid.

Mr. Dill moved to approve *Manager’s Report No. 12 – 47 - Job No. 05-03, KW-25, Kapilimao 0.5 MG Tank and Job No. 03-03 Hardening of Generator Shelter, Kekaha Water System; Kekaha, Kauai, Hawai‘i;* seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.


**BACKGROUND:**
Manager Craddick requested to defer this item and added the final audit will not be ready until December 5th. Statewide they changed the method on how it accounts for the retirees payments. The Department had been making payments to the fund called “payments” and the retirement fund is recording them as “deposits.” This caused concern for all the counties and all the Board of Water Supplies. The Department’s audit may be adjusted from 2008 to this year. Another issue is the fire line and revenues which needs to be straighten out this week. December 8th is a suggested date to notice a meeting to take care of the audit. Management’s discussion and analysis should be ready by then for the Board.

Ms. Yano mentioned the financial statement is ready. There was a countywide potential issue on the way the OPEB was accounted for in the financial statement that had a different accounting. The auditors are researching this before a final issue of the statement is given by November 30th but December 8th would be a better date. The Board should have an electronic copy to review before the Special Meeting on December 8th. Mr. Nishimura was concerned that the draft was not complete and that there would not be
enough time to review the electronic copy before signing off on and before it goes to council on December 14th.

Mr. Nishimura through the MDA was on pages two to six and the recommendations are on the last four pages of last year’s audit. Clarification was given by Ms. Yano with two (2) parts of the audit (financial statement and the single audit). The schedule of findings is after the single audit report. Yesterday the financials were emailed for the Board to review before it gets finalized. In the end, other issues came out where there is a delay under the statement report being issued.

Chair Oyama called for a recess.

Chair Oyama called the meeting back to order.

**STAFF REPORTS**

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

**DISCUSSION:**
Waterworks Controller, Ms. Yano presented the status of the budget. As of September 20, 2011 the Department is at the 25 percentile which shows normal expenditures, capital expenditures and revenue.

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

**DISCUSSION:**
Public Relations Specialist, Ms. Shiramizu said Waterworks Information Technology Officer, Mr. Jeff Mendez suggested an idea to create a special location on the web site for community notifications and press releases. A map would be included so people can click on the link to easily find ongoing projects that make the web site user friendly. Mr. Mendez was thanked for his idea.

For Operation notifications to the public, Ms. Shiramizu uses the County’s CTY (emergency notification alert via phone and email). If a property has dogs, a notice is placed in a plastic bag and attached to the fence at the property.

Mr. Nishimura asked about the leak detector / job mitigation issue. The extension has been over a year and it is on the leak detection monitoring which is on the Manager’s goals. Ms. Shiramizu understood Mr. Bill Eddy is working on the Request For Proposal (RFP) which is a priority.

Special thanks were given by Ms. Shiramizu, Chair Oyama, Mr. Nishimura and Mr. Moises for assisting with the review and the color charts in the Board packets.

**Re: Chief of Operation’s Summary Report on Monthly Operational Maintenance**

**DISCUSSION:**
Chief of Operations, Mr. Val Reyna presented the Operations Division report for the month of October.
1) Personnel – A compilation of the labor report was done by the Fiscal Division. A graph showed the man hours, overtime, and labor.
2) Source and Storage – The Hā'ena deep well was converted from chlorine to hypochlorite, sodium hypochlorite.
3) Hanamā'ulu Well No. 3 pump station – The contractor completed cleaning the deep well and hasn’t submitted a video log of the cleaned well will be submitted soon. This will be reported at the next Board meeting. Based on the video log of the before cleaning, there were lots of tuberculation on the well. There is about a 20 feet of collapsed open hole. Originally there was 560 feet deep of well but the video log recorded showed only 535 feet. Less than 540 feet deck of the well has been cleaned. The video log would be presented to the Board at a later date.

4) Pie Chart – This chart reflects the monthly work orders which the distribution and repair and maintenance personnel has done.

5) Amfac Shaft – In October, Operations started the installation of the pump. This was not included in Mr. Reyna’s report because the pump and the motors was completed. Installation was completed in November which was not part of the report. During the early part of November, Operations started running the pump. Daily monitoring is done on the pump’s performance with approximately 270 to 300 GPM flow rate. The micro lab technicians are performing their daily monitoring also. The production is restricted by the pipe size that was installed which is a 3-inch discharge pipe near the meter. The depth-to-water level is actually stable. During the first minute, the drawdown was about 0.2 inches. After 24 hours of monitoring, the water level was stable. From November 19th to the 21st, the well was at 58.7 feet depth-to-water level and did not change for three days and is producing. If a larger discharge pipe was installed, more than 300 GPM would have been produced. Mr. Reyna added that four years ago, initial work was performed and the well produced 450 GPM. During the three-step well testing started at 200 GPM, then to 400 GPM and the third test was 700 GPM. Quality is the question.

Manager Craddick mentioned the Operations crew made this pump out of scraps in the yard from three different pumps and installed the pump, pulled it out once and reinstalled the pump again. The crew learned and accomplishment a new skill. Mr. Nishimura asked if Mr. Reyna would be starting the next pump and if it would take a month. Mr. Reyna said he didn’t know because he and the crew are not experts.

Mr. Reyna commented that the leaks on the system are from the construction work.

Mr. Dill asked if the materials for the surface level are PVC, the ones that are leaking or copper. Copper is okay but PVC leaks according to Mr. Reyna. The crew use copper whenever there is a change or convert. Mr. Nishimura complimented Mr. Reyna for a good job on his report.

At. 12:48 p.m., Mr. Dahilig arrived at the meeting.

**Water Resource and Planning Subdivision Report**

**DISCUSSION:**
Mr. Nishimura inquired if the handheld GPS equipment was budgeted and received. Mr. Doi indicated the GPS equipment is on hold until another engineer is hired.

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

Manager Craddick highlighted the following:

**CONTRACTS AWARDED BY THE MANAGER:**
Contract Amendment on the Hanalei and Wainiha contracts is with Kodani. There was a reduction in the contract. There was nothing for the Board to approve and there were no pump permits.
RECRUITMENTS:
Pipefitter Helper - Selection should be done by next month.
Leak detection work – A list of names will be forthcoming.
Finance Comp. III – A candidate was selected but not sure is they can start until February.
Reorganization of Engineering – Additional material is needed.
Board Secretary - Additional material is needed.
Engineer II – Will interview one applicant,
Deputy Secretary – A list of names were received.

SUMMARY OF WARRANT VOUCHERS PAID
Warrant vouchers were paid in the amount of $1.4M

Conveyance of Water – One was received.
Board of Local Housing Update – No meeting held.
Water Plan 2020 – Visuals were provided on the progress of Water Plan 2020.

Manager Craddick mentioned if a payment is approved for the contractor, it should be on the report for the Board.

DISCUSSION:
Mr. Nishimura wanted to make sure the unencumbrance were real numbers. Mr. Moises said the spend down had strange formulas to project based on when the NTP is issued and it calculated as if a payment is made monthly. The trend is different because the construction projects have not been paid every month. The BAB balance spend down would be pushed out to March 2013.

Maka Ridge – Is being worked on with the assistance of Mr. Dill.
Kaluna Park – A recent voluntary letter was signed off on the subdivision which is going forward. The last few months, the Department has been working on the land authorization. After meeting back and forth with the administration last week, Monday, authorization was received. The signed form was received on Friday and an NTP was issued this past Monday to start design. The first amendment is moving forward. The authorized subdivision is with a co-applicant. Within the next month, the Department will submit the subdivision to Planning for processing.
Design – $5.9M is budgeted for this year’s design. Mr. Nishimura asked what is planned in the next 4-6 years for construction work? This could be discussed at the next Board meeting.
Grove Farm Negotiation – The status would be summarized at the next Board meeting.

Mr. Nishimura moved to accept the Manager’s Monthly Update Regarding Activities of Note of the Kaua‘i County Water Department; seconded by Mr. Kaneshiro; with no objections, motion carried with 6 ayes.

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).

K. TOPICS FOR NEXT WATER BOARD MEETING
1. Election of Officers
2. Evaluation of Manager and Chief Engineer

Regular Meeting: Wednesday, November 23, 2011 - Page 13 of 14
L. **TOPICS FOR FUTURE WATER BOARD MEETINGS**
1. Employee of the Quarter Award (*January 2012*)
2. Project Status Update (*January 2012*)
3. Affordable Housing Update (*January 2012*)
4. Employee of the Year Resolution (*March 2012*)
5. Proposed Budget (*March 2012*)

M. **UPCOMING EVENTS**
1. Annual Employee Breakfast – December 1, 2011
2. AWWA – ACE 12 – June 10-14, 2012, Dallas, Texas

N. **NEXT WATER BOARD MEETING**
1. Thursday, December 22, 2011, 10:00 a.m.
2. Thursday, January 26, 2012, 10:00 a.m.
3. Thursday, February 23, 2012, 10:00 a.m.
4. Thursday, March 22, 2012, 10:00 a.m.
5. Thursday, April 26, 2012, 10:00 a.m.

**DISCUSSION:**
The Board and the Manager decided to set the following agenda notice on December 8th for:
Rules Committee meeting at 8:00 a.m.
Special Board Meeting – would to be noticed at 9:00 a.m.
Public Meeting – would to be noticed in the evening.

O. **ADJOURNMENT**

Chair Oyama adjourned the Regular Board meeting at approximately 1:07 p.m. with no objections.
REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, December 22, 2011

The Board of Water Supply, County of Kaua‘i, met in regular meeting at the Board Conference Room in Līhu'e on Thursday, December 22, 2011. Chairperson Roy Oyama called the meeting to order at 10:18 a.m. On roll call, the following answered present:

BOARD: Mr. Roy Oyama, Chairperson
Mr. Daryl Kaneshiro
Mr. Raymond McCormick
Mr. Randall Nishimura
Mr. Clyde Nakaya

ABSENT/EXCUSED: Mr. Larry Dill
Mr. Michael Dahilig

Quorum was achieved with 5 members present at the time of roll call.

STAFF: Mr. David Craddick
Mr. William Eddy
Ms. Marites Yano
Ms. Faith Shiramizu
Mr. Dustin Moises
Mr. Gregg Fujikawa
Mr. Val Reyna
Mr. Aaron Zambo
Deputy County Attorney, Andrea Suzuki

GUEST: Mr. Marc Guyot, Deputy County Attorney

AGENDA:
Mr. Kaneshiro moved to accept the Agenda; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

MINUTES:
Review and approval of:
Regular Meeting – October 27, 2011
Correction will be made to Page 1 – Add “vote” to the end of “roll call” (should be “roll call vote”).
Page 2 – Instead of “six members are present” (should be “it was a unanimous vote”).
Mr. Nishimura moved to accept the Regular Meeting minutes of October 27, 2011 as amended; seconded by Mr. Nakaya; with no objections, motion carried with 5 ayes.

MEETING TRANSCRIPTS:
Regular Meeting – November 23, 2011
Correction will be made to Page 37, line 22 – Instead of “bank” (should be “tank”).
Page 83, line 17 – Instead of “Makaha Ridge” (should be “Maka Ridge”).
Mr. McCormick moved to accept the Regular Meeting minutes of November 23, 2011 as amended; seconded by Mr. Nishimura; with no objections, motion carried with 5 ayes.

Public Hearing – November 23, 2011
Mr. Nishimura moved to defer the Public Hearing minutes of November 23, 2011 to the next meeting; seconded by Mr. McCormick; with no objections, motion carried with 5 aye.

**CORRESPONDENCE**

None

**F. BOARD COMMITTEE REPORTS**

1. Report of the Committee of the Whole of the Kauai County Board of Water Supply
   a. Annual Evaluation of the Manager and Chief Engineer
      i. Chart Report to Board

   **BACKGROUND:**

   Mr. Kaneshiro commented the Committee of the Whole met this morning at 10:12 a.m. The committee voted to move the Chart Report to the full Board.

   Mr. Nishimura moved to accept the report of the Committee of the Whole; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

2. Report of the Rules Committee of the Kauai County Board of Water Supply

   Chair Oyama called for a short recess until the Rules Chair arrives at the meeting.

   Chair Oyama called the meeting back to order.

   The Board agreed to defer this item previous to the next board meeting in January. There would be discussions before the Regular Board meeting and the Facilities Reserve Charge (FRC) issue.

   Mr. Nishimura moved to accept the Report of the Rules Committee; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

   b. *Manager’s Report No. 11-28* – Request Board Approval of Facilities Reserve Charge Changes
      ii. Rule changes to implement Process Changes

   The Board agreed to defer this item previous to the next board meeting in January.

   Mr. Nishimura moved to accept the Report of the Rules Committee; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

**G. OLD BUSINESS**


   Mr. Kaneshiro moved to defer Committee Discussion and Possible Action on Part III Rule Amendments – Establishing Standards for Subdivision Water Systems to the January 2012 meeting; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

2. *Manager’s Report No. 11-28* – Request Board Approval of Facilities Reserve Charge Changes
   i. Rule changes to implement FRC in Part Four
ii. Rule changes to implement Process Changes

DISCUSSION:
Mr. Craddick commented that one item would be handled by the Rules Committee and the other item would be handled by the Finance Committee. There was no Finance Meeting on the actual FRC schedule. The process changes were deferred to the January meeting.

Mr. Nishimura asked when does the Manager expect the FRC will be scheduled? Manager Craddick has the schedule but did not understand how the interest would be handled. He is expecting to discuss the interest matter in January with the Finance Committee.

Mr. Nishimura moved to defer Manager’s Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes, i. Rule changes to implement FRC in Part Four and ii. Rule changes to implement Process Changes to the January 2012 Board meeting; seconded by Mr. Kaneshiro; with no objections, motion carried with 5 ayes.

3. Annual Evaluation of the Manager and Chief Engineer
   i. Chart Report to Board

DISCUSSION:
Manager Craddick explained the Chart Report was given to the Board at the last meeting to review.

Mr. Nishimura asked if Manager Craddick was waiving his right to go into executive session on the evaluation which Manager Craddick responded yes.

Deputy County Attorney, Marc Guyot mentioned this is one of the executive session items. The Board could accept the chart and move into executive session. Manager Craddick expressed the discussion to be in open session (not in executive session).

Manager Craddick had an issue with the chart that was passed out which was not the one that was worked on for a year on his evaluation. He referred to the comments “Sensitive to the needs and perspective of other Department heads.” Manager Craddick was not sensitive to the money issues from the hydrant charges. Since he started with the Department, he tried to get an accounting of what the charges are from the county to the Water Board when working on the contract and have not been able to get it. One year at the Council budget meetings, they were going to get the hydrant charges but it has been two years and still have not gotten it. Manager Craddick agreed the evaluation is correct.

