A. CALL TO ORDER

B. ROLL CALL

C. ACCEPTANCE OF AGENDA

D. MEETING MINUTES: Regular Meeting – August 19, 2010

E. CORRESPONDENCE/ANNOUNCEMENTS

1. Letter from Kukui‘ula requesting approval of Piwai Tank / Akemama Tank Agreement

F. BOARD COMMITTEE REPORTS

1. Report of the Finance Committee of the Kaua‘i County Board of Water Supply
   a. Claims Payable

2. Report of the Committee Of The Whole of the Kaua‘i County Board of Water Supply
   a. Performance Evaluation of the Manager and Chief Engineer (may be held in Executive Session if needed)
   b. Manager’s Report No. 11-17 – Request Board Approval of the Proposed Revised Organizational Chart to organize for future operations.

G. OLD BUSINESS

1. Job Performance Evaluation of the DOW Manager and Chief Engineer (may be held in Executive Session if needed)

2. Board Discussion and Possible Action on Board Policy No. 16, Reports for Out-of-State Travel
G. OLD BUSINESS – contd.

3. **Manager's Report No. 11-10** - Request Board Approval to Concur with Mayor Carvalho’s "Consortium for Kaua‘i’s Sustainable Regional General Plan"

4. **Manager's Report No. 11-17** – Request Board Approval of the Proposed Revised Organizational Chart to organize for future operations.

5. **Manager's Report No. 11-18** - Letter from Governor Linda Lingle concerning the DOW request to replace the 8-inch waterline with a 12-inch waterline to improve water services to Waimea Canyon School and surrounding facilities, options to take care of shortfall

H. NEW BUSINESS

1. **Manager's Report No. 11-19** - Request Board Approval of the following documents from the following applicants for their respective projects:

   a. Conveyance of Water Facility from Kauai Bible Church, a Hawaii Non-Profit Corporation; Alexander and Baldwin, Inc., a Hawaii Corporation; McBryde Sugar Company, Limited, a Hawaii Corporation; and Kukuiula Development Company Hawaii), LLC, a Hawaii limited liability company for the Piwai Wells 16-inch Transmission Line, TMK’s: (4) 2-5-01: 002(por), 008(por), 011(por) and 012(por), Koloa, Kauai, Hawaii


   c. Cancellation of Easement “A” between Alexander & Baldwin, Inc. and the Board of Water Supply, County of Kauai, for the Piwai Wells, Tank, and 16’ Transmission Line, TMK: (4) 2-5-01:002; 2-5-01:008 and 2-5-01:011, Koloa District, Kauai, Hawaii

   d. Conveyance of Water Facility from Nancy Loder, Trustee of the Earl C. Loder, M.D. Pension Trust for One (1) each 1-inch Copper Single Service Lateral for 5/8 inch Water Meter, for Unit II, Hale Opelu Condominium, TMK: (4) 5-5-010:080, Hanalei, Kaua‘i, Hawai‘i

   e. Right of Entry Agreement for the Pipeline Replacement, Kapaa Homesteads, Phase II, Job No. 02-18, Water Plan 2020 Project No. WK-32, Affecting the Following Landowner in Kapaa, Kauai, Hawaii

      1. Board of Water Supply, County of Kauai, affecting Portion of TMK: (4) 4-6-011:003, Kapaa, Kauai, Hawaii
H. **NEW BUSINESS – contd.**

f. Right of Entry Agreement for the Waimea Main Replacement, Job No. 05-01, Water Plan 2020 Project No. KW-16, Affecting the Following Landowners in Waimea, Kauai, Hawaii

1. West Properties, LLC., affecting Portion of TMK: (4) 1-6-05:021, Waimea, Kauai, Hawaii

2. Robinson Family Partners, affecting Portion of TMK: (4) 1-6-03:024 & (4)1-6-03:052, Waimea, Kauai, Hawaii

2. Suggestions for Capital Improvement Projects (CIP) for Next Year’s Legislative Session

3. *Manager’s Report No. 11 – 20* – Budget Amendments:
   a. Transfer of SRF funded projects to BAB
   b. Waimea Well ‘A’ Water Utility Funded Project


6. *Manager’s Report No. 11 – 23* - Request Approval of Payment of Claims and Disbursement of Funds Policy 15A


9. *Manager’s Report No. 11 – 26* – Dedication Deed for Water Tank Site and Water Well Sites from Alexander & Baldwin, Inc. and McBryde Sugar Company, Limited, both Hawaii Corporations, TMK: 2-5-001:002(por) and 001(por), Omao, Koloa District, Kauai, Hawaii
I. **STAFF REPORTS**

**MONTHLY:**
1. Statement of Kaua‘i County Water Department’s Revenues and Expenditures
2. Report by the DOW Public Relations Specialist on her Public Relations Activities
3. Deputy Manager’s Summary Report on Monthly Operational Maintenance
4. Manager’s Monthly Update Regarding Activities of Note of the Kaua‘i County Water Department

J. **EXECUTIVE SESSION:**

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

**REVIEW OF EXECUTIVE SESSION MINUTES:** None

Pursuant to Haw. Rev. Stat §§92-4 and 92-5(a)(2), the purpose of this executive session is to consider the Job Performance Evaluation of the Department of Water’s Manager and Chief Engineer. This deliberation involves matters affecting the privacy of the Manager and Chief Engineer. If the individual concerned requests an open meeting, an open meeting shall be held.

1. Job Performance Evaluation of the DOW Manager and Chief Engineer

K. **TOPICS FOR NEXT WATER BOARD MEETING:**

1. Job Performance Evaluation of the DOW Manager and Chief Engineer
2. Annual extension (11-18-10 to 11-17-11) of Volunteer Agreement with Mike Fernandes for Grounds Maintenance of our Nonou 0.2 MG Tank Site Located in Wailua Houselots, Wailua, Hawai‘i
3. Board Review of 2020 Plan Priorities
4. Request Board Approval of Resolution No. 5 (10/11), Legislative Budget

**Quarterly Reports:**
1. For the Board’s Information on the Kaua‘i County Water Department Briefing on Departmental Projects (October, 2010)
K. **TOPICS FOR NEXT WATER BOARD MEETING – contd.**

2. Strategic Plan Update: Issue Champions & Affordable Housing Reports (*October, 2010*)

3. Informational Report on Manager's Goals (*October, 2010*)

**COMMITTEE OF THE WHOLE**

1. *Manager’s Report No. 11-16* – Request Board Approval for Grant Funding from the Department of Health Safe Drinking Water Branch to Develop and Initiate Implementation of a Wellhead Protection Program for the County of Kauai

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

1. Draft Annual Audit

2. Board Meeting Dates for Next Year

3. Election of Officers in Committee Meetings

**M. UPCOMING EVENTS**

1. Hawai'i Water Works Association (HWWA) Annual Conference on Kaua'i - *October 13-15, 2010*

**N. NEXT WATER BOARD MEETINGS**

1. Thursday, October 21, 2010, 10:00 a.m.

2. Thursday, November 18, 2010, 10:00 a.m.

3. Thursday, December 16, 2010, 10:00 a.m.

4. Thursday, January 20, 2011, 10:00 a.m.

5. Thursday, February 18, 2011, 10:00 a.m.

6. Thursday, March 17, 2011, 10:00 a.m.

**O. ADJOURNMENT**
Minutes
Committee Meetings

August 19, 2010

Board present: Chair Randall Nishimura, Donald Fujimoto, Dee Crowell, Leland Kahawai, Raymond McCormick. Absent & excused: Ian Costa, Roy Oyama

Staff present: David Craddick, William Eddy, Keith Aoki, Gregg Fujikawa, Keith Fujimoto, Faith Shiramizu, Mano Yano, DOW Deputy County Attorney Andrea Suzuki and Board's Deputy County Attorney Amy Esaki.

FINANCE COMMITTEE MEETING:
Finance Committee Vice Chair Leland Kahawai called the meeting to order at about 10:06 a.m.

Chair Nishimura recused himself from voting on this item.

Re: Claims Payable (as of July 31, 2010):

WATER UTILITY FUND: $1,268,405.66
BOND FUND: $222,271.35
FRC FUND: $146,466.25
STATE FUND: $-0-
TOTAL $1,637,143.26

Mr. D. Fujimoto moved that the claims be approved for payment, seconded by Mr. Crowell; by a unanimous vote; motion was carried.

The Finance Committee was duly adjourned at about 10:07 a.m.

There being no other business, the Committee meetings were duly adjourned at 10:07 a.m.
REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, August 19, 2010

The Board of Water Supply, County of Kaua‘i, met in regular meeting at its office in Līhu‘e on Thursday, August 19, 2010. Chairperson Randall Nishimura called the meeting to order at 10:07 a.m. On roll call, the following answered present:

BOARD:  Mr. Randall Nishimura, Chairperson
         Mr. Ian Costa (present at about 10:15 a.m.)
         Mr. Dee Crowell
         Mr. Donald Fujimoto
         Mr. Leland Kahawai
         Mr. Raymond McCormick
         Mr. Roy Oyama (present at about 10:09 a.m.)

Quorum was achieved.

STAFF:  Mr. David Graddick
         Mr. William Eddy
         Mr. Keith Aoki
         Mr. Gregg Fujikawa
         Mr. Keith Fujimoto
         Ms. Faith Shiramizu
         Ms. Mariles Yano
         DOW Deputy County Attorney Andrea Suzuki
         First Deputy County Attorney Amy Esaki

GUESTS:  Mr. Dan Chang, State Department of Health Safe Drinking Water Branch
         Max W. J. Graham, Jr., Esq., Belles Graham Proudfoot Wilson &
         Chun, LLP
         Mr. Léo Azambuja, The Garden Island newspaper

AGENDA:

Chair Nishimura requested to have Manager’s Report No. 11-16 – Request Board Approval for Grant Funding from the Department of Health Safe Drinking Water Branch to Develop and Initiate Implementation of a Wellhead Protection Program for the County of Kauai, taken up after Correspondence/Announcements.

Mr. Crowell moved to approve; seconded by Mr. Kahawai; as there were no objections, the Agenda was so re-ordered by Chair Nishimura.

MINUTES:

Mr. Oyama moved to approve the Public Hearing Meeting Minutes of July 15, 2010, seconded by Mr. Crowell; by a unanimous vote; motion was carried.

Mr. Kahawai moved to approve the Regular Meeting Minutes of July 15, 2010, seconded by Mr. Oyama; by a unanimous vote; motion was carried.

Mr. Oyama moved to approve the Special Meeting Minutes of July 26, 2010, requesting Board Approval to Allow Extending an Additional 1,000 feet of our
Waterline for the Department of Transportation, Highway Division's Ongoing Kaumualii Highway Waterline, seconded by Mr. McCormick; by a unanimous vote; motion was carried.

CORRESPONDENCE/ANNOUNCEMENTS:

Re: Letter from Belles Graham Proudfoot Wilson & Chun, LLP, on behalf of Patrick L. Ibbs and Stephanie A. Ibbs, requesting that the Water Board exempt the Subdivision from Part 3 of the Rules and Regulations of the County of Kaua‘i, Department of Water

Mr. Oyama moved to receive the letter from Belles Graham Proudfoot Wilson and Chun, place on file and refer to staff for report; seconded by Mr. D. Fujimoto; by a unanimous vote; motion was carried.

PRESENTATION

Mr. Graham then made a presentation on behalf of his clients, Patrick L. Ibbs and Stephanie A. Ibbs, who own a land condominium unit on Hauiki Road in Kapaa. Mr. Graham shared two maps showing the units. There are five agricultural units with farm dwelling unit density, the sixth, which the Ibbs own has no unit density. The Ibbs own a fee simple separate parcel which is approximately 1,700 square feet and then separating the Ibbs condominium unit from their fee simple parcel is a County owned old railroad Right-of-Way. The Ibbs predecessor approached the Department of Public Works (DPW) to do a land exchange, which was continued by the Ibbs, which would relocate the Right-of-Way on to Hauiki Road and then create a single lot out of this entire portion of property. This would allow the County to have property for future road widening and it would allow the Ibbs to have a larger fee simple lot to use for their farm dwelling unit. DPW agreed to the Exchange Agreement, as did the County Council agree, through Resolution. The final step is the consolidation and resubdivision of the big CPR piece with the railroad ROW and the remnant parcel, combine them into a single large lot and subdivide it out. They start out with three lots and end up with three lots. Mr. Graham pointed out on the maps which would be the units for the Ibbs, their neighbors and the County.

They have preliminary approval from everyone until they got to the Department of Water. There still is not an exception in the Department's Rules concerning these boundary adjustment subdivisions where you do not increase the number of lots or density. The water meter is already installed for this lot, so the subdivision would not require any new water improvements. From the strict reading of the Rules, it is a subdivision, therefore you have to upgrade all of the properties to meet the Department's requirements which would require construction of a water tank even though they do not need a new meter for the new lot. Mr. Graham has drafted the proposed rule for the department which would have an exception in the rules that would exempt the boundary adjustments; he followed the exemption in the Comprehensive Zoning Ordinance. He is asking the Board to waive the requirements for this subdivision. There is a Public Purpose, to get the useless parcel given to the County where we already know that portion of the road will be used for future road widening. It is a straight exchange, with no compensation. Mr. Graham pointed out units A- E on the map; unit F is the unit that the Ibbs own that does not have any farm unit density. Mr. Graham will provide a condominium map for the staff.
Upon query from Mr. D. Fujimoto that this would require a change in the Rules, Mr. Graham stated that the Board has the power to exempt the subdivision from the strict requirements of the rules, but every time you have a boundary adjustment someone has to come to the Board to get exemptions. Mr. Graham felt that having a Rule change would allow the Department to act on boundary amendments without applicants having to come to the Board.

Chair Nishimura noted the letter had been received and staff would be making their report later in the Agenda. Mr. D. Fujimoto thanked Mr. Graham for clarifying some very important points in this unique situation.

Re: Letter from Governor Linda Lingle concerning the DOW request to replace the 8-inch waterline with a 12-inch waterline to improve water services to Waimea Canyon School and surrounding facilities

Mr. Costa moved to receive the letter from Governor Lingle which noted that the request was being returned without action due to fiscal circumstances and uncertainty of revenue projections, and place on file; seconded by Mr. Oyama.

DISCUSSION
Manager Craddick noted that the monies do not lapse before the Governor’s term ends, so hopefully with the new Governor we can take another bite of the apple! Mr. K. Fujimoto stated this project is on the Bond list. Manager Craddick stated we are right now financing it out of the Revenue Fund, though if we go forward we probably could not use Bond funds if we are going to get a grant of the money. If we do get a grant we can put the money back to the Bond Fund.

Mr. Costa moved to amend the motion, by adding that Manager Craddick provide a report on the options to take care of the shortfall; seconded by Mr. D. Fujimoto; by a unanimous vote; motion was carried.

Re: Letter from Grove Farm concerning the Department of Water Facility Reserve Charge

Mr. Costa moved to receive the letter from Grove Farm and place on file, and refer to staff for possible inclusion in the discussion on Part IV Rule Amendments – Fixing Rates for the Furnishing of Water Service; seconded by Mr. Oyama.

DISCUSSION
Manager Craddick noted that Part IV of the Rules is just the schedule, but it is Part III Subdivision Rules which talk about reimbursements. With the potential of the fees going up, it would be better to deal with it in the Rules.

Chair Nishimura corrected that this should be Part III of the Rules – Establishing Standards for Subdivision Water Systems, and wanted to make sure this item is included in the Rules discussion.
Mr. Costa moved to receive the letter and refer to staff for inclusion in Part III Amendments of the Rules; seconded by Mr. D. Fujimoto; by a unanimous vote; motion was carried.

Re: **Travel Report from Dee Crowell from the AWWA Annual Conference and Exhibition 2010, Chicago, Illinois, June 19-23, 2010**

Mr. Costa moved to receive the Travel Report from Dee Crowell from the AWWA Annual Conference and place on file; seconded by Mr. Oyama; by a unanimous vote; motion was carried.

Chair Nishimura reported that by attending this conference, Mr. Crowell earned his Public Official’s Certification.

Re: **Travel Report from Randall Nishimura from the AWWA Annual Conference and Exhibition 2010, Chicago, Illinois, June 19-23, 2010**

Mr. Oyama moved to receive the Travel Report from Randall Nishimura from the AWWA Annual Conference and place on file; seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

Chair Nishimura reported that by attending this conference, he also earned his Public Official’s Certification.

**BOARD COMMITTEE REPORTS**

Re: **Report of the Finance Committee of the Kauai County Board of Water Supply**

Chair Nishimura recused himself from voting on this item.

Re: **Claims Payable**

Finance Vice Chair Kahawai reported that at the August 19, 2010 Finance Committee Meeting the Committee approved the Claims Payables for a total of $1,637,143.26. Mr. Crowell moved to receive the Claims Payable and place on file, seconded by Mr. D. Fujimoto; by a unanimous vote; motion was carried.

**NEW BUSINESS**

Re: **Manager’s Report No. 11-16 – Request Board Approval for Grant Funding from the Department of Health Safe Drinking Water Branch to Develop and Initiate Implementation of a Wellhead Protection Program for the County of Kauai**

**RECOMMENDATION:**

Board approval was recommended to apply for grant funds available through the Department of Health Safe Drinking Water Branch to develop and initiate implementation of a Wellhead Protection Program.
FUNDING: n/a

BACKGROUND:
The Department of Health Safe Drinking Water Branch has grant monies available through the EPA for projects that address wellhead or source water protection. Erin Borger, Source Water Specialist from the National Rural Water Association, is currently working on a Wellhead/Source Protection Plan for the County of Kaua'i. The grant money would be used for implementation of the plan.

Mr. Dan Chang from the Department of Health Safe Drinking Water Branch was available at the Board Meeting to address any of the Board's questions. Mr. Chang indicated that we would be able to request a minimum of $200,000 or thereabouts, with the dollar amount to be determined as the scope of work for the Wellhead Protection Program is developed.

DISCUSSION
Manager Credidick reported that approval was requested to apply for the grant funds of up to $200,000 from the Department of Health (DOH), and had no objection if the Board wanted to refer this matter to Committee as it can affect individual land owners. The end result of this program is that we are proposing Rules for ordinances to the Council for land use issues, so it is a big issue, and we have a long agenda today. Mr. D. Fujimoto felt that was prudent.

PRESENTATION
Mr. Dan Chang, from the State Department of Health (DOH) Safe Water Drinking Branch reported that he does not have a presentation to make, but is here to answer any questions.

The DOH funding would allow the County to try to develop a water protection program to protect water quality. There are various components of the agreement that we are looking at to negotiate with the Water Department, including things that have to be done by the County or some other agency. It would allow them to implement those activities with the Department of Health to provide funding for those activities.

This is a non-mandatory program, there is no State requirement. It will be the County’s decision how they will protect their water sources but DOH will provide funding for that program, plus additional funds at some point if they move forward with different options for protection.

Upon query from Mr. D. Fujimoto, Mr. Chang indicated that although the minimum is $200,000, the maximum is the full amount that DOH gets, approximately $4 million shared among the whole state, and each year they add about $1.2 million. It would require that the County update the potential contaminated inventory and identify the areas with, for example, underground storage tanks, service stations, agriculture occurring in those areas, and developing prevention criteria on how to manage them. This would include monitoring waivers plus other water rules, new source approvals to keep up with the source water assessment, which is part of the assessment program. It ties into a whole series of things. Mr. Chang noted that when
they put money in the pot it lasts for so many years. If you spend more money and use it the DOH adds some money in; it's an ongoing process. Upon query from Mr. D. Fujimoto, Mr. Chang explained that there is potential for future projects.

The NWWA is helping DOH with developing incentives and options for protection, i.e., incentives for not using chemicals, and offer tax breaks to remove the pesticides, run off, etc., then remove them from the ground so they don't run into the water source, so there are many different options to protect water sources.

Mr. Chang explained they already had an activities assessment phase several years ago and now they are moving into the protection phase. There were certain regulatory requirements, i.e., cess pools not 1,000 feet from water sources, and underground storage tanks have to be double-wall, etc., certain technologies may be required. Mr. Crowell was worried about DOW developing that kind of monitoring expertise, but Mr. Chang thinks that a lot of it already exists. Upon query from Mr. D. Fujimoto if monitoring of underground storage tanks was regulated by the DOH, Mr. Chang indicated that double-wall was regulated, but nothing else outside of that.

Upon query from Mr. Crowell, Mr. Chang indicated the funding comes from the EPA to the State to the program.

Manager Craddick thought that cess pools were now outlawed. Mr. Chang confirmed this and that funds could be used to relocate the cess pool or switch to a septic system. Mr. Chang stated that the DOH has a contract with the University of Hawaii (UH) to do inspections within the protection area. The DOH would have UH come and do an assessment of the systems. Funding would be available to upgrade or remove or replace the systems.

Upon query from Chair Nishimura asking if, once we apply for the funds, is the DOW locked into a long-term obligation to continue the programs, Mr. Chang indicated that it is up to the Department to decide. It is not a mandatory program, so the DOW cannot be forced to have the program.

Mr. D. Fujimoto thanked Mr. Chang for the information, and thanked Manager Craddick for bringing these opportunities to the Board. Mr. D. Fujimoto felt it would be prudent to have the staff evaluate this program as it could be quite profound. Some of these policies may commit us forever, and if the funds dried up, we may be committed to fund it. Manager Craddick felt this should be initially referred to committee, not staff, so it can be discussed at that level.

Mr. Crowell moved to receive the report and refer to the Committee of the Whole and placed on the October Agenda; seconded by Mr. Costa; by a unanimous vote; motion was carried.

OLD BUSINESS

Re: Manager's Report No. 11-3 - Request Board Approval on the Rule Amendment for Part 1, Rules of Administrative Practice and Procedure
Manager Craddick indicated that there had been no comments at the Public Hearing. The amendments are approved and this does not have to go back to the Small Business Regulatory Review Board. The secretary will follow up with the necessary signatures from the County Attorney's office and the Rule amendment takes effect 10 days after the County Clerk signs.

