

REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, October 15, 2009

The Board of Water Supply, County of Kaua'i, met in regular meeting at its office in Lihu'e on Thursday, October 15, 2009. Chairperson Leland Kahawai called the meeting to order at 11:35 a.m. On roll call, the following answered present:

BOARD: Mr. Leland Kahawai, Chairperson
Mr. Ian Costa (*present at about 10:20 a.m.*)
Mr. Dee Crowell
Mr. Donald Fujimoto
Mr. Raymond McCormick
Mr. Randall Nishimura
Mr. Roy Oyama

STAFF: Mr. David Craddick
Mr. Paul Ganaden
Mr. Gregg Fujikawa
Mr. William Eddy
Mr. Keith Fujimoto
Mr. Bruce Inouye
Ms. Faith Shiramizu
Mr. Edward Doi
Mr. Jeffery Mendez
County Attorney Al Castillo, Jr.

AGENDA:

Mr. Costa moved to approve the Agenda, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

MINUTES:

Mr. Costa moved to approve the Regular Meeting Minutes of September 17, 2009, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

CORRESPONDENCE:

Re: Letter from the Department of Health on a Drinking Water Certification for the Kaua'i Department of Water's Laboratory

Mr. Costa moved to receive the above Correspondence and place on file, seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

OLD BUSINESS:

Re: Manager's Top 4 Goals for the Kaua'i Department of Water for 2009

Recommendation: Not Applicable

Project Funding: Not Applicable

Background:

Previous Manager's Top 4 Goals for the Year 2009:

1. Customer service survey completed
2. Include in monthly report steps and progress of improvements (planning and organizing criteria)
3. Improve internal controls, resolve problems, and follow up with enforcement. See Note below.
4. Water Rate Study completed.

Customer Service Survey

Completed last month. This item will be dropped.

Monthly Progress Report

We hope to issue bonds to speed up the implementation of projects to implement the 2020 Plan. The status of the ongoing projects will continue to be updated on the quarterly reports entitled, Briefing on Departmental Projects.

Improve Internal Controls, Resolve Problems and Follow-up with Enforcement

We will work to implement the Auditors findings regarding implementation of an automated work order system. Our CMM system is an automated work order system and the system is operational. The internal controls and enforcement issue is not an item for open discussion as it involves individual persons and may be a violation of rights. In the future this item will be dropped.

The Board concurred that that the Manager would finish the previous Manager's goals and will submit his own goals for 2010, which would be at the January, 2010 Board Meeting. The Board can submit proposed goals.

Mr. Costa moved to receive the Manager's Report and place on file, seconded by Mr. Oyama; by a unanimous vote; motion was carried.

NEW BUSINESS

Re: Request Board Approval of: 1) Our Proposed Capital Improvements Projects (CIP) Submittal to the 2010 State Legislature & 2) Resolution No. 3 (09/10), Legislative Budget for Fiscal Year 2010-11 (MANAGER'S REPORT NO. 10-18)

Recommendation:

It was recommended that the Board approve the attached proposed CIP projects submittal to the upcoming 2010 legislative session. We included in our proposed CIP a request for monies for two (2) projects: 1) a project in the area that will benefit State facilities, specifically for fire protection for a public school at the Kīlauea School; and 2) improve the storage for the Kapa'a area in order to facilitate the construction of affordable housing in the Kawaihau District.

It was also recommended that the Board approve Resolution No. 3 (09/10), Legislative Budget for Fiscal Year 2010-11.

Background:

CIP Projects:

We also wanted to keep the legislators abreast of our future upcoming projects that we will be seeking legislative funds at a later date so have included the following projects in our submittal:

1. Fire Protection Improvements for the State Hanalei School Waterline Project
2. Fire Protection Improvements for the Haena 100,000-Gallon Storage Tank, Booster Pump and Connecting Pipeline which will improve storage capacity for current and future demand and fire protection requirements in the area.
3. Future Infrastructure Development for:
 - a. Kawaihau, Kahuna & Piliamoo Roads - 12" and 18" Mains
 - b. Drill and Develop Kapa'a Homesteads Well No. 4
 - c. Renovate Kekaha (Amfac) Shaft and 12" Ductile Iron Waterline

Resolution No. 3 (09/10), Legislative Budget for Fiscal Year 2010-11:

The attached Legislative Budget for Fiscal Year 2010-11 was done for the purpose of submittal to the State Legislature. The first page, the Budget Summary, which is for legislative purposes only, will be part of our CIP Booklets that will be sent to our upcoming 2010 legislative session.