Manager Craddick said to withhold information regarding his evaluation was not done intentionally. He wanted a clear understanding from Board members on what they want besides during the Board meeting to bring something up that nobody has discussed. The Sunshine Law that prevents anybody from asking questions. Manager Craddick purposely tries not to talk to Board members and to keep the discussion on the record. He has discussed things heavily with the Board Chair. If there is something the Board wants, he would provide the information in the Board packet in a timely manner.

On the item of personnel management (turnover), the Department lost two people. Manager Craddick said it has been a trying year.

The achieving goal sheet was not part of this evaluation that was worked for the year. Manager Craddick was not aware of any of the goals that was missed. It could be not posting the performance indicated in the lobby which could be done.
In addition, Manager Craddick said his biggest question is how can the goals that were worked on for a year be put into the evaluation form. He would rather see the evaluation on the items the Department spends time on. Chair Oyama agreed that a good standard form and procedure need to be developed. Every year the form changes and puts the Board members in a different perspective which is not the way to evaluate. The evaluation form is used by the county. Mr. Nishimura said it is incumbent for the Board to establish a goal. If the Board is going to follow the county’s practice of performing the evaluation in October, these goals need to be established by January.

Chair Oyama inquired if there should be another committee? Mr. Nishimura said the problem with that process is everything else is done on a fiscal basis, which is the end of June. One recommendation to the administration is to align all the evaluations to compare apples and apples. One problem is Board members coming in intermittently. The administration agreed that the Board does evaluations fiscally or on a calendar year. Mr. Nishimura preferred the fiscal basis because there is direct relationship to the Department’s budget. He pointed out the Board members come on or off the Board at the end of the calendar year which is a challenge.

Mr. Kaneshiro agreed with Mr. Nishimura in setting goals the fiscal year by looking at the old goals and the new goals and to see how much of the new goals were accomplished. By looking at what is trending (is it going up or going down). The primary things the Board should look at is not just from the Board but Manager Craddick’s peers and direct reports. On the chart, it showed the peers and the Board members commented and Manager Craddick has done a pretty good job by getting close to excellent overall. The scores are from both sides and is a good indication next year, the Manager could be excellent or superior if done this year. Manager Craddick responded he would like to get the score of 2 a little higher on one of the items.

Mr. Kaneshiro said overall the Board needs to pass part of the evaluation to the county. He recommended the Board pass on the tabulation of the Board, peers and staff rather than the individual notations to the Director of Personnel Services.

Deputy County Attorney, Marc Guyot clarified in accordance with the Salary Commission rules, there needs to be a letter from the appointing authority to the Director of Personnel Services that the individual has satisfactory met or exceeded their goals. The summary is sufficient for purposes of the Salary Commission requirements. The individual notations and the master form is held for the Manager and Chief Engineer’s Personnel files of the.

Mr. Kaneshiro moved to approve the Annual Evaluation of the Manager and Chief Engineer and to pass the tabulation of the Board peers and staff rather than the individual notations to the Director of Personnel Services; second by Mr. McCormick; with no objections, motion carried with 5 ayes.

Mr. Nishimura amended the motion to approve the Annual Evaluation of the Manager and Chief Engineer and to pass on the tabulation of the Board peers and staff rather than the individual notations to the Director of Personnel Services and to include in the transmittal a recommendation be made that the administration consider the evaluation of department heads on a fiscal period of the evaluation as opposed to a calendar basis; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

Chair Oyama called for a recess.

Chair Oyama called the meeting back to order.

4. Suggestions for Capital Improvement Projects (CIP) for 2012 Legislative Session
DISCUSSION:
Manager Craddick passed out a new schedule and noted the added priorities; Hanapēpē, and Eleele transmission line. The bottom comment of the schedule would be dropped off because the rules were not passed yet which he discussed with a legislator if the rules change. Chair Oyama asked if the “Project qualifies for State FRC credits for State projects in other system adequate areas” would be dropped out. Manager Craddick answered yes and added the state is giving the Department a Grant in Aid (GIA). He explained there is no provision if the state wants a water meter for a park, ag use or a university. A new FRC rule which the Rules Committee is working on has a provision that states if the Department gets a GIA, they can take the money and the Department could give them dollar credits, based on the Department projects that are done.

Mr. Nakaya requested clarification on the chart No. 1.3 and if this number is going to be a requested amount in the year 2012 to 2013. Manager Craddick answered yes for the next legislative session in January. This would be signed by the governor by July in the 2012-2013 fiscal year before the money is released.

Mr. Nakaya said some parties changed, such as No. 2 and moved out for No. 6 on the last report; what was the reason for the change? Manager Craddick commented that the water pump is running at the Amfac shaft and is not going to be ground water under the influence. He hopes big storm happens because the state is going to say it is okay until the storm passes and would keep getting readings. The Environmental Protection Agency (EPA) has done the micro particulate analysis and passed. Once in a while there is one coliform count and the heterotopic plate count is down (less than 50). The change is because the project is ready to go. Manager Craddick said if a treatment plan doesn’t have to be put in (with a well and a pump station) it can go much quicker.

Manager Craddick explained that No. 2 moved up to No. 6 because discussions with our state legislators. It was his decision that the project may be ready to go sooner than later. The amount changed from $4M to $2M which may cover the whole pipeline and the pump station. The level of dollars is what is needed for the Department to move forward.

Mr. Nishimura moved to accept the Suggestions for Capital Improvement Projects (CIP) for 2012 Legislative Session; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.

H. NEW BUSINESS
1. Manager’s Report No. 12 – 49 – Job No. 02-11, Project No. M-02, Construct Moloa’a Tank, 100,000 Gallon Storage Tank, Moloa’a, Kaua‘i

DISCUSSION:
Manager Craddick commented this project is a Building America Bond (BAB) funded for the land (not tank). The appraisal was below the amount of money that the Board asked for. The difference between what was asked for and the appraisal is not worth the effort to condemn the property.

Mr. Eddy explained quite a few years was spent to find a reliable tank site. A half-acre site to build a tank was located next to the county road and the owner is willing to sell. The plans are to build one tank now and to have one or two wells on the site; adjacent property is zoned ag. A higher amount (59% / $40K more) was offered than the appraised value because the adjacent property will be affected by the value.

Manager Craddick mentioned an alternate is to go to condemnation. The site is CPR and you have to deal with other people besides the one that you’re actually getting the property from. The Moloa’a tank should have been changed years ago. The tank has wooden plugs in it which is a not a good situation.
Some of the $40K is contingency probably not on the land purchase. Manager Craddick does not think a contingency is needed which is normally added in.

Mr. Nakaya questioned the additional value they are offering and to go through condemnation would be more expensive for the Department than the $40K. Mr. Eddy explained the true difference is $30K; land acquisition cost is $100K with $20K for attorney’s fees through the CPR which has to be redone. The Department has to do the subdivision which is included. The legal surveyance is the $10K.

Mr. Nishimura disagreed because the owner requested additional funds to compensate for potential loss of value and associate legal surveyance. Manager Craddick said the extra will be paid. The $100K is for the land offer; $10K is for work that has to be done and the CPR assessments on the DOW’s site.

Mr. Eddy said they have tried negotiating with the owner after the appraisal was done in June/July 2011. Mr. Kaneshiro said the appraisal valor last year might have been higher when the negotiation started. Now the property value has dropped about 30% in appraisal plus it depends on the size of the land.

Mr. Nishimura inquired if this relates to go to 610 on the water utility budget summary status in the financial reports, (Page 8, Esaki Surveying contract for tank design). He pointed out one project is for 50,000 and one for 100,000.

Mr. Eddy said there are plans to build a 50,000 gallon tank now and have provisions for a future 50,000 gallon tank should the demand increases. There is a lot of potential in that area for development on the half-acre for two tanks. Mr. Eddy added there are plans to subdivide this property from the CPR. A carved out parcel would be owned by the Department outright. Governmental subdivisions are allowed to get a parcel with agricultural lots that a private entity would not be allowed to do that type of subdivision. This would be funded by the water utility fund.

Manager Craddick said this portion is not the expansion currently. The Department is trying to replace their tank that is there that handles 5,000 customers. Mr. Eddy said the Department is limited by source on that well and is not able to take on new customers until the Department’s source is increased. Manager Craddick was not certain that the Department would fund this with the water utility fund. The funding would mostly come from the FRC if the Department is going from 5,000 to 50,000. A portion could be funded with the water utility fund.

Mr. Eddie explained the Department undertook a comprehensive study in the Moloa’a area about 10 years ago which took five years to complete. This study identified the existing demand and future potential for demand. The 100,000 gallon tank size came out of the study. Since the tank was too big to build at this time, the Department split it into phases and to build out the 50,000 tank.

Mr. Nakaya moved to approve Manager’s Report No. 12 – 49 – Job No. 02-11, Project No. M-02, Construct Molo’a Tank, 100,000 Gallon Storage Tank, Molo’a, Kaua‘i requesting for funding for $49,000; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.


DISCUSSION:
Manager Craddick commented that this project is to refurbish the tank; the existing pipeline is off the road. The pipeline will be put in the road which does not follow the easement there now. A new easement will be given and the old easement will be cancelled.

Regular Meeting: Thursday, December 22, 2011 - Page 6 of 12
Mr. Dustin Moises added the existing pipeline is within the easement and when the new line is put in, it will go outside of that. Part of the design plan is to redo the easement after construction is done. The right of entry is for construction. During the building permit review, the Department had some issues with Public Works about what the Department is exempt on for grading since it was outside the Department’s easement. Once the Department has the right of entry, it can be signed off on the building permit. The Department has a separate right of entry for the Department’s consultant to go in and redefine the easement probably this time new year.

Mr. McCormick moved to approve Manager’s Report No. 12 – 50 – Agreement A new for Maka Ridge Facilities Rehabilitation Plan Agreement for Job No. 02-17, Water Plan 2020 Project No. H-1, H-2, and H-3, Maka Ridge Facilities Rehabilitation Plan and Princeville System Interconnection Plan; seconded by Mr. Kaneshiro; with no objections; motion carried with 5 ayes.

3. Manager’s Report No. 12 – 51 – Amendment No. 1 to Contract No. 543 for Job No. 11-03, WP2020 Project No. MO-03, Land and Well Acquisition Molo’a’a and Waimea, Kaua’i

DISCUSSION:
Manager Craddick commented there are sites the Department is currently using that are state proprieties and one is private property. There are facilities on the properties but no actual Executive Order allowing the Department to be there. These items are being worked on so the Department is not operating on a piece of property without legal access to. Manager Craddick did not think the Department has right of entries to these properties and easements. He explained the DOW and Land Development were at the state before the Water Commission in the ‘70s & ‘80s; it slipped through the cracks that we didn’t have the properties turned over to us. The Department is trying to correct this.

Mr. Nishimura asked if this included the cost of acquiring the land? Mr. Aaron Zambo said the state land does; the private land remains to be seen. The Department has assets in all the current locations. He thinks the fee would be included

Mr. Nishimura asked if BAB funding is not available, where would the funding come from? Manager Craddick said the one that is a new source is Moloa’a which is not the tank site. The other ones are existing facilities. Funding would be a mix of FRC and water utility fund for land acquisitions.

The Moloa’a project is on the other side of the highway behind the Meadow Gold Dairy facility (inside at the base of the mountain on state land). The Department may have to purchase some easement to get from that property to the Department’s water system (not included in this budget). Manager Craddick commented if the Department does this, the source of water is about 3,000 GPD. This would be an $11M project to get water to Kīlauea and Anahola.

Mr. Eddy clarified this Manager’s Report is to add three sites near the Kekaha/Waimea booster, Kekaha Well 2 and Waimea Well 8 and the well site is already approved. Moloa’a was already approved under a different funding request. The Kekaha/Waimea booster pump (not expansion related) land acquisition costs would be on this change order serving existing customers. The booster pump is located across the sewer plant. The Department has a construction right of entry at this site.

Mr. Kaneshiro moved to approve Manager’s Report No. 12 – 51 – Amendment No. 1 to Contract No. 543 for Job No. 11-03, WP2020 Project No. MO-03, Land and Well Acquisition Molo’a’a and Waimea, Kaua’i; seconded by Mr. McCormick; with no objections, motion carried with 5 ayes.
4. **Manager’s Report No. 12 – 52 – Procurement and Specifications Specialist position**

**DISCUSSION:**

Last year a letter from the county attorney, Manager Craddick mentioned, and the Board’s motion was rather than waiting until the beginning of the year to start working on this position, was to get something to the Board. This position is dollar funded because he did not expect to see the position in for the usual amount of time. A Purchasing Specialist IV position has knowledge in contracts, technical specs and projects.

Mr. Nishimura commented that if this is primarily for contracts and if they should be under the engineering section. Manager Craddick was not sure because it was all accounting. Currently Ms. Faith Shiramizu does public relations and State Revolving Fund (SRF) contracts and could roll into the Purchase Specialist IV position. Manager Craddick said it could.

Mr. Nishimura asked where are fees published? Manager Craddick said this is an accounting function where the biggest outlays are. It is not an engineering function. For the county, this is under the finance person. Manager Craddick didn’t think the position could fall under engineering.

Mr. Kaneshiro moved to approve *Manager’s Report No. 12 – 52 – Procurement and Specifications Specialist position*; seconded by Mr. Nakaya; with no objections; motion carried with 4 ayes, 1 nay (DK).

Chair Oyama called for a 10 minute recess.

Deputy County Attorney, Andrea Suzuki did Roll Call to go into Executive Session: (DK, RO, RN, CN); with no objections, it was a unanimous vote.

### J. EXECUTIVE SESSION

1. **Pursuant to Haw. Rev. Stat §§92-4 and 92-5(a)(4) the purpose of this executive session is to receive and consider a letter from HGEA dated November 17, 2011. The purpose of this executive session is to consult with the Board’s attorney on questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities as it relates to the HGEA letter dated November 17, 2011.**

Executive Session was from 11:45 a.m. to 1:01 p.m.

At 1:01 p.m., Chair Oyama called the meeting back to order.

5. **Manager’s Report No. 12 – 53 – Table of Organization-Fiscal Division**

**DISCUSSION:**

Manager Craddick mentioned a new position but is not a new position. He requested to reallocate a Meter Reader Field Collector Representative position to an Accountant III position, which would be an understudy to the Accountant IV in customer service. Purchasing IV has not been submitted to Department of Personnel yet. This could be discussed later and has not been discussed with staff yet.

Reallocation the Meter Reader supervisor position to an Accountant II position is needed to move forward. Manager Craddick suggested a motion to approve reallocating the existing position to an understudy to the current head of the customer service section for flexibility in making the position description. Mr. Nakaya asked under this section where would that that fall? Manager Craddick said
the customer service is under accounting which is under an Accountant IV. This position could be helpful to that the Department is not caught when the position is vacated.

