NOTE: If you need an ASL Interpreter, materials in an alternate format, or other auxiliary aid support, please contact MJ Akuna at 245-5408 or email: makuna@kauaiwater.org at least seven (7) calendar days before the meeting.
G. **OLD BUSINESS cont’d:**

3. *Manager’s Report No. 16-58* - Discussion and Possible Action on the Department of Water’s proposed Part 2 Rules and Regulations for Water Service Connections, Section II General Conditions, subsection 1. Rule amendment relating to the DOW’s Standard Operating Procedure for Providing Water Service Outside of the Water Zone

H. **NEW BUSINESS**

1. *Resolution No. 17-04* – Discussion and Adoption of Resolution No. 17-04, Mahalo DOW Participants 2016 Make a Splash Water Festival

2. *Manager’s Report No. 17-11* – Discussion and Possible Action on the 1st Amendment for Prithibi, LLC., Sole Source Contract No. 618, SS-2106-3, for Oracle Customer Care and Billing and Cloud Service Implementation for As-Needed Technical Support Services and ACH Enhancement in the amount of $70,000.00

3. *Manager’s Report No. 17-12* - Discussion and Possible Action on Use and Occupancy Agreement No. 276 between the State of Hawai‘i, Department of Transportation and the Board of Water Supply, County of Kaua‘i for Kaumuali‘i Highway, Project No. STP-050-1(26), TMK (4) 3-08-05: Road, Līhu‘e, Hawai‘i, Water Plan 2020 Project No. PLH-39, Līhu‘e Baseyard Improvements for the Department of Water offsite 12” Waterline

4. *Manager’s Report No. 17-13* - Discussion and Possible Action on the 8th Amendment for Belt Collins for Contract No. 427, Job No. 02-14 WP2020 #WK-08 Kapa‘a Homesteads 325’ Tanks – Two 0.5 Million Gallon Storage Tanks Project for the additional design funding of $51,911.26

5. *Manager’s Report No. 17-14* - Discussion and Possible Action on Amendment No. 3 to the February 19, 2004 Water Treatment and Delivery Agreement between Grove Farm Properties, Inc./Visionary LLC and the Board of Water Supply, County of Kaua‘i to Increase the Treatment and Delivery Sales Fee for the Waiahi Surface Water Treatment Plant

6. *Manager’s Report No. 17-15* – Discussion and Possible Action on a Capital Expenditure for the Removal and Replacement of the Air Conditioning System in the Department of Water’s Second Floor, Microlab building in the amount of $17,000.00

7. Board Meeting Dates for 2017

8. Election of Officers for 2017

**QUARTERLY (July – September 2016)**

1. Discussion and Receipt of the DOW’s Quarterly Project Status Update
   a. Construction Management Division Status
   b. Engineering Division Design Status
   c. Water Resources & Planning Division Status
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
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 September 2016

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).

K. **TOPICS FOR NEXT WATER BOARD MEETING** *(November 2016)*

1. Discussion and Possible Action on a Right of Entry Agreement for a portion of the Department of Water’s Koloa 1.0 MG Tank site, TMK: (4) 2 7-003:008, Lot 426, Affecting the following:
   a. Kauai Island Utility Cooperative (KIUC), TMK: (4) 2-7-003:008, Koloa, Kaua‘i, Hawai‘i
2. Annual Evaluation of the Department of Water’s Manager and Chief Engineer for Fiscal Year 2015-2016
3. Discussion and Receipt of the Department of Water’s Fiscal Year 2015-2016 Financial Statements and Independent Auditor’s Report
4. Discussion and Possible Action on Financial Management Planning and Water Rate Analysis for the Department of Water, an update by Raftelis Financial

L. **TOPICS FOR FUTURE WATER BOARD MEETINGS**

1. Discussion and Possible Action on Board Policy regarding Proposed Delegation of a Meter Restriction
2. Workshop presentation regarding the Long Range Plan of the Department of Water’s former Administration Building
3. Discussion and Possible Action on Proposed Board Policy for Delegating Routine Actions from the Water Board to the Department of Water’s Manager and Chief Engineer regarding Right of Entry

M. **UPCOMING EVENTS**

1. HWWA, Hawai‘i Section, Maui, HI *(November 2 – 4, 2016)*
2. AWWA Annual Conference, Philadelphia, PA *(June 11 - 15, 2017)*
3. Department of Water’s Annual Meeting *(December 16, 2016)*

N. **NEXT WATER BOARD MEETING**

1. **Wednesday**, November 23, 2016, 10:00 a.m.
N. **NEXT WATER BOARD MEETING cont’d:**
2. Friday, December 23, 2016, 10:00 a.m.
3. Friday, January 27, 2017, 10:00 a.m.

O. **ADJOURNMENT**
Draft Minutes
MEETING MINUTES
BOARD OF WATER SUPPLY
Friday, September 23, 2016

The Board of Water Supply, County of Kaua‘i, met in regular meeting at the Board Conference Room in Līhu‘e on Friday, September 23, 2016. Chair Laurie Ho called the meeting to order at 10:00 a.m. The following Board members were present:

**BOARD:**
- Ms. Laurie Ho, *Chair*
- Mr. Clyde Nakaya, *Vice Chair*
- Mr. Sherman Shiraishi
- Ms. Beth Tokioka
- Mr. Larry Dill (*entered at 10:09 a.m.*)

**EXCUSED:**
- Mr. Michael Dahilig
- Mr. Lyle Tabata

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

**STAFF:**
- Mr. Kirk Saiki
- Ms. Kim Tamaoka
- Mr. Dustin Moises
- Ms. Sandi Nadatani-Mendez
- Mr. Val Reyna
- Mr. Carl Arume
- Ms. Marites Yano
- Mr. Ryan Smith
- Mr. Keith Aoki
- Ms. MJ Akuna

**GUEST(s):**
- Deputy County Attorney Nick Courson
- Mr. Hall Parrott, Private Citizen

**ACCEPTANCE OF AGENDA**
Mr. Nakaya moved to accept the agenda as distributed; seconded by Ms. Tokioka; with no objections; motion carried with 4 ayes.

**D. MEETING MINUTES**

**Review and approval of:**

- Regular Board Meeting – August 26, 2016
  Mr. Nakaya moved to approve the Regular Board Meeting minutes of August 26, 2016; seconded by Ms. Tokioka; with no objections; motion carried with 4 ayes.

- Public Hearing – September 7, 2016
  Mr. Nakaya moved to approve the Public Hearing minutes of September 7, 2016; seconded by Ms. Tokioka; with no objections; motion carried with 4 ayes.

**E. CORRESPONDENCE/ANNOUNCEMENTS**

1. Correspondence from Mr. James Y. Nakayama, Senior Manager, KMH, LLP to Ms. Marites Yano, Waterworks Controller dated August 24, 2016 regarding Board of Water Supply, Department of Water, County of Kaua‘i required under Statement on Auditing Standards No. 114

Mr. Shiraishi moved to receive the Correspondence from Mr. James Y. Nakayama, Senior Manager, KMH, LLP to Ms. Marites Yano, Waterworks Controller dated August 24, 2016 regarding Board of Water Supply, Department of Water, County of Kaua‘i required under Statement on Auditing Standards No. 114; seconded by Mr. Nakaya; with no objections, motion carried with 4 ayes.
F. **BOARD COMMITTEE REPORTS**
   None

G. **OLD BUSINESS**
   1. Discussion and Receipt of the Department of Water’s Capital Improvement Projects (CIP) for the 2017 Legislative Session

**BACKGROUND:**
Manager Saiki mentioned the draft CIP for the 2017 Legislative Session was presented for comments at the September Board meeting to the Board.

Mr. Shiraishi moved to receive the Department of Water’s final Capital Improvement Projects (CIP) for the 2017 Legislative Session; seconded by Mr. Nakaya; with no objections, motion carried with 4 ayes.

*At 10:09 a.m., Mr. Dill entered the meeting.*

2. *Manager’s Report 16-38 – Discussion and Possible Action on Amendment of Part 5, Facilities Reserve Charge Section III, Applicability relating to Multi-Family Dwelling Units*

**BACKGROUND:**
Manager Saiki commented that the recommendation is to discuss and not to act on the amendment of Part 5, Facilities Reserve Charge Section III, Applicability relating to Multi-Family Dwelling Units until the next Board meeting. The Manager’s reports stated two (2) changes:

*Part 5, Section III, Paragraph 3.c.* (no existing rule)
The Facilities Reserve Charge for conversion of legally existing single-family units to a multi-family two dwelling unit structure, as provided by law, will be assessed at 50% of the Facilities Reserve Charge for multi-family units, per unit.

*Part 5, Section III, Paragraph 3.d.* (no existing rule)
For projects developed by the County of Kaua'i Housing Agency or in partnership with the County of Kaua'i Housing Agency, and certified by the County of Kaua'i Housing Agency as affordable housing (defined by Kaua'i County Ordinance 7 A-1.3), the Facilities Reserve Charge shall be $4,940.00 per unit.

Several tables on Page 2 of the Manager’s Report compare the potential financial impacts of the amendments.

Manager Saiki asked the Board, that since the Department is in the process of reviewing the Department’s water rates being charged to its consumers, does the Board want to recover the loss of FRC revenues for subsidizing affordable housing or not to recover the FRC losses? The difficulty with recovering lost revenue through the water rates, especially with the first proposed rule change, will be estimating the number of homeowners that will take advantage of the proposed rule. Manager Saiki suggested that the Board consider setting an annual dollar limit for the subsidies so it can be covered by the water rates.

Manager Saiki added that the ideal situation would be that the Department should not subsidize affordable housing, but if the Department does subsidize affordable housing to get reimbursement from the Kaua'i County, because the County would receive additional income from the new homes through increased property tax revenue. This subject, county reimbursement, was discussed with the county several times, but now appears that the county does not intend to reimburse the Department.
DISCUSSION:
Chair Ho felt uncomfortable in discussing this agenda item without participation and input from Ex-Officio of Planning Mr. Dahilig, who was not at this meeting, since Mr. Dahilig initially proposed these rule changes.

Mr. Shiraishi mentioned that the Affordable Rental Unit (ARU) bill is in the Manager’s Report but Manager Saiki stated the ARU bill was not passed by the County Council, but the amendment is still alive. Mr. Shiraishi supports the concept of a discounted FRC for County supported affordable housing but cannot support the portion of the Manager’s Report regarding 50% FRC discounts for the conversion of existing units, which Manager Saiki agreed.

Ms. Tokioka added that the door should not be closed with respect to talking to Real Property regarding reimbursement of FRC discounts. She questioned if there could be a compromise. She understands that investing in CIP but there could be other ways of investing the Department’s surplus with options to recover the cost. Manager Saiki mentioned there are two (2) sources of income and if one is lowered, the Department would do fewer projects. Mr. Shiraishi commented that if the Department subsidizes affordable housing, the Department would have to make up the difference by raising rates which is regressive in that it affects those with lower incomes. Manager Saiki gave an example of a family that qualifies for an affordable home, move in, but then would have to move out because they could not pay their utilities.

Ms. Tokioka said looking at 3.5% increase in water rates is ok, but 4% or 5% could be an acceptable increase in order to cover reduced FRC revenues resulting from discounted FRC rates. Most of the surplus is in allocated CIP but Mr. Dill explained the reason for the surplus CIP is for projects which need to be completed. If this money subsidizes FRC, then the Department would have to collect the FRC all over again from new customers. Mr. Dill mentioned the Department is not being consistent with the rate payer’s money that is taken from them. He did not agree in total with both amendments. If the Department desires to recover the FRC that is lost through discounts, financial funding should come from the County as a County Council initiative.

Mr. Nakaya would like to assist with affordable housing and had an issue with the first amendment. He asked how was the $4,940 discount calculated? Manager Saiki said a Board member helped to create the amendments proposed and the numbers based on an arbitrary 50% discount.

Manager Saiki said the Department may not be directly subsidizing the Lima Ola project, but the Department pushed up water infrastructure improvements in the area in order to facilitate the development of this affordable housing project. Ms. Tokioka said $4,940 could be too deep a subsidy and would consider a lower discount or the Department could go back to the County for relief. She was in support of Paragraph 3.d.

Mr. Nakaya asked if the rate payers know they would be subsidizing the affordable housing discount. Manager Saiki said some of them do know about subsidizing but don’t want their rates raised.

Mr. Shiraishi moved to defer discussion and possible action on Amendment of Part 5, Facilities Reserve Charge Section III, Applicability relating to Multi-Family Dwelling Units to the October meeting; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.
3. **Manager’s Report No. 16-56 – Discussion and Possible Action on the Manager and Chief Engineer’s Goals for FY16-17**

**BACKGROUND:**
From last month’s discussion on Manager Saiki’s goals for FY16-17, the Board wanted dates added and Public Works wanted performance criteria for electronic Building Permit. (See underlined dates on the goals table in the report.)

- Manager Saiki will provide updated goals in the Manager’s Monthly Update report.
- Manager Saiki will correct the goals listed as “end of this fiscal year” to “end of June 2017” for consistency.

Mr. Dill moved to approve the Manager and Chief Engineer’s Goals for FY16-17; seconded by Ms. Tokioka; with no objections, motion carried with 5 ayes.

**H. NEW BUSINESS**
None.

*At 10:40 a.m., Mr. Dill exited the meeting.*

**I. STAFF REPORTS**

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

**BACKGROUND:**
Waterworks Controller Ms. Yano explained that the Budget column is Year-to-Date. The actual spending is $491,000 that was paid out as of August 2016. The total budget is $6.9M.

Ms. Tokioka moved to receive the Kaua‘i County Water Department’s Statement of Revenues and Expenditures; seconded by Mr. Nakaya; with no objections, motion carried with 4 ayes.

*At 10:43 a.m., Mr. Dill re-entered the meeting.*

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

**BACKGROUND:**
Public Relations Specialist Ms. Tamaoka highlighted:
1. There was a lot of media coverage about the move to the new building.
2. Ms. Tamaoka thanked everyone for those who volunteered for the Make A Splash (MAS) yesterday. Mr. Dill, Mr. Shiraishi and Ms. Ho. congratulated her on a successful well organized MAS.

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

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

**BACKGROUND:**
Chief of Operations Mr. Reyna updated the Board on the following:
1. Hā'ena area got modified with the Federal Communication Commission (FCC) license approval yesterday. Repair parts are pending which are due in four (4) weeks.

Mr. Dill moved to receive the Chief of Operation’s Summary Report on Operational Activities; seconded by Ms. Tokioka; 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 of the DOW

**BACKGROUND:**
Manager Saiki provided the following highlights:
1. The move to the new building was very efficient. Dustin is working with the contractor on small changes that need to be done to the building.
2. Customer, Care & Billing (CC&B) will go live on October 3rd. Mr. Ernie Lau with Honolulu Board of Water Supply is making provisions to provide a safety net if there are problems with the conversion. Customers will not see any changes with the conversion if it goes right. Only the logo may change.
3. Personnel – Deputy Manager position. Manager Saiki will meet with Human Resources Coordinator Debra Peay to repost of the Deputy Manager position by the October Board meeting.

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


Mr. Dill moved to receive the BAB pay down as of August 2016; seconded by Mr. Nakaya; with no objections, motion carried with 5 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).

**TOPICS FOR NEXT WATER BOARD MEETING (October 2016)**
1. Manager’s Report 16-38 – Discussion and Possible Action on Amendment of Part 5, Facilities Reserve Charge Section III, Applicability relating to Multi-Family Dwelling Units
2. Manager’s Report No. 16-58 - Discussion and Receipt on Department of Water’s Standard Operating Procedure No. XX relating to Providing Water Service Outside of the Water Zone
3. Manager’s Report No. 16-62 - Discussion and Possible Action to Approve a Right of Entry Agreement for a portion of the Department of Water’s Koloa 1.0 MG Tank site, TMK: (4) 2 7-003:008, Lot 426, Affecting the following:
   a. Kauai Island Utility Cooperative (KIUC), TMK: (4) 2-7-003:008, Koloa, Kaua‘i, Hawai‘i
4. Water Financial Plan Rate Study Workshop (October or early November)

**DISCUSSION:**
Mr. Dill asked if the water rates would be referred to the Finance Committee?

Manager Saiki raised another issue if the Department wanted to be flexible to change the rates every year or every other year, if the affordable housing passes, then the rates could be adjusted. The Board could
look at how to raise the rates. If a dollar amount is taken off, the Department has to go to the Small Business Regulatory Review Board, then to public hearing. Rates could be changed by resolution; the rules would not change. Public hearing would still be done quicker. The Finance Committee could discuss this with a recommendation to the full Board to work out the details.

Mr. Shiraishi suggested future meetings on rate changes should go back to the Rules Committee and to recommend to the Board with a resolution on rule changes.

Ms. Yano mentioned the rate study contract ends December 2016 and an amendment could be made.

- Manager Saiki will provide a Rate Study update or provide another consultant workshop presentation update in October or early November.

L. TOPICS FOR FUTURE WATER BOARD MEETINGS
1. Discussion and Possible Action on Board Policy regarding Proposed Delegation of a Meter Restriction
2. Workshop presentation regarding the Long Range Plan of the Department of Water’s Administration Building
3. Discussion and Possible Action on Proposed Board Policy for Delegating Routine Actions from the Water Board to the Department of Water’s Manager and Chief Engineer regarding Right of Entry
4. Draft Annual Audit (November 2016)

M. UPCOMING EVENTS
1. HWWA, Hawai‘i Section, Maui, HI (November 2 – 4, 2016)

N. NEXT WATER BOARD MEETING
1. Tuesday, October 4, 2016, 1:00 p.m. – Rules Committee Meeting
2. Friday, October 28, 2016, 10:00 a.m. – Excused: Sherman Shiraishi
3. Wednesday, November 23, 2016, 10:00 a.m.
4. Friday, December 16, 2016 – Annual Meeting
5. Friday, December 23, 2016, 10:00 a.m.

O. ADJOURNMENT
Mr. Shiraishi moved to adjourn the Regular Board Meeting at 10:58 a.m.; seconded by Mr. Dill; with no objections, motion carried with 5 ayes.

Respectfully submitted,         Approved,

Edie Ignacio Neumiller         Sherman Shiraishi
Commission Support Clerk       Secretary – Board of Water Supply
Board Members Present: Chair Laurie Ho, Clyde Nakaya, Sherman Shiraishi, Lawrence Dill, Beth Tokioka

Excused: Michael Dahilig, Lyle Tabata

Staff Present: Manager and Chief Engineer Kirk Saiki, Marites Yano, Dustin Moises, Keith Aoki, Kim Tamaoka, Fay Tateishi, Anne Parrott, MJ Akuna

Guests: Raftelis Financial Consultants Sudhir Pardiwala & Hannah Phan; Hal Parrott, private citizen

AGENDA
Mr. Dill moved to approve the Agenda as circulated; seconded by Mr. Nakaya; with no objections motion carried with 5 ayes.

NEW BUSINESS
1. Water Financial Plan and Rate Study

BACKGROUND:
Raftelis Financial Consultants presented an overview of the Water Financial Plan and Rate Study to the Board. The PowerPoint hand out was Received for the Record (see attached). The agenda items included the following:

- Study Objectives
- Preliminary Financial Plan
  - Key Assumptions
  - Revenue and Expenses
  - Proposed Revenue Adjustments
- Rate Structure
  - Scenarios Review
- Next Steps

Various comments by the Board and consultants were made and listed under each of the slide headings below.

O & M Expenses (page 6)
9-1/2% is high and could not be supported by Mr. Dill or Mr. Nakaya.

Key Assumptions (pages 4-5)
The DOW’s target rating of debt coverage is 150%; however, 125% is the typical max requirement for a debt issue. A higher target earns a better rating. Typically, 125% is the minimum for bond coverage by the market. Debt ratio is based on 1.5% of net operating income.
Manager Saiki commented that actual expenses were below the budget based on five (5) projects a year or $12M a year (a lower amount of rate increases). 9 ½ is projected for 10 years; 100% is the debt ratio. The Capital Improvement Projects (CIP) could be smoothed out equaling a 0 debt CIP reduction.

The $6M annual reduction reflects what the Department experienced last year and is based on not being fully staff depending on which division.

Manager Saiki commented that the potential rate increase for the surface water plant will be brought before the Board next month for discussion the reduction in FRC for affordable housing is not factored in the rates. With the direction of the Board, how will the Department make up the revenue? Ms. Phan indicated the estimate of $200,000 per year would be from FRC based on 10 new accounts.

Waterworks Controller Ms. Yano mentioned that the previous series of increases was 11.5% the past four (4) years but there was no rate increase last year. Capital financing did not issue new debt and $10M a year would be financed through rates and FRC. Ms. Phan mentioned the Department will received about $4M in grants / $8M over three years in the fund balance.

Mr. Dill had two (2) concerns: 1) Is $12M CIP sufficient? 2) Define ending balances? What is the target balance based on? Ms. Phan commented that the current target reserve for emergency is 25% of the net operating expenses and 50% of annual debt service. Staff would like some working capital to cover 25% of the operating expenses that have a fund balance. 3 ½ % increase every year would be above the target level.

CIP Financing Plan (page 7)
FY 2019 - Rate/FRC Funded — There is no grant money or no SRF loans (original 9.5% increase scenario). The Department’s rates could handle the amount of capital expenses work to be done. The following year needs to fund debt.

Ms. Tokioka suggested other ways to use the reserves by subsidizing FRC. Manager Saiki said the Department could get SRF loans to use for projects. Mr. Pardiwala added that there is flexibility to issuing additional debt.

Mr. Dill inquired if debt coverage goal and the target being lower, doesn’t it make a difference?

Chair Ho understood to keep debt coverage at 150%, normally 125%, asked what was the difference? In 2011, 150% was determined at the last rate study. Manager Saiki said having it at 150% may not be workable.

Rate Design
Based on the current rate structure, a comparison could be made from an equity prospective.

How are Tiers set for difference meter sizes?
95% customers use 5/8” meters.
3 customer use 8” meters.

<table>
<thead>
<tr>
<th>Tier</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 0</td>
<td>$3.80</td>
</tr>
<tr>
<td>Tier 1</td>
<td>$9.50</td>
</tr>
<tr>
<td>Tier 2</td>
<td>$10.00</td>
</tr>
<tr>
<td>Tier 3 &amp; 4 make up 12% of the total usage.</td>
<td></td>
</tr>
</tbody>
</table>

Workshop Meeting – Friday, September 23, 2016 - Page 2 of 5
FY 2015 Customer Data (page 15)
Average monthly use in 2015 = 9,000 gallons per month/gpm.
4 people in household/mainland numbers for indoor usage.
Total Average 15,000 gpm.
Single Family – should be using about 7,500 gpm.
¾” meter – commercial use or condos.
4” to 6” – have a huge increase of usage. Focus on the larger users to incentive conservation use.
6” - hotels
8” – airport (uses 2 meters)
Tier 0 and Tier 1 = 64% of water use.

Meter Capacity Factors (page 18)
The consultants mentioned there were no rational basis on the number of Tiers and the number was arbitrary.

The 5/8” uses a capacity of 20 gpm.
6” is 2,400 gpm use more than their capacity and should be charged more.
The Tier method shows how to allocate water usage to the different meter sizes.
The ratios are consistent with the ratio on the meter charge except for the 4” and 8” meters.

Tier Options (page 20)
Ms. Phan commented to include Tier 0 into the meter charge. Fix revenue will be maintained. She explained the Proposed Tiers – 4 Tiers (Scenario 1) and Proposed Tiers – 4 Tiers (Scenario 2).

Usage Distribution (page 23)
Significant impact to current structure in Tiers 3 & 4. Rates for Tier 3 & 4 do not need to be that high.
The breakpoints for the larger meters are very generous.
The AWWA capacity factor would be a significant impact on the usage allocation per Tier.
The consultants will look at the impact on various customers on different levels of usages.

Proposed Monthly Meter Charges – FY 2017 (page 24)
Recommend monthly meter charges do not have a fix charge on Tier 0.
Total rate revenue from monthly meter charges are 25%.
The proposed rates and the current rates collect the same revenue. Need to see rates changed if restructured.

Proposed Rates (page 25) – has 3 different components:
a. Water supply costs - lower water costs allocated to ag rates and the lower Tiers.
b. Base delivery cost – system fixed costs, distribution line
c. Peaking cost – size of pipes

Proposed Rates – FY 2017 (page 26)
Represents range of impact that could be experienced.
Ag current rates of $2.32 ($/kgal) pay for the supply and peaking costs.

Customer Impacts – 5/8” (page 27)
Potential customer impacts in Scenario 1 & 2.
Chart compares Current Fixed with the Current Commodity and Proposed Fixed with the Proposed Commodity. There would be a reduction in the Total Bill. A reduction keeps dropping due to usage.

**Customer Impacts – 1”** (page 28)
Shows the different levels of how the impacts are on the water customer uses.

**Customer Impacts 1 ½”** (page 29)
As the meters go up in size, there are more water allocations (commercial users).

**Rate Alternatives** (page 30)
1) Do a rate restructuring with discussion (i.e., where to set the Tiers and Tier rates).
2) No rate structure – increase everyone across the board.

**Customer Impacts – 5/8”** (page 27)
Ms. Tokioka noticed the 5/8” does not incentivize conservation.

The consultants will look at the average use per meter based on the Tiers and not on the capacity. The 3” does not have enough data for a good rational.

Mr. Shiraishi mentioned if the Department incentivizes conservation, the revenue would be reduced. Currently there is no water problem.

Chair Ho asked without data points, is across the board easier? Could we every get to fair and equitable? Ms. Phan said there are pros and cons.

**Proposed Monthly Meter** (page 24)
Ms. Tokioka commented that residential users are paying more and everyone else is paying less. She asked if the 5/8” meters could be revenue neutral and everyone else go less? It would make sense to go into a fair structure. Mr. Pardiwala said the structure could be phased over time. The Tiers could be changed with small changes every year so that the impacts are not substantial. Ms. Tokioka added the Department could help users on how to conserve better with tools to minimize the impact. Ms. Phan suggested reducing the number of Tiers. The cost structure doesn’t support 4 Tiers. Chair Ho was not in favor of increasing the agriculture rates.

Mr. Dill understood that the basis of this analysis is cost of service and user pay. He considered doing a phase out of a discount for ag rates if a discount exists. Ag users should maintain service water systems to provide their needs.

Manager Saiki pointed out that farmers do not use the Department’s water due to the cost. Chair Ho asked how much agriculture water do we sell? What about food safety? The Food Safety and Modernization Act would require farmers to purchase water from the DOW. Chair Ho could provide an agriculture membership list and will work with the Department on a survey to 1) find out how many ag users use water for ag purposes, and 2) what are their anticipated needs.

Mr. Dill inquired about the acquisition of the surface treatment plant and asked if this is factored into the water rate cost. Water cost will be the same. Manager Saiki spoke to Grove Farm about increasing the rates (catch up rate). Mr. Dill asked how can the Department be sure that ag rates are given to legitimate
farmers? Manager Saiki said through a General Excise Tax Schedule F form to prove they are generating income.

Ms. Tokioka commented that as an agency, the Department is connected with other agencies and needs to look at how the Department places priorities for the overall island (incentivize ag & affordable housing). Need to keep the business in mind and prudent with finances and to support other priorities.

**Discussion Summary:**
1. Meter charges by capacity charges – good rational.
2. Tier structure – identify the Tiers for 5/8” meter and proportion the other meters.
3. Minimize the impact to the larger meters (could adjust with less reduction).
4. Rates could be adjusted.
5. Do annual adjustments over the 5 year period to minimize the cost impact.
6. Do customer impacts on the other meter sizes.
7. Do gradual changes other than the 5/8” meter or status quo rather than a reduction.
8. Reduce the number of Tiers.
9. Financial Plan – to use the actuals with the 4% increase or up to 5% increase.
10. Consultants will provide a proposal to adjust 3” or 4” Tiers.

Mr. Dill moved to adjourn the Water Financial Plan and Rate Study Workshop at 9:45 a.m.; seconded by Ms. Tokioka; with no objections, motion carried with 5 ayes.

Respectfully submitted,  
Approved,

Edie Ignacio Neumiller  
Commission Support Clerk

Sherman Shiraishi  
Secretary – Board of Water Supply
Committee Members Present:  Chair Michael Dahilig, Sherman Shiraishi

Excused:  Lyle Tabata

Staff Present:  Manager Kirk Saiki, Eddie Doi, Mahealani Krafft

Chair Dahilig called the meeting to order at 1:10 p.m. and quorum was established with two (2) committee members present and with no objections to the Agenda.

MINUTES
Review and approval of:
Rules Committee Minutes – August 2, 2016

The Rules Committee Minutes of August 2, 2016 were approved with no objections.

OLD BUSINESS
1.  Manager’s Report No. 16-58 - Discussion and Receipt on Department of Water’s Standard Operating Procedure relating to Providing Water Service Outside of the Water Zone (Update)

BACKGROUND:
Chief of Water Resources and Planning Mr. Doi commented that the Standard Operating Procedure (SOP) was clarified from the last Rules Committee meeting. One of the points brought up by Mr. Shiraishi who revised Part 2 Rules and Regulations for Water Service Connections, Section II General Conditions, Subsection 1. Rules amendment. The clarification was to define water service area and deleted water service “limits.”

The Department recommended that the Board could discuss and possibly act on the Departments proposed SOP which addressed water service requests that are located inside and outside of the Department’s water service area. Also, the committee could discuss or act on the proposed Rule Part 2 Water Service Connections, Section II.

DISCUSSION:
Mr. Shiraishi said there were two (2) non substantive typos that he will discuss with staff. He would like the rule changes flexible and to create an option where the Manager could approve the service in a non-water service area. Manager Saiki mentioned that the SOP was rewritten to say if you connect to the Department’s water system, and if water is available, plumbing will not be put in.

If the committee agrees with the rule amendment, the Department would go back to the full Board with the Rules Committee’s blessing to ask to go to the Small Business Regulatory Review Board (SBRRB) for review.

Chair Dahilig and Mr. Shiraishi agreed to refer the rule amendment to the Board with a report on the recommended approvals of the rules. The Department will then send the proposed rules to the SBRRB with the SOP for reference purposes with no objections.

Mr. Dahilig adjourned the meeting at 1:13 p.m. with no objections.
Correspondence
September 20, 2016

Ms. Laurie Ho  
Chairperson  
Kauai Board of Water Supply  
P.O. Box 1706  
Lihue, HI 96766

Dear Ms. Laurie Ho:

Annually the East and West Kauai Soil and Water Conservation Districts (SWCDs) recognize a Kauai rancher, farmer, or an organization that makes an outstanding effort to conserve domestic water by using an alternative source of water supply and innovative methods for irrigation purposes. Their efforts help the County Department of Water better manage its potable water supply.

We are planning an award presentation ceremony for Green Enterprises, our Outstanding Water Conservationist for 2016, chosen by the East Kauai Soil and Water Conservation District and for McBryde Resources, Outstanding Water Conservationist chosen by the West Kauai Soil and Water Conservation District. The award ceremony and presentation will be at the Department of Water Building, 4398 Pua Loke Street, Lihue, at 10 am on Wednesday, October 26, 2016.

We are grateful for the partnership of the Kauai Board of Water Supply and would appreciate your presence at this award ceremony.

Sincerely,

Peter Tausend, Chairperson  
West Kauai SWCD

cc: Ed Kawamura, Jr., Chairperson  
East Kauai SWCD
Old Business
MANAGER’S REPORT No. 16-38

October 28, 2016

Re: Discussion and Possible Action on the Proposed Rule Amendments to Part 5, Facilities Reserve Charge Section III, Applicability relating to Multi-Family Dwelling Units

RECOMMENDATION:
The Department recommends that the Board discuss and possibly act on the proposed Rule amendments to Part 5, Facilities Reserve Charge, Section III, Applicability.

FUNDING: N/A

BACKGROUND:
On January 29, 2016 the Department received a memorandum from Mr. Dahilig and Mr. Rezentes, Jr. to propose amendments to Part 5 Section III of the Department’s Rules and Regulations relating to how the Facilities Reserve Charge (FRC) is assessed for multi-family units, additional dwelling units with existing meters on the parcel, and affordable housing units.

During the July 22, 2016 Regular Board meeting, the Board motioned to hold a public hearing on the proposed changes to get the public’s comments. On September 7, 2016, the Department held a public hearing where three (3) people from the community testified in favor of the rule. Eleven (11) written testimonies were also submitted to the Department as of 4:39 p.m. that day.

The Small Business Regulatory Review Board does not require a post-public hearing statement from the Department because the proposed rule change does not affect small business, does not implement a statute or ordinance, and is not being adopted pursuant to an emergency rule making.

Adoption of the proposed changes will impact the Department’s FRC revenue stream. The Department requests discussion of potential funding avenues that may be utilized to make up the FRC shortfall to minimize future impacts to its water system capacity and capability. The following are the Department’s interpretation of the proposed rule changes:

<table>
<thead>
<tr>
<th>Part</th>
<th>Section</th>
<th>Paragraph</th>
<th>Existing Rule</th>
<th>Rule Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>III</td>
<td>3.c.</td>
<td>None</td>
<td>The Facilities Reserve Charge for conversion of legally existing single-family units to a multi-family two dwelling unit structure, as provided by law, will be assessed at 50% of the Facilities Reserve Charge for multi-family units, per unit.</td>
</tr>
<tr>
<td>5</td>
<td>III</td>
<td>3.d.</td>
<td>None</td>
<td>For projects developed by the County of Kaua‘i Housing Agency or in partnership with the County of Kaua‘i Housing Agency, and certified by the County of Kaua‘i Housing Agency as affordable housing (defined by Kaua‘i County Ordinance 7 A-1.3), the Facilities Reserve Charge shall be $4,940.00 per unit.</td>
</tr>
</tbody>
</table>

A comparison of the existing rule to the proposed amendment is shown below:
1. Paragraph 3.c.:

<table>
<thead>
<tr>
<th>Conversion of Single-Family Dwelling to Two-Unit Multi-Family Dwelling</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Existing Rule</strong></td>
</tr>
<tr>
<td>Unit 1 FRC</td>
</tr>
<tr>
<td>Unit 2 FRC</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
</tr>
<tr>
<td>FRC Credit</td>
</tr>
<tr>
<td><strong>Total FRC</strong></td>
</tr>
</tbody>
</table>

2. Paragraph 3.d.:

<table>
<thead>
<tr>
<th>County Certified Affordable Housing FRC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Existing Rule</strong></td>
</tr>
<tr>
<td>Single-Family</td>
</tr>
<tr>
<td>Multi-Family</td>
</tr>
</tbody>
</table>

**EVALUATION**

The intent of the proposed rule amendments is to assist in the development of affordable housing, but by reducing the FRC burden on developers there are negative revenue implications that the Board and Department must address. The following show the estimated revenue impacts:

1. Paragraph 3.c.:

<table>
<thead>
<tr>
<th>Conversion of Single-Family Dwelling to Two-Unit Multi-Family Dwelling</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Estimated Number of Conversions</strong></td>
</tr>
<tr>
<td>15</td>
</tr>
<tr>
<td>30</td>
</tr>
<tr>
<td>45</td>
</tr>
</tbody>
</table>

2. Paragraph 3.d.:

<table>
<thead>
<tr>
<th>County Certified Affordable Housing FRC – Lima Ola</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unit Type</strong></td>
</tr>
<tr>
<td>Phase 1</td>
</tr>
<tr>
<td>Single Family</td>
</tr>
<tr>
<td>Multi-Family</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
</tr>
<tr>
<td>Phase 2</td>
</tr>
<tr>
<td>Single Family</td>
</tr>
<tr>
<td>Multi-Family</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
</tr>
<tr>
<td>Phase 3</td>
</tr>
<tr>
<td>Single Family</td>
</tr>
<tr>
<td>Multi-Family</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
</tr>
</tbody>
</table>
The actual reduction in revenue associated with these two proposed rule amendments is not known at this time and may be difficult to estimate. The number of single family homeowners who will take advantage of the converting to a multi-family dwelling is unknown and the only known County certified affordable housing project is Lima Ola. Without an estimate the Department will not be able to determine the significance of the revenue reduction or developing a method to compensate for the reduction.

The DOW submitted the attached proposed rule amendment to the Small Business Regulatory Review Board (SBRRB) for their review and comment on July 11th. The SBRRB chair reviewed the proposal and indicated that they did not see a negative effect on small business and there was no need to place the item on the Board’s agenda.

During the September 23, 2016 Regular Board Meeting, the Board deferred the subject matter to the October Regular Board Meeting.

DISCUSSION ITEMS:
The following are potential Board discussion items:
1. Revenue recovery
2. Edits to amendments

OPTIONS:
Option 1: Adopt the proposed Rule change and forward formal Rule to the County Clerk
Pro: 1. FRC rates will be reduced for projects as established in the proposed rule subsection c and d.
Con: 1. The Department will not be able determine revenue recovery options.

Option 2: Deny the proposed Rule change and revise language
Pros: 1. The Department will continue to work with the Board to address any factors as it relates to the proposed rule change.
2. The Department can discuss with the Board on revenue recovery options.
Con: 1. Proposed Rule change affecting the FRC rates as established in subsection c and d will be deferred from moving forward.

Option 3: Deny the proposed Rule change
Con: 1. FRC rates will not be reduced for projects as established in the proposed rule subsection c and d.

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Number of Units</th>
<th>Existing FRC</th>
<th>Total Existing</th>
<th>Proposed FRC</th>
<th>Total Proposed</th>
<th>FRC Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family</td>
<td>18</td>
<td>$14,115</td>
<td>$254,070</td>
<td>$4,940</td>
<td>$88,920</td>
<td>$165,150</td>
</tr>
<tr>
<td>Multi-Family</td>
<td>75</td>
<td>$9,880</td>
<td>$741,000</td>
<td>$4,940</td>
<td>$370,500</td>
<td>$370,500</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td><strong>$995,070</strong></td>
<td><strong>$459,420</strong></td>
<td></td>
<td></td>
<td><strong>$535,650</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$6,132,775</strong></td>
<td><strong>$2,717,000</strong></td>
<td><strong>$3,415,775</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Respectfully submitted,

Kirk Saiki, P.E.
Manager and Chief Engineer

Attachment: Part 5, Facilities Reserve Charge Section III, Proposed Rule Amendment

PART 5
FACILITIES RESERVE CHARGE IN THE COUNTY OF KAUA\'I

SECTION III – APPLICABILITY

1. The Facilities Reserve Charge shall be assessed against all new developments and subdivisions requiring supply of water from the County of Kauai, Department of Water, and existing developments requiring new or additional supply of water from the Department’s system. The Facilities Reserve Charge must be paid before water services are made available to the new or existing development.