Mr. D. Fujimoto moved to approve Manager's Report No. 11-3; seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

Chair Nishimura thanked Ms. Suzuki and the Department for their coherent testimonies.
### OLD BUSINESS

**Re: Revised Quarterly Informational Report on Manager's Goals**

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>GOAL</th>
<th>Status</th>
<th>DEADLINE</th>
<th>Measure</th>
</tr>
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<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>A.</td>
<td>Get $60 Million General Obligation Bond approved and issued.</td>
<td>Done 3/31/10</td>
<td>3/31/2010</td>
<td>Money in Bank</td>
</tr>
<tr>
<td>1.</td>
<td>Encumber $20 million bond proceeds by end of the Calendar Year.</td>
<td>$12.7m currently</td>
<td>12/31/2010</td>
<td>Signed Contracts</td>
</tr>
<tr>
<td>B.</td>
<td>Develop a plan for completing projects identified in the Bond issue. This plan should include Department staffing requirements and a timeline to complete projects either in-house or through consultant contracts.</td>
<td>2@CEV positions filled see Bond Spend down</td>
<td>5/31/2010</td>
<td>Approved Plan. Amended Budget</td>
</tr>
<tr>
<td>D.</td>
<td>Re-visit Water Plan 2020. Update and re-prioritize projects and submit for Board Approval.</td>
<td>See Bond Spend down</td>
<td>4/30/2010 for Bond Float Projects 11/30/2010 for non-Bond Items</td>
<td>Approved Priority List</td>
</tr>
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<td>E.</td>
<td>Develop a public relations campaign to inform and update the public on:</td>
<td>RFP July 26</td>
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<td>1.</td>
<td>2020 Plan</td>
<td>See above</td>
<td></td>
<td>Public presentations</td>
</tr>
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<td>2.</td>
<td>Explanation of the Bond Float and its relevance to the 2020 plan</td>
<td>See above</td>
<td>10/30/2011</td>
<td>Public Presentations</td>
</tr>
<tr>
<td>3.</td>
<td>Development of significant talking points that describe the need for the rate hike, as well as the prioritization of the projects. This discussion should be easily understood by our customers.</td>
<td>See above</td>
<td>12/31/2011</td>
<td>List</td>
</tr>
<tr>
<td>4.</td>
<td>Development and implementation of a clear plan to educate the ratepayers of the upcoming rate hike before setting the public hearing. Hiring a PR consultant may be a viable option.</td>
<td>See above</td>
<td>1/31/2011</td>
<td>Presentation Public-Ready</td>
</tr>
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<td>ITEM NO.</td>
<td>GOAL</td>
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<td>DEADLINE</td>
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<td>A.</td>
<td>Develop an approved succession plan for the entire Department with a timetable to implement the first three goals, allowing the Operations Division Implementation priority.</td>
<td>Everyone planning to leave has gone, positions are filled, or being filled.</td>
<td>6/30/2010</td>
<td>Approved Proposed Organizational chart</td>
</tr>
<tr>
<td>B.</td>
<td>Fill all vacant positions critical for implementation of Water Plan 2020 in accordance with the accepted budget.</td>
<td>All positions are filled or evals waiting on final selection. We will not increase staff to fill temp positions.</td>
<td>10/31/2010</td>
<td>Filled Positions</td>
</tr>
<tr>
<td></td>
<td>Promote or replace all retired positions with well-qualified persons within 6 to 8 months and hire a qualified Deputy within 8 to 10 months.</td>
<td>Have Deputy, all positions vacant 6 months ago are filled.</td>
<td>12/31/2010</td>
<td>Filled Positions</td>
</tr>
<tr>
<td>C.</td>
<td>Implement cross training so that employees can effectively fill temporary and/or pending retirement positions, thus enabling employees to acknowledge their capabilities in performing additional responsibilities as result of cross training, which in turn will provide the Department with qualified replacement personnel.</td>
<td>On going</td>
<td>On-going</td>
<td>Program functional. Cross training hours recorded and in personnel files.</td>
</tr>
<tr>
<td>D.</td>
<td>Complete the reorganization of the Operations Division.</td>
<td>Advertised July 2010</td>
<td>10/31/2010</td>
<td>Positions advertised</td>
</tr>
<tr>
<td>ITEM NO.</td>
<td>GOAL</td>
<td>STATUS</td>
<td>DEADLINE</td>
<td>MEASURE</td>
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<td>3:</td>
<td>STANDARDS</td>
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<tr>
<td>A.</td>
<td>Choose industry benchmarks appropriate to similar sized water facilities and compare our stance relating to those benchmarks. Publicize these results annually or semi-annually.</td>
<td>Working on it.</td>
<td>11/30/2010 Updated every 6 months</td>
<td>Chart in Main Office Lobby</td>
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<td>4:</td>
<td>FACILITIES</td>
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<td>A.</td>
<td>Develop plans to ease the &quot;crowded&quot; work environment in the administrative/accounting/engineering divisions. (The Engineering section appears to be sitting on top each other, which, from the customer's perspective looking in the window, reflects an unorganized department.)</td>
<td>Since we are designing a new building crowding view changed.</td>
<td>6/30/2010</td>
<td>Housescleaning</td>
</tr>
<tr>
<td>B.</td>
<td>Analyze the office logistics. Presently the office is very crowded: Plans delineating several solutions need to be drawn up for selection.</td>
<td>Consultant on Board April 2010</td>
<td>9/30/2010</td>
<td>Hire Consultant</td>
</tr>
<tr>
<td>5:</td>
<td>INTER AGENCY CO-ORDINATION</td>
<td></td>
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</tr>
<tr>
<td>A.</td>
<td>Integrate our CIP plan with the County's 6 year CIP Plan to take advantage of the economies of scale.</td>
<td>Sent DOW Plan May 2010</td>
<td>4/15/10</td>
<td>Completed plan submitted to Mayor's Office</td>
</tr>
<tr>
<td>B.</td>
<td>Ensure our water infrastructure is in place for County sponsored or supported Affordable Housing Development Projects.</td>
<td>This needs to be redone</td>
<td>4/15/10</td>
<td>Plan draft included as part of 6 year County CIP Plan</td>
</tr>
</tbody>
</table>
OLD BUSINESS – contd.

Re: Revised Quarterly Informational Report on Manager’s Goals

Manager Craddick noted that he made the revisions to the Manager’s Goals as requested at the July 15, 2010 Board Meeting.

Mr. Oyama moved to receive and approve the Revised Manager’s Goals, seconded by Mr. D. Fujimoto; by a unanimous vote; motion was carried.

On a related note, Ms. Shiramizu reported that the RFP Public Relations proposals are due on September 8, 2010.

Re: Status of Annual Job Performance Evaluation of the DOW Manager and Chief Engineer

Chair Nishimura reported that, for the Board’s information, requests for completion of the evaluation form were sent to Members of the Board of Water Supply, All Peers of the Kauai DOW Manager and Chief Engineer, and Division Heads of the Department of Water. These Evaluation Forms are in the process of being compiled into a master document by the Board Secretary to be presented at the September 16, 2010 Board Meeting for The Committee of the Whole to review the results before meeting with the Manager.

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

Manager Craddick stated that one of the provisions to come into Executive Session is that the person being reviewed has the option to go into Executive Session or not.

NEW BUSINESS

Re: Manager’s Report No. 11-8 - Request from Belles Graham Proudfoot Wilson & Chun, LLP, on behalf of Patrick L. Ibbs and Stephanie A. Ibbs, requesting that the Water Board exempt the Subdivision from Part 3 of the Rules and Regulations of the County of Kaua‘i, Department of Water

Manager Craddick noted that his report contained two recommendations:

A. The Board was asked to defer this matter until it takes action on the proposed subdivision rule amendment.

OR:

B. The Board was asked to approve the Draft proposed subdivision rule amendment that will allow the Department to address applicable future subdivision applications and also to allow the subject subdivision S-2010-6 be applicable to SOP 47 and obtain final subdivision provided all DOW conditions are met. This may allow both the Ibbs and the County of Kaua‘i to do a land exchange and would also allow the
Department some time to finalize the Draft proposed subdivision rule amendment without the Department delaying subdivision S-2010-6.

Chair Nishimura questioned the Board and County legal representatives that if we are to not waive, but perhaps defer, the improvements would it possibly have the effect of resolving the situation? Manager Craddock noted that there were no improvements required. The only issue is the lot where there was an agreement that it would not be developed. They have the meter already so they do not have additional sources. Chair Nishimura thought the subdivision checklist called for a 2-1/2" water line.

Chair Nishimura asked if we defer the "improvements" until we can take care of the amendments to Part III, it may make it a moot point but would this take care of the needs for the subdivision? Manager Craddock noted that Rule amendments don't affect the water system so if there is a requirement to put the lateral, in it would have to go in anyway.

Mr. Fujikawa stated that because it is a subdivision and we have to account for water demand, standards call for a requirement for agricultural water use and that is why we need the storage tank.

Upon query from Mr. D. Fujimoto on how long the change would take, Manager Craddock did not feel the Small Business review would not affect this, but with their review, maybe six months, if not sent to them for review, then a couple of months.

Upon query from Mr. D. Fujimoto regarding SOP 47, Manager Craddock stated that there is a provision where the Managers can waive things. Then the SOPs changed and the numbering got shifted. Manager Craddock stated this should be handled through the Rules, not by different manager's writing SOPs which may conflict. Upon query from Mr. D. Fujimoto, Manager Craddock confirmed that SOP 40(a) superseded SOP 47.

Upon query from Mr. D. Fujimoto regarding time sensivity, Mr. Graham noted that, after four years, he and the applicant would like to get this done but he understands the DOW position as well. That is why Mr. Graham drafted the Rule amendment. Article 7, part 3, would allow the DOW to exempt while they work on the rule change.

1. Exempt the subdivision and continue to work on the Rule change
2. Defer the request for exemption until the Rule change, which would moot the exception
3. Deny the request for exemption and do the Rule change

Mr. Graham followed the exemptions in the CZO with these type of boundary adjustments where you do not create additional lots.

Chair Nishimura asked if the waiver for requirement for improvements for one year to accomplish this while the Board works on the Rule change would suffice.

Mr. D. Fujimoto's preference and the cleanest way is the Rules amendment which would be better than approving this with conditions that later on may be removed.
Mr. Graham noted the Board could feel comfortable in granting the exemption, as it is a little different, because of the Agreement with the County by Resolution to the land exchange.

Mr. Crowell asked under what conditions would the modification of requirements be used. County Attorney Esaki stated the Council had adopted the Resolution at the request of the applicant and she also feels the cleanest way is the Rule change.

Mr. Crowell felt that nothing would need modification if the Rules were followed. If you meet the full requirements, why would you need a modification of the requirements? Mr. D. Fujimoto asked if the Board had the authority to make exemptions. Ms. Esaki stated that the ultimate decision is the Board’s. Mr. Graham felt it was good for the applicant and for the County as it serves a public purpose and benefits the County as well as the applicant.

Mr. Costa moved, as stated for public purpose, to approve the exemption as requested by the applicant; seconded by Mr. Oyama.

Chair Nishimura asked if the exemptions would be the requirements of the subdivision.

Mr. D. Fujimoto noted that this is a unique situation and the applicant has stated he did get the Council’s approval. Mr. D. Fujimoto understands our responsibilities under the present Rules but if it does give us the ability to exempt this, we should consider this motion.

Upon query from Chair Nishimura on what the exemptions would be, Mr. Fujikawa noted that the applicant had requested adjustment of the water subdivision conditions. The applicant agreed to assign that existing water meter to a particular lot and also that the lot dedicated to the County would not get water service, that the FRC section be waived. Based on the representation, the Board could agree with that. There is no justification for charging the FRC now. We were not sure when we did the analysis if more water meters were needed, and the applicant did not respond until today. His major request is about the water system improvements; he proposes to have the existing water meter relocated so it fronts the new lot that he is creating so he can build a house, which we could agree with that requirement. The requirement for the fire hydrant is based on the subdivision rules. Any Developer has to follow water Rules but also subdivision ordinances and County standards. Part III of the Rules gives the Board the authority to require water system improvements but provide adequate domestic water service and fire protection if mandated. For agricultural subdivisions, the DOW standards require adequate fire flow protection. There is no fire hydrant for the lot he is creating. The portion going to the County for the road widening will not require fire protection, but for the new lot 1-B-1 with the house, a fire hydrant stand pipe would be needed. The additional storage facilities, because it is an agricultural subdivision, there is water demand criteria. In 2005 the Board did adopt the requirement that if there is development, water being used not only for houses but also for agriculture, e.g., the Kilauea agricultural subdivision where water requirements were understated, and potable water was being used for agricultural purposes. The agricultural demand for this large lot requires improvement.
to the storage criteria for the area because the existing system does not have that amount of capacity. If you break down the conditions, it seems like this would be the costliest improvement for the County and the subdivider, Mr. Ibbis.

In terms of fire flow, Mr. D. Fujimoto asked if it is a burden on the homeowner to get adequate fire insurance or protection. Mr. Fujikawa stated that we do require them to improve the water system so it does require adequate protection. Mr. D. Fujimoto stated that some homes have special insurance that does not cover fire in their protection policy, and if it does, their insurance is higher. Mr. Fujikawa stated that we look at fire protection for the whole subdivision; these were our recommendations to the Planning Commission. Mr. D. Fujimoto stated that all consolidations require resubdivision.

Upon query from Mr. Kahawai, Mr. Graham indicated the yellow item on the map showed the private water system, as it is a mixed system with a private well and County water meters. Mr. Fujikawa noted there is a mix, as when they came in we could give them only two water meters for the big lot. They built a six unit CPR with five being complete with houses on them, so two got County water and the other three got the private water well system.

Mr. D. Fujimoto noted this is a "technical" subdivision process, without subdivision, it would be allowed to proceed. Mr. Fujikawa reported they are not allowed to build on the lot due to land restrictions on density for the original lot. Mr. Graham confirmed that 5 Lots have unit density, and the 6th has no density, consistent with the condominium docs. The developer wrote into the documents that it could be consolidated, anticipating that this would be done.

Mr. D. Fujimoto stated that if we agree with this motion, to also put a condition that if they were to build a second home on the lot, they meet the standpipe requirements. Manager Craddick noted they would have to meet the condition of relocating the water meter, which would have to be moved anyway. Mr. Graham stated that putting in the stand pipe is not a problem if this is approved. The DOW could put a deed restriction on the number of units until the DOW conditions are satisfied. Mr. Fujikawa stated only one house can be built, no second home would be allowed because of the land laws, unless he rezones. No ADUs can now be built on agricultural land.

Mr. D. Fujimoto asked Ms. Esaki, because this is Council approved, and there's some public purpose, could the County subdivide this without going through the subdivision process. Ms. Esaki stressed that there are no exceptions in the Rules for "public purpose", there is no exception unless a Rule change is done.

Mr. Graham stated the CZO is for the one time subdivision restriction. Upon query from Mr. D. Fujimoto if someone could build a house if this was not a subdivision, Mr. Fujikawa stated in the negative because, 1) the water meter restrictions for the area that limits houses to two water meters for two houses and, 2) land is zoned for no more houses. Mr. Graham revised that the lot is approximately 2,700 sq. ft. so a small house could be built, as it does have a water meter.

Recess: 11:37 a.m. to 11:42 a.m.
The Regular Meeting reconvened at 11:42 a.m.
Mr. D. Fujimoto indicated that he would be voting against the motion, primarily because this present lot does not have the density and the consolidation will create the density. The water requirement would be much less for the smaller lot and the exposure would be much less. Mr. Fujimoto preferred to go with one of the recommendations, 1) change the Rules, or 2) approve it with conditions because the house they build is going to be much bigger and should warrant the improvements that our Rules require.

Mr. Crowell requested clarification on what we are exempting. After much discussion, items 3.A.1, 3.C.1, 2, 3, 4 and 5.C would be modified or deleted. Manager Craddock stated we need to know what the existing meters are serving. Mr. Graham will show the relocated meter on the subdivision map, plus the other two units. Chair Nishimura stated they need to put in backflow preventers if agricultural water is being taken. We need to find out if there are existing backflow preventers on the existing meters.

At the request of Chair Nishimura, Mr. Cosla withdrew his motion; Mr. Oyama withdrew his second.

Based on Public Purpose, Mr. Costa moved to amend the Water Department’s requirements for Subdivision Report S-2010-6 by:

**Deleting** condition 3.A.1:
Pay the Department of Water the following charges in effect at the time of receipt. At the present time, these charges include:

1) The Facilities Reserve Charge (FRC):
   1 Lots @ $4,600 per lot = $4,600.

**Amending** condition 3.C –
Prepare and receive Department of Water’s approval of construction drawings for necessary water system facilities and either construct said facilities or post a performance bond for construction. These facilities shall also include:

To **Delete** condition 3.C.1:
Storage facilities for the area.

And **Modifying** condition 3.C.3:
The interior plumbing plans with the appropriate backflow prevention devices on all water meters that will be assigned to Lot 1-A, if applicable
by stating that the appropriate backflow prevention devices will be required for the
two (2) Department of Water meters,

And **Modifying** condition 3.C.4:
Domestic service connection, if applicable
to say domestic water service connection for the relocated meter for Lot 1-B-1,

And **Deleting** condition 5.C:
The applicant shall clearly identify the CPR Units of TMK: 4-4-04:028 on the preliminary subdivision maps and how they will be receiving water service
Seconded by Mr. Oyama.

Ms. Esaki felt that backflow prevention devices shall be required for all future Department of Water motor connections. Mr. Graham indicated that Mr. Ibbs would not be installing backflow prevention devices for the other CPR units.

Mr. D. Fujimoto asked, if we approve this with the modified conditions and we move forward with the Rule amendment that addressed reconsolidation and did not require any changes, would these required conditions then become null and void or still required because we made the motion now. Chair Nishimura stated that it would be whatever Rule is in effect at the time. Mr. Costa stated that if we do an amendment it only applies to subdivision applications.

Chair Nishimura reiterated the motion to amend the subdivision requirements as stated in the motion; in favor were Mr. Costa, Mr. Crowell, Mr. Kahawai, Mr. McCormick, Mr. Oyama; opposed were Chair Nishimura, Mr. D. Fujimoto; by a 5-2 majority, the motion carried.

Re: Request Board Approval of Resolution No. 3, (10/11), Mahalo and Aloha Retiree Rona Miura

Although the resolution was not included in the agenda packets, it was available, but due to the absence of Ms. Miura, the Resolution will be read at Ms. Miura’s retirement party on August 31, 2010.

Mr. Costa moved to approve Resolution No. 3 (10/11), Mahalo and Aloha Rona Miura, who will be retiring from the Department of Water as of September 1, 2010, seconded by Mr. Oyama.

With no further discussion; by a unanimous vote; motion was carried.

Re: Board Discussion and Possible Action on Board Policy No. 16, Reports for Out-of-State Travel

For the record, Chair Nishimura received and accepted the Travel Report from Mr. Kahawai, and placed on file.

Chair Nishimura noted that Board Policy No. 16 was established in 1975. It was recommended that Board members continue to be required to provide a written report for trips out of State. It is further recommended that staff members travelling out of state be subject to policy established by the Department.

Only one written report has been filed prior to this year (thank you Mr. Crowell.) Chair Nishimura felt that for out-of-state travel the Policy should be maintained and that the Board should be more diligent in requiring it. Chair Nishimura recommended that Board Policy No. 16 be maintained, but amended to take out the requirement for staff members, which should be addressed by the Manager and Chief Engineer.
Mr. Costa moved to approve the recommendation, seconded by Mr. Kahawai; by a unanimous vote; motion was carried. Chair Nishimura requested that Ms. Beardmore revised the Policy accordingly.

Re: Manager's Report No. 11-09 - Request Board Approval of the following documents from the following applicant for their respective projects:

1. Conveyance of Water Facility from Goodman Family Limited Partnership, TMK: (4) 5-2-017:003, Kalihiholo Road, Kaliihiwai, Kauai‘i, Hawai‘i

RECOMMENDATION:
It was recommended that the Conveyance of Water Facility document be approved; whereby Goodman Family Limited Partnership transfers unto the Board of Water Supply, County of Kauai, all of is right, title and interest to a single service connection for 5/8” water meter, in place complete, in accordance with the as-built construction drawings for Water Service Installation Plan For Unit B, Pueo Hale CPR, TMK: (4) 5-2-017:003, Kalihiholo Road, Kaliihiwai, Kauai, Hawaii, prepared by Wagner Engineering Services, Inc.

A Grant of Easement was not required.

Mr. Crowell moved to approve the Conveyance of Water Facility from Goodman Family Limited Partnership, seconded by Mr. Costa.

With no further discussion; by a unanimous vote; motion was carried.

2. Right of Entry from Kawamura Land Co. LLC, TMK: (4) 3-8-005:023, Li‘hu‘e, Kauai‘i, Hawai‘i

RECOMMENDATION:
It was recommended that the subject Right of Entry Agreement document be approved; whereby, Kawamura Land Co. LLC, grants the Board, its officers, agents and employees, a right-of-entry over and across the subject property for the purposes of relocating two (2) water meters and installing new connecting waterlines for and on behalf of the Board.

Further, Board approval is specifically requested for the indemnification provisions wherein the Board shall indemnify and hold the Owner harmless from liability for injury or death to any person, when such loss, damage, injury or death is caused by the negligent act of the Board, or its officers, agents and/or employees, in exercising the rights under this Agreement.

Mr. Crowell moved to approve the Grant of Easement from Kukui‘ula Development Company, including its indemnification provision, seconded by Mr. Costa; by a unanimous vote; motion was carried.

3. Conveyance of Water Facility from Kukui‘ula Development Company (Hawai‘i), LLC for the Piwai Wells 16-inch Transmission Line, TMK: (4) 2-5-01:2 and 11 (por), Kolea, Kauai‘i, Hawai‘i.
This item was deleted, to be revised and placed on the September 16, 2010 Agenda.

4. **Grant of Easement from Alexander & Baldwin, Inc. and McBryde Sugar Company, Ltd., for the Piwai Wells, Tank, and 16-inch Transmission Line; TMK: (4) 2-5-01:002; TMK (4) 2-5-01:008 and TMK: (4) 2-5-01:011, Kōloa District, Kaua‘i, Hawai‘i.**

This item was deleted, to be revised and placed on the September 16, 2010 Agenda.

5. **Cancellation of Easement “A” between Alexander & Baldwin, Inc. and the Board of Water Supply, County of Kaua‘i, for the Piwai Wells, Tank, and 16” Transmission Line, Subdivision No. S-2004-45, TMK: (4) 2-5-01:002; 2-5-01:008 and 2-5-01:011, Kōloa District, Kaua‘i, Hawai‘i.**

This item was deleted, to be revised and placed on the September 16, 2010 Agenda.