The budget is prepared in a broad sense to give the legislators a general idea of our upcoming budget and it does include pending issues such as rate increases and bond issues that have not been decided yet.

On query by Mr. Crowell, Manager Craddick stated that we do not have a lobbyist now.

Manager Craddick corrected an amount for the Kilauea School that the requested amount should have been \$1.3 million.

Mr. Crowell moved to approve the CIP Projects for the 2010 Legislature, seconded by Mr. D. Fujimoto; by a unanimous vote; motion was carried.

Mr. Nishimura moved to approve Resolution No. 3 (09/10), Legislative Budget for Fiscal Year 2010-11, seconded by Mr. Costa; by a unanimous vote; motion was carried.

Re: Request Board Approval of Resolution No. 4 (09-10), Mahalo to Participants of the 6th Annual Make-A-Splash Water Festival (MANAGER'S REPORT NO. 10-20)

Manager Craddick requested that the Board approve Resolution No. 4 (09/10) to thank the participants who wholeheartedly supported and assisted with the 6th annual Make-A-Splash Water Festival that was held on Friday, September 18, 2009. Resolution No. 4 will be forwarded to each participant.

Mr. Costa moved to approve Resolution No. 4 (09-10), seconded by Mr. Oyama; by a unanimous vote; motion was carried.

Re: Request Board Approval for an Agreement to Allow Mr. Michael Fernandes to Continue His Volunteer Services by maintaining the Department's (inactive) Nonou 0.2 MG Tank Site, Wailua, Kaua'i

(MANAGER'S REPORT NO. 10-17)

RECOMMENDATION: It was recommended that the Board approve an Agreement allowing Mr. Michael Fernandes to continue providing voluntary site maintenance of the (inactive) 0.2 MG Nonou Tank Site through the County's Adopt-A-Park Program located at Wailua Houselots, more particularly on Tax Map Key: (4) 4-1-009-019.

FUNDING: No funding required for this action.

BACKGROUND: Mr. Fernandes has been maintaining a portion of the Department's old Nonou Tank site located in Wailua Houselots for nearly twenty years through what he claims was an informal mutual agreement in 1998 with a former Department Water Manager. The year 2007, was when Mr. Fernandes initially expressed official interest in continuing the maintenance of the Department's old Nonou Tank Site. He was interested in keeping the Department's tank site maintained because he has the lease for the adjacent pasture lands. Mr. Fernandes has fenced the area between the old tank site and surrounding properties and has indicated that the fence would need replacement due to the age of the current fence. The Department's old Nonou Tank has not been in active use for approximately 26 years as it was replaced by the 2.0 MG Nonou Tank in 1981, but the site may be put back into service in the future.

The old Nonou Tank site was originally an executive order to the Board of Supervisors and not the Board of Water in about 1959. Therefore, Mr. Fernandes was referred to Mr. Eddie Sarita, who administers the Hoolokahi Volunteer Program which allows citizens to volunteer with the maintenance of County properties. Mr. Sarita and Mr. Fernandes signed the County's Agreement which is attached.

Although the Board is not required to sign the agreement, maintenance of the tank site is generally left to the Department's staff and therefore Board's approval of having Mr. Fernandes continue the maintenance of the tank site is requested.

This is to request Board approval to allow Michael Fernandes to continue his volunteer services by maintaining the Department's inactive Nonou 0.2 MG Tank Site. Mr. Fernandes' current agreement which was approved by the Board at the November 13, 2008 Board Meeting expires on November 17, 2009.

Mr. Oyama moved to approve the renewal of Michael Fernandes' Agreement, seconded by Mr. Costa; by a unanimous vote; motion was carried.