2. The Facilities Reserve Charge shall be paid by all Applicants for new or additional water service, including but not limited to the following:
   a. All irrigation services and/or meters.
   b. Additional buildings to be connected to existing services where additional demands are indicated. The charges shall be based on the meter sizes required if the buildings were metered separately.
   c. Additional dwellings connected to existing services and meters under the categories of single family and multi-family residential units. The charges will be based on the established schedule of charges for the respective categories.
   d. Changes in service that require an increase in meter size
   e. Where an FRC was paid but a water meter was never installed to serve the subject property, the applicant shall pay the Facilities Reserve Charge in accordance with Part 5, Section IV (6) of these Rules.

3. The Facilities Reserve Charge shall apply to all Applicants for water service as follows:
   a. For each parcel created by subdivision, including the first lot created; and for every new single family residential dwelling unit not yet metered and a Facilities
Reserve Charge has not yet been paid, the applicable Facilities Reserve Charge shall be $14,115.00.

b. The Facilities Reserve Charge for multi-family and/or resort development will be the cost of the approved meter size or the cost of $9,880.00 per unit or hotel room, whichever number is larger.

c. The Facilities Reserve Charge for conversion of legally existing single-family units to a multi-family two dwelling unit structure, as provided by law, will be assessed at 50% of the Facilities Reserve Charge for multi-family units, per unit.

d. For projects developed by the County of Kaua‘i Housing Agency or in partnership with the County of Kaua‘i Housing Agency, and certified by the County of Kaua‘i Housing Agency as affordable housing (defined by Kaua‘i County Ordinance 7 A-1.3, the Facilities Reserve Charge shall be $4,940.00 per unit).

ee. For all other uses, the Facilities Reserve Charge shall be determined by the size of the meter, as shown below. Meter sizes shall be determined by the Department and not by the Developer or Applicant.

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8”</td>
<td>$14,115.00</td>
</tr>
<tr>
<td>¾”</td>
<td>$21,170.00</td>
</tr>
<tr>
<td>1”</td>
<td>$35,290.00</td>
</tr>
<tr>
<td>1 ½”</td>
<td>$70,580.00</td>
</tr>
<tr>
<td>2”</td>
<td>$112,920.00</td>
</tr>
<tr>
<td>3”</td>
<td>$225,840.00</td>
</tr>
<tr>
<td>4”</td>
<td>$352,880.00</td>
</tr>
<tr>
<td>6”</td>
<td>$705,750.00</td>
</tr>
<tr>
<td>8”</td>
<td>$1,129,200.00</td>
</tr>
</tbody>
</table>

Facilities Reserve Charges are periodically adjusted by the Department. These adjustments may increase or decrease existing Facilities Reserve Charge amounts. Where adjustments to Facilities Reserve Charges result in decreases of such charges, no refund will be made of the difference between the higher, pre-existing charges and the lower, adjusted charges.
MANAGER’S REPORT No. 16-46 (Update)

October 28, 2016

Re: Discussion and Receipt of updated Memorandum of Understanding between Keith P. Robinson/Bruce B. Robinson and the Board of Water, County of Kaua‘i for the Existing Hā'ena 100,000 Gallon Storage Tank, Existing Hā'ena 6,500 Gallon Storage Tank, Existing Wainiha Booster Pump Station, Proposed Hā'ena 200,000 Gallon Storage Tank (WP2020 Project No. HW-11), and Proposed Wainiha Well #4 (WP2020 Project No. HW-12, Job No. 05-02), TMK: (4) 5-8-002:003, Hā‘ena, Kaua‘i, Hawai‘i

RECOMMENDATION:
It is recommended that the Board receive the updated Memorandum of Understanding (MOU) agreement which was previously approved at the March 31, 2016 Regular Board meeting.

BACKGROUND:
The Board approved of the MOU agreement at the March 31, 2016 Regular Board meeting (ref. Manager’s Report No. 16-46). Since then, Mr. Keith Robinson met with the DOW on September 20, 2016 to review the MOU and as a result, Mr. Robinson requested minor changes to the recitals listed in Section II, “Agreement” of the proposed Memorandum of Understanding. Specifically, Item 1 was updated to read as follows (updated language in red):

“1. The Board and Owners agree to execute an exclusive easement for the NEW 200,000 GALLON STEEL TANK SITE, NEW WAINIHA WELL #4 SITE, and EXISTING 100,000 GALLON STEEL TANK SITE. Provided, however, that any new road from the 200,000 GALLON STEEL TANK SITE to anywhere else on the SUBJECT PROPERTY shall be non-exclusive.”

Additionally, Item 10 was added to the document as follows:

“10. The Owners shall have unrestricted, non-exclusive access to any and all roads constructed on the SUBJECT PROPERTY at all times.” The DOW staff has no objection to these proposed changes and addition from Mr. Robinson.

FUNDING: N/A.

OPTIONS: N/A.

Respectfully submitted,

Keith Aoki, P.E.
Engineering Division
CONCURRED:

Kirk Saiki, P.E.
Manager and Chief Engineer

Attachment: Memorandum of Agreement

BW/KA/Mja

Mgmt/October 2016/16-46/Discussion and Receipt of Memorandum of Understanding Between Keith P. Robinson and Bruce B. Robinson and the Board of Water, County of Kaua‘i for the Existing Hā‘ena 100,000 Gallon Storage Tank, Existing Hā‘ena 6,500 Gallon Storage Tank, Existing Wainiha Booster Pump Station, Proposed Hā‘ena 200,000 Gallon Storage Tank (WP2020 Project No. HW-11), and Proposed Wainiha Well #4 (WP2020 Project No. HW-12, Job No. 05-02), TMK: (4) 5-8-002:003, Hā‘ena, Kaua‘i (Update) (10-28-16):Mja
MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is made and entered into on the ______ day of ____________, 2016, by and among the BOARD OF WATER SUPPLY, COUNTY OF KAUA‘I, hereinafter referred to as Board, and Keith P. Robinson and Bruce B. Robinson, brothers, whose mailing address is:

POST OFFICE Box 156, Kaumakani, Kaua‘i, Hawai‘i, 96747

and whose mailing addresses are:

POST OFFICE Box 690117, Makaweli, Kaua‘i, Hawai‘i, 96769

and:

POST OFFICE Box 690011, Makaweli, Kaua‘i, Hawai‘i, 96769,

respectively, and its successors and assigns, hereinafter called the "Owners".

I. RECITALS

1. The Owners recognize that they are the legal Owners of Kaua‘i Tax Map Key No. (4) 5-8-02:003, hereinafter called "SUBJECT PROPERTY", and as described in the map attached hereto as Exhibit "A" and made a part hereof.

2. The Owners recognize that the Board is the legal Owner of Kaua‘i Tax Map Key No. (4) 5-8-02:006 (hereinafter called "EXISTING 6,500 GALLON TANK SITE") and the legal Owner of Kaua‘i Tax Map Key No. (4) 5-8-02:007 (hereinafter called "EXISTING BOOSTER PUMP SITE").

3. The Owners acknowledge that the Board currently operates and maintains a 100,000 gallon steel tank (hereinafter called "EXISTING 100,000 GALLON STEEL TANK") on the SUBJECT PROPERTY as shown on Exhibit "A" which is an essential part of the Wainiha-Ha‘ena Public Water system operated by the Board.

4. The Board desires, and the Owners are agreeable to, the Board constructing a new 200,000 gallon steel tank (hereinafter called "NEW 200,000 GALLON STEEL TANK SITE") on the SUBJECT PROPERTY, in the area adjacent to the existing 100,000 gallon steel tank as shown on Exhibit "A".

5. The Board desires, and the Owners are agreeable to, the Board drilling, testing, and constructing a new well (hereinafter called "NEW WAINIHA WELL #4 SITE") on the SUBJECT PROPERTY in the area adjacent to the EXISTING 100,000 GALLON STEEL TANK as shown on Exhibit "A".

MOU Keith and Bruce Robinson 2016, Job No. HW-11 & Job No. 05-02 HW-12
MEMORANDUM OF UNDERSTANDING

II. AGREEMENT

NOW, THEREFORE, the Board and Owners hereby agree in principle as follows:

1. The Board and Owners agree to execute an exclusive easement for the NEW 200,000 GALLON STEEL TANK SITE, NEW WAINIHA WELL #4 SITE, and EXISTING 100,000 GALLON STEEL TANK SITE. Provided, however, that any new road from the 200,000 GALLON STEEL TANK SITE to anywhere else on the SUBJECT PROPERTY shall be non-exclusive.

2. The Board and Owners agree to execute a non-exclusive easement for access purposes from Wainiha Powerhouse Road to: the EXISTING BOOSTER PUMP SITE, the EXISTING 6,500 GALLON TANK SITE, the EXISTING 100,000 GALLON STEEL TANK SITE, the proposed NEW 200,000 GALLON STEEL TANK SITE, and the proposed NEW WAINIHA WELL #4 SITE.

3. In consideration of the easements to be executed, the Board agrees to pay to the Owners an amount equal to the fair market value of the easement(s) given or an amount that is mutually agreed upon and determined at a later time.

4. The Owners expressly understands and agrees that neither this MOU, nor any other actions or documents executed by the Owners shall establish a legal partnership with the Board.

5. This MOU shall not modify the existing authority of any government agency in reducing, expanding, or transferring any of the statutory or regulatory authorities and/or responsibilities of the Owners.

6. The MOU may be modified at any time by mutual written consent and shall become effective upon being reduced to a written instrument executed by the Board and the Owners.

7. The Owners enter into this MOU voluntarily and are not, under the MOU, acting under the direction or compulsion of any governmental agency or performing a public function that such agency would otherwise be required to perform, and is not a state actor or acting under color of state or federal law.

8. This Agreement sets forth the entire agreement between the Owners and Board and supersedes any and all prior agreements or understandings between them for the subject property.

9. This Agreement may be signed in counterparts, each of which shall be considered an original, and the counterparts shall together constitute one agreement, binding all of the parties to the agreement, notwithstanding that all of the parties are not signatory to the original or the same counterparts. Duplicate

MOU Keith and Bruce Robinson 2016, Job No. HW-11 & Job No. 05-02 HW-12
MEMORANDUM OF UNDERSTANDING

unexecuted and unacknowledged pages of counterparts may be discarded and the remaining pages assembled as one document.

10. The Owners shall have unrestricted, non-exclusive access to any and all roads constructed on the SUBJECT PROPERTY at all times.
MEMORANDUM OF UNDERSTANDING

IN WITNESS WHEREOF, the Owners hereto have executed this MOU as of the first date above written.

OWNER:
KEITH P. ROBINSON

By:__________________________

OWNER:
BRUCE B. ROBINSON

By:__________________________

ACCEPTED:
BOARD OF WATER SUPPLY
COUNTY OF KAUAʻI

By:__________________________
Its:__________________________

APPROVED:
Manager & Chief Engineer
Department of Water

APPROVED AS TO FORM
AND LEGALITY:

Deputy County Attorney
MANAGER’S REPORT No. 16-58

October 28, 2016

Re: Discussion and Possible Action on the Department of Water’s proposed Part 2 Rules and Regulations for Water Service Connections, Section II General Conditions, Subsection 1. Rule amendment relating to the DOW’s Standard Operating Procedure for Providing Water Service Outside of the Water Zone

RECOMMENDATION:
It is recommended that the Board discuss and possibly act on the Department’s proposed Part 2 Rules and Regulations for Water Service Connections, Section II General Conditions, Subsection 1. as it relates to the DOW’s SOP for Providing Water Service Outside of the Water Zone.

FUNDING: N/A

BACKGROUND:
Standard Operating Procedures (SOPs) are drafted and established within the DOW to help carry out routine operations to achieve efficiency and uniformity when executing a task. SOPs may be modified and updated to conform to the DOW’s Rules and Regulations established by the Board.

The SOP, “Water Service Request In and Out of the Water Service Area” has been brought before the Board of Water Supply, County of Kaua‘i to satisfy the Board’s suggestion during its Regular Board meeting held on December 18, 2014 to provide a written policy regarding water demands outside the service area. This suggestion was made during discussions held when Manager Kirk Saiki provided the affordable housing update on County of Kaua‘i, Housing Agency’s Lima Ola project. The Department’s proposed SOP will provide a written guidance on how water service requests inside and outside of the DOW’s water system water service area are addressed.

During the June 30, 2016 Regular Board meeting, Board member Shiraishi recommended for the Department to make the necessary revisions to the proposed SOP to conform to the DOW’s rules and regulations. With follow-up discussions and meetings, the DOW has found that it is necessary to review and refine Part 2, Section II of the DOW’s rules and regulations.

The Department has revised the SOP based on recommendations by the Rules Committee meeting during the August 2, 2016 meeting and worked on refining Part 2 Rules and Regulations for Water Service Connections, Section II General Conditions, Subsection 1. for the committee’s review.

During the October 4, 2016 Rules Committee meeting, the Department presented the revised SOP and amendments to Part 2 Rules and Regulations for Water Service Connections, Section II General Conditions, subsection 1. The Rules Committee accepted the Department’s SOP and recommended that the proposed amendments to Part 2 Rules and Regulations for Water Service Connections, Section II General Conditions, subsection 1. be referred to the full Board for discussion and approval. If approved, the Department will send the proposed rule amendment along with the Department’s SOP (for reference purposes) to the Small Business Regulatory
Review Board (SBRRB).

**OPTIONS:**

**Option 1:** Approve Proposed Part 2, Section II Rule Amendment  
Pros:  
1. The Department can move forward and send proposal to SBRRB along with the DOW’s SOP.  
2. The Department’s SOP will relate to the proposed Rule.  

Con:  
1. None.

**Option 2:** Deny Proposed Part 2, Section II Rule Amendment  
Pro:  
1. The Department can address any concerns that the Board may have and refine the proposed rule.

Cons:  
1. The proposal will not move forward to SBRRB.  
2. The Department’s SOP will not relate to the proposed Rule and may need to be revised.

Respectfully submitted,

Edward Doi, P.E.  
Chief of Water Resources and Planning

**CONCURRED:**

Kirk Saiki, P.E.  
Manager and Chief Engineer

Attachments:  
Part 2 Rules and Regulations for Water Service Connections, Section II General Conditions, subsection 1. Rule amendment  
SOP Water Service Request In and Out of the Water Service Area
SECTION II - GENERAL CONDITIONS

1. Any prospective consumer may obtain water service provided all of the following conditions are met:

a. In the event that Water Service limits Areas are established by the Department, that the premises are within these limits a Water Service Area.

   A “Water Service Area” is defined as an area that is serviced by existing water system facilities. A Water Service Area is generally limited to areas that have appropriate planning and zoning approvals in place. Water service is generally available within a Water Service Area unless system infrastructure improvements are needed to provide adequate water supply without detrimentally affecting existing consumers. As identified in Water Plan 2020, water systems and the Water Service Area can be used for purposes of planning and can be applied to guide service and development of future water service.

   Consistent with the Kaua‘i General Plan and for the purposes of Water Plan 2020, the Department takes a conservation approach in defining service areas of the existing water systems, in effect, limited them to areas that have appropriate planning and zoning approvals in place. Land use policies area established and governed by the County. The Department seeks to coordinate developments effort with the County and private developers seeking to connect to Department operated water systems.

   If the premises are not located within a Water Service Area, then the Department may grant an exemption to this section pursuant to procedures adopted by the Department and as long as the prospective consumer provides the necessary source, storage and transmission facilities required for the prospective consumer’s anticipated use.

b. The Department has a sufficient water system developed for domestic use and, if required by the Department, a sufficient water system for fire protection. In order to determine the sufficiency of the water system, the Department may require the prospective consumer to estimate the amount of water to be used.

c. The consumer agrees to design, construct, and install any component of the water system required by the Department in compliance with (1) all applicable statutes, ordinances, rules, and regulations of the State of Hawai‘i and the County of Kaua‘i, and (2) the 2002 Water System Standards (“Standards”) developed by Hawai‘i’s four county departments.
of water, as amended by the Department’s 2005 Amendments (“2005 Amendments”) to the Standards, it may be subsequently amended. The Standards and the 2005 Amendments (as amended) are hereby incorporated by reference into the Department’s rules. The Manager and Chief Engineer may, for good cause shown, permit departure from the Standards or 2005 Amendments, or both (as amended).

d. The consumer agrees to abide by these rules and regulations.

e. All applicable charges have been paid.
**STANDARD OPERATING PROCEDURE**

DEPARTMENT OF WATER  
COUNTY OF KAUAI

<table>
<thead>
<tr>
<th>S.O.P. No.</th>
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<td>Supersedes S.O.P. No.</td>
<td>N/A</td>
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<td>Date Effective:</td>
<td>Immediately</td>
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Applicable to: WATER RESOURCES AND PLANNING DIVISION

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<th>Date First Issued:</th>
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<tr>
<td>Introduced By: Edward Doi</td>
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<td>Page No.</td>
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<td>Revised By: N/A</td>
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Subject: Water Service Request In and Out of the Water Service Area

**PURPOSE:** This SOP has been prepared to define the Department’s practices relative reviewing water service request made for development located inside and outside of the water service area.

As used herein, the following shall mean,

**Department of Water’s Water Plan 2020** – A 20 year plan that was completed by the Kauai Department of Water and members of the Water Board in March 2001. It is a comprehensive, long range planning effort, to ensure that the DOW continues to provide safe, affordable, and sufficient drinking water in the 21st century for our community.

**Water Service Area** – An area that is serviced by the existing water system and is defined by Water Plan 2020 which normally incorporates the County’s General Plan. The water service area is generally limited to the areas that have appropriate planning and zoning approvals in place. The water service area normally is within the service limits as used in the Rules and Regulations of the Department of Water.

**Water System** – Mains, valves, hydrants, laterals, pumps, tanks, reservoirs, and all appurtenances necessary to provide water.

**Affordable or Workforce Housing Projects** – Any project confirmed or sponsored by the County Housing Agency as a residential development where majority of housing lots, single family dwelling units, or multiple-family units are affordable housing or workforce housing as defined in Chapter 7A of the Kauai County Code 1987, as amended.

I. For all water service requests the DOW will review the adequacy of the DOW’s existing source, storage, and transmission mains to ensure adequate domestic and fire flow demands can be provided.

II. For water service requests located within the water service area and the DOW determines the domestic and fire flow demands cannot be met, the applicant will be required to construct water system improvements to provide adequate source, storage, and transmission mains for the proposed development.

III. For water service requests located outside the water service area and the DOW determines the domestic and fire flow demands cannot be met, the applicant will be required to construct
water system improvements to provide adequate source, storage, and transmission mains for the proposed development.

IV. For water service requests located within the water service area and the DOW has determined adequate domestic and fire flow demands can be met, the applicant will be required to pay all applicable fees and complete other DOW requirements as necessary.

V. For water service requests located outside the water service area and the DOW has determined adequate domestic and fire flow demands can be met where:
   a. The water service request is for development of land presently zoned and/or the development is consistent with the existing Land Use designation, the DOW will issue requirements to obtain water service, including all water system standards.
   b. The water service request is for the development of land that is not presently zoned and/or the development is not consistent with the existing Land Use designation, the DOW will require the applicant to provide all necessary source, storage, and transmission facilities required for the proposed development.
   c. The water service request is for the development of Workforce Housing projects, the applicant shall provide the DOW with a written certification from the County Housing Agency that verifies the proposed project meets the requirements of a Workforce Housing project.
      i. Upon receipt of the written certification, the DOW shall determine if the project will need to construct all necessary source, storage, and transmission facilities necessary to provide domestic and fire flow demands of the project.
   d. The Land Use amendment application for the development has been approved, the DOW will review the Land Use amendment application and make recommendations thereon.

VI. The Manager may grant exceptions to any of the above if the Manager finds all of the following:
   a. Strict application of the SOP would cause an absurd, unfair, or unreasonably harsh result; and
   b. The circumstance or condition is unique or exceptional; and
   c. An exception thereof is reasonably necessary or expedient and not contrary to law or the intent and purposes of this SOP.

VII. The Rules and Regulations of the Department of Water shall govern any discrepancy contained herein.

APPROVED:

Kirk Saiki, P.E.
Manager and Chief Engineer
Participants and Partners of the 2016 Make a Splash with Project WET Water Festival


WHEREAS, your efforts and commitment to the betterment of the Make a Splash with Project WET Water Festival are greatly appreciated; and

WHEREAS, your enthusiasm, professionalism and interaction with the students exemplified great leadership and qualities that encouraged the significance of water education; and

WHEREAS, you were once again successful in promoting water education in a fun, hands-on manner to the students of Kauai; and

WHEREAS, you played an instrumental role in building awareness of our most precious natural resource by planting the seeds of knowledge into the minds of our children; and

WHEREAS, your volunteerism, participation and partnership in this event results in helping children make the connection between the source of the water they use and the ways their water habits affect their health and the environment, so that they can begin to truly cherish water and engage with their family members to do the same; and

WHEREAS, we know we can count on you to support future Make a Splash with Project WET Water Festivals; therefore

BE IT RESOLVED BY THE BOARD OF WATER SUPPLY, COUNTY OF KAUA’I, STATE OF HAWAI’I in recognition of your outstanding service and commitment to the Department of Water and our Garden Island community, does hereby extend, a heartfelt Mahalo for the contributions made as part of the 2016 Make a Splash with Project WET Water Festival.

BE IT FURTHER RESOLVED that a copy of this Resolution is forwarded to all participants and partners.

We do certify that the foregoing was duly adopted by the Board of Water Supply during its meeting held on October 28, 2016.

Laurie Ho, Chairperson

Sherman Shiraishi, Secretary
MANAGER’S REPORT No. 17-11

October 28, 2016

Re: Discussion and Possible Action on the 1st Amendment for Prithibi, LLC., Sole Source Contract No. 618, SS-2106-3, for Oracle Customer Care and Billing and Cloud Service Implementation for As-Needed Technical Support Services and ACH Enhancement in the amount of $70,000.00

RECOMMENDATION:
It is recommended that the Board approve Option 1 a Second Contract Amendment for Contract 618 with Prithibi, LLC in the amount of $70,000.

BACKGROUND:
The DOW Oracle Customer Care & Billing (CC&B) system was currently hosted by the Honolulu Board of Water Supply (BWS) through a Memorandum of Agreement (MOA) dated 10/1/2014. As discussed and approved by the Board on 10/23/14, the department pursued its own independent CC&B billing system from BWS as permitted under Section 3.2 of the MOA “Right to Terminate the Agreement” for efficiency and permanence as either party has the right to terminate anytime with 180 days’ notice. Through Sole Source Procurement, the Department selected Prithibi, LLC to fulfill the conversion and modification of the existing Kaua’i DOW data from BWS. With Prithibi, LLC’s direct involvement of the BWS CC&B billing system, they have been a direct benefit to the DOW because they were already familiar with the project.

On October 3, 2016 the Department went live with their own CC&B billing system. Amendment No. 1 would provide as-needed technical support services for issues that may arise. The term for Prithibi, LLC’s existing contract is for one-year completion; however, under the scope of work only 1-month post-implementation support was included. This amendment also includes integration services to integrate CC&B with Oracle’s Billing Insight (BI), which the DOW currently owns. The integration between CC&B and BI would enable customers to have online accessibility. The DOW customers would be able to view their water bill statement, set up a one-time or recurring payment for their water bill with their checking and/or savings accounts, and apply for automatic bill payments (ABP).

FUNDING:

<table>
<thead>
<tr>
<th>Account No. 10-02-10-561-000 WU/IT/ADMIN/REPAIRS AND MAINTENANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds Transferred from Acct No. 10-02-00-605-999 WU/IT/CAPITALOUTLAY-EXPANSION</td>
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<tr>
<td>Funds Transferred from Acct No. 10-30-20-605-999</td>
</tr>
<tr>
<td>Contract No. 618: Prithibi, LLC</td>
</tr>
<tr>
<td>5% Contingency</td>
</tr>
<tr>
<td>Total Funds Certified To Date, Acct No. 10-30-20-605-999</td>
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First Amendment:

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<tr>
<th>As-Needed Technical Support Services and ACH Enhancement</th>
<th>$70,000.00</th>
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<tr>
<td>Total Funds Requested for First Amendment, Acct No.</td>
<td>$70,000.00</td>
</tr>
<tr>
<td>10-02-10-561-000 ($20,000) &amp; 10-02-00-605-999 ($50,000)</td>
<td>($70,000.00)</td>
</tr>
</tbody>
</table>

Option 1: Approve Manager’s Report “as is”

Pros:
1. DOW customers will have online accessibility.
2. The DOW would provide a higher standard of customer service without physical or phone contact.
3. The DOW’s IT personnel would have technical support readily available if needed.

Cons:
1. No convenient way for DOW customers to pay their bills.
2. The CC&B billing system could be down for a long period of time if staff is unable to remedy the issue.

Option 2: Approve Manager’s Report only “As-Needed Support Services”

Pro:
1. The DOW’s IT personnel would have technical support readily available.

Con:
1. The CC&B billing system could be down for a long period of time if staff is unable to remedy the issue.

Option 3: Approve Manager’s Report only “ACH Enhancement”

Pros:
1. DOW customers will have online accessibility.
2. The DOW would provide a higher standard of customer service without physical or phone contact.

Con:
1. The CC&B billing system could be down for a long period of time if staff is unable to remedy the issue.

Respectively submitted,

Jeffery Mendez
Waterworks Information Technology Officer

Funding reviewed:

Marites Yano
Waterworks Controller

CONCURRED:

Kirk Saiki, P.E.
Manager and Chief Engineer

Discussion and Possible Action on the 1st Amendment for Prithibi, LLC. for the Sole Source Contract No. 618, SS-2106-3, for Oracle Customer Care and Billing and Cloud Service Implementation for As-Needed Technical Support Services in the amount of $70,000.00
MANAGER’S REPORT No. 17-12

October 28, 2016

Re: Discussion and Possible Action on Use and Occupancy Agreement No. 276 Between the State of Hawai‘i, Department of Transportation and the Board of Water Supply, County of Kaua‘i for Kaumuali‘i Highway, Project No. STP-050-1(26), TMK (4) 3-08-05: Road, Lihue, Hawaii, Water Plan 2020 Project No. PLH-39, Lihue Baseyard Improvements for the Department of Water offsite 12” Waterline

RECOMMENDATION:
It is recommended that the Board enter into Use and Occupancy Agreement No. 276 (UOA) with the State of Hawai‘i, Department of Transportation for Water Plan 2020 No. PLH-39, Lihu‘e Baseyard Improvements for the Department of Water Offsite 12” Waterline, Lihue, Kaua‘i, Hawai‘i.

Further, Board approval is specifically requested of the indemnification provisions in these agreements, wherein the Board agrees to release, hold harmless, indemnify and defend, with counsel acceptable to the State in its sole discretion, the State, its directors, officers, agents, elected officials, boards, and employees, and their respective successors and assigns, from and against all claims, demands, liabilities, suits, actions, judgments, costs and expenses (including attorney’s fees) for loss, injury, death or damage, including, without limitation, claims for property damage, personal injury, or loss or death of persons, whenever such loss, injury, death or damage arises out of, is connected with or related to (a) occurrences or incidents on, within, under, over or across the Premises or the Project, as it relates to DOWK’s use of the Premises (b) the exercise of the rights and privileges herein granted, (c) any failure on the part of the DOWK to use due care or otherwise perform in accordance with the terms and conditions of this Agreement, (d) any act or omission of the DOWK and/or the DOWK’s use and occupancy of the premises. This provision shall survive the expiration or earlier termination of this agreement.

BACKGROUND:
The Department installed a new 12” waterline connection the existing 6” waterline along Pua Loke Street to the 24” main along Kaumuali‘i highway. The State is requiring the DOW to complete a UOA for this project.

Potential future financial liabilities:

Condition item 13.c. on page 7 of the UOA (“State remedies for failure to cure”) allows for the State, at the option of the State, to cure any defaults of the DOWK in the fulfillment of the DOWK’s obligations under the agreement. The State may charge the DOWK for any costs and expenses incurred in curing any defaults of the DOWK. The DOWK shall immediately pay said costs and expenses to the State upon receiving written notice from the State.

FUNDING: N/A
OPTIONS:

Option 1: Approve UOA

Pro: 1. The completion of an UOA will allow the DOW to meet the State’s requirements that will allow the DOW to have the new facilities remain in the State ROW.

Cons: 1. The UOA will obligate the DOW with unknown financial liabilities and risk; to some extent, at the discretion of the State.
2. Some of the conditions/terms of the agreement are unrealistic to complete in the time specified and the Department may be deemed to violate the terms of the agreement if the situation arises.
3. Not completing the UOA - The State will not allow the project to remain as constructed.

Option 2: Deny UOA

Pros: 1. DOW will not be obligated with unknown financial liabilities and risk; to some extent, at the discretion of the State.
2. DOW would not be responsible for some of the conditions/terms of the agreement are unrealistic to complete in the time specified and the Department may be deemed to violate the terms of the agreement if the situation arises.

Con: 1. Not completing the UOA - The State will not allow the project to remain as constructed. May have to remove facility as constructed and redesign alternate pipeline outside of county right of way. This would affect fire protection of the new building.

Respectively submitted,

Dustin Moises, P.E.
Construction Project Management Officer

CONCURRED:

Kirk Saiki, P.E.
Manager and Chief Engineer

Attachments: Use and Occupancy Agreement No. 276

DM/ein

Mgrrp/October 2016/17-12 Discussion and Possible Action on Use and Occupancy Agreement No. 276 Between the State of Hawai‘i, Department of Transportation and the Board of Water Supply, County of Kaua‘i for Kaumuali‘i Highway, Project No. STP-050-1(26), TMK (4) 3-08-05: Road, Lihue, Hawaii, Water Plan 2020 Project No. PLH-39, Lihue Baseyard Improvements for the Department of Water offsite 12” Waterline
USE AND OCCUPANCY AGREEMENT NO. 276

THIS USE AND OCCUPANCY AGREEMENT NO. 276 is made on __________, but effective as of __________, by and between the STATE OF HAWAII, by its Director of Transportation, for the Highways Division, (hereinafter referred to as the "STATE") and BOARD OF WATER SUPPLY, COUNTY OF KAUA‘I, whose principal place of business and mailing address is 4398 Pua Loke Street, Lihue, Hawaii 96766 (hereinafter referred to as the "DOWK").

RECITALS:

WHEREAS, the STATE is the owner of those certain parcels of land upon which Kaumualii Highway, Project No. STP-050-1(26), Hawaii (hereinafter referred to as the "Highway") is situated, which parcels contain approximately 1,507 Square Feet, designated as Tax Map Key No. (4) 3-8-5: Road, (hereinafter referred to as the "Property"); and

WHEREAS, the DOWK desires to occupy a portion of the Property, as described in Exhibit A and delineated on Exhibit B, both attached hereto and incorporated herein by reference (hereinafter referred to as the "Premises"), for the construction, operation, maintenance, and repair of a 12 Inch Water Line and 16 Inch Sleeve (said Water Main project, together with all improvements, equipment, facilities, components and appurtenances related thereto, is hereinafter referred to as the "Project"); and

WHEREAS, the STATE does not object to granting the DOWK use and occupancy rights over the Premises provided the DOWK fully complies with the terms and conditions set forth below,

NOW, THEREFORE, for good and valuable consideration, and other valuable consideration, the receipt whereof is hereby acknowledged, and the mutual covenants and promises herein made, and pursuant to Section 264-13, Hawaii Revised Statutes ("HRS"), the parties do hereby agree as follows:

I
AGREEMENT:

1. Grant of Use and Occupancy Rights. The STATE hereby grants to the DOWK the non-exclusive right to use and occupy the Premises for the sole purpose of constructing, operating, maintaining, and repairing the Project.

2. Right to Construct the Project. The DOWK may construct, maintain and repair the Project on, within, under, over and across the Premises provided that the DOWK obtains the STATE'S prior written approval for the plans and specifications for construction of the Project and any subsequent alterations thereto prior to commencing the construction of any portion of the Project. The DOWK shall be solely responsible for all costs and expenses incurred in connection with the Project and the maintenance of the Premises, in accordance with paragraph 4, 5 and 16 of this Agreement, including but not limited to, all design, planning, engineering, construction, alteration and maintenance costs and expenses.

3. Work Permit. The DOWK shall obtain a permit from the STATE for any construction, alteration, installation, maintenance, repair, removal, replacement, reconstruction and upkeep work for or related to the Project on, within, under, over or across the Premises prior to commencing such work. Without limiting the foregoing or any other provision contained herein, the DOWK shall comply with any and all other requirements of the STATE relating to any construction, alteration, installation, maintenance, repair, removal, replacement, reconstruction, and upkeep work for or related to the Project, and any required permits, including, but not limited to, any permits and/or approvals that may be required by federal, state, county, local or other laws or rules applicable to the proposed construction, installation, maintenance, repair, removal, replacement, reconstruction and upkeep work for or related to the Project on,
within, under, over or across the Premises prior to commencing such work except to perform emergency repair or maintenance ("Emergency work"). The DOWK may enter the Premises to perform Emergency Work without first obtaining such permit(s), provided that DOWK notifies State of the location and type of emergency not later than one business day after the Emergency work has commenced and provided that DOWK obtains any permits as soon as reasonably possible thereafter. "Emergency work" shall mean immediate repair or maintenance work needed to protect public health, safety, welfare or the environment as reasonably determined by State. In any event and without limiting any other provision contained herein, as applicable, DOWK shall release, indemnify, defend, and hold harmless State and its officers and employees from and against all claims, demands, liabilities, suits, actions, judgments, costs and expenses (including attorneys' fees) for loss, injury, death or damage, including, without limitation, claims for property damage, personal injury, loss or death of persons, to the extent that such damage, injury, loss or death is caused by DOWK, or its employees, agents, or contractors, performing any Emergency work.

4. Work Completion. Upon the completion of any work performed in, on, within, under, over or across the Premises by the DOWK, the DOWK shall remove therefrom within seven (7) days of completion, all equipment and unused or surplus materials, if any, and shall restore the Premises and any other affected areas to a condition satisfactory to the STATE in its sole discretion. In addition, the DOWK shall provide all as-built drawings of work completed, including metes and bounds documents of the Project, for the STATE'S acceptance within sixty (60) days of the DOWK'S final acceptance of the DOWK'S contractor's work. The DOWK shall warranty the restoration work for a period of two (2) year from the date of final inspection and acceptance by the STATE. Such warranty shall insure that the DOWK shall be responsible for any
failure of the restoration work, including, but not limited to, any potholes occurring in and along the restoration area. An example of such potholes occurring along the seams of a trench that was restored after installing a water pipeline.

5. **Maintenance.** The DOWK shall, at its sole cost and expense, keep the Premises and the Project in a safe, clean, sanitary, and orderly condition, including, but not limited to, making all necessary repairs to the Project, and shall not make, permit or suffer any wasting, strip, spoil, nuisance or unlawful, improper, or offensive use of the Premises.

6. **Repair.** The DOWK shall not damage, undermine or otherwise destroy any portion of State of Hawaii (hereinafter referred to as the "STATE") property, including without limitation, any Highway facilities or improvements or facilities of other Highway tenants or other permitted users of the Highway situated on or near the Premises or any equipment or appurtenances relating thereto, including, but not limited to, sidewalks, storm drains, drainage systems, and underground utility systems. The DOWK shall, at its sole cost and expense, repair, restore and reconstruct that portion of said Property so damaged, undermined or destroyed, including any and all affected facilities, improvements, equipment and appurtenances. All repairs, restoration, and reconstruction shall be completed by the DOWK immediately to the existing, or better, condition and shall be inspected and approved by the STATE in its sole discretion.

7. **No Obstruction.** The DOWK shall not construct, replace, repair or maintain any landscaping or any improvements or any portion of the Project (including any staging and/or temporary storing of equipment and materials) on, within, under, over or across the Premises in such a manner as to: (a) unnecessarily obstruct traffic; (b) obstruct, in any way whatsoever, the sight lines and distances and view corridors along the Highway; (c)
otherwise constitute a hazard to users of the Highway, as determined by the STATE in its sole discretion; (d) obstruct Highway operations; and/or (e) obstruct operations of Highway tenants or other permitted users of the Highway on the Property or near the Premises.

8. Reservation of Rights. The STATE reserves unto itself the full use and enjoyment of the Premises and the right to grant to others rights and privileges for any and all purposes affecting the Premises, all without charge by and without the consent of the DOWK, provided that such use by the STATE and/or third parties does not unreasonably interfere with the DOWK'S rights to use the Premises under this Agreement. The DOWK shall take steps necessary to ensure that the DOWK exercise of the rights and privileges granted hereunder does not cause any substantial interference with the STATE'S operations in or near the Premises. In addition, the DOWK acknowledges and agrees that this Agreement is for a limited purpose, and that the DOWK shall use the Premises only for the purpose of serving the Project. Any intensification to include modification or expansion of the use of the facilities, from what is approved herein, including but not limited to, connection of additional laterals or extensions that feed or are fed from the Project shall require the written consent of the STATE, which consent may be withheld in the STATE'S sole discretion, and may require a new request and review and consideration by any user not covered by this Agreement.

9. STATE Work Within or Affecting the Premises. If the STATE decides to perform work of any kind on, within, under, over, across, near, or affecting the Premises, the STATE will coordinate such work with the DOWK. The DOWK shall not prevent the STATE from performing such work, provided, however, that the STATE will take certain protective measures to assure that such work does not unreasonably interfere with the DOWK'S use of the
Premises as described herein. At the STATE'S sole option, the DOWK, at the DOWK'S sole cost, except as may otherwise be required by law, shall relocate the Project to the extent the Project conflicts with plans of a STATE project.

10. Indemnity. The DOWK shall at all times with respect to the Project and the Premises use due care for public safety. It is strictly understood that the STATE shall in no way be held liable for any claims, damages, causes of action or suits resulting from any acts or omissions of the DOWK. The DOWK shall release, hold harmless, indemnify and defend, with counsel acceptable to the State in its sole discretion, the STATE, its directors, officers, agents, elected officials, boards, and employees, and their respective successors and assigns, from and against all claims, demands, liabilities, suits, actions, judgments, costs and expenses (including attorney's fees) for loss, injury, death or damage, including, without limitation, claims for property damage, personal injury, or loss or death of persons, whenever such loss, injury, death or damage arises out of, is connected with or related to (a) occurrences or incidents on, within, under, over or across the Premises or the Project, as it relates to DOWK's use of the Premises (b) the exercise of the rights and privileges herein granted, (c) any failure on the part of the DOWK to use due care or otherwise perform in accordance with the terms and conditions of this Agreement, (d) any act or omission of the DOWK and/or the DOWK'S use and occupancy of the Premises. This provision shall survive the expiration or earlier termination of this Agreement.