6. **Grant of Easement and Conveyance of Water Facility from Kaua‘i Community Federal Credit Union, TMK: (4) 3-3-010:02 and 03, Lihu‘e, Kaua‘i, Hawai‘i.**

**RECOMMENDATION:**

It was recommended that the Board approve the Grant of Easement document whereby, Kaua‘i Community Federal Credit Union, a federally chartered credit union, grant to the Board of Water Supply, County of Kaua‘i, a perpetual easement, W-1, on, over and under that certain parcel of land located in TMK: (4) 3-3-010:002 and (4) 3-3-010:003, Lihu‘e, Kaua‘i, Hawaii, for the reading of water meters and for the construction, installation, re-installation, maintenance, repair and removal of potable water pipelines and related meters, valves, and other associated works facilities improvements and appurtenances, together with the right of ingress and egress at any time to and from the said easement area with or without vehicles or other equipment as the Department of Water shall deem necessary for the proper operation of its water system for the construction plans for "Kaua‘i Community Federal Credit Union"; TMK: (4) 3-3-010:002 and TMK: (4) 3-3-010:003, Lihu‘e, Kaua‘i, Hawaii.

Further, Board approval was specifically requested of the indemnification provision in this agreement, wherein the Board agrees to indemnify and hold harmless the Grantee from property damage and injuries to person (including death), when such damages and injuries are caused by the Department’s negligence while using the area.

It was also recommended that the Conveyance of Water Facility document be approved; whereby, Kaua‘i Community Federal Credit Union, a federally chartered credit union, transfer unto the Board of Water Supply, County of Kaua‘i, all of its right, title and interest to: one (1) each, 4-inch ductile iron (D.I.) lateral for a 4-inch Reduced Pressure Detector Assembly (RPDA), in place complete; and one (1) each 4-Inch Gate Valve, including cast iron (C.I.) Valve Box and Cover, in place complete, for Kaua‘i Community Federal Credit Union; TMK: (4) 3-3-010:002 and (4) 3-3-010:003, Lihu‘e, Lihu‘e District, Kaua‘i, Hawaii.
Mr. Crowell moved to approve the Grant of Easement and Conveyance of Water Facility from Kukui'ula Development Company, including its indemnification provision, seconded by Mr. Costa; by a unanimous vote; motion was carried.

7. **Right of Entry Agreement for the Waimea Main Replacement, Job No. 05-01, Water Plan 2020, Project No. KW-16, Affecting the following Landowners in Waimea, Kaua‘i, Hawai‘i:**

   a. Kevin K. Iwai, affecting Portion of TMK: (4) 1-6-01:008, Waimea, Kauai, Hawaii

   b. Kiyoshi Ueda and Ann K. Nishikawa, affecting Portion of TMK: (4) 1-6-01:010, Waimea, Kauai, Hawaii

   c. Sandy Lewis and Alison Shigematsu, Trustee of the Alison G. Shigematsu Revocable Trust dated December 4, 2007, affecting Portion of TMK: (4) 1-6-01-014, Waimea, Kauai, Hawaii

   d. Koyasan Shingon Mission of Hawaii (Shingon Sect Mission of Hawaii, Incorporated), affecting Portion of TMK: (4) 1-6-02-059, Waimea, Kauai, Hawaii

   e. David M. Fukumoto, Carol A. Fukumoto, and Karen Namie Fukumoto Irei, Trustee of the Karen Namie Fukumoto Irei Revocable Trust dated February 1, 1995, affecting Portion of TMK: (4) 1-6-04-026

   f. David Koani, affecting Portion of TMK: (4) 1-6-06:009, Waimea, Kauai, Hawaii

   g. M & K Ohana Rentals LLC, affecting Portion of TMK: (4) 1-6-06:045, Waimea, Kauai, Hawaii

   h. Sara Mie K. Uyehara and Val Mayumi Kamishita, affecting Portion of TMK: (4) 1-6-06:049, Waimea, Kauai, Hawaii

   i. Waimea by the Sea Homeowners Association, affecting Portion of TMK: (4) 1-6-07:003; 0001 - 0010, Waimea, Kauai, Hawaii


   k. C Ahko Inc. a Hawaii Corporation, C/O Dr. Howard T. L. Ako, affecting Portion of TMK: (4) 1-6-07:016, Waimea, Kauai, Hawaii

   l. John Sydney Yamane and Albert M. Yamane, affecting Portion of TMK: (4) 1-6-07:039, Waimea, Kauai, Hawaii
Mr. Crowell moved to approve the Right of Entry Agreement for the Waimea Main Replacement, seconded by Mr. Costa; by a unanimous vote; motion was carried.

Re: Manager's Report No. 11-10 - Request Board Approval to Concur with Mayor Carvalho's "Consortium for Kauai's Sustainable Regional General Plan"

Upon request from Chair Nishimura as more information was needed, Mr. Costa moved to defer this item to the September 16, 2010 meeting; seconded by Mr. Fujimoto. Mr. Costa would be making a brief presentation.

PRESENTATION
Mr. Costa reported that the Consortium is applying for the HUD (U.S. Dept. of Housing and Urban Development) Sustainable Planning Grant to complete a "Sustainable General Plan". They are asking for $1 million and providing a $600,000 match for a $1.6 million project. The grant requires a consortium of stakeholders who have a role in planning for a sustainable future. The Consortium would like the Department of Water to sign on as a partner in the Consortium. The Planning Department is the lead agency in this project, so Planning would be the entity fully responsible for grant monies and reporting, etc.

The role of the Department of Water would be to:
1. Assist the Consortium and its Consultants with forecasting potable water needs to 2035
2. Provide technical assistance on water infrastructure needs
3. Have a representative attend quarterly Consortium meetings for the duration of the project.

DISCUSSION
Upon query from Chair Nishimura, Mr. Costa confirmed that the grant has not yet been applied for. Chair Nishimura asked if some of the grant funds would come to the Department of Water to contribute to the plan. Chair Nishimura noted there was reference to outside organizations, and even though Planning is taking the lead, he was wondered if this is adopted by Planning and had the weight of the County behind it, or if it was someone from the community who therefore would want to change the County General Plan to be in conformance with this. If the document is at odds with the General Plan, how that would be addressed. Chair Nishimura needed more clarification before we can proceed. Mr. Costa noted that they have a contract with a consultant to do the plan, and didn't anticipate subconsulting the DOW. Mr. D. Fujimoto noted our Plan doesn't go to 2035, and wondered what would be the cost as we would have to update the Plan. Mr. Crowell expressed concern that this not end up being a sustainable energy plan, if KIUC does not buy in.

With no further discussion; by a unanimous vote; motion to defer this item to the September 16, 2010 meeting was carried.
Re: **Manager's Report No. 11-11 - Request Board Approval for the 1st Contract Amendment for Contract No. 457 with Kodani and Associates, Inc., in the amount of $175,000 for Job No. 05-02, H-8, HW-12, Drill and Test Hanalei Well #2, 0.5 Million Gallon Tank, TMK: (4) 5-6-02:001, (west), Hanalei, Kaua'i**

**RECOMMENDATION:** It was recommended that the Board approve the first contract amendment for Contract No. 457 with Kodani and Associates, Inc. in the amount of $175,000.00 for:

A. Topographic survey of the required project area, approximately one and a half (1½) acres, including the access road centerline.
B. Soil testing and evaluation of the project site.
C. Prepare a feasibility report for the proposed project at the site.

We further request that the Board allocate $162,500.00 from Account 301, FRC-CIP to fund the contract amendment.

**FUNDING:**
Total Fund Budgeted .................... ........ $262,500.00

Contract No. 457, Kodani and Associates, Inc., Job No. 05-02, H-08, (west) Hanalei 0.5 Million Gallon Tank and Connecting Pipeline .................. ... <$250,000.00>

Balance Remaining ..................... .................. .................. ........... $ 12,500.00

Amendment #1 ................................. ............... ............... .................. <$175,000.00>

Balance Required, Account No. 301, FRC-CIP .......... .......... <$162,500.00>

Total Project Budget ..................... ............... ............... .......... $425,000.00

**BACKGROUND:**
The project consultant, Kodani and Associates, Inc. currently was selected to prepare the site selection study for the Hanalei Well #2.

After review of the study, the Department determined that a site on the west side of Hanalei town would provide a more reliable source of water for the Hanalei community. After an extensive evaluation of the available sites, the Department preliminarily selected a site on the Slate property, approximately a mile west of Kuhio Highway. It is anticipated that the development cost for the well and tank at that location will be high, however it provides for a redundant water source, which will provide for a continuous water service for Hanalei in the event that the only existing water source is out of service.

The additional work required by the consultant will be to provide the technical information required for the project's feasibility study to construct the well and tank at the site. To make that determination a land survey, soils testing and evaluation are required. If the feasibility report concludes that the site is acceptable, the Department
of Water will proceed with the necessary design and construction of the improvements.

Kodani and Associates, Inc. has submitted a proposal for $175,000.00 for the necessary work. Their proposal was reviewed and found acceptable.

DISCUSSION
Manager Craddick noted that we have the Well contract and we are adding the tank to it, as we only have a 30 day time period to get the work done under the State right-of-entry and do preliminary work. This is a Bond project, but if we use FRC funds it will pay debt service for that portion of the Bond. Mr. K. Fujimoto noted that the construction drawings are part of the original project but we expensed the portion for the study, but this is an alternative site that we have added. He also added that a major landowner is the last hold-out in getting approval to do the project.

Mr. Costa moved to approve the First Contract Amendment for Contract No. 457 with Kodani and Associates, for $175,000.00; seconded by Mr. Oyama; by a unanimous vote; motion carried.

Re: Manager’s Report No. 11-12 – Request Board Approval for Change Order #4, Contract No. 504 with Goodfellow Brothers, Inc., in the amount of $304,572.79, for Job No. 05-01, Waimea Main Replacement (WP 2020 Project No. KW-16), Waimea, Kaua‘i

RECOMMENDATION:
It was recommended that the Board approve Change Order #4 in the amount of $304,572.79 plus an additional $15,282.26 or approximately 5% of this change order for contingency, Contract No. 504, with Goodfellow Bros., Inc. for:

A. Gay Road – Existing waterline conflict with new 6” PVC waterline. Additional reinforced concrete jacket, AC pavement, and waterline modifications required.

B. Alawai Road – New waterline alignment shifted to avoid existing waterline. Concrete driveway restoration and additional traffic control required.

C. Alawai Road/Kaumualii Highway – Waterline needs to go under existing sewer laterals due to elevation conflicts, additional reinforced concrete jacket of waterline, traffic control, new air release valves, investigative probing, additional 4” waterline installation, additional AC paving, additional sidewalk/curb/and ADA ramp restoration, additional 4” gate valve and box, additional flushing and testing, additional fittings and concrete thrust blocks, additional tie-in of Compound Meter Box.

D. Kahakai Road – Waterline adjusted to avoid existing sewer invert conflicts. Additional reinforced concrete jacket and air release valve needed, additional AC paving and traffic control.

E. Panako Road – Additional single service lateral.

F. Kaau Road/Moana Road – Waterline adjusted to avoid existing sewer invert conflicts. Additional reinforced concrete jacket and air release valves needed, various ductile iron fittings, additional sewer reinforced concrete jacket, traffic control, additional investigative probing.
It was further recommended that the Board allocate $233,776.00 from Account No. 201-01, Bond BAB to fund the balance needed for the subject change order and additional project contingency.

**FUNDING:**

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<tbody>
<tr>
<td>Contract No. 504, Goodfellow Bros., Inc., Job No. 05-01, KW-16, Waimea Town Main</td>
<td></td>
</tr>
<tr>
<td>Replacement, Waimea.</td>
<td>$2,884,376.00</td>
</tr>
<tr>
<td>Contingency</td>
<td>$143,624.00</td>
</tr>
<tr>
<td>TOTAL AVAILABLE:</td>
<td>$3,028,000.00</td>
</tr>
</tbody>
</table>

| Change Order #1                                         | $17,491.68 |
| Change Order #2                                         | (no cost) |
| Change Order #3                                         | $40,073.27 |
| Proposed Change Order #4                                | $304,572.79 |
| Additional contingency (approx. 5% of CO #4)            | $15,262.26 |
| Total                                                    | $377,400.00 |

**TOTAL REQUIRED:**

$3,261,776.00

Additional Funding Required, Account 201-01, Bond ($233,776.00)

**FUNDING TRANSFER TO THE BOND (BAB) ACCOUNT 201-01 as of June 30, 2010**

- Amount paid to Goodfellow Bros. prior to February 2010: $38,294.50
- Balance Remaining transferred to
  - Account 201-01 (BAB) for Contract 504, Goodfellow Bros.: $2,989,705.50
- Additional Funding Required: $233,776.00
- Total BAB Funded for Contract 504, Goodfellow Bros.: $3,223,481.50
- Contract Amount after change order #4: $3,246,513.74
- The certified funding balance of $2,359,623.29 under budget item 684 of the 2009 - 2010 budget from
Water Utility - 101b (CRP) was zeroed at the beginning of fiscal year 2010 - 2011. Qualifying payments made of $630,082.21 will be reimbursed to Water Utility - 101b (CRP) from BAB-Bond CIP.

<table>
<thead>
<tr>
<th>Total previously paid for Contract 504 as of June 30, 2010.</th>
<th>$668,376.71</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount paid to Goodfellow Bros. prior to February 2010.</td>
<td>$38,294.50</td>
</tr>
<tr>
<td>Balance to be transferred from Account 201-01 Bond (BAB) to Water Utility - 101b (CRP)</td>
<td>$630,082.21</td>
</tr>
</tbody>
</table>

**BACKGROUND:**

This project includes the design for furnishing and installing materials for the installation of approximately 540 linear feet of 12-inch, 2,290 linear feet of 8-inch, 5,475 linear feet of 6-inch, 295 linear feet of 4-inch, and 22 linear feet of 3-inch water pipes, and appurtenances including connections to existing waterlines, removal, disposal and grouting of existing Asbestos-Cement, PVC and Ductile Iron waterlines within the State and County Right-of-Way, new valves, new fire hydrants, installation of new service laterals and meter boxes, transfer of service, reconnection of existing service laterals, installation of air valves and permanent cleanouts with meter boxes, salvaging fire hydrants, valves, and valve boxes, and restoration and repaving work, all in accordance with the plans and specifications.

During the design phase, the Department of Public Works requested that several portions of pipeline be moved out of the paved roadway which moved the new waterlines closer to existing utilities. During construction probing the contractor encountered various existing utilities that were not shown or differed in alignment and/or elevation from original as-builds used to design the new waterlines. The Department of Public Works requested that additional paving be done due to the actual areas disturbed while finding pipeline conflicts. There were also a few water meters unaccounted on the construction plans as well. As a result, redesigns were done by DOW to address the conflicts. Change order #4 will compensate the contractor for all conflicts discovered along Gay Road, Pule Road, Alawai Road, Kaumualii Highway, Kahakai Road, Panako Road, Laau Road, and Moana Road.

The contractor, Goodfellow Bros., Inc., proposed $304,572.79 and requests an additional 143 calendar day contract time extension for this change in the project scope which appears reasonable.

Furthermore, additional contingency in the amount of $15,262.28 would be used for any future additional work required.

**DISCUSSION**

Manager Craddock reported that the contractor discovered a number of things that we did not know were there, and therefore is asking for the Change Order to deal with it. We currently have this paid for out of General Fund, and we are trying to move a portion of this that is not more than 60 days prior to the Bond being issued.
Ms. Esaki stated that as long as it is on the Bond list it is ok.

Mr. Oyama moved to approve Contract Change Order #4, on Contract No. 504, with Goodfellow Bros. Inc., for $304,672.79, plus an additional $15,262.26 or approximately 5% of this change order for contingency, seconded by Mr. Fujimoto; by a unanimous vote; motion was carried.

Re: Manager's Report No. 11-13 - Request Board Approval of Resolution No. 4 (10/11), Approving the Receipt and Expenditure of $1,500 in Grant Monies for the 2010 Make a Splash, Project WET Water Festival from the American Resort Development Association (ARDA).

Board approval was requested to receive and expend funds in the amount of $1,500 from the American Resort Development Association. These funds have been offered as part of their community outreach projects and will be used for purchases supporting the 2010 Make a Splash, Project WET Water Festival.

Mr. Costa moved to approve Resolution No. 4, with revised page No. 1, approving the receipt and expenditure of $1,500 from ARDA for the Project WET Water Festival 2010; seconded by Mr. Oyama; by a unanimous vote; motion was carried.

Re: Manager's Report No. 11-14 - Request Board Approval for the 3rd Contract Amendment for Contract No. 405 with Kodani and Associates, Inc. in the amount of $77,600.00, for Job No. 02-19, WK-12, to add the replacement of approximately 2,000 feet of existing corroded 5" cast iron mainline with 12" ductile iron pipe.

RECOMMENDATION: It was recommended that the Board approve the third contract amendment for Contract No. 405 with Kodani and Associates, Inc. in the amount of $77,600.00 to add the replacement of approximately 2,000 feet of existing corroded 5" cast iron mainline with 12" ductile iron pipe.

We further request that the Board allocate $75,800.00 from Account 201-01, Bond BAB to fund the contract amendment.

FUNDING:
Total Fund Budgeted................................. $202,900.00

Contract No. 405, Kodani and Associates, Inc., Job No. 02-19, WK-12, Waipouli
   Main Replacement.......................... <$147,500.00>
   Amendment #1................................. void
   Amendment #2................................. <$  53,600.00>
   Amendment #3................................. <$ 77,600.00>

Balance Required, Account No. 201-01, Bond BAB.... <$ 75,800.00>

Total Project Budget................................. $278,700.00

BACKGROUND:
The project consultant, Kodani and Associates, Inc. was selected to prepare the construction drawings and specifications for the mainline replacement along Kalokolu, Keaka, Moanakai, Fernandez, Hoi, Panihi, Niulani, Makaha and Kealoha Roads at Waipouli.

During the review of the project scope, it was determined that approximately 2,000 feet of an existing corroded 5" mainline will need to be replaced with a 12" waterline.

Further, it is estimated that the consultant will need approximately 180 calendar days from the notice to proceed for the contract amendment to complete the project. The Department anticipates that the consultants should be able to complete the design by February 1, 2011 subject to timely reviews by the Department of Water and the other governmental agencies. Their proposal of $77,600.00 for the additional design is reasonable.

Mr. Costa moved to approve the Third Contract Amendment for Contract No. 405 with Kodani and Associates, for $77,600.00; seconded by Mr. Oyama.

Deputy Manager Eddy noted that the Department wanted to expand the project a little more, and we may need to expand it further and extend the line across the bridge another 500 feet.

With no further discussion; by a unanimous vote; motion carried.

Re: Manager's Report No. 11-15 - Request Board Approval of Resolution No. 2 (10/11), Budget for Fiscal Year 2010-11

It was recommended that the Board approve Resolution No. 2 (10/11), which formally approves the final budget for Fiscal Year 2010/11. The Board approved the final budget at the May 13, 2010 Board Meeting.

Mr. D. Fujimoto moved to approve Resolution No. 2, Budget for Fiscal Year 2010-11; seconded by Mr. Costa; by a unanimous vote; motion carried.

Re: Manager's Report No. 11-17 - Request Board Approval of the Proposed Revised Organizational Chart to organize for future operations.

RECOMMENDATION:
Board approval was requested for the Proposed Revised Organizational Chart. For additional discussion, referral to the Committee of the Whole may also be appropriate.

BACKGROUND
In order to better plan for the future, the Department of Water has proposed reorganizational revisions to the Organizational Chart.

Upon suggestion from Manager Craddick, Mr. D. Fujimoto moved to receive and refer this item to The Committee of the Whole at the next meeting; seconded by Mr. Costa; by a unanimous vote; motion was carried.
STAFF REPORTS

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

Chair Nishimura asked if it was it changes with the accounting requirements, that bumped line item 16, Provision for Accrued Vacation, up to 211%. Ms. Yano stated that they did not anticipate so many employees retiring all at the same time, there were five at the end of last year, so it went over budget.

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

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

Project WET: Make a Splash 2010 is scheduled for Thursday, September 23rd. We currently have 599 students with 27 teachers registered. With Heather’s hard work, we are on schedule with all of the pieces that help to make our annual water festival a success. (Heather leaves on Monday the 16th.)

KEDB will be hosting a second Teacher Workshop at Kauai Community College on September 2, 2010. This workshop is being offered exclusively to 5th grade teachers who will be attending our 2010 Make a Splash with Project WET Water Festival.

Staff from the University of Hawaii, Department of Natural Resources and Environmental Management are organizing a two day Facilitator Workshop on Oahu for October 18-19, 2010 and a one day Teacher Workshop on Maui for October 21, 2010. We will have the Project WET Region 1 Director, Lin Howell, here from Oregon to conduct these workshops. This is a great opportunity to expand this program in the state.

Public Relations Services Request for Proposal: The initial advertising for the Public Relations Services Request for Proposal was pulled on July 19th and reissued on July 26th with the new proposal submission deadline of September 8, 2010. Thirteen organizations requested the detailed RFP. Nine participated in the pre-proposal conference which was held on August 4, 2010. (Thanks to David, Jeff and Sandi for setting up the “GoToMeeting”; it worked out very well.) So far it appears that six intend to submit proposals.

Wellhead Protection Program: Working with Dan Chang from the Department of Health Safe Drinking Water Branch to submit a grant application to develop and initiate implementation of a Wellhead Protection Program.

Drought Mitigation: Our request to extend and amend the Drought Mitigation Memorandum of Agreement with the State of Hawaii Commission on Water Resource Management has been approved and is being routed for signatures.
David, Bill and I met with Milton Hironaka from Precision-Radio, Ltd. Milton represents Sewerin USA, a leak detection manufacturer. This information along with information gathered at the AWWA ACE10 Conference will help in creating the scope of work as it relates to our internal water conservation program.

**HWWA Conference:** Assisting Sandi with various portions of the upcoming conference. Mark your calendars for October 13-15, 2010 as we would want the Board’s attendance as well as we are all hosting the Kaua‘i conference. Attached is the conference packet for your information.

**Hawaii Rural Water Association:** Attended a lunch meeting with the newly formed Hawaii Rural Water Association staff. HRWA staff formerly worked as staff from the National Rural Water Association (NRWA). Their goal is to assist rural water and wastewater utilities.

**DISCUSSION**
Ms. Shiramizu is looking for volunteers for Make A Splash.

Ms. Shiramizu also noted that, for the RFP for Public Relations, there are 8 firms committed to submitting a proposal. Upon query from Mr. Kahawai, Ms. Shiramizu reported that the firms are a good mix of Kaua‘i, Oahu and mainland firms.