Re: Request Board Approval for Two (2) Additional Projects and to Delete One (1) Project from the Bond Issue List (MANAGER'S REPORT NO. 10-21)

Additions and Deletions to the Bond Project List
(dollar amounts in millions)

1. Addition: Purchase of the Surface Water Treatment Facility that resulted from the Grove Farm DOW Water Treatment and Delivery Agreement..... \$ 6
2. Addition: Water production from high level source..... \$12
(This proposed project to drill a high-level source could eliminate electrical pumping costs)

These two projects are added as each project has the potential of saving a million dollars per year in operating costs for a total of two million dollars in savings per year.

3. Deletion: Replace Lawai Road Pipeline, Kukuiula Bay to Spouting Horn<\$ 2>
(This project is already done.)

Manager Craddick explained that even though the new estimated project amount exceeds \$60 million, the bond issue amount will still remain at \$60 million. He added that the projects that can move the fastest would be funded first.

On query by Chair Kahawai, Manager Craddick stated that normally the bond resolution is drafted by the bond counsel.

On query by Mr. Oyama, Manager Craddick stated that the DOW owes about \$6.1 million for the Surface Water Treatment Plant (SWTP). On query by Chair Kahawai, Manager Craddick also stated that per the Agreement between the DOW and Grove Farm, the DOW has the option to buy the SWTP anytime.

Also on query by Mr. Oyama, Manager Craddick stated that by owning the SWTP, the DOW could save about \$1 million a year and that the DOW would need to find and hire someone who is certified to operate the plant, although the goal would be to have internal certified DOW personnel to run the plant.

Mr. Oyama moved to approve the revised project list as stated above, seconded by Mr. Costa; by a unanimous vote; motion was carried.

Re: Water Rates Study - Proposed Block Changes for Year 2011

This agenda item was deferred.

The Board's approval was requested to go to the next step and meet with the required public and government groups on the proposed consumption block changes.

The basis for the proposed changes are based on customer response by meter size to the 2006-2010 rate increases which attempted to encourage conservation of

water, add some portion of the lowest block to the service charge to prevent “meter camping” and include a four percent increase in rates for very high end consumption for each meter size. “Meter Camping” is a term used for service holders that have a meter and do not use it. If there was a good response by increasing lower block consumption and decreasing higher block consumption the percent dollar increase when compared to the percent of total consumption for that meter class drops. If the response was in the opposite direction the percent dollar increase when compared to the percent of total consumption for that meter class increases. Three sets of data are provided.

Pages 1 and 11 are summaries of existing to current or proposed data. Pages 2 through 10 are data for the respective meter size. Page 1 summarizes the existing and proposed new blocks. The area marked in yellow is the percent difference in the revenue increase and percent of total consumption. The percentage you see is negative if the conservation effort increased in the lower blocks and decreased in the upper blocks and is positive if the conservation effort did not happen. What is happening when this criteria is applied is the cost of service is decreasing for the group that conserved and increases for the group that did not conserve. The 8- and 4-inch meter sizes did not have blocks which allowed conservation as 90 – 100 percent of the consumption was in the lowest block. That is why those meter classes have the largest positive percent. In the end about \$1.15 million in revenue is realized if owners of the respective meters do not start or continue to conserve water. The “meter camping” issue is discussed in more detail below.

The consumption added to the service charge is an effort to cover our cost when meters are installed and there is little to no consumption. Camping on the meter with little to no consumption prevents water from being given to those with current need. Also meters with consumption way over the averages for a particular meter size also has a negative effect on DOW in that the correct meter size would have a higher “Facility Reserve Charge” (FRC).

On each of the meter data sheets there is a number indicating average number of services negatively affected by the consumption added to the service charge. There is another number for the number of services negatively affected by the high end four percent increase in rates. In both cases the people can either increase the meter size if the consumption is high or decrease the meter size if they have very low consumption for the size of meter they have. Of course the smallest meter cannot go smaller and the largest meter cannot go larger. There are no 8-inch meter customers in the highest block.