11. Assignment. The DOWK'S rights under this Agreement shall not be sold, assigned, conveyed, leased, subleased, mortgaged, or otherwise transferred or disposed of, directly or by operation of law, except with the prior written consent of the STATE which consent may be withheld by the STATE in its sole
discretion. In giving any such consent, the STATE need not release the DOWK from any liabilities or obligations hereunder.

12. **Insurance.** The DOWK has elected to self-insure all liabilities arising out of the DOWK'S operations and activities on the Premises which self-insurance shall be primary and non-contributory with any insurance policy maintained by the STATE. The DOWK shall provide a letter of self-insurance to the STATE upon execution of this Agreement and annually thereafter.

13. **Default.**

a. **Notice of default.** If the DOWK defaults on or otherwise fails to perform the DOWK'S obligations under this Agreement, the STATE will issue a written notice of default to the DOWK by hand-delivery or first-class mail.

b. **DOWK to cure defaults.** Any and all defaults or failures to perform contained in such notice of default must be resolved and remedied to the STATE'S sole satisfaction within thirty (30) days of the date of the STATE'S written notice to the DOWK or such further time as may be authorized by the STATE in writing, unless there is an immediate safety problem, then the STATE has the right to take immediate action and mitigate damages after-the-fact and DOWK will pay for all costs incurred by the STATE. Without limiting the foregoing, the DOWK'S failure to construct the Project in accordance with the plans and specifications approved by the STATE shall be deemed a default of this Agreement. Without limiting the foregoing, the DOWK's failure to submit after-the-fact plans and specifications, as-built drawings, and applicable permits after any Emergency Work on the Project of the Premises shall be deemed a default under this Agreement.

c. **STATE remedies for failure to cure.**

If the DOWK fails to cure said defaults or fails to perform within the required time period, the STATE itself may, but shall not be
obligated to, cure or remedy said defaults or failures to perform
and charge any costs and expenses incurred in performing said cure
or remedy to the DOWK, who shall immediately pay said costs and
expenses to the STATE upon receiving notice from the STATE.
Without limiting the foregoing, if the DOWK fails to cure said
defaults or fails to perform within the required time period, the
STATE may terminate this Agreement and the DOWK'S rights under
this Agreement to use the Premises and the Project. Upon such
termination and at the STATE'S option, the Project improvements
will thereafter belong to the STATE. If the DOWK defaults or
fails to perform as required under this Agreement, the STATE shall
be entitled to all remedies available under this Agreement and by
law, which remedies shall be cumulative and not exclusive. This
provision shall survive the expiration or earlier termination of
this Agreement.

14. Abandonment. This Agreement and all of the DOWK'S
rights hereunder shall terminate, without any action on the part
of the STATE, in the event of non-use or abandonment by the DOWK
of the Premises or the Project, or any portion thereof, for a
period of one (1) year; provided, however, that the DOWK's
obligation under Paragraph 10 (Indemnity) shall survive with
respect to any portion of the Project abandoned on the premises.
The DOWK is subject to the provisions of the STATE'S Pipeline
Removal Policy, dated September 24, 2002, as the same may be
amended, which may include, but not limited to, the DOWK'S
execution of an agreement, in form and substance acceptable to the
STATE in its sole discretion. The current Pipeline Removal Policy
is attached hereto as Exhibit C and made a part hereof.

15. Termination. If not otherwise terminated or
cancelled, this Agreement may be cancelled in whole or in part at
any time by the mutual written agreement of the parties hereto or
by the STATE, in its sole discretion upon the STATE'S giving thirty
(30) days' prior written notice to the DOWK by hand delivery or first-class mail, return receipt requested. Any termination or cancellation of this Agreement, in whole or in part, shall not relieve the DOWK of its obligations to indemnify, defend and/or hold harmless the STATE as provided herein and including, but not limited to Paragraphs 10 (Indemnity) and 16 (Hazardous Substances) herein with respect to any such claims, demands, liabilities, suits, actions, judgments, costs and expenses for loss, injury, death or damage arising prior to such termination or cancellation of all or a portion of this Agreement. This provision shall survive the expiration or earlier termination of this Agreement.

   a. Definitions. For purposes of this Agreement, the DOWK acknowledges and agrees that the following terms shall have the following meanings:

   "Environmental Laws" shall mean all federal, state and local laws of every nature including statutes, ordinances, rules, regulations, codes, notices, standards, directives of every kind, guidelines, permits, licenses, authorizations, approvals, interpretations of the foregoing by any court, legislative body, agency or official, judicial decisions, judicial and administrative orders, rulings or judgments, or rules of common law which currently are in effect or which may come into effect through enactment, issuance, promulgation, adoption or otherwise, which in any way pertain to, relate to, or have any relevance to the environment, health or safety. These environmental laws include, but are not limited to, regulations and orders of the federal Environmental Protection Agency and the State of Hawaii Department of Health.

   "Hazardous Substance" shall include any chemical, substance, radioactive materials, organic or inorganic material, controlled substance, object, condition, waste, living
organism, or combination thereof which is, may in the future be, or has been determined by state or federal authority under any Environmental Law to be hazardous to human health or safety or detrimental to the environment. This term shall include, but not be limited to, petroleum hydrocarbons, asbestos, radon, polychlorinated biphenyls, methane, fuels of any kind, and other materials or substances that are, or may in the future be, regulated by the state or federal authorities.

b. DOWK'S Activities and Duties.

b. 1 Compliance with Environmental Laws. The DOWK agrees, at its sole expense and cost, to comply with all Environmental Laws applicable to the Property and the DOWK'S occupancy, activities, operations, and use of the Project and the Premises, including giving all required notices, reporting to, and obtaining permits from, all appropriate authorities. This duty shall survive the expiration or earlier termination of this Agreement, which means that the DOWK'S duty to comply with Environmental Laws shall include complying with all Environmental Laws that may in the future apply, or be determined to apply, to the occupancy and activities of the DOWK on the Premises after the expiration or termination of this Agreement. Failure of the DOWK to comply with any Environmental Law shall constitute a breach of this Agreement for which the STATE may, in its sole discretion, terminate this Agreement, exercise its remedies under this Agreement, including, but not limited to, remediation of any condition on behalf of the DOWK at the DOWK'S expense under subparagraph 16.b.5 below (Environmental Investigations and Assessments), subparagraph 16.b.6 below (Remediation) and subparagraph 16.b.7 below (Restoration and Surrender of Premises), and take any other action at law or in equity that the STATE deems appropriate. Without limiting the foregoing, the DOWK shall comply with any National Pollutant Discharge Elimination System permits,
or similar permits, which are applicable to the Premises of the Project.

b. 2 Hazardous Substances. The DOWK shall not use, store, treat, dispose, discharge, release, generate, create, or otherwise handle any Hazardous Substances, or allow the same by any of its employees, agents, guests, contractors, invitees, or third persons, on the Premises without first obtaining the written consent of the STATE (which consent may be withheld by the STATE in its absolute discretion) and shall fully comply with all Environmental Laws, including giving all required notices, reporting to, and obtaining permits from, all appropriate authorities, and shall comply with all provisions of this Agreement.

b. 3 Notice to the STATE. The DOWK shall keep the STATE fully informed at all times regarding all matters related to any Environmental Laws affecting the DOWK, the Project, or the Premises. This duty shall include, but not be limited to, providing the STATE with a current and complete list and accounting of all Hazardous Substances of every kind which are present in, on or about the Premises by or as a result of the DOWK, together with evidence that the DOWK has in effect all required and appropriate permits, licenses, registrations, approvals, and other consents that may be required by any federal, state, or county authority, under any authority or Environmental Laws. The DOWK shall provide said list and accounting at the commencement of this Agreement and shall update said list and accounting whenever any Hazardous Substance not accounted for on said list is or becomes present in, on, or about the Premises by the DOWK or otherwise. The DOWK shall also provide immediate written notice to the STATE of any spills, releases, and/or discharge of Hazardous Substances investigation, enforcement action, compliance order, or order of any type, or any other legal action, initiated, issued, or any indication of an
intent to do so, communicated in any way to the DOWK by any federal, state, or county authority or individual that relates in any way to any Environmental Law or any Hazardous Substance. This written notice to the STATE shall include copies of all written communications from any federal, state, or county agency or authority or individual, including copies of all correspondence, claims, complaints, warnings, reports, technical data, and any other documents received or obtained by the DOWK. At least thirty (30) days prior to termination of this Agreement, or termination of the use and occupancy of the Premises by the DOWK, whichever occurs first, the DOWK shall provide the STATE with written evidence satisfactory to the STATE that the DOWK has fully complied with all Environmental Laws, including any orders issued by any governmental authority that relate to the Premises, and the results of all assessments and investigations that may be ordered by the STATE pursuant to subparagraph 16.b.5 (Environmental Investigations and Assessments) of this provision, or by any governmental agency responsible for enforcement of the Environmental Laws.

b. 4. Disposal/Removal. Except as to the possession and handling of Hazardous Substances for which the DOWK is authorized by law, including those Hazardous Substances for which the DOWK has obtained all currently required permits to store or use certain Hazardous Substances on the Premises, including written permission from the STATE, the DOWK shall cause any Hazardous Substances resulting from the DOWK’S use to be removed and transported from the Premises for disposal solely by duly licensed hazardous substances transporters to duly licensed facilities for final disposal as required by all applicable Environmental Laws. Within ten (10) days of any such disposal, the DOWK shall provide the STATE with copies of documentary proof including manifests, receipts, or bills of lading, which reflect
that said Hazardous Substances have been properly removed and disposed of in accordance with all Environmental Laws. This provision shall survive the expiration or earlier termination of this Agreement.

b. 5. Environmental Investigations and Assessments. The DOWK, at its sole cost and expense, shall cause to be conducted such investigations and assessments of the Premises to determine the presence of any Hazardous Substance on, in, or under the Premises as may be reasonably directed from time to time by the STATE, or by any federal or state authority. The extent and number of any environmental investigations and assessments shall be determined by the STATE or the federal or county authority directing said investigations and assessments to be conducted. The DOWK shall retain a competent and qualified person or entity that is satisfactory to the STATE or governmental authority, as the case may be, to conduct said investigations and assessments. The DOWK shall direct said person or entity to provide the STATE or governmental authority, if so requested, with testable portions of all samples of any soils, water, ground water or other material that may be obtained for testing and provide directly to the STATE and the other governmental authority, at the sole expense of the DOWK, written results of all tests on said samples upon completion of said testing. In any event, the DOWK shall have the option to conduct environmental assessments as aforesaid prior to or at the time of termination of this Agreement in order to determine the condition of the Premises.

b. 6. Remediation. In the event that any Hazardous Substance is used, stored, treated, or disposed on the Premises or any location off the Premises to which it is determined any Hazardous Substance has migrated, or handled, discharged or released by the DOWK, or its duly authorized employees, or handled, discharged, released by the DOWK or determined to be present on
the Premises or any location off the Premises to which it is determined any Hazardous Substances has migrated by or as a result of the DOWK's actions or the actions of its duly authorized employees, agents, contractors, guests, or invitees, the DOWK shall, at its sole expense and cost, remediate the Premises, or any location off the Premises to which it is determined any Hazardous Substance has migrated, of such Hazardous Substance, and dispose/remove said Hazardous Substance in accordance with subparagraph 16.b.4 (Disposal/Removal) of this provision. This duty to remediate includes strict compliance with all Environmental Laws, as well as any directives by the STATE or other governmental authority, to the DOWK to remediate such Hazardous Substance. This duty to remediate shall include replacement of any materials, such as soils, so removed with material that is reasonably satisfactory to the STATE and governmental authority, as the case may be.

b. 7. Restoration and Surrender of Premises.

The DOWK hereby agrees to timely surrender the Premises upon termination of the Agreement and, prior thereto, shall restore the Premises to the same condition as the Premises existed at the commencement of this Agreement, as determined by the STATE in its sole discretion, reasonable wear and tear excepted. Said surrender and restoration shall be at the sole cost and expense of the DOWK. This duty to restore the Premises includes remediation as described in the previous subsection. Subject to subparagraph 18.b (STATE'S option), this duty also includes, but is not limited to, the removal within seven (7) days of termination or such longer period of time as the STATE may agree to in writing, of all of the DOWK's improvements, including, without limitation, pipes, pipelines, tanks, containers, equipment, and appurtenances of any kind that the DOWK has installed or erected on the Premises. In the event the DOWK does not timely restore the Premises to a satisfactory
condition, as determined by the STATE in its sole discretion, the DOWK understands and agrees that the STATE may exercise its rights under subparagraph 16.b.9 (STATE’S Right to Act), and until such time as the restoration is completed to the satisfaction of the STATE in its sole discretion, the DOWK shall be liable for any damages and costs that the STATE may have incurred, including penalties, fines, and assessments related to the Premises which may be imposed on the STATE or the DOWK by any governmental authority.

b. 8 Tanks, Pipelines; Inspections and Repairs; Protection of Waters. Unless the STATE specifically agrees in writing prior to their installation, all pipes, pipelines, tanks, containers, or conduits of any kind that may at any time have contained, or may have been intended to contain, Hazardous Substances of any type (hereafter referred to as a “facility”), must be installed above ground level in such manner that allows for periodic inspection and maintenance of the facility for purposes of determining the existence of leaks and discharges from, and deterioration of any kind to, and that allows repair of, the facility. The DOWK shall provide the STATE with prior written notice of the DOWK’S intent to install a facility to allow the STATE ample time, as reasonably determined by the STATE, to inspect the plan for installation of such a facility. Said facility shall not be installed unless and until the facility and its manner of installation are approved, in writing by the STATE. Within ninety (90) days of the commencement of this Agreement, or commencement of possession of the Premises by the DOWK, whichever first occurs, the DOWK shall submit a contingency plan covering the DOWK facilities if any, and as applicable, to control and remedy any spill, discharge, or leak from any DOWK facility on the Premises during the term of this Agreement, which plan shall include the cleanup of all Hazardous Substances that may be spilled.
discharged, or leaked, to the satisfaction of the STATE in its sole discretion. The DOWK shall also submit to the STATE a plan for the DOWK to conduct, or have conducted, regular inspections of all facilities, if any, on the Premises for the purpose of prevention of any leak, discharge, or spill from said facilities. Said contingency plan and inspection plan are subject to the prior written approval of the STATE. The DOWK shall timely obtain and maintain in effect all required permits, licenses, and approvals for such facilities from any governmental authority. Failure to submit said plans, to comply with said plans, or obtain and maintain any required permits, licenses, or approvals constitutes a breach of this Agreement, giving the STATE the right to immediately terminate this Agreement, take possession of the Premises, and pursue any other remedy available to the STATE.

The DOWK shall maintain and employ reasonable debris, pollution and contamination control measures, safeguards and techniques on the Premises to prevent debris, pollution or contamination to ocean waters, streams or waterways, groundwater, including any storm drains within and about the Premises, resulting from the activities or operations of the DOWK and the DOWK’S agents on, within, over, through, across, under or connected with the Premises. The DOWK shall take immediate corrective action in the event of an unauthorized release of Hazardous Substances by the DOWK or its agents to immediately remove or correct the cause of such release, and shall immediately clean the Premises and affected areas and surrounding waters of such Hazardous Substances, pollutants or contaminants to levels satisfactory to the STATE’S and/or other governmental authority in the STATE’S and governmental authority's sole discretion, all at the DOWK’S own cost and expense. This section shall not be construed to require the DOWK to cleanup or respond to any Hazardous Substances existing on the Premises prior to the DOWK’S occupancy of the same.
b. 9. **STATE’S Right to Act.** In the event the DOWK fails for any reason to comply with any of its duties under this Agreement, including, but not limited to, compliance or under any Environmental Laws within the time set for doing so, or within a reasonable time as determined by the STATE, the STATE shall have the right, but not the obligation, in its sole discretion, to perform those duties, or cause them to be performed. The DOWK hereby grants access to the Premises and the Project at all reasonable hours to the STATE, its agents and anyone designated by the STATE, in order to perform said acts and duties. Any cost, expense, or liability of any type that may be incurred by the STATE in performing said acts or duties shall be the sole responsibility of the DOWK and the DOWK hereby agrees to immediately pay to the STATE all of such costs and expenses incurred by the STATE in performing said acts or duties. This obligation shall extend to any costs and expenses incident to enforcement of the STATE’S right to act, including litigation costs, attorney fees, and the costs and fees for collection of said costs, expenses, or liability.

b. 10. **Release and Indemnity.** In addition to and without limiting the provisions of Paragraph 10 (Indemnity) above, the DOWK hereby agrees to release, indemnify, defend, with counsel acceptable to the State in its sole discretion, and hold harmless the STATE, its directors, officers, employees, agents, elected officials, boards, and their respective successors and assigns from any liability of any kind, including, but not limited to, any liability for any damages, penalties, fines, judgments, or assessments (including attorneys’ fees) that may be imposed or obtained by any person, agency, or governmental authority by reason of any Hazardous Substance that may be present by or as a result of the DOWK’S use of the Premises or the Project by whatever means on, in or under the Premises including, but not limited to, any
fines or penalties assessed against the STATE for the DOWK non-compliance with any Environmental Laws.

The DOWK understands and agrees that any claims for damages, penalties, fines, judgments, or assessments that may be assessed against the DOWK or the STATE by any person or governmental authority based on any violation of any Environmental Laws concerning the Premises or the Project shall be paid in full, complied with, and in every way satisfied by the DOWK within the required time, and not by the STATE. In the event both the STATE and the DOWK are liable for any environmental cleanup or remediation of the Premises, as applicable, the DOWK shall release, indemnify, defend, with counsel acceptable to the State in its sole discretion, and hold harmless the STATE, and the State's directors, officers, agents, elected officials, boards, and employees, in accordance with the terms of this subsection, unless the STATE, or any other entity with an easement or access to the property has been shown to have actually caused the condition complained of. This provision shall survive the expiration or earlier termination of this Agreement.

b. 11. Burden of Proof. In all instances covered in this Paragraph 16 (Hazardous Substances), the DOWK accepts the burden of establishing that it is not responsible for the existence of Hazardous Substances in the Premises or in any location or any location off the premises to which Hazardous Substances have migrated. If the DOWK cannot establish that it is not responsible for the existence of Hazardous Substances in the Premises, or any location off the Premises to which Hazardous Substances have migrated, the DOWK shall be deemed responsible for the existence of the Hazardous Substances.

b. 12. Protection of Waters. The DOWK shall maintain and employ reasonable debris, pollution or contamination control measures, safeguards and techniques on the premises to
prevent debris, pollution or contamination from reaching ocean waters, streams or waterways, groundwater, including any storm drains within and about the Premises, resulting from the activities or operations of the DOWK and the DOWK'S employees, agents, contractors or third persons on, within, over, through, across, under or connected with the Premises. The DOWK shall take immediate corrective action in the event of an unauthorized release of Hazardous Substances by the DOWK or its employees, agents, contractors or third persons to immediately remove or correct the cause of such release, and shall immediately clean the Premises and affected areas and surrounding waters of such Hazardous Substances, pollutants or contaminants to levels satisfactory to the State, DOH, EPA and/or any governmental authority in the State's and governmental authority's respective sole discretion, with regulatory jurisdiction over the release, in strict compliance with all Environmental Laws, all at the DOWK'S own cost and expense. This subparagraph shall not be construed to require the DOWK to clean up or respond to any Hazardous Substances existing on the Premises prior to the DOWK'S occupancy of the same provided, however, that the DOWK acknowledges and agrees that the date of the DOWK'S occupancy may be a date prior to the Effective Date such that the DOWK shall be responsible for cleanup or to respond to any Hazardous Substances for the DOWK'S occupancy prior to the Effective Date.

17. **Removal of Improvements.** If the STATE decides to perform work of any kind within, on, over, under, across, near, or affecting the Premises, the DOWK shall be responsible for the removal or relocation of all or any portion of the Project from the Premises deemed necessary by the STATE, without cost and expense to the STATE, within thirty (30) days from the date the STATE requests such removal or such longer period of time as may be approved in writing by the STATE, except as shall be otherwise
required by applicable law. In the event it becomes necessary for the STATE to destroy, remove or alter all or any portion of the Project or improvements, the STATE shall not be obligated to replace or restore those portions of the Project or improvements so destroyed, removed or altered and the DOWK waives any and all right to compensation therefore, except as shall be otherwise required by applicable law.

18. **Removal upon Termination.** Upon any full or partial termination or cancellation of this Agreement, the DOWK shall, at the DOWK'S sole cost and expense, comply with the provisions of subparagraph 18.a. and, if applicable at the State's sole option, subparagraph 18.b.:

a. **Remove and restore.** The DOWK shall surrender the Premises upon termination of this Agreement and, prior thereto, shall restore the Premises to the same condition as the Premises existed at the commencement of this Agreement, as determined by the State in its sole discretion, reasonable wear and tear excepted. Said surrender and restoration shall be at the sole cost and expense of the DOWK. This duty to restore the Premises includes remediation as described in the subparagraph 16.b.6. Subject to subparagraph 18.b. (State's option), this duty also includes, but is not limited to, the removal of any and all of the DOWK's improvements, including, without limitation, pipes, pipelines, tanks, containers, equipment, and appurtenances of any kind that the DOWK has installed or erected on the Premises. In the event the DOWK does not timely restore the Premises to a satisfactory condition, as determined by the State in its sole discretion, the DOWK understands and agrees that the State may exercise its rights under this Agreement, including, but not limited to, paragraph 16.b.9 (State's Right to Act), and until such time as the restoration is completed to the satisfaction of the State in its sole discretion, the DOWK shall be liable for any
damages and costs that the State may have incurred, including penalties, fines, and assessments related to the Premises which may be imposed on the State or the DOWK by any governmental authority. Without limiting the foregoing, if the DOWK fails to restore the Premises to a condition satisfactory to the State, the State shall have the right to charge the DOWK, and the DOWK shall be solely responsible for, any and all costs and expenses incurred by the State in completing and accomplishing such restoration, including but not limited to, any costs the State incurs in removing and disposing of the DOWK's property; or

b. STATE'S option. At the STATE'S sole option and subject to the provisions of Paragraph 14, (Abandonment) including, but not limited to, the provisions of the STATE'S Pipeline Removal Policy, and any other terms and conditions, or amendments therein, abandon in place the Project and any improvements, equipment, facilities, components and appurtenances relating thereto; provided, however, that such termination or cancellation shall not relieve the DOWK of its obligations to indemnify, defend and/or hold harmless the STATE pursuant to Paragraphs 10 (Indemnity) and 16 (Hazardous Substances) herein with respect to any such claims, demands, liabilities, suits, actions, judgments, costs and expenses for loss, injury, death or damage arising prior to such termination or cancellation of all or a portion of this Agreement. A Memorandum of Agreement or Memorandum of Understanding must be executed if the Director of Transportation approves abandonment in place.

19. Compliance with Laws. Without limiting any provision in this Agreement, the DOWK, at all times during the term of this Agreement, shall comply with all of the requirements of the federal, state and county authorities and shall observe all federal, state and county laws, statutes, ordinances, rules and regulations, now in force or which may hereafter be in force,
including, but not limited to, all laws and regulations applicable to the use of areas within the highway right-of-way and/or federal-aid highways.

20. DOWK's agents and contractors. The DOWK shall require or otherwise cause its agents and contractors to name the State as an additional insured on all insurance policies of such agents and contractors covering work on the Premises, and copies of such policies, or other documentation required by the State, shall be filed with the State. The DOWK shall require or otherwise cause the DOWK's agents and contractors to release, hold harmless, indemnify and defend, with counsel acceptable to the State of Hawaii in its sole discretion, the State, and the State of Hawaii's directors, officers, agents, elected officials, boards, and employees, and their respective successors and assigns, from and against all claims, demands, liabilities, suits, actions, judgments, costs and expenses (including attorneys' fees) for loss, injury, death or damage, including, without limitation, claims for property damage, personal injury, or loss or death of persons, whenever such, loss, injury, death or damage arises out of, is connected with, or related to: (a) occurrences or incidents on, within, under, over or across the Premises; (b) any failure on the part of the DOWK's agents and contractors to use due care in accordance with the terms and conditions of this Agreement; or (c) any act or omission of the DOWK's agents and contractors. This provision shall survive the expiration or earlier termination of this Agreement.

21. Binding Effect. All provisions contained in this Agreement shall be binding upon and inure to the benefit of the respective parties, their successors and permitted assigns, and officers, agents, and employees or any person acting for and on their behalf.
22. **Singular, Plural.** All words used herein the singular number shall extend to and include the plural. All words used in any gender shall extend to and include all genders.

23. **Headings.** The headings and captions herein are for convenience of reference only and are not intended to fully describe, define or limit the provisions of this Agreement to which they may pertain.

24. **Counterparts.** This instrument may be executed in two or more counterparts, and when all counterparts have been executed, each counterpart shall be considered an original but when assembled shall constitute one and the same instrument, and shall have the same force and effect as though all the signatories had executed a single instrument. Any unexecuted duplicate pages may be omitted from the assembled original document.

25. **No Drafter.** The DOWK and the STATE agree that no party shall be deemed to be the drafter of this Agreement and further that in the event that this Agreement is ever construed by a court of law, such court shall not construe this Agreement or any provision of this Agreement against any party as the drafter of this Agreement.

26. **Prehistoric and Historic Remains.** Any and all prehistoric and historic remains found at, in, on, over, or under the Premises shall be and remain the property of the State of Hawaii, and shall not be disturbed or removed by the DOWK, and/or the DOWK'S successors in interest, assigns, officers, directors, employees, agents, or guests, without the express written approval of the STATE. Upon discovery of any prehistoric or historic remains, the DOWK shall immediately stop and cease any further disturbance of the remains and surrounding portion(s) of the Premises containing the remains, and promptly notify the STATE of such discovery. The DOWK shall obtain the prior written consent
of the State prior to recommencing any work on, within, under, over, across, near or affecting the Premises.

276. Severability. In the event that any provision of this Agreement is declared invalid or unenforceable by a court, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms of this Agreement.

28. Waiver. The failure of the STATE to insist upon strict compliance with any term, provision, or condition of this Agreement shall not constitute or be deemed to constitute a waiver or relinquishment of the STATE'S right to enforce the same in accordance with this Agreement.

29. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Hawaii.

30. Nondiscrimination. The use and enjoyment of the Premises shall not be in support of any policy which discriminates upon any basis or in any manner that is prohibited by any applicable federal, state, or county law.

31. Notices. Except as otherwise specifically provided in this Agreement, any notice, consent, request, demand, or other correspondence given under this Agreement shall be in writing and given by delivering the notice in person or by commercial courier, or by sending it by first-class mail, certified mail, return receipt requested, or overnight courier, return receipt requested, with postage prepaid; to: (a) the DOWK at the address as stated on page one herein; or (b) the STATE at the following address: State of Hawaii, Department of Transportation, Highways Division, 869 Punchbowl Street, Honolulu, Hawaii 96813, Attn: Administrator; or (c) such other address as either the DOWK or the STATE may designate, in writing, as its new address for such purpose by notice given to the other in accordance with this section. Any notice hereunder shall be deemed to have been given and received and effective two (2) calendar days after the date when it is
mailed, if sent by first-class, certified mail, one (1) calendar day after the date when it is mailed if sent by overnight courier, or upon the date personal delivery is made.

32. Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the matters set forth in this Agreement, and, except as specifically provided otherwise herein, there are no agreements, understandings, warranties, or representations between the parties except as set forth herein. This Agreement cannot be amended or modified except by an instrument, in writing, signed by each of the parties. Any termination or cancellation of this Agreement, in whole or in part, shall not relieve the DOWK of its obligations to release, indemnify, defend and/or hold harmless the STATE as provided herein.

33. Amendments. All amendments to this Agreement must be in writing and must be signed by all parties to this Agreement.

34. No Recordation. This Agreement shall not be recorded.

35. No Third Party Beneficiaries. No third party beneficiaries are intended by this Agreement, and the terms and provisions of this Agreement shall not give rise to any right in third parties to enforce the provisions of this Agreement.

[SIGNATURE PAGE IS ON THE FOLLOWING PAGE.]
IN WITNESS WHEREOF, the undersigned have executed this Use and Occupancy Agreement No. 237 the day and year first above written.

STATE OF HAWAI'I
DEPARTMENT OF TRANSPORTATION

By: __________________________
Its: __________________________

Print Name: __________________________
Title: Deputy County Attorney

BOARD OF WATER SUPPLY
COUNTY OF KAUA'I

By: __________________________
Name: Laurie Ho
Title: Chairperson

Manager and Chief Engineer
Department of Water, County of Kaua'i

Deputy Attorney General
Print Name: Patsy Takeda

APPROVED AS TO FORM AND LEGALITY:

Manager and Chief Engineer
Department of Water, County of Kaua'i

APPROVED AS TO FORM:
STATE OF HAWAII  )
COUNTY OF KAUAI  ) ss.

On this 28th day of October 2016 before me appeared Laurie Ho, to me personally known, who, being by me duly sworn, did say that she is the CHAIRPERSON of the BOARD OF WATER SUPPLY, COUNTY OF KAUAI, and that the foregoing instrument was signed on behalf of said Department, and said officer acknowledged said instrument to be the free act and deed of said Department, and that said Department has no corporate seal.

Doc Date:  # Pages: 30
Notary Name: Mary-jane Akuna  Fifth Circuit
County of Kauai
Doc Description: Use & Occupancy Agreement No. 276 between
SOH DOT Highways Division & the BWS, COK

Mary-jane Akuna  Date

Notary Public, State of Hawaii
Name of Notary: Mary-jane Akuna
My Commission expires: March 30, 2018
EXHIBIT A

KAUMUALII HIGHWAY
FEDERAL AID PROJECT NO. STP-050-1(26)
AT LIHUE, KAUA'I, HAWAII

Use and Occupancy Agreement No. 276
(For Waterline Purposes)

Being Portion of Kaumualii Highway,
Land Situated at Lihue, Kauai, Hawaii

Beginning at the south corner of this parcel of land, on the south side of
Kaumualii Highway the coordinates of said point of beginning referred to Government
Survey Triangulation Station "KILOHANA" being 7,595.33 feet South and 18,532.44 feet
East, thence running by azimuths measured clockwise from true South:

1. 61° 13' 57.5"
   11.58 feet;

2. 148° 38'.
   130.14 feet along the remainder of Kaumualii
   Highway, Federal Aid Project No. STP-
   050-1(26);

   thence along Lot A, Koamalu Plantations,
   L.C. Aw. 7713, Apana 2 Part 2 to V.
   Kamamalu on a curve to the left with a
   radius of 7,970.00 feet, the chord azimuth
   and distance being:

3. 241° 16' 30"
   11.59 feet;
4. 328° 38' 130.13 feet along the remainder of Kaumualii Highway, Federal Aid Project No. STP-050-1(26) to the point of beginning and containing an area of 1,507 square feet.

DESCRIPTION PREPARED BY:
ESAKI SURVEYING & MAPPING, INC.

Wayne T. Wada
Licensed Professional Land Surveyor
Certificate Number 4596

Lihue, Hawaii
May 2016
MANAGER’S REPORT No. 17-13

October 28, 2016

Re: Discussion and Possible Action on the 8th Amendment for Belt Collins for Contract No. 427, Job No. 02-14 WP2020 #WK-08 Kapa’a Homesteads 325’ Tanks – Two 0.5 Million Gallon Storage Tanks Project for the additional design funding of $51,911.26

RECOMMENDATION:
It is recommended that the Board approve an eighth contract amendment to Contract No. 427 with Belt Collins Hawai’i for the subject project and a total of $51,911.26 in additional design funds to be expended to complete the project. The proposed amendment and additional funding are necessary to provide additional design services to complete the project, including: an extension of an existing drainage culvert onto private property and additional surveying and easement boundary mapping, additional permitting requirements, a coordination meeting between the designer and the Department to review the project’s construction sequencing and the tanks’ operation, and various other updates to the plans and specifications.

FUNDING:
Account (BAB-Expansion-Design) Account No. 30-20-00-605-116

| Contract: Belt Collins Hawai‘i, LLC | $256,700.00 |
| Amendment No. 1 | $354,978.00 |
| Amendment No. 2 | $10,000.00 |
| Amendment No. 3 | $19,000.00 |
| Amendment No. 4 | $40,450.00 |
| Amendment No. 5 | $76,200.00 |
| Amendment No. 6 | $2,300.00 |
| Amendment No. 7 | $18,100.00 |
| Total Contract Amount | $777,728.00 |

Available Funds:
BAB Fund Account no. 30-20-00-605-116 2,359,724.00

Additional Funds Requested for Budget
BAB/Capital Projects/Expansion/Design - Amendment No. 8 $51,911.26

Allocation of Additional Funds Requested:
BAB Fund Account no. 30-20-00-605-116 (100% of total requested for Expansion portion of Project) $51,911.26

Total Additional Funds Requested $51,911.26

Total (new) Amount for Kapa’a Homesteads 325’ Tanks – Two 0.5 Million Gallon Storage Tanks Project $829,639.26
BACKGROUND:
The DOW is proposing to construct two new 0.5 MG concrete storage tanks on the same site as the existing Ornellas tank in the Kapa’a Homesteads. The project’s design includes drainage improvements for storm water, tank overflows, and well pumping to eventually discharge to an existing culvert on Kapahi Road which subsequently discharges onto private property. The Department of Public Works (DPW) operates and maintains the existing drainage system and requires that, as a part of the project, the DOW obtain permission from the landowners to discharge the additional water associated with the project through the existing culvert and onto the private owner’s property.

The DOW has been in communications with the private landowners and is awaiting a decision as to whether or not they will approve the additional flow through the existing culvert onto their property without any additional modifications, or if they would prefer that the existing culvert be extended from the property line, at the top of the existing slope, to the bottom of the hillside on their property, to mitigate any potential slope erosion. If this is the case and the existing culvert needs to be extended, additional funding is needed to include the culvert extension in the project’s design. Additional surveying and easement mapping would also be required.

There are various other scope changes and updates that are necessary to complete the project’s plans and specifications, including the addition of security fencing and gate details at the tank stairs and updates to DOW standard details. There are also additional permitting requirements that need to be updated or completed, including: Class IV Zoning, Use, Variance, Grading, Driveway Approach, Asbestos Cement Pipe Disposal, NPDES Form C, NPDES Form F, and a detention basin agreement with DPW. We have thoroughly reviewed the proposal from Belt Collins Hawai‘i for additional engineering services of $51,911.26 for the work and find it acceptable.

OPTIONS:
Option 1: Approve the expenditure of the additional design funds
Pro: 1. This will allow the DOW to finish the design of the project and funds will be readily available to modify the drainage design to include the culvert extension on private property should the owner decide that the culvert extension is desired.

Con: 1. Not approving the expenditure of additional design funds would delay the completion of the design.

Option 2: Do not approve the expenditure of the additional design funds
Pro: 1. None.

Con: 1. Not approving the expenditure of additional design funds would delay the completion of the design.

Respectfully submitted,
Keith Aoki, P.E.
Engineering Division

Funding reviewed,
Marites Yano
Waterworks Controller
CONCURRED:

Kirk Saiki, P.E.
Manager and Chief Engineer

KA/Mja

Mgrp/October 2016/17-13 Discussion and Possible Action on the 8th Amendment for Belt Collins for Contract No. 427, Job No. 02-14 WP2020 #WK-08 Kapa’a Homesteads 325’ Tanks – Two 0.5 Million Gallon Storage Tanks Project for the additional design funding of $51,911.26
MANAGER’S REPORT No. 17-14

October 28, 2016

Re: Discussion and Possible Action on Amendment No. 3 to the February 19, 2004 Water Treatment and Delivery Agreement between Grove Farm Properties, Inc/Visionary LLC and the Board of Water Supply, County of Kaua‘i to Increase the Treatment and Delivery Sales Fee for the Waiahi Surface Water Treatment Plant

RECOMMENDATION:
It is recommended that the Board approve the treatment and delivery sales fee rate of $1.90 per 1,000 (kgal) gallons.

FUNDING:

<table>
<thead>
<tr>
<th>FY 2016-17 Budget</th>
<th>$1,825,000.00</th>
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</thead>
<tbody>
<tr>
<td>Paid to Date (9/30/16)</td>
<td>$384,192.52</td>
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<tr>
<td>Remaining Budget</td>
<td>$1,440,807.48</td>
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<tr>
<td>Estimated Payment at New Rate (2.2 MGD)</td>
<td>$1,011,560.00</td>
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<tr>
<td>1/1/16 to 6/30/16 Payment</td>
<td>$91,926.25</td>
</tr>
<tr>
<td>Total Estimated Payments</td>
<td>$1,103,486.25</td>
</tr>
</tbody>
</table>

BACKGROUND:
In 2004, the Board entered into a joint operating agreement with Grove Farm for the construction and operation of the Waiahi Treatment Facility until 2019. The agreement was for Grove Farm to build a facility that DOW would pay 2/3 of the capital costs plus 10 percent rate of return and DOW would get 2/3 of the facility capacity. The facility went into operation in 2006. The initial operating cost and rate of return was $1.327/kgal. In 2013, the operating cost and rate of return was increased to $1.75/kgal. The 2013 cost included increases for operating costs and rate of return, but excluded power costs (DOW assumed responsibility for power costs). This cost also assumes that 3.0 MGD will be used.

Since 2009, based on consumption requirements and transmission system restrictions the water treatment facility has only been producing 2.2 MGD. For a short time during 2013 the DOW attempted to allow the treatment facility to produce 3.0 MGD, but DOW consistently overflowed the Hanamā‘ulu storage tank and went back to producing 2.2 MGD.

Because of this inability to consume 3.0 MGD, the $1.75/kgals is insufficient to meet the 10 percent rate of return parameters. DOW has been negotiating the new rate of $1.90/kgals for several months.

OPTIONS:
Option 1: Approve the new rate
Pro: 1. The DOW can eliminate the rate of return owed to Grove Farm at the end of
the agreement period. It is estimated that without a rate change the monies owed to Grove Farm in 2019 will be approximately $3M.

Con: 1. Monies spent on new rate can be used for other purposes.

**Option 2: Deny the proposed rate**

Pro: 1. The DOW can defer payment of the rate of return to Grove Farm until 2019.

Con: 1. Allocate monies for the balloon payment at the end.