Chair Nishimura wondered how many staff had signed up for the HWWA. Ms. Shiramizu noted that Ms. Nadatani-Mendez had done a good job of organizing the conference and that Invitations had gone out, so calls are coming in. The materials are on our website. Mr. D. Fujimoto fell that staff should attend as there is good training on trenching. Mr. Costa indicated he would not be sending a lot of staff because of the furloughs. Manager Craddick noted our operators have to have certification so we need to do this for certification.

Mr. Oyama moved to receive the Public Relations Update report and place on file; seconded by Mr. D. Fujimoto. With no further discussion; by a unanimous vote, motion was carried.

**Re: Deputy Manager’s Summary Report on Monthly Operational Maintenance**

Deputy Manager Eddy gave an overview of the Personnel reorganization plan as outlined in the report.

Upon query from Chair Nishimura concerning the Kalaheo Well, Deputy Manager Eddy replied that the last time it was replaced was in 2002.

Mr. Costa moved to approve the Deputy Manager’s Summary report and place on file; seconded by Mr. Kahawai; by a unanimous vote; motion was carried.

**Re: MANAGER’S UPDATE for JULY, 2010 to AUGUST, 2010**

**CONTRACTS AWARDED BY THE MANAGER:**

Re: Upsizing of the Kaumualii Highway 16-Inch Waterline to a 24-Inch Waterline in Conjunction with the State’s Kaumualii Highway Widening, Vicinity of
Anonui Street to Vicinity of Lihue Mill Bridge Project, Lihue, Kauai, Hawaii
(Manager's Report No. 10-70)

Board approved awarding a contract to Park Engineering in the amount of $128,038.00 at the April 15, 2010 Board Meeting with funds from the Waterworks Build America Project Fund. Manager Craddick approved additional funding for additional design services as described below.

Funding:
Waterworks Build America Project

<table>
<thead>
<tr>
<th>Fund</th>
<th>$150,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Proposal from Park Engineering</td>
<td>&lt;$128,038.00&gt;</td>
</tr>
<tr>
<td>Previous Balance</td>
<td>$21,962.00</td>
</tr>
<tr>
<td>Additional amount requested for additional work**</td>
<td>&lt;$9,232.00&gt;</td>
</tr>
<tr>
<td>Current Balance</td>
<td>$12,730.00</td>
</tr>
</tbody>
</table>

Updated Contract Amount: $137,270.00

** The requested increase of $9,232.00 for a new total sum contract amount of $137,270 to Park Engineering to provide design services to install 24-inch waterlines beyond the western and eastern ends (vicinity of Baseline Sta. 281+50 to vicinity of Sta. 363+87) of the concrete paving was approved by Manager Craddick as funds were still available from the Build America Project Fund.

Re: Job No. 10-01, ANI-01a, Pipeline Replacement along Anini Road from Kilauea-Anini, Kauai, Hawaii, award of contract to Fukunaga and Associates.

Contract awarded to Fukunaga and Associates in the amount of $750,760.00.

Funding:
Account No.201-01, Bond – BAB .......................................................... $750,760.00

PUMP INSTALLATION PERMITS SIGNED BY MANAGER: None.
WAIVER, RELEASE AND INDEMNITY AGREEMENTS SIGNED BY THE MANAGER: None.

PERSONNEL MATTERS UPDATE: Updated August 9, 2010

RECRUITMENT:

Ops Division:
2. Lead Pipetfitter vacancies. Applications received. In consultation with the union.
3. Water Service Supervisor III vacancy. Department of Personnel is reviewing applicant qualifications.
6. Automotive Mechanic I pending position update via reallocation action. Eligibles list will be provided after position is established.

**Fiscal Division:**
1. Accountant I. The two selectees are in the process of coming on board, one Sept 1st and one about Sept 16th.
2. Data Entry Operator I started work August 2, 2010.

**Engineering and Special Projects Divisions:**
3. Civil Engineer II (Engineering Division). This is no longer a vacant position.
4. Civil Engineer VI (Engineering Division head) vacancy. Submitted request to recruit to Department of Personnel Services. Currently the position is filled by TA

**Administration Division:**
2. Computer Systems Support Technician I. Selectee declined. DPS is handling the Open recruitment to create a new list of eligibles.
3. Secretary vacancy. Open recruitment in effect. Interviews to be scheduled this month.

**Table of Organization Updates:**

**Special Projects Division:**
1. Reallocation of Civil Engineer III to Waterworks Project Manager (Effective Date of Action: 4/1/2010). Updated Table of Organization showing the new classification title assigned by DPS.

**Administration:**
1. New Clerical Assistant (Community Relations) position. Updated Administration Table of Organization with the designated position number assigned by the Department of Personnel Services. (Table of Organization signed on April 15, 2010)

**Operations Division:**
1. New Water Field Operations Superintendent & Water Plants Superintendent positions included on Table of Organization, signed 5/3/2010
2. Water Meter Mechanic, Utility Worker and Waterworks Investigator II positions moved from Plant Section to Field Section (Table of Organization’s signed 5/4/2010)

Affordable Housing Update: (This Revised Update expands on the June 14, 2010 Affordable Housing Task Force Meeting as requested by the Board of Water Supply at the July 15, 2010 Board meeting, and also includes updates from the AHTF Meeting held August 9, 2010, held at the P‘ilikoi Conference room A at 10:00AM. Gary Machler, Housing Agency, conducted the meeting. Barbara Pondragon, the DOW, the Waste Water Division and the Planning Department were present. The Engineering Division, PW Building and Engineering Division and Council Services were absent.)

Updates on AHTF Projects:

1. Habitat - 'Ele'ele I Luna Subdivision Phase 2 (107 lots, 1 park): Site construction for the 12" sewer main will be completed by the end of July. Housing agency estimated that on-site infrastructure improvements for Phase II, Increment 1, will be bid out by the end of 2010. The design construction plans are currently being prepared by the owner’s consultant for review by the DOW and other government agencies.

2. Kauai Lagoons – Kapule Project: Water improvements have been conveyed to the Water Board. The DOW has since issued the Certificate of Completion for the water improvements. The Housing Agency is preparing to revise the market approach that was approved by the County Council recently. First offering includes income related workers of Kauai Lagoons and Marriott Hotel. Second offering includes income related Kauai residents. Third offering includes County Housing agency purchasing up to 3 units. Fourth offering is open market offers. The ownership of the units was amended from lease to fee simple title.

The AHTF committee agreed to remove this project from the AHTF list of projects.

3. Kukui‘ula Employee Housing - "Gap" Housing subdivision and zoning permit. The County Council will meet this week to amend the housing agreement that is required by the Zoning Amendment ordinance. The development was able to extend the development deadline until 2013. Water improvements include the preparation of a water master plan for the project. The owner is currently reviewing DOW comments for the water master plan.

4. Kohea Loa (Hanamalu Triangle) - According the necessary Infrastructure Master Plan for the Lihue-Hanamalu Master Planned Area was approved by Planning. The master plan includes Water, Roads, Parks and Wastewater master plan improvements. The Water system improvements as set forth by the WMP include offsite source, storage and transmission facilities. DR Horton was informed that necessary water system facilities must be installed as per the Water Master Plan. DRH will continue to work with Grove Farm and the DOW.
5. Paanau Village, Phase 2: The developer is projecting final subdivision approval after the necessary improvements are bonded by Kukuiula Development Company. On site construction is scheduled for December, 2010, however the Building Permit application for the 50 unit rental project is planned for October, 2010. DOW approval of the building permit will be dependent on the completion and acceptance of the necessary water service connections and other water site improvements. The Housing agency will request that the developer complete the water meter improvements prior to DOW approving the building improvements. Occupancy is projected for end of 2011.

6. ‘Ele’ele – 75 acre parcel acquisition: Housing Agency executed the purchase agreement with McBryde Sugar Co. to purchase the 75 acre parcel. The Housing Agency is negotiating with their consultant to include the water system improvements master plan with the community master plan conceptual scenario layouts.

State Land Parcels (County Affordable Housing):

1. At the May 2010 Board Meeting the Housing Agency reported that the State Land Parcel Affordable County Affordable Housing development now includes a total of six (6) remaining parcels which are located in Kekaha and Kapaa. The Board of Water Supply agreed to provide certain source and storage facility improvements for the development of the affordable housing developments. However, the Housing Agency’s December 2008 deadline to complete the Affordable Housing projects was extended until December 2013 by the DLNR Board. Recently, the Housing agency hired a consultant to conduct a feasibility study that will determine the necessary water system improvements. The Housing Agency estimates that the feasibility study will take 6-8 months. The DOW will continue to work with the Housing Agency to facilitate the completion of the ultimate development of the state land parcels.

2. The DOW projects that were referenced by the Board were treated as high priority projects. The six (6) water improvement projects were specifically identified as the “Affordable Housing Projects”. Currently the group of projects is being managed by DOW Special Projects Division and the project status is included as a quarterly summary report to the Board. The projects are described as follows:
   a. KW-28, Amfac Shaft Rehab
   b. KW-25, DOW Job. 05-03, Kapilamao 0.5MG Tank
   c. WK-08, DOW Job. 02-14, Kapahi 1.0MG Tank
   d. WK-09, DOW Job. 02-14, Kapaa Homesteads 0.5MG Tank
   e. WK-39, Kapaa Homesteads Well #4, Drill & Develop
   f. WK-02, DOW Job. 02-24, Akulikuli Tunnel Rehab

{Next meeting will be announced by Housing.}

**STATUS OF THE MIYAHARA PROJECT**
The Miyahara Project, ‘Oma’o, Kauai (Agent Dawn Murata) issue has been resolved by Eddie Doi without Board action.
Manager Craddick gave an overview of the Contracts Awarded, Recruitment and Affordable Housing as outlined in the report.

Manager Craddick indicated the location of the new DOW building on the wall map; a right-of-entry from the highway had been denied (Mr. McCormick!) The building architect is Architects Hawaii. Upon query from Chair Nishimura, Manager Craddick indicated that the old DOW building may be taken over by Operations. Also upon query from Chair Nishimura, Manager Craddick indicated that, although there were storage facilities for the Department of Public Works on the drawings, he had wanted the DOW staff to review the project site and drawings first, before submittal to DPW.

Manager Craddick distributed the updated 2010 Bond Project Spend-Down spreadsheet, noting he had added an extra column titled "Encumbered to Date (ETD)". There are no water systems where there is no work going on. Mr. K. Fujimoto noted that maybe Koloa, but it's combined with Kalaheo. Manager Craddick noted the improvements there are for are their own subdivision, a commitment that we give to that what they developed. If we have a new FRC schedule in place we should be able to replace what we have taken in the interim. Mr. K. Fujimoto also noted there was nothing in Anahola.

Chair Nishimura offered a reminder to Manager Craddick for Water Plan 2020 projects, we need to look at the priorities and resubmit the overall 2020 Plan, which is part of Manager Craddick's goals for this year.

Mr. Oyama moved to receive the Manager's Update for July 2010 – August 2010, and placed it on file, seconded by Mr. D. Fujimoto; by a unanimous vote, motion was carried.

Mr. D. Fujimoto left at approximately 1:05 p.m.

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

**EXECUTIVE SESSION AGENDA:** None.

**There was no Executive Session at this Board Meeting.**

**TOPICS FOR NEXT WATER BOARD MEETING:**
1. Board discussion and possible action on Board Policy No. 16, Reports for Out-of-State Travel
2. Committee Discussion and Possible Action on Part III Rule Amendments — Establishing Standards for Subdivision Water Systems

**For the Committee of the Whole:**
1. Proposed Organizational Chart
2. Job Performance Evaluation of the DOW Manager and Chief Engineer

**TOPICS FOR FUTURE WATER BOARD MEETINGS**

1. Job Performance Evaluation of the DOW Manager and Chief Engineer *(October 2010)*

**For the Committee of the Whole:**

1. Request Board Approval for Grant Funding from the Department of Health Safe Drinking Water Branch to Develop and Initiate Implementation of a Wellhead Protection Program for the County of Kauai.

1. **Quarterly Reports:**
   a. For the Board's Information on the Kauai County Water Department Briefing on Departmental Projects *(October, 2010)*
   b. Strategic Plan Update: Issue Champions & Affordable Housing Reports *(October, 2010)*
   c. Informational Report on Manager’s Goals *(October, 2010)*

**UPCOMING EVENTS**

1. Project WET: Make a Splash 2010 - *Thursday, September 23, 2010*
2. Hawai'i Water Works Association (HWWA) Annual Conference on Kaua‘i - *October 13-15, 2010*

**NEXT WATER BOARD MEETINGS**

1. Thursday, September 16, 2010, 10:00 a.m.
2. Thursday, October 21, 2010, 10:00 a.m.
3. Thursday, November 18, 2010, 10:00 a.m.
4. Thursday, December 16, 2010, 10:00 a.m.
5. Thursday, January 20, 2011, 10:00 a.m.

**ADJOURNMENT**

There being no further business, the meeting was duly adjourned at 1:08 p.m.

Respectfully submitted,

[Signature]

Carol Beardmore, Commission Support Clerk

**APPROVED:**

[Signature]

David R. Craddick, P.E.
Manager and Chief Engineer
Correspondence
TO: David Craddick  
Department of Water  

FROM: Lindsay Crawford  
Senior Project Manager  

DATE: November 23, 2009  

RE: Piwai Tank / Akemama Tank Agreement  

Comments:  

Aloha David,  

Please find attached the Piwai Tank / Akemama Tank agreement ready for DOW execution.  

Your October 20, 2009 changes have been added to the document. In additions, there were a few last clarifications that Kukui'ula made. For your convenience a marked-up copy showing both DOW and Kukui'ula changes has been provided.  

FYI, the cost breakdown for the associated "relocation premium" (referenced in the attached agreement) has been submitted to Bruce Inouye for DOW review and approval. Anticipating that DOW will find both the agreement and the cost breakdown acceptable, Kukui'ula has already executed the attached final copy of the agreement and respectfully asks that DOW now execute.  

Please feel free to contact me at (808) 742-6293 should you have any questions and/or concerns.  

Mahalo,  
Lindsay
Old Business
BOARD OF WATER SUPPLY POLICY NO. 16

RE: REPORTS – OUT-OF-STATE TRAVEL

Any Board [and staff] member whose travel to the mainland is funded wholly or in part by the Department shall submit a written report to the Chairman within 30 days following his return.

The report shall contain the purpose(s) of the trip and a gist of activities and accomplishments or recommendations.

Following receipt by the Chairman, a copy shall be kept on file.

__________________________________   ________________________
Chairman                                Date
Board of Water Supply

RE: REPORTS – OUT-OF-STATE TRAVEL

Effective Date: August 19, 2010
MANAGER'S REPORT NO. 11-10

September 9, 2010

Subject: Request Board Approval to Concur with Mayor Carvalho's "Consortium for Kaua'i's Sustainable Regional General Plan"

RECOMMENDATION

It is recommended that the Board approve DOW participation in the Administration's effort to form a Consortium for Kaua'i's Sustainable Regional General Plan.

BACKGROUND

The County intends to pursue the HUD/DOT/EPA Sustainable Communities Regional Planning Grant by forming a group of stakeholders in the process.

We believe we are an important cog in the wheel. This group should be able to take advantage of the Kaua'i community collective desire for sustainable development by building the necessary partnerships among Kaua'i's governmental agencies, organizations, service providers and non-profit organizations that will be needed to implement a sustainable vision over the long term.

Respectfully submitted,

David R. Craddick, P.E.
Manager and Chief Engineer

DRC/cab
Attachment
Mycra/Consortium for Kaua'i's Sustainable Regional General Plan (8-19-10)(9-16-10).cab
THE CONSORTIUM FOR KAUA'I SUSTAINABLE REGIONAL GENERAL PLAN

August 2010

The mission of the Consortium is to promote comprehensive regional planning that protects Kaua'i's environment and rural character and increases economic opportunity for all Kaua'i residents, now and in the future. The Consortium proposes to pursue the HUD/DOE/EPA Sustainable Communities Regional Planning Grant in order to take advantage of the Kaua'i's collective desire for sustainable development by building the necessary partnerships among Kaua'i's governmental agencies, organizations, service providers and non-profit organizations that will be needed to implement a sustainable vision over the long term.

As a member of the consortium for the HUD Sustainable Communities grant being applied for by the County of Kaua'i, Department of Water agrees to the following:

- Will act as a partner to the County of Kaua'i to carry out the activities described in the approved application
- Will authorize the County of Kaua'i to serve as the lead applicant and to act in the representative capacity with HUD on behalf of all members of the consortium and to assume administrative responsibility for ensuring that the consortium’s program is carried out in compliance with all HUD requirements
- Understand that the County of Kaua'i will submit the application, execute the cooperative agreement with HUD, and assume fiscal responsibility for the grant
- Understand that the County of Kaua'i will enter into memorandums of understanding with any partners receiving funding from the grant, to ensure delivery of the required activities
- Upon notification of approval of the grant, this agency will enter into a formal consortium agreement to be executed no later than 120 days after the effective start date of the grant agreement

Agreed:

Bernard P. Carvalho, Jr., Mayor
County of Kaua'i

Mr. David Craddock
Department of Water
MANAGER'S REPORT No. 11-17rev

September 9, 2010

Re: Request Board Approval of the Proposed Revised Organizational Chart

RECOMMENDATION:
Your approval is requested for the Proposed Revised Organizational Chart. For additional discussion, referral to the Committee of the Whole may also be appropriate.

BACKGROUND
In order to better plan for the future, the Department of Water has proposed reorganizational revisions to the Organizational Chart.

The changes include:

3. Changing the EM-7 from 2020 Plan implementer to in charge of both engineering sections. No change in pay level.

Respectfully submitted,

[Signature]

David R. Craddick, P.E.
Manager and Chief Engineer

DRC:ab
Mgr/Revised Organizational Chart (8-19-10) (9-16-10)
MANAGER'S REPORT No. 11-18

September 9, 2010

Re: Letter from Governor Linda Lingle concerning the DOW request to replace the 8-inch waterline with a 12-inch waterline to improve water services to Waima Canyon School and surrounding facilities

BACKGROUND
Memoranda were sent to Governor Lingle on September 2, 2009 and June 17, 2010, requesting approval for the release of $2,500,000 in capital improvement program funds, as appropriated by Act 162, SLH 2009, as amended by Act 180, SLH 2010, to replace the 8-inch waterline with a 12-inch waterline to improve water services to the Waima Canyon School and surrounding facilities. The project would increase the water flow required to meet the County of Kauai's Water System Standards adopted in 2002 for the school and the residents in the town of Waima. Governor Lingle replied that, due to the current fiscal circumstances and the uncertainty of the revenue projections, our request was returned without action. She noted that the State must protect its financial resources today to maintain a stronger financial condition in the future.

RECOMMENDATION:
It is recommended that the Board wait for the Governor to change and make another request.

Respectfully submitted,

David R. Craddick, P.E.
Manager and Chief Engineer

DRC: cab
Mgrp/Waima Canyon School_shortfall.plm (9 16 10: cab)
August 3, 2010

Mr. David R. Craddick, P.E.
Manager and Chief Engineer
County of Kauai, Department of Water
4398 Pua Loke Street
Lihue, Hawaii 96766

Dear Mr. Craddick:

Your September 2, 2009 and June 17, 2010 memoranda, requesting approval for the release $2,500,000 in capital improvement program funds, as appropriated by Act 162, SLH 2009, as amended by Act 180, SLH 2010, to replace the 8-inch waterline with a 12-inch waterline to improve water services to the Waimea Canyon School and surrounding facilities, has been reviewed. I understand that the project will increase the water flow required to meet the County of Kauai's Water System Standards adopted in 2002 for the school and the residents in the town of Waimea.

Due to the current fiscal circumstances and the uncertainty of the revenue projections, your request is being returned without action at this time. I hope you will understand that we must protect our financial resources today to maintain a stronger financial condition in the future.

Sincerely,

LINDA LINGLE

Attachments
New Business
MANAGER'S REPORT NO. 11-19:

September 9, 2010

Re: Request Board Approval of Conveyance of Water Facility Documents

We request Board's approval of the following documents from the following applicants for their respective projects:

a. Conveyance of Water Facility from Kauai Bible Church, a Hawaii Non-Profit Corporation; Alexander and Baldwin, Inc., a Hawaii Corporation; McBryde Sugar Company, Limited, a Hawaii Corporation; and Kaua'i Development Company Hawaii, LLC, a Hawaii limited liability company for the Piwai Wells 16-inch Transmission Line, TMK's: (4) 2-5-01:002(port), 008(port), 011(port) and 012(port), Koloa, Kauai, Hawaii


d. Conveyance of Water Facility from Nancy Loder, Trustee of the Earl C. Loder, M.D. Pension Trust for One (1) each 1-inch Copper Single Service Lateral for 5/8 inch Water Meter, for Unit II, Hale Opelu Condominium, TMK: (4) 5-5-010:080, Hanalei, Kauai, Hawaii

e. Right of Entry Agreement for the Pipeline Replacement, Kapaa Homesteads, Phase II, Job No. 02-18, Water Plan 2020 Project No. WK-32, Affecting the Following Landowners in Kapaa, Kauai, Hawaii

1. Board of Water Supply, County of Kauai, affecting Portion of TMK: (4) 4-6-011:003, Kapaa, Kauai, Hawaii

f. Right of Entry Agreement for the Waimea Main Replacement, Job No. 05-01, Water Plan 2020 Project No. KW-16, Affecting the Following Landowners in Waimea, Kauai, Hawaii

1. West Properties, LLC., affecting Portion of TMK: (4) 1-6-05:021, Waimea, Kauai, Hawaii

2. Robinson Family Partners, affecting Portion of TMK: (4) 1-6-03:024 & (4)1-6-03:052, Waimea, Kauai, Hawaii

Respectfully submitted,

David R. Craddick, P.E.
Manager and Chief Engineer

Attachments
Mgrp/COW/ Cover Sheet (9-16-10).cab
BOARD REPORT

September 8, 2010

Re: Conveyance of Water Facility from Kauai Bible Church, a Hawaii Non-Profit Corporation; Alexander and Baldwin, Inc., a Hawaii Corporation; McBryde Sugar Company, Limited, a Hawaii Corporation; and Kukuiula Development Company Hawaii, LLC, a Hawaii limited liability company for the Piwai Wells 16-inch Transmission Line, TKM’s: (4) 2-5-01: 002(por), 008(por), 011(por) and 012(por), Koloa, Kauai, Hawaii

It is recommended that the Conveyance of Water Facility document be approved; whereby, Kauai Bible Church, a Hawaii Non-Profit Corporation; Alexander and Baldwin, Inc., a Hawaii Corporation; McBryde Sugar Company, Limited, a Hawaii Corporation, and Kukuiula Development Company (Hawaii), LLC, a Hawaii limited liability company, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to:

**Waterline:**
- 3,585 linear feet of 16" Ductile Iron Waterline
- 5 each 16-inch Resilient Wedge Gate Valve
- 1 each 16-inch x 12-inch Reducer
- 3 each 16-inch x 16-inch x 16-inch Tee
- 92 linear feet of 8-inch Ductile Iron Waterline
- 2 each 8-inch Blow Off Assembly
- 1 each Air Relief Valve

**Base and Paving:**
- 4,120 square yards of 2-inch Asphalt Concrete over 6-inches of Aggregate Base Course

**Concrete**
- 7,070 square feet of 8-inch x 6-inch Concrete Header Curb
- 100 linear feet of 12-foot wide Concrete (Ford) Roadway

**Gates**
- 4 each Double Swing Gate
- 172 linear feet of fencing

in place complete, for the Piwai Wells 16-inch Transmission Line, TKM’s: (4) 2-5-01: 002(por), 008(por), 011(por) and 012(por), Koloa, Kauai, Hawaii.