By implementing the proposed block changes at the start of the Fiscal Year 2011, we will have about a year of data that will reflect consumer’s efforts at changing to correct meter sizes and water conservation. We expect much of this activity on meter “right sizing” will occur between the time the Board approves the block changes and the time they are enforced. The more time customers have to react to these changes the more time the staff will have to educate and inform the public of the pending changes.

Thank you for your attention on this important matter and keep in mind the net result of this effort will assist in the prevention of rate shock when we have to start repayment of bonds and will get people adjusted to the new blocks before implementing across the board rate increases.

Mr. Costa moved to defer this agenda item to the October 29, 2009 Finance Committee Meeting, seconded by Mr. Oyama; by a unanimous vote; motion was carried.

Re: To inform the Board that the Department of Water (DOW) will be initiating a program that will require the installation of backflow prevention assemblies on all water meters that are or will be paying agricultural rates for water purchased from the Department

LOCATION: Island wide, as applicable.

ACTIONS REQUIRED:

The backflow prevention unit of the DOW will be initiating a program that will require the installation of a backflow prevention assembly on all water meters that are or will be paying agricultural rates for water purchased from the DOW. The following are anticipated to accomplish the project:

- a. Providing notification of the project to the public via Garden Island Newspaper.
- b. Identify all water meters that are or will be paying agricultural rates for water purchased from the DOW.
- c. Determine which water meters identified in item b. above have existing backflow prevention assemblies and which water meters do not have a backflow prevention assembly.
- d. Notify owners of existing water meters who are paying agricultural rates and do not have an existing backflow prevention assembly installed that they will be required to install a backflow prevention assembly. Also, work with customer service to inform and require applicants for agriculture water rates that a backflow prevention assembly will be required prior to approving the agricultural water rate.
- e. Review and approve construction drawings for the installation of backflow prevention assemblies.
- f. Inspect and approve the installation of the backflow prevention assemblies.
- g. Work with applicable consumers to accomplish the installation of the backflow prevention assembly. This may involve reminder letters.
- h. Enforcement, if necessary (installation of the backflow assembly and bill the consumer, shutting off water service, etc.).
- i. Keep records and administer the yearly testing of installed backflow prevention assemblies.

LEGAL REQUIREMENTS:

- a. DOW Rules and Regulations "Part IV – Fixing Rates for the Furnishing of Water Service, Section III – Agricultural Rates".

“In order to qualify for agricultural rates the applicant shall file annually with the DOW a written application and shall furnish annually satisfactory proof, including State of Hawai'i General Excise Tax License for the engagement of business in agriculture, stock raising or dairy farming on a commercial basis.”

b. DOW Water System Standards “Division 100 – Planning, Section 107 – Backflow Prevention Assembly, 107.03 Requirements For Backflow Prevention”.

“The specific requirements for cross connection and backflow prevention installation as specified in Division 300, Section 305 – Backflow Prevention Assemblies are as follows: “Table 100-17 – Backflow Prevention Requirements”. Table 100-17 identifies agricultural activities, commercial buildings, dairies, etc. as facility that should have a backflow prevention assembly.

IV. APPLICANT’S REASONS/JUSTIFICATION:

As applicable the term “backflow” shall mean the undesirable reversal of flow of water. The Backflow Prevention Assembly is used to prevent the backflow of water into the Department’s potable water system. Backflow can occur (but is not limited to) backsiphonage and backpressure. Backsiphonage could be caused due to a reduction in system pressure (i.e. broken fire hydrant, etc.) and backpressure could occur when the consumers pressure is above the Department’s supply pressure (i.e. pump on consumers system, etc.).

The Department presently requires the installation of backflow prevention assemblies through the following venues: review of building permit applications to determine if a backflow assembly is necessary for the proposed use, situations where there are dual water system encountered, actual occurrence of a backflow situation, inspection and evaluation due to reports, etc.

The Department is planning to move forward and implement the procedure to assure that backflow prevention assemblies are installed on all existing and proposed water meters what will be assessed agricultural water rates. The intended use to qualify for agricultural water rates requires the installation of a backflow prevention assembly in accordance with the DOW’s Water System Standards.