Mr. Kaneshiro commented that by approving the proposed fiscal Table of Organization (TO), it would change. According to Manager Craddick, the Accountant IV was with IT Specialist, Ms. Nadatani-Mendez both learned the new computer system. This position is being called an Accountant II. If the motion is made, the Department could reallocate the Meter Reader Field Collector and show a deletion saying the Meter Reader Field Collector is a vacant position. Mr. Nakaya asked if the deletion of the Meter Reader Field Collector is going to affect the collection department? Will the deletion of this position affect their job? Ms. Yano said the position is vacant.

The Board approved that position in the last budget in anticipation of going into this new system and billing monthly. Recent events came up that make it more important to get an understudy. Ms. Yano said this will not affect the Meter Reader Field Collector by deleting this position because one position is not going to be deleted. They will not be working more hours. Manager Craddick stated the monthly billing has been pushed back to July.

Mr. Kaneshiro questioned what would happen when the Department gets to that point? Would the Department put another Meter Reader back in? Mr. Craddick explained 1) the Accountant IV position could be vacant or it might not be vacant. If the position is not vacant and the person who has learned the job for six months, possibly could put it back the way it is currently and 2) The Accountant II would not become a Meter Reader Field Collector. He explained if the person did not get the Accountant IV job but was someone with the Water Department and they couldn’t go back to their other job that would be a problem. The Department would try to work it out so the person could go back to their other job (without promises) if they didn’t get the job.

Ms. Yano clarified the Department could ask for an Accountant II but DPS could come back with a description recommendation then back to the Board. The position could even be renamed.

The salary for the Meter Reader Field Collector is $38K but the Accountant II salary range is from $42K to $62K. The minimum change is $4K but there would be no change in the salary budget but mentioned an increase of $4,100. Manager Craddick said the position was vacant this year. If somebody was paid a little more, you are still not going to use the budget up by the end of the year. He further clarified if half the year went by and haven’t used any of the $40K, the next person would be paid $12K. Maybe next year additional funding will be requested. The position is not intended to keep permanently once the Accountant IV is ever vacated and position is filled. This position could convert back to the Meter Reader Field Collector position. This would not be a permanent change to accounting.

Manager Craddick explained the change would be from a Meter Reader Field Collector to an Accountant II. When the Accountant IV position becomes vacant it would become a Meter Reader Field Collector again. With monthly reads, there would be more work permanently in that area. Ms. Yano added the position could be reassessed after the Loihi project is in place where the additional workload is really needed in the office or on the field collection. The main purpose is to have someone trained and a backup for the Accountant IV position.

Mr. Nakaya commended there is no guarantee that a person will step into the Accountant IV position and if another person is hired for the Accountant IV position, he asked what would happened to the person that is hired as an Accountant II. Manager Craddick said the trick would be to keep the position they came from open also and maybe you don’t put somebody in there permanently. More than one
person could Temporary Assign (TA) into that position. With recruitment, there would be a pool of people to select from.

Mr. McCormick moved to approved Manager’s Report No. 12 – 53 – Table of Organization-Fiscal Division with the provision that it reverts back after this position is no longer needed.

Board members were confused on the motion and discussed further.

Mr. McCormick withdrew his motion and asked to defer Manager’s Report 12-53 to the end of this meeting, seconded by Mr. Kaneshiro; with no objections, motion carried with 5 ayes.

6. Dual Water Line Issues – Possible Executive Session

BACKGROUND:
Manager Craddick commented the staff is at an impasse on who is responsible if the Department goes with the dual line (potable water) in the future (40 years out). He questioned if the new lot owner (customer) would be responsible? Is the developer still responsible? There would be a risk but who is responsible for this risk?

DISCUSSION:
Chair Oyama inquired if there are any systems in the state that is in the dual system? Manager Craddick said there are two dual systems in Wailua which is out of service. Consumption is increasing on the DOW system if the dual system goes out. The facilities were never put in because of the dual system.

The Kiahuna Mauka subdivision dual system is out which was not around too long. Kukui‘ula said they were going to do a dual system but didn’t but they put the facilities in. The water source is private. Chair Oyama recommended to investigate this as A&B is doing a private domestic system in Kalāheo. Honolulu uses water from the Honouliuli system for irrigating. The Honolulu Board of Water Supply did not reduce its standards because people were taking that water.

Manager Craddick said the overall goal is to save water on domestic. There has been a hold up on the report that the Board wanted. Board assistance was requested on what they thought or should they go back to the developer. The customer needs to be protected and the Department did not want to assess customers with a large charge if something doesn’t work.

Chair Oyama read the Executive Session language No. 3 as follows:

J. EXECUTIVE SESSION
3. Pursuant to Haw. Rev. Stat. §§92-4 and 92-5(a)(4) the purpose of this executive session is to consult with the Board’s attorney on questions and issues pertaining to the Board’s powers, duties privileges, immunities, and liabilities as it relates to dual water systems
   a. Dual Water Line Issues

Executive Session was from 1:59 p.m. to 2:21 p.m.

Mr. Kaneshiro moved to go into executive session; seconded by Mr. Nakaya; with no objections, motion carried with 5 ayes at Roll Call (CN, RM, RO, DK).

At 2:22 p.m., Chair Oyama reconvened the Regular Board Meeting.

I. STAFF REPORTS
MONTHLY
3. Chief of Operation’s Summary Report on Monthly Operational Maintenance

BACKGROUND:
Mr. Reyna highlighted the following:
The Operations personnel attended a pipe locating orientation and Hawai‘i One Call Center class. This was to clarify the process for the Hawai‘i One Call Center that Operations receives from emails daily usually at midnight.

Candidates have been interviewed for the pipefitter helper position and evaluations are underway. A candidate has been recommended but no final decision made yet.

The Department of Health (DOH) conducted a sanitary survey on the Kapa‘a and Wailua systems on source and storage in November. A report was received and the Operations Division will prepare the response to the report. The DOH recommendations were received on what should be done based on the findings of their inspector.

Overtime from October to November is down due to the efforts of the Operations supervisors who monitor the overtime.

Work was done on the Amfac shaft earlier in the month which is connected and running. Monitoring the depth-to-ware level is ongoing. The Micro Las monitors bacteria levels and water quality with the recent results being positive (good). The past 30 days, there is 300 GPM regularly with pumps running 24 hours. Manager Craddick mentioned there was a one-inch drawdown and the chlorides leveled off at around 98. Mr. Reyna mentioned, based on the dry weather season, the results were very good for quantity and quality. Operations is waiting for a storm event to prove there will be no surface water intrusion. Mr. Reyna said he wants to use the well for a drinking water well.

2. Report by the Public Relations Specialist on Public Relations Activities

BACKGROUND:
Ms. Faith Shiramizu mentioned the Employee Council’s Holly Jolly Contest was fun but the DOW didn’t place.

1. Statement of Kaua‘i County Water Department’s Revenues and Expenditures
Ms. Marites Yano was not available at the meeting to give her report.

5. Manager’s Monthly Update Regarding Activities of Note of the Kaua‘i County Water Department

BACKGROUND:
Manager Craddick highlighted the following:
Personnel – Accountant III will start January 1, 2012.
            Civil Engineer II – is in recruitment.
            Board Secretary – position is still vacant.
Warrant Voucher paid - $2.6M for November.
Conveyance of Water Systems - $30,000.
Capital Improvement Projects – Manager Craddick spoke with the Kaua‘i representative in the State Legislature last month.

K. TOPICS FOR NEXT WATER BOARD MEETING
1. Employee of the Quarter Award
2. Project Status Update
3. Affordable Housing Update

L. TOPICS FOR FUTURE WATER BOARD MEETINGS
   1. Employee of the Year Resolution (March 2012)
   2. Proposed Budget (March 2012)
   3. Amend BAB Project List

M. UPCOMING EVENTS
   1. AWWA – ACE 12 – June 10-14, 2012, Dallas, Texas

N. NEXT WATER BOARD MEETING
   1. Thursday, January 26, 2012, 10:00 a.m.
   2. Thursday, February 23, 2012, 10:00 a.m.
   3. Thursday, March 22, 2012, 10:00 a.m.
   4. Thursday, April 26, 2012, 10:00 a.m.

H. NEW BUSINESS
   5. Manager’s Report No. 12 – 53 – Table of Organization-Fiscal Division

Mr. McCormick moved to allow the Department to move forward with the position redescription or reallocation with the stipulation that this action revert back to the current organization once the Accountant IV position is filled; seconded by Mr. Kaneshiro; with no objections, motion carried with 5 ayes.

J. EXECUTIVE SESSION
   1. Pursuant to Haw. Rev. Stat §§92-4 and 92-5(a)(2), the purpose of this executive session is to consider the Job Performance Evaluation of the Department of Water’s Manager and Chief Engineer. This deliberation involves matters affecting the privacy of the Manager and Chief Engineer. If the individual concerned requests an open meeting, an open meeting shall be held.
      a. Job Performance Evaluation of the DOW Manager and Chief Engineer
         (Discussed in open session)
   2. Pursuant to Haw. Rev. Stat §§92-4 and 92-5(a)(4) the purpose of this executive session is to receive and consider a letter from HGEA dated November 17, 2011. The purpose of this executive session is to consult with the Board’s attorney on questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities as it relates to the HGEA letter dated November 17, 2011.
      (Not entertained)

O. ADJOURNMENT
Chair Oyama ordered to adjourn the meeting at 2:33 p.m.
Correspondence
October 6, 2015

Mr. Clyde Nakaya
Vice Chairman
Board of Water Department of Kauai

Dear Mr. Nakaya:

I am in receipt of your letter dated August 7, 2015 and its follow up. I am sorry that I couldn’t respond to you earlier due to being off the Island for the summer. Following explains my complaints against Mr. Kirk Salki and Mr. Sherman Shiraishi.

On July 23, 2015 at about 2:30pm I paid $200 to a cashier at the Water Department to cover my future bills while I was going to be off the Island. Since the cashier wasn’t properly trained she didn’t know how to correctly credit my account. Despite my repeated request she was unwilling to bring a supervisor to correct her mistake. When finally Mr. Salki appeared behind me in the hallway he asked me to follow him to the offices behind the walls without introducing himself. Although he agreed that the cashier wasn’t doing her job correctly he told me that he didn’t know anything about accounting. I told him that posting a credit correctly to an account doesn’t require any accounting knowledge. I told him that this was so simple that anyone with a second grade education could do. He told me that he will have a talk with the cashier. I no longer have any complaints against the cashier. If she is not properly trained and supervised I cannot expect her to do a good job. For this reason she is innocent in this case.

Mr. Salki at no time offered me any apology for my frustrations and or loss of time and inconvenience. He acted as if this was a routine way of conducting business at the department. This shows that Mr. Salki lacks customer service and managerial skills. He may know something about water pipelines and water supplies but he definitely knows nothing about customer relations and management. This incompetency greatly reflects on employees that he supervises; and it shows.

Since I was very disappointed at the Water Department Manager I decided to contact Mr. Shiraishi to complain. I left a message for him to contact me at his convenience. The next day he returned my call. In about less than two minutes into my conversation with him Mr. Shiraishi cut me off as if he either had no interest to hear me out or had no time.
The glamorous title of being chairman of the board comes with the responsibility of listening to the customers' complaints from time to time. If he has volunteered to serve on the board he should commit himself to spend time to listen to the customers' unresolved complaints and try to set examples and guidelines for the Department about how to provide courteous costumer service.

Running a simple and basic search on the internet proved to me that Mr. Shiraishi is not even producing happy customers/clients in his own private business. Almost half of his former clients who took time to rate him on AVVO are unsatisfied with his performance. A person with that kind of reputation should not be even considered to be nominated to serve on any Board of Directors.

Very truly

[Signature]

Marcus Eshtlaghy

cc: Mayor Bernard Carvalho
New Business
MANAGER’S REPORT No. 16-19

November 19, 2015

Re: Discussion and Receipt of Department of Water (DOW)’s Draft Financial Statements and Independent Auditor’s Report

RECOMMENDATION: It is recommended that the Board receive for necessary action the DOW’s draft Financial Statements as of June 30, 2015 and 2014 together with the Independent Auditor’s Report.

BACKGROUND: The DOW’s financial statements ending fiscal year (FY) June 30, 2015 were audited by KMH, a Hawaii Limited Liability Partnership.

In connection with the audit, the draft Financial Statements as of June 30, 2015 and 2014 together with the Independent Auditor’s Report are hereby submitted for your review, discussions and necessary action.

As DOW is a component unit of the County of Kauai (COK), the DOW’s Financial Statements (FS) are included in the COK’s Comprehensive Annual Financial Report (CAFR). Upon Board’s acceptance of the Financial Statements and Independent Auditor’s Report, it is hereby recommended that the Board approve transmittal of these statements to the County Finance Director, County of Kauai.

OPTIONS: N/A

Respectfully submitted,

Marites Yano
Waterworks Controller

CONCURRED:

Kirk Saiki, P.E.
Manager and Chief Engineer

Attachment: Financial Statements as of June 30, 2015 and 2014

Proposed CAPITAL IMPROVEMENT PROJECTS (CIP) for the

Request for State Aid 2016 Legislative Session

"WATER HAS NO SUBSTITUTE - CONSERVE IT"
The Kaua‘i Department of Water’s (DOW) fiscal year 2017 (July 1, 2016 through June 30, 2017) request for Capital Improvement Funds are designed to address the needs of our community, including public safety and affordable housing.

1. The FIRST and TOP PRIORITY project is to develop storage infrastructure that will provide the adequate fire flow storage capacity for Kapa‘a High School and the Samuel Mahelona Memorial Hospital. The existing Kapa‘a Homesteads 313-foot tank does not provide adequate fire storage capacity for the school or the state hospital. (Project: Construct Kapa‘a Homesteads 313’ Tanks, 1.0 MG (Two 0.5 MG Tanks); and

2. The SECOND PRIORITY project is to drill and develop a well as the primary source for the Kapa‘a Homesteads 313 service zone area. This will provide source capacity for the lower 313 service zone which is presently being serviced by wells located in the Kapa‘a Homesteads 530 service zone. This would enable the DOW to move forward in achieving adequate source and storage facilities in each service zone. (Project: Drill and Develop Kapa‘a Homesteads Well No. 4); and

3. The THIRD PRIORITY project is to construct transmission improvements in the Līhu‘e area. This project will increase fire flow capacity for both Elsie H. Wilcox Elementary School and Wilcox Memorial Hospital, as well as for businesses and residents in the service area. (Project: Construct Kapaia Cane Haul Road 18-inch Main).