This facility is subject to the Acquisition and Funding Agreement between the County of Kauai and Kukui‘ula.

Respectfully submitted,

Keith Anki, Engineer
Engineering Division
KPicab
Mgmt-COWF-Piwai Well-Koloa (9 16 10Cab)
BOARD REPORT

September 8, 2010

Re: Grant of Easement A-2 from Alexander & Baldwin, Inc. and McBryde Sugar Company, LTD., both Hawaii Corporations, for the Piwai Wells, Tank, and 16-inch Transmission Line; TMK: (4) 2-5-01:002; 2-5-01:008 and 2-5-01:011, Omao, Koloa District, Kauai, Hawaii.

It is recommended that the Board approve the Grant of Easement document whereby, Alexander & Baldwin, Inc. and McBryde Sugar Company, LTD., both Hawaii corporations, grant to the Board of Water Supply, County of Kauai, a perpetual easement; A-2, on, over and under that certain parcel of land located in TMK: (4) 2-5-01:002; 2-5-01:008 and 2-5-01:011, Omao, Koloa District, Kauai, Hawaii, for the reading of water meters and for the construction, installation, re-installation, maintenance, repair and removal of potable water pipelines and related meters, valves, and other associated waterworks facilities improvements and appurtenances, together with the right of ingress and egress at any time to and from the said easement area with or without vehicles or other equipment as the Department of Water shall deem necessary for the proper operation of its water system for the construction plans for the Piwai Wells, Tank, and 16-inch Transmission Line; TMK: (4) 2-5-01:002; 2-5-01:008 and 2-5-01:011, Omao, Koloa District, Kauai, Hawaii.

Further, Board approval is specifically requested of the indemnification provision in this agreement, wherein the Board agrees to indemnify and hold harmless the Grantee from property damage and injuries to person (including death), when such damages and injuries are caused by the Department’s negligence while using the area.

Easement A-2 is replacing Easement A, which is being cancelled.

Respectfully submitted,

Keith Aoki, Engineer
Engineering Division

KA: cab
Mgrp-Grant of Easement A-2-A&B_McBryde-Piwai Wells & Tank-Koloa (9 16 10): cab
BOARD REPORT

September 9, 2010

Re: Cancellation of Easement “A” between Alexander & Baldwin, Inc. and the Board of Water Supply, County of Kauai, for the Piwai Wells, Tank, and 16” Transmission Line, TMK: (4) 2-5-01:002; 2-5-01:008 and 2-5-01:011, Koloa District, Kauai, Hawaii

It is recommended that the Cancellation of Easement document be approved; whereby, The Easement (Easement “A”), on over and under that certain parcel of land located in TMK: (4) 2-5-01:002; 2-5-01:008 and 2-5-01:011, Koloa District, Kauai, Hawaii, for the reading of water meters and for the construction, installation, re-installation, maintenance, repair and removal of potable water pipelines and related meters, valves, and other associated waterworks facilities improvements and appurtenances, together with the right of ingress and egress at any time to and from the said easement area with or without vehicles or other equipment for the proper operation of its project known as Piwai Wells, Tank, and 16” Transmission Line. Alexander & Baldwin, Inc., wishes to terminate and cancel the Easement (Easement A) so that it shall be of no further force or effect from or after the date that this cancellation of easement is recorded. Easement A is being cancelled due to change in land ownership and a small change in the easement boundaries. Easement A-2 is being granted by the current owners for the new easement boundaries.

The Grant of Easement (Easement “A”) being terminated is dated February 19, 2009 and recorded in the Bureau of Conveyances of the State of Hawaii as Document Number 2009-126557.

Respectfully submitted,

Keith Aoki, Engineer
Engineering Division

KA:acab
Mgrp-Cancellation of Easement “A”-A&B-Piwai Wells-Koloa (9 16 10):cab
BOARD REPORT

September 8, 2010

Re: Conveyance of Water Facility from the Earl C. Loder, M.D. Pension Trust, by Nancy Loder its Trustee, for the Installation of a Single Service Lateral for Unit II of the Hale Opelu Condominium, Lo: A-10-26, TMK: (4) 5-5-10:080, Hanalei, Kauai, Hawaii

It is recommended that the Conveyance of Water Facility document be approved; whereby, the Earl C. Loder, M.D. Pension Trust, by Nancy Loder its Trustee, transfer unto the Board of Water Supply, County of Kauai, all of its right, title and interest to: one (1) each, 1-inch copper single service lateral for 5/8" water meter, in place complete, for the Installation of a Single Service Lateral for Unit II of the Hale Opelu Condominium, Lot A-10-26, TMK: (4) 5-5-10:080, Hanalei, Kauai, Hawaii.

Respectfully submitted,

Keith (sign)

Keith Aoki, Engineer
Engineering Division

K.A: cab
MgrnCCWF-Loder-Hanalei (9 16 10): cab
DEPARTMENT OF WATER
County of Kauai

"Water has no Substitute - Conserve It"

BOARD REPORT

September 8, 2010

Re: Right of Entry Agreement for the Pipeline Replacement, Kapaa Homesteads, Phase II, Job No. 02-18, Water Plan 2020 Project No. WK-32, Affecting the Following Landowner in Kapaa, Kauai, Hawaii

1. Board of Water Supply, County of Kauai, affecting Portion of TMK: (4) 4-6-011:003, Kapaa, Kauai, Hawaii

RECOMMENDATION:
It is recommended that the Board approve the Right of Entry documents; whereby, the Board of Water Supply, County of Kauai, grant to Jennings Pacific, LLC., a right of entry, on, over and under that certain parcel of land located as specified above in Kapaa, Kauai, Hawaii, for the following work:

1. Storage of materials and equipment necessary to complete the subject project at the Ornellas Tank site.

It shall be noted Jennings Pacific, LLC. agrees to indemnify and hold harmless the Board from any loss or damage. Further, Jennings Pacific, LLC. agrees, upon completion of all its work on the project to mildly regrade and restore the subject property to its original condition or better. Jennings Pacific LLC. will provide, at no cost to the Board, a certificate of insurance showing the Board as Additional Insured during the course of the project.

FUNDING: Not applicable.

BACKGROUND:
Jennings Pacific, LLC. is in need of a storage area for the duration of the construction project. The Ornellas tank site is situated in a strategic location for the work that must be done.

The major components of the pipeline project are:

- 120 linear feet of 12-inch ductile iron pipe.
- 30 linear feet of 8-inch ductile iron pipe.
- 11,650 linear feet of 6-inch ductile iron pipe.
- 570 linear feet of 4-inch ductile iron pipe.
- 40 linear feet of 2 1/2" copper pipe.
- Removal and disposal of existing waterlines
- Valves
- Fire Hydrants
- Service Connections
- 12,300 sq. yd. AC pavement

Respectfully submitted,

Dustin Moses
Project Manager

DM:cab
Mgr/ROE – Pipeline Replacement-Kapaa Homesteads-Jennings-Job #02-18 (9 16 10):cab

—4398 Puu Lake Street, Lihue, Kauai, Hawaii or P. O. Box 1766, Lihue, HI 96766-5705—
Phone No. (808) 245-5403 – Administration FAX No. (808) 246-8628 – Engineering/Fiscal/Shop FAX No. (808) 245-5813
BOARD REPORT

September 8, 2010

Re: Right of Entry Agreement for the Waimea Main Replacement, Job No. 05-01, Water Plan 2020 Project No. KW-16, Affecting the Following Landowners in Waimea, Kauai, Hawaii

1. West Properties, L.L.C., affecting Portion of TMK: (4) 1-6-05:021, Waimea, Kauai, Hawaii

2. Robinson Family Partners, affecting Portion of TMK: (4) 1-6-03:024 & (4) 1-5-03:052, Waimea, Kauai, Hawaii

RECOMMENDATION:
It is recommended that the Board approve the Right of Entry documents; whereby, the above landowners, grant to the Board of Water Supply, County of Kauai, a right of entry, on, over and under that certain parcel of land located as specified above in Waimea, Kauai, Hawaii, for the following work:

1. Relocation of existing water meters from private property to County of Kauai Right of Way, together with the right of ingress and egress at any time to and from the said lot with or without vehicles or other equipment as the Department of Water shall deem necessary to complete the work.

Further, Board approval is specifically requested of the indemnification provision in this agreement; wherein, the Board agrees to indemnify and hold harmless the Grantor from property damage and injuries to person (including death), when such damages and injuries are caused by the Department’s negligence while using the area.

FUNDING: Not applicable.

BACKGROUND:
Portions of the existing waterlines along Kaumuali'i Highway, Gay Road, Alawai Road, Panako Road, Menchune Road, Pule Road, Laau Road, Kahakai Road and Meana Road will be replaced in 2010 - 2011. During the waterline design phase, it was observed that existing water meters are currently installed outside of the County Right of Way. The right of entry will allow our contractor, Goodfellow Brothers, Inc. to relocate all affected meters to within the County Right of Way.

Respectfully submitted,

Dustin Moises
Project Engineer

DM:cab
Mgrp/ROE — Waimea Main Replacement — West Props, Robinson — Job #05-01 (9/16/10):cab
Our Fiscal Year 2010 to 2011 request for Capital Improvement Funds is designed to address the urgent needs of our community, including two (2) of our top priority projects below that would address public safety and affordable housing by:

1) Improving fire protection for a State Department of Education's Kaua'i public school in Kīlauea (Project Name: Kīlauea School Waterline Improvements);

Our first and top priority project request would fund and construct needed improvements to our water systems to improve fire protection for the State Department of Education's Kīlauea Elementary School.

Fire protection improvements are vital to protecting the safety of the public, in particular the children in our public schools. Our proposed waterline improvement project for Kīlauea will upgrade fire protection and fire flow for the Kīlauea Elementary School.

The Department was fortunate to receive funding for this project previously (2009 session) and the State Department of Accounting and General Services requested to implement the project as this was a condition of the Kīlauea School's improvements. However, after the improvements were designed and advertised, the bids submitted were more than the requested allotment. Therefore, the project was not able to be constructed and the balance of the funds was lapsed. Although the design plans will need to be revised, most of the construction drawings and specifications have been completed and should be ready for bidding within 4 months of funding.

2) Developing storage and transmission infrastructure that currently poses a constraint for development of affordable housing in the Kawaihau District (Project Name: Kapa'a Storage Improvements).

Our second priority project request for storage and transmission improvements in the Kawaihau District is a priority area for development of affordable housing.

The need for affordable housing has become more and more evident, and on Kaua'i, a major area where housing can be developed in the Kawaihau District, unfortunately, water system capacity, particularly storage and transmission in the upper Kawaihau area, is a significant constraint for such development.
For future reference, the following projects are also included in our packet to make you aware of our upcoming projects that will be brought to the forefront once each of the project’s design is done:

3) Our third priority upcoming project request would fund and construct needed improvements to our water systems to improve fire protection for the State Department of Education’s Hanalei School (Project Name: Hanalei School Waterline Improvements Project); and

4) Our fourth priority upcoming project request is for transmission improvements in the Kawaihau District, which is a priority area to support the development of affordable housing (Project Name: Kawaihau, Kahuna and Piliamoo Roads - 12” and 18” Mains); and

5) Our fifth priority upcoming project request is to drill and develop a well for needed additional source to support the development of affordable housing (Project Name: Drill and Test Kapa‘a Homesteads Well No. 4); and

6) Our sixth priority upcoming project request is to design and construct a new 500 gallons per minute (GPM) water source and connecting waterline to support the development of affordable housing, especially since there are several State parcels designed for affordable housing development by the Governor in this service area. (Project Name: Renovate Kekaha (Amfac) Shaft and 12” Ductile Iron Waterline); and

7) Our seventh priority upcoming project request is to construct a new storage tank and pipeline for the Wainiha area, which is extremely deficient in fire protection and operating storage capacity (Project Name: Haena 100,000 Gallon Tank, Booster Pump and Connecting Pipeline):

The Kauai Department of Water’s revenue is derived through water sales and used for the operation and maintenance of our water systems. Our water systems are not highly integrated and typically rely on only a few water sources and storage tanks within a separate water system serving individual communities around the island.
Pipelines originally installed in many of these systems are commonly small and undersized by today’s standards. The Department of Water completed and periodically updates our comprehensive long-range plan, Water Plan 2020, to address the infrastructure needs of Kaua‘i's water systems and our water rates and revenue needs. It is evident that our resources are not enough to develop infrastructure needed to satisfy Kaua‘i’s future needs and replace aging water systems. With a small customer base of approximately 20,000 services, assistance from the State is vital to ensure the long-term viability of our drinking water systems.

The Board of Water Supply and the Department are committed to operating the waterworks of the County in a fiscally responsible fashion, and have taken measures to provide for adequate funding for the Department. We are currently conducting a water rate study and Facilities Reserve Charge study (a fee to be paid by developers or new consumers for connection to the water system), which are indicative of our willingness to increase revenues towards becoming more self-sufficient. We also are moving ahead with the engineering design of the Kapa‘a Storage and Pipeline improvement project. Our Kilauea School Waterline Project is ready to be bid for construction.

Ultimately, given the high cost of infrastructure development and the Kaua‘i Department of Water’s limited fiscal capability, achieving our goals for Kaua‘i water system improvements depends on the availability of State and Federal grants-in-aid.

CIP/CIP Projects 2010:ml
### Department of Water, County of Kaua'i

**SUMMARY REQUEST FOR STATE AID**

**CAPITAL IMPROVEMENT PROGRAM (CIP)**

Fiscal Year 2010-11

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County of Kaua‘i, Department of Water

INDIVIDUAL CAPITAL PROJECT REQUIREMENTS
Fiscal Year 2010-11

PRIORITY NO: 1

The design for this project is done and “shovel ready”

KILAUEA WATER SYSTEM

1. PROJECT LOCATION & DESCRIPTION:

Kilauea School Waterline Improvements
Water Plan 2020 Project No. WKK-7 and WKK-9

Fire Protection Improvements for State Schools

Installation of approximately 1000 feet of 12-inch ductile iron waterline, beginning at the existing 12-inch waterline along Kūhiō Highway and continuing approximately 450 feet through Pukalani Place and extending along Kolo Road approximately 550 feet to the Kilauea School, then connecting to the existing 8-inch waterline along Kolo Road.

2. ESTIMATED COST:

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<tr>
<td>TOTAL</td>
<td>1,300</td>
<td>1,300</td>
<td>1,000</td>
<td>1,000</td>
<td>--</td>
</tr>
</tbody>
</table>

3. JUSTIFICATION:

The existing transmission facilities providing water service to these schools are marginal for providing the fire flow of 2,000 gallons per minute (gpm) required by the Water System Standards adopted in 2002. The proposed water transmission facilities will provide the necessary fire protection needed by the State Department of Education's Kilauea School for the safety of its students and staff. This request is particularly important due to current plans by the Department of Education for construction of a much needed cafeteria at this school.
County of Kaua‘i, Department of Water

INDIVIDUAL CAPITAL PROJECT REQUIREMENTS
Fiscal Year 2010-11

[PRIORITY NO. 2]

WAILUA-KAPA‘A WATER SYSTEMS

1. PROJECT LOCATION AND DESCRIPTION:

Fire Protection Improvements for State Schools

Design and construction of a new 1.0 million gallon storage tank and connecting pipeline within the Department’s Ornellas tank hydraulic zone.

2. ESTIMATED COST:

<table>
<thead>
<tr>
<th>(in thousands of dollars)</th>
<th>6-Year Total</th>
<th>2-Year Total</th>
<th>2010-11</th>
<th>2011-2012</th>
<th>2012-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Land</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>0</td>
<td>0</td>
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<tr>
<td>B. Plans</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>C. Construction</td>
<td>3,000</td>
<td>3,000</td>
<td>-0-</td>
<td>3,000</td>
<td>-0-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,000</strong></td>
<td><strong>5,000</strong></td>
<td><strong>1,000</strong></td>
<td><strong>3,000</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

3. JUSTIFICATION:

The upper Kawaihau area of the Kapa‘a Water System is significantly deficient in storage capacity, requiring additional storage in two (2) separate pressure zones. In recognition of the storage deficiency, the Kaua‘i Board of Water Supply has adopted a meter issuance restriction policy of not more than five (5) meters per lot. This storage deficit, therefore, is a major constraint on development of affordable housing in an area that otherwise will be highly desirable for such housing. For example, several state parcels designed for affordable housing development by the Governor are situated in the service zone that will be served by these projects. There also are current deficiencies in fire protection for the schools and state hospital situated in this service area due to the small size of the existing storage facility. To address this storage deficit, the Department of Water has proceeded with designing of a 1.0 MG tank. Funds for land acquisition and construction of this tank are needed.
Kapa’a Storage Improvements

WK-08
County of Kaua‘i, Department of Water

INDIVIDUAL CAPITAL PROJECT REQUIREMENTS
Fiscal Year 2010-11

HANALEI WATER SYSTEM

1. PROJECT LOCATION & DESCRIPTION:

| Hanalei School Waterline Improvement | Water Plan 2020 Project No. H-5 |

**Fire Protection Improvements for State Schools**

Installation of approximately 2,800 feet of 8-inch ductile iron waterline, beginning at the intersection of Malolo and Weke Roads and continuing west along Weke Road approximately 2,000 feet to the intersection of Weke and Ana'e Roads, then continuing south along Ana'e Road approximately 300 feet and connecting into the existing 8-inch waterline along Kūhiō Highway. Also, approximately 500 feet of 8-inch ductile iron waterline along Mahimahi Road that will connect to the existing 8-inch waterlines along both Weke Road and Kūhiō Highway.

2. ESTIMATED COST:

<table>
<thead>
<tr>
<th></th>
<th>6-Year Total</th>
<th>2-Year Total</th>
<th>2011-2012</th>
<th>2012-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Land</td>
<td>n/a</td>
<td>n/a</td>
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<td>B. Plans</td>
<td>300</td>
<td>300</td>
<td>500</td>
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<tr>
<td>C. Construction</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>500</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,500</td>
<td>3,500</td>
<td>500</td>
<td>500</td>
</tr>
</tbody>
</table>

3. JUSTIFICATION:

The existing transmission facilities providing water service to these schools cannot provide the fire flow of 2,000 gallons per minute (gpm) required by the Water System Standards adopted in 2002. The proposed water transmission facilities will provide the necessary fire protection needed by the State Department of Education's Hanalei School for the safety of its students and staff.
WAINIHA-HA'ENA WATER SYSTEM

1. PROJECT LOCATION AND DESCRIPTION:

Design and Construction of 100,000 Gallon Storage Tank, Booster Pump Station, Connecting Pipeline and Appurtenances

Water Plan 2020 Project No. HW-13

Fire Protection Improvements for Aging Infrastructure

2. ESTIMATED COST:

<table>
<thead>
<tr>
<th></th>
<th>6-Year Total</th>
<th>2-Year Total</th>
<th>2010-11</th>
<th>2011-2012</th>
<th>2012-2013</th>
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<tr>
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<tr>
<td>Plans</td>
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</tr>
<tr>
<td>Construction</td>
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<td>3,000</td>
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<td><strong>Total</strong></td>
<td><strong>3,600</strong></td>
<td><strong>3,600</strong></td>
<td><strong>500</strong></td>
<td><strong>3,000</strong></td>
<td><strong>--</strong></td>
</tr>
</tbody>
</table>

3. JUSTIFICATION:

The existing storage facility for the Wainiha Water System consists of a 100,000 gallon steel storage tank in need of rehabilitation, and a new 7,000-gallon stainless steel tank. The water system has inadequate storage capacity for current demand and fire protection requirements. This is a remote, small water system that serves a limited number of customers, and the system is significantly deficient in meeting current fire protection standards. The proposed improvements would address both the tank and pipeline improvements necessary to provide fire protection service for both current users and future growth in the community.
County of Kaua‘i, Department of Water

INDIVIDUAL CAPITAL PROJECT REQUIREMENTS
Fiscal Year 2010-11

**PRIORITY NO:** 5

**WAILUA-KAPA‘A WATER SYSTEM**

1. **PROJECT LOCATION AND DESCRIPTION:**

   **Kawaihau Road Section, Kahuna and Diliamoo Roads: 12-Inch and 16-Inch Water Mains**
   Water Plan 2020 Project Nos. WK-27A and WK-33

   **Affordable Housing Infrastructure Development**

   Design and construct approximately 5,000 feet of 12-inch water main along Kahuna Road, connecting to the existing 12-inch main recently completed by a private developer (with participation by the Department of Water to oversize the main) to the intersection of Kahuna and Kawaihau Roads, then continuing with a 18-inch main along Kawaihau Road approximately 2,000 feet to the Ornellas Tank. In addition, design and construct approximately 4,000 feet of 18-inch water main along Kawaihau Road, connecting to the existing 12-inch water main to the 1.0 MG Makaleha Tank.