EVALUATION:

The intended use to qualify for agricultural water rates requires the installation of a backflow prevention assembly in accordance with the DOW’s Water System Standards.

CONCLUSION:

The DOW will move forward and complete the above subject project.

RECOMMENDATION

It was recommended that the Board support the above subject project.

Manager Craddick stated that the installation requirement of backflow prevention devices for our agriculture rate-paying customers would protect our customers from

any internal contamination, as well as potentially contaminating neighboring properties. He added that this is an administrative action; however, the Department wanted to inform and have the support of the Board of this program.

Mr. Costa moved to receive the Department's report, seconded by Mr. Oyama; by a unanimous vote; motion was carried.

Manager Craddick stated that there will be coordination between the Department and farmers to get all the farmers on board with our backflow program.

Re: Conveyance of Water Facility from Thomas McMichael Chamberlin for the Water Service Installation Plan for Lot 10, Kekaha Beach Subdivision, TMK: (4) 1-3-10:028, Kekaha, Waimea District, Kauai, Hawaii

It was recommended that the Conveyance of Water Facility document be approved; whereby, Thomas McMichael Chamberlin, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to: one (1) each, 1-inch copper single service lateral for 5/8" water meter, in place complete, for the Water Service Installation Plan for Lot 10, Kekaha Beach Subdivision, TMK: (4) 1-3-10:028, Kekaha, Waimea District, Kauai, Hawaii.

Grant of Easement not required.

Mr. Costa moved to approve the Conveyance of Water Facility from Thomas McMichael Chamberlin, seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

REPORTS

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

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

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

Public Relations Specialist Faith Shiramizu gave the following report:

Re: Public Relations Update

Make a Splash: Our 6th annual Make a Splash Water Festival, held on Friday, September 18, 2009 turned out to be a successful event thanks to the many volunteers. The setup crew on Thursday was very organized, completing the tent, table and bench set up in a timely manner. Following the setup, Stanley and crew organized and transferred the supplies from upstairs to the warehouse in preparation

for Friday, allowing the morning set up to be much more efficient. Volunteers arrived bright and early Friday to set up their stations. By 8:15 am as the early busses began to arrive, everything and everyone was in place to get the day started.

Ten activities were done simultaneously to accommodate the over 600 students. This year, there were no scheduled breaks due to the attendance, thankfully many of the volunteers preferred being busy from beginning to end. The evaluations from volunteers were all positive, with great suggestions to make our 2010 Make a Splash even better.

The 5th graders on our island are lucky to have so many volunteers from the department as well as the state, county and private organizations that make it possible for our department to host this event.

SRF: As our six projects funded through the Department of Health, Safe Drinking Water Branch, State Revolving Funds continue, we have received reimbursement for portions of our Stable 1.0 MG Tank Connecting Waterline and we are awaiting the loan agreements for review and signatures for: Kapilimao 0.5 MG Tank, Waimea Canyon Drive, Job No. 05-01, KW-16, Waimea Main Replacement project and are processing the application documents for Job No. 03-02, HW-02, HW-03, Haena Steel Tank and Wainiha Booster Pump Renovations and Job No. 02-02, LO-04, Piwai 0.5 MG Tank.

ARRA: The Pipeline Replacement for Lihue Town is moving along quickly as we await the loan agreements for review and signatures.

Drought Mitigation: Having received directions from David, we will be moving forward with our internal water conservation measures, by first gathering information on leak detection equipment for review before starting the procurement process and implementation. We are also looking into a possible low flow toilet rebate program as part of our external water conservation outreach.

We have already received \$411,319.24 for the Kekaha Amfac Shaft 11, Facility Testing, Evaluation and Reporting, leaving a balance of \$125,817.76 for that project.

Mr. D. Fujimoto moved to receive the Public Relations Update and placed it on file, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

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

Mr. D. Fujimoto moved to receive the Acting Chief of Operations' Summary Report and placed it on file, seconded by Mr. Costa; by a unanimous vote, motion was carried.