Respectfully submitted,

Kirk Saiki, P.E.
Manager and Chief Engineer

Attachment: Amendment No. 3

KS/Mja

Mgrrp/October 2016/17-14 Discussion and Possible Action on Amendment No. 3 to the February 19, 2004 Water Treatment and Delivery Agreement between Grove Farm Properties, Inc/Visionary LLC and the Board of Water Supply, County of Kaua'i to Increase the Treatment and Delivery Sales Fee for the Waiahi Surface Water Treatment Plant
AMENDMENT NO. 3 TO
WATER TREATMENT AND DELIVERY AGREEMENT

THIS THIRD AMENDMENT ("Amendment No. 3") to the Agreement by and between and Grove Farm Properties, Inc., a Hawai‘i corporation, whose post office address is P.O. Box 662069 Līhu‘e, Hawai‘i 96766 ("Grove Farm") and the BOARD OF WATER SUPPLY, County of Kaua‘i, whose principal place of business is 4398 Pua Loke Street, Līhu‘e, Hawai‘i 96766 ("BWS").

RECITALS

WHEREAS, on February 19, 2004, the parties entered into a Water Treatment and Delivery Agreement (herein “Agreement”); and

WHEREAS, on October 19, 2004 the parties executed Amendment No. 1 that amended the credit amounts allocable to Grove Farm; and

WHEREAS, on May 24, 2013 the parties executed Amendment No. 2 that increased the Delivered Water Fee to $1.75 per thousand gallons; and

WHEREAS, the Agreement, as amended, provides for adjustments in the Delivered Water Fee based on the operational, maintenance, and development costs, subject to the mutually agreement of the parties; and

WHEREAS, Grove Farm requested, pursuant to Section 7 of the Agreement, an adjustment in the Delivered Water Fee; and

WHEREAS, BWS finds the adjustment, based on the terms of the Agreement, acceptable and hereby agrees to the requested adjustment; and

WHEREAS, Section 20b of the Agreement allows for modification of the Agreement only by a written instrument executed by the parties; and

NOW THEREFORE, in consideration of the mutual promises of Grove Farm and BWS, the Agreement is hereby amended as follows:

1. **Delivered Water Fee.** Pursuant to Section 7b “Adjustment to BWS Fee” of the Agreement, the parties mutually agree to an increase in the Delivered Water Fee from $1.75 to $1.90 per thousand gallons.

2. **Agreement in Full Force and Effect as Amended.** The parties further agree that all other provisions of the Agreement and any amendments thereto shall remain in full force and effect except as amended herein.
IN WITNESS WHEREOF, the parties hereto have hereunto caused this Amendment No. 3 to be executed as of the 28th day of October, 2016.

ACKNOWLEDGEMENT AND CONSENT

Visionary, LLC
By: 
Its: 

GROVE FARM PROPERTIES, INC.
By: 
Its: 

RECOMMENDED FOR APPROVAL

Kirk Saiki
Manager and Chief Engineer

APPROVED AS TO FORM AND LEGALITY

Mahealani Krafft
Deputy County Attorney
On this 28th day of October, 2016, before me appeared LAURIE HO, to me personally known, who being by me was duly sworn, and that said person is the Chairperson for the BOARD OF WATER SUPPLY, COUNTY OF KAUA‘I, and that the foregoing instrument was signed on behalf of and with the authority of said Board, and said officer acknowledged the instrument to be the free act and deed of said Board and that said Board has no corporate seal.

________________________________________
Notary Public, State of Hawai‘i
Name of Notary: Mary-jane Akuna
My commission expires: March 30, 2018
(PLEASE INSERT YOUR APPLICABLE NOTARY SECTION)
(PLEASE INSERT YOUR APPLICABLE NOTARY SECTION)
H. NEW BUSINESS

6. **Manager’s Report No. 17-15** - Discussion and Possible Action on a Capital Expenditure for the Removal and Replacement of the Air Conditioning System in the Department of Water's Second Floor, Microlab Building in the amount of $17,000.00
BOARD OF WATER SUPPLY

TENTATIVE BOARD MEETING DATES FOR 2017

(Department of Water, County of Kaua‘i Rules & Regulations, Part I, Section II – Regular Meetings of the Board shall be held in the Department of Water’s Board Room or any designated place during the fourth week of each month, or on a date to be determined by the Board.)

1. January Friday, January 27 10:00 a.m.
2. February Friday, February 24 10:00 a.m.
3. March Friday, March 24 10:00 a.m.
4. April Friday, April 28 10:00 a.m.
5. May Friday, May 26 10:00 a.m.
6. June Friday, June 23 10:00 a.m.
7. July Friday, July 28 10:00 a.m.
8. August Friday, August 25 10:00 a.m.
9. September Friday, September 22 10:00 a.m.
10. October Friday, October 27 10:00 a.m.
11. November Wednesday, November 22 10:00 a.m.
12. December Friday, December 22 10:00 a.m.
DEPARTMENT OF WATER  
County of Kaua'i  

“Water has no Substitute – Conserve It!” 

Board of Water Supply 

<table>
<thead>
<tr>
<th>2016 - Current Officers</th>
<th>2017 – Officers (effective: 1/1/17)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair: Laurie Ho</td>
<td>Chair: __________________________</td>
</tr>
<tr>
<td>Vice-Chair: Clyde Nakaya</td>
<td>Vice-Chair: _____________________</td>
</tr>
<tr>
<td>Secretary: Sherman Shiraishi</td>
<td>Secretary: ____________________</td>
</tr>
</tbody>
</table>
Quarterly Reports
Quarterly Status of DOW Projects

Period of July 1, 2016– September 30, 2016

CONSTRUCTION MANAGEMENT DIVISION

Submitted by Dustin Moises, P.E.

Department of Water
October 28, 2016
EXECUTIVE SUMMARY

The significant changes for Water Plan 2020 Projects within the CM Division during this quarter are:

The Special Projects Division and Design & Construction Divisions were officially reorganized into the Construction Management and Engineering Divisions in August 2012. This update reflects projects currently within the Construction Management Division.

Current WP 2020 Design:
1. Job No. PLH-39, Līhu‘e Baseyard Improvements – Consultant final inspection of the project construction conducted completed. Working with consultant on warranty items now that moved in.

Current WP 2020 Construction:

Upcoming WP 2020 Construction Projects: CM Design/RFP Reviews:
1. Job No. PLH-01A, Grove Farm 0.5 MG Tank Replacement- Finalized final design and RFP reviews.
2. Job ANI-01A, 'Anini pipeline Phase 2 – Finalized final design and prefinal RFP reviews.
3. PLH35 – Kapaia Haul Cane Road 18” Transmission line – Finalized prefinal design review.

Private Construction Projects:
1. Certificate of completion - 1 project.

Note: DOW CM Division reviews all WP 2020 designs prior to completion
• Current WP 2020 Design Projects
<table>
<thead>
<tr>
<th>WP 2020 NUMBER</th>
<th>PROJECT TITLE</th>
<th>% COMPLETE July 2016</th>
<th>% COMPLETE Sept. 2016</th>
<th>ORIG. EST. COMPLETE</th>
<th>CURRENT EST. COMPLETE</th>
<th>CURRENT CONTRACT AMOUNT</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLH-39</td>
<td>Līhu‘e BASEYARD IMPROVEMENTS (PH 1) – MASTER PLAN</td>
<td>100</td>
<td>100</td>
<td>Q4 2011</td>
<td>Q4 2011</td>
<td>$279,719 (P)</td>
<td>Design and construction team working on finalizing closeout documents and warranty items.</td>
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<tr>
<td></td>
<td>Līhu‘e BASEYARD IMPROVEMENTS -DESIGN</td>
<td>100</td>
<td>100</td>
<td>Q4 2012</td>
<td>Q1 2014</td>
<td>$635,030 (D)</td>
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</table>
Current WP 2020 Construction Projects
<table>
<thead>
<tr>
<th>WP 2020 NUMBER</th>
<th>PROJECT TITLE</th>
<th>% COMPLETE July 2016</th>
<th>% COMPLETE Sept. 2016</th>
<th>ORIGINAL ESTIMATE TO COMPLETE</th>
<th>CURRENT ESTIMATE TO COMPLETE</th>
<th>CURRENT CONTRACT AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLH-39</td>
<td>Līhuʻe BASEYARD IMPROVEMENTS FOR THE DEPARTMENT OF WATER (100% R&amp;R)</td>
<td>89</td>
<td>100</td>
<td>Q1 2017</td>
<td>Q2 2016</td>
<td>$10,895,555</td>
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<tr>
<td>K-18</td>
<td>8 INCH MAIN REPLACEMENT ALONG HALEWILI ROAD</td>
<td>62</td>
<td>70</td>
<td>Q4 2016</td>
<td>Q1 2017</td>
<td>$699,602</td>
</tr>
</tbody>
</table>

(1) Change order issued which extended project schedule.  
(2) Awaiting close out documents  
(3) Awaiting contract dispute resolution  
(4) Awaiting DPW road permit signoff  
(5) Contract closed out  
(6) Liquidated Damages being enforced  
(7) Awaiting Building Permit signoff  

TOTAL = $11,595,157
## Water Plan 2020 Construction Projects

### Previous 4 quarters

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Construction contracts awarded</td>
<td>1</td>
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<td>0</td>
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<tr>
<td>Construction contracts completed</td>
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<tr>
<td>Open construction contracts (#)</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>2</td>
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<tr>
<td>Open construction contracts ($)</td>
<td>$12,386,633</td>
<td>$12,395,844</td>
<td>$11,607,481</td>
<td>$11,595,157</td>
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• Upcoming WP 2020 Construction Projects
## Water Plan 2020 CM Design/RFP Review Status

### JULY 2016– SEPTEMBER 2016

<table>
<thead>
<tr>
<th>WP 2020 No.</th>
<th>PROJECT TITLE</th>
<th>DESIGN STATUS</th>
<th>RFP STATUS</th>
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</thead>
<tbody>
<tr>
<td>H-05</td>
<td>WEKE, ANAE, AND HE’E ROADS 6&quot; and 8&quot; MAIN REPLACEMENT (2,760’)</td>
<td>DESIGN COMPLETED</td>
<td>FINALIZING RFP DOCS TO ADVERTISE</td>
</tr>
<tr>
<td>WKK-15</td>
<td>CONSTRUCT Kīlauea 466 TANK, 1.0 MG</td>
<td>AWAITING FINAL DESIGN REVIEW SET</td>
<td>AWAITING FINAL REVIEW SET</td>
</tr>
<tr>
<td>HE-14</td>
<td>Hanapēpē -ELEELE BOOSTER PUMPS REPLACEMENT</td>
<td>REVIEWING PREFINAL DESIGN</td>
<td>REVIEWING PREFINAL RFP</td>
</tr>
<tr>
<td>PLH-01A</td>
<td>GROVE FARM TANKS REPLACEMENT</td>
<td>REVIEWED FINAL DESIGN SET</td>
<td>AWAITING FINAL REVIEW SET</td>
</tr>
<tr>
<td>WK-08</td>
<td>KAPAHI HOMESTEADS 2-0.5 MG STORAGE TANKS</td>
<td>AWAITING PREFINAL DESIGN REVIEW SET</td>
<td>NOT SUBMITTED FOR REVIEW</td>
</tr>
<tr>
<td>KP-09</td>
<td>Kōloa WELL 16A &amp; 16B SITE/BUILDING IMPROVEMENTS</td>
<td>COMPLETED FINAL DESIGN REVIEW</td>
<td>COMPLETED FINAL DRAFT REVIEW</td>
</tr>
<tr>
<td>K-01, K-12</td>
<td>Kalāheo CLEARWELL TANK, YAMADA TANK AND PIPELINE</td>
<td>REVIEWING FINAL DESIGN SET</td>
<td>REVIEWING PREFINAL SET</td>
</tr>
<tr>
<td>PLH-35</td>
<td>KAPAIA HAUL CANE ROAD 18&quot; TRANSMISSION LINE</td>
<td>COMPLETED PREFINAL DESIGN SET REVIEW</td>
<td>REVIEWED PRELIMINARY SET</td>
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<tr>
<td>ANI-01A</td>
<td>‘Anini PIPELINE PHASE 2</td>
<td>COMPLETED FINAL DESIGN REVIEW</td>
<td>COMPLETED PREFINAL REVIEW</td>
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Note: DOW CM Division reviews all WP 2020 designs prior to completion
## Future Water Plan 2020 Construction Projects

<table>
<thead>
<tr>
<th>WP 2020 No.</th>
<th>PROJECT TITLE</th>
<th>STATUS</th>
<th>% EXP</th>
<th>% R&amp;R</th>
<th>ANTICIPATE NTP</th>
<th>EST. COST</th>
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<tbody>
<tr>
<td>H-05</td>
<td>WEKE, ANAE, AND HE’E ROADS 6&quot; and 8&quot; MAIN REPLACEMENT</td>
<td>IN REDESIGN</td>
<td>89</td>
<td>11</td>
<td>OCTOBER 2017</td>
<td>$2.1 M</td>
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<tr>
<td></td>
<td>(2,760’)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>KP-09</td>
<td>Kōloa WELL D RETAINING WALL AND SITE REPAIRS</td>
<td>IN DESIGN</td>
<td>0</td>
<td>100</td>
<td>OCTOBER 2016</td>
<td>$0.45 M</td>
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<tr>
<td>WKK-15</td>
<td>Kōloa WELLS 16A, 16B, SITE AND BUILDING IMPROVEMENTS</td>
<td>IN DESIGN</td>
<td>0</td>
<td>100</td>
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<td>$1.75 M</td>
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<td>PLH-01A</td>
<td>GROVE FARM TANKS REPLACEMENT</td>
<td>IN DESIGN</td>
<td>60</td>
<td>40</td>
<td>FEBRUARY 2017*</td>
<td>$2.7 M</td>
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<td>LO-08/LO-10</td>
<td>Kōloa/Omao PIPELINE REPLACEMENT</td>
<td>IN DESIGN</td>
<td>81</td>
<td>19</td>
<td>JULY 2017*</td>
<td>$4.0 M</td>
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<tr>
<td>ANI-01B</td>
<td>‘Anini AND KALIHIWAI ROAD 6” MAIN</td>
<td>IN DESIGN</td>
<td>56</td>
<td>44</td>
<td>FEBRUARY 2017*</td>
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<tr>
<td>WK-09</td>
<td>KAPAHI HOMESTEADS 2 -0.5 MG TANKS</td>
<td>IN DESIGN</td>
<td>100</td>
<td>0</td>
<td>JULY 2017*</td>
<td>$10.0 M</td>
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<tr>
<td></td>
<td>Hanapēpē -ELEELE BOOSTER REHAB</td>
<td>IN DESIGN</td>
<td>0</td>
<td>100</td>
<td>JANUARY 2017*</td>
<td>$0.55 M</td>
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<tr>
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<td></td>
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<td>TOTAL =</td>
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<td>$29.15 M</td>
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* Optimistic estimate at this time
• Private Construction Projects
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<th>OWNER</th>
<th>DESCRIPTION</th>
<th>STATUS</th>
<th>CERT. OF COMPLETION</th>
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</thead>
<tbody>
<tr>
<td>(4) 4-8-8:03</td>
<td>Doreen Tanaka</td>
<td>Water Meter Plan for lot 45</td>
<td>Awaiting Precon</td>
<td></td>
</tr>
<tr>
<td>(4) 4-8-6:37</td>
<td>Robert Russell</td>
<td>Water Meter Plan for Parcel 37</td>
<td>In Construction</td>
<td></td>
</tr>
<tr>
<td>4-8-6:62</td>
<td>Barry Gilbert</td>
<td>Water Meter Plans for Lot 62</td>
<td>Awaiting Precon</td>
<td></td>
</tr>
<tr>
<td>2-1-01:52 Por</td>
<td>Kaua’i Habitat for Humanity</td>
<td>Construction Plans for Eleele Luna Phase 2 Subdivision Increment 2</td>
<td>Awaiting Precon</td>
<td></td>
</tr>
<tr>
<td>3-7-03:20</td>
<td>State of Hawaii - DOT - Harbors Division</td>
<td>Installation of Lift Station and Force Main</td>
<td>In Construction</td>
<td></td>
</tr>
<tr>
<td>3-7-03:20</td>
<td>D.R. Horton - Schuler Homes, LLC</td>
<td>Ho’oluana at Kohea Loa (S-2006-24) - Onsite Plans</td>
<td>In Construction</td>
<td></td>
</tr>
<tr>
<td>3-7-03:20</td>
<td>D.R. Horton - Schuler Homes, LLC</td>
<td>Ho’oluana at Kohea Loa (S-2006-24) - Offsite Plans</td>
<td>In Construction</td>
<td></td>
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<tr>
<td>(4) 5-6-04:23 / 853</td>
<td>Waipa Foundation Community Cultural Center</td>
<td>Waipa Foundation Community Cultural Center</td>
<td>Awaiting Closeout docs</td>
<td></td>
</tr>
<tr>
<td>5-2-22:25</td>
<td>Ulrich Rachner</td>
<td>Water meter plan for lot 27 A Unit 2</td>
<td>Awaiting Precon</td>
<td></td>
</tr>
<tr>
<td>(4) 5-5-6:16</td>
<td>Janet Henry Simmons</td>
<td>Water Service Installation Plan for Parcel 16</td>
<td>Awaiting Precon</td>
<td></td>
</tr>
<tr>
<td>(4) 5-5-10:73</td>
<td>Jay&amp; Nicole Welch</td>
<td>Water Service Installation Plan for Parcel 73 (Hanalei Liquor store)</td>
<td>Awaiting Precon</td>
<td></td>
</tr>
<tr>
<td>(4) 5-9-03: 01 &amp; 29</td>
<td>Katherine Richardson/Jonathan Wichman</td>
<td>Water Service Installation Plan for Lot 148 and Lot 149</td>
<td>Awaiting Closeout docs</td>
<td></td>
</tr>
<tr>
<td>TMK #</td>
<td>OWNER</td>
<td>DESCRIPTION</td>
<td>STATUS</td>
<td>CERT. OF COMPLETION</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>(4) 2-3-020:77 / 785</td>
<td>James O. Agee Trust</td>
<td>Installation of Double Service Lateral &amp; Triple Service Lateral for Lot 128 B-1</td>
<td>Awaiting Precon</td>
<td></td>
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<tr>
<td>2-4-14:27</td>
<td>Matsumoto Living Trust</td>
<td>Installation of hydrant and double service lateral for lot 26-H</td>
<td>In Construction</td>
<td></td>
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<tr>
<td>2-3-22:50</td>
<td>Darcie Yukimura</td>
<td>Water Meter Plan for Lot 50</td>
<td>Awaiting Precon</td>
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<tr>
<td>4-4-10:32</td>
<td>Clayton Oshita</td>
<td>Installation of second single service lateral for Lot 142-F</td>
<td>Awaiting Precon</td>
<td></td>
</tr>
<tr>
<td>(4) 4-6-017:49, 50, 129 &amp; 130 / 826</td>
<td>Patricia Tiner</td>
<td>6” Water Main along Hekili Road &amp; Continuing along La Road</td>
<td>Awaiting Precon</td>
<td></td>
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<tr>
<td>4-4-3:79</td>
<td>Greg Feutz</td>
<td>Water meter plan for Lot 121-C-1 Unit 1</td>
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<tr>
<td>4-4-14:09 unit 2</td>
<td>Carolynne Manka</td>
<td>Water Meter Plan For Lot 116-J-1 Unit 2</td>
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<td>4-6-04:</td>
<td>County of Kaua’i</td>
<td>Kapahi Bridge Replacement</td>
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<td>4-3-2:12</td>
<td>Coconut coast partners, LP</td>
<td>Kaua’i Shores Hotel Replacement of Water service lateral for new 3” water meter</td>
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<td>4-5-05:007</td>
<td>Peter Sperry</td>
<td>Sewer Improvement Plan for Lot 4</td>
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<td>4-5-05:007</td>
<td>Peter Sperry</td>
<td>Water Service Installation Plan, Lot 4</td>
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<td>4-5-13:003</td>
<td>South Pacific Bistro, Inc.</td>
<td>Construction plan for South Pacific Bistro, Inc. Sewer lateral</td>
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<td>4-4-03:119</td>
<td>Cornel Naumann</td>
<td>Water service connection single service lateral for Unit 2</td>
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<td>4-5-10:01</td>
<td>Ridgeway Rentals LLLP</td>
<td>Reduced Pressure Detector Assembly and Water Meter Plan for Lot 8-A</td>
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<td>4-5-12:02</td>
<td>South Pacific Bistro, Inc.</td>
<td>Hydrant Plans for South Pacific Bistro</td>
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<td>(4) 4-6-14:83</td>
<td>Michelsen Trust</td>
<td>2nd Single Service Lateral for Lot A, Parcel 83, TMK:4-6-14</td>
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<td>(4) 5-2-12:35 / 915</td>
<td>Charles Somers</td>
<td>Water Service Installation Plan for Lot 8-W-9-A (Parcel 35)</td>
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<td>(4) 5-2-04:102, Unit 6 / 849</td>
<td>North Shore Christian Church</td>
<td>6&quot; Reduced Pressure Detector Assembly for North Shore Christian Church</td>
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<td>(4) 5-1-05:37 / 806</td>
<td>Melina Friedman ET. AL.</td>
<td>Water Service Improvements for Lot 14, Kilauea Agriculture Subdivision, &quot;Niku Farm&quot; Condominium</td>
<td>Awaiting Precon</td>
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<td>5-2-4:99</td>
<td>Kilauea A.G. Committee</td>
<td>Water Service Installation Plan Kilauea Community A.G. Park - Phase</td>
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<td>(4) 5-1-4:7 &amp; 8</td>
<td>Jeffrey Lindner</td>
<td>Water meter and fire protection service connections for Bertleman’s Subdivision</td>
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<td>(4) 5-2-04:69</td>
<td>Sandy Saeman</td>
<td>Water service installation plan for lot 8</td>
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<td>(4) 2-8-22:15</td>
<td>Kōloa Kingdom Hall of Jehovah's Witnesses</td>
<td>Hydrant Plan for Lot 15</td>
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<tr>
<td>(4) 2-8-31:109</td>
<td>Steve Mocinikar</td>
<td>Water Meter Plan for Lot 109</td>
<td>Awaiting Precon</td>
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<td>2-8-19:10</td>
<td>Searock Properties/Seacliff Properties (Jiandai)</td>
<td>Water Meter service connection conversion of existing 3/4&quot; water meter to (3) 5/8&quot; water meters</td>
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<td>(4) 2-5-004:036 / 837</td>
<td>Beth Charlton</td>
<td>2nd 5/8 inch Domestic Service Connection</td>
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<td>(4) 2-5-01:Por 2</td>
<td>Kaua‘i Bible Church</td>
<td>Kaua‘i Bible Church Highway Access</td>
<td>Awaiting closeout docs</td>
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<td>3-2-5:09</td>
<td>Curtis Law</td>
<td>Construction Plans for Guardian Storage Facility Kalapaki</td>
<td>In Construction</td>
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<td>3-2-5:09</td>
<td>County of Kaua‘i</td>
<td>Hardy Street Improvements</td>
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<td>3-3-03:43</td>
<td>Kaua‘i Philippine Cultural Center</td>
<td>Construction Plans for Kaua‘i Philippine Cultural Center</td>
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# Construction Projects – Private

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<tr>
<th>TMK #</th>
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<td>3-3-03:06</td>
<td>RT Land Development LLC</td>
<td>Reduced Pressure Detector Assembly Plan for Lot 135</td>
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<td>State - DOT</td>
<td>Nāwiliwili Road Improvements Phase I (Kaumuali’i HWY to Kanani St.)</td>
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<td>3-2-08:75</td>
<td>Philamer and Thomas Kim</td>
<td>Water Meter plan for Lot 20-A</td>
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<td>3-2-3:08</td>
<td>Thomas and Jami McKnight</td>
<td>Water service installation plan for lots 77, 78 and 79</td>
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<td>3-6-04:20</td>
<td>Rice Hoala Partners LP</td>
<td>Rice Camp Senior Housing Phase II Offsite Improvements</td>
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<td>3-6-05:01</td>
<td>State - DAGS</td>
<td>Former Līhu’e Courthouse Renovations</td>
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<td>3-2-6:8 &amp; 13</td>
<td>Elester Calipjo</td>
<td>Water Meter Plans for Parcel 8 and Parcel 13</td>
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<td>3-8-14: 39-1,39-2,39-3</td>
<td>Jacob Thorp</td>
<td>Water Meter Plan for Lot 1-A-1</td>
<td>Awaiting precon</td>
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<td>County of Kaua’i</td>
<td>Island Wide Resurfacing 2015</td>
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<td>(4) 2-7-04:097</td>
<td>Scott Taylor</td>
<td>Water Meter Service Connection TMK: (4) 2-7-004:097</td>
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<td>(4) 2-7-04:096</td>
<td>Danny and Linda Charlson</td>
<td>Water Meter Service Connection TMK: (4) 2-7-004:096</td>
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<td>2-7-06:74</td>
<td>Kerry Otis</td>
<td>Water Meter Plan servicing Lot 41</td>
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<td>2-7-03:05</td>
<td>Richard Fuller</td>
<td>Water Meter Plan for Lot 427-A-1</td>
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<td>(4) 3-3-013: 024</td>
<td>R.R.S. Inc.</td>
<td>Reduced Pressure Detector Assembly Plan for Lot 1112</td>
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<td>County of Kaua’i</td>
<td>Construction Drawings for Puhi Road Rehabilitation (STP-5010(1))</td>
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<td>(4)3-3-02:01</td>
<td>Grove Farm</td>
<td>Construction Plans for Sewer Lateral for Lot 1528 (Puhi Road &amp; Kaneka Street Intersection)</td>
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<td>(4) 3-3-11:2&amp;5/3-3-18:05</td>
<td>Grove Farm</td>
<td>Construction plans for 8'' sewer line</td>
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<td>(4) 2-8-19:31</td>
<td>Beth Schimmelfennig</td>
<td>Installation of New Service laterals for Parcel 31</td>
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<td>2-8-31:173</td>
<td>Steve Hunt</td>
<td>Water Meter Plan for Lot 173</td>
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<td>2-8-22:33-4</td>
<td>Blake and Kathy Hillis Trust</td>
<td>Proposed structural utilities jacket crossing easement W-9</td>
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<td>(4) 2-6-015:014</td>
<td>Kukui‘ula Development Company, LLC</td>
<td>Premiere Estate Lot</td>
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<td>(4) 2-6-015:014</td>
<td>Kukui‘ula Development Company, LLC</td>
<td>Wastewater Pump Sta. &quot;C&quot; and Force Main</td>
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<td>Parcel A</td>
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<td>(4) 2-6-015:por</td>
<td>Kukui’ula Development Company, LLC</td>
<td>Ala Kukui’ula Phase 3B</td>
<td>Awaiting precon</td>
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<td>2-6-15 por</td>
<td>Kukui’ula Development Company, LLC</td>
<td>Ala Kukui’ula Phase 3A</td>
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<td>2-6-20:22</td>
<td>Kukui’ula Development Company, LLC</td>
<td>Kainani Villas</td>
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<td>(4) 4-2-009:042 / 910</td>
<td>Jean Sato</td>
<td>Water Meter Plan for Lot 15</td>
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<td>(4) 4-1-13:35</td>
<td>Tad Miura</td>
<td>Water meter plan for lot 214 (S-2014-01)</td>
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<td>(4) 5-8-10:008</td>
<td>Harry Trent Bowman</td>
<td>Water Service Installation Plan for lot 91</td>
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<td>5-8-6:60 Unit A &amp; B</td>
<td>Vincent &amp; Anna Howard</td>
<td>Installation of 2nd single service lateral &amp; backflow preventers for lot 297-A, Unit A &amp; B</td>
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## Staffing Update

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<tr>
<td>2470</td>
<td>Construction Management Project Officer</td>
<td>Dustin Moises</td>
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<tr>
<td>2351</td>
<td>Waterworks Project Assistant</td>
<td>Vacant</td>
<td>Working with DHR to reallocate position.</td>
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<tr>
<td>2484</td>
<td>Project Manager</td>
<td>Joel Bautista</td>
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<tr>
<td>2353</td>
<td>Waterworks Inspector III</td>
<td>Daniel Kittredge</td>
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<tr>
<td>2355</td>
<td>Waterworks Inspector II</td>
<td>Leo Anguay</td>
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<tr>
<td>2357</td>
<td>Waterworks Inspector II</td>
<td>Vacant</td>
<td>Working with DHR to reallocate position.</td>
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<tr>
<td>2483</td>
<td>Waterworks Inspector I</td>
<td>Richard Banasihan</td>
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<tr>
<td>2604</td>
<td>Engineering Program Assistant</td>
<td>Vacant</td>
<td>Posted for recruitment.</td>
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Quarterly Status of DOW Projects

Period of July 1, 2016 – September 30, 2016
ENGINEERING DIVISION

Department of Water
October 28, 2016
Submitted by Keith Aoki, P.E.
EXECUTIVE SUMMARY

The Engineering Division is currently overseeing 24 ongoing DOW Design projects, including several multi-phased projects:

Significant changes for this quarter include:

1) Hanapēpē-'Ele'ele Connecting Pipeline, Job No. 15-07 - Continuing working on obtaining a decision from the State Historic Preservation Division (SHPD) concerning the historic Hanapēpē Road bridge water line crossing. Continuing working with the State and seeking approval of the proposed water line alignment, including private easement requests.

2) Kālaheo 1111' & 1222' Water System Improvements, Job No. 09-01 – DOW Engineering completed review of final plans to Package A (Yamada 0.5MG Tank), Package B (Clearwell 0.5 MG Tank), and Package C (Water Main). Consultant will need to address final comments before plan approval for Packages A, B, and C.

3) Kōloa Wells “16-A” & “16-B” MCC and Chlorination Facilities, Job No. 11-07 – Final plans and RFP completed and approved. Use Permit was determined to be required. Consultant prepared and submitted Use Permit application for Public Hearing in October, 2016.

4) Replacement of Grove Farm Tanks #1 & #2 with 0.5 MG Water Tank, Job No. 11-02 – DOW returned Pre-Final plans to consultant for corrections. Anticipate final plans to be fully approved in 4th quarter of 2016.

5) Kapa’a Homesteads 325’ Two (2) 0.5 MG Tanks, Job No. 02-14 – DOW received corrected pre-final plans, RFP, and proposed construction phasing for review. DOW met with private landowner a 2nd time to further clarify and request approval of the proposed increase in flow to the County’s existing drainage pipe that would result from the proposed DOW project. Owner plans to discuss with other family members named on Trust deed and reply to DOW.

6) Lawai-Omao Water Main Replacements, Job No. 11-04 – DOW has obtained 26 of the 27 Right-of-Entry’s needed from private road landowners to replace the water line in four private roads. DOW expects to obtain all Right-of-Entries needed by November, 2016. The Consultant is continuing work on Final plan submittal for final DOW review.

7) Construct Kīlauea 1.0 MG Storage Tank and Connecting Pipeline, Job No. 02-06 – DOW received plans for the conventional reinforced concrete tank for review. Consultant will be verifying if a Use Permit is required.

8) Land and Well Acquisition, Moloa’a-Waimea, Job No. 11-03 – Final Moloa’a Feasibility study completed and under review by DOW. Land acquisition for DOW Waimea sites ongoing.

9) Hanapēpē-Ele'ele Booster Pump Replacement, Job No. 12-04 - DOW expects plans to approved in 4th quarter of 2016.

10) ‘Anini and Kalihiwai Rd. Main Replacement, Phase 2, Job No. 10-01 – DOW expects final plans to be approved in the 4th quarter of 2016.
The Engineering Division is currently overseeing 24 ongoing DOW Design projects, including several multi-phased projects:

Significant changes for this quarter include:

11) Construct Kapaia Cane Haul Rd. 18” Water Line, Job No. PLH-35b – Pre-Final design plans with DOW comments returned to consultant for corrections. Environmental Assessment ongoing.

12) Hanalei Water Line Improvements, Job No. 12-01 – Use and Occupancy Agreement required. Consultant to verify State Historic Preservation Division (SHPD) requirements, if any.

13) Kukui’olono 0.5 MG Tank, Job No. 11-09 – DOW received pre-final drawings back from consultant for review.

14) Drill and Test Wainiha Well #4, Job No. 05-02 – Proposed Right of Entry document is pending approval by landowner and agreement on cost. DOW met with one of the two owners and revised the Memorandum of Understanding (MOU) per the owner’s request. Owner is expected to grant Right of Entry and MOU, but has not yet submitted signed documents to DOW.

15) Ha’ena 0.2 MG Storage Tank Project, 144’, Job No. HW-11 – Proposed Right of Entry document is pending approval by landowner and agreement on cost. DOW met with one of the two owners and revised the Memorandum of Understanding (MOU) per the owner’s request. Owner is expected to grant Right of Entry and MOU, but has not yet submitted signed documents to DOW.

There were no significant changes for the following projects:

16) Kōloa Well “D” Retaining Wall & Site Repairs, Job No. 13-07 – Construction contract awarded, design completed.

17) Kapa’a Homesteads Well, Job WK-39 – design has been completed, but has not gone to construction. DOW intends to package the construction of the well with the Kapa’a Homesteads 325’ Tanks (Job No. 02-14). Pending re-certification of plans and amendment to contract to update RFP and necessary permits to drill and test well.

18) Kolo Rd. Water Main Replacement, Job No. 13-05 – Use and Occupancy Agreement map submitted to State for review. DOW will be requesting revisions to the UOA document.

19) U.H. Experimental Station 0.25 MG Tank, Job No. 12-02 - awaiting submittal from consultant.

20) Site Acquisition for Moloa’a 0.1 MG Tank, Job No. M-02 - awaiting submittal from consultant.


22) Drill and Test Hanalei Well, Job No. 05-02 – DOW needs to restart project.
EXECUTIVE SUMMARY

Projects with design estimated to be completed within the next three months:

- Kōloa Wells “16-A” & “16-B” MCC and Chlorination Facilities, Job No. 11-07 (Plans approved, use permit pending)
- Replacement of Grove Farm Tanks #1 & #2 with 0.5 MG Water Tank, Job No. 11-02
- Hanapēpē-Ele’ele Booster Pump Replacement, Job No. 12-04
- ‘Anini and Kalihiwai Rd. Main Replacement, Phase 2, Job No. 10-01 – DOW expects final plans to be approved, pending DOW obtaining Right-of-Entries to relocate meters and installation of a proposed DOW blow-off line.

Projects with design estimated to be completed within the next three to six months:

- Construct Kīlauea 1.0 MG Storage Tank and Connecting Pipeline, Job No. 02-06
- Kapa’a Homesteads 325’ Two (2) 0.5 MG Tanks, Job No. 02-14 (pending private landowners approval of proposed drainage improvements)
- Drill and Test Kapa’a Homesteads Well No. 4, WK-39 - Pending re-certification and approval of Job No. 02-14.
- Hanapēpē-Ele’ele Connecting Pipeline, Job No. 15-07 (County Right of Way, “Phase 1” only, pending approval/agreement with SHPD for proposed water line crossing historic Hanapēpē bridge)
- Kālaheo 1111’ & 1222’ Water System Improvements, Job No. 09-01 - Package A (Yamada Tank), Package B (Clearwell Tank), and Package C (Water Main Improvements).