2. **ESTIMATED COST:**

<table>
<thead>
<tr>
<th>(in thousands of dollars)</th>
<th>6-Year Total</th>
<th>2-Year Total</th>
<th>2011-2012</th>
<th>2012-2013</th>
</tr>
</thead>
<tbody>
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<td>A. Land</td>
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</tr>
<tr>
<td>B. Plans</td>
<td>300</td>
<td>300</td>
<td>1,500</td>
<td>-0-</td>
</tr>
<tr>
<td>C. Construction</td>
<td>4,500</td>
<td>4,500</td>
<td>4,500</td>
<td>4,500</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>5,300</td>
<td>5,300</td>
<td>4,500</td>
<td>4,500</td>
</tr>
</tbody>
</table>

3. **JUSTIFICATION:**

   In addition to storage deficits, the upper Kawaihau area of the Kapa’a Water System has been identified to be deficient in transmission system capacity. With major water source facilities in the upper system, the pipeline deficiencies limit the Department of Water's ability to transmit water to the central and lower part of the Kapa’a Water System where water is needed for both fire protection at Kapa’a High School and Mahelona State Hospital, as well as to allow for development of affordable housing. The two (2) pipeline projects identified will effectively eliminate the pipeline bottleneck of this system.
County of Kaua‘i, Department of Water

INDIVIDUAL CAPITAL PROJECT REQUIREMENTS
Fiscal Year 2010-11

**WAILUA-KAPA‘A WATER SYSTEM**

1. **PROJECT LOCATION AND DESCRIPTION:**

   **Drill and Develop Kapa‘a Homesteads Well No. 4**
   
   Water Plan 2020 Project No. WK-39

   **Affordable Housing Infrastructure Development**
   
   Drill, test and develop a water well at the Department of Water's Ornellas Tank Site.

2. **ESTIMATED COST:**

<table>
<thead>
<tr>
<th>(in thousands of dollars)</th>
<th>6-Year Total</th>
<th>2-Year Total</th>
<th>2011-2012</th>
<th>2012-2013</th>
</tr>
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<td>A. Land</td>
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<td>B. Plans</td>
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<td>300</td>
<td>--</td>
</tr>
<tr>
<td>C. Construction</td>
<td>2,600</td>
<td>600</td>
<td>600</td>
<td>600</td>
</tr>
</tbody>
</table>

   **Total** 3,400

3. **JUSTIFICATION:**

   The existing source facilities providing water service to the Kapa‘a affordable housing projects are inadequate and additional water source needs to be constructed. The Department of Water has proceeded with the design of this project, and anticipates to be ready for bidding in 2 years.
County of Kaua'i, Department of Water

INDIVIDUAL CAPITAL PROJECT REQUIREMENTS
Fiscal Year 2010-11

PRIORITY NO.: 7

KEKAHA WATER SYSTEM

1. PROJECT LOCATION & DESCRIPTION:

Kekaha (Amfac) Shaft and 12-Inch Waterline
Water Plan 2020 Project No. KW-28

Affordable Housing Infrastructure Development

Design and construction of a new 500 gallons per minute (GPM) water source and 12-inch connecting pipeline for the Kekaha Water System.

2. ESTIMATED COST:

<table>
<thead>
<tr>
<th>(in thousands of dollars)</th>
<th>6-Year Total</th>
<th>2-Year Total</th>
<th>2010-2011</th>
<th>2011-2012</th>
<th>2012-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Land</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>-0-</td>
<td>-0-</td>
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<tr>
<td>C. Construction</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>-0-</td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td><strong>5,000</strong></td>
<td><strong>5,000</strong></td>
<td><strong>1,000</strong></td>
<td><strong>3,000</strong></td>
<td><strong>0-</strong></td>
</tr>
</tbody>
</table>

3. JUSTIFICATION:

The Kekaha area is significantly deficient in source capacity. This source deficit is a major constraint on development of affordable housing in an area that otherwise will be highly desirable for such housing. For example, several state parcels designed for affordable housing development by the Governor are situated in the service zone that will be served by these projects. To address this source deficit, the Department of Water has proceeded with designing of 500 GPM water well, formally used by Kekaha Sugar Company. Additionally, a 1.5 mile length of 12-inch connecting waterline along with an access road will be required. Funds for construction of this tank are needed.
Resolution No. 2
(10/11)

2010-2011 Budget
(for legislative packet)

for the

Department of Water
County of Kauai
DEPARTMENT OF WATER
LEGISLATIVE BUDGET FOR FISCAL YEAR 2010 - 2011
RESOLUTION NO. 2

I. WATER UTILITY FUND

BEGINNING BALANCE: $14,362,449.56

Cash Receipts:
- Water Sales and Service Charge $20,301,360
- Other $5,920,360
- TOTAL RESOURCES: $40,584,049.56

Expenditures:
- Salaries, Department of Water $5,690,400.00
- Normal Expenditures $12,371,260.00
- Equipment $800,700.00
- Debt Service $5,876,345.00
- Miscellaneous Capital Expenditures, Others $1,142,542.79
- Capital Expenditures, CIP $8,712,660.48
- Capital Expenditures, CRP $6,190,141.29
- TOTAL EXPENDITURES: $40,584,049.56

II. FACILITIES RESERVE CHARGE FUND

BEGINNING BALANCE: $5,535,242.86

Revenues:
- Facilities Reserve Charge $499,200.00
- Interest Earned $90,000.00
- TOTAL RESOURCES: $6,124,442.86

Expenditures:
- Capital Improvements Projects $6,124,442.86
- TOTAL EXPENDITURES: $6,124,442.86

III. BOND FUND

BEGINNING BALANCE $553,408.97

Bond Proceeds
- TOTAL RESOURCES: $553,408.97

Expenditures:
- Capital Improvement Projects $200,656.55
- Contracted CIP Projects $352,732.42
- TOTAL EXPENDITURES: $553,408.97

IV. WATERWORK BUILD AMERICA PROJECT FUND

BEGINNING BALANCE $58,723,019.84

Bond Proceeds
- Interest Income $420,000.00
- TOTAL RESOURCES: $59,143,019.84

Expenditures:
- Capital Improvement Projects $47,582,690.20
- Contracted CIP Projects $11,560,329.64
- TOTAL EXPENDITURES: $59,143,019.84
MANAGER'S REPORT 11-20

September 9, 2010

ITEM A

Re: Transfer of SRF Funded Projects to BAB funding.

Dear Chairman and Members;

Your approval is requested to recertify the funding for certain DOW projects from SRF loans to BAB funds in the total amount of $3,883,607.09.

Debt service payments for the SRF loans would increase SRF payments $320K per year above what they currently are. The subsidized debt service for the BAB would be about $240K. This is a difference of $80K. Reimbursement of the listed amounts has not been requested by DOW from DOH administered DWSRF. The ratio of yearly savings to yearly income $80K/$20,000K amounts to approximately 0.4% less revenue needed in water rates. The bond funds must be expended within three years. DOW cash would be conserved for future projects or delaying future rate increases but would not be subject to arbitrage payments or reduction of federal subsidy on bond proceeds for failure to pay out bond funds for the purposes authorized. These are the reasons I am recommending this action.

A detailed list of each project affected with relevant information is listed below.

<table>
<thead>
<tr>
<th>Contract No.</th>
<th>Description</th>
<th>Amount to be Recertified</th>
<th>SRF Int</th>
<th>SRF Fee</th>
<th>SRF Total</th>
<th>w/subsidy</th>
<th>BAB Int**</th>
<th>Approx Debt payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>491</td>
<td>Stable Tank</td>
<td>$1,033,673</td>
<td>0.26%</td>
<td>3.50%</td>
<td>3.76%</td>
<td>2.60%</td>
<td></td>
<td></td>
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<tr>
<td>492</td>
<td>Stable TK Ph II</td>
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<td>0.26%</td>
<td>3.50%</td>
<td>3.76%</td>
<td>2.60%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>493</td>
<td>Stable TK Ph I</td>
<td>$250,330</td>
<td>0.26%</td>
<td>3.50%</td>
<td>3.76%</td>
<td>2.60%</td>
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<td>$592,243</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>497</td>
<td>Kapililino Tank</td>
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<td>3.82%</td>
<td>2.60%</td>
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<tr>
<td>498</td>
<td>Kaumualii Hwy</td>
<td>$231,126</td>
<td>0.42%</td>
<td>3.50%</td>
<td>3.92%</td>
<td>2.60%</td>
<td></td>
<td>$99,839</td>
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<tr>
<td></td>
<td>Total</td>
<td>$1,972,263</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$1,495,778</td>
</tr>
</tbody>
</table>
$ 3,883,507

BAB pro rata share of interest $ 1,972,263
SRF interest and loan fee $1,495,778
total ($476,485) loss

For this transaction there is a net loss of $476,485 over twenty five years but 1.5% interest on the $3.9 million is about $58K per year. I do not expect we would hold on to this money for the length of time needed to make up the difference. We would probably hold it for three years.

The above listed jobs are not complete except the PH I and PH II Stable Tank pipelines.

** To arrive at the BAB interest cost for the SRF projects I took $3,883,507 / $600,000.00 = 6.472678% of the total BAB interest minus the subsidy $30,470,579 = $1,972,263. This would include issuance costs. This same percentage is used to arrive at the BAB interest related debt service payments above.

The reason the cost is higher for the BAB even though it has the lower interest rate is because the BAB has deferred principal and a longer pay off time (same issue with fifteen year and thirty year mortgage) and on first review does not appear beneficial. The unknown or risk part of this action is the effect of subsidy reduction if we do not spend down the bond proceeds in the required time. However, when we look at the debt service payments noted above we see a different financial view point which you may appreciate.

Thank you for your careful review of this matter and I realize all the factors that enter into this decision are not known at this time.

ITEM B

Re: Waimea Well A Water Utility Funded Project

RECOMMENDATION: It is recommended that the Board reallocate $1,000,000.00 from Account 101b, CRP Kalaeo Nursery Tank and Clearwell Renovations to Job No. 04-06, KW-20, Waimea Well “A” Renovations.

FUNDING:
Job No. 04-06, KW-20, Waimea Well A
Renovations, engineers estimate $1,000,000.00

101b. CRP Kalaeo, Nursery Tank and Clearwell Tank Renovation $1,500,000.00
Balance Remaining: $ 500,000.00

BACKGROUND:
Job No. 04-06, KW-20, Waimea Well A Renovations major improvements includes:
- Replace existing line shaft pump with submersible pump.
- Replace existing motor control center.
- Replace gas chlorination system with sodium hypochlorite system.
- Replace existing control building wooden roof with new concrete roof. Add new supports as needed.
- Provide addition to control building to separate motor control center with chlorination equipment.
- Security improvements, including new steel doors, louvered windows, barbed wire on top of the existing fencing, etc.
- Repaint building and piping.
- Replace existing propeller flow meter with new venturi tube flow meter and control valve piping.

The State highway right of way for the portion of Waimea Canyon Drive fronting the Waimea Well A has not been determined yet, resulting in the Department of Transportation's reluctance to approve this project. They have since proceeded with sufficient progress that they are reasonably comfortable that our facilities will not affect the road right of way and have since approved the project. The Department did not anticipate having this issue resolved so expeditiously so did not fund the project construction for this year. We acknowledge and appreciate the State's efforts in allowing the Department to proceed before finalizing their right of way.

The funding for the Kalaheo Nursery Tank and Clearwell Renovations is already included with Account 201.91 Bond (BAB) so we do not anticipate needing to use all of the funds allocated from Account 101b CRP for that project.

Respectfully submitted,

[Signature]

David R. Craddick, P.E.
Manager and Chief Engineer

DRC: cab
Mgrp:Budget Amendment-SRF to BAB_Waimea Well A Water Utility Funded Project (9-16-10):cab
MANAGER'S REPORT NO. 11-21:

September 9, 2010

Re: Request Board Approval of Amendment No. 1 to Memorandum of Agreement executed June 18, 2008 between the State of Hawai'i, Commission on Water Resource Management and the County of Kauai, Board of Water Supply to Implement Drought Mitigation Projects on Kauai.

RECOMMENDATION
It is recommended that the Board approve Amendment No. 1 to Memorandum of Agreement executed June 18, 2008 between the State of Hawai'i, Commission on Water Resource Management (CWRM) and the County of Kauai, Board of Water Supply (KBWS) to Implement Drought Mitigation Projects on Kauai.

BACKGROUND
In June 2008, CWRM and KBWS entered into an agreement which provided grant funding in the amount of $700,000.00 for Drought Mitigation projects on Kauai. To date, we have expended $522,535.49 and received reimbursement for $479,028.09.

The majority of unexpended funds will be used for the purchase of leak detection equipment. After visiting the many vendors at the AWWA Conference, it is evident that we will require more time in creating the scope of work and specs that will best benefit the department.

Respectfully submitted,

Faith Shiranizu

CONCURRED:

David R. Craddick, P.E.
Manager and Chief Engineer

PS: cab
Attachments

Mgrp/MDA-Amendt 1-Drought Mitigation Projects (9-14-10).cab
AMENDMENT No. 1

MEMORANDUM OF AGREEMENT EXECUTED
JUNE 18, 2008 BETWEEN THE STATE OF HAWAII,
COMMISSION ON WATER RESOURCE MANAGEMENT
AND THE COUNTY OF KAUA'I, BOARD OF WATER SUPPLY
TO IMPLEMENT DROUGHT MITIGATION PROJECTS ON KAUA'I

This AMENDMENT No. 1 (AMENDMENT) is entered into on the ___ Day of __________, 2010, by
and between the State of Hawaii COMMISSION ON WATER RESOURCE MANAGEMENT,
hereinafter referred to as “CWRM,” whose address is 1151 Punchbowl Street, Room 227, Honolulu,
Hawaii 96813 and the County of Kauai BOARD OF WATER SUPPLY, hereinafter referred to as
“BOARD,” whose address is 4398 Pua Loke Street, Lihue, Kauai 96766.

In consideration of the mutual promises set forth in this AMENDMENT, the parties mutually agree to
modify the AGREEMENT as follows:

1. Section 2 on page 1 of the AGREEMENT is amended to read as follows:

2. Period of Agreement. This AGREEMENT covers the period beginning upon execution
of this AGREEMENT and ending December 31, 2011. This period may be extended
upon mutual agreement between both parties by written amendment to this
AGREEMENT.

2. Exhibit 1 of the AGREEMENT is replaced in its entirety by revised Exhibit 1A, which is attached
to this AMENDMENT.

The entire MEMORANDUM OF AGREEMENT, as amended herein, shall remain in full force and
effect.

IN WITNESS WHEREOF, the parties have agreed to this amendment.

APPROVED AS TO FORM:                      STATE OF HAWAII
COMMISSION ON WATER RESOURCE
MANAGEMENT

By: ___________________________________    By: ______________________________
Deputy Attorney General                     LAURA H. THIELEN
                                              Chairperson

Approved by the Commission on Water Resource
Management at its meetings held on December 19,

APPROVED AS TO FORM:                      COUNTY OF KAUA'I
BOARD OF WATER SUPPLY

By: ___________________________________    By: ______________________________
County Attorney                            RANDALL NISHIMURA
                                              Chairperson
STATE OF HAWAII

COUNTY OF KAUA'I

On this ______ day of _____________________, 2010, before me appeared Randall Nishimura, to me personally known, who, being by me duly sworn, and that said officer is the Chairperson of the COUNTY OF KAUA'I, BOARD OF WATER SUPPLY, and that the foregoing instrument was signed on behalf of said Board, by authority of said Board, and that said officer acknowledged said instrument to be the free act and deed of said Board, and that said Board has no corporate seal.

________________________________________
Notary Public, State of Hawaii

Name of Notary: _________________________

My Commission expires: _________
KEKAHA AMFAC SHAFT 11
FACILITY TESTING, EVALUATION AND REPORTING (PHASE 1B)

PROJECT BACKGROUND

The Kekaha Sugar Company's potable water system was deactivated in 2000 and is situated on lands currently owned by the State Department of Land and Natural Resources. This private water system provided potable water to the sugar mill and surrounding plantation camps. The system included the Kekaha (Amfac) Shaft 11 (State Well No. 5842-02), a 700 gpm shaft/pump, two-75,000 gallon (172 feet elevation) tanks and 12" and 8" transmission mains that ran along cane haul roads to service the mill and camp area. The source of water for this system is Amfac Shaft 11, and the operational status and condition of this facility is unknown. The Kauai Department of Water (KDOW) plans to acquire this water system and will test and evaluate the Amfac Shaft 11 facility to determine what needs to be done to bring the facility up to KDOW standards.

The comprehensive project to renovate the Amfac Shaft 11 and replace water transmission mains is identified in the County of Kauai Drought Mitigation Strategies as a high priority drought mitigation project for the water supply sector.

Based on available drought mitigation funding, the comprehensive project to renovate Amfac Shaft 11 and replace the transmission mains has been scaled down. The facility testing, evaluation, and reporting project described below is the scaled down project and represents an important phase in the renovation of Amfac Shaft 11.

SCOPE OF SERVICES

Phase 1B of the Amfac Shaft 11 Renovation (State Well No. 5842-02) will cover the Facility Testing, Evaluation and Reporting.

Phase 1B – Facility Testing, Evaluation, and Reporting

- Task B1 - Pumping Capacity and Water Quality Evaluation Report
- Task B3 - Department of Health Engineering Report
- Task B4 - Basis-of-Design Inspection and Report
- Task B5 - Remove/Dispose/ElectConducters/Poles
- Task B7 - Clean/Seal Well & Pump Test

Task B1 - Pumping Capacity and Water Quality Evaluation Report. This effort includes
conducting a pumping capacity and water quality sampling test. The test will determine the sustainable well yield and salinity.

**Task B2 - Hazardous Material Sampling and Testing and Facilities Removal Reports.** This effort includes sampling and testing of suspect hazardous materials (HazMat) at the two existing 75,000-gallon corrugated steel tanks and at the pole-mounted transformers. An evaluation to remove storage tanks and transformers as required will be provided.

**Task B3 - Department of Health Engineering Report.** Because the existing AMFAC Shaft 11 has not been used for about 10 years, use of the facility would need to meet regulatory requirements for a new potable water source. The DOH requires that a comprehensive engineering report be prepared and submitted to the Safe Drinking Water Branch for review and approval. The report will adhere to the format provided by the DOH and will include pertinent information on general site data, physical/hydrological characteristics, water system extent, sources of potential contamination, sources of water supply, treatment works, pumping facilities, water storage, and financing.

**Task B4 - Basis-of-Design Inspection and Report.** This effort includes inspections and evaluations of the existing mechanical, structural, electrical, and site conditions of the AMFAC Shaft 11 facility to determine its feasibility for incorporation with the Department of Water’s system.

**Task B6 – Remove/DisposeElecConductors/Poles.** Renovation of AMFAC Shaft 11 requires the removal and disposal of obsolete well pump and control equipment including electrical conductors and utility poles.

**Task B7 – Clean/Seal Well & Pump Test.** Proper cleaning and sealing of AMFAC Shaft 11 is required to prevent contamination of this potable water source. Pump testing is necessary to determine production pumping rates, safe well yields, and any impacts to the ground water aquifer system due to pumping.

**TIME OF COMPLETION AND COMPENSATION/PAYMENT SCHEDULE**

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<th>Task Description</th>
<th>Time of Completion</th>
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<td>Task B3 – Department of Health Engineering Report</td>
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<td>Task B6 – Remove/DisposeElecConductors/Poles</td>
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<td>Task B7 – Clean/Seal Well &amp; Pump Test</td>
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MANAGER'S REPORT NO. 11-22:

September 9, 2010

Re: Release of Mortgage - Ayabe

RECOMMENDATION
It is recommended that the Board approve the attached release of Mortgage.

BACKGROUND
A parcel with the meter restrictions was allowed a second building permit provided the existing, hurricane-damaged house using the meter was torn down when the new house was built. The old house is now torn down and the family cannot refinance without the Mortgage restrictions being cancelled. The mortgage restriction is an agreement between Ayabe and DOW to allow DOW to sell the property and use the funds to tear down the old house if the family does not tear it down when the new house is built. You may understand the bank's concern over a deed restriction that allows selling the house from under its Mortgage. As noted previously the family has torn down the old house. Based on my review of photos sent to DOW there is no need to keep this agreement in effect.

Respectfully submitted,

David R. Craddick
Manager and Chief Engineer

Attachment
Mtggrp/Release of Mortgage – Ayabe (9-16-10).vab
RELEASE OF MORTGAGE

PARTIES TO DOCUMENT:

Mortgagor: BERYL Y. AYABE and NOBUO OTA, Co-Trustees of the Nobuo Ota Revocable Trust

Mortgagee: BOARD OF WATER SUPPLY, COUNTY OF KAUA'I
P. O. Box 1706, Lihue, HI 96766

PROPERTY DESCRIPTION:   LIBER/PAGE:

TMK: 4-6-034-010 (4)   DOCUMENT NO. 2006-091024
SS/vc 10KC-072 TRANSFER CERTIFICATE OF

TITLE NO(S):
RELEASE OF MORTGAGE

KNOW ALL MEN BY THESE PRESENTS:

THAT BOARD OF WATER SUPPLY, COUNTY OF KAUAI, the holder of the Mortgagee's interest under the mortgage described below, for valuable consideration, the receipt of which is hereby acknowledged, does hereby release the property described in said mortgage from the lien of said mortgage and does hereby cancel the same. Said mortgage is described as follows:

Mortgagee:    BOARD OF WATER SUPPLY, COUNTY OF KAUAI

Mortgagor:    BERYLY AYABE and NOBUO OTA, Co-Trustees of the Nobuo Ota Revocable Trust, under unrecorded trust agreement dated July 1, 2005

Mortgage Date: April 28, 2008

Recorded/Filed at: (X) Bureau of Conveyances as Document No. 2008-091024.
and/or

() Office of the Assistant Registrar of the Land Court as Document No. ___________ and noted on Transfer Certificate of Title No. ____________.

Assigned to: N/A

IN WITNESS WHEREOF, said Mortgagee has executed this instrument on this _____

day of ____________________

APPROVED:

ACCEPTED:

BOARD OF WATER SUPPLY,
COUNTY OF KAUAI

By: __________________________

Manager and Chief Engineer
Department of Water, County of Kauai

By: __________________________

Also:

Name:

APPROVED AS TO FORM
AND LEGALITY:

Deputy County Attorney

2
STATE OF HAWAII  
COUNTY OF KAUAI  

On this _____ day of ______________________, before me appeared  
______________________________________, to me personally known, who, being by me duly  
sworn, did say that said officer is the _______________________ of the COUNTY OF  
KAUAI, BOARD OF WATER SUPPLY, and that the foregoing instrument (i.e., Release  
of Mortgage), dated ____________________, and consisting of _______ pages 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.