Re: Manager's Update for September, 2009 to October, 2009

Delegation From Board To Manager:

• **CONTRACTS AWARDED BY THE MANAGER:**

Re: Needs Assessment Study & a Facility Reserve Charge Analysis for the
Dept. of Water

Account 27, Contractual Services	\$220,000.00
RW Beck, Inc.	<\$ 58,000.00>
Balance Remaining	\$162,000.00

• **PUMP INSTALLATION PERMITS SIGNED BY MANAGER:** None.

• **WAIVER, RELEASE AND INDEMNITY AGREEMENTS SIGNED BY THE
MANAGER:** 1) Anaina Hou Land LLC, TMK: 5-2-17:028, Kīlauea, Kauaʻi

• **PERSONNEL MATTERS UPDATE:** None

Affordable Housing Update:

The last Affordable Housing Task Force (AHTF) meeting was held on Monday, September 14, 2009 at Piʻikoi Conference Room A, with the status of projects below.

Updates on AHTF Projects:

1. Habitat - Eleele I Luna Subdivision Phase 2 (106 lots): The developer plans to receive final subdivision map approval for Phase 2, Construction for the offsite 8-inch sewer mainline is being scheduled for construction with County CDBG funds. On site construction is planned to start in May 2010.
2. Kauai Lagoons – Courtyard at Waipouli: The Certification of Occupancy issuance was completed by the County in August 2009. According to Gary Mackler, will be removed from the AHTF project list.
3. Kauai Lagoons – Kapule Project: Construction of several multifamily buildings is underway. DOW fire hydrant installation along Haa Street is not completed. Off site curb and gutter design revisions being reviewed by the County.
4. Kukuiʻula Employee Housing- “Gap” Housing subdivision and zoning permit: A standalone water master plans for the Employee project was re-submitted in February, 2009 to DOW. The water master plan is currently being reviewed by DOW.

On query by Mr. Nishimura, Mr. Fujikawa stated that the DOW is still working on reviewing the water master plan and will be done in the next couple of weeks. Mr. Fujikawa explained that Kukuiula is working on utilizing the improvements already done with their Kukuiula water master plan area for their gap housing area.

Mr. Nishimura was concerned that the Department's review timeline was not holding up the project; however, Mr. Costa stated that this project has been somewhat delayed and not going as fast as initially anticipated.

On query by Chair Kahawai, it was explained that the gap housing will be located across Kukuiula's development and to the side of the Kiahuna Golf Course, near the fruit stand.

5. Kohea Loa (Hanamaulu Triangle) - Grove Farm revised Water Master Plan (dated June 10, 2009) was approved by DOW on July 14, 2009.
6. Paanau Village, Phase 2: Housing agency has requested that the access to the project be along Paanau Road Extension. A road reserve will remain for future access to the Western Bypass Road.

Next meeting will be held on Monday, October 12, 2009 at the Pi'ikoi Conference Room A at 10:00AM-11AM.

Departmental Updates:

Job 04-04, Water Plan 2020 Project PLH-09, Pipeline Replacement for Lihu'e Town
Cushnie Construction Co., Inc. has started the Lihu'e Town pipeline replacement project, which is part of Water Plan 2020 that will be replacing old pipeline in Lihu'e Town on the south side of Rice St. from Umi to Kalena Streets. The work started from September 1, 2009 and will end April 19, 2010.

Along with a press release, affected residents and businesses were sent hand delivered notices of a public informational meeting that was held by Cushnie Construction Co. Inc. to give the public a briefing on the scope of work and to answer any questions. The meeting went well.

Cushnie should be complete with the installation of waterlines along Umi and Ewalu Street by October 1st, which lines will be connected to the system by the end of October.

Make-A-Splash Water Festival:

Manager Craddick gave his personal congratulations and thanks to Faith Shiramizu for another very successful year with coordination and planning of our annual Project WET Make-A-Splash (MAS) Water Festival on Friday, September 18, 2009. The 5th grade students and teachers both enjoyed their day. A job well done!
Thanks also to Board Chair Leland for his attendance and support!