4. The FOURTH PRIORITY project is to develop storage infrastructure that will provide adequate domestic and fire flow storage capacity for the Ha‘ena State Park, businesses and residents serviced from the Department’s Ha‘ena 144’ service area. The project would allow the Department to eliminate the current water meter restriction that limits water service to three single family dwellings or three 5/8-inch water meters per lot due to inadequate storage facilities. (Project: Construct Ha‘ena 0.2 MG Storage Tank, 144’; and

5. The FIFTH PRIORITY project is to develop new source facilities for the Kīlauea area including Kīlauea School. The Kīlauea area source and storage facilities are currently operating at max capacity and are not adequate to allow for substantial new development in the area. Additional source and storage facilities for the area are needed to meet the current Water System Standards of the DOW. (Project: Develop Kīlauea Well No. 3).
The Kaua‘i Board of Water Supply and the DOW are committed to operating in a fiscally responsible manner. The DOW’s revenue is derived through water sales and used for the operation and maintenance of our water systems. In efforts to provide for adequate funding in the future, the DOW continues to study its Facilities Reserve Charge (FRC), which is a fee to be paid by new developers or existing developers needing additional water supply from the DOW’s water system.

In the meantime, the DOW’s current resources are not enough to develop the necessary infrastructure to replace aging water systems and satisfy Kauai’s future needs. The DOW’s water systems are not highly integrated and typically rely on a few water sources and storage tanks within separate water systems serving individual communities around the island. Pipelines that were originally installed in many of these systems are now undersized, according to current Water System Standards. The DOW periodically updates its Water Plan 2020, a comprehensive long-range plan to address infrastructure, revenue, and water rate needs of Kaua‘i’s water systems.

Ultimately, given the high cost of infrastructure development and the DOW’s current fiscal capability, assistance from the State and Federal grants-in-aid is vital in order to meet the drinking water needs of our community and ensure the long-term viability of our water systems.
## SUMMARY REQUEST FOR STATE AID
### CAPITAL IMPROVEMENT PROJECTS (CIP)
#### Fiscal Year 2015

<table>
<thead>
<tr>
<th>System</th>
<th>Water Plan 2020 No.</th>
<th>Project</th>
<th>TOTAL 2016-2019</th>
<th>FISCAL YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Priority No. 1</strong></td>
<td>Līhu'e / Kapa'a Water System</td>
<td>WK-8: Construct Kapa'a Homesteads 313’ Tanks, 1.0 MG (Two 0.5 MG Tanks)</td>
<td>8,000,000</td>
<td>8,000,000</td>
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<tr>
<td><strong>Priority No. 2</strong></td>
<td>Līhu'e / Kapa'a Water System</td>
<td>WK-39: Drill and Develop Kapa'a Homesteads Well No. 4</td>
<td>4,000,000</td>
<td>750,000</td>
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<tr>
<td><strong>Priority No. 3</strong></td>
<td>Līhu'e / Kapa'a Water System</td>
<td>PLH-35b: Construct Kapaia Cane Haul Road 18” Main</td>
<td>3,000,000</td>
<td>3,000,000</td>
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<tr>
<td><strong>Priority No. 4</strong></td>
<td>Ha'ena/Wainiha Water System</td>
<td>HW-11: Construct Ha'ena 0.2 MG Storage Tank, 144’</td>
<td>3,000,000</td>
<td>500,000</td>
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<tr>
<td><strong>Priority No. 5</strong></td>
<td>Kīlauea Water System</td>
<td>WKK-02: Drill and Develop New Kīlauea Well (No. 3 or No. 4)</td>
<td>2,900,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>20,900,000</td>
<td>12,250,000</td>
</tr>
</tbody>
</table>
A. PROJECT DESCRIPTION

This project will provide fire protection improvement for state schools. It consists of the design and construction of two (2), 0.5 million gallon storage tanks with a connecting pipeline to the Department’s Ornellas tank hydraulic zone.

B. ESTIMATED COST:

<table>
<thead>
<tr>
<th></th>
<th>FISCAL YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Land</td>
<td>--</td>
</tr>
<tr>
<td>B. Plans</td>
<td>--</td>
</tr>
<tr>
<td>C. Construction</td>
<td>8,000,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>8,000,000</td>
</tr>
</tbody>
</table>

C. JUSTIFICATION:

The lower Kawaihau, Kapa’a area of the Kapa’a Water System is deficient in storage capacity. This project will provide sufficient storage capacity for fire protection of Kapa’a High School, Kapa’a Middle School and the State’s Samuel Mahelona Memorial Hospital. To address this storage deficit, the DOW has proceeded with and funded the design of two (2), 0.5 million gallon storage tanks.

Funds for the construction of this tank and possible associated land acquisitions are needed in order to complete this project. Completion of this project will provide adequate storage capacity for fire protection for the high school, middle school, and state hospital in this service area.
(This page was intentionally left blank)
A. **PROJECT DESCRIPTION**

Completion of this project will provide additional source infrastructure for medium and larger size developments, including possible expansion of Kapa‘a High School, Kapa‘a Middle School and Samuel Memorial Mahelona Hospital. It consists of drilling, testing and developing a well source at the DOW’s Ornellas Tank Site.

B. **ESTIMATED COST:**

<table>
<thead>
<tr>
<th></th>
<th>A. Land</th>
<th>B. Plans</th>
<th>C. Construction</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>A. Land</td>
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<td>--</td>
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<tr>
<td>B. Plans</td>
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<td>--</td>
</tr>
<tr>
<td>C. Construction</td>
<td>4,000,000</td>
<td>750,000</td>
<td>3,250,000</td>
<td>--</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>4,000,000</td>
<td>750,000</td>
<td>3,250,000</td>
<td>-0-</td>
</tr>
</tbody>
</table>

C. **JUSTIFICATION:**

The existing source facilities providing water service to Kapa‘a Homesteads 530 and 313 service zones are deficient in source capacity, and require additional source facilities. In recognition of this source deficiency, the Kaua‘i Board of Water Supply has adopted a meter restriction policy of not more than five (5), 5/8-inch water meters per lot of record.

Funds for the construction of this well are needed in order to complete this project. Development of this well would allow the DOW to lift the water meter source restriction for the Kapa‘a Homesteads service zones. This would provide additional water capacity to service medium and larger size developments, including: the possible expansion of Kapa‘a High School, Kapa‘a Middle School and Samuel Memorial Mahelona Hospital. The DOW has funded the design of this project and has also proceeded with re-design due to unanticipated design issues. The DOW expects to bid the project when re-design is finalized.
PRIORITY NO. 3
LIHU‘E / KAPA‘A WATER SYSTEM
Construct Kapaia Cane Haul Road 18-Inch Main
Water Plan 2020 Project No. PLH-35b

A. PROJECT DESCRIPTION

This project will provide infrastructure for future affordable housing development. It includes the construction of a 9,000-foot, 18-inch water main transmission line connecting Ma'alo Road to Ehiku Road. The new transmission line will improve flows from the surface water treatment plant (SWTP) source to the planned affordable housing in Līhu‘e.

B. ESTIMATED COST:

<table>
<thead>
<tr>
<th></th>
<th>FISCAL YEAR</th>
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</thead>
<tbody>
<tr>
<td>A. Land</td>
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<tr>
<td>B. Plans</td>
<td>--</td>
</tr>
<tr>
<td>C. Construction</td>
<td>3,000,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,000,000</td>
</tr>
</tbody>
</table>

C. JUSTIFICATION:

The SWTP located along Ma‘alo Road provides the bulk of the source water for the Līhu‘e area. The existing transmission facilities along Kūhi‘ō Highway, from Ma‘alo Road to the Līhu‘e area, are not adequate to meet the capacity and flow needs for the planned development of the area. The proposed 18-inch waterline along the cane haul road is needed to adequately transmit the intended flow from the SWTP to the area’s planned development, including new affordable housing. The new transmission line will also allow the DOW to provide increased fire flow to Wilcox Memorial Hospital, Elsie H. Wilcox Elementary School, State and County office buildings in Līhu‘e, and the surrounding businesses and residents. In addition, it will provide backup service in the event that there is a main break in the transmission lines from the SWTP. The increased flow for fire protection will benefit the hospital, its patients and the neighboring schools, ultimately providing further safety for students and the community in the event of a fire.

The DOW is collaborating with Grove Farms to fund design of the project, but construction funds are needed to complete this project.
A. **PROJECT DESCRIPTION**

The Department is requesting State aid to design and construct a new 0.2 MG Storage Tank in the Hā'ena/Wainiha area. This project will provide adequate storage capacity for the proposed expansion of Hā'ena State Park, businesses, and residents in the area.

The Department has selected a consultant to design the project and is in the process of finalizing negotiations for the professional services contract. The Department anticipates that the professional services contract will be awarded by the end of 2015 and design will begin in early 2016.

B. **ESTIMATED COST:**

<table>
<thead>
<tr>
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<tbody>
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<td>A. Land</td>
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<tr>
<td>B. Plans</td>
<td>500,000</td>
<td>500,000</td>
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<td>--</td>
<td>--</td>
</tr>
<tr>
<td>C. Construction</td>
<td>2,500,000</td>
<td>--</td>
<td>2,500,000</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>3,000,000</td>
<td>500,000</td>
<td>-0-</td>
<td>2,500,000</td>
<td>-0-</td>
</tr>
</tbody>
</table>

C. **JUSTIFICATION:**

The existing storage facilities are not adequate to provide the required domestic and fire flow demands for the Hā'ena/Wainiha 144’ service zone. The proposed Hā'ena 0.2 MG Storage Tank will provide adequate storage facilities to meet the current and anticipated new demands of the Haena/Wainiha 144’ service area. It is expected that this additional storage capacity will allow for future development and/or expansion of the proposed Hā'ena State Park Master Plan Project, businesses and residential units (including affordable housing, if applicable) in the Hā'ena/Wainiha 144’ service area.
PRIORITY NO. 5
KĪLAUEA WATER SYSTEM
Drill and Develop New Kīlauea Well (No. 3 or No. 4)
Water Plan 2020 Project No. WKK-02

A. PROJECT DESCRIPTION

The Department is requesting State aid for the development of the new well source facilities for Kīlauea. This project will provide source improvements that would benefit the Kīlauea area, including Kīlauea School. The project includes the drilling and development of a new well source with associated improvements and connecting pipeline for the area. The DOW has started the process of locating a well site to drill and test for a new well. Upon acceptable test results, the well will need to be developed and incorporated into the existing DOW system.

The Department is currently in the design process, working to locate a site where it can drill and test a new well source to service the Kīlauea area. Upon satisfactory testing, the Department will proceed to develop the well and incorporate it into the Department’s Kīlauea water system. The Department is designing additional storage facilities for Kīlauea and has planned and budgeted for these additional construction costs with another funding source. In addition to bringing the current source up to Water System Standards, the new proposed source and storage facilities would allow further development for Kīlauea Elementary School, businesses, additional housing and agricultural use in the Kīlauea area.

B. ESTIMATED COST:

<table>
<thead>
<tr>
<th></th>
<th>FISCAL YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Land</td>
<td>100,000</td>
</tr>
<tr>
<td>B. Plans</td>
<td>300,000</td>
</tr>
<tr>
<td>C. Construction</td>
<td>2,500,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,900,000</td>
</tr>
</tbody>
</table>

C. JUSTIFICATION:

The existing source and storage facilities for Kīlauea are at maximum capacity. The development of additional source facilities, in conjunction with the DOW’s current project design to build additional storage for the area, will allow for further development. The additional source would benefit Kīlauea School, if the school plans for further development that requires additional water demands. The additional source would also allow further development for businesses, agricultural use and additional housing in the area. Lastly, the new source is expected to provide both additional source and serve as a back-up source to the 1,466 customers in this service area should the existing well or transmission line be out of service.
## County of Kaua‘i, Department of Water

### BOARD OF WATER SUPPLY

of the

![Department of Water Logo]

<table>
<thead>
<tr>
<th>CHAIRPERSON:</th>
<th>LAURIE HO</th>
</tr>
</thead>
<tbody>
<tr>
<td>VICE CHAIRPERSON:</td>
<td>CLYDE NAKAYA</td>
</tr>
<tr>
<td>MEMBERS:</td>
<td>MICHAEL DAHILIG</td>
</tr>
<tr>
<td></td>
<td>LARRY DILL</td>
</tr>
<tr>
<td></td>
<td>WALLACE REZENTES, JR.</td>
</tr>
<tr>
<td></td>
<td>SHERMAN SHIRAISHI</td>
</tr>
<tr>
<td></td>
<td>VACANT MEMBER</td>
</tr>
</tbody>
</table>

| MANAGER & CHIEF ENGINEER: | KIRK SAIKI |

Email: ksaiki@kauaiwater.org  
Phone No. (808) 245-5408, FAX No. (808) 246-8628  
P. O. Box 1706, Lihu‘e, HI 96766

"WATER HAS NO SUBSTITUTE - CONSERVE IT"
MANAGER’S REPORT No. 16-20

November 19, 2015

Re: Discussion and Possible Action of the Department of Water’s Submittal to the State Legislature for Changes to Hawaii Revised Statues (HRS) Regarding Impact Fees

RECOMMENDATION:
The Department recommends that the Board approve allowing the Department to submit HRS changes to the State Legislature.

BACKGROUND:
The current statute allows the Department to collect impact fees prior to the issuance of grading or building permits. The current statute does not cover the collection of impact fees for meter requests that are not associated with a grading or building permit. For example, when a meter request is submitted for agricultural or irrigation purposes, a corresponding grading or building permit may not be necessary, but an impact fee is collected.

This change is required to allow the HRS to be in conformance with the current practice of Department and other county water departments.

The following is the proposed change:

[46-146] time of assessment and collection of impact fees. Assessment of impact fees shall be a condition precedent to the issuance of grading, or building permit or water meter and shall be collected in full before or upon issuance of the permit or water meter is issued. [L 1992, c 282, pt of 2].

Respectfully submitted,

Kirk Saiki, P.E.
Manager and Chief Engineer
H. NEW BUSINESS

4. *Manager’s Report 16-21* – Discussion and Possible Action on County of Kaua'i, Department of Water Submittal to Legislature for Changes to HRS46-43 regarding the County Records

REPORT

PENDING
H. NEW BUSINESS

5. Manager’s Report No. 16-22 - Board
Discussion and Possible Action of
Water Rule Amendments to:

- Part 3, Establishing Standards for Subdivision Water Systems within the County of Kaua’i, Section III, Facilities Reserve Charge
- Part 4, Fixing Rates for the Furnishing of Water Service in the County of Kaua’i, Section I, General Use Rates
- Part 4, Fixing Rates for the Furnishing of Water Service in the County of Kaua’i, Section VII, Facilities Reserve Charge
- Part 5, Facilities Reserve Charge

REPORT
PENDING
Staff Reports
DEPARTMENT OF WATER
County of Kaua‘i
“Water has no Substitute – Conserve It!”