______________________________
Name:
Notary Public, State of Hawaii

My commission expires:
MANAGER’S REPORT 11-23

September 9, 2010

Re: Request Board Approval of Board Policy No. 15 A - Payment of Claims and Disbursement of Funds, and Rescinding Policy 15.

RECOMMENDATION:

Your action is requested to rescind Board Policy No.15 – Payment of Claims and Disbursement of Funds and approve Board Policy No.15A – Payment of Claim and Disbursement of Funds.

FUNDING: N/A

BACKGROUND:

The policy change requested would give the Manager and Chief Engineer the authority to sign on behalf of the Board all claim warrant vouchers provided procedures are in accordance with Board Policy No 15 A.

The current Board Policy regarding disbursement of monies for claims upon the Board of Water Supply with checks issued by the County Finance Director is routinely approved by the Board after Board Finance Committee recommendation to the Board and a Board vote authorizing the Chair to sign the claims. This process is redundant and ministerial at the point the Board is asked to approve the claims. In other words there is no ability to stop legitimate invoices at this point and there is not sufficient time spent to find fraudulent claims. The process is redundant as the Manager has already signed the invoices and relevant staff has approved the invoices. A synopsis of relevant HRS section and current policies are enclosed for your review.

Haw. Rev. Stat (“H.R.S.”) 54-25 Disbursement of Fund, the County Treasurer shall disburse all moneys of the board only upon warrants issued by the county auditor or other county authorized signatory on, vouchers signed by the chairperson or the acting chairperson of the board, except as provided herein. The Board may delegate through rules and policies adopted pursuant to Chapter 91, its powers and duties regarding the disbursement of funds to the manager and chief engineer.

The Board has changed its rules to allow this delegation to occur subject to following approved policies. Current relevant policies are listed below.

Board Policy No. 3 - allows expenditures for Operation and Maintenance and capital waterworks materials (inventory) purposes when the budgeted amount is not exceeded. Purchases for non-waterworks material less than $5k are also allowed. (This Policy is added for completeness and is not relevant to the request being made and nothing will be changed with this policy.)
Board Policy No 15 - Payment of Claims, claims against the Department shall be paid monthly upon signature of the Chairman following a review of the claims by the Finance Committee; the claims shall be first signed by the Manager. (This is the Policy which is relevant to this request.)

Board Policy 22 – Budget and Contract Award process. (This Policy is added for completeness and is not relevant to the request being made and nothing will be changed with this policy.)

Procedural processes that are suggested to be affected by Policy 15A, if approved by the Board, are enclosed for your review.

Approval of this request will allow the finance committee and Board to focus on financial issues that are not ministerial in duty. The Board could require a personal Bond for the Manager which would be paid by the Board which could protect the Board from fraudulent acts.

Attached is the recommended Board of Water Supply Policy 15A.

Respectfully submitted,

[Signature]

David R. Caddick, P.E.
Manager and Chief Engineer

DRC/cab
Attachments
Mgps/Board Policy No. 15 A-Payment of Claims/Disbursement of Funds, and Rescinding Policy 15 (9-16-10):cab
Board of Water Supply Policy No. 15 A

Re: Payment of Claims and Disbursement of Funds

Purpose:

To streamline and improve the procedure for the payment of claims and disbursement of monies of the Board of Water Supply for its operating and capital projects expenditures that have been approved in the Annual Operating and Capital Improvement Budget while maintaining Board of Water Supply oversight.

Procedure:

1. The Board delegates its authority to approve funds disbursement vouchers as described in HRS 54-25 to the Manager and Chief Engineer to approve accounts payable vouchers on its behalf provided that the following conditions are met:
   a. The payment of claims are for those operating and capital projects expenditures approved in the annual operating budget as revised from time to time which have been approved by the Board.
   b. The payment of claims are for those operating expenditures resulting from emergencies in which Public health or safety is involved and a report is made at the earliest time to the Board.
   c. The Department follows applicable procurement procedures.
   d. Payments of claims are in accordance with Board Policy No. 3 - EXPENDITURE OF WATER UTILITY FUNDS.
   e. Payments of claims are in accordance with Board Policy No. 22 - BUDGET AND CONTRACT AWARD PROCESS.
   f. There shall be no redirection of funds not approved in the budget.

3. A Claims Payable Summary Report shall be given to the Board, on a monthly basis.

4. In the absence of the Manager and Chief Engineer and Deputy, the Board Chair is authorized to sign all claim warrant vouchers based on invoices that have been previously approved by the Manager and Chief Engineer or the Deputy.

This action for Board Policy No. 15A was officially approved and effective as of the September 16, 2010 Board Meeting.

APPROVED BY:

Chairperson, Board of Water Supply

Dated: September 16, 2010
Board Policy No. 3

Re: EXPENDITURE OF WATER UTILITY FUNDS

1. Expenditures for Operation and Maintenance purposes will require no prior Board approval if the budgeted amount is not exceeded.

2. Purchases of capital waterworks materials (pipe, hydrant, valves, etc.) will require no Board approval if the budgeted amount is not exceeded.

3. Purchases of equipment, furniture, fixtures, etc., (non-waterworks materials), in excess of $5,000.00, which will be capitalized and which are not itemized in the budget shall have prior Finance Committee approval. Purchases less than $5,000.00 shall have prior Manager and Chief Engineer approval.

4. Spending limits for line items can overrun providing the total budgeted amount within each expenditure classification are not exceeded.

The expenditure classifications to be included are as follows:

a. salaries and provision for accrued vacation
b. administrative – office and engineering with the exception of Items 28, 29 and 35
c. operations and maintenance with the exception of steel tank maintenance fund
d. insurance and employee benefits

5. Pursuant to Section 19.19 of the Charter of the County of Kaua‘i, “All procurements shall be conducted pursuant to State law. Competitive bidding thresholds lower than the bidding thresholds established under law may be enacted by ordinance”.

APPROVED BY:

Chairperson, Board of Water Supply                Date: October 17, 2006
BOARD OF WATER SUPPLY POLICY NO. 15.

RE: PAYMENT OF CLAIMS

Claims against the Department (i.e., bills) shall be paid monthly upon signature of the Chairman following a review of the claims by the Finance Committee. Prior to review by the Finance Committee, the claims shall be signed by the Manager. (Note: see Rules of Procedure, Rule VIII, Duties of Finance Committee.)

Exception: Emergency claims payment may be made prior to the Finance Committee meeting upon approval of the Chairman if, in his opinion, a delay of payment will cause a hardship to the Claimant or if, in his opinion, such early payment will be in the best interests of the Department. Such early payment shall be reported to the Finance Committee at its next regular meeting.

George R. Peters 8/23/74
Chairman Date
Board of Water Supply

RE: PAYMENT OF CLAIMS

Effective Date: August 23, 1974
Board Policy No. 22

Re: Budget and Contract Award Process

Purpose:
To streamline and improve the efficiency of the procedure for the department to procure and award formal contracts for services, equipment, materials, and construction while maintaining Board of Water Supply oversight.

Procedure:
1. The Board approves the Department's Annual Operating and Capital Improvement Projects Budget.

2. The Board authorizes the Manager and Chief Engineer to procure, award and approve formal contracts for services, equipment, materials, and construction as approved in the budget that previously would come before the Board for its approval (e.g., formal bid contracts), provided that the following guidelines are followed:
   a. The contract for services, equipment, materials and supplies, or construction is within the approved budget amount.
   b. The department follows applicable procurement procedures.
   c. The County Attorney approves and signs contract as to form and legality.
   d. Should the department require additional funds above the approved budget amount (e.g., contract amount exceeds the approved budget amount, additional funds required for contingencies or change orders that exceed the approved budget amount, etc.), the department will come to the Board for its approval.
   e. The contingency percentage, unless otherwise approved by the Board, shall be 5 percent of the total contract award amount.
   f. Redirection of funds for other purposes not approved in the budget shall come to the Board for its approval.

3. The Department shall report to the Board, on a monthly basis, contracts awarded under this policy (e.g. formal bid contracts).

4. The Manager and Chief Engineer is authorized to sign such contracts.

5. The Board Chair is authorized to sign such contracts, as necessary.

6. When a competitive process is used and if a proposed contract award will be to other than the lowest bidder, the DOW will seek Board approval prior to award.

APPROVED BY:

Chairperson, Board of Water Supply

Re: Budget and Contract Award Process

Effective Date: June 12, 2002
MANAGER'S REPORT NO. 11-24:

September 9, 2010

Re: Committee Discussion and Possible Action on Part III Rule Amendments – Establishing Standards for Subdivision Water Systems

RECOMMENDATION
It is recommended that the Board amend the Part III Standards for Subdivision Water Systems noted in the attached rule change.

BACKGROUND

The rule currently allows the Manager to make changes and various Managers have exempted various subdivisions. I would prefer to have regulation established by rule rather than by the current thought or even changing thoughts of the Manager.

The goal of these changes is twofold:

1. To allow subdivisions for governmental purposes to move forward provided water is not needed for the lot. There is always the portion of land that will stay in the hands of the current owner or some other owner. This non-government piece will have whatever rights it had prior to the subdivision. The action may result in a higher cost per sq foot to meet DOW water requirements. In the end it is a decision of the land owner to require or not the government to put in infrastructure improvements before a particular piece of land is subdivided for either purchase or through donation to the government.

2. Allow subdividers with existing land locked lots or boundary changes that do not affect water demand to relocate them to more convenient locations. In this case we limit the changes to lots that are buildable. In other words if they are in a gulch or in a stream or other such non-buildable site we would not allow the change.

Respectfully submitted,

David R. Craddick, P.E.
Manager and Chief Engineer

cab
Attachments

PART 3
ESTABLISHING STANDARDS FOR SUBDIVISION WATER SYSTEMS
within the County of Kauai
and Providing Penalties for the Violations Thereof

SECTION I – DEFINITIONS

For the purpose of these rules and regulations, unless it is plainly evident from the context that a different meaning is intended, certain words and phrases used herein are defined as follows.

1. The word “DEPARTMENT” shall mean the Department of Water, County of Kauai, consisting of a board of water supply, a manager and chief engineer and the necessary staff.

2. The word “BOARD” shall mean the Board of Water Supply of the Department.

3. The term “MANAGER AND CHIEF ENGINEER” shall mean the person holding the office of Manager and Chief Engineer of the Department.

4. The word “SUBdivider” shall mean a person, firm, corporation, partnership, association, trust or other legal entity, or a combination of any thereof who or which causes land to be divided into a subdivision for himself, itself or for others.

5. The word “SUBdivisioN” shall mean improved or unimproved land or lands divided or proposed to be divided into two or more lots, parcels, sites, or other divisions of land for the purpose, whether immediate or future, of sale, lease, rental, transfer of title to or interest in, any or all of such parcels, and shall include re-subdivision, and when appropriate to the context shall related to the process of subdividing of the land or territory subdivided.

6. The word “COMMISSION” shall mean the Planning Commission of the Planning Department, County of Kauai.

7. The words “PUBLIC WATER SYSTEM” shall mean the water system owned and operated by the Board.

8. The words “SUBDIVISION WATER SYSTEM” shall mean the water system, to and within any subdivision, including mains, valves, hydrants, laterals, pumps, tanks, reservoirs and all appurtenances necessary to provide water and fire protection for such subdivision and, where necessary, sources of supply.

9. The word “DIRECTOR” shall mean the person holding the office of the Planning Director of the Planning Department, County of Kauai.

10. The term “FACILITIES RESERVE CHARGE” shall mean the fee to be paid by subdividers or, when applicable, new consumers as their proportionate share in improvements to the Department’s Water System.

11. The word “MAIN” or “MAIN PIPE” shall mean the Department’s supply or distribution pipe to which service connections are made.

12. The term “SERVICE CONNECTION” shall mean the main tap, pipe fittings, meter and valve from the water main to and including the shut-off valve on the consumer’s side of the meter.
SECTION II - AVAILABILITY OF WATER AND APPROVAL OF SUBDIVISION MAP

1. Extensions from and connections to the public water system will be approved by the Department where pressure conditions permit, provided the following have been met:

   a. The Department has a sufficient water system developed for domestic use and, if required by the Department, a sufficient water system for fire protection.

   b. The additional service on the existing system will not be detrimental to people already being served in that area. In order to determine if the additional service will be detrimental to present consumers, the department may require the subdivider to estimate the amount of water to be consumed by the subdivision water system.

   c. The subdivision water system complies with these rules and regulations, and is designed and constructed in compliance with (1) all applicable statutes, ordinances, rules, and regulations of the State of Hawai‘i and the County of Kaua‘i, and (2) the 2002 Water System Standards (“Standards”) developed by Hawai‘i’s four county departments of water, as amended by the Department’s 2005 Amendments (“2005 Amendments”) to the Standards. The Standards and the 2005 Amendments are hereby incorporated by reference into the Department’s rules. The Manager and Chief Engineer may, for good cause shown, permit departure from the Standards or 2005 Amendments, or both.

   d. The facilities reserve charge for the subdivision has been paid, or a bond posted in lieu thereof, as provided under Section XIII of this Part.

2. In areas where there is no public water supply available, or where large quantities of water are required or a large investment is necessary to provide service, the subdivider will be informed as to the conditions under which the subdivision may be approved and, where appropriate, refunds made.

3. After the Director submits the subdivision map to the Department, the Department will inform the Director in writing of its approval, requirements for approval, or its disapproval of a subdivision map after taking the above into consideration.

SECTION III - FACILITIES RESERVE CHARGE

1. The subdivider shall pay to the Department the facilities reserve charge established in Part 4 of the Rules and Regulations of the Department, for each (additional) parcel created by the subdivision, including the first lot, except (as provided below) when facilities reserve charges have already been paid by the developer or subdivider.

2. No facilities reserve charge will be made for lots created by the subdivision which will not be served by the Department’s water system. In the event that the Department determines that the subdivision will not be serviced by the Department’s water system, but later water service is requested, full payment of the then applicable facilities reserve charge must be paid. A statement to this effect shall be clearly lettered on the subdivision map.

3. No facilities reserve charge will be made for any parcel which is already serviced by an existing meter or which was serviced by a meter within 365 days prior to formal submittal of the subdivision request to the Planning Department.

4. The subdivider shall pay the facilities reserve charge to the Department prior to subdivision approval by the Department except that subdivision approval may be given prior to construction of required improvements
and the payment of the facilities reserve charge by the posting of a bond, as described in Section XIII of this Part.

5. In the event the facilities reserve charge has been paid for a subdivision and subsequently the subdivision is consolidated, the facilities reserve charge will be returned provided the consolidation is completed within 365 days following the prior subdivision approval.

SECTION IV - EXTENSIONS TO SUBDIVISION

1. **General Requirement.** The subdivider shall install and pay for the subdivision water system required from the public water system to the subdivision. All such subdivision water systems shall be designed and located in accordance with the standards of the Department. The subdivider may be required to improve the public water system if the public water system is inadequate to serve the subdivision.

2. **Increase in Size of Water Main Extensions for Service to Other Areas.** Whenever the Department finds it necessary that the water mains proposed to deliver water to a subdivision should be of a greater capacity than is required to provide adequate service and fire protection for such subdivision, in order to supply water and fire protection to property not in the subdivision, the Department shall require the subdivider to install mains of such greater capacity.

3. **Reimbursement to Subdivider for Additional Costs of Mains to Subdivisions.** When the subdivider is required to install a larger sized main for the reasons set forth in the preceding paragraph, the Department will reimburse the subdivider, as soon as practicable after the acceptance by the Department of the completed work, the additional cost of the installation over and above the cost of the mains that would have been required; provided, that reimbursement will not be made to the subdivider where such larger main or mains will serve only areas under the same ownership as the subdivision under consideration.

Before the subdivider enters into a contract where a reimbursement to the subdivider for additional costs of mains to the subdivision will be made, the Department shall review and either approve or disapprove the contract. If the contract is disapproved, the subdivider shall revise the contract until its form and content is acceptable to the Department.

After the installation has been completed and accepted by the Department, the subdivider shall furnish the Department with an affidavit itemizing the costs incurred by him in the installation of the said larger mains. The said additional costs shall be determined by the Department.

SECTION V - INSTALLATIONS WITHIN SUBDIVISION

1. **General Requirement.** The subdivider shall install in accordance with these rules and regulations and the standards of the Department and pay for the subdivision water system required within a subdivision.

2. **Increase in Size of Water Mains with Subdivisions for Benefit of Other Areas.** Whenever, in order to provide for existing or future services beyond the boundaries of a subdivision, the Department finds that the mains to be installed within the subdivision should be of greater capacity than would be required to provide adequate service within such subdivision, the Department will require the subdivider to make installations of such greater capacity.

3. **Reimbursement to Subdivider for Additional Costs of Water Mains within Subdivisions.** When the subdivider is required to install a larger-sized main for the reasons set forth in the preceding paragraph, the Department will reimburse the subdivider, as soon as practicable after acceptance by the Department of the completed work, the additional cost of the installation over and above the cost of the mains that would have been required; provided, however, that in no case will reimbursement be made of any portion of the cost of a main of less than 6-inch in diameter; provided, further, that reimbursement will not be made to the subdivider.
where such larger main or mains will serve only areas under the same ownership as the subdivision under consideration.

After the installation has been completed and accepted by the Department, the subdivider shall furnish the Department with an affidavit itemizing the costs incurred by him in the installation of the said larger mains. The said additional costs shall be determined by the Department.

SECTION VI - SIZES OF MAINS, HYDRANT SPACING, FIRE PROTECTION

1. Sizes of Mains. Any subdivision, except where fire protection facilities are not required by the Department, hereafter to be laid out within the County shall provide 6-inch water mains or larger in residential districts and 8-inch water mains or larger in business, industrial and hotel and apartment districts. Sizing of mains within agricultural subdivisions and subdivisions where fire protection facilities are not required shall be determined by the Department.

2. Hydrant Spacing. Fire hydrants shall be spaced not more than 350 feet in business, industrial, hotel and apartment districts, 500 feet in urban residential districts and 600 feet in rural residential district (Urban and rural refer to boundaries established by the State Land Use Commission). Fire hydrants may not be required in agricultural subdivision as determined by the Department. The Department will determine the location of all hydrants. All fire hydrants required for adequate fire protection of a subdivision will normally be located within the subdivision.

If, in the interest of better fire protection, it is determined that one or more of the required hydrants will serve the subdivision to better advantage if located outside the subdivision, they may be so located and the cost shall still be borne by the subdivider, subject to the limitation that the cost to the subdivider shall not exceed the cost to him which would have resulted had all the hydrants been located inside the limits of the subdivision.

3. Fire Protection. In fixing the standards for fire protection insofar as water supply is concerned, the Department will be guided by the standards of the National Board of Fire Underwriters in “Grading Cities and Towns of the United States with Reference to Their Fire Defenses and Physical Conditions” and by any specific recommendations made by the said National Board with respect to the County.

SECTION VIII - SERVICE CONNECTIONS, DEAD-ENDS, ALTERATIONS TO PUBLIC WATER SYSTEMS, CONTOURS

1. Service Connections. Where water main construction is necessary, the subdivider shall provide each lot in a subdivision with a service connection from the water main to the property line adjacent to the lot or as directed by the Department’s engineer. As an alternate, one service connection may be installed for each two lots.

Where the lots to be created front along an existing water main, a service connections as required above shall be paid for by the subdivider and installed by the Board, except that the service connection installation may be deferred and paid for by the consumer at the time the request for water service is made for agricultural lots and other subdivisions for which the Department determines that it is impractical to require such installations prior to the request for water service.

2. Dead-Ends. Where water mains proposed by a subdivider would result in dead-ends, the subdivider shall correct the condition by the installation of such interconnections as may be required by the Board.

3. Alterations to Public Water System. All work and materials in connection with the change in location or grade of any part of the existing public water system made necessary by the subdivision shall be at the expense of the subdivider.
4. **Contours.** When required by the Board, contours or elevations shall be furnished by the subdivider, based upon mean sea level.

**SECTION IX - PREPARATION OF PLANS, INFORMATION ON PLANS, ELEVATION AGREEMENT, APPROVAL OF PLANS, DELAYS IN CONSTRUCTION**

1. **Preparation of Plans.** All construction plans shall be prepared by a registered engineer to the extent of his professional qualifications under the laws of the State. Preliminary maps and final maps of subdivisions to be reviewed by the Department shall fully conform to the definitions and requirements of the Rules and Regulations of the Commission.

2. **Information to be shown on Construction Plans.** The construction plans, insofar as the water system is concerned, shall show the following on County of Kauai standard size sheet or sheets:
   a. Name of subdivision, name of subdivider, name of engineer and location of subdivision.
   b. Date, north arrow, scale, tax key.
   c. The proposed subdivision water system complete, in both plan and profile, and its inter-relationship with street lines, lot lines, curb grades, sewers and drains, both existing and proposed, as well as any other features natural or artificial necessary for a complete understanding of the water system design.
   d. Plan and profile views drawn to a scale of one inch equals 40 feet and one inch equals 5 feet, respectively, or as approved by the Department. Manhole, fire hydrant, lateral and other details drawn to a scale of one-half equals one foot or larger.
   e. The designation, including alignment and width, of all easements for parts of the water system which will not be in street areas to be dedicated to the public.
   f. A general layout map showing the locations of lots and streets within the subdivision and its near vicinity together with existing and proposed water system.
   g. A small key location inset or vicinity map showing the proposed subdivision in relationship to streets and water mains in the area.
   h. In cases in which the owner or subdivider also owns areas contiguous to the proposed subdivision, or separated therefrom by a street, a sketch of the future street and lot pattern and the water system proposed to serve such contiguous areas shall be furnished for study with the construction plans.

3. **Elevation Agreement.** Whenever a lot or lots within a subdivision are at such an elevation that they cannot be assured of a dependable water supply, the approval of the construction drawings will be subject to each owner of such lot or lots signing an “elevation agreement” whereby such lot owner agrees to accept such water service as the Department is able to render, and such owner agrees to construct, if necessary, and maintain at his expense, a tank or a pump with a tank, all in accordance with the standards and requirements of the Department, of sufficient capacity to furnish a supply of water at such times as the pressure in the water mains may be insufficient to supply such lot or lots with water. When required, a statement as to this conditional approval will be clearly lettered on the subdivision map.

4. **Approval of Plans.** No construction of a subdivision water system, or any portions thereof, shall be undertaken prior to approval of the final construction plans by the Manager and Chief Engineer, the Director, the County Engineer of the Department of Public Works, and the State Department of Health. After said
approval, the subdivider shall transmit four sets of all final construction plans to the Manager and Chief Engineer.