Projects with construction estimated to begin within the next three months:

- Kōloa Well “D” Retaining Wall and Site Repairs, Job No. 13-07 (construction contract awarded)

PRIVATE PROJECTS:

- 20 private project reviews (new and existing) were completed by Engineering during this quarter, including 7 new projects which were submitted for Engineering review during this quarter.
Design Projects
## WEST SIDE DESIGN PROJECTS
### Kekaha, Waimea, Hanapēpē, ‘Ele‘Ele

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<tr>
<th>WP 2020 NUMBER</th>
<th>PROJECT TITLE</th>
<th>% COMPLETE JUNE 2016</th>
<th>% COMPLETE SEPTEMBER 2016</th>
<th>EST. DESIGN COMPLETE</th>
<th>BUDGET COST (DESIGN)</th>
<th>FRC GENERATING PROJECT?</th>
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<td>KP-09</td>
<td>Kōloa Wells “16A” &amp; “16B”, MCC Improvements, Site and Building Improvements, MCC Chlorination Facilities</td>
<td>99</td>
<td>99</td>
<td>Q4 2016</td>
<td>$300,000</td>
<td>No</td>
<td>Plans approved. Use Permit required. Use Permit application submitted. KDOW still seeking and awaiting approval from Grove farms to renew lease for property at the site. Contract amendment needed.</td>
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<tr>
<td>HE-14</td>
<td>Hanapēpē-‘Ele‘ele Booster Pump Replacements</td>
<td>90</td>
<td>95</td>
<td>Q4 2016</td>
<td>$92,000</td>
<td>No</td>
<td>DOW comments for final plans and RFP sent to consultant. Approval of Final plans and RFP pending.</td>
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<td>Amfac Shaft Renovation, Phase 3</td>
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<td>-</td>
<td>-</td>
<td>Yes</td>
<td>No change - project on hold indefinitely.</td>
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# SOUTH SIDE DESIGN PROJECTS

**Kālaheo, Lawai, Poʻipu, Kōloa**

<table>
<thead>
<tr>
<th>WP 2020 NUMBER</th>
<th>PROJECT TITLE</th>
<th>% COMPLETE JUNE 2016</th>
<th>% COMPLETE SEPTEMBER 2016</th>
<th>EST. DESIGN COMPLETE</th>
<th>BUDGET COST (DESIGN)</th>
<th>FRC GENERATING PROJECT?</th>
<th>STATUS</th>
</tr>
</thead>
</table>
| K-01           | Kālaheo 1111’ & 1222’ Water System Improvements:  
Package A (Yamada Tank)  
Package B (Clearwell Tank)  
Package C (Water Main)  
Package D (Yamada Well) | 90 | 90 | Q4 2016-Q1 2017 for Packages A, B, and C.  
Package D completion TBD | $964,510 | Yes | Package A: Final plans in review.  
Package B: Final plans in review.  
Package C: Final plans in review.  
Package D: Design to commence after Package A is complete.  
Contract amendment needed. |
| LO-10, LO-08   | Kōloa Road 8” and Omao Road 6” Main Replacement | 90 | 90 | Q3 2016 | $86,750 | Yes | DOW reviewing submitted revised sheets.  
In process of obtaining Right of Entry for private roadways.  
Contract amendment needed. |
| K-05A          | Kukuiolono (Kālaheo) 0.5 MG Tank, 886’ | 75 | 80 | TBD (2017) | $216,637 | Yes | Plans received for review  
DOW working on land issues.  
Contract Amendment needed. |
## SOUTH SIDE DESIGN PROJECTS

Kālaheo, Lawai, Poʻipu, Kōloa

<table>
<thead>
<tr>
<th>WP 2020 NUMBER</th>
<th>PROJECT TITLE</th>
<th>% COMPLETE JUNE 2016</th>
<th>% COMPLETE SEPTEMBER 2016</th>
<th>EST. DESIGN COMPLETE</th>
<th>BUDGET COST (DESIGN)</th>
<th>FRC GENERATING PROJECT?</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job No. 15-07</td>
<td>Hanapēpē-ʻEleʻele Connecting Pipeline</td>
<td>45</td>
<td>45</td>
<td>Q4 2016 for County ROW (Phase 1), TBD for State ROW (Phase 2)</td>
<td>$441,598</td>
<td>Yes</td>
<td>Design to cross the Hanapēpē bridge on hold until SHPD gives okay on pipe location. Currently pursuing SHPD approval. Working with State to determine pipe line alignment in the State Right of Way. DOW requesting easements from private land owners at request of DOT in attempt to help minimize impact to traffic during construction.</td>
</tr>
</tbody>
</table>
## EAST SIDE DESIGN PROJECTS

**Lihuʻe-Puhi, Wailua-Kapaʻa, Anahola**

<table>
<thead>
<tr>
<th>WP 2020 NUMBER</th>
<th>PROJECT TITLE</th>
<th>% COMPLETE JUNE 2016</th>
<th>% COMPLETE SEPTEMBER 2016</th>
<th>EST. DESIGN COMPLETE</th>
<th>BUDGET COST (DESIGN)</th>
<th>FRC GENERATING PROJECT?</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLH-01A</td>
<td>Replacement of Grove Farm Tanks 1 &amp; 2 with 0.5 MG Tank</td>
<td>95</td>
<td>95</td>
<td>Q4 2016</td>
<td>$229,658</td>
<td>Yes</td>
<td>Design proceeding</td>
</tr>
<tr>
<td>PLH-37</td>
<td>Deepen Puhi Well No. 2</td>
<td>PH 1 is 100%</td>
<td>PH 1 is 100%</td>
<td>-</td>
<td>$67,900</td>
<td>No</td>
<td>No change - Phase II Proposal Pending</td>
</tr>
<tr>
<td>WK-01</td>
<td>Rehab. Moelepe Tunnel &amp; Access Road</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$91,400</td>
<td>No</td>
<td>Contract cancelled for non-performance. DOW to re-assess project.</td>
</tr>
</tbody>
</table>
# EAST SIDE DESIGN PROJECTS

**Lihuʻe-Puhi, Wailua-Kapaʻa, Anahola**

<table>
<thead>
<tr>
<th>WP 2020 NUMBER</th>
<th>PROJECT TITLE</th>
<th>% COMPLETE JUNE 2016</th>
<th>% COMPLETE SEPTEMBER 2016</th>
<th>EST. DESIGN COMPLETE</th>
<th>BUDGET COST (DESIGN)</th>
<th>FRC GENERATING PROJECT?</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>WK-8</td>
<td>Construct Kapaʻa Homestead 325’ Tanks, 1.0MG (Two 0.5 MG Tanks)</td>
<td>95</td>
<td>95</td>
<td>Q4 2016 (pending resolution of drainage)</td>
<td>$ 681,128</td>
<td>Yes</td>
<td>DOW in the process of obtaining agreement with land owners to accept additional drainage from the County drain through their property. Pre-Final plans reviewed by KDOW, awaiting resubmittal from consultant.</td>
</tr>
<tr>
<td>WK-23</td>
<td>Wailua Homesteads 0.25 MG Tank site - U.H. Experimental Station Phase 1</td>
<td>35</td>
<td>35</td>
<td>TBD (2017)</td>
<td>$ 50,000</td>
<td>Yes</td>
<td>Consultant to submit a proposal and scope for soil investigation. DOW wants soil tested prior to pursuing site. Continuing pursuit of ROE from University of Hawaii (land owner). Contract amendment needed.</td>
</tr>
<tr>
<td>WK-39</td>
<td>Kapaʻa Homesteads Well #4</td>
<td>95</td>
<td>95</td>
<td>Design is complete; awaiting Job WK-8 so it can be bid together</td>
<td>$ 352,000</td>
<td>Yes</td>
<td>Re-certification needed. DOW plans to package the construction of this project with the WK-8 Kapaʻa Homesteads 325’ Tanks Consultant is agreeable to re-certifying plans when directed by KDOW. Contract amendment needed.</td>
</tr>
</tbody>
</table>
# NORTH SHORE DESIGN PROJECTS

Moloa‘a, Kīlauea, ‘Anini, Hanalei, Ha‘ena

<table>
<thead>
<tr>
<th>WP 2020 NUMBER</th>
<th>PROJECT TITLE</th>
<th>% COMPLETE JUNE 2016</th>
<th>% COMPLETE SEPTEMBER 2016</th>
<th>EST. DESIGN COMPLETE</th>
<th>BUDGET COST (DESIGN)</th>
<th>FRC GENERATING PROJECT?</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>MO-03</td>
<td>Land and Well Acquisition, Moloa‘a and Waimea</td>
<td>90% (Moloa‘a)</td>
<td>95% (Moloa‘a)</td>
<td>Q3 2016</td>
<td>$165,000</td>
<td>No</td>
<td>Final feasibility study submitted to DOW. Waimea land acquisition ongoing.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M-02</td>
<td>Construct Moloa‘a 0.10 MG Tank</td>
<td>25</td>
<td>25</td>
<td>TBD (2017)</td>
<td>$119,207</td>
<td>Yes</td>
<td>No change. Contract amendment needed.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WKK-15</td>
<td>Kīlauea 1.0 MG Tank (Phase I)</td>
<td>75</td>
<td>75</td>
<td>Q4 2016</td>
<td>$293,000</td>
<td>Yes</td>
<td>Design of reinforced concrete tank proceeding. Consultant to verify if Use permit required.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H-08</td>
<td>Drill and Test Hanalei Well #2.</td>
<td>70</td>
<td>70</td>
<td>-</td>
<td>$425,000</td>
<td>Yes</td>
<td>No change. Contract amendment needed.</td>
</tr>
</tbody>
</table>
## NORTH SHORE DESIGN PROJECTS

Moloa‘a, Kīlauea, ‘Anini, Hanalei, Haʻena

<table>
<thead>
<tr>
<th>WP 2020 NUMBER</th>
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<th>% COMPLETE SEPTEMBER 2016</th>
<th>EST. DESIGN COMPLETE</th>
<th>BUDGET COST (DESIGN)</th>
<th>FRC GENERATING PROJECT?</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANI-01</td>
<td>‘Anini &amp; Kalihiwai Road 6&quot; Main &amp; “Phase 1” (9,156”) &amp; “Phase 2” (5300”)</td>
<td>95</td>
<td>95</td>
<td>Phase 1 – On hold</td>
<td>$750,760</td>
<td>Yes</td>
<td>Phase 1 – consultant addressing County Department of Public Works comments. Phase 2 – Final design being reviewed. Continuing efforts to obtain ROE from private land owners for meter relocations and blow off line for DOW.</td>
</tr>
<tr>
<td>H-05</td>
<td>Weke, Anae, Mahimahi and He‘e Roads, 6&quot; and 8&quot; Main Replacement</td>
<td>98</td>
<td>98</td>
<td>Q2 2017</td>
<td>$143,605</td>
<td>Yes</td>
<td>Plans revised and re-certified with intent to reduce construction costs. UOA and MOA in progress. Project intended to go to construction in 2017.</td>
</tr>
<tr>
<td>WP 2020 NUMBER</td>
<td>PROJECT TITLE</td>
<td>% COMPLETE JUNE 2016</td>
<td>% COMPLETE SEPTEMBER 2016</td>
<td>EST. DESIGN COMPLETE</td>
<td>BUDGET COST (DESIGN)</td>
<td>FRC GENERATING PROJECT?</td>
<td>STATUS</td>
</tr>
<tr>
<td>----------------</td>
<td>---------------</td>
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<td>----------------------</td>
<td>-------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>HW-11</td>
<td>Construct 0.2 MG Storage Tank Project, 144', Ha'ena</td>
<td>5</td>
<td>5</td>
<td>Q4 2017 (pending obtaining right-of-entry and memorandum of understanding)</td>
<td>$385,000</td>
<td>Yes</td>
<td>DOW met with landowner (Keith Robinson) to discuss proposed Right of Entry and Memorandum of Understanding (MOU) documents. Revision to MOU requested from Mr. Robinson.</td>
</tr>
<tr>
<td>HW-12</td>
<td>Drill and Test Wainiha Well #4 (Re-design)</td>
<td>75 (Re-design)</td>
<td>75 (Re-design)</td>
<td>2018</td>
<td>$133,740</td>
<td>Yes</td>
<td>DOW met with landowner (Keith Robinson) to discuss proposed Right of Entry and Memorandum of Understanding (MOU) documents. Revision to MOU requested from Mr. Robinson.</td>
</tr>
</tbody>
</table>
## Private Projects of Note

<table>
<thead>
<tr>
<th>Area</th>
<th>DEVELOPMENT OR DEVELOPER</th>
<th>PLAN REVIEW STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kōloa</td>
<td>Kukui‘ula HH-11 Subdivision (S-2011-20)</td>
<td>pending Resubmittal</td>
</tr>
<tr>
<td>Kōloa</td>
<td>Kukui‘ula Phase 3A/3B (S-2013-16)</td>
<td>Re-certified</td>
</tr>
<tr>
<td>Kōloa</td>
<td>Kukui‘ula CC/FF Subdivisions Road E (S-2009-3)</td>
<td>pending Resubmittal</td>
</tr>
<tr>
<td>Kōloa</td>
<td>County of Kauai Workforce Housing</td>
<td>pending Resubmittal</td>
</tr>
<tr>
<td>Poipu</td>
<td>Kahela Subdivision Parcel H (S-2016-02)</td>
<td>Reviewed - pending Resubmittal</td>
</tr>
<tr>
<td>Lihue</td>
<td>Waiola Subdivision Ph III (S-2009-15)</td>
<td>Reviewed - pending Resubmittal</td>
</tr>
<tr>
<td>Lihue</td>
<td>Ho‘oluana at Kohea Loa Control Valve Upgrade (S-2006-24)</td>
<td>Approved</td>
</tr>
</tbody>
</table>
Executive Summary

• The significant changes for this quarter are:

  • Proposed Amendments to the Rules and Regulations Part 5 Facilities Reserve Charge Section III Applicability – placed on the October 28, 2016 meeting for discussion.

  • Proposed Standard Operating Procedures (SOP) regarding providing water service outside of the water zone – Placed on October 28, 2016 Board meeting for discussion and receipt.

  • Kapa’a Shores Resort Backflow Prevention Device Installed.

  • Finalizing contract negotiations with UH Research for projecting future rainfall and evapotranspiration for Kaua’i project with UH to obtain professional to perform and develop a reasonable rainfall forecast for the service area. Intent is to project future changes in evapotranspiration at high resolution for Kaua’i using dynamical downscaling approach using high resolution regional climate model.

• The Division continues to participate on the implementation of the amendments to the Rules and Regulations relating to the Facilities Reserve Charge. The Division developed several policies to address the amendments to the rules and regulations.

• The Division continues to represent the Department at the County’s Affordable Housing Task Force meetings that are conducted on a monthly basis or as necessary.
## Water Restriction Policy

<table>
<thead>
<tr>
<th>Water System / Sub-System</th>
<th>Restrictions (5/8-inch water meter or number units per lot)</th>
<th>Inadequate Facilities</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper Lāwa‘i</td>
<td>2</td>
<td>Storage</td>
<td>Administration Approved</td>
</tr>
<tr>
<td>Po'ipū</td>
<td>300</td>
<td>Storage</td>
<td>Board Approved (50% of new tank allowed for new development; 50% to make up storage deficit)</td>
</tr>
<tr>
<td>Wailua Homesteads</td>
<td>5</td>
<td>Storage</td>
<td>Administration Approved</td>
</tr>
<tr>
<td>Upper Wailua Homesteads</td>
<td>2</td>
<td>Storage</td>
<td>Administration Approved</td>
</tr>
<tr>
<td>Kapa‘a Homesteads</td>
<td>5</td>
<td>Source</td>
<td>Board Approved</td>
</tr>
<tr>
<td>Moloa’a</td>
<td>0</td>
<td>Source and Storage</td>
<td>Water Purchase Agreement</td>
</tr>
<tr>
<td>Kīlauea-Kalihiwai</td>
<td>5</td>
<td>Source and Storage</td>
<td>Administration Approved</td>
</tr>
<tr>
<td>'Anini</td>
<td>1</td>
<td>Source and Storage</td>
<td>Water Purchase Agreement</td>
</tr>
<tr>
<td>Upper Wainiha Valley</td>
<td>1</td>
<td>Storage</td>
<td>Administration Approved</td>
</tr>
<tr>
<td>Wainiha – Hā‘ena</td>
<td>3</td>
<td>Storage</td>
<td>Administration Approved</td>
</tr>
</tbody>
</table>
On-going Projects

- Kaua‘i Water Use and Development Plan (KWUDP)
- USGS Ground Monitoring Program
- Kaua‘i Watershed Alliance Protection Program – The Nature Conservancy
- Hydraulic System Models Update
- Conversion of the Department’s map file system from manual to digital format
# Reviewed and Processed Tasks

<table>
<thead>
<tr>
<th>Task</th>
<th>July to September 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subdivision applications; Zoning/Use Permits; Land Use/General Plan Amendment; ADU Clearance Applications</td>
<td>41</td>
</tr>
<tr>
<td>Water Service Requests and Water Service Inquires</td>
<td>70</td>
</tr>
<tr>
<td>Building Permit Applications</td>
<td>159</td>
</tr>
<tr>
<td>Backflow Inspection Program – No. of Devices</td>
<td>1607</td>
</tr>
</tbody>
</table>
Significant Developments

Reviewed, Processed and On-going tasks
Kekaha to Kōloa

- TMK: 2-3-04:006  Subdivision S-2016-7 Final Approval (Acoba)
- TMK: 2-6-14:008  Subdivision S-2016-13 Final Approval (Clise Property)
- TMK: 2-6-14:018  Subdivision S-2016-11 Final Approval (Hoglund)
- TMK: 2-6-15:015  Subdivision S-2016-16 Kukui'u'ula Parcel A Subdivision, Phase 1
- TMK: 2-8-12:001,011 Subdivision S-2009-17 Final Approval (Aukahi Farm)
Puhi – Līhu’e - Hanamā'ulu

- TMK: 3-2-03:058 Water Service Request (Maeda)
- TMK: 3-3-03:043 Kaua‘i Philippine Cultural Center
- TMK: 3-3-03:046 Subdivision S-2015-7 Hokulei Village Phase I
- TMK: 3-3-06:013 Z-III-2017-1 AutoZone
- TMK: 3-6-09:016 Building Permit 16-1634 2-Multifamily Units and 4-Commercial/Office Space
- TMK: 3-8-02:001por Draft Environmental Assessment for Adolescent and Healing Center
- Hokuala (previously Kaua‘i Lagoons) Water Master Plan
- Līhu’e-Hanamā'ulu Master Planned Community - Grove Farm Water Source and Storage Budget
Wailua - Kapa‘a

- TMK: 4-1-15:017,018 Subdivision S-2016-18 Final Approval (Murakami)
- TMK: 4-3-08:004 Z-III-2017-2 Oreilly Auto Parts
- TMK: 4-3-09:004 Kapa‘a Shores Resort Backflow Prevention Device
- TMK: 4-6-27:012 Water Service Request (Cabreira)
- TMK: 4-6-39:026 Water Service Request (Jansen)
Anahola to Hanalei

- TMK: 5-2-09:008  
  Building Permit 15-0094  
  Commercial Building; Dyer

- TMK: 5-5-05:009,010  
  Subdivision S-2016-4 Final Approval  
  (Waioli Surf Shack)

- TMK: 5-5-05:011,012  
  Subdivision S-2015-15 Final Approval  
  (Waioli Surf Shark)

- TMK: 5-2-17:028  
  Pu’ukumu High School  
  Anaina Hou Land, LLC
# Personnel Status

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief of Water Resources and Planning</td>
<td>Edward Doi</td>
</tr>
<tr>
<td>Civil Engineer VI</td>
<td>Michael Hinazumi</td>
</tr>
<tr>
<td>Civil Engineer III</td>
<td>Regina Flores</td>
</tr>
<tr>
<td>Civil Engineer III</td>
<td>Vacant</td>
</tr>
<tr>
<td>Civil Engineer II</td>
<td>Vacant</td>
</tr>
<tr>
<td>Engineering Drafting Technician IV</td>
<td>Cleve Shigematsu</td>
</tr>
<tr>
<td>Engineering Support Technician IV</td>
<td>Keith Konishi</td>
</tr>
</tbody>
</table>
I. BUDGET SUMMARY VS. ACTUAL (see attached report for details)

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

- Total Revenue as of September was 10% below projection
  - Water sales of $7.69 million (M) exceeded projection by $240 thousand (K) or 3%
  - Other Water Revenue- Receipts of $108.6K exceeded projection by 71.1K or 189%
  - Capital Contributions: Cash contributions including Federal & State Grants - $80K
  - Investment Income & Net Increase in FV of Investments - $52.8K net, combined
  - Note: Line item “FRC Receipts” was moved down to “Non-Operating Proceeds” category
  - Note: BAB subsidy was re-classed from Federal grants to Capital contributions – cash receipts

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

- YTD Operating Expenses before depreciation and amortization is $5.3M. Total spending is $1.4M less than planned or budgeted, a 21% positive variance
  - Employee Related Expenses – $2.15M with 11% positive variance
  - Contracts & Services – $985K with 42% positive variance
    - Professional Services – General, Public, Insurance, Repairs and Maintenance for both water and non-water systems are the main items contributing to the 42% variance
  - Exceptional Expenses – None
  - Fuel & Utilities – $575.6K with 32% positive variance
  - Bulk Water Purchase – $399.6K with 17% positive variance
  - Office & Operating Supplies – $250K with 14% positive variance
  - Training, Travel & Meeting Expenses – $25K
  - Debt Service – Interest Expense - $925K
  - Depreciation & Amortization (non-cash expenses) is $1.76M

NET OPERATING INCOME:
Department of Water’s Statement of Revenues and Expenditures
October 28, 2016
Page 2 of 2

• Net Operating Income before depreciation and amortization - $3.17M
• Net Operating Income after depreciation & amortization expenses of $1.76M was $1.41

**NON-OPERATING PROCEEDS & DISBURSEMENTS**

• SRF Loan Proceeds – None
• FRC – Facility Reserve Charge - Receipts of $116,105.00
• YTD Debt Principal Payment is $3,591,335.59

**CAPITAL PROJECTS BUDGET: YTD DISBURSEMENTS = $925,581.45**

• Capital Projects: Water Utility Fund - $176,596.05
• Capital Projects: FRC Fund – $14,424.48
• Capital Projects: BAB Fund - $734,560.92
• Capital Projects: SRF Loan Fund - None

**II. FY 2016 – 2017 ENCUMBERED FUNDS**

• FY 2016 – 2017 Certification of Funds - $917,646.26

**III. COMPARATIVE CHARTS:** *(see attached report for details)*

**METERED CONSUMPTION:**

• September, 2016 metered consumption – 371.5 million gallons (mg); increased by 43.8 mg as compared from the same month of FY 2016
• YTD metered consumption as of 9/30/16 – 1.01 billion gallons (bg); decreased of 49.1mg as compared from the same month of FY 2016

**IV. OTHER FISCAL ONGOING ACTIVITIES/INITIATIVES:**

• Five (5) years Water Rate Study - Ongoing
  o Working with Raftelis, Consultants for the DOW Water Rate Study to prepare several scenarios for board workshop such as: reduced proposed O&M and smoothed CIP budget
• Customer Care & Billing (CC&B) conversion: “GO LIVE” was implemented as planned on October 3, 2016
• Service Cloud, Field Service Management and Online Policy automation are in development and testing
• June 30, 2016 – Year end closing of DOW financials was completed
• DOW Audit of Financials is in process

Respectfully submitted,

Marites Yano
Waterworks Controller

Attachments: Budget Summary vs Actual
Certification of Funds
Billed Revenue Comparative Chart
Statement of Net Position
## I. OPERATING BUDGET

### Revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Sales</td>
<td>$2,484,167.00</td>
<td>$2,484,167.00</td>
<td>$2,651,103.70</td>
<td>$166,936.70</td>
</tr>
<tr>
<td>Revenue from Public Fire Protection</td>
<td>160,936.00</td>
<td>160,936.00</td>
<td>176,635.50</td>
<td>10,889.50</td>
</tr>
<tr>
<td>Other Water Revenue</td>
<td>12,500.00</td>
<td>12,500.00</td>
<td>21,317.53</td>
<td>10,889.50</td>
</tr>
<tr>
<td>Federal Grants</td>
<td>370,833.00</td>
<td>370,833.00</td>
<td>(570,833.00)</td>
<td>(1,112,490.00)</td>
</tr>
<tr>
<td>Capital Contributions</td>
<td>80,064.00</td>
<td>80,064.00</td>
<td>79,600.39</td>
<td>(400,061.00)</td>
</tr>
<tr>
<td>Net Increase in Fair Value of Investments</td>
<td>16,666.00</td>
<td>16,666.00</td>
<td>54,616.63</td>
<td>37,950.63</td>
</tr>
<tr>
<td>Investment Income</td>
<td>42.00</td>
<td>42.00</td>
<td>42.00</td>
<td>(42.00)</td>
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<tr>
<td>Gain or Loss on Disposal of Capital Assets</td>
<td>85.00</td>
<td>85.00</td>
<td>98.39</td>
<td>43.39</td>
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<tr>
<td>Gain or Loss from the Retirement of Debt</td>
<td>3,130,293.00</td>
<td>3,130,293.00</td>
<td>2,861,630.83</td>
<td>(269,662.17)</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>3,130,293.00</strong></td>
<td><strong>3,130,293.00</strong></td>
<td><strong>2,861,630.83</strong></td>
<td><strong>(269,662.17)</strong></td>
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</table>

### Employee-Related Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Wages (Includes Leaves &amp; CTO)</td>
<td>474,132.00</td>
<td>474,132.00</td>
<td>392,389.59</td>
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<td>5,033.00</td>
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<td>Overtime</td>
<td>45,917.00</td>
<td>45,917.00</td>
<td>66,320.25</td>
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<td>Standby</td>
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<td>15,133.00</td>
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<td>FICA</td>
<td>41,983.00</td>
<td>41,983.00</td>
<td>33,540.26</td>
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<td>Retirement Contribution</td>
<td>92,733.00</td>
<td>92,733.00</td>
<td>77,926.62</td>
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<td>Life &amp; Health Insurance</td>
<td>47,156.00</td>
<td>47,156.00</td>
<td>37,986.38</td>
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<td>Workers Compensation</td>
<td>1,250.00</td>
<td>1,250.00</td>
<td>1,260.00</td>
<td>1,00.00</td>
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<td>Post Employment Benefits (OPEB)</td>
<td>806,677.00</td>
<td>806,677.00</td>
<td>95,124.09</td>
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<td><strong>Total Employee-Related Expenses</strong></td>
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<td><strong>803,984.00</strong></td>
<td><strong>719,142.97</strong></td>
<td><strong>68,841.03</strong></td>
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### Contracts & Services

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<th>Actual</th>
<th>Variance</th>
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<td>Professional Services-General</td>
<td>167,630.00</td>
<td>167,630.00</td>
<td>163,692.50</td>
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<td>Professional Services-Accounting &amp; Auditing</td>
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<td>33,000.00</td>
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<td>Other Services-General</td>
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<td>6,433.00</td>
<td>7,976.86</td>
<td>(1,537.86)</td>
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<td>Other Services-Billing Costs</td>
<td>21,292.00</td>
<td>21,292.00</td>
<td>62,663.09</td>
<td>(61,371.09)</td>
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<td>Public Relations-General</td>
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<td>6,542.00</td>
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<td>(3,224.95)</td>
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<td>833.00</td>
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<td>10,581.00</td>
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<td>791.00</td>
<td>737.38</td>
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<td>Rentals and Leases</td>
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<td>58,333.00</td>
<td>58,333.00</td>
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<td>County Service Charge</td>
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<td>165,936.00</td>
<td>176,836.50</td>
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<td>30,500.00</td>
<td>32,266.00</td>
<td>1,766.00</td>
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<tr>
<td>Repairs and Maint-Non Water System</td>
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<td>68,450.00</td>
<td>29,114.28</td>
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<td><strong>Total Contracts &amp; Services</strong></td>
<td><strong>562,949.00</strong></td>
<td><strong>562,949.00</strong></td>
<td><strong>520,880.77</strong></td>
<td><strong>42,068.23</strong></td>
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### FY 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Original Budget</th>
<th>Revised Budget</th>
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<th>Variance</th>
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<tr>
<td>Revised YTD Budget</td>
<td>$7,452,501.00</td>
<td>$7,452,501.00</td>
<td>$7,692,124.14</td>
<td>$239,623.14</td>
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<td>497,814.00</td>
<td>530,509.00</td>
<td>32,655.00</td>
<td>7%</td>
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<td>*Variance%</td>
<td>108,554.67</td>
<td>108,554.67</td>
<td>71,064.67</td>
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<td>Variance %</td>
<td>(1,112,490.00)</td>
<td>(1,112,490.00)</td>
<td>(1,112,490.00)</td>
<td>(100%)</td>
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### Department of Water, County of Kauai
### Monthly Budget Summary vs. Actual
### SUMARY
### 9/30/2016

#### Exceptional Expenses
FY2014 & FY2015 Kalahoe Emergency
FY 2015 Kilauea

<table>
<thead>
<tr>
<th>Total Exceptional Expenses</th>
<th>September</th>
<th>FY 2017</th>
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<tr>
<td></td>
<td>Original Budget</td>
<td>Revised Budget</td>
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<tr>
<td>Fuel &amp; Utilities</td>
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<td>Fuel</td>
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<td>159,736.00</td>
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<td>Office &amp; Operating Supplies</td>
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<td>Operating Supplies</td>
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<tr>
<td>Books, Subscriptions and Dues</td>
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<tr>
<td>Total Office &amp; Operating Supplies</td>
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<tr>
<td>Training, Travel &amp; Meeting Expenses</td>
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<td>7,712.00</td>
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<tr>
<td>Training and Development</td>
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<tr>
<td>Travel and Per Diem</td>
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<td>Meeting Expense</td>
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<td>Total Training, Travel &amp; Meeting Expenses</td>
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<tr>
<td>Debt Service</td>
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<td>Interest Expense</td>
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<td>Total Interest Expense</td>
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<td>Total Operating Expenses</td>
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<td>Total Depreciation &amp; Amortization</td>
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<td>Net Operating Income (Loss)</td>
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<td>Non Operating Proceeds</td>
<td>Original Budget</td>
<td>Revised Budget</td>
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<tr>
<td>-----------------------</td>
<td>----------------</td>
<td>---------------</td>
</tr>
<tr>
<td></td>
<td>58,813.00</td>
<td>58,813.00</td>
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<td>Total Non Operating Proceeds</td>
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<td>58,813.00</td>
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<td>Transfers Out(In) to Other Funds</td>
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<td>Debt Principal Payment</td>
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<td>Net Proceeds (Expenditures)</td>
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<td>63,280.10</td>
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<tr>
<td>II. CAPITAL BUDGET</td>
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<td>Capital Projects (See Attached for Details)</td>
<td>3,453,931.00</td>
<td>3,453,931.00</td>
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<tr>
<td>Capital Projects (See Attached for Details):</td>
<td></td>
<td></td>
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<tr>
<td>---------------------------------------------</td>
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</tr>
<tr>
<td>Water Utility - Capital Projects (See Attached for Details)</td>
<td>1,059,876.00</td>
<td>1,659,876.00</td>
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<tr>
<td>FRC Special Trust Fund - Capital Projects (See Attached for Details)</td>
<td>1,223,223.00</td>
<td>1,223,223.00</td>
</tr>
<tr>
<td>BAB Fund - Capital Projects (See Attached for Details)</td>
<td>1,170,832.00</td>
<td>1,170,832.00</td>
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<tr>
<td>SRF Loan Fund - Capital Projects (See Attached for Details)</td>
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<tr>
<td><strong>Total Capital Projects (See Attached for Details)</strong></td>
<td><strong>3,453,931.00</strong></td>
<td><strong>3,453,931.00</strong></td>
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</table>

<table>
<thead>
<tr>
<th>September</th>
<th>FY 2017</th>
<th></th>
<th></th>
<th></th>
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<tbody>
<tr>
<td><strong>Original Budget</strong></td>
<td><strong>Revised YTD Budget</strong></td>
<td><strong>YTD Actual</strong></td>
<td><strong>Variance</strong></td>
<td><strong>Variance %</strong></td>
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<td>Water Utility - Capital Projects (See Attached for Details)</td>
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<td>14,424.48</td>
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<td><strong>925,581.45</strong></td>
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### Capital Projects (See Attached for Details):

<table>
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<tr>
<th>Project Description</th>
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<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>FY 2017</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Revised TTD</td>
<td></td>
<td></td>
<td>YTD Actual</td>
</tr>
<tr>
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<td>59,596.00</td>
<td>59,596.00</td>
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<td>10-20-00-604-001 WUI-Eng-ALLR-WK-07 Pua Valley Tank Repair</td>
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<td>12,500.00</td>
<td>12,500.00</td>
<td>37,500.00</td>
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<td>10-20-00-604-006 WUI-Eng-345R-PLH-28 Hanamalu Main (Hoohana Street)</td>
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<td>328.23</td>
<td>(328.23)</td>
<td>1,602.72</td>
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<td>10-20-00-604-007 WUI-Eng-ALLR-WK-11a Upper Waiula Houselots Main Rpl</td>
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<td>4,055.58</td>
<td>(4,055.58)</td>
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<td>10-20-00-604-010 WUI-Eng-ALLR-PLH-32 Rice St Kapule Intersection</td>
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<td>10-20-00-604-120 WUI-Eng-109%Kilauea 1.0 MG Tank Job 02-08</td>
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<td>(1,068.48)</td>
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<td>(328.23)</td>
<td>1,602.72</td>
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<td>10-20-00-604-120 WUI-Eng-ALLR-11-10 I-10 N Haleiwa, Hwy90 to Haleiwa</td>
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<td>4,055.58</td>
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<td>10-20-00-604-146 WUI-Eng-12%R-Job 15-7 HE-01&amp;10HanaapeEeleComp PL</td>
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<td>10-20-00-604-147 WUI-Eng-ALLR-Rehabilitate Puupuhi Steel Tank</td>
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<tr>
<td>10-20-00-604-148 WUI-Eng-95%R-Kuilo Hwy Noro-Oxfort 16BIN Main Rpl</td>
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<td>10-20-00-604-148 WUI-Eng-50%R-Kahlo Hwy N Panaoia to Waiakoia Canal</td>
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<td>10-20-00-604-150 WUI-Eng-37%R-Makanai &amp; Kual Rd Main Replacement</td>
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<td>10-20-00-604-152 WUI-Eng-37%R-Hoone, Hoone, Pane Rd Main Replacement</td>
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<td>10-21-00-604-029 WUI-Cns-44%R-08-01 Yamada Tank Cleanwell, Conn Pipe</td>
<td>391,667.00</td>
<td>391,667.00</td>
<td>391,667.00</td>
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<td>37,500.00</td>
<td>37,500.00</td>
<td>223,500.00</td>
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<td>10-21-00-604-035 WUI-Cns-ALLR-XX-MM-15, Elbele Booster Rehab</td>
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<td>45,833.00</td>
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<td>143,001.00</td>
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<td>10-21-00-604-162 WUI-Cns-30%R-10-11A-11 Rd WOL DOW-Prinol</td>
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<td>10-21-00-605-999 WUI-CM-Expansion Capital Purchases</td>
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<td>833.00</td>
<td>833.00</td>
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<td>2,498.00</td>
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<tr>
<td>10-30-00-605-989 WUI-Bill-Expansion Capital Purchases</td>
<td>24,223.00</td>
<td>24,223.00</td>
<td>24,223.00</td>
<td>72,569.00</td>
<td>45,356.00</td>
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<tr>
<td>10-40-00-604-993 WUI-Cps-PandR Capital Purchases</td>
<td>52,500.00</td>
<td>52,500.00</td>
<td>52,500.00</td>
<td>157,500.00</td>
<td>7,622.03</td>
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<tr>
<td>10-40-00-605-900 WUI-Cps-Expansion Capital Purchases</td>
<td>32,917.00</td>
<td>32,917.00</td>
<td>32,917.00</td>
<td>98,751.00</td>
<td>98,751.00</td>
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</tbody>
</table>

**Total Capital Projects (See Attached for Details):**

1,059,876.00 | 1,059,876.00 | 13,254.32 | 1,046,621.68 | 3,500,636.00 | 176,586.05 | 3,114,039.95 | 59%
## Capital Projects (See Attached for Details):

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>Revised YTD Budget</th>
<th>YTD Actual</th>
<th>% Variance</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-20-06-605-006 FRC-Eng-66%E-PLH-28 Hanamaulu Main (Hochana Street)</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>100%</td>
<td></td>
<td></td>
<td>100%</td>
<td></td>
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<tr>
<td>20-20-06-605-010 FRC-Eng-ALLE-Walkia Homesteads 538 1.0 MG Tank</td>
<td>1.00</td>
<td>1.00</td>
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<td></td>
<td></td>
<td>100%</td>
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<td>20-20-06-605-014 FRC-Eng-ALLE-Purchase Water System 1</td>
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<td>1.00</td>
<td>1.00</td>
<td>100%</td>
<td></td>
<td></td>
<td>100%</td>
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<tr>
<td>20-20-06-605-016 FRC-Eng-ALLE-Poipu 1 MG Storage Tank</td>
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<td></td>
<td></td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>20-20-06-605-018 FRC-Eng-ALLE-H-08 Hanalei Well 2</td>
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<td></td>
<td>18,750.00</td>
<td>18,750.00</td>
<td>100%</td>
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<td>1.00</td>
<td>1.00</td>
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<td></td>
<td></td>
<td>100%</td>
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<td>20-20-06-605-120 FRC-Eng-90%E-Klaaua 1.0MG Tank Job 02-06</td>
<td>9,616.32</td>
<td>9,616.32</td>
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<td>20-20-06-605-148 FRC-Eng-ALLE-Kuhio Hwy (Hardy-Oxford) 161N Main Re</td>
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<td>100%</td>
<td></td>
<td></td>
<td>100%</td>
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<tr>
<td>20-20-06-605-149 FRC-Eng-ALLE-Kuhio Hwy Pupukoa to Waikoa Canal</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
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<td></td>
<td></td>
<td>100%</td>
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<td>20-20-06-605-150 FRC-Eng-ALLE-Makanui Waihohonu Rd Main Repl</td>
<td>1.00</td>
<td>1.00</td>
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<td></td>
<td></td>
<td>100%</td>
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<tr>
<td>20-20-06-605-152 FRC-Eng-ALLE-Hoorna Hoona-Pane Rd Main Repl</td>
<td>1.00</td>
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<td>100%</td>
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<tr>
<td>20-20-06-605-154 FRC-Eng-ALLE-Drill &amp; Test Kilauea Well #4</td>
<td>8,667.00</td>
<td>8,667.00</td>
<td>8,667.00</td>
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<td>20,001.00</td>
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<td>100%</td>
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<td>20-20-06-605-156 FRC-Eng-ALLE-Land Acquisition (6)</td>
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<td>6,000.00</td>
<td>6,000.00</td>
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<td>182,001.00</td>
<td>182,001.00</td>
<td>100%</td>
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<tr>
<td>20-21-06-605-017 FRC-Eng-ALLE-181N Cane Haul Road Main</td>
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<td>266,306.00</td>
<td>266,306.00</td>
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<td>798,918.00</td>
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<tr>
<td>20-21-06-605-023 FRC-Cms-56%E-09-01 Yamada Tank Clearwell, Conn Plp</td>
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<td>25,000.00</td>
<td>25,000.00</td>
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<td>75,000.00</td>
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<tr>
<td>20-21-06-605-029 FRC-Eng-ALLE-181N Cane Haul Road Main</td>
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<td>60,667.00</td>
<td>60,667.00</td>
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<td>182,001.00</td>
<td>182,001.00</td>
<td>100%</td>
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<tr>
<td>20-21-06-605-091 FRC-Cms-56%E-09-01 Yamada Tank Clearwell,Conn Plp</td>
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<td>833,333.00</td>
<td>833,333.00</td>
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<td>2,499,998.00</td>
<td>2,499,998.00</td>
<td>100%</td>
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</tr>
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</table>

Total Capital Projects (See Attached for Details): 1,223,223.00 1,223,223.00 9,816.32 1,213,606.68 3,655,258.52 14,424.48 100%
### Capital Projects (See Attached for Details):

<table>
<thead>
<tr>
<th>Description</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-20-00-605-130 BAB-Eng-ALLE-02-11 M.02 100K Trk &amp; Pipeline Moloa &amp; Moanalani</td>
<td>4,165.00</td>
<td>4,166.00</td>
<td>4,166.00</td>
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<tr>
<td>30-20-00-605-140 BAB-Eng-ALLE-Koloa Weir F Land Acquisition</td>
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<td>(73,700.00)</td>
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<tr>
<td>30-20-00-605-158 BAB-Eng-ALLE-11-3 MO-03 Land &amp; Well Acq Moloa &amp; Wai</td>
<td>145,833.00</td>
<td>145,833.00</td>
<td>145,833.00</td>
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<tr>
<td>30-21-00-604-102 BAB-Cns-44%R-10-01 Ani-01b-Aina Rd WLI DOW-Prihncvl</td>
<td>90,000.00</td>
<td>90,000.00</td>
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<td>30-21-00-604-107 BAB-Cns-ALLR-XX-YY KP-00 MCC Chlor KoloaWell18-A,E</td>
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<td>33,333.00</td>
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<tr>
<td>30-21-00-604-114 BAB-Cns-ALLR- PLH-39a Lihue Bseoyad Phase I</td>
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<td>103,562.75</td>
<td>103,562.75</td>
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</tr>
<tr>
<td>30-21-00-604-120 BAB-Cns-ALLR-11-02-06WKK15-Kauaera 466 Tank Puu Pene</td>
<td>18,250.00</td>
<td>18,250.00</td>
<td>18,250.00</td>
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<tr>
<td>30-21-00-604-129 BAB-Cns-ALLR-11-10 8IN WL Haleiwi, Kaum to HHalo</td>
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<tr>
<td>30-21-00-605-092 BAB-Cns-57%E-12-01 H-05 Wek Anae Hiee 6-6IN Mains</td>
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<td>300,000.00</td>
<td>300,000.00</td>
<td>300,000.00</td>
<td>0.00</td>
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<tr>
<td>30-21-00-605-120 BAB-Cns-ALLE-30-06WKX15-Kiauera 466 Tank Puu Pene</td>
<td>155,750.00</td>
<td>155,750.00</td>
<td>155,750.00</td>
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</tbody>
</table>