FISCAL REPORT: OCTOBER, 2015

MONTHLY SUMMARY HIGHLIGHTS:

REVENUES: VARIANCE = “ACTUAL” LESS “BUDGET”; POSITIVE INDICATES HIGHER PERFORMANCE THAN EXPECTED.

- YTD Cumulative revenue receipts as of October were 9% above projection.
  - YTD Water sales receipt of $10.5 million (M) exceeded projection by $1.6M or 18%.
  - YTD FRC Receipts of $120 thousand (K) was $47K less than projection.
  - Federal & State Grants - received $137K out of $827.5K budgeted receipts.
    - Source of the Federal Grant budget is from BAB subsidy which is released twice a year while the State Grant is processed on a reimbursement basis.
  - Investment Income & Net Increase in FV of Investments - $75K net, combined.

OPERATING EXPENSES: VARIANCE = BUDGET LESS ACTUAL EXPENDITURES; POSITIVE INDICATES LESS SPENDING THAN PLANNED.

- Operating Expenses before depreciation and amortization is $7.1(M) with a 29% positive variance.
  - Spending is $2.87M less than planned or budgeted.
    - Employee Related Expenses – $2.67M with a positive variance of 13%.
    - Contracts & Services – $1.36M with a positive variance of 54%.
      - Insurance @ zero expense. DOW Insurance Expense is paid to the County Finance Director; billed to DOW quarterly.
    - Exceptional Expenses – None
    - Fuel & Utilities – $960K with a 26% positive variance.
    - Bulk Water Purchase – $533K with a positive variance of 24%.
    - Office & Operating Supplies – $288K with a positive variance of 45%.
    - Training, Travel & Meeting Expenses – $31.5K
    - Debt Service – Interest Expense - $1.279K
    - Depreciation & Amortization (non-cash expenses) is $2.336M.

NET OPERATING INCOME:

- Net Operating Income before depreciation and amortization - $4.434M.
- Net Operating Income after depreciation & amortization expenses of $2.337M is $2.1M.
- Debt Principal Payment is $3.56M.

CAPITAL PROJECTS BUDGET: DISBURSEMENTS

- Capital Projects: Water Utility Fund - $40K.
• Capital Projects: BAB Fund - $1.277M.
• Capital Projects: SRF Loan Fund - $591.7K.
• Capital Projects Total - $1.91M.

SUMMARY OF MONTHLY EXPENDITURES:

- Normal Expenditures $1,733,450.83
- Capital Expenditures 837,047.77
- Sub-total $2,570,498.60
- Add: Refunds 494.95
- TOTAL $2,570,993.55

MONTHLY BUDGET SUMMARY VS. ACTUAL:

- Total Operating Expenses (before Dep./Amort.) $1,733,945.78
- Debt Principal Payment 0.00
- Capital Projects 837,047.77
- TOTAL $2,570,993.55

WATER CONSUMPTION - 3 YEARS COMPARATIVE CHART (see attached):

- October metered consumption – 314.5 million gallons (mg); decreased by 7.8 mg as compared from the same month of FY 2015.
- YTD metered consumption as of 10/31/15 – 1.4 billion gallons; a cumulative increase of 46.6mg in comparison with the same month of last fiscal year.

OTHER FISCAL ONGOING ACTIVITIES/INITIATIVES:

- The Department is pursuing a Water Rate Study for the next five fiscal years; FY 2017- 2021.
- SOP No. 51 – Charges for Restoration of Water Service – Revision to update the charges will be submitted in December board meeting.
- Coordinating schedule with KMH auditors and the county. Additional time was needed to address the GASB 68 implementation. Actuarial Reports was re-issued after it was initially transmitted from Employers Retirement System (ERS)’s Consultants.
- New CIS procurement in process.
- Working with Information Technology (IT) in creating/formatting the DOW financial statements monthly.

Respectfully submitted,

[Signature]

Marites Yano,
Waterworks Controller
## Operating Budget

### Revenue

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<thead>
<tr>
<th></th>
<th>October</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Original Budget</strong></td>
<td></td>
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<tr>
<td>Water Sales</td>
<td>$2,212,471.00</td>
<td>$2,212,471.00</td>
</tr>
<tr>
<td><strong>Revenue from Public Fire Protection</strong></td>
<td>165,893.00</td>
<td>165,893.00</td>
</tr>
<tr>
<td><strong>Other Water Revenue</strong></td>
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<tr>
<td>FRC-Facility Reserve Charge</td>
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<tr>
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<tr>
<td><strong>Capital Contributions</strong></td>
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<td><strong>Net Increase in Fair Value of Investments</strong></td>
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<td>(17,125.00)</td>
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<td><strong>Gain or Loss on Disposal of Capital Assets</strong></td>
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<td><strong>Miscellaneous Revenues</strong></td>
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<td><strong>Total Revenue</strong></td>
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### Employee-Related Expenses

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<tbody>
<tr>
<td><strong>Salaries and Wages (Includes Leaves &amp; CTO)</strong></td>
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### Contracts & Services

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<td><strong>Professional Services-General</strong></td>
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<td>October</td>
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<td>Monthly Budget Summary vs. Actual</td>
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<td>Exceptional Expenses</td>
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<td>FY 2015 Kilauea</td>
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<td><strong>Total Depreciation &amp; Amortization</strong></td>
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<td>Net Operating Income (Loss)</td>
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### Department of Water, County of Kauai
#### Monthly Budget Summary vs. Actual
#### SUMMARY
#### 10/31/2015

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<thead>
<tr>
<th></th>
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<th>FY 2016</th>
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<td>Revised Budget</td>
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<td>Non Operating Proceeds</td>
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<td><strong>Net Proceeds (Expenditures)</strong></td>
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*Report Format Created by: S. Nakamura*
### Capital Projects (See Attached for Details):

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
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<tbody>
<tr>
<td>Water Utility - Capital Projects (See Attached for Details)</td>
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<td>FRC Special Trust Fund - Capital Projects (See Attached for Details)</td>
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<td>BAB Fund - Capital Projects (See Attached for Details)</td>
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<td>834,765.26</td>
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<td>SRF Loan Fund - Capital Projects (See Attached for Details)</td>
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<td>166,670.00</td>
<td>166,670.00</td>
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<td><strong>Total Capital Projects (See Attached for Details)</strong></td>
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<table>
<thead>
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<th>Variance</th>
<th>Variance %</th>
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<td>Water Utility - Capital Projects (See Attached for Details)</td>
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<td>FRC Special Trust Fund - Capital Projects (See Attached for Details)</td>
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<td>BAB Fund - Capital Projects (See Attached for Details)</td>
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<td>SRF Loan Fund - Capital Projects (See Attached for Details)</td>
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<td>Capital Projects (See Attached for Details):</td>
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<td>Actual</td>
<td>Variance</td>
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<td>10-20-00-804-018 WU-Eng-ALLR-011 KW-28 Renovate Kauaha Shaft</td>
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</tr>
<tr>
<td>10-20-00-805-999 WU-Bill-RandR Capital Purchases</td>
<td>3,332.00</td>
<td>3,332.00</td>
<td>3,332.00</td>
<td>0.00</td>
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<tr>
<td>10-20-00-805-999 WU-Bill-Expansion Capital Purchases</td>
<td>27,969.58</td>
<td>27,969.58</td>
<td>27,969.58</td>
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<tr>
<td>10-40-00-604-999 WU-Ops-RandR Capital Purchases</td>
<td>366,668.00</td>
<td>366,668.00</td>
<td>366,668.00</td>
<td>0.00</td>
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<tr>
<td>10-40-00-604-999 WU-Ops-Expansion Capital Purchases</td>
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<td>431,001.05</td>
<td>431,001.05</td>
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<tr>
<td>10-40-00-605-999 WU-Ops-Expansion Capital Purchases</td>
<td>10,000.00</td>
<td>10,000.00</td>
<td>10,000.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

| Total Capital Projects (See Attached for Details) | 583,430.00 | 475,057.00 | 2,282.51 | 472,814.49 | 3,722,626.17 | 40,263.53 | 3,682,356.64 | 99% |
## Capital Projects (See Attached for Details):

<table>
<thead>
<tr>
<th>Project Description</th>
<th>October</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original Budget</td>
<td>Revised Budget</td>
</tr>
<tr>
<td>20-20-00-605-005 FRC-Eng-66%E-PLH-26 Hanamalu Main (Hoohana Street)</td>
<td>7,500.00</td>
<td>7,500.00</td>
</tr>
<tr>
<td>20-20-00-605-010 FRC-Eng-ALLE-Wailua Homesteads 536 1.0 MG Tank</td>
<td>6,250.00</td>
<td>6,250.00</td>
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<tr>
<td>20-20-00-605-014 FRC-Eng-ALLE-Purchase Water System 1</td>
<td></td>
<td>1.00</td>
</tr>
<tr>
<td>20-20-00-605-015 FRC-Eng-ALLE-Purchase Water System 2</td>
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<td>1.00</td>
</tr>
<tr>
<td>20-20-00-605-016 FRC-Eng-ALLE-Poipu 1 MG Storage Tank</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>20-20-00-605-017 FRC-Eng-ALLE-161N Cane Haul Road Main</td>
<td>25,000.00</td>
<td>25,000.00</td>
</tr>
<tr>
<td>20-20-00-605-018 FRC-Eng-ALLE-H-98 Panael/Well 2</td>
<td>47,889.00</td>
<td>47,889.00</td>
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<tr>
<td>20-20-00-605-019 FRC-Eng-ALLE-Kapaia SWTP Expansion</td>
<td>26,832.00</td>
<td>26,832.00</td>
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<tr>
<td>20-20-00-605-014 FRC-Eng-ALLE-05-02 HW-12 Drill Wainiha-Haena Well</td>
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<td>20-20-00-605-015 FRC-Eng-ALLE-WK-23 UH Expedition Storage Tank</td>
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<td>20-20-00-605-017 FRC-Eng-ALLE-Kilauea 1.0MG Tank</td>
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<td>20-20-00-605-018 FRC-Eng-ALLE-HE-1 HE-10 Hanapepe-Eleele Conn PL</td>
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<td>100,000.00</td>
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<td>20-20-00-605-019 FRC-Eng-ALLE-Kuhio Hwy (Hardy-Oxford) 161N Main Re</td>
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<tr>
<td>20-20-00-605-020 FRC-Eng-ALLE-Makanui Waihono Oumu Rd Main Repl</td>
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<td>20-20-00-605-021 FRC-Eng-ALLE-Wallani Walla Ana Rd Main Repl</td>
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<td>20-20-00-605-022 FRC-Eng-ALLE-Hoono Hoone Pano Rd Main Repl</td>
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<tr>
<td>20-20-00-605-023 FRC-Eng-ALLE-Hoena 2.0MG Tank</td>
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<td>20-20-00-605-024 FRC-Eng-ALLE-Drill-Test Kilauea Well #4</td>
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<td>20-20-00-605-025 FRC-Eng-ALLE-Wainiha Well #4</td>
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<tr>
<td>20-20-00-605-026 FRC-Eng-ALLE-Yamada Tank Clearwell, Pono Pilo</td>
<td>1.00</td>
<td>1.00</td>
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<tr>
<td>Total Capital Projects (See Attached for Details)</td>
<td>96,334.00</td>
<td>96,334.00</td>
</tr>
<tr>
<td>Capital Projects (See Attached for Details)</td>
<td>October</td>
<td>FY 2016</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td></td>
<td>Original Budget</td>
<td>Revised Budget</td>
</tr>
<tr>
<td>30-20-00-604-01  BAB-Eng-ALLR-10-01 Ani-01a Anini &amp; Kahaliiwi Rd 6-</td>
<td>4,166.00</td>
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</tr>
<tr>
<td>30-20-00-604-102  BAB-Cns-40%R-10-01 Ani-01b Anini Rd WL DOW-Prinivil</td>
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<td>37,667.00</td>
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<tr>
<td>30-20-00-604-107  BAB-Cns-ALLR-XX-YY KP-09 MCC Chlor Kolea Well 10-AE</td>
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<tr>
<td>30-20-00-604-109  BAB-Cns-10%R-XX-YYLO-08LO-10 Kolea Al-Piko, Lawai</td>
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<tr>
<td>30-20-00-604-112  BAB-Cns-40%R-11-02 PL-H-01a Grove Farm Tanks 1-2</td>
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<tr>
<td>30-20-00-604-114  BAB-Cns-ALLR-PL-38a-Uluma Baseyard Phase I</td>
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<td>834,765.26</td>
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<tr>
<td>30-20-00-604-120  BAB-Cns-10%R-02-06WKK15-Kilauea 466 Tank Pupu Pan</td>
<td>20,833.00</td>
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<tr>
<td>33-21-00-604-129  BAB-Cns-ALLR-11-10 BIN WL, Haleiwa, Kaum to HHale</td>
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<td>66,667.00</td>
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<tr>
<td>33-21-00-604-130  BAB-Cns-11%R-12-01 H-05 Weke Anahe Hem 5-BN Mains</td>
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<tr>
<td>33-21-00-605-102  BAB-Cns-55%E-10-01 Ani-01b Anini Rd WL DOW-Prinivil</td>
<td>154,000.00</td>
<td>154,000.00</td>
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<td>33-21-00-605-106  BAB-Cns-50%E-03-04 K05a Kaleheo Tank 0.5MG 868FT</td>
<td>200,314.00</td>
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<tr>
<td>33-21-00-605-109  BAB-Cns-81%E-XX-YYLO-08LO-10 Kolea Al-Piko, Lawai</td>
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<td>100,000.00</td>
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<tr>
<td>33-21-00-605-110  BAB-Cns-10%R-02 PL-H-01a Grove Farm Tanks 1-2</td>
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<td>100,000.00</td>
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<td>33-21-00-605-118  BAB-Cns-ALLR-WK-39 Drill Kapahe Homestead Well 4</td>
<td>187,500.00</td>
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<tr>
<td>33-21-00-605-120  BAB-Cns-ALLR-02-05WKK15-Kilauea 466 Tank Pupu Pan</td>
<td>111,250.00</td>
<td>111,250.00</td>
</tr>
</tbody>
</table>

Total Capital Projects (See Attached for Details) 1,145,134.00 1,145,134.00 834,765.26 308,368.74 12,764,376.05 1,277,151.54 11,487,227.51 90%
<table>
<thead>
<tr>
<th>Capital Projects (See Attached for Details):</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>60-21-00-604-114 SRF-Cns-ALLR-PLH-39a-Lihue Baseyard Phase I</td>
<td>166,670.00</td>
<td>166,670.00</td>
<td>166,670.00</td>
<td></td>
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<tr>
<td>Total Capital Projects (See Attached for Details)</td>
<td>166,670.00</td>
<td>166,670.00</td>
<td>166,670.00</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY 2016</th>
<th>Revised YTD Budget</th>
<th>YTD Actual</th>
<th>Variance</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,258,354.84</td>
<td>591,674.84</td>
<td>666,680.00</td>
<td>53%</td>
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</tbody>
</table>
## Billed Revenues Comparative Report