Current Personnel Activities:

1. Water Inspector I pre-employment exams being held & start dates to follow possibly within a month's time.
2. CE I interview questions being finalized. Interview date to be determined.
3. PFH interviews held. Selection pending.

Status on the Department of Water's Deputy Manager-Engineer:

One of the two applicants has dropped out resulting in a limited number of candidates. Where I would normally require a minimum of three candidates, I am not averse to looking at a limited number of qualified candidates when they are from within the water department. I have talked with the remaining candidate and offered the job on a temporary basis so a better evaluation can be made while allowing for additional training.

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

As per the last meeting minutes, Mr. Nishimura asked on the status of the DOW's contract management system. Manager Craddick explained that this new system is still being worked on but once online will be instrumental in keeping track of our contracts to ensure that the project process is smooth and the timelines watched to ensure that the projects are complete or applicable amendments done prior to the expiration of the contracts.

County Attorney Castillo added that it has been a concern of his office to keep contracts timely and, if not, that the affected party will be held accountable and possibly disciplinary action will occur.

On concern by Mr. Costa, Mr. Eddy will verify that the apparatus fronting Rice Street and the City Liquor parking lot is 'temporary' for the construction work being done in the area, as it is located very close to the edge of the sidewalk.

Chair Kahawai thanked Mr. Eddy for relocating the fire hydrant that fronted the bank he works at; as since it was initially close to the road, that hydrant got hit a number of times.

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

Due to a conflict of interest with the Claims Payable that included a payment to his company, Mr. Nishimura recused himself from the Finance Committee proceedings and had Mr. McCormick be the pro-tem chairperson.

Pro-Tem Finance Chair McCormick reported that the Finance Committee at its meeting approved DOW's bill payments of \$1,485,893.36. They also had discussion and the Finance Committee approved that the internal water rate study continue. Staff will report on the status of the water rate study by November, 2009.

Mr. Oyama moved to approve the Finance Committee Report, seconded by Mr. Costa; by a unanimous vote.

Mr. McCormick added that the Water Rate Study's Proposed Block Changes will be deferred to the Finance Committee Meeting set for Thursday, October 29, 2009. Motion was carried.

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

Rules Chair Crowell reported that the Rules Committee at its meeting deferred the Water Rate Study's Proposed Block Changes to after the Finance Committee Meeting meets on Thursday, October 29, 2009.

Mr. Kahawai moved to receive the Rules Committee Report, seconded by Mr. Oyama; motion was carried.

Re: DOW Quarterly Projects Briefing Report

Manager Craddick submitted a written quarterly report of the status of the DOW's projects, along with an Executive Summary, for the Board's information.

Mr. D. Fujimoto moved to receive the Projects Briefing Report and placed it on file, seconded by Mr. Costa; by a unanimous vote, motion was carried.

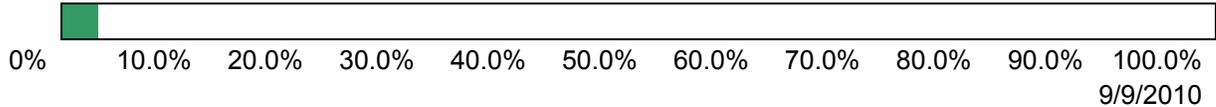
Re: Affordable Housing Projects – Summary Status October 2009

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

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

- A. Under construction.
- B. Processing construction management consultant.

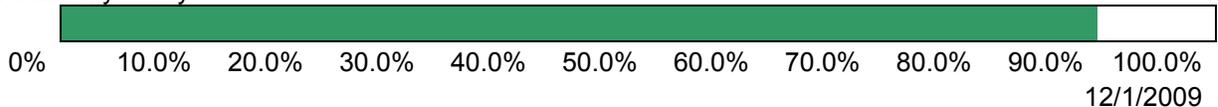
Construction



Job No. KW-28, Amfac Shaft:

- A. Department of Water's operations making shaft cover and installing over the shaft. Anticipate 1 month to complete this work.
- B. Issuing change order to seal the access tunnel at the shaft.