**Total Capital Projects (See Attached for Details)**

<table>
<thead>
<tr>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,170,832.00</td>
<td>1,170,832.00</td>
<td>411,693.66</td>
<td>759,138.34</td>
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</table>

<table>
<thead>
<tr>
<th>Revised YTD Budget</th>
<th>YTD Actual</th>
<th>Variance</th>
<th>Variance %</th>
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</thead>
<tbody>
<tr>
<td>1,00</td>
<td>1,00</td>
<td>1,00</td>
<td>100%</td>
</tr>
<tr>
<td>12,498.00</td>
<td>12,498.00</td>
<td>12,498.00</td>
<td>100%</td>
</tr>
<tr>
<td>(25,300.00)</td>
<td>(25,300.00)</td>
<td>(25,300.00)</td>
<td>100%</td>
</tr>
<tr>
<td>297,000.00</td>
<td>297,000.00</td>
<td>297,000.00</td>
<td>100%</td>
</tr>
<tr>
<td>437,499.00</td>
<td>437,499.00</td>
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</tr>
<tr>
<td>270,000.00</td>
<td>270,000.00</td>
<td>270,000.00</td>
<td>100%</td>
</tr>
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<td>605,698.17</td>
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</tr>
<tr>
<td>99,999.00</td>
<td>99,999.00</td>
<td>99,999.00</td>
<td>100%</td>
</tr>
<tr>
<td>103,562.75</td>
<td>(103,562.75)</td>
<td>(103,562.75)</td>
<td>100%</td>
</tr>
<tr>
<td>57,750.00</td>
<td>57,750.00</td>
<td>57,750.00</td>
<td>100%</td>
</tr>
<tr>
<td>379,000.00</td>
<td>379,000.00</td>
<td>379,000.00</td>
<td>100%</td>
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<tr>
<td>405,000.00</td>
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</tr>
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<td>187,500.00</td>
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<tr>
<td>920,000.00</td>
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</tr>
<tr>
<td>467,250.00</td>
<td>467,250.00</td>
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<td>100%</td>
</tr>
<tr>
<td>3,512,467.00</td>
<td>734,560.62</td>
<td>2,777,906.38</td>
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<tr>
<td>DATE</td>
<td>ACCOUNT #</td>
<td>W/U</td>
<td>BAB</td>
</tr>
<tr>
<td>--------</td>
<td>-----------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>7/6/2016</td>
<td>608</td>
<td>A-1, SS# 156, Analytical for the furnishing and delivery of laboratory testing services</td>
<td>10-10-40-540-010</td>
</tr>
<tr>
<td>7/7/2016</td>
<td>624</td>
<td>Job. # 13-07, Kola Well D</td>
<td>10-21-00-604-033</td>
</tr>
<tr>
<td>7/7/2016</td>
<td>624</td>
<td>Job. # 13-07, Kola Well D (MR Report # _____)</td>
<td>10-21-00-604-033</td>
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<tr>
<td>10/5/2016</td>
<td>625</td>
<td>UH Dept of Atmospheric Sciences, School of Ocean &amp; Earth Science &amp; Tech</td>
<td>10-22-10-540-010</td>
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<td>9/22/2016</td>
<td>586</td>
<td>Financial Audit</td>
<td>10-31-10-540-010</td>
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<tr>
<td>10/28/2016</td>
<td>427</td>
<td>8th Amendment; Job #02-14, Kapaa Homesteads 0.5 MG Storage tank</td>
<td>30-20-00-605-116</td>
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<td>10/28/2016</td>
<td>593</td>
<td>1st Amendment; AS Needed Surveying services</td>
<td>10-20-10-540-010</td>
</tr>
</tbody>
</table>

**Total: 917,646.26**
### BILLED REVENUES COMPARATIVE REPORT
For Fiscal Years 2015, 2016 & 2017

<table>
<thead>
<tr>
<th>Month</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Cum. Inc (Dec)</th>
<th>% Inc. (Dec.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$2,389,827</td>
<td>$2,936,791</td>
<td>$2,626,380</td>
<td>$(310,411)</td>
<td>-10.57%</td>
</tr>
<tr>
<td>August</td>
<td>$5,141,106</td>
<td>$5,832,920</td>
<td>$5,097,118</td>
<td>$(735,802)</td>
<td>-12.61%</td>
</tr>
<tr>
<td>September</td>
<td>$7,865,590</td>
<td>$8,290,754</td>
<td>$7,767,863</td>
<td>$(522,891)</td>
<td>-6.31%</td>
</tr>
</tbody>
</table>

### BILLED REVENUES COMPARATIVE CHART
As of September: FY 2015, 2016 & 2017

1. revenue comparison
CASH RECEIPTS (W/U) COMPARATIVE REPORT
For Fiscal Years 2015, 2016 & 2017

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>Cum. Inc (Dec)</th>
<th>% of Inc (Dec)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$2,288,104</td>
<td>$2,877,122</td>
<td>$2,036,499</td>
<td>$(840,623)</td>
<td>-29%</td>
</tr>
<tr>
<td>August</td>
<td>$4,704,550</td>
<td>$5,578,998</td>
<td>$4,881,715</td>
<td>$(697,283)</td>
<td>-12%</td>
</tr>
<tr>
<td>September</td>
<td>$7,539,105</td>
<td>$8,342,249</td>
<td>$7,182,779</td>
<td>$(1,159,471)</td>
<td>-14%</td>
</tr>
</tbody>
</table>

Cash Receipts Comparative Chart
As of September: FY 2015, 2016 & 2017
METERED CONSUMPTION (000 GALLONS) MONTHLY COMPARATIVE CHART
For Fiscal Years 2015, 2016 & 2017
(expresssed in thousands)

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>INC (DEC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>436,238</td>
<td>400,235</td>
<td>363,695</td>
<td>* -36,540 *</td>
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<tr>
<td>August</td>
<td>361,599</td>
<td>391,830</td>
<td>335,456</td>
<td>-56,374</td>
</tr>
<tr>
<td>September</td>
<td>415,176</td>
<td>327,625</td>
<td>371,437</td>
<td>43,812</td>
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</table>

MONTHLY CONSUMPTION COMPARATIVE CHART
As of September, FY 2015, 2016 & 2017

* refer to monthly summary highlights

3. 12 mo. consumption comp
YTD METERED CONSUMPTION (000 GALLONS) COMPARATIVE REPORT
For Fiscal Years 2015, 2016 & 2017
(expressed in thousands)

<table>
<thead>
<tr>
<th>Month</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>CUM. INC (DEC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>343,770</td>
<td>400,235</td>
<td>363,695</td>
<td>-36,540</td>
</tr>
<tr>
<td>August</td>
<td>718,498</td>
<td>792,065</td>
<td>699,151</td>
<td>-92,914</td>
</tr>
<tr>
<td>September</td>
<td>1,065,275</td>
<td>1,119,690</td>
<td>1,070,588</td>
<td>-49,102</td>
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</tbody>
</table>

WATER CONSUMPTION COMPARATIVE CHART
As of September: FY 2015, 2016 & 2017

4. consumption (000 gallons)
**Assets and Deferred Outflows**

### Current Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$8,812,737.13</td>
</tr>
<tr>
<td>Equity interest in pooled investments</td>
<td>11,343,522.88</td>
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</table>

### Receivables:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts, net of allowance for doubtful accounts</td>
<td>2,067,838.41</td>
</tr>
<tr>
<td>Due From Other Funds</td>
<td>0.00</td>
</tr>
<tr>
<td>Unbilled accounts</td>
<td>1,428,698.79</td>
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<tr>
<td>Grants and subsidies</td>
<td>0.00</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>72,778.40</td>
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<tr>
<td><strong>Total Receivables</strong></td>
<td><strong>3,569,315.60</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials and supplies</td>
<td>938,128.23</td>
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<tr>
<td>Prepaid expenses</td>
<td>33,644.00</td>
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<tr>
<td>Other Assets</td>
<td>(4,105.18)</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>24,693,242.66</strong></td>
</tr>
</tbody>
</table>

### Restricted Assets:

#### Facility reserve charge funds:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>1,927,850.93</td>
</tr>
<tr>
<td>Equity interest in pool investments</td>
<td>0.00</td>
</tr>
<tr>
<td>Accounts receivable and other</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total facility reserve charge funds</strong></td>
<td><strong>1,927,850.93</strong></td>
</tr>
</tbody>
</table>

#### Bond Funds:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>(297,452.04)</td>
</tr>
<tr>
<td>Equity interest in pooled investments</td>
<td>15,850,188.16</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>62,192.65</td>
</tr>
<tr>
<td><strong>Total Bond Funds</strong></td>
<td><strong>15,614,928.77</strong></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td><strong>Total Restricted Assets</strong></td>
<td><strong>17,542,779.70</strong></td>
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</table>

### Equity Interest in Pooled Investment - Noncurrent

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity interest in pooled investments</td>
<td>25,518,588.23</td>
</tr>
</tbody>
</table>

### Utility Plant:

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<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>In service</td>
<td>316,736,925.77</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(114,767,907.90)</td>
</tr>
<tr>
<td><strong>Total utility plant</strong></td>
<td><strong>201,969,017.87</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction work in progress</td>
<td>16,737,431.78</td>
</tr>
<tr>
<td><strong>Total property, plant and equipment</strong></td>
<td><strong>218,706,449.65</strong></td>
</tr>
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</table>

### Total assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>286,461,060.24</strong></td>
</tr>
</tbody>
</table>

### Deferred Outflow of Resources - Deferred Refunding Costs, net

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deferred Outflow of Resources - Deferred Refunding Costs, net</strong></td>
<td><strong>1,173,197.02</strong></td>
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### Total assets and deferred outflows

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets and deferred outflows</strong></td>
<td><strong>287,634,257.26</strong></td>
</tr>
</tbody>
</table>
# Liabilities and Net Position

## Current Liabilities:
- Accounts payable and accrued liabilities: $(1,835,532.62)$
- Contracts payable, including retainages: $(568,974.50)$
- Due to/Due From Other Funds: $0.00$
- Customer overpayment and advances: $(245,192.75)$
- Customer deposits: $(314,229.68)$
- Current Portion of Long Term Debt: $(4,835,459.24)$
- Current Portion of Capital Lease Obligation: $(693,000.00)$
- Due to primary government: $0.00$

**Total Current Liabilities:** $(8,492,388.79)$

## Long-Term Debt
- $(82,157,319.33)$

## Capital Lease Obligation
- $(1,275,147.74)$

## OPEB & Retirement Benefits
- $(9,601,262.88)$

## Accrued Vacation and Compensatory Pay
- $(1,245,154.43)$

## Deferred Inflow of Assets
- $(1,147,956.00)$

**Total Liabilities and Deferred Inflows:** $(103,919,229.17)$

## Net Position:
- $(183,715,028.09)$

### Change in Net Position
- WU- Reserves: $(10,200,000.00)$
- FRC-Net Position, Restricted: $(1,927,850.93)$
- BAB-Net Position, Restricted: $(15,614,928.77)$
- Invested in Capital Assets, Net of Related Debt: $(135,299,223.60)$
- Unrestricted: $(20,673,024.79)$
DEPARTMENT OF WATER
County of Kaua‘i
“Water has no Substitute – Conserve it!”

PR SPECIALIST REPORT
October 28, 2016

Public Notices and Announcements
All press releases reported below were also published on the Department’s Facebook and Twitter social media pages.

- Make a Splash Festival
  - A press release was sent on September 14th to notify motorists and customers that Pua Loke Street, from Haleko Road towards the Department, would be closed on September 22nd from 7:45 a.m. to 1:30 p.m., to accommodate the Make a Splash festival. Only local traffic would be allowed through and customer services would be limited while the festival was in progress.
  - An article, “Make a Splash successful,” by Dennis Fujimoto, was published in The Garden Island on September 23, 2016. (Attached)
  - A press release was sent on September 26th to announce the results of the Make a Splash festival and to thank the volunteers and partner organizations for their efforts.
  - An article, “DOW Makes A Splash With Keiki,” by Coco Zickos, was published in Midweek Kaua‘i on October 12, 2016. (Attached)

- Kalāheo Water Conservation
  - A press release and Connect CTY notice was sent on October 11th to notify all Kalāheo residents that an immediate water conservation request had been issued, due to a fallen tree that affected the power line to the area’s well site.
  - A press release and Connect CTY notice was sent on October 12th to notify all Kalāheo residents that the conservation request had been lifted.

In Other Media
- An article, “Kaua‘i received $3 million to upgrade water systems,” by Jenna Carpenter, was published in The Garden Island on September 29, 2016. The Department is mentioned in the article for not receiving Drinking Water State Revolving Funds this year. (Attached)

- An article, “Nothing to smile about,” by Jenna Carpenter, was published in The Garden Island on October 4, 2016. The Department is mentioned in the article for not adding Fluoride to its water systems. (Attached)

- On September 28th there were many claims being made on Facebook and social media in regards to the Department’s Kapaia Cane Haul Road 18-inch Main Project and its draft Environmental Assessment. The Department posted a clarification on its Facebook page to help assuage more misinformation from spreading. The Department was also asked to call-in on two KKCR radio talk shows and answer questions. On October 13th the Department met with two members of the public who have voiced their concerns, and explained to them the Environmental Review process and the Department’s role. The Garden Island reached out to the Department and interviewed Kirk Saiki and Eddie Doi.
on October 14th, who further explained and clarified the project. As of this writing, The Garden Island has not yet published the story.

**Project WET**

Kim Tamaoka joined the Project WET USA Newsletter Team and is working on contributions to the coordinator’s November Issue.

The Department’s 13th Annual Make a Splash with Project WET Festival was held on Thursday, September 22nd. 13 schools with over 750 students participated in the festival. There were 11 activity stations and over 200 volunteers that helped with the setup, clean up, running activity stations and providing overall support.

Special thanks goes out to the following:

- Jonell Kaohelaaulii for assistance with the coordination of the festival, prior to leaving on maternity leave.
- Sandi Nadatani-Mendez and Karen Ann Delgado for organizing the food and volunteer registration tent.
- Bekki Dee Malapit for constructing the teacher signs and organizing the greeter area.
- Our awesome setup crew who helped move supplies and assemble tents in record time!
  - DLNR – Division of Forestry and Wildlife
  - Aqua Engineers Inc.
  - Kaua‘i Fire Department
- Peter Sapinuso, Serf Galvez and the Operations crew for running the Long Haul activity relay once again.
- Shayce Yasutake and Rayjerry Silva for coming early to help move supplies and staying late to help put away supplies.
- Festival utility crew for refilling water stations and getting us what we needed throughout the day: Leo Anguay, Ricky Banasihan, Andy Canavan, Tessie Guerrero, Nelson Inouye, Virgil Kapanui, Dan Kittredge, Freddy Levinthol, Dustin Moises, and Kevin Pongasi.
- Traffic control crew: Ryan Smith, Kevin Pongasi and Ronald Yamashita for directing customers and motorists in order to keep our students, teachers and volunteers safe.
- Our community partners for teaching and leading the activity presentations!
  - Kaua‘i Fire Department
  - Grove Farm Company Inc.
  - NOAA’s Marine Wildlife Program
  - Department of Health-Safe Drinking Water Branch
  - Hawaii Rural Water Association
  - East and West Kaua‘i Soil and Water Conservation Districts
  - Kukuiula Development Company
  - The Specific Chiropractic Center
  - Department of Land and Natural Resources (DLNR)–Division of Aquatic Resources
• DLNR – Division of Forestry and Wildlife
  • Kaua’i Invasive Species Committee
  • Aqua Engineers Inc.

• Kapaa High School JROTC and National Honor Society for guiding classes, leading presentations, and helping with breakdown and clean up.
• UH-CTAHR and Kaua’i County Farm Bureau for allowing us to borrow their tents for the event.
• Bryanna Pacleb, PR’s former intern, for her assistance during the festival.
• And all staff, Board members, retirees, and community volunteers, that assisted and provided support up until and throughout the event.

Public Relations Program
PR designed and submitted a new conservation advertisement and editorial for Kaua’i Family Magazine’s Winter Issue.

Upcoming Scheduled Community Outreach & Educational Events
• October 26, 2016 – Wilcox Elementary School Career Day
• October 26, 2016 – East and West Kaua’i Soil and Water Conservation Districts Outstanding Conservationist Awards Ceremony at the Department of Water.
• November 2 to 4, 2016 – Project WET Presentations at the 55th Annual HWWA and 1st Annual HRWA Conference and Exposition
• December 15, 2016 – King Kaumualii Elementary School Career Day

Miscellaneous
• PR is coordinating the refreshments table for the Employee Council’s Spooktacular event to be held on October 21st.

Respectfully submitted,

Kimberly Tamaoka
Public Relations Specialist

Attachments: “Make a Splash successful,” by Dennis Fujimoto, The Garden Island
“Kaua’i receives $3 million to upgrade water systems,” by Jenna Carpenter, The Garden Island
“DOW makes a splash with keiki,” by Coco Zickos, Midweek Kaua’i
“Nothing to smile about,” by Jenna Carpenter, The Garden Island

KT/ein
Colter Nolan, a fifth-grade student from the Kilauea Elementary School, takes his turn running a bucket of water in “The Long Haul” Thursday during the DOW Make A Splash water education event at the Pua Loke Arboretum. See A6 for full story.
PUA LOKE — Did Katie Nalesere have a live o'opu? Lani Kawahara of the Kapaa Public Library wanted to know Thursday.

"We tried catching some last night for her presentation," Kawahara said. "Did she have a live one for her program?"

Nalesere, of the state's Department of Land and Natural Resources, Aquatic Resources Department, was one of the many presenters who took part in the Department of Water Project Wet Make A Splash program at the Pua Loke Arboretum.

She did not have a live o'opu, but instead relied on some props to make her program work.

"I found this project on the curriculum for Project Aquatic Wild," Nalesere said. "I found some props while shopping and adapted it for local use, talking about the o'opu and its life cycle. I'm happy it worked out. Look at the kids having fun as o'opu predators."

Make A Splash, under the Project Wet curriculum, hosted more than 750 students from the fifth grade, hailing from public, private, charter and home schools.

"This is the 13th year, the Department of Water is hosting this water education program," said Kim Tamaoka, DOW spokesperson. "We are very fortunate because we get help from so many organizations, including the Kapaa High School JROTC, Grove Farm, Kukuiula Development, the Kauai Invasive Species Committee, the Specific Chiropractic Center, the East and West Soil Conservation, the Department of Health-Safe Water Division, Hawaii Rural Water, Aqua Engineers, the state's Dept. of Land and Natural Resources Aquatics, and Division of Forestry and Animal Wildlife, the Kauai Fire Dept., NOAA, the DOW board, and community volunteers, including DOW retirees and their families."

Students roamed through 10 different stations where they engaged in hands-on activity while learning about different aspects of water, including the water cycle, how it impacts life, and its effect on the environment.

"This is great," said Kristl Castillo-Gray, a DOW staff member. "This is my first time helping with Make A Splash, and it's really a good thing. I learned about the o'opu, myself — just by listening."

Other students were more engaged in the physical aspect of Make A Splash.
“The Long Haul, a bucket brigade talking about water’s long journey, is my favorite,” said Colter Nolan from Kilauea Elementary School. “Some of the other stations we just sit and listen. This one is fun because we run a lot.”

Barbara Bloemke, a fifth-grade teacher from the Elsie Wilcox Elementary School, said The Long Haul had students doing the physical side of learning.

“I thought the NOAA station on water was the most interesting,” she said. “The students were engaged and learned a lot about the different fish. All of the stations were good about combining learning with an amount of physical exercise.”

Kirk Saiki, DOW manager and chief engineer, said he was pleased with how everything moved through the park.

“We work closely with all of these people involved with Make A Splash,” Saiki said. “I’m glad we could find a way to get the school kids bussed in. We work with a lot of these groups on a daily basis, and I’m glad we are able to collaborate to teach people about water.”

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Kauai receives $3 million to upgrade water systems

EPA provides loans to counties for improvements

Jenna Carpenter
THE GARDEN ISLAND

WASHINGTON – The Hawaii Department of Water received $18.6 million in an effort to protect the quality of drinking water in the state.

The U.S. Environmental Protection Agency funds include a $10.3 million grant for the Clean Water State Revolving Fund and an $8.3 million grant for the Drinking Water State Revolving Fund.

The money will be used to provide loans to counties for upgrades to drinking water and wastewater facilities. It will also be used to modernize aging water systems, and make facilities more energy and water efficient.

The County of Kauai's Department of Public Works will be getting $3 million loan from the Clean Water State Revolving Fund to make renovations to the sewage pump stations in Hanamaulu and Kapaa.

Renovations include expanding the capacity of the system and replacing efficiency pumps, said Joanna Seto, chief of the Safe Drinking Water Branch for DOH.

Kauai will not be getting a share of the Drinking Water State Revolving fund because the Kauai Department of Water has enough money in their coffers for projects, Seto added.

The Department of Public Works will soon be seeking approval from the Kauai County Council to apply for the Clean Water State Revolving Fund loan, said Mary Daubert, county spokeswoman.
How do you enjoy eating coconut?

ISABEL GAMPON
Lolani, Student and Hula Dancer
"Toasted coconut is my favorite."

CHARLENE TAN
Puhu, Student
"I like to just crack one open, drink the water then eat the meat."

KYLE MORDEN
Puhu, Student Photographer
"Crack it and fresh out of the shell."

ADAM PHELPS
Kapaa, Chef
"I like the rice, young meat right out of the nut."

SCOTT RADI
Kapaa, Farmer
"Coconut shrimp!"

KAUA'I KINE Coco Zickos

DOW Makes A Splash With Keiki

It's easy to take for granted the things we use on a regular basis, like clean running water, that are considered luxuries to people in other parts of the world. Department of Water recently held its 13th annual "Make a Splash" Festival at Kaua'i Arboretum to remind keiki of this. More than 750 fifth-graders participated in the festival, which taught them about conservation of this precious natural resource. Community groups, government organizations and local businesses helped give lessons and present activities. Among the participants were Kaua'i Fire Department, Grove Farm Company, NOAA's Marine Wildlife Program, Department of Health's Safe Drinking Water Branch, East and West Kaua'i Soil and Water Conservation Districts, Kaua'i Development Company, The Specific Chiropractic Center, Department of Land and Natural Resources' Division of Aquatic Resources and Division of Forestry and Wildlife, Kaua'i Invasive Species Committee and Aqua Engineers.

Students demonstrated how many water users must work together to manage and use a single water source through the "H-4-1, One for All" activity.

PHOTO COURTESY DOW
Botanist To Speak About Her Discoveries

FROM PAGE 2

Kauai Historical Society sponsors its Hoike Ho'olua Gala, Saturday (Oct. 15) from 5:30 to 9 p.m. at Smith's Tropical Paradise. The fundraiser includes a procession of the formal attire with mistress of ceremonies Pua Rossi Fuku-no, Peule Palmeira, Edward Fumia, Kirby Keogh, Mark Rossi and Michael Keule will provide musical entertainment. For tickets, call 245-3373 ...

Great Harvest Bread Company, owned and operated by Christine Camara, is now open in Lihue. The bakery/cafe has many menu items to choose from, including freshly baked bread and custom-made sandwiches. Located at 4303 Nawiliwili Hwys., next to Pier One, the bakery is open Sun-

State botanist Maggie Sporck-Koei-ler speaks Tuesday at KCC PHOTO COURTESY MAGIC SPORCK-KOEHLER

day-Friday from 6 a.m. to 6 p.m. ...

National Tropical Botanical Garden and Kauai Community College present another public lecture series, "What in the World," Tuesday (Oct. 11) at 5:30 p.m. in the KCC Campus Center cafeteria. Maggie Sporck-Koei-ler, Ha-\n
waii state botanist for DLNR's Division of Forestry and Wild-\nlife, will speak about her dis-\ncoveries of unknown species in the Koolau Mountains on Oahu and the forest shrublands on Maui. Visit nhbg.org for more information ...

Kauai Community Players is auditioning for Little Shop of Horrors Oct. 18 and 20 from 6 to 9 p.m. at Island School. To reserve an audition time, contact directors Rebecca Hansen at rebchansen5678@gmail. com ...

Hunt Companies recently celebrated the groundbreaking of Kilauea Lighthouse Vil-\n
The 47,000-square-foot near-\nhood center will include a \ngrocery store. The Market at \nKilauea, owned by the Stull-\nvan Family of Companies, \nwhich operates several busi-\nnesses including Foodland, \nVerde and Wyland Galleries \nalso are among businesses to \nbe included in the new village. \nVisit kilauealighthousevillage. \ncom for more information ...

Book lovers might find some \ndeals at the Friends of Lihue \nLibrary's "Fall Used Book \nSale" Friday (Oct. 14) and Sat-\nurday (Oct. 15) from 10 a.m. \nto 4 p.m., and Sunday (Oct. \n16) from 10 a.m. to 2 p.m. in \nthe library conference room. \nAll proceeds go to support the \nlibrary.

WILLIE & ETHEL by Joe Martin

WHAT ABOUT WE ALL YOU CAN EAT BUFFET?

WHAT ARE WE WAITING FOR?

ECOMBIDWEEK@ \ngmail.com

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3-3319 KUHIO HWY, LIHUE
ACROSS FROM WALMART
scottysmusic@kauai@gmail.com
Nothing to smile about

Survey: Hawai'i keiki have nation's highest prevalence of tooth decay

Jenna Carpenter
THE GARDEN ISLAND

HONOLULU — The state's keiki have the highest prevalence of tooth decay in the nation, according to a survey from the Hawaii Department of Health.

The problem, they say, is not lack of brushing and flossing.

Statewide, more than 60 percent of children in Hawaii do not have protective dental sealants, a cost-effective clinical intervention to prevent tooth decay in molars, according to a release from DOH.

Brent Chung, a pediatric dentist at Hawaii Family Dental Centers-Kokua Grove on Kauai, said he has seen tooth decay in children as early as nine months old.

It can be corrected.

"If pediatric dentists do a great job limiting tooth decay to the baby teeth, there will be fewer disease for adults to deal with," he said. "People need to speak up and advocate for their dentists for politicians to help them versus ignore or make poor policies that sway against them."

The results were based on data collected from more than 5,000 third-grade students in 67 public elementary schools during the 2014-2015 school year, the release said.

On Kauai, nine elementary schools — Elele, Handel, Kalabao, Kapaa, King Kaumualii, Kekaha, Kilauea, Koloa and Elia H. Wilcox — participated in the survey.

According to the data, students on the Garden Isle are more likely to have tooth decay than Oahu. For the 2014-2015 school year, 74 percent of third graders on Kauai experienced tooth decay. On Oahu, students with tooth decay was down to 69 percent.

Students on the Big Island and Maui are more likely to experience tooth decay, coming in at 77 and 76 percent respectively, according to the survey.

In general, most kids on the Kauai have some sort of tooth decay, said Shawn Murphy, who has a dental practice in Hanalei.

SEE DECAY, A7
Decay
Continued from A1

"There's no fluoride in the water here, so teeth just get soft," he said.
Before moving to Kauai in 1995, Murphy worked for six years in California, where
there was fluoride in the water.
"I noticed a big difference from day one," he said. "It can be frustrating to see a
kid with a lot of cavities."
Whenever he sees a child, Murphy said he makes a
point to prescribe or sug-
gest fluoride vitamins.
"A little bit of fluoride
makes for good teeth, and
vitamin supplements are a
good idea," he said.

While the Kauai Depart-
ment of Water does not add
fluoride to its water, it’s a
natural mineral that is found
in Ahihi-Kinau, Hanapepe,
Wainone and Lihue, said
Kimberly Tamasko, spokes-
woman for the DOA.
Because adding fluoride
to the drinking water costs
at a high price tag, the DOA
does not plan to go that
route, Tamasko said.

The price of the project is
unknown, but it involves in-
stalling new pump systems
to all 25 storage tanks on
the island, she added.

On Kauai, 59 percent of
third graders had access to
sealant, compared to 41 per-
cent of students on Oahu.

Other findings include:

- More than 7 out of 10
  third graders in Hawaii are
  affected by tooth decay. This
  is substantially higher than the
  national average of 52 percent.
- About 7 percent of Ha-
  waii third grade children
  are in need of urgent dental care
  because of pain or infection.
- There are significant
  oral health disparities by in-
  come. Children from low-
  income communities, as defined as
  those who are eligible for the
  National School Lunch Program,
  have a disproport-
  ionate amount of tooth de-
  cay. About 31 percent of
  children eligible for National
  School Lunch Program have
  untreated tooth decay com-
  pared to 15 percent who are
  not eligible.

"We recognize that every-
one has an important role in
improving and promoting
oral health for children," said
Mark Yamakawa, presi-
dent and chief executive of-
ficer of Hawaii Dental
Service Foundation, which
provided funding to under-
write the cost of the survey.
"We are now partnering with
the DOH and other non-
profit community organiza-
tions to improve the oral
health of kids in our com-

On Kauai, China suggests
starting the oral care regi-
men young.
"See a pediatric dentist by
age one for an oral screen-

Operations Division Report for the Month of September 2016

Personnel

- Field Operations personnel attended and completed asbestos operations and maintenance training.
- Field Operations and Plant Operations personnel attended driver improvement class provided by County of Kauai, Department of Human Resources.

Source and Storage

- Maintenance Workers continued cleaning of various remote facilities island-wide. Works included clearing of vegetation and drainage as well as repair and construction of structures and facilities.
- 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.

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 forty three (43) leak repair work orders.
- In the month of August, field crew replaced 80 feet of 3” PVC distribution line on Lokokai Road under work order C141516.
- Field Section crews started replacement of 2” PVC distribution pipe on Kuhio Highway at Kapaia. Work order C160654 is temporarily suspended since May.
- We received a total of 62 calls from customers reporting leaks on the mainline, service laterals, meters, meter boxes and fire hydrants including complaints of no water, complaints of low pressure, high pressure, calls requesting remote site/facility grounds and vegetation maintenance, calls for assistance in shutting off the water meter, calls reporting damaged meter box and cover, reports of leaking or damaged fire hydrants and report of white milky 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 September, a total of one hundred ninety nine (199) 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.

- For the month of September 2016, forty seven (47) Hawaii One Call requests for markings were received and forty three (43) completed. Some requests for markings are on private property. Private property owners as well as contractors were contacted and informed that DOW Hawaii One Call markings will be outside of private property lines.

Respectfully submitted,

Valentino P. Reyna
Chief of Operations

Attachments: Overtime Chart
             Leak Report Chart
             Monthly Water Production and Consumption Chart for September 2016
### 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>39</td>
<td>LEAK-BOX</td>
<td>Meter Box Leak Repair</td>
</tr>
<tr>
<td>6</td>
<td>LEAK-CUST</td>
<td>Customer-Side Leak Repair</td>
</tr>
<tr>
<td>118</td>
<td>LEAK-MAIN</td>
<td>Mainline Leak Repair</td>
</tr>
<tr>
<td>156</td>
<td>LEAK-S/L</td>
<td>Service Lateral Leak Repair</td>
</tr>
</tbody>
</table>

#### Work Orders by Job Reason Code

- LEAK-BOX: 39 orders (12.2%)
- LEAK-CUST: 6 orders (1.9%)
- LEAK-MAIN: 118 orders (37.0%)
- LEAK-S/L: 156 orders (48.9%)

**Total:** 100.0%

#### Number of Leak Repairs per Month

![Number of Leak Repairs per Month graph]

- LEAK-BOX
- LEAK-CUST
- LEAK-MAIN
- LEAK-S/L
## Monthly Water Produced, Customer Meter Read and Waterloss Comparison For Calendar Year 2015-2016

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Produced (Kgals.)</strong></td>
<td>374,675</td>
<td>373,050</td>
<td>379,057</td>
<td>396,346</td>
<td>365,106</td>
<td>400,488</td>
<td>407,195</td>
<td>380,214</td>
<td>419,009</td>
<td>391,384</td>
<td>348,028</td>
<td>341,914</td>
<td>4,576,465</td>
</tr>
<tr>
<td><strong>Customer Meter Read (Kgals.)</strong></td>
<td>322,421</td>
<td>320,287</td>
<td>326,596</td>
<td>356,954</td>
<td>324,624</td>
<td>336,981</td>
<td>359,598</td>
<td>335,456</td>
<td>371,437</td>
<td>316,789</td>
<td>353,182</td>
<td>274,130</td>
<td>3,998,455</td>
</tr>
<tr>
<td><strong>Waterloss (kgals.)</strong></td>
<td>52,254</td>
<td>52,763</td>
<td>52,461</td>
<td>39,392</td>
<td>40,482</td>
<td>63,507</td>
<td>47,597</td>
<td>44,758</td>
<td>47,572</td>
<td>74,595</td>
<td>(5,154)</td>
<td>67,784</td>
<td>578,010</td>
</tr>
<tr>
<td><strong>Waterloss (%)</strong></td>
<td>13.9</td>
<td>14.1</td>
<td>13.8</td>
<td>9.9</td>
<td>11.1</td>
<td>15.9</td>
<td>11.7</td>
<td>11.8</td>
<td>11.4</td>
<td>19.1</td>
<td>-1.5</td>
<td>19.8</td>
<td>12.6</td>
</tr>
<tr>
<td><strong>Waterloss ($)</strong></td>
<td>66,728</td>
<td>67,378</td>
<td>66,993</td>
<td>51,030</td>
<td>81,098</td>
<td>60,782</td>
<td>57,156</td>
<td>60,749</td>
<td>95,258</td>
<td>(6,581)</td>
<td>86,560</td>
<td>738,119</td>
<td></td>
</tr>
</tbody>
</table>

### Graph

- **Produced (Kgals.)**
- **Customer Meter Read (Kgals.)**
- **Waterloss (kgals.)**
- **Unbilled Percentage**
MANAGER’S UPDATE

October 28, 2016

Pursuant to Board Policy No. 3

CONTRACTS AWARDED/EXTENSION/AMENDMENTS:

(1) Contract No. 625 awarded to the University of Hawai‘i, Department of Atmospheric Sciences, School of Ocean and Earth Science and Technology for Projecting Future Rainfall and Evapotranspiration for Kaua‘i in the amount of $184,735.00

FUNDING:
Account No. 10-22-10-540-010 WU/Plan/Admin/Professional Services $ 779,736.00
Contract No.625: University of Hawai‘i $ 184,735.00
Total Funds Requested $ 184,735.00 ($ 184,735.00)
Balance for Account No. 10-22-10-540-010 $ 595,001.00

BACKGROUND:
The consultant has completed a rainfall projection study for the island of Kaua‘i. The Department of Water was asked if we would like to participate and to help fund the subject study. The proposed study should provide long-term rainfall and evapotranspiration data which may be used for water resources planning and management for Kaua‘i. The project proposes to incorporate downscaling outputs from general circulation models (GCMs) through dynamical techniques. This would provide better data for an island like Kaua‘i (approximately 40 km across) where very wet terrain at the summit of Mt. Waialeale and a very dry region, such as Waimea Valley, cannot be resolved by GCMs.

(2) Fourth (4th) Amendment contract time extension to Oceanit Laboratories, Inc., Contract No. 543 for Job No. 11-03, WP2020 #MO-03 for Land and Well Acquisition with no additional funding

FUNDING:
NO ADDITIONAL FUNDS REQUESTED

Account No. 30-20-00-605-158 BAB/Eng/Admin/Capital Outlay-Expansion/Capital Purchases

| Account No. 543: Oceanit Laboratories, Inc. | $105,000.00 |
| Contingency | $0.00 |
| First Amendment | $60,000.00 |
| Second Amendment | $0.00 |
| Third Amendment (contract time extension) | $0.00 |
| Total Funds Certified | $165,000.00 |
Fourth Amendment:

<table>
<thead>
<tr>
<th>Contract Time Extension to September 30, 2017</th>
<th>$0.00</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total for Fourth Amendment</strong></td>
<td><strong>$0.00</strong></td>
</tr>
<tr>
<td>Total Funding Balance for Contract No. 543</td>
<td>$165,000.00</td>
</tr>
</tbody>
</table>

**BACKGROUND:**

Due to unanticipated delays in the land acquisition phase caused the work to proceed at a pace slower than originally planned and resulting in the contract work extending beyond the contractual limit.

Oceanit Laboratories, Inc. has made substantial/sufficient progress to the project. The project completion date is extended to September 30, 2017.

(3) Eighth (8th) Amendment to Belt Collins Hawaii, Contract No. 427 for Job No. 02-14, Kapa’a Homesteads 0.5 Million Gallon Storage Tank and Kapahi 1.0 Million Gallon Storage Tank and Connecting Pipelines, Wailua – Kapa’a Water System in the amount of $51,911.26

**FUNDING:**

<table>
<thead>
<tr>
<th>Account No. 30-20-00-605-116 (02-14, WK-08 Kapa’a Homesteads Tank 1.0MG)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BAB Funds Available, Account No. 30-20-00-605-116</td>
</tr>
<tr>
<td>Contract No. 427: Belt Collins Hawai’i LLC</td>
</tr>
<tr>
<td>First Amendment</td>
</tr>
<tr>
<td>Second Amendment</td>
</tr>
<tr>
<td>Third Amendment</td>
</tr>
<tr>
<td>Fourth Amendment</td>
</tr>
<tr>
<td>Fifth Amendment</td>
</tr>
<tr>
<td>Sixth Amendment</td>
</tr>
<tr>
<td>Seventh Amendment</td>
</tr>
<tr>
<td><strong>Total Funds Certified and Contract Total</strong></td>
</tr>
</tbody>
</table>

**Eighth Amendment:**

- Additional design changes and services                                 | $51,911.26   |

**Total Funds Requested for Eighth Amendment (ref. Mgr’s Report 17-13)** | $51,911.26   ($51,911.26)

| New Contract Total                                                      | $829,639.26   |
| BAB Fund Balance, Account No. 30-20-00-605-116                         | $2,307,812.74  |

**BACKGROUND:**

The DOW is proposing to construct two new 0.5 MG concrete storage tanks on the same site as the existing Ornellas tank in the Kapa’a Homesteads. The project’s design includes drainage improvements for stormwater, tank overflows, and well pumping to eventually discharge to an existing culvert on Kapahi Road which subsequently discharges onto private property. The Department of Public Works (DPW) operates and maintains the existing drainage system and requires that, as a part of the project, the...
DOW obtain permission to discharge the additional water associated with the project through the existing culvert and onto the private owner’s property.