As of October FY 2014, 2015 & 2016

<table>
<thead>
<tr>
<th>Month</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Cum. Inc (Dec)</th>
<th>% Inc. (Dec.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$2,389,827</td>
<td>$2,509,308</td>
<td>$2,936,791</td>
<td>$427,483</td>
<td>17.04%</td>
</tr>
<tr>
<td>August</td>
<td>$4,846,625</td>
<td>$5,260,587</td>
<td>$5,832,920</td>
<td>$572,333</td>
<td>10.88%</td>
</tr>
<tr>
<td>September</td>
<td>$7,600,208</td>
<td>$7,985,071</td>
<td>$8,290,754</td>
<td>$305,682</td>
<td>3.83%</td>
</tr>
<tr>
<td>October</td>
<td>$9,747,266</td>
<td>$10,346,368</td>
<td>$10,623,726</td>
<td>$277,359</td>
<td>2.68%</td>
</tr>
<tr>
<td>November</td>
<td>$12,304,399</td>
<td>$12,776,067</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>$14,213,889</td>
<td>$15,232,230</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>$16,365,861</td>
<td>$17,516,998</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>$18,231,858</td>
<td>$19,858,103</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>$19,989,956</td>
<td>$22,109,442</td>
<td></td>
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</tr>
<tr>
<td>April</td>
<td>$21,982,692</td>
<td>$24,694,634</td>
<td></td>
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<tr>
<td>May</td>
<td>$24,279,609</td>
<td>$27,149,481</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>$26,814,116</td>
<td>$29,896,740</td>
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</tbody>
</table>

### Billed Revenues Comparative Chart

1. revenue comparison
### CASH RECEIPTS (W/U) COMPARATIVE REPORT
As of October FY 2014, 2015 & 2016

<table>
<thead>
<tr>
<th></th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>Cum. Inc (Dec)</th>
<th>% of Inc (Dec)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$2,594,170</td>
<td>$2,288,104</td>
<td>$2,877,122</td>
<td>$589,018</td>
<td>26%</td>
</tr>
<tr>
<td>August</td>
<td>$5,157,089</td>
<td>$4,704,550</td>
<td>$5,578,998</td>
<td>$874,448</td>
<td>19%</td>
</tr>
<tr>
<td>September</td>
<td>$7,551,676</td>
<td>$7,539,105</td>
<td>$8,342,249</td>
<td>$803,145</td>
<td>11%</td>
</tr>
<tr>
<td>October</td>
<td>$10,458,869</td>
<td>$10,008,958</td>
<td>$10,566,640</td>
<td>$557,682</td>
<td>6%</td>
</tr>
<tr>
<td>November</td>
<td>$12,235,628</td>
<td>$11,856,591</td>
<td></td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>December</td>
<td>$14,412,589</td>
<td>$14,469,704</td>
<td></td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>January</td>
<td>$16,359,772</td>
<td>$16,582,316</td>
<td></td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>February</td>
<td>$17,959,523</td>
<td>$18,764,382</td>
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<td></td>
<td>0%</td>
</tr>
<tr>
<td>March</td>
<td>$20,040,053</td>
<td>$21,084,947</td>
<td></td>
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<td>0%</td>
</tr>
<tr>
<td>April</td>
<td>$21,992,934</td>
<td>$23,582,827</td>
<td></td>
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<td>0%</td>
</tr>
<tr>
<td>May</td>
<td>$23,982,830</td>
<td>$25,718,355</td>
<td></td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>June</td>
<td>$26,175,507</td>
<td>$28,363,672</td>
<td></td>
<td></td>
<td>0%</td>
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</tbody>
</table>

### Cash Receipts Comparative Chart
As of October, FY 2014, 2015 & 2016

![Cash Receipts Comparative Chart](image-url)
METERED CONSUMPTION (000 GALLONS) MONTHLY COMPARATIVE CHART
As of October FY 2014, 2015 & 2016
(expressed in thousands)

<table>
<thead>
<tr>
<th>Month</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>INC (DEC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>436,238</td>
<td>343,770</td>
<td>400,235</td>
<td>56,465</td>
</tr>
<tr>
<td>August</td>
<td>361,599</td>
<td>374,728</td>
<td>391,830</td>
<td>17,102</td>
</tr>
<tr>
<td>September</td>
<td>415,176</td>
<td>346,777</td>
<td>327,625</td>
<td>-19,152</td>
</tr>
<tr>
<td>October</td>
<td>384,934</td>
<td>322,278</td>
<td>314,456</td>
<td>-7,822</td>
</tr>
<tr>
<td>November</td>
<td>398,863</td>
<td>320,209</td>
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<tr>
<td>December</td>
<td>305,276</td>
<td>321,339</td>
<td></td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>453,812</td>
<td>312,153</td>
<td></td>
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<tr>
<td>February</td>
<td>366,974</td>
<td>325,040</td>
<td></td>
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<tr>
<td>March</td>
<td>323,359</td>
<td>306,207</td>
<td></td>
<td></td>
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<tr>
<td>April</td>
<td>334,995</td>
<td>353,456</td>
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</tr>
<tr>
<td>May</td>
<td>335,320</td>
<td>335,704</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>388,313</td>
<td>358,351</td>
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</tbody>
</table>

* AFS error in billing AJE
288,133  288,133
Adjustment

* refer to monthly summary highlights

3. 12 mo. consumption comp
## YTD METERED CONSUMPTION (000 GALLONS) COMPARATIVE REPORT

As of October FY 2014, 2015 & 2016
(expressed in thousands)

<table>
<thead>
<tr>
<th></th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>CUM. INC (DEC)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>391,161</td>
<td>343,770</td>
<td>400,235</td>
<td>56,465</td>
<td>16%</td>
</tr>
<tr>
<td>August</td>
<td>774,839</td>
<td>718,498</td>
<td>792,065</td>
<td>73,567</td>
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</tr>
<tr>
<td>September</td>
<td>1,191,526</td>
<td>1,065,275</td>
<td>1,119,690</td>
<td>54,415</td>
<td>5%</td>
</tr>
<tr>
<td>October</td>
<td>1,520,781</td>
<td>1,387,553</td>
<td>1,434,146</td>
<td>46,593</td>
<td>3%</td>
</tr>
<tr>
<td>November</td>
<td>1,865,830</td>
<td>1,707,762</td>
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</tr>
<tr>
<td>December</td>
<td>2,154,495</td>
<td>2,029,101</td>
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<td></td>
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<tr>
<td>January</td>
<td>2,472,004</td>
<td>2,341,254</td>
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<td></td>
</tr>
<tr>
<td>February</td>
<td>2,758,049</td>
<td>2,666,294</td>
<td>0%</td>
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</tr>
<tr>
<td>March</td>
<td>3,019,916</td>
<td>2,972,501</td>
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<td></td>
</tr>
<tr>
<td>April</td>
<td>3,321,000</td>
<td>3,325,957</td>
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</tr>
<tr>
<td>May</td>
<td>3,669,355</td>
<td>3,661,661</td>
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</tr>
<tr>
<td>June</td>
<td>3,997,096</td>
<td>4,020,012</td>
<td>0%</td>
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</tr>
</tbody>
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### WATER CONSUMPTION COMPARATIVE CHART

As of October, FY 2014, 2015 & 2016

- Blue line: FY 2014
- Red line: FY 2015
- Green line: FY 2016

4. consumption (000 gallons)
PR SPECIALIST REPORT
November 19, 2015

Press Releases
All press releases and Connect CTY notices reported below were also published on the Department’s Facebook and Twitter social media pages.

- A press release was sent on October 16th to notify customers in the Kukui‘ula area that water would be turned off from 9 a.m. to 2 p.m., on October 22nd, to allow a new waterline connection.

- A press release was sent on October 19th to remind the public that the first round of public information meetings for the Kaua‘i Water Use and Development Plan update would be held October 20th through October 29th.

- A press release was sent on October 21st to advise motorists of intermittent single-lane closures on Kolo Road and Kūhi‘ō Highway, in the Kilauea area, on October 28th from 8:30 a.m. to 3:30 p.m.

- A press release was sent on October 26th to advise motorists that one lane would be closed on Po‘ipū Road, near Blake Lane, on October 27th from 10 a.m. to 2 p.m. In addition, customers on Blake Lane were advised that water would be shut down during this time.

- A press release was sent on October 26th to advise motorists that the roadwork planned for the Kilauea area had been rescheduled to October 29th, due to unforeseen circumstances.

- A press release was sent on October 28th to advise motorists that the Department’s contractor Earthworks Pacific Inc. had postponed the roadway restoration work planned for the Kilauea area, until further notice.

- A press release was sent on November 2nd that the Kilauea roadwork had been scheduled for November 5th, weather permitting.

- A press release was sent on November 3rd to remind the public that the Department would hold a public hearing regarding the proposed amendments to the Facilities Reserve Charge Rules and Regulations of the Board of Water Supply. The hearing would be held at 5 p.m., November 10th, at the Kaua‘i County Council Chambers.
  - “Water department to host public hearing Tuesday on rate hike,” published November 9th, by Brittany Lyte, The Garden Island (attached).

- A press release was sent on November 4th to advise motorists that one lane would be closed on Po‘ipūi Road, near Borthwick Kaua‘i Mortuary, on November 5th from 9 a.m. to 2 p.m., weather permitting.
• A press release was sent on November 5th to advise motorists that the Kilauea roadwork had been rescheduled to November 6th, due to rainy weather.

Other Media
• “Water conservationists celebrated,” published October 21st, by Dennis Fujimoto, The Garden Island (attached).

Project WET for Source Water Protection Education Grant
PR continued to make preparations for the Project WET Educator Workshop, to be held on November 13th, at the Pearl Country Club. This workshop was requested by the teachers of Shafter Elementary School. A description of the outcome of the workshop will be given in next month’s Public Relations Specialist Report.

Kauai Water Use and Development Plan Update Meetings
PR provided the logistical and administrative support for the five public meetings held on October 21st in Kilauea, October 22nd in Kapa’a, October 27th in Kalāheo, October 28th in Waimea, and October 29th in Līhu’e.

Employee Council (EC)
Spooktacular was held on October 29th. The Department provided two water jugs with ice for the event and volunteers to man the refreshment table. Special thanks to Joel Bautista and Keith Konishi who helped fill and deliver the water jugs, and to Mona Yamauchi and Fay Tateishi who served refreshments on behalf of the Department.

Miscellaneous
• Jonell Kaohelaulii completed the November issue of, “As the Water Flows.”
• Jonell Kaohelaulii created the Department’s Annual Meeting Invitation, on request.
• Kim Tamaoka continued to work with Eddie Doi on providing public information regarding the FRC.
• Kim Tamaoka and Kirk Saiki were guests on KKCR’s “Makai Watch” radio show hosted by Makaala Kaaumoana, on November 9th. Kim and Kirk shared about the Department and current topics regarding future water needs.
• PR coordinated a Halloween Costume Contest for the Department’s employees.
• PR provided 20 water bottles for the County of Kaua'i secretaries and administrative executives, on request.

Respectfully submitted,

Kim Tamaoka
Public Relations Specialist

“Water department to host public hearing Tuesday on rate hike,” The Garden Island.
LIHUE — The Kekaha Agriculture Association, a group of stakeholders who have a direct and vested interest in the agricultural lands in the Kekaha area, and Dylan Strong of Growing Strong Farm were named as the 2015 Outstanding Water Conservationists of the year.

The KAA award was presented by the West Kauai Soil and Water Conservation District. Strong received the award presented by the East Kauai Soil and Water Conservation District.

“It is nice to see the younger generation taking over to continue the work started by their parents,” said Ed Kawamura Jr., representing the EKSWCD. “Dylan grows a diversity of vegetable and fruit crops, some of which are exceptionally difficult to grow in Hawaii. He also has layer hens for farm-fresh eggs.”

Strong produces crops using an array of conservation practices that helps conserve water as well as producing healthier soils and, in turn, healthier crops, Kawamura said. Some of the practices utilized by Growing Strong Farms include composting, cover cropping, drip irrigation, mulching, and even seasonal high tunny systems.

“Dylan uses compost made from his fruit and vegetable scraps,” Kawamura said. “He follows his produce planting with cover crops. The nutrients added by the compost and the organic matter from the cover crop provide a healtheir soil which can hold an increased amount of water and have it available for plants for longer periods of time.”

Peter Townsend represented the West Kauai Soil and Water Conservation District in presenting the award to Alan Smith, representing the Kekaha Agriculture Association.

“One of the most important resources for agriculture is water,” said Jenni Scotti, of the Soil and Water Conservation District. “Whether it comes as rainfall or irrigation, agriculture cannot survive without it. Keeping that in mind, minimizing waste and maximizing efficiencies are critical in maintaining this precious resource.

Townsend said the KAA goal was to stabilize, protect, and improve over the infrastructure developed by the sugar industry more than 100 years ago.
LIHUE — The Department of Water will host a public hearing on Tuesday regarding proposed amendments to the Facilities Reserve Charge Rules and Regulations of the Board of Water Supply.

The hearing will take place at 5 p.m. in Suite 201 at the Kauai County Council Chambers in the Historic County Building.

The FRC is a fee paid by new residential and commercial developments that need new water supply services and existing developments that need additional water supply services. The charge is designed to cover the cost to build infrastructure to provide water to those new developments. The current fee rate was set nearly a dozen years ago.

The proposed FRC for the typical residential water meter would increase the current rate by about 300 percent, from $4,600 to $14,115. For larger meters, the fee increase would decline progressively from 48 percent to 24 percent. The proposed FRC for single family, multi-family and resort would also be modified based on Hawaii’s Water System Standards.

In addition to providing the public with an opportunity to testify at the hearing, the Board of Water Supply is soliciting written comments. Written comments may be submitted any time up to the date of the public hearing by e-mail to eineumiller@kauaiwater.org, by fax to 246-8628 or by mail or hand-delivery to the Department of Water at 4398 Pua Loke St., Lihue, HI 96766.

For more information about proposed rule amendments and FRC Needs Assessment Study, visit www.kauaiwater.org. These items can also be viewed in person at no cost, or printed out for a fee, at the DOW office. Contact the Department of Water at 245-5455 for more information on viewing the documents in person.