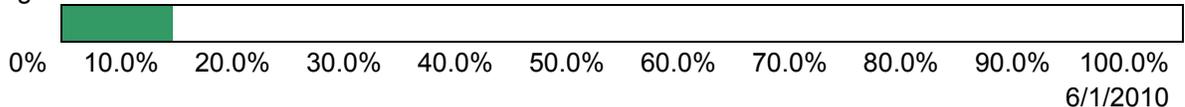
Feasibility Study



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

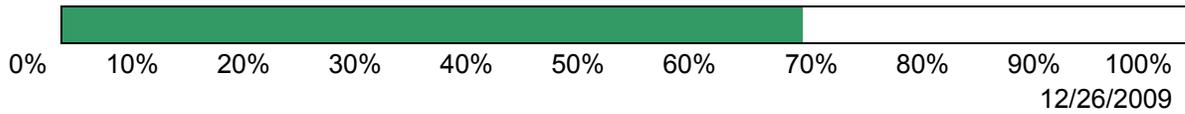
- A. Proceeding with the trapezoidal tank at the existing Ornellas Tank site. EA being prepared.

Design



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

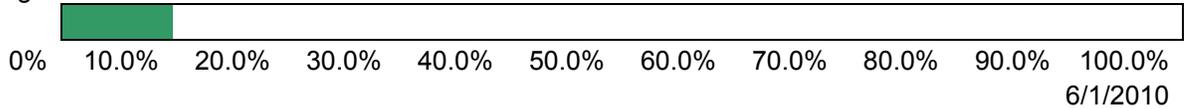
A. Under construction.



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

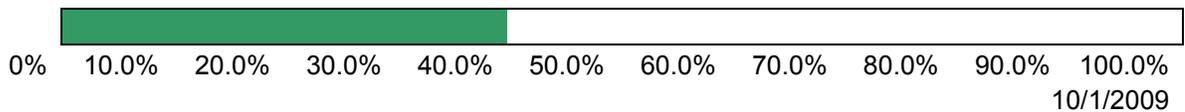
A. Proceeding with locating the well at the existing Ornellas Tank site. EA being prepared.

Design



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

- A. SSFM, project consultants requested to terminate the contract since the pre-design work will be at least a year from now.
- B. Received title report which verified that the waterline easement to access water sampling tap was deleted in the process of subdividing the property. We will need to request that the easement be reinstated, however need to verify the easement location. Proceeding with retaining a surveyor to verify the easement.



Mr. D. Fujimoto moved to receive the Affordable Housing Projects Report and placed on file, seconded by Mr. Costa; by a unanimous vote, motion was carried.

EXECUTIVE SESSION:

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

Recess: 12:17-12:21 p.m.

REVIEW OF EXECUTIVE SESSION MINUTES: Regular Meeting: September 17, 2009

As per County Attorney Castillo, the executive session minutes, which only included the approval of the minutes of the previous meeting, could be done in open session.

Mr. D. Fujimoto moved to receive the Executive Session Meeting minutes of September 17, 2009, seconded by Mr. Oyama; by a unanimous vote, motion was carried.

1. ES-2007 (12-13-07 & 2-14-08) - Pursuant to Haw. Rev. Stat. Sections 92-4 and 92-5(a)(4), the purpose of this executive session is to consult with Legal

Counsel regarding questions and issues pertaining to the Board's and Department of Water's liabilities, powers and duties regarding personnel, labor and employment issues. This consultation involves consideration of the powers, duties, privileges, immunities and/or liabilities of the Board and the County as they relate to this agenda item and/or liabilities, claims and/or potential claims, as they relate to the foregoing and to take such action as the Board deems appropriate.

Due to no action needed for Executive Session Agenda Item ES-2007, it was duly deferred.

ADJOURNMENT:

There being no further business, Mr. Crowell moved to adjourn the meeting at about 12:23 p.m., seconded by Mr. D. Fujimoto; by a unanimous vote, motion was carried.

Respectfully submitted,

Rona Miura, Secretary

APPROVED:

(for) David R. Craddick, P.E.
Manager and Chief Engineer

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