The DOW has been in communications with the private landowners and is awaiting a decision as to whether or not they will approve the additional flow through the existing culvert onto their property without any additional modifications, or if they would prefer that the existing culvert be extended from the property line, at the top of the existing slope, to the bottom of the hillside on their property, to mitigate any potential slope erosion. If this is the case and the existing culvert needs to be extended, additional funding is needed to include the culvert extension in the project’s design. Additional surveying and easement mapping would also be required.

There are various other scope changes and updates that are necessary to complete the project’s plans and specifications, including the addition of security fencing and gate details at the tank stairs and updates to DOW standard details. There are also additional permitting requirements that need to be updated or completed, including: Class IV Zoning, Use, Variance, Grading, Driveway Approach, Asbestos Cement Pipe Disposal, NPDES Form C, NPDES Form F, and a detention basin agreement with DPW. We have thoroughly reviewed the proposal from Belt Collins Hawai‘i for additional engineering services of $51,911.26 for the work and find it acceptable.

Belt Collins Hawai‘i has made sufficient progress to the project so the DOW has moved forward with the eighth amendment to Contract No. 427.

(4) First (1st) Amendment to Esaki Surveying and Mapping, Inc., Contract No. 593 for as-needed surveying and mapping in the amount of $21,000.00

**FUNDING:**

<table>
<thead>
<tr>
<th>Account No. 10-20-10-540-010, WU/Eng/Admin/Professional Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds Available, Account No. 10-20-10-540-010, As-Needed Surveying Services, 2016-2017</td>
</tr>
<tr>
<td>Contract No. 593: Esaki Surveying and Mapping, Inc.</td>
</tr>
<tr>
<td>Contingency (5%)</td>
</tr>
<tr>
<td>Total Funds Certified</td>
</tr>
<tr>
<td>Completed Work Assignment #1</td>
</tr>
<tr>
<td>Completed Work Assignment #2</td>
</tr>
<tr>
<td>Remaining Contract 593 Funds</td>
</tr>
</tbody>
</table>

**First Amendment:**

<table>
<thead>
<tr>
<th>Additional As-Needed Surveying Services</th>
<th>$21,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Funds Requested for First Amendment</strong></td>
<td>$21,000.00 ($21,000.00)</td>
</tr>
<tr>
<td><strong>Total Fund Balance, Account No. 10-20-10-540-010</strong></td>
<td>$9,000.00</td>
</tr>
</tbody>
</table>

**BACKGROUND:**

The Board entered into contract No. 593 with Esaki Surveying and Mapping, Inc. on January 22, 2015 to provide as-needed surveying services over a twenty-four month period.
Surveying services are needed for mapping to complete the subdivision process, mapping metes and bounds descriptions, and completing condemnation document exhibits for the Maalo Road Easement Project (Proposed Work Assignment #3). The Department has reviewed the consultant’s proposal cost, finds it acceptable, and is moving forward with the contract.

(5) First (1st) Amendment to Prithibi, LLC, Contract No. 618 for as-needed technical support services in the amount of $70,000.00

Account No. 10-02-10-561-000 WU/IT/ADMIN/REPAIRS AND MAINTENANCE

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds Transferred from Acct No. 10-02-00-605-999</td>
<td>$20,000.00</td>
</tr>
<tr>
<td>Funds Transferred from Acct No. 10-30-20-605-999</td>
<td>$50,000.00</td>
</tr>
<tr>
<td>Contract No. 618: Prithibi, LLC</td>
<td>$590,713.76</td>
</tr>
<tr>
<td>5% Contingency</td>
<td>$29,536.00</td>
</tr>
<tr>
<td>Total Funds Certified To Date, Acct No. 10-30-20-605-999</td>
<td>$620,249.76</td>
</tr>
</tbody>
</table>

First Amendment:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>As-Needed Technical Support Services and ACH Enhancement</td>
<td>$70,000.00</td>
</tr>
</tbody>
</table>

Total Funds Requested for First Amendment (ref. Mgr’s Report 17-11), Acct No. 10-02-10-561-000 ($20,000) & 10-02-00-605-999 ($50,000) $70,000.00 ($70,000.00)

New Contract Total $660,713.76

BACKGROUND:
The DOW Oracle Customer Care & Billing (CC&B) system is currently hosted by Honolulu Board of Water Supply (HBWS) through a Memorandum of Agreement (MOA) dated 10/1/2014. As presented, discussed and approved by the Board on 10/23/14, the department is pursuing its own CC&B independent from HBWS as allowed under Section 3.2 of the MOA “Right to Terminate the Agreement” for efficiency and permanence as either party has the right to terminate anytime with 180 days’ notice. To pursue this, the department selected Prithibi, LLC through a Sole source Procurement to fulfill the conversion and modification of existing Kaua‘i DOW data from HBWS because they were directly involved in the HBWS’ CC&B implementation. Their direct involvement of the HBWS’ CC&B project gives direct benefit to DOW because they are already familiar with the project that the department will be implementing.

On October 3, 2016 the Department went Live with their own billing system (CC&B). This amendment would provide As-Needed Technical Support Services for issues that may arise. The term for the current contract is for one-year completion; however, under the scope of work only 1-month post-implementation support was included. This amendment also includes integration services to integrate CC&B with Oracle’s Billing Insight (BI), which DOW currently owns. Billing Insight would allow customers to create an online account and have access to their water account history as well as consumption history. With the possible integration between CC&B and BI this would allow our customers to pay their water bills online via their checking and/or savings accounts (one-time setup or recurring) and set up their own Automatic Bill Payments (ABP).
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></td>
<td></td>
<td>NONE</td>
</tr>
</tbody>
</table>

STAFF REPORTS - FY 16-17:

PERSONNEL MATTERS UPDATE
October 17, 2016

RECRUITMENT AND POSITION ACTIONS

Operations Division
1. Maintenance Worker I #2453. As of 10/17/2016, interviews to be scheduled.
2. Water Plants Superintendent #2490. As of 10/17/2016, pending referred list of eligibles.

Construction Management Division
1. Engineer Program Assistant #2604. As of 10/17/2016, interview to be scheduled.
2. Project Assistant #2351. Reviewing duties of position.

Fiscal
2. Accountant I #2488. As of 10/17/16, pending referred list of eligibles.

Administration
1. Departmental Public Relations Specialist #2478. As of 10/17/2016, pending DHR classification review.
2. Clerical Assistant (Community Relations) #2499. As of 10/17/2016, pending DHR classification review.
3. Deputy. 10/17/2016, working with DHR to post for the position.

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 – $ 14,456.00

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>TMK</th>
<th>Location</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/28/2016</td>
<td>P&amp;R Aloha Group, LLC</td>
<td>TMK-2-3-022:014</td>
<td>Koloa</td>
<td>$ 14,456.00</td>
</tr>
</tbody>
</table>

CUSTOMER CARE AND BILLING (CC&B) SYSTEM UPDATE:
The CC&B conversion went live on October 3, 2016 and there were no major issues, however; the billing section is still working on a few minor report issues.
Service cloud, Billing Insight, and the Online Policy automation are currently in the testing phase with the consultants. Once completed, it will be turned over to staff to do their own testing to make sure everything is working.

Also, the first amendment to the Prithibi’s contract is included for the Board’s discussion and approval to include the ACH enhancement and as-needed support services for CC&B.

**I.T. STRATEGIC PLAN UPDATE:**

**IT Plan Task 3: Project Management and Document Imaging:**

*Project Management:*
The DOW will be sending the request for proposal (RFP) out for re-submittal in November.

*Document Imaging:*
In the area of document imaging, IT completed exporting all the images from the Stellent Document Imaging System and is converting all the images so that they may be uploaded into the SharePoint system. IT completed the SharePoint upload and is working on a sort/filter feature.

*On-going:*
IT continues to work on the minor issues regarding data retrieval. It will be determined whether a customized search module will need to be developed.

**IT Task 4: Develop Web based GIS Viewer and Map Layers:**
Mapping for the following water systems are completed and have been released to the GIS users.

- Anahola / ‘Anini / Hā’ena-Wainha / Hanalei / Hanapēpē/Eleele / Kalāheo-Kōloa / Kīlauea / Kalāheo-Kōloa (partial) / Līhu'e-Kapa’a (partial)

IT is currently working on the Kōloa-Po’ipū area (Kalāheo-Kōloa water system) and it is 30% completed.

IT is waiting for the as-built drawings for the Puhi- Līhu'e-Hanamā'ulu area (Līhu'e to Kapa’a water system) to finalize the system.

**IT Task 5: MMIS Replacement / Asset Based Work Orders:**
The Manager and Operations Chief have reviewed and approved the draft RFP for a new MMIS system. It is currently with the DOW’s Attorney for her review.

**IT Task 10: Upgrade IT Infrastructure and Expand IT Support and Resiliency:**

*Fiber:*
Single-mode fiber has been pulled between the Microlab and old office building. It has also been pulled between the Microlab and new office building.

The single-mode fiber can currently support 10Gbps (billions of bits per second) and will support higher speeds in the future. The investment in single-mode fiber will ‘future-proof” the DOW’s network.

The fiber ran between the Microlab and new office building has been terminated and verified for connectivity.
Switches:
New switches in the lab and admin computer rooms have been installed for the preparation for the new office building. These new switches are rated to match the speed of the new fiber runs.

These network switches will handle voice and data traffic much more quickly and efficiently, which will be necessary for replication of the DOW’s virtual servers.

Servers / Data Center:
A new data center has been completed in conjunction with the move to the new office building.

The servers are set up in a virtual server environment and include replication.

The redundant site is set up in the old office building.

AFFORDABLE HOUSING UPDATE:
On 10/21/16, the Department participated in a meeting with the County Housing Agency, Housing Directors from across the State and the Governor’s Affordable Rental Housing Special Action Team. The purpose of the meeting was to tour County projects and discuss challenges, successes and future plans for developing housing.

2016 LEGISLATURE UPDATE:
The State Budget has appropriated $3.75 million for FY 2016-2017 in the Governor’s Act 124. The Department has received the appropriation warrant from the County Finance Department and the Board approved the Resolutions to expend the funds and submitted a request to release the funding on September 22, 2016 for the following projects:

CIP Priority No. 2 WP WK-39 Drill and Develop Kapa’a Homesteads Well No. 4 $750K
CIP Priority No. 3 WP PLH-35b Construct Kapaia Cane Haul Road 18” Main $3M

QUARTERLY UPDATES – (July through September 2016)

WATER QUALITY REPORT
1. Engineering is working with the Water Quality Division and contractors to install sample stations in new subdivisions. The new subdivision behind the Po’ipu Shopping Center will also have a sampling station. They will be added to the updated sampling plan required by new Total Coliform Rule. Water Quality will confirm that a sampling station will be installed at the new Kohea Loa Hooluana project.

2. The main break monitoring program plan in place. The Operations or Engineering Division informs the Water Quality Division of major breaks (that require sampling) or installation of new infrastructure so that Water Quality personnel can sample/monitor the water quality.

3. Water Quality continued the micro sampling of sources to see if any will present problems with fecal indicators. This is part of the Triggered Monitoring part of the Ground Water Rule.
QUARTERLY UPDATES – (July through September 2016) cont’d:

4. Water Quality is within budget with completing required samples for 2016 with most of the DOH Lab samples also completed. Water Quality also collected all of the radionuclide samples for 2016.

5. Water Quality has completed their portion of the CCRs for 2016.

6. Baseline Chemistry for sources ongoing. Emphasis will be on pH at problem sources. Waetr Quality acquired a new field meter to test Puhi #3 and Wainiha #1 in particular. Operations installed a soda ash injection set up for Wainiha Well 2. The DOW cannot use it until it is approved by the Safe Drinking Water Branch (SDWB). The status is not known at this time.

7. Water Quality has executed the contract for analytical services with Eurofins for FY 2016-2017.

8. Updated sample site plan and sites on Xcel spreadsheet. Continuing.

9. Lab inspection for microbial analysis certification was in June and awaiting the certification status. The deficiencies were corrected and report submitted.

10. Water Quality updated the procedure for “no-drink” water situations as encountered in the Wailua Houselots. Apparently, this was not followed in latest episode and will evaluate on next episode.


12. Micro analysis ongoing with no coliform hits.


14. Monitoring Moloa’a system for chlorine and coliforms. This is voluntary due diligence. Also helped Ian Kagimoto with his sampling for DBPs and Lead/Copper at a DOW customer’s residence.

Pursuant to Board Policy No. 25

COUNTY ATTORNEY QUARTERLY REPORT:

CLAIMS SETTLED:

<table>
<thead>
<tr>
<th>Claimant Name</th>
<th>Date of Incident</th>
<th>Filed with Office</th>
<th>Nature of Claim</th>
<th>Amount Requested</th>
<th>Settlement Amount</th>
<th>Remedial Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signaigo, Debra K.</td>
<td>7/27/2016</td>
<td>8/3/2016</td>
<td>Partial reimbursement of water bill. Leak detected at the street connection. DOW fixed &amp; repaired on date of incident. Amount requested is amount higher than normal bill.</td>
<td>$40.40</td>
<td>$40.40</td>
<td>Investigated by the department; accepted.</td>
</tr>
<tr>
<td>Kevin Brody a/s/o Mark Somerhiser</td>
<td>8/1/2015</td>
<td>8/18/2016</td>
<td>Personal Injury. Claimant, guest at Kapa’a Shores, stepped on DOW valves cover, it gave way, and he fell into a vault. Suffered injury to his leg &amp; buttocks.</td>
<td>Unknown</td>
<td>Denied</td>
<td>Investigated by the department; denied.</td>
</tr>
</tbody>
</table>
## MANAGER’S GOALS UPDATE  established September 23, 2016 for FY16-17

<table>
<thead>
<tr>
<th>Goals/Objectives</th>
<th>Success Measurements</th>
<th>Outcomes</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Administration</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Goal 1</strong></td>
<td>Implement systems that will serve to reduce customer complaints.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Enhance customer knowledge of the Department by providing information on programs, projects, services and achievements</td>
<td>Develop a plan to enhance customer knowledge of the Department by the end of January 2017.</td>
<td>Implement plan to enhance customer knowledge.</td>
<td></td>
</tr>
<tr>
<td>2. Public inquiries requiring response.</td>
<td>Provide a response within 2 working days, if more detailed study is required supply an estimated timeline.</td>
<td>Meet expectations throughout the year.</td>
<td></td>
</tr>
<tr>
<td><strong>Goal 2</strong></td>
<td>Take actions to utilize GIS information.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. GIS maps and data</td>
<td>Update all maps and data by the end of June 2017.</td>
<td>Meet success measurements</td>
<td></td>
</tr>
<tr>
<td>2. Utilize GIS maps and data.</td>
<td>Develop a plan to use GIS maps and data for asset management and hydraulic modeling by the end of June 2017.</td>
<td>Implement plan</td>
<td></td>
</tr>
<tr>
<td><strong>Goal 3</strong></td>
<td>Ensure the health, safety and welfare of the Department employees and public.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Support the needs of Department Divisions delivery of programs for health and safety for employees</td>
<td>Insure adherence of the County wide safety program. Actively participate on the County wide safety committee</td>
<td>No adverse activities throughout the year.</td>
<td>Active DOW participation throughout the year</td>
</tr>
<tr>
<td>2. Support the needs of Department Divisions delivery of programs for health and safety for Public</td>
<td>Insure compliance of all regulatory agency requirements, State and Federal. Insure compliance of all County Ordinances.</td>
<td>No adverse activities throughout the year.</td>
<td>All regulatory needs met by DOW throughout the year</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Goal 1</strong></td>
<td>Improve existing asset management program.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Assess existing asset management program.</td>
<td>Determine if existing asset management program is compatible with existing GIS and accounting programs by the end of the fiscal year.</td>
<td>Asset management program will be identified.</td>
<td></td>
</tr>
<tr>
<td>Goals/Objectives</td>
<td>Success Measurements</td>
<td>Outcomes</td>
<td>Status</td>
</tr>
<tr>
<td>------------------</td>
<td>----------------------</td>
<td>----------</td>
<td>--------</td>
</tr>
<tr>
<td><strong>Goal 2</strong> Improve water system reliability and resiliency.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Improve hurricane survivability of standby power generators.</td>
<td>Begin design for emergency generator hardened shelters with more efficient method of connecting generator by the end of June 2017.</td>
<td>Portable generators will be protected during hurricanes.</td>
<td></td>
</tr>
<tr>
<td>2. Improve pump motor control center reliability.</td>
<td>Identify MCCs that are old and have problems obtaining spare parts. Begin design on replacing old MCCs by the end of June 2017.</td>
<td>Reliability of MCCs will be improved.</td>
<td></td>
</tr>
<tr>
<td>3. Assess existing preventative maintenance program.</td>
<td>Contract a consultant to evaluate and improve the current preventative maintenance program for the plan and distribution systems by the end of June 2017.</td>
<td>Development of an improved preventative maintenance plan.</td>
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<tr>
<td><strong>Fiscal</strong></td>
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<tr>
<td><strong>Goal 1</strong> Ensure fiscal control and sustainability.</td>
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<tr>
<td>1. Use accounting program to develop annual budget.</td>
<td>Investigate and implement, if possible, whether Great Plains accounting system can be used to develop the budget and possibly use it for the next budget process.</td>
<td>Development of a more streamlined budgeting process.</td>
<td></td>
</tr>
<tr>
<td>2. Implement CC&amp;B system.</td>
<td>Successfully implement new billing system by the end of June 2017.</td>
<td>Billing system will be independent of Honolulu BWS.</td>
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<tr>
<td>3. Develop fair and reasonable water rates.</td>
<td>Complete current water rate study within the contracted time.</td>
<td>Department will have updated water rates.</td>
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<tr>
<td><strong>Engineering</strong></td>
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<tr>
<td><strong>Goal 1</strong> Oversee all engineering design work required for the Department.</td>
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<tr>
<td>1. Support the engineering design needs of the other divisions.</td>
<td>Engineering Division shall lead and be responsible for all Department engineering design work.</td>
<td>Ensures quality control and standardization of projects.</td>
<td></td>
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<tr>
<td><strong>Goal 2</strong> Continue rehabilitation, replacement and expansion of water system</td>
<td></td>
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<tr>
<td>1. Timely completion of projects.</td>
<td>Complete five design projects before the end of June 2017.</td>
<td>Projects will be completed.</td>
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</tbody>
</table>
### Goals/Objectives

<table>
<thead>
<tr>
<th>Goals/Objectives</th>
<th>Success Measurements</th>
<th>Outcomes</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td><strong>Construction Management</strong></td>
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<tr>
<td><strong>Goal 1</strong> Continue to improve construction management methods and expertise.</td>
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<tr>
<td>1. Upgrade project document management system.</td>
<td>Acquire construction document management program by the end of June 2017.</td>
<td>Time and money will be saved with electronic submittal process. All parties will have access to electronic documents.</td>
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<tr>
<td><strong>Water Resources and Planning</strong></td>
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<tr>
<td><strong>Goal 1</strong> Implement a fair and reasonable method of determining system capacity and accounting for existing use.</td>
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<tr>
<td>1. Evaluate existing method of determining system capacity and use.</td>
<td>Determine if the existing method of evaluating system capacity and use is similar to other water agencies. Modify existing methods as necessary by the end of June 2017.</td>
<td>Defendable method of determining system capacity and use.</td>
<td></td>
</tr>
<tr>
<td>2. Assess existing water system hydraulic model.</td>
<td>Determine if existing hydraulic model is compatible with GIS system and obtain compatible model as necessary by the end of June 2017.</td>
<td>Department will have GIS compatible model.</td>
<td>GIS compatible hydraulic model is in the procurement process.</td>
</tr>
</tbody>
</table>

Respectfully submitted,

Kirk Saiki, P.E.
Manager and Chief Engineer


Department of Water, County of Kaua‘i FY15-16 Annual Report

KS/mja

Mgrrp/Manager’s Update (10-28-16):mja
“Together, we provide safe, affordable and sufficient drinking water through wise management of our resources and with excellent customer service for the people of Kaua’i”
Honorable Bernard P. Carvalho, Jr.
Mayor of the County of Kauai
And Chairperson and Members of the
County Council, County of Kauai
Lihu'e, HI 96766

Ladies and Gentlemen:

The Board of Water Supply, County of Kauai (BWS) is proud to present the annual report for the fiscal year ending June 30, 2016. This report includes each program description, objectives, and accomplishments of the Department of Water (DOW) including design and construction projects completed and in progress, operations reports, and the DOW's financial status and changes in physical assets. The DOW derives all of its revenue from water service sales with no direct subsidies or contributions from the Kauai County General Fund.

During this period, the BWS along with the DOW team adopted the updated Facilities Reserve Charge (FRC or more commonly known as impact fees). The BWS created a part of the rules dealing directly with the FRC. The rules resulted in the DOW and the BWS finding the most equitable means of assessing the fees upon new users.

The BWS bid farewell to Board Member, Hugh Strom on August 17, 2015 who served on the water board since 2013. Hugh’s goal-oriented demeanor and his comprehension of financial numbers and vocalizing the need for a succession plan provided professional guidance to the BWS. The BWS also bid farewell to Board Member, Wallace Rezentes, Jr. who served the BWS for a short, but productive period of seven (7) months. His financial knowledge and abundant input aided the adoption of the FY16-17 DOW budget.

In FY15-16, the DOW maintained operations of managing over $13.4 million of Water Plan 2020 projects and forty (40) private projects. The DOW continues to progress in utilizing the Build America Bond (BAB) fund and state grant.

The BWS and the DOW extends its gratitude to Governor David Ige, the Hawai’i State Legislature, the Department of Health, Mayor Carvalho, the Kauai County Council, and the various agencies and officials who have supported the DOW in the efforts to provide safe, affordable and sufficient drinking water.

Sincerely,

Laurie Ho, Chairperson
Kauai Board of Water Supply

"Water has no Substitute – Conserve It!"
I. MISSION STATEMENT
The following mission statement serves as the guiding principle for the Department of Water (DOW). The mission statement was established in 1998.

Department of Water – Mission Statement
“Together, we provide safe, affordable and sufficient drinking water through wise management of our resources and with excellent customer service for the people of Kaua’i”

II. ORGANIZATION (County Charter, §17.01)
There shall be a Department of Water Supply consisting of a Board of Water Supply, a Manager and Chief Engineer and the necessary staff.

The DOW is a self-supporting entity of the County of Kaua’i. The DOW’s revenue is derived from water service sales with no direct subsidy from, or contributions to the County General Fund. The DOW’s water service revenue is used for the operation and maintenance of each water system. In efforts to provide for adequate funding in the future, the DOW will periodically study its Facilities Reserve Charge (FRC), which is a fee to be paid by new or existing developers needing additional water supply from the DOW’s water system.

A. BOARD OF WATER SUPPLY: (County Charter, §17.02)
The Board of Water Supply (BWS), County of Kaua’i shall consist of seven (7) members, four (4) of whom shall be appointed by the Mayor, with the approval of the Council; one (1) of whom shall be the State District Engineer of the Department of Transportation; and two (2) of whom shall be the County Engineer and the Planning Director.

The BWS bade farewell to Board Members Hugh Strom and Wallace Rezentes, Jr. Their comprehension of financial knowledge assisted the BWS in approving the FY15-16 budget.

By unanimous vote, Mr. Sherman Shiraishi was appointed as Board Chairperson for calendar year 2015 and Ms. Laurie Ho was appointed as Board Chairperson for calendar year 2016.

For FY15-16: Term Expires
Laurie Ho, Board Member .................................................................12/31/16
Clyde Nakaya, Vice Chairperson .......................................................12/31/16
Sherman Shiraishi, Secretary .............................................................12/31/18
Vacant ................................................................................................
Lawrence Dill (State District Engineer) ............................................(ex-officio)
Lyle Tabata (Acting County Engineer) ..............................................(ex-officio)
Michael Dahilig (Planning Director) .................................................(ex-officio)
1. **Power & Duties of the Board** (County Charter, §17.03)
The Board shall manage, control and operate the waterworks of the County and all property thereof, for the purpose of supplying water to the public and shall collect, receive, expend and account for all other moneys and property provided for the use or benefit of such waterworks.

   a. The Board shall maintain accounts to show its complete financial status and the results of management and operations.

   b. The Board may provide for a reserve fund, issue revenue bonds, provide for payment of bonds, expend bond funds and other funds, establish rates and charges, acquire property, sue and be sued, and engage in and undertake all other activities as provided for in Chapter 145-A, Revised Laws of Hawaii 1955, and as may be hereafter provided for by law.

   c. The Board may make and, from time to time, alter, amend, and repeal rules and regulations relating to the management, control, operation, preservation and protection of the waterworks. Such rules and regulations shall have the force and effect of law. Penalties for the violation of any rule or regulation shall be set forth in the Rules and Regulations.

B. **STAFF** (County Charter, §17.04)
The Board shall appoint an engineer duly registered under Hawai‘i State laws pertaining to registration of engineers. He shall be known as the Manager and Chief Engineer, and shall be the head of the Department. He shall have the powers and duties prescribed by the Board.

   a. The DOW operates under seven (7) divisions; Administration, Water Resources and Planning, Engineering, Construction Management, Water Quality, Fiscal, and the Operations Division with ninety-eight (98) budgeted positions. With assistance from the Department of Human Resources (DHR), the DOW re-described nine (9) existing positions and filled seven (7) positions during FY15-16.

   b. The DOW had the pleasure to work alongside with six (6) summer interns and have them experience the challenge with the day-to-day operations of the Department. With the hands-on experience such as sitting in at Board meetings, assisting with the DOW’s audit of inventory, creating press releases, as well as publicizing their work, the DOW continues to mentor these young professionals in hopes that one day, they will be able to prepare themselves for their journey after graduation.

1. **ADMINISTRATION DIVISION**
The DOW’s Manager and Chief Engineer is Kirk Saiki, P.E. The administrative staff included sixteen (16) positions of which fourteen (14) were budgeted for FY15-16. The Administration Division is responsible for the day to day management of the Department including communication with the public, water service customers, and governmental organizations; personnel management; contract management; management of Board affairs; and providing service to, and oversight of the operations of the other six (6) divisions.
Current Staff:
Kirk Saiki, P.E. – Manager and Chief Engineer
Vacant – Deputy Manager-Engineer
Vacant – Civil Engineer VII
Andrea Suzuki – Deputy County Attorney
Mary-Jane Akuna – Private Secretary
Chrysanthemum Egorita- Secretary
Debra Peay – Human Resources Coordinator
Vacant – Procurement Specialist
Edith Ignacio-Neumiller – Commission Support Clerk
Margie Mills – Program Support Technician I
Bekki Dee Malapit – Clerk-Typist
Kimberly Tamaoka – Departmental Public Relations Specialist
Jonell Kaohelaulii - Clerical Assistant (Community Relations)
Jeffrey Mendez – Waterworks Information Technology Officer
Sandi Nadatani-Mendez – Information Technology Specialist III
Vacant – Computer Systems Support Technician I

Program Description
Administration leads, directs and manages the activities of the DOW and provides administrative support for all divisions including: personnel services, clerical support, legal support, community relations, information technology (IT), training and safety; intergovernmental coordination with Federal, State and County agencies; and coordination of long-range planning, programs, and activities.

Program Objectives
a. Administration provides support to the BWS, County of Kaua‘i in its role to manage, control, and operate the waterworks of the County, and all property thereof; adoption of the DOW’s budget and establishment of water service rates and charges; and facilitate development and implementation of administrative rules and Board policies.

b. Administration administers the DOW’s staff and provide support for the operating divisions, through provision of clerical, personnel, legal and IT services; coordination of Department-wide training and programs; establishing goals, objectives and assignments for the operating divisions; and providing operational financial and procurement oversight for the Department.

c. Administration provides leadership for the DOW’s community relations and intergovernmental coordination with other federal, state, and county agencies.

d. Administration coordinates Department-wide initiatives and programs, including long range planning, development of business and capital improvement program strategies, staff and organizational development, water system security and adoption and integration of new technologies.

e. Administration provides internal outreach to employees during monthly staff meetings or weekly Division Head/Lead meetings to ensure all employees are aware of new or amended policies and procedures as well as various issues that require staff attention.
f. The DOW’s Administrative support team comprised of the Private Secretary, Secretary, Commission Support Clerk, Program Support Technician I, Clerk Typist, and Public Relations continue to implement cross training to ensure that all divisions are provided with the administrative assistance daily. Cross training allows the DOW to function without any interruptions when clerical or administrative support is necessary.

Program Highlights
a. During FY15-16, the DOW continued working on WP2020 projects. Public outreach initiatives were taken to promote water conservation and environmental education, through Project WET (Water Education for Teachers), and hosting the annual Make-A-Splash Festival (MAS).

b. The DOW continues to work with the Kaua‘i Watershed Alliance (KWA), an organization for mauka landowners dedicated to watershed conservation along with the Nature Conservancy of Hawai‘i (TNC) as the coordinator for the alliance. The DOW, although not a landowner, is a member of the Alliance, and continues to support the conservation goals and efforts of this group in recognition of the critical importance of the watershed for maintenance and enhancement of the water resources of the island.

c. The DOW also continues the work with the United States Geological Survey (USGS) Groundwater Monitoring Program to collect data and evaluate status and trends of water levels in selected wells on the island.

The following summary is an overview of some of the key department-wide accomplishments for FY15-16.

Board of Water Supply Items
a. Approved funding requests in support of training efforts and staff reorganization.

b. The Board approved the DOW’s FY15-16 operating budget of $27,871,247, executed fifteen (15) contracts, and completed various agreements and recommendations necessary for management of the waterworks of the DOW.

c. Rule Changes
   • Effective November 29, 2015 the Board of Water Supply, County of Kaua‘i modified the DOW’s Facilities Reserve Charges (FRC). The rules established are a result of years of effort by the DOW and the Board to find the most equitable means of assessing the fees upon new users. The new fees are based upon a fee study conducted, in accordance with the Hawaii Revised Statutes, by a third party consultant that analyzed the costs of the expansion portions of the DOW’s CIP plan, and broke those costs down accordingly. The DOW deleted Part 4, Section VII and created the new Part 5 that deals solely with the FRC. The rule modifies the charges that apply to all new developments and subdivisions requiring water supply, and to existing developments requiring new or additional water supply from the DOW. The FRC for the typical residential 5/8-inch water meter is increased by approximately 300% from $4,600 to $14,115.

d. Water Rates
The DOW established the water service rate structure in FY 2010. The four (4) yearly water service rate increases were implemented on January 1, 2012 and every July 1st thereafter for fiscal years 2013, 2014 and 2015. There is no scheduled rate increase for FY16-17. The DOW has contracted Raftelis Financial Consultants, Inc. in September of 2015 for the Financial Management Planning and Water Rate Analysis for the next five (5) years.

**Departmental Programs**

a. The DOW is a member of the American Water Works Association (AWWA). AWWA is a non-profit organization that benefits the DOW to improve public health with dedication to managing and treating the world’s most precious resource with standards and applications of resource and training available to the DOW.

b. The DOW is also a member of the Hawai‘i Water Works Association (HWWA). HWWA is a local based non-profit organization and a branch of AWWA. HWWA provides the DOW as the initial point of contact concerning water system standards and the improvement of practice in operating and management of the water works and government policies to the stewardship of water.

c. The DOW continues to reduce operational costs by filling vacant positions and reducing overtime. This is being hampered due the added overtime (OT) to cover needed functions included in reorganizations that have taken years to complete.

d. The DOW continues to provide leadership in emergency preparedness through its participation in the County’s Energy and Utility Council as assigned through the County’s Emergency Operations Plan.

**Information Technology**

**Program Description**
The Information Technology (IT) Section, within the Administration Division maintains databases for the DOW’s core Financial (Great Plains), Geographic Information System (GIS), Maintenance Management System (M-PET). IT maintains the Document Imaging System and Water Plan 2020 databases. IT supports the DOW’s Business and Supervisory Control and Data Acquisition (SCADA) Local Area Networks, website development, network maintenance, and troubleshooting for the Department. IT also maintains and trains new users on the DOW’s Voice over IP Phone System (VoIP).

**Program Highlights**
a. IT continues to support Fiscal’s billing section with the Customer Care and Billing System (CC&B). A encrypted quick vpn connection was created to support the more end users to utilize this program. Approximately fifty-four (54) users have the ability to connect to CC&B system. After three years of using CC&B, the DOW anticipates transporting the billing system in-house.

b. IT also maintains all peripherals including new printers, receipt printers, meter reader laptops, and hand held devices.
c. IT maintains the SharePoint server that contains portals for the Construction Management (CM) Division and Maps (As-Built drawings). CM houses all documents related to Capital Improvement Projects (CIP) and Private projects. Documents for a number of on-going projects can now be quickly located. The SharePoint server is remotely available to enable the CM Division to integrate their daily work flow out in the field. (i.e. An inspector can journalize and upload their journal/photos file directly into the SharePoint portal from the construction site.)

d. IT supports the Water Resources and Planning Division with consumption/customer information and data to populate onto the DOW’s hydraulic water model. These reports also serve as a basis for determining water needs for water service inquiries.

e. IT supports the Water Quality Division by generating the DOW’s Water Quality Reports, Consumer Confidence Report (CCR). These reports allow customers to view their water system’s water quality report online including the water quality from the other districts.

f. IT has been instrumental in moving the GIS program forward and continues to participate in the Kaua'i County’s Land Information Management System (LIMS) project to merge onto a centralized GIS system.

IT Plan
IT developed a Long Term Strategic Plan in September of 2012. The IT Plan established ten (10) tasks to be implemented over the course of six (6) years.

During this fiscal year, IT continues to work on three (3) of the IT Plan tasks.

Task 3: Migrate to SharePoint for Doc Imaging & Project Management
IT created a request for proposal (RFP) to implement a new Project Management System as well as a request for quotation (RFQ) to merge the DOW’s Document Imaging System to the SharePoint System.

The task involves replacing the Department’s obsolete document imaging system to the new SharePoint system.

As a result, IT scanned and indexed thousands of documents in preparation for the merge and final implementation is expected to be completed by the beginning of the next fiscal year.

This task also entails setting up a new Project Management System to help manage the DOW’s CIP and other construction projects. An RFP was developed and a vendor was chosen, but due to circumstances, was deemed unresponsive. The DOW plans to resume the RFP process again in the next fiscal year.

Task 4: Develop Web Based GIS Viewer and Map Layers
This task entails developing a web based GIS viewer and map layers.

In the area of GIS, IT provides training/support, when necessary. Whether creating maps for special requests or creating maps for new water projects and shut down areas, IT is
involved. The DOW’s hydrant layer has been provided to the County of Kaua‘i Fire Department as they become available.

In support of the GIS system, as-built drawings for the Wailua-Kapa‘a and the Waimea-Kekaha water systems were uploaded and indexed onto the SharePoint System Maps portal. The as-built drawings are linked to the water models in GIS.

IT has been working to develop the map layers. GIS water models have been updated to support the Pictometry software. These GIS models allow the maps to be accessible in the field and to be integrated into the system applications in the future. New models were developed for the Wailua-Kapa‘a and the Waimea-Kekaha water systems.

**Task 10: Upgrade IT infrastructure & Expand IT Support**
Upgrading and maintenance of IT infrastructure is an on-going task. IT continues to replace physical servers with virtual servers.

New servers are created and deleted as necessary. Several older servers were phased out and replaced with newer technology.

In preparation of the new administration building, single-mode fiber has been pulled between the Microlab and the existing administration building as well as between the Microlab and the new administration building.

The single-mode fiber can currently support 10Gbps, and will support higher speeds in the future. This is beneficial to ‘future-proof’ the DOW’s network.

The fiber that runs between the lab and new building has been terminated and verified for connectivity.

Switches were upgraded to match the new speeds of the new fiber runs. These network switches handle voice and data traffic much quicker which is necessary for future plans for the new data center.

A File Transfer Protocol (FTP) site was created in the cloud for the CM Division to support the construction bid process. This also supports other divisions of the DOW.

**Public Relations**

**Program Description**
The Public Relations (PR) Section, within the Administration division, performs a variety of public informational activities relating to departmental functions and programs. PR’s main objective is to coordinate, perform, develop, and expand the DOW’s public information and community outreach initiatives. This involves detailed coordination of promotional events, presentations and advertisements that highlight the DOW in a positive way. This also involves coordinating community outreach and education on water conservation, source water protection, and general water system operations. Lastly, PR achieves its main objective through the careful development and dissemination of accurate and timely public information to customers regarding the DOW’s dynamic water
system. The PR section coordinates and conducts its program with the ongoing assistance and involvement from all divisions at the DOW.

**Program Highlights**

The PR activities of note during FY 2015-2016 include the following:

a. **Project Water Education for Teachers (WET) Program**

   PR’s main focus for the DOW’s Project WET Program was to complete the DOW’s $230,000 Project WET for Source Water Protection Education grant contract from the State Department of Health – Safe Drinking Water Branch. PR was able to complete the DOW’s grant contract and expended the remaining $107,000 between July 1, 2015 and December 31, 2015. The Project WET grant included coordinating and conducting educator training workshops on Oahu during July and November 2015. PR also coordinated numerous supply orders for certified Project WET teachers who attended the trainings.

   In addition, the DOW’s Project WET program included PR’s coordination of the 12th Annual Make a Splash with Project WET Festival on Sept. 24, 2015. The festival gathered over 730 fifth-grade students to learn hands-on water education activities. The DOW continues to serve as the sole host institution for Project WET Hawaii, and its PR Specialist continues as the program’s state coordinator. The Clerical Assistant serves as a Project WET program facilitator.

b. **Community Outreach & Education**

   Facilities Reserve Charge (FRC) Increase – PR provided assistance with the public notices for the FRC proposed rule amendments and public hearing meeting. With assistance from the Water Resources and Planning Division and the DOW’s Deputy County Attorney, PR provided language and formatting for the “Frequently Asked Questions” information sheet. These informational sheets were mailed out to the 170 people who attended previous FRC meetings. PR assisted Administration with the logistics of the public hearing and provided communication and informational support for all staff throughout the FRC increase process.

   The Kaua’i Water Use and Development Plan – PR provided the logistical and administrative support for the five public meetings held on Oct. 21, 22, 27, 28 and 29, 2015.

   Hanalei Community Programs – PR facilitated Project WET activities to students of the Ahupuaa Explorations after school program for 4th through 6th grade students on Feb. 25, 2016.