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Posted in Local on Monday, November 9, 2015 12:45 am.
Operations Division Report for the Month of October 2015

**Personnel**

- New Account Clerk started October 1, 2015
- Clerk-Dispatcher II resigned effective October 16, 2015

**Source and Storage**

- Maintenance Workers continued cleaning of various remote facilities island-wide. Works included clearing of vegetation and drainage.
- Water Plant Operators performed routine inspection and maintenance at all sites including valve maintenance, piping repair and replacement, chlorination equipment maintenance, and mixing of sodium hypochlorite.
- Electrical workers performed routine electrical maintenance at all sites including SCADA radio troubleshooting, electrical wiring for motor controls, lighting repair and replacement.
- Operations personnel installed new eyewashes in the Lihue baseyard and in remote facilities.

**Distribution**

- Operations Division Field Section crews continue to perform live taps and routine leak repair of service laterals and mainlines. Field Section personnel responded to and completed 34 leak repair work orders.
- For the month of October, replaced 80 feet of 3” PVC distribution line on Lokokai Road under work order C141516.
- No progress for the month of October, Lele Road 2” GS pipe replacement with 2” PVC pipe. C150210.
- Twenty five (25) meters were repaired and installed.
- We received a total of 72 calls from customers reporting leaks on the mainline, service laterals, meters, meter boxes and fire hydrants including 5 called-in complaint of no water, 3 complaints of low pressure, 1 complaint of high pressure, 3 calls requesting remote site/facility grounds and vegetation maintenance, 5 calls for assistance in shutting off the water meter, 4 calls reporting damaged meter box and cover, 2 reports of leaking or damaged fire hydrants and 1 report of brown water. Work orders were generated and all calls resolved. Leak after the meter needs to be addressed by the customer.
Fleet, Inventory, Warehouse and Baseyard Area

- For the month of October, a total of one hundred eighty (180) work orders were issued for Operations Division. Works included: electrical repairs and maintenance; automotive repairs and maintenance including power generator maintenance; water meter installation and replacement; service lateral installations; leak repairs; well, tank site and PRV maintenance; replace damaged meter boxes; repair defective meters; replace damaged or leaking hydrant; door-to-door customer notifications for tie-ins of new lines to existing lines as well as notifications regarding scheduled repairs; callouts due to customer complaints/reports; meter replacement requests; contractor’s requests for markings; island-wide eyewash installation.

- For the month of October 2015, twenty five (25) Hawaii One Call requests for markings were received and twenty two (22) completed.

Respectfully submitted,

[Signature]

Valentino P. Reyna
Chief, Operations Division

VPR/ein

Attachments: Overtime Chart
              Leak Report Chart
              Monthly Billed/Unbilled Water Chart with revision for September 2015

### Work Orders by Job Reason Code for Selected Date Range

<table>
<thead>
<tr>
<th># of W/O's</th>
<th>Job Reason Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>LEAK-BOX</td>
<td>Meter Box Leak Repair</td>
</tr>
<tr>
<td>3</td>
<td>LEAK-CUST</td>
<td>Customer-Side Leak Repair</td>
</tr>
<tr>
<td>109</td>
<td>LEAK-MAIN</td>
<td>Mainline Leak Repair</td>
</tr>
<tr>
<td>92</td>
<td>LEAK-S/L</td>
<td>Service Lateral Leak Repair</td>
</tr>
</tbody>
</table>

#### Work Orders by Job Reason Code

- **LEAK-BOX** 9 orders (4.2%)
- **LEAK-CUST** 3 orders (1.4%)
- **LEAK-MAIN** 109 orders (51.2%)
- **LEAK-S/L** 92 orders (43.2%)

Total: 100.0%

#### Number of Leak Repairs per Month

- **LEAK-CUST**
- **LEAK-MAIN**
- **LEAK-S/L**
- **LEAK-BOX**

Data points for each month from October 2014 to October 2015.
## Monthly Water Produced, Billed and Unbilled For Calendar Year 2015

<table>
<thead>
<tr>
<th>Month</th>
<th>Produced (Kgals.)</th>
<th>Billed (Kgals.)</th>
<th>Unbilled (kgals.)</th>
<th>Unbilled %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-15</td>
<td>368,399.31</td>
<td>313,490</td>
<td>54,909.00</td>
<td>14.9</td>
</tr>
<tr>
<td>Feb-15</td>
<td>349,162.48</td>
<td>311,430</td>
<td>37,732.90</td>
<td>10.8</td>
</tr>
<tr>
<td>Mar-15</td>
<td>362,196.85</td>
<td>303,626</td>
<td>58,570.82</td>
<td>16.2</td>
</tr>
<tr>
<td>Apr-15</td>
<td>425,527.34</td>
<td>324,640</td>
<td>100,887.59</td>
<td>23.7</td>
</tr>
<tr>
<td>May-15</td>
<td>430,499.44</td>
<td>339,217</td>
<td>91,282.44</td>
<td>21.2</td>
</tr>
<tr>
<td>Jun-15</td>
<td>455,520.34</td>
<td>361,141</td>
<td>94,226.14</td>
<td>20.7</td>
</tr>
<tr>
<td>Jul-15</td>
<td>448,317.62</td>
<td>402,798</td>
<td>45,519.62</td>
<td>10.15</td>
</tr>
<tr>
<td>Aug-15</td>
<td>435,912.16</td>
<td>395,102</td>
<td>40,810.16</td>
<td>9.4</td>
</tr>
<tr>
<td>Sep-15</td>
<td>353,114.75</td>
<td>330,008.00</td>
<td>23,106.75</td>
<td>6.54</td>
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<tr>
<td>Oct-15</td>
<td>391,384.21</td>
<td>316,789</td>
<td>74,595.21</td>
<td>19.06</td>
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<td>Nov-15</td>
<td>384,114.75</td>
<td>375,134.75</td>
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<tr>
<td>Dec-15</td>
<td>391,384.21</td>
<td>375,134.75</td>
<td>330,008.00</td>
<td>#DIV/0!</td>
</tr>
</tbody>
</table>
MANAGER’S UPDATE

November 19, 2015

Pursuant to Board Policy No. 3

CONTRACTS AWARDED/EXTENSION/AMENDMENTS:

(1) 1st Amendment to Contract No. 545, Aecom Technical Services, Inc. for Job No. 11-11, WP2020 #K-17, WK-02, PLH-42, Kalāheo, Kokolau, and Akulikuli Surface Water Treatment Plants to Extend Contract to April 30, 2016 with No Additional Funding

FUNDING:
NO ADDITIONAL FUNDS REQUESTED

Account No. 10-20-00-605-137

| Contract: AECOM Technical Services, Inc. | $117,701.19 |
| Contingency | $11,770.00 |
| Total Funds Certified | $129,471.19 |

First Amendment:

| Contract Time Extension to April 30, 2016 | $0.00 |
| Total for First Amendment | $0.00 |

Total Funding Balance | $30,233.18 |

BACKGROUND:

Due to unanticipated delays in the preparation of Preliminary Engineering Report caused the work to proceed at a pace slower than originally planned.

It is the DOW staff’s opinion that AECOM, Inc. has made substantial/sufficient progress to the project to be extended to April 30, 2016.

(2) 1st Amendment to Contract No. 580, Okahara and Associates, Inc. for Job No. 13-07, Kōloa Well D Retaining Wall and Site Repairs to Extend Contract to January 31, 2016 with No Additional Funding

FUNDING:
NO ADDITIONAL FUNDS REQUESTED

Account No. 10-20-00-604-033 Water Utility Fund (Capital Projects-R&R-Design)

| Contract No. 580: Okahara and Associates, Inc. | $56,274.00 |
| 5% Contingency | $2,814.00 |
| Total Funds Certified to date | $59,088.00 |
First Amendment:

<table>
<thead>
<tr>
<th>Contract Time Extension to January 31, 2016</th>
<th>$0.00</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total for First Amendment</strong></td>
<td><strong>$0.00</strong></td>
</tr>
<tr>
<td><strong>Total Funding Balance for Acct No. 10-20-00-604-033</strong></td>
<td><strong>$14,204.00</strong></td>
</tr>
</tbody>
</table>

BACKGROUND:
Due to unanticipated delays in the preparation of preliminary engineering design and agency review, work proceeded at a pace slower than originally planned, resulting in the contract work extending beyond the contractual limit.

It is the DOW staff’s opinion that Okahara and Associates, Inc. have made substantial/sufficient progress to the project. We recommend approval for the project completion date to be extended to January 31, 2016. Please note that this contract time extension is for design services; the first amendment stipulates services during construction to extend to 90 days beyond the completion of construction.

(3) **Approved Sole Source 2016-2 Contract No. 613 Awarded to Four Winds Group, Inc. for the Annual License Renewal and Maintenance of the DOW’s MMIS Software Program in the Amount of $16,000.00**

FUNDING:
Account No. 10-02-10-561-000 IT/Admin/Repairs & Maintenance – Other / MPET/MMIS

<table>
<thead>
<tr>
<th>Account No. 10-02-10-561-000</th>
<th>$36,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract No. 613: Four Winds Group, Inc.</td>
<td>$16,000.00</td>
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<tr>
<td>5% Contingency</td>
<td>$1,800.00</td>
</tr>
<tr>
<td><strong>Total Funds Certified</strong></td>
<td><strong>$17,800.00 (17,800.00)</strong></td>
</tr>
<tr>
<td><strong>Total Balance/Remaining for Acct No. 10-02-10-561-000</strong></td>
<td><strong>$18,200.00</strong></td>
</tr>
</tbody>
</table>

BACKGROUND:
Four Winds Group, Inc. who is the registered trademark owner has been working with the Department of Water’s MMIS software program since 1998. In accordance with HAR Chapter 3-122-81 No. 3, enacted on January 18, 2007 sole source procurement for the annual license renewal and maintenance for computer software is approved by the Procurement Policy Board. The duration of this sole source contract shall be from December 1, 2015 through November 30, 2016.

(4) **Reduce FY2015-2016 New Capital Outlay Budget in the amount of $2,934,000**

FUNDING:
NO ADDITIONAL FUNDS REQUESTED

| 60-21-00-604-114 SRF-Cns-ALLR-PLH-39a Līhuʻe Baseyard Phase I | ($2,000,000) |
| 10-21-00-604-032 W/U-Cns-ALLR-13-05  Kōlo Road Main (Kīlauea School) | ($934,000) |

Total budget adjustment (decrease) $ (2,934,000)
BACKGROUND:
This Fiscal Year’s (FY) budget has three major components; the Operating Budget, the New Capital Outlay Budget and the Encumbrance Rollovers. The Operating and the new Capital Outlay budgets were approved on June 18, 2015 during the regular board meeting. The Encumbrance Rollovers were submitted and approved on August 20th board meeting to allow Fiscal to pay and post FY 2015 invoices that were received after June 30th before closing fiscal year ending June 30, 2015.

The New Capital Outlay budget for FY 2015 – 2016 consisted of anticipated projects available for contract award and encumbrance by DOW. Before the fiscal year ended on June 30, 2015, two (2) projects listed under the New Capital Outlay budget for FY 2016- 2017 were encumbered in FY 2015-2016. These 2 projects were then included in the Encumbrance Rollover budget that was approved in the August board meeting.

To properly reflect the budget amounts intended for these 2 projects, it is fiscally prudent to reduce the New Capital Outlay budget.

No additional funds are requested but merely a budget adjustment request to decrease the budget amounts for the above 2 projects.

WAIVER RELEASE & INDEMNITY APPLICATIONS:

<table>
<thead>
<tr>
<th>Applicant</th>
<th>TMK Location &amp; Building permit</th>
<th>Performance Bond Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

STAFF REPORTS - FY 14-15:

PERSONNEL MATTERS UPDATE

November 9, 2015

Construction Management Division
1. Project Manager #2484. Job posting on continuous recruitment at a range.

Engineering Division
1. Civil Engineer III #2468. Interviews were held on November 6, 2015. Selection is pending.

Administration
1. Deputy Manager-Engineer. Names of qualified eligibles have been provided to Manager.

Pursuant to Board Policy No. 3

SUMMARY OF WARRANT VOUCHERS
As of September 17, 2015 Regular Board Meeting, the Summary of Warrant Vouchers will be included in the Fiscal Monthly reporting.
Pursuant to Board Policy No. 24

CONVEYANCE OF WATER FACILITIES – $459,386.00

<table>
<thead>
<tr>
<th>Date</th>
<th>Conveyance Details</th>
<th>Location</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/19/2015</td>
<td>Anne Huddy Crawford Revocable Trust, U/T/A dated February 16, 2007 Dorothy C. Huddy</td>
<td>Kapaa</td>
<td>$13,330.00</td>
</tr>
<tr>
<td>11/19/2015</td>
<td>Sherwood C. Conant II, Trustee of the Sherwood C. Conant II Trust</td>
<td>Kapaa</td>
<td>$11,975.00</td>
</tr>
<tr>
<td>11/19/2015</td>
<td>Department of Public Works, County of Kaua‘i, N/A (roadway)</td>
<td>Wailua</td>
<td>$413,081.00</td>
</tr>
<tr>
<td>11/19/2015</td>
<td>Department of Public Works, County of Kaua‘i, N/A (roadway)</td>
<td>Kapaa</td>
<td>$21,000.00</td>
</tr>
</tbody>
</table>

CC&B BILLING SYSTEM UPDATE:
No report submitted for the month of November.

IT STRATEGIC PLAN UPDATE:
No report submitted for the month of November.

AFFORDABLE HOUSING UPDATE:
No significant affordable housing activities or meetings.

MANAGER’S GOALS established August 20, 2015 for FY15-16 UPDATE:

1. Provide management training for division heads and supervisors.
   Update 11/19/2015: On 11/13/15, the Manager and Chief Engineer met with the head of the County’s Department of Human Resources to discuss training for division heads and supervisors.

2. Investigate and determine methods for acknowledging outstanding employee performance.
   Update 11/19/2015: No update.

3. Provide clear Manager Reports to the Board, providing background, options and recommendations.
   Update 11/19/2015: Ongoing

4. Provide Manager’s Reports to the Board by Friday prior to the Agenda meeting with the exception of the financial reports at the time of posting.
   Update 11/19/2015: Ongoing

5. Respond to grievances within 30 days.
   Update 11/19/2015: No grievances received.

6. Obtain Department of Human Resources (DHR) approval for current Table of Organization. Minimize changes on the Table of Organization (TO).
   Update 10/22/2015: The Manager and Chief Engineer will comply with minimizing changes to the TO. Per HR Coordinator’s meeting with DHR, conclusion was that there is no need to change the way the lines are drawn, it’s acceptable.

7. Fill all funded vacant positions for FY15-16.
   Update 11/19/2015: On 11/13/15, the Manager and Chief Engineer met with the head of the County’s Department of Human Resources to discuss the following:

   1. DOW will begin the interview process for the Deputy Manager-Engineer.
2. Possibilities for supervisor/manager training.
3. Annual OSHA type inspections
4. Beginning the process for hiring a Procurement Officer.

Vacant funded positions for FY15-16 that are listed below:

Administration:
1. Deputy Manager-Engineer #E-20 100% funded Posting for the position has closed. There are qualified candidates. Manager is working on interviews.
2. Computer Systems Support Tech I #2492 100% funded No action.

Engineering:
1. Civil Engineer III #2468 100% funded Interviews held 11/06/2015.
2. Civil Engineer V #2476 50% funded No action.

Construction Management:
1. Project Manager #2484 Current classification is Project Manager #2484 100% funded Project Manager, re-posted at a higher maximum salary range, on continuous recruitment. DHR to provide referred list of eligibles.
2. Supervising Waterworks Inspector #2483. To be re-described to Waterworks Inspector I (ref. Mgr’s Report 16-11) 100% funded DHR has approved re-description to Waterworks Inspector I. Pending DHR’s referred list of eligibles.

Water Resources & Planning:
1. Civil Engineer VI #2428 100% funded No action.

Operations:
1. Water Plants Superintendent. #2490 10% funded No action.

8. To obtain a performance evaluation score of at least 3.5.
   Update 11/19/2015: No update.

Pursuant to Board DOW Rules and Regulations Part 3 Establishing Standards for Subdivision Water Systems, Section XII Modification of Requirements

Modification of Subdivision Requirement for Ho’oluana at Kohea Loa, S-2006-24 (106 lot subdivision), TMK 3-7-003:020, D.R. Horton/Schuler Homes, Hanamā’ulu, Kaua’i, Hawaii

Action: This Modification of the original subdivision has been approved by the Manager and Chief Engineer pursuant to requirements outlines in Part 3, Section XII of the DOW’s Rules and Regulations. (See attached Exhibit A, DOW Rule)

Subdivision S-2006-24 is a proposed 106 lot subdivision and is part of the approved “Water Master Plan for Līhu’e - Hanamā’ulu Master Planned Community” (LH-WMP) dated July 21, 2009.

Subdivision S-2006-24 was granted tentative subdivision approval by the County of Kaua’i’s Planning Department on March 28, 2006 (See attached Exhibit B, Subdivision Report S-2006-24 dated August 5, 2010 by the DOW). The requirement included but was not limited to a main extension 18-inch in diameter, approximately 9,000 feet in length, beginning at the existing DOW waterline along Ma’alo Road and running south along Ma’alo Road. It continues west along the existing cane haul road connecting Ma’alo Road to Ehiku Street including Ehiku Street to Kūhiʻō Highway.
On August 13, 2014, the DOW modified our subdivision report to allow the applicant to defer the 9,000 feet of waterline along Ma’alo Road, Cane haul road and Ehiku street required for Phase I of Hooluana at Kohea Loa (See attached Exhibit C, Subdivision Report S-2006-24 dated August 13, 2014 by the DOW). The required 9,000 feet of 18-inch waterline was deferred and will be required for subsequent development as shown in the LH-WMP. This modification of the original subdivision has been approved based on the following reasons:

- The proposed subdivision S-2006-24 will be properly served with water and with fire protection under this modification.
- The 18” water line from Ma’alo Road to Kūhi’ō Highway is being designed by Kodani and Associates, Inc. and will be reviewed by the DOW.
- Grove Farm has indicated that they may be willing to pay the entire cost for the design of the 18” water line from Ma’alo Road to Kūhi’ō Highway.
- Grove Farm has indicated that they are ready and willing to move forward to construct the 18” water line from Ma’alo Road to Kūhi’ō Highway. However, issues regarding the existing agreement between Grove Farm and DOW have to be resolved. Issues include but are not limited to working out the procurement process for DOW to administer and complete the waterline project while taking into account that the project will be funded by both Grove Farm and the DOW.
- Deferring the 18” water line for Subdivision S-2006-24 will not adversely affect the Līhu’e water system as a whole.
- Both Grove Farm and D.R. Horton-Schuler Homes acknowledge that prior to development of subsequent project phases as identified in the LH-WMP the 18” waterline will need to be constructed.
- A written agreement between the DOW, the applicant and Grove Farm that acknowledges that the 18” waterline is being deferred for Subdivision S-2006-24 and that the installation of the 18” waterline will be required for further development of projects as identified in the LH-WMP.

Respectfully submitted,

Kirk Saiki, P.E.
Manager and Chief Engineer

KS/mja

Mgrrp/Manager’s Update (11-19-15):mja

Attachment: 2010 BAB Spend Down Report as of October 2015
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  
(effective 10/11/2012)

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 may waive or modify requirements of this rule when not contrary to the purpose of the rule or the public interest. In cases of exemption from or reduction of the FRC fee, the request must be brought to the Board for approval and the Board must apply the Board Requirements stated below.

Manager Requirements: In waiving or modifying the rules, the Manager 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 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

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. The Board may overturn or nullify the Manager’s waiver or modification by a majority vote.

Board Requirements: Should the applicant request Board action after the Manager and Chief Engineer declined to waive or modify the requirements or should the applicant’s request involve the exemption from or reduction of the FRC fee or should the Board decide to take action contrary to the Manager and Chief Engineer’s action, the Board may, by a super majority vote, waive or modify requirements of these rules when not contrary to the purpose of the rules or the public interest. The Board, by a super majority vote, 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 upon the Department and future consumers is acceptable to the Board.
REVISED SUBDIVISION REPORT

TO: PLANNING DEPARTMENT
FROM: DEPARTMENT OF WATER

TMK: 3-7-03-020 NAME: D.R. HORTON/SCHULER HOMES SURVEYOR: Kodani
(May 28, 2010)

REPORT NO. S-2006-24

1. Domestic water is adequate. Tentative approval is recommended.

2. All requirements have been fully met and; therefore, Final Approval is recommended.

3. Before final approval can be recommended, the subdivider must:

A. Pay the Department of Water the following charges in effect at the time of receipt. At the present time, these charges include:

1) The Facilities Reserve Charge (FRC):

- 106 lots @ $4,600 per lot = $487,600

* FRC offsets may apply if water system facilities are provided by the applicant in accordance with the Department of Water's Rules and Regulations.

* FRC credit for one lot may be applicable if FRC is paid for S-2006-12.

B. Submit to the Department of Water a copy of the subdivider's permit to perform work upon a State highway from the State Highways Division.

C. Prepare and receive Department of Water's approval of construction drawings for necessary water system facilities and either construct said facilities or post a performance bond for construction. These facilities shall also include:

1) Additional source facilities. The “Water Master Plan for the former AMFAC/JMB Lihue-Hanamaulu Master Platted Community” that was approved by the DOW on July 14, 2009 indicates that water source for the project may be obtained from Grove Farm’s Waialua Surface Water Treatment Plant (SWTP) 1.0 MG source allocation. Grove Farm may allocate available water source from the SWTP and submit an “Updated Development Schedule and Lihue/Puhi Water Source Budget” and “Updated Development Schedule/Facilities Reserve Charges” to the DOW for review and approval.

2) Additional storage facilities. The subdivider will be allowed to temporarily use existing DOW storage facilities for this subdivision until Grove Farm builds a new storage tank for Phase I development of the “Water Master Plan for the former AMFAC/JMB Lihue-Hanamaulu Master Planned Community”. The new storage tank shall also provide capacity for S-2006-24. A written agreement between the DOW, the applicant, and Grove Farm that shows the temporary use of existing DOW storage facilities must be fully executed and recorded by all parties.

3) Transmission facilities (lopped where possible). As required for the project in the approved “Water Master Plan for the former AMFAC/JMB Lihue-Hanamaulu Master Planned Community” These transmission facilities include but are not limited to:

i) An extension of a main 12-inch in diameter, approximately 2,000 feet in length, beginning at the existing 12-inch waterline along Kuhio Highway and running east along Kuhio Highway to the access to the lot.

ii) An extension of a main 18-inch in diameter, approximately 9,000 feet in length, beginning at the existing waterline along Mala Road (at the connection point to the future 18-inch main to be installed for Phase II of the LH MPC Water Master Plan) and running south along Mala Road then west along the existing cane haul road connecting Mala Road to Eihiku Street and continuing on Eihiku Street to Kuhio Highway.

iii) Replacement of the existing control valve and vault for the Hanamaulu 318 service zone with a larger capacity valve station.

iv) Interior subdivision mains along subdivision roadways that connect to existing roadways shall connect to existing DOW water lines that are a minimum of 6-inches in diameter.

v) The appropriate backflow prevention devices, if applicable.

4) The fire service connections.

D. Prepare and convey to the Department of Water a right-of-entry and temporary grant of easement for the purpose of construction, repair, maintenance, and operation of the subdivision water system improvements installed in other than County-owned property.
E. If a bond is filed, to secure final subdivision approval, the subdivider shall clearly letter the following on the approved construction plans, final subdivision map, and deeds:

"Domestic water service will not be available until the required construction improvements for this subdivision are completed and accepted by the Department of Water, County of Kauai."

This deed restriction shall be recorded with the Bureau of Conveyances within ninety (90) days of final subdivision approval by the Planning Department.

4. Installation of service connections will not be required until request for water service is made. The applicant for service will be charged the applicable service connection charges at that time.

5. Other (or remarks):

Prior to the DOW recommending final subdivision approval, the applicant must also:

A. Locate and describe all existing County water meters on the preliminary subdivision map. Department comments may be revised based on the approved preliminary subdivision map.

B. Wait until S-2006-12 receives final subdivision approval from the Planning Department.

[Signature]
Gregg Fujikawa
Chief of Water Resources & Planning Division

8-5-10
Date

REVISED SUBDIVISION REPORT NO. S-2006-24

KA/GF:co
S-2006-24 DR Horton rev 3

c: Clyde Kodani, Kodani & Associates, Inc.
Vanessa Yanagawa, DR Horton
Robert Bruhl, DR Horton
Keith Aoki, DOW
REVISED SUBDIVISION REPORT

TO: PLANNING DEPARTMENT
FROM: DEPARTMENT OF WATER

TMK: 3-7-03-020  NAME: D.R. HORTON/SCHULER HOMES  SURVEYOR: Kodani

REPORT NO. S-2006-24

1. Tentative approval is recommended.
   Water requirements are not affected. Tentative approval is recommended.

2. All requirements have been fully met and, therefore, Final Approval is recommended.

3. Before final approval can be recommended, the subdivider must:

   A. Pay the Department of Water the following charges in effect at the time of receipt. At the present time, these charges include:

      1) The Facilities Reserve Charge (FRC):

         \[ 106 \text{ lots} \times 4,500 \text{ per lot} = 497,000 \times 4 \]

         * FRC offsets may apply if water system facilities are provided by the applicant in accordance with the Department of Water’s Rules and Regulations
         * FRC credit for one lot may be applicable if FRC is paid for S-2006-12.

   B. Submit to the Department of Water a copy of the subdivider’s permit to perform work upon a State highway from the State Highways Division.

   C. Prepare and receive Department of Water’s approval of construction drawings for necessary water system facilities and either construct said facilities or post a performance bond for construction. These facilities shall also include:

      1) Additional source facilities. The “Water Master Plan for the former AMFAC/JMB Lilue-Hanamalau Master Planned Community” that was approved by the DOW on July 14, 2009 indicates that water source for the project may be obtained from Grove Farm’s Waiau Surface Water Treatment Plant (SWTP) 1.0 MG source allocation. Grove Farm may allocate available water source from the SWTP and submit an “Updated Development Schedule and Lilue/Puahi Water Source Budget” and “Updated Development Schedule/Facilities Reserve Charges” to the DOW for review and approval.

      2) Additional storage facilities. The subdivider will be allowed to temporarily use existing DOW storage facilities for this subdivision until Grove Farm builds a new storage tank for Phase I development of the “Water Master Plan for the former AMFAC/JMB Lilue-Hanamalau Master Planned Community”. The new storage tank shall also provide capacity for S-2006-24. A written agreement between the DOW, the applicant, and Grove Farm that shows the temporary use of existing DOW storage facilities must be fully executed and recorded by all parties.

      3) Transmission facilities (looped where possible). As required for the project in the approved “Water Master Plan for the former AMFAC/JMB Lilue-Hanamalau Master Planned Community” these transmission facilities include but are not limited to:

         i) An extension of a main 12-inch in diameter, approximately 2,000 feet in length, beginning at the existing 12-inch waterline along Kuhio Highway and running east along Kuhio Highway to the access to the lot.

         ii) An extension of a main 18-inch in diameter, approximately 9,000 feet in length, beginning at the existing waterline along Maolo Road (at the connection point to the future 18-inch main to be installed for Phase II of the LHP Master Water Plan) and running south along Maolo Road then west along the existing cane haul road connecting Maolo Road to Ohiki Street and continuing on Ohiki Street to Kuhio Highway.

         This 9,000 feet of 18-inch diameter main shall be deferred for Phase I of Ho’ouluana at Kokea Lane Subdivision and will be required for further development as shown in the Water Master Plan for Lilue-Hanamalu Master Planned Community dated July 21, 2009 (LHP-WMP). A written agreement must be executed between the DOW, the applicant, and Grove Farm that identifies that the 9,000 LF of 18” diameter waterline from Ma’alo Road to Kuhio Highway will be deferred for Phase I of Ho’ouluana at Kokea Lane Subdivision and will be required for further development as shown in the Water Master Plan for Lilue-Hanamalu master Planned Community dated July 21, 2009 (LHP-WMP).

         iii) Replacement of the existing control valve and vault for the Hanamalu 318” service zone with a larger capacity valve station.

         iv) Interior subdivision mains along subdivision roadways that connect to existing roadways shall connect to existing DOW water lines that are a minimum of 6-inch in diameter.

         v) The appropriate backflow prevention devices, if applicable.

4) The fire service connections.
D. Prepare and convey to the Department of Water a right-of-entry and temporary grant of easement for the purpose of construction, repair, maintenance, and operation of the subdivision water system improvements installed in other than County-owned property.

E. If a bond is filed, to secure final subdivision approval, the subdivider shall clearly letter the following on the approved construction plans, final subdivision map, and deeds:

"Domestic water service will not be available until the required construction improvements for this subdivision are completed and accepted by the Department of Water, County of Kauai."

This deed restriction shall be recorded with the Bureau of Conveyances within ninety (90) days of final subdivision approval by the Planning Department.

4. Installation of service connections will not be required until request for water service is made. The applicant for service will be charged the applicable service connection charges at that time. 

5. Other (or remarks):

Prior to the DOW recommending final subdivision approval, the applicant must also:

A. Locate and describe all existing County water meters on the preliminary subdivision map. Department comments may be revised based on the approved preliminary subdivision map.

B. Wait until S-2006-12 receives final subdivision approval from the Planning Department.
2010 Bond Encumbrance and Spend Down Status (Dollars)

Thousands of Dollars

[Graph showing bond encumbrance and spend down status from Jan 10 to Jun 17, with key dates and values marked.]

Actual
Projected

BAB Balance Remaining to Encumber