   Science and Engineering Fair Community Showcase – With assistance from DOW’s Civil Engineer II, PR hosted a display at the Science and Engineering Fair’s Community Showcase on Feb. 26, 2016. The DOW was one of 16 community displays and shared information about the island’s water systems, water quality, and groundwater aquifers.

   Fix a Leak Week – PR coordinated the DOW’s Fix a Leak Week campaign from March 14 to 18, 2016. Fix a Leak Week is part of EPA’s Water Sense program that encourages Americans to help put a stop to the more than 1 trillion gallons of water
wasted from household leaks each year. 86 residents participated in the free leak detection starter kit giveaway this year.

Ag Day – PR participated as an exhibitor for the Agriculture and Environmental Awareness Day, held on May 5, 2016, at the Wailua Research Station of the UH-College of Tropical Agriculture and Human Resources. With assistance from DOW’s Microbiologist V, PR shared information about water treatment and distribution to approximately 530 students.

Kekaha School Math and Science Night – PR participated as an exhibitor for the Kekaha Elementary School’s Science and Math Nights on Sept. 9, 2015 and March 2, 2016, at Kekaha Elementary School. PR set up a display and shared information about the DOW’s water system, and demonstrated a groundwater aquifer model to approximately 100 students.

c. Media Campaigns

PR established a contract with KFMN-FM97 Radio Station to conduct consistent radio advertising when public announcements are needed (i.e. water shutdowns, road closures, emergency water conservation, workshops, festival and general water information). Contracted radio announcements ensure that notices are read on air frequently, and at a moment’s notice, when emergencies arise. The DOW also used its radio buys to promote conservation tips and other promotional advertising that benefitted the DOW.

PR coordinated the DOW’s partnership with Honolulu Board of Water Supply’s (BWS) 2015 Summer Water Conservation Media Campaign. The campaign included five to six months of cable TV commercials and radio advertisements centered on the message of water conservation. DOW’s radio ads ran on KONG and KJMQ radio stations.

d. Community Support

East and West Kaua’i Soil Water Conservation Districts (SWCD) – PR continued to work with the East and West Kaua’i SWCDs to support environmental and conservation education. Members volunteered for the DOW’s Make a Splash with Project WET Festival. PR once again submitted an article for the East and West Kaua’i SWCD’s annual report.

Salvation Army Angel Tree Program – The DOW participated in the December 2015 Salvation Army Angel Tree Program and donated a total of 32 gifts.

2016 Spring Food Drive – PR coordinated the DOW’s participation in the county’s annual Spring Food Drive for the Kaua’i Independent Food Bank. The DOW collected a total of 561 pounds of food, and came in 6th place out of the 12 other participating county departments.

Mayor-a-Thon – PR coordinated the DOW’s drinking water sponsorship for the Mayor-a-Thon event held on June 25, 2016. With additional assistance from DOW’s Waterworks Inspector II, and two summer interns, the DOW served water to all participants at the event.
e. **Construction Project Blessings and Dedications**
   PR assisted the DOW’s Construction Project Management Officer with promoting and coordinating the blessing and dedication ceremonies for the Kōlo Road Main Replacement Project, and the blessing ceremony for the Halewili Road Main Replacement Project.

f. **Conferences**
   PR gave a presentation at the Project WET USA Coordinator Conference and Training, held from Aug. 3 to 7, 2014, in Lone Wolf, Oklahoma. The presentation was titled, “Partnerships for Effective Workshops and Programming,” and highlighted the successful partnership between the DOW, Alaska and Idaho’s Project WET programs in conducting successful training workshops.


g. **Career Days**
   With assistance from fellow staff, PR participated in the Career Days for Wilcox Elementary School, King Kaumuali‘i Elementary School, and Kōloa Elementary School.

h. **Media Features**
   The DOW was featured in Trade Publishing’s Construction Preview 2016 Magazine. A list of expected projects for 2016 and a synopsis of the DOW’s 2016 construction projects were featured. Construction Preview 2016 was published in mid-January 2016.

   PR designed advertisements and wrote editorials for all of Kaua‘i Family Magazine’s publication issues from July 2015 to June 2016. Ads and editorials were focused mainly on water conservation messages.

i. **Increased Social Media Presence**
   PR continued to utilize the DOW’s social media pages for public communication. By the end of June 2016, there were 676 followers on Facebook and 744 followers on twitter.

2. **WATER RESOURCES & PLANNING DIVISION**

   **Program Description**
   The Water Resources and Planning (WR&P) Division is responsible for long-range planning and research and conducts analytical studies to meet the water needs of Kaua‘i. Part of this planning includes interaction with the customers, developers, and the County of Kaua‘i’s Planning Department. WR&P reviews the general plan and strategizes to coordinate it with the DOW’s water general plan. WR&P supports the DOW’s public education and water conservation efforts, and maintains the engineering records and mapping function of the Department. WR&P also administers the Cross Connection and Backflow Control Programs.
Current Staff:
Edward Doi, P.E. – Chief of Water Resources & Planning
Michael Hinazumi, P.E. – Civil Engineer VI
Regina Flores – Civil Engineer III
Keith Konishi – Engineering Support Technician IV
Cleve Shigematsu – Engineering Drafting Technician III
Vacant – Civil Engineer I
Vacant – Civil Engineer I

Program Objectives
a. WR&P conducts the review and planning of water systems of proposed developments to assure compatibility with the DOW’s planning and service availability requirements including the review of subdivision, zoning, land use and general plan amendments, building permits, and water service requests.

b. WR&P conducts investigations to obtain and analyze data to determine existing and future water system capacity requirements including long-range planning and research and analysis of water consumption and maximum demand to meet the water needs of Kaua‘i.

c. WR&P determines hydraulic criteria for reservoirs, pumping stations and water mains to evaluate and develop water network requirements.

d. WR&P conducts water resource investigations for the development of potential sources and conduct and/or administer studies relating to the protection of watersheds and water resources.

e. WR&P performs various long-range planning efforts for the DOW, including the update of Water Plan 2020, and completion of the DOW’s Vulnerability Assessments and Emergency Response Plan Update.

f. WR&P maintains maps and records of all DOW water facilities.

g. WR&P assists with the prevention of contamination of its water system from other liquids, mixtures, gases or other substances through the implementation and enforcement of the Cross Connection and Backflow Prevention Program.

Program Highlights
a. For FY15-16, WR&P has reviewed and processed the following applications and requests for water service:

Subdivisions, Zoning, Use Permit, Land-Use, GPA/Z, ADU Clearance ............179
Water Service Inquiries/ Water Meter Requests.................................................. 382
Building Permits .................................................................................................. 753

b. WR&P has completed the review of several water master plans for development projects and/or subdivisions such as: Village at Po‘ipū, Hokuala, The Lima Ola Affordable Housing Project and Kaua‘i Lagoons. The division also continued to administer approved Water Master Plans for Kukui‘ula Development Co., Kaua‘i
Lagoons Resort, Grove Farm Līhu'e - Puhi Project District and The Water Master Plan for the former AMFAC/JMB Lihue-Hanamā‘ulu Master Planned Community Development.

WR&P continues to utilize and amend Water Plan 2020, adopted in 2001, as a long-range financial and facilities plan to use as a basis for the DOW’s CIP/CRP program.

WR&P assisted the Administration Division along with the State Legislative Team to initiate the request for state funding to design, plan, and construct the DOW’s Hanapēpē – ‘Eleʻele Transmission Improvement Project. The DOW received the allotment of $4.45M appropriated by the state to fund this project.

d. WR&P is currently assisting in the review and development of the DOW’s meter restrictions, Facilities Reserve Charge (FRC) offsets, additional dwelling unit meter restriction, private water system developments, boundary adjustments, large lot subdivision exemption, leak rebate rule, and private well policies. WR&P also participated in the discussions and draft of the FRC rule in the DOW’s Rules and Regulations.

e. WR&P continues to assist in the DOW’s annual conservation programs. These included the DOW’s public education campaign water conservation.

f. WR&P assisted with new service applications and provided support to management, operations, fiscal and engineering divisions.

g. WR&P remains responsible for the design and implementation of capital improvement source development, storage and transmission mainline projects as assigned by the Manager and Chief Engineer.

h. During FY15-16, the annual backflow device test program continues to be refined and expanded. WR&P continues to review and approve backflow device construction plans as well as maintain an inventory and status of each device. WR&P supported Fiscal Division’s efforts to require the installation of backflow devices in order to qualify for the DOW’s agricultural water service rates.

i. WR&P continues to update the DOW’s hydraulic system models as well as the scanning of maps and other records onto the DOW’s intranet for internal efficiency.

j. WR&P participated in community meetings with various drought and watershed groups. WR&P continues to assist Kaua‘i’s local Drought Committee to develop County mitigation strategies and drought mitigation projects for Kaua‘i. WR&P supports the activities of the Kaua‘i Watershed Alliance (KWA) that included a DOW grant to their coordinators, The Nature Conservancy (TNC) for their continued maintenance and conservation efforts to protect Kaua‘i’s watersheds.

k. WR&P continues to coordinate and administer the USGS cooperative research program that studies the decreasing ground water levels for the Līhu‘e-Kapa‘a areas. WR&P also administered the University of Hawai‘i Office of Research Studies, “Projecting Future Rainfall Variations for Kaua‘i project.”
1. WR&P continues to administer the Kaua’i Water Use and Development Plan Update during FY15-16.

m. WR&P represents the DOW at the County’s Affordable Housing Task Force (AHTF) meeting that is conducted on a monthly basis. The AHTF continues to facilitate the development and approval of affordable housing projects on the island. The AHTF also addresses the development of affordable housing in Lihue, Po’ipū and ‘Ele‘ele.

3. ENGINEERING DIVISION

Program Description
The Engineering Division is responsible for the design of Capital Expansion Projects, and the Capital Rehabilitation and Replacement Projects (CRP/CRPL). Engineering administers engineering consultant contracts; evaluates the feasibility of pipeline alignments and sites for water facilities; prepares plans and specifications and bid documents for new water system facilities. Engineering also performs all necessary construction plan review for the DOW’s Water Plan 2020 projects.

Engineering provides design review services to both government agencies and private developers who design and build water system improvements that will be dedicated to the DOW. Engineering provides construction plan review for storage tanks, pumping facilities, pipelines and other water system facilities that are installed by other government agencies and private developers. The division is also responsible for maintaining the Water System Standards of the Department.

Current Staff:
Keiht Aoki, P.E. – Civil Engineer VI
Bryan Wienand, P.E. – Civil Engineer V
Vacant – Civil Engineer V
Eric Fujikawa – Civil Engineer III
Vacant – Civil Engineer II

Program Objectives
The Engineering Division is committed to conduct its business and operations in a safe and efficient manner and to achieve the following objectives:

a. Assist with the implementation of the DOW’s Capital Improvement Projects (CIP) including new facilities (well sources, storage tanks and waterline) through its Capital Projects- Expansion, and maintaining and upgrading existing water facilities through the Capital Rehabilitation and Replacement Projects (CRP/CRPL) Programs.

b. Enforces the standards of the DOW on the construction of water facilities.

c. Conducts the DOW’s design plan review for the integration of private development water system improvements onto the DOW’s expansion of the water systems.

Program Highlights
During FY15-16, the Engineering Division has continued to progress in utilizing the $60M Build America Bond (BAB) issued from March 2010 in addition to other funding
sources. The construction drawings for several projects have been completed and the design has progressed or been initiated on a multitude of other WP2020 projects to improve source, storage, or transmission infrastructure in various parts of the island.

DOW projects of note include:

**Kekaha District**
- no projects in design

**Waimea District**
- MO-03 – Land and Well Acquisition: Waimea 0.5 MG Tank, Well ‘A’ Site, Well No. 2 Site (Kekaha Well No. 2 Site)

**Hanapēpē District**
- HE-14 – Hanapēpē-‘Ele’ele Booster Pump Replacements
- HE-1 – Reorganize Water System; Pipeline Connecting Hanapēpē and ‘Ele’ele
- HE-10 – Hanapēpē Road 6” Water Main Replacement

**Kalāheo District**
- no projects in design

**Kōloa-Lāwa‘i-Omao District**
- LO-08, LO-10 – Lāwa‘i-Omao Water Main Replacement
- K-01 & K-12 – Kalaheo Water System Improvements (Yamada 0.5 MG Storage Tank, Clearwell 0.5 MG Storage Tank, 8” Water Main, Yamada Well)
- K-05A – Kukuiolono 0.5 MG Storage Tank
- K-18 – 8” Water Main Replacement Along Halewili Road
- KP-09 – Kōloa Wells “16A” & “16B” Site & Building Improvements
- Job 13-7 – Kōloa Well ‘D’ Retaining Wall and Site Repairs

**Līhu‘e District**
- PLH-01A – Grove Farm 0.5 MG Storage Tank (Replacement of Grove Farm Storage Tanks #1 and #2)
- PLH-35b – Kapaia Cane Haul Road 18” Water Main

**Kapa‘a District**
- WK-01 – Makaleha Tunnel Entrance Rehabilitation
- WK-23 – Wailua Homesteads 0.25 MG Storage Tank (U.H. Experimental Station Site)
- WK-08 – Kapa‘a Homesteads Two 0.5 MG Storage Tanks (1.0 MG Total)
- WK-39 – Kapa‘a Homesteads Well #4

**Moloa'a District**
- M-02 – Site Acquisition for 0.1 MG Moloa’a Storage Tank
- M-03 – Land and Well Acquisition, Moloa’a: Acquire Source, Install Pump, Controls, and 12” Pipeline

**'Anini District**
- no projects in design
Kīlauea District
- WKK-09 – Kōlo Road Main Replacement
- WKK-15 – Kīlauea (Pu'u Pane) 1.0 MG Storage Tank and Connecting Pipeline
- ANI-01 – ‘Anini & Kaliihiwai Road 6” Main Replacement, Phase 1 (Kīlauea to Kaliihiwai) & Phase 2 (Kaliihiwai to ‘Anini)

Hanalei District
- H-05 – Weke, Anai, Mahimahi and He'e Roads, 6” and 8” Water Main Replacement
- H-08 – Drill and Test Hanalei Well No. 2

Wainiha-Hā'ena District
- HW-11 – Hā’ena 0.2 MG Storage Tank
- HW-12 – Drill and Test Wainiha Well #4

Private development projects of note include:

Kekaha District
- no projects in design

Waimea District

Hanapēpē District
- ‘Ele’ele Iluna Subdivision, Phase 2, Increment 2

Kalāheo District
- no projects in design

Kōloa-Lāwa‘i-Omao District
- Makahuena Subdivision (S-2015-14)
- Kukui‘ula HH-11 Subdivision (S-2011-20)
- Village at Po‘ipū (S-2003-48) – Hoaka Street Extension
- Kukui‘ula Phase 3A/3B Subdivision (S-2013-16)
- County of Kaua‘i Work Force Housing
- Kukui‘ula CC/FF Subdivision Road E (S-2009-03)
- Waila‘au Road Water Line
- Kahela Subdivision – Parcel H (S-2016-02)

Līhu‘e District
- Kohea Loa Subdivisions
- Wailani Ahukini Makai Subdivision
- Wailani Molokoa Subdivision
- Waiola Ph. II Subdivision
- Waiola Ph. III Subdivision (S-2009-15)
- Kaua‘i Philippine Cultural Center
- Ho‘oluana at Kohea Loa Control Valve
- Rice Camp Senior Housing Ph. 2
Kapa'a District
- Kulana subdivision
- Morita Subdivision (S-2013-23)
- Sudz Car Wash

Moloa'a District
- no projects in design

'Anini District
- no projects in design

Kīlauea District
- Kīlauea Community Ag. Park

Hanalei District
- no projects in design

Wainiha-Hā'ena District
- no projects in design

The Engineering Division has received thirty-three (33) new private development projects for review in addition to ongoing private development and other government agency design projects. Engineering’s goal is to complete the design for CIP and CRP/CRPL projects for the DOW.

4. CONSTRUCTION MANAGEMENT DIVISION

Program Description
The Construction Management Division (CM) administers all of the construction for Capital Improvement Projects (CIP), Capital Rehabilitation and Replacement Projects (CRP/CRPL), and provides engineering design and inspectional services to the Operations Division during emergencies as needed.

The CM Division administers construction contracts; evaluates the constructability of pipeline alignments and sites for water facilities through plan design review, prepares plans and specifications and bid/request for proposal (RFP) documents for new water facilities and implements and inspects the DOW’s standards and policies. The Division performs all necessary plan design review and construction inspection for Water Plan 2020 projects.

The CM Division also provides construction management to private developers who design and build water system improvements that will be dedicated to the County by performing construction inspection along with reviewing and approving post-construction documents for water facilities that are being dedicated to the County.

There were seven (7) permanent positions in the CM Division for FY15-16. Of the seven positions, three positions are within the Project Management Series and four positions are within the Inspector Series. The DOW has been fortunate to hire an engineer as Project Manager and a new Waterworks Inspector I. There is one (1) vacancy remaining in
Project Management and one (1) in the Inspection section due to recent retirement. These vacant positions are being reclassified with the Department of Human Services (DHR) to better attract and retain staff. The Division is in need of a Construction Management clerk with the Engineering Program Assistant contract having expired. This is a position that the Board approved in FY15-16. The CM division has had an extremely difficult time attracting and retaining qualified staff and continues to implement a plan to deal with the problem. Project Managers are difficult to attract and retain in the same sense as engineers since it is nearly the same requirement. The CM Division will be looking to create the proper series whether in Project Manager or Civil Engineering to accomplish our goals.

Current Staff:
Dustin Moises, P.E. – Construction Project Management Officer
Joel Bautista - Project Manager
Vacant - Project Assistant
Daniel Kittredge - Waterworks Inspector III
Leopoldo Anguay - Waterworks Inspector II
Richard Banasihan - Waterworks Inspector II
Vacant - Waterworks Inspector I

Program Objectives
The CM Division is committed to conduct its business and operations in a safe and efficient manner and to achieve the following objectives:

a. Improve the water facilities infrastructure by constructing new well sources, storage tanks and waterlines through its Water Plan 2020 Capital Improvement Project (CIP) as assigned.

b. Maintain and upgrade existing water facilities through the Water Plan 2020 CRP/CRPL Program as assigned.

c. Coordinate construction and integration of privately constructed water system improvements, as assigned, that are dedicated into the Department's system.

d. Provide construction management and inspectional services to ensure the assigned construction of water facilities adhere to plans and specifications and the standards and policies of the Department.

e. Provide engineering design review for all Water Plan 2020 Projects.

The CM Division is primarily responsible for the construction and inspection of water projects such as reservoirs, pumping facilities and pipelines by planning, reviewing plan designs for constructability, preparing construction RFP documents and subsequent construction management, and inspecting water system improvements funded by the Department as outlined in Water Plan 2020. The CM Division is also responsible for the construction management and inspection of all private funded projects such as service laterals and subdivisions. The increase in private development over the last year has occupied much of the division’s time and is expected to continue over the next year.
Program Highlights
DOW WP 2020 Project:
During FY2015-2016, the Department’s Construction Management Division has made continued progress in utilizing the $60 million Build America Bond (BAB) issued in March of 2010. The CM Division also manages funding from the State Department of Health Drinking Water State Revolving Fund, acquired grant funding, as well as managing the funding from the Water Utility General fund. In the process, the CM Division completed construction on several projects while several other projects are nearing completion.

Dow projects of note include:

- **Kekaha District**
  - no projects were in construction

- **Waimea District**
  - no projects were in construction

- **Hanapēpē District**
  - no projects were in construction

- **Kalāheo District**
  - WP2020 Job No. K-18 8” Main Replacement Project along Halewili Road started construction

- **Kōloa-Lāwa‘i-Omao District**
  - no projects were in construction

- **Līhu‘e District**
  - WP2020 Job No. PLH-39 Līhu‘e Baseyard Improvement Project continued construction

- **Kapaa District**
  - no projects were in construction

- **Moloa’a District**
  - no projects in construction

- **'Anini District**
  - no projects in construction

- **Hanalei District**
  - no projects were in construction

- **Wainiha-Hā‘ena District**
  - no projects were in construction

In summary, the CM division is currently managing $13.4 million of Water Plan 2020 projects. There is currently one design consultant contract which is a carryover from
Special Projects in total of approximately $0.914 million. Two other projects are/were in various stages of construction, with an approximate value of $11.6 million.

There have only been two new projects advertised for construction within FY15-16, but it is anticipated to be much more active in FY16-17 as the backlog of designs from the past 4 years are completed. The RFP process has been a success and all future construction projects are intended to be procured by this method and not necessarily the lowest offeror will be chosen for construction. Further, based on current CM Division design reviews, it is anticipated that several water plan 2020 projects will be ready for construction in FY-16-17.

PRIVATE PROJECTS:
The CM Division has managed numerous privately funded projects which include additional service laterals, detector checks, waterline extensions, hydrants, and appurtenances.

In total nearly forty (40) private projects were initiated, continued, and/or completed during the fiscal year. The private projects require critical project management and inspection as they include review and approval of cost breakdowns, easements, conveyances, and as-builts.

The CM Division managed and inspected the construction of various private developer water projects. The private sector development has remained steady since last fiscal year with the completion of projects in Kukui’ula (Parcel FF), Hokulei Village and thirteen (13) other private projects. Private projects are in design and are expected to increase during the next fiscal year in Kukui’ula and Grove Farm Properties while new construction will also start/continue at Hooluana at Kohea Loa (Hanamā’ulu Triangle), Rice Camp Senior Housing Phase II, Wailaau waterline, as well as other private projects.

INITIATIVES:
1) In FY15-16, The Manager’s directive allowed Operations to install service laterals to reduce the requirements and overall costs on the DOW’s rate payers while increasing the FRC revenue. The CM and Engineering Divisions are able to focus more on the DOW’s Water Plan 2020 projects to provide a quick turn-around time and save on the design and construction costs for the consumer. It eliminates formal designs, private contractors, conveyances, etc. It has been a benefit for both the DOW and the consumer.

2) In addition to various County wide trainings, the CM Division completed various trainings throughout the fiscal year to stay updated, evolve and progress with the ever changing requirements related to water utility construction such as:

- Hawaii Rural Water Associations PLC/SCADA Workshop
- OSHA 10-Hr training
- Trench Excavation Safety workshop –Competent person training
- Construction Management Claims & Change Order Webinar Series (16 weeks) completed by Construction Project Management Officer
- Temporary Traffic Control Plan Development Workshop
- AWWA Pumps, Tanks, and Restrained Joints Design Workshop
3) After a successful pilot implementation of the electronic inspection journal process, IT assisted the CM Division to successfully integrate electronic journaling to all projects currently managed. All Water Plan 2020 and private construction projects are now documented electronically and available via the SharePoint Portal. The CM Division continues to evolve with the paperless process and has started the transition to a more comprehensive construction management software to include contract management, funding, procurement, and other aspects of project management. IT also assisted the CM Division to select a software provider with the goal to implement in FY16-17.

5. WATER QUALITY DIVISION

Program Description
The Water Quality Division consisting of two (2) Water Microbiologists and one (1) Chemist is responsible for the quality and safety of the water provided by the DOW. The division oversees the DOWs compliance with the Environmental Protection Agency’s (EPA) Safe Drinking Water Act (SDWA). This entails that the requirements of all the rules and regulations set forth by the SDWA. There are microbial and chemical aspects to the SDWA. Much of the required microbial testing is performed at the Water Quality Division’s laboratory. Basic chemistry is performed in the lab as well. Much of the more involved testing is done by Eurofins Analytical and the Hawaii Department of Health’s Laboratory in Honolulu.

The Water Quality Division also provides in-house testing for the DOW’s Operations Division. Major water main breaks and new infrastructure are tested for coliforms as well as other chemical/physical analysis. Wells are also tested for microbial contaminants on a regular basis as well as when new pumps are repaired or installed.

The Water Quality Division also addresses customer inquiries regarding water quality and health/safety concerns. This is done by phone or in person (visits to customers).

The Water Quality Division provides the data needed to complete the DOW’s annual Consumer Confidence Reports.

Current Staff:
Carl Arume – Water Microbiologist V
Peggy Yoshioka - Water Microbiologist IV
Andrew Canavan – Chemist II

Program Objectives
a. The Water Quality Division continues to maintain good water quality in all current and future distribution systems.
   - Continue compliance microbial sampling.
   - Update sampling points as necessary reflecting population and community growth.
   - Monitor major main breaks and other insults to the integrity of our distribution systems.

b. The Water Quality Division complies with the EPA-SDWA drinking water standards by working with the DOH’s Safe Drinking Water Branch.
• Utilize SDWIS and SCRS data management systems.
• Meet sample deadlines.
c. The Water Quality Division is working to implement more dedicated sampling stations in the DOW’s distribution systems.
   • Work with the DOW’s Operations Division to install dedicated sample stations.
   • Work with Engineering to have stations installed in new subdivisions.

Program Highlights
a. The Water Quality Division’s Sample Reservation and Collection System (SCRS) allow the DOW to schedule and track chemical samples more effectively. It also facilitates better coordination with DOH’s Safe Drinking Water Branch.

b. A reverse osmosis system is in the lab. The Ultrapure water is available to Operations for battery maintenance. Ice machine is also available to DOW personnel.

c. Phase II, V sampling continues this year for all systems.

d. Effective April 2016, the Water Quality Division implemented the Revised Total Coliform Rule (RTCR). Sample points were reviewed and updated. Micro Sample Points and sources were mapped and photographed for input into the new format as required by the new regulation.

e. Lab inspection was done in June of 2016.

f. Long Term 2 Enhanced Surface Water Treatment Rule 2nd round sampling plan is completed and approved by SDWB. Sampling to begin in October of 2016.

g. One new dedicated micro sampling station was installed by the DOW’s Operations Division.

h. The Water Quality Division continues to abide by all existing Safe Drinking Water Act (SDWA) rules and standards.

i. Lead and copper samples were taken for the 2015 sampling period. Reduced Monitoring does not require any to be taken in 2016.

j. The DOW is meeting all safe drinking water requirements.

6. OPERATIONS DIVISION

Program Description
The Operations Division is responsible for maintaining and operating the DOW’s water distribution network, water storage facilities and water producing sources. As water is an essential commodity, emergency repairs and trouble calls are provided round-the-clock on an as-needed basis. In order to accomplish its mission, the Operations Division maintains and stocks a complete inventory of materials and supplies for assurances that repairs are completed in a timely manner. The Operations Division handles the smaller construction projects and participates in large pipeline installation projects. It also
initiates field engineering to ensure efficient operations. Along with the responsibilities of providing potable water, it provides the DOW’s fleet management functions and is responsible for the maintenance, repairs and replacement of vehicles and equipment.

Under the direction of the Chief of Operations, the Operations Division team of forty-eight (48) is comprised between the Plant Operations Section and the Field Operations Section.

Current Staff:
Valentino Reyna – Chief of Water Operations
Ryan Smith – Assistant Chief of Water Operations
Chris Nakamura - Water Service Supervisor III
Virgil R. H Kapanui - Water Service Supervisor III
Vacant – Water Plants Superintendent
Vacant – Water Field Operations Superintendent
Amy Kiyotsuka - Clerk Dispatcher II
Vacant – Senior Account Clerk
Malia Reis - Account Clerk
Shayce L. Yasutake - Automotive Mechanic II
Ray Jerry Silva - Automotive Mechanic I
Vacant – Heavy Vehicle & Construction Equipment Mechanic I
Peter Sapinoso – Equipment Operator II
Larry Dabin – Equipment Operator II
Corey Silva – Equipment Operator II
Lenny Camat – Equipment Operator II
Vacant – Equipment Operator II
Vacant – Groundskeeper
Raymond A.F. Jr. Chow – Lead Pipefitter
Brian Fujii – Lead Pipefitter
Alan Iwasaki – Lead Pipefitter
Warren Rita – Lead Pipefitter
Craig Shirai - Lead Pipefitter
Franklin Iwai – Pipefitter
Casey Kaohelaullii – Pipefitter
Selwyn Rita – Pipefitter
Jeffery Silva – Pipefitter
Randal Watanabe – Pipefitter
Darren Horner – Pipefitter Helper
Russell Yonohara - Pipefitter Helper
Michael Mack - Pipefitter Helper
Wiley Yoshioka - Pipefitter Helper
Clyde Kojiri - Pipefitter Helper
Darren H. Galas – Maintenance Worker I
Serafin Galves S. Jr. – Construction & Maintenance Worker II
Russell Coyaso – Maintenance Worker II (retired 12/30/15)
Darwin P. Bukoski – Plant Electrician
Vacant – Plant Electrician Helper
Vacant – Utility Worker
Kevin J.K. Pongasi Water Meter Mechanic
Ronald Yamashita – Assistant Water Plant Operator
Lance Nakata – Water Plant Operator I

Program Objectives
The Operations Division daily activities are centered along the following:
a. Operating, monitoring and maintaining 52 deep-well pumping stations, 19 booster pumping stations along with its associated electrical motor control centers and chlorination disinfection equipment, four tunnel sources, 60 storage tanks, and 75 control valve stations.

b. Maintaining, repairing, and replacing mechanical and electrical malfunctioning components, equipment and infrastructure to maintain water service.

c. Maintaining and repairing the DOW’s 46 vehicles, two backhoes, four skid steer loaders along with their various attachments, one mini-excavator, one portable air compressor, 12 trailers, 15 trailer-mounted generators ranging in sizes from 70 KW to 400 KW, two light towers, two directional arrow boards and numerous motorized hand-operated construction equipment.

d. Operating, monitoring and maintaining more than 400 miles of pipelines, 21,200 consumer water service connections, 4,000 valves, 2,400 hydrants and standpipes.

e. Installing new service connections and meters including the replacement of defective meters and those in service for 20 years. Providing temporary water services through hydrant meter connections for construction activities like dust control and landscaping.

**Program Highlights**

**Field Operations Section Statistics FY15-16**

- Various leak repairs (transmission and distribution lines)……..467
- Install Lateral……………………………………………………..44
- Install New Meters………………………………………………..50
- Replace Defective Meters……………………………………….158
- Replace Meter Box and Cover……………………………………20
- Live Taps and Contractor Waterline Shutdowns………………..18
- One Call Center Tickets (requests for markings)………………..511
- Fire Hydrants Preventative Maintenance Work Orders………..136
- Fire Hydrant Corrective Maintenance and Replacements………24
- Temporary Fire Hydrant Meter Installations……………………..15

**Plant Operations Section Statistics FY15-16**

a. Auto mechanics performed routine troubleshooting and repairs of vehicles and equipment. 159 work orders.

b. Electricians performed electrical routine troubleshooting and repairs at various island wide remote sites. 50 work orders.

c. Installed 32 eye wash stations at remote sites and baseyard.

d. Water Plant Operators performed routine maintenance of all remote sites as well as maintenance of pumps and motors. 47 work orders.
Water Plant Operators performed routine daily check of island-wide water disinfection and storage systems.

e. Maintenance Workers performed routine construction, repair, maintenance works at island wide remote facilities. 84 work orders.

Other Program Highlights for FY 2015 – 2016


b. Contract 597 for baseyard rain gutters replacement was completed.

c. Contract 599, pump and motor replacement as well as well refurbishment for Kilohana Well B were completed.

d. Contract 610, Kalaheo Well and Tank Sites tree cutting was completed.

e. Contract 619, Jelly Factory Booster Pump replacement and refurbishment was executed.

f. Contract 623, Koloa Well C refurbishment was executed.

g. Contract 605, GE MDS TransNet Radios to replace obsolete GE Spread Spectrum radios to upgrade SCADA Communication System was completed.

h. Assisted Engineering Division in construction plan review of DOW facilities improvements, expansions, repairs and maintenance.

i. Operations Division personnel performed in-house construction, repair, maintenance of remote site access roadways and structures.

j. Coordinated with Hawaii Rural Water Association (HRWA) for training and guidance in water audits as well as ways to reduce the use of non-revenue water.

k. For FY15-16, 2,224 work orders were issued for Operations Division. Works included vehicle maintenance and repair; hydrant maintenance and repair; Hawaii One Call requests for markings; transmission/distribution/main line and appurtenances leak repair and maintenance; electrical and electronics repair and maintenance at remote terminal units, tank sites, deep well sites, and booster pump sites; grounds keeping at remote sites; repair and maintenance of access roads and driveways at remote sites; remote buildings and structures repair and maintenance; disinfection/chlorination equipment repair and maintenance; water meters installation, repair and replacement;

l. Operations Division coordinated with Public Works, Solid Waste Division to allow Public Works to access DOW site in Kalaheo thus allowing automated trash pick-up for upper Kalaheo residents.
7. **FISCAL DIVISION**

**Program Description**
The Fiscal Division is responsible for administering the fiscal programs of the DOW. Under the direction of the Waterworks Controller, the Division consists of Accounting Section and Consumer Service/Billing Section. Programs of the Division include:

a. Administering the fiscal programs including general and customer accounting systems, cash management, cost accounting, payroll, leave records, accounts payable, general and utility plant accounting, consumer billing, accounting, and meter reading.

b. Prepares financial and statistical reports; conduct internal audits; initiate financial and statistical studies of the DOW for reports and rate making.

c. Assists the Manager in the development of the annual budget.

**Current Staff:**
- **Marites Yano** – Waterworks Controller
- **Fay Tateishi** – Accountant IV
- **Analyn Flores** – Accountant IV
- **Anne Parrott** – Accountant III
- **Elaine Ruiz** – Accountant II
- **Laurien Hardwick** – Account Clerk
- **Karen Ann Delgado** – Accountant II
- **Rosemarie Navea** – Accountant I
- **Mona Yamauchi** – Customer Relations Assistant
- **Norma Imada** – Customer Service Representative II
- **Amberbriana McCarthy** – Customer Service Representative I
- **Wesley Hee** – Customer Service Representative I
- **Gloria Rafael** – Meter Reader Supervisor
- **Ronald Balbin** – Meter Reader
- **Eugemar Manibog** – Meter Reader
- **Elliot Jung** – Meter Reader
- **Tessie Guerrero** – Janitor II
- **Vacant** – Accountant I

**Program Objectives**
- **Waterworks Controller**
  a. Administers the affairs of the Fiscal Division and all programs assigned to it.
  b. To preserve the financial integrity of the DOW through internal control and annual financial audits.
  c. To generate a return of investments and to insure deposits with financial institutions are fully collateralized.
  d. Ensuring the availability of funds to meet cash flow requirements.

- **Accounting**
  a. To provide accurate, complete, and timely recording and reporting of the financial transactions and activities of the DOW.
b. To process the DOW’s payroll in a timely manner.
c. To process accounts payable and issue payments in a timely and efficient manner.
d. Accountability of the Utility Plant Assets and Property.

Accounting System:
- The accounting section utilizes the Great Plains Financial System to process and maintain the DOW’s general ledger accounts. The DOW recently re-implemented the use of Great Plains by re-describing the existing chart of accounts. A new program for “Requisitions” was fully integrated with the existing “Purchase Order” system in Great Plains.
- Monthly financial closing and reporting was enabled to allow detailed reports for the board. Manual worksheets and reporting was automated after the Great Plains Financial Accounting System’s re-implementation.
- The DOW continues to prepare the budget format where each Division/Section Head are budget managers of their own division/section’s budget. An Encumbrance Report can be viewed and generated to monitor a year to date budget status.
- The DOW’s payroll is processed twice a month through the County’s AS 400 payroll system. The DOW adheres to the County’s payroll deadline to meet their closing requirements.
- The DOW uses the Maintenance Productivity Enhancement Tool (MPET) to process the Operations Division’s timesheet for payroll. In addition, MPET is used to maintain the DOW’s Materials and Meters Inventory as well as keeping track of Work Orders for billable and non-billable charges.
- Fiscal Reorganization to re-align some existing positions with current job descriptions was submitted and approved by the board; awaiting approval from the County’s Human Resources department.
- The DOW procured a Consultant for Professional Services to conduct a new five (5) year water rate study.

Consumer Service
a. To provide timely billing, collection, accounting and depositing payments of water bills and jobbing invoices.
b. Process meter applications and new services.
c. Service customers who inquire about billing, payment and collection matters.
d. Maintain records of accounts receivable.

Consumer Service:
- DOW water bills are generated through the Honolulu Board of Water Supply (BWS).
- The use of CC&B now allows the DOW to bill monthly so meters are also read monthly. This created additional workload to billing section. Options are being considered such as below;
- Request for lock box implementation was submitted to HBWS for DOW implementation.
- E-bill presentment is an option available to customers that supports the “GO Green” initiative.
• The use of credit card as payments for water bills is on the table for consideration. Procurement process may start before the end of FY16-17.

• The DOW will be soliciting Request for Proposals (RFP) for a new Customer Information System (CIS). Currently, the DOW’s billing and collection is processed through Honolulu Board of Water Supply (BWS) Customer Care & Billing system.

• Billing Re-organization was approved by County Human Resources with the addition of one (1) New Accountant Position to accommodate increased workload from the bi-monthly to monthly conversion and the implementation of a new Billing Standard Operating Procedure.

**Program Highlights**

a. Water service sales and other revenues for FY15-16 was $29.6M. The DOW provided water service to approximately 21,350 customer accounts with water consumption totaling 4.048 billion gallons.

b. Operating expenses and debt service for FY15-16 was $31.6M; $8.3M of which was for debt service, $7.1M for depreciation costs, $1.5M for cost from water agreements, $2.1M was for hydrants maintenance and cost of electrical power purchased for pumping was 2.5M. T

c. A summary of changes in the physical assets of the DOW of Water is attached:
# Utility Plant Additions

**Department of Water, County of Kaua'i**  
**June 30, 2016**

**Transmission & Distribution Mains**  
2,413,926.65

<table>
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# Utility Plant Additions

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**Total Services:** 676,672.68

**Total Meters:** 38,655.21
### Utility Plant Additions

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<td>Fire Hydrant 2 1/2&quot; &amp; 4 1/2&quot; outlets &amp; 6&quot; Gate Valve</td>
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**Total Utility Plant Additions:** 3,393,231.55

### Capital Lease Additions

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**Total Capital Lease Additions:** 20,119.57

### General Plant Additions

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**Total General Plant Additions:** 519,514.70

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**Notes:**
- Hydrants 263,977.01
- Transportation Equipment 377,111.69
- Total General Plant Additions 519,514.70
- Total Utility Plant Additions 3,393,231.55
- Total Capital Lease Additions 20,119.57
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### General Plant Retirement

**Department of Water, County of Kauai**  
**June 30, 2016**

#### General Plant Retirement

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<th>Date Acquired</th>
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DEPARTMENT OF WATER
County of Kaua‘i

“Water has no Substitute – Conserve It!”