In areas where there is no public water supply available to serve the subdivision, plans and specifications for the development of water sources, including wells, tunnels, shafts, pumps, buildings, mains and other appurtenance structures and devices, shall be in conformance with the standards of the Department and shall be approved by the Department in their entirety prior to the construction.

5. **Delays in Construction.** If any period exceeding one year or such extension as may be granted passes without substantial progress in the construction of the water facilities, after approval of plans by the Department, the plans thereof shall be resubmitted to the Department for review and for making such changes as it deems proper because of changed conditions or revision of standards.

**SECTION X - MATERIALS AND CONSTRUCTION STANDARDS, INSTALLATION OF WATER SERVICE, INSPECTION OF WORK**

1. **Materials and Construction Standards.** All materials, design and construction procedures, and workmanship, with respect to any subdivision water system, or any portion thereof shall be in accordance with the requirements of the “Standard Specifications for Waterworks Construction” of the Board of Water Supply, County of Kauai, dated 10/1/63 or as later amended and with the requirements of the State Department of Health and all applicable laws. The Manager and Chief Engineer shall determine the capacity and location of any of the component parts of the subdivision water system.

2. **Installation of Water Service.** No water service will be approved until the subdivision water system has been completed and accepted by the Department and the FRC has been paid to the Department. Service for subdivision construction purposes such as site work and roadways (excluding construction work for individual lots) may be approved.

3. **Inspection of Work.** The Manager and Chief Engineer or any employee representing him shall have free access at all times to all installations made for the subdivision and shall be given any assistance required and every facility, information and means of thoroughly inspecting the work to be done and the materials used or to be used.

**SECTION XI - OWNERSHIP OF INSTALLED WATER SYSTEM**

Before the Department will provide water service within the subdivision, the subdivider shall convey the subdivision water system to the Department and said subdivision water system thereafter will be maintained and operated as a part of the public water system; provided, however, that the Department may refuse to operate and maintain facilities installed without the Department’s prior approval. Prior to the commencement of water service, and as a prerequisite to such service, the subdivider shall also deliver to the Department perpetual easements for all portions of the subdivision water system installed in other than publicly owned property. The subdivider shall also convey to the Department fee simple title to all sites on which are located tanks, reservoirs, sources of supply, and pumps constructed by the subdivider and connected to the public water system together with easements for ingress and egress. The subdivider shall also convey to the Department a breakdown of costs of the subdivision water system on forms provided by the Department.

**SECTION XII – MODIFICATION OF REQUIREMENTS AND EXCEPTIONS**

1. **Modification of Requirements.** When conditions pertaining to any subdivision are such that the public may be properly served with water and with fire protection without full and strict compliance with these rules and regulations, or where the subdivision site or layout is such that the public interest will be adequately protected,
such modification thereof as is reasonably necessary or expedient, and not contrary to law or the intent and purposes of these rules and regulations, may be made by the Department.

2. Exempt Subdivisions. The following described subdivisions ("Exempt Subdivisions") shall be exempt from the provisions of this Part 3 when they are not in need of water now or in the next ten years, or are part of a master planned development:

   a. Subdivisions requested by any governmental agency;
   b. Subdivisions resulting from the construction of public improvements by governmental action;
   c. Subdivisions requested for public utility purposes;
   d. Consolidations and resubdivisions of properties where no additional lots or parcels are created, provided that the resulting properties would not permit greater density and they are buildable in the current location.

SECTION XIII - CONSTRUCTION AGREEMENT AND BOND

To secure final approval prior to construction of the required improvements in a subdivision, the subdivider shall enter into a written agreement with the County and the Department to make, install and complete all of the required improvements within a specified time. In addition thereto, a Surety Bond or other security as hereinafter specified shall be filed with and attached to the agreement by the subdivider.

A. Construction Agreement:

   (1) The Agreement shall specify that the subdivider will complete the subdivision to the satisfaction of the Manager and Chief Engineer.
   
   (2) The Agreement shall further specify that the Department may complete the work at the expense of the subdivider where the subdivider fails to complete the work to the satisfaction of the Manager and Chief Engineer, or fails to complete the work within the time specified.

B. Surety Bond:

   (1) The Surety Bond shall be filed with the agreement and shall be for the following purposes:

       (a) The Surety Bond shall assure to the County and the Department that the actual construction and installation of the improvements and utilities specified will be carried out.

       (b) The Surety Bond shall further assure to the Department that the facilities reserve charge will be paid, if said charge is not already paid.

   (2) The Surety Bond shall be executed by the subdivider as principal and the surety shall be a company authorized to transact a surety business in the State of Hawaii.

   (3) The bond or other security shall be one of the following:

       (a) A Surety Bond in a sum equal to the cost of the work required to be done as estimated by the Manager and Chief Engineer; payable to the County and the Department, and shall be conditioned upon the faithful performance of all work required to be done by the subdivider, and shall be further conditioned to the effect that should the subdivider fail to complete all work required to be done within a specified reasonable time, the Department
may cause all required work which is not finished to be completed, and the parties executing the bond shall be firmly bound for the payment of all necessary costs, therefore; or

(b) Where the subdivider has entered into a contract with a reputable contractor, and has filed with the Director all three of the following: 1) a certified copy of his said contract and specifications; 2) a certified copy of the performance bond of his said contractor; and 3) a surety bond in a sum equal to at least 50 per cent of the cost of all work required to be done by the subdivider as estimated by the Manager and Chief Engineer, and shall be payable and conditioned as above set forth; or

(c) The subdivider shall make a deposit of money with the Director as agent of the County and the Department, in an amount equal to the cost of the construction of said improvements as estimated by the Manager and Chief Engineer. Under this arrangement, the agreement may provide for progress payments to be made to the contractor for materials used and services and labor performed, out of said deposit as the work progresses; provided that said progress payments shall at no time exceed the value of the completed portion of said improvements as determined by the Manager and Chief Engineer and the County Engineer of the County; or

(d) In lieu of said surety bond or deposit in escrow mentioned in Paragraphs 3 (a) (b) (c) above, the subdivider may deposit with the Director bonds or other negotiable securities in the amount as provided by Paragraphs 3 (a) (b) (c) respectively of this Section and acceptable to the Manager and Chief Engineer.

(4) Facilities Reserve Charge. All bonds or other securities as provided in Paragraphs 3 (a) (b) (c) (d) above shall include the assurance of payment of the facilities reserve charge except for the following:

(a) This paragraph shall not be applied where the facilities reserve charge has already been paid.

(b) A separate bond primarily for the purpose of paying the facilities reserve charge may be filed by the subdivider.

(5) All bonds or securities posted under this Section shall not be canceled except with approval of the County and the Department

SECTION XIV – NON-DEVELOPMENT AGREEMENTS

1. **Purpose.** The purpose of this section is to assist families who wish to transfer interests in real property between themselves without immediately complying with Departmental rules and construction standards and specifications imposed when family members request subdivision approval.

2. **Definitions.** As used within this section:

   “Development” includes, but is not limited to:

   (1) the construction, reconstruction, alteration, remodeling, renovation, or repairing of single-family residences, additional dwelling units, or any other dwelling, building, or structure of any kind on or within the property being subdivided, or

   (2) the construction of additions or extensions to any dwelling, structure, or building existing as of the date of this agreement, or

   (3) the construction, reconstruction, installation, alteration, or repair of piping, waste-water systems, landscaping or irrigation systems.
which result in increased fire protection requirements arising because of the property’s development, increased consumption of water upon the property being subdivided, calculated from the date of the agreement described in this section, or which may, in the Department’s judgment, possibly contaminate existing potable water-well sources located in the vicinity of the property being subdivided.

“Hanai child” means a person for whom an adult once provided food, nourishment, and support for a minimum period of at least one year prior to the time that the applicant applied for subdivision approval and who is generally acknowledged as the adult’s child among friends, relatives, and the community.

“H.R.S” means Hawaii Revised Statutes, as amended.

“Non-development agreement” means the agreement required to be executed under this section.

“Rule” or “Rules” mean the Rules and Regulations of the County of Kauai Department of Water.

“Water System Facilities” means all water infrastructure of the Department determines to be necessary to provide adequate residential water service and fire protection for the property being subdivided and shall include, but not be limited to, any and all necessary wells, pumps, storage tanks, water transmission and distribution lines and related meters, valves, and other water system improvements and equipment.

3. **Authorization to defer subdivision improvements under certain terms and conditions.** The Manager and Chief Engineer may approve requests for subdivision approval and temporarily defer subdivision requirements imposed by the Department’s rules and construction standards and specifications for the sole and limited purpose of allowing a subdivision applicant to transfer interests in real property from the applicant to others, provided the applicant satisfies or complies with the following conditions:

a. Property interests may be transferred only between: natural persons who are related to the applicant by birth, blood, adoption, marriage, or prior marriage. Eligible transferees are limited to:

   Spouse,
   Ex-spouse,
   Parents,
   Grandparents,
   Children,
   Hanai children,
   Grandchildren,
   Brothers, and
   Sisters.

   The preceding list of terms shall be understood according to their most widely-known and usual significance, without attending so much to the literal and strictly grammatical construction as to their general, ordinary, or popular use or meaning.

b. The Manager and Chief Engineer shall not approve subdivision requests under this section if development will occur as a result of the subdivision.

c. With respect to the property being subdivided, the Department shall not approve further subdivision requests, requests for water service when apartments within the property have been created pursuant to Chapter 514A, H.R.S., or development of any kind, unless and until adequate water system facilities, as may be determined by the Department when development occurs, are constructed, in place and complete, to provide adequate residential water service and fire protection for the property being subdivided.

d. The Department shall not approve residential building permits for any property which is subject to a non-development agreement unless adequate water-system facilities are constructed pursuant to subparagraph 3.c. of this section.
If the Department erroneously or inadvertently approves a building permit before necessary water-system facilities are constructed, the Department shall, upon learning of its action, immediately rescind its approval.

e. If, before necessary water-system facilities are constructed to service the property being subdivided, the Department erroneously or inadvertently approves the issuance of a building permit for any development within the subdivision and development occurs, the developer shall either construct the necessary water-system facilities or remove the development at the developer’s own cost and expense.

Should the Department be required to enforce the provisions of this subparagraph through civil court action, the developer shall pay to the Department and be jointly and severally liable for any and all attorneys’ fees, court costs, and other related fees, costs, and expenses necessary to prosecute and defend such an action.

f. The subdivision applicant and all persons to whom an interest in the property may be transferred shall release the Department of any and all liability arising from the Department’s decision to recommend subdivision approval under this section.

The applicant and all persons to whom an interest in the property may be transferred shall also forever indemnify, defend, save, and hold harmless the Department from and against any and all injury to persons and damage to property, deaths, claims, fines, suits, actions, economic and non-economic damages, costs, losses, and liabilities of every nature and kind arising or growing out of the Department’s decision to recommend subdivision approval of the applicant’s property under this section.

g. The provisions of this section shall be implemented through an agreement executed between 1) the Manager and Chief Engineer, and 2) the subdivision applicant and all persons to whom an interest in the property may be transferred. The agreement shall contain terms and conditions determined to be necessary by the Manager and Chief Engineer and the County Attorney. The covenants and servitudes created by the agreement shall constitute covenants which shall run with the land and constitute notice to all who may claim an interest in the property being subdivided.

Any subdivision approval granted under this section shall be null, void, and of no legal effect unless 1) the Department receives a non-development agreement containing original signatures executed by all of the parties to the agreement, and 2) the agreement has been recorded in the State of Hawaii Land Court or Bureau of Conveyances.

h. The documents conveying title or an interest in real property shall specifically incorporate by reference the non-development agreement. Further, the agreement shall be attached to the conveyance documents as an exhibit.

i. The final subdivision map shall contain a brief and concise statement stating that the lots created by the subdivision are subject to a non-development agreement. The statement shall further summarize the major terms and conditions of the agreement.

4. **Applicability.** This section shall apply only to subdivisions served by County water systems, and not to private water systems not served by the County.

5. **Fees, Charges, and costs under this section.** Notwithstanding any other section or provision in the Rules to the contrary including, but not limited to, Paragraph 1, Section III, Part 3 of the Rules, any and all applicable Departmental fees, charges, and costs, including facilities reserve charges, shall be paid at such future time that development occurs at the amount in effect at the time that development occurs, and not at the time that the non-development agreement is entered into by the County.

6. **Changed development conditions.** The applicant or subsequent transferees of the applicant shall be responsible for checking with the Department and determining whether water infrastructure development
requirements have so changed such that necessary water-system facilities no longer need to be constructed. The Department shall not be responsible for informing the applicant or subsequent transferees of the applicant of such changed development conditions.”

SECTION XV - SEVERABILITY

If any rule, section, sentence, clause, or phrase of these rules and regulations or its application to any person or circumstance or property is held to be unconstitutional or invalid, the remaining portions of these rules and regulations or the application of these rules and regulations to other persons or circumstances or property shall not be affected. The Department hereby declares that it would have adopted these rules and regulations and each and every rule, section, sentence, clause or phrase thereof, irrespective of the fact that any one or more other rules, sections, sentences, clauses, or phrases be declared unconstitutional or invalid.

SECTION XVI - PENALTIES

Any person, firm or corporation which violates any rule or regulation herein shall be fined not more than $500.00, except that in cases where the offense shall be of a continuing nature, each day’s continuance of the same, shall constitute a separate offense.
MANAGER’S REPORT 11 - 25

September 8, 2010

Re: Memorandum of Agreement, Job No. 05-05, PLH-30, Nawiliwili, Niulalu and Kupolo Pipeline Replacement, Lihue Water System

RECOMMENDATION:
It is recommended that the Board approve the Memorandum of Agreement (MOA) document; whereby, the Board of Water Supply, County of Kauai, agrees to abandon existing waterline facilities within certain County roads located as specified above in the Nawiliwili and Lihue Districts, Kauai, Hawaii. The MOA binds the Board to remove the abandoned waterlines should the Department of Public Works require its removal in the future.

FUNDING: Not applicable.

BACKGROUND:
Construction plans call for the abandoning of all existing water facilities as required during the Nawiliwili-Kupolo Mainline Replacement installation. The Department of Public Works, County of Kauai, has asked the Department of Water to enter into the Memorandum of Agreement in order to leave existing water facilities abandoned in place. The MOA binds the Board to remove the abandoned waterline in the County Right-of-Ways should the Department of Public Works require its removal in the future.

Respectfully submitted,

[Signature]
Keith Fujimoto
Project Engineer

Concurred:

[Signature]
David R. Craddick, P.E.
Manager and Chief Engineer

KF: cab
Mgrp/MOA-Nawiliwili, Niulalu, Kupolo Pipeline Replacement Lihue-Job #05-05-PLH-30 (S 16 10)emt
MEMORANDUM OF AGREEMENT
FOR
JOB NO. 05-05, PLH-30
NAWILIWILI, NIUMALU AND KUPOLO MAIN REPLACEMENT
LIHUE WATER SYSTEM

THIS Memorandum of Agreement (MOA) effective as of ________________, 2010, by
and between the BOARD OF WATER SUPPLY, COUNTY OF KAUA'I (hereinafter referred to as the
“BWS”), whose business and mailing address is 4398 Pua Loa Street, Lihiw, Hawaii 96766 and the
DEPARTMENT OF PUBLIC WORKS, COUNTY OF KAUA'I (hereinafter referred to as the
“DPW”), whose principal place of business and mailing address is 4444 Rice Street, Suite 275, Lihiw,
Hawaii 96766.

RECITALS

WHEREAS, the DPW is the owner of certain parcels of lands upon which County roads,
Niulalu Road, Moki, Makau, Luana, Upena Streets and a portion of Kapena Street are situated
(hereinafter referred to as the “County Roads”); and

WHEREAS, the BWS desires to install new water pipelines while abandoning the existing, old
pipelines within portions of the County Roads (“Old Facilities”) for Job No. 05-05, PLH-30; and

WHEREAS, the DPW is willing to allow the BWS to occupy or continue to occupy portions of
the County Roads for the Old Facilities, provided that the BWS enters into this Memorandum
Agreement for the abandonment of the Old Facilities and provided further that the BWS fully complies
with the terms and conditions set forth below.

NOW THEREFORE, in consideration of the mutual covenants and promises herein made, the
parties do hereby agree as follows:

1. Right to Abandon the Old Facilities. The BWS is allowed to abandon the Old Facilities
that are located within and under the County Roads in the execution of Job Nos. 05-05,
PLH-30 until such time that the DPW reconstructs the County road that contains the Old
Facilities. A map of the Old Facilities in the County Roads is attached hereto as Exhibit
“A” and incorporated herein by reference. The term “reconstruction” as used in this
Agreement means excavation of the pavement and the soil and facilities below the surface
of the pavement.

2. Notification to the BWS. The DPW shall notify the BWS in writing five (5) months prior
to the fiscal year in which DPW intends to reconstruct a County road to allow the BWS
time to budget for the Old Facilities removal.

3. The removal of the Old Facilities shall be limited to one pipe length beyond the trench
excavation.

4. Inclusion of Old Facilities Removal in DPW’s Bid Specifications and Contracts. The DPW
shall include the removal of the Old Facilities in the bid specifications and contracts
relating to the reconstruction of a County road that contains an Old Facility.
MEMORANDUM OF AGREEMENT
FOR
JOB NO. 05-05, PLH-30
NAWILIWILI, NIUMALU AND KUPOLO MAIN REPLACEMENT
LIHUE WATER SYSTEM

5. Payment for the Removal of the Old Facility. The BWS shall pay the DPW the successful bidder's line item cost and ten percent (10%) for the removal of the Old Facilities. (For example, if the Successful Bidder's line item cost for the removal of the Old Facilities is $75,000.00, the BWS will pay DPW $75,000.00 + 10% [75,000.00 x 10%] = $82,500.00 when the removal of the Old Facilities is completed.) DPW shall provide copies of invoices which details the completion of the removal of the Old Facilities.

6. Termination. If not otherwise terminated or canceled, this Agreement may be canceled by the mutual written agreement of the parties hereto.

7. 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.

IN WITNESS WHEREOF, the undersigned have executed this Agreement the day and year first above written.

APPROVED:

Wallace G. Rezentes, Jr.
Director of Finance

By ________________________
Randall Nishimura, Chairperson

APPROVED:

Donald M. Fujimoto, P.E.
County Engineer

APPROVED AS TO FORM
AND LEGALITY

County Attorney

APPROVED:

David R. Craddock, P.E.
Manager and Chief Engineer
Department of Water

APPROVED AS TO FORM
AND LEGALITY

DOW Deputy County Attorney
MANAGER’S REPORT 11-26

September 9, 2010

Re: Dedication Deed for Water Tank Site and Water Well Sites from Alexander & Baldwin, Inc. and McBryde Sugar Company, Limited, both Hawaii Corporations, TMK: 2-5-001:002 (por) and 011 (por), Omao, Koloa District, Kauai, Hawaii

It is recommended that the Dedication Deed for TMK: 2-5-001:002 (por) and 011 (por), Omao, Koloa District, Kauai, Hawaii be approved, whereby Alexander & Baldwin, Inc. and McBryde Sugar Company, Limited, both Hawaii Corporations, hereby dedicate, grant and convey unto the Board of Water Supply, the real property described as Lot C-1-B, Lot C-1-C and Lot C-1-D, and further described in exhibit “A” attached.

Respectfully submitted,

Keith Aoki, Engineer
Engineering Division

CONCURRED:

David R. Craddock, P.E.
Manager and Chief Engineer

KA: cab
Mgrp-Dedication Deed Water Tank and Well Sites A and B_McBryde-Omao (9 16 10):cab
EXHIBIT "A"

PARCEL FIRST

LOT C-1-B

LAND SITUATED AT OMAO, KOLOA, KAUA'I, HAWAII

Being a Portion of R. P. 1906 to James W. Smith
on a Portion of L. C. Aw. 387, No. 4 of Part 2,
Section 3 to the American Board of Commissioners for Foreign Missions

Beginning at the southeast corner of this parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LAAUKAHI" being 1,959.01 feet South and 11,363.84 feet West, thence running by azimuths measured clockwise from true South:

along the remainder of Lot C-1-A on a curve to the right with a radius of 117.00 feet, the chord azimuth and distance being:

1. 118° 38' 16" 65.98 feet;

2. 135° 00' 7.73 feet along the remainder of Lot C-1-A;

thence along the remainder of Lot C-1-A on a curve to the left with a radius of 16.00 feet, the chord azimuth and distance being:

3. 110° 39' 13.19 feet;

4. 131° 50' 34" 48.54 feet;

5. 177° 23' 08" 109.11 feet along the remainder of Lot C-1-A;

thence along the remainder of Lot C-1-A on a curve to the right with a radius of 56.00 feet, the chord azimuth and distance being:
6. 223° 41' 34" 80.98 feet;  
7. 270° 00' 51.00 feet along the remainder of Lot C-1-A;  
8. 00° 00' 192.12 feet along the remainder of Lot C-1-A;  
9. 291° 42' 26" 21.05 feet along the remainder of Lot C-1-A;  
10. 12° 59' 43" 14.86 feet along the remainder of Lot C-1-A;  
11. 12° 59' 45" 22.00 feet along the remainder of Lot C-1-A;  
12. 12° 59' 35" 6.00 feet along the remainder of Lot C-1-A to the point of beginning and containing an area of 0.507 acre.

PARCEL SECOND

LOT C-1-C

LAND SITUATED AT OMAO, KOLOA, KAUAI, HAWAII

Being a portion of R. P. 1936 to James W. Smith  
on a portion of L. C. Aw. 387, No. 4 of Part 2,  
Section 3 to the American Board of Commissioners for Foreign Missions

Beginning at the west corner of this parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LAAUKAHI" being 1,110.57 feet South and 11,123.35 feet West, thence running by azimuths measured clockwise from true South:

1. 210° 00' 132.00 feet along the remainder of Lot C-1-A;  
2. 300° 00' 93.00 feet along the remainder of Lot C-1-A;  
3. 30° 00' 132.00 feet along the remainder of Lot C-1-A;  
4. 120° 00' 93.00 feet along the remainder of Lot C-1-A to the point of beginning and containing an area of 0.282 acre.
PARCEL THIRD

LOT C-1-D

LAND SITUATED AT OMAO, KOLOA, KAUAI, HAWAII

Being a Portion of R. P. 1936 to James W. Smith
on a Portion of L. C. Aww. 387, No. 4 of Part 2,
Section 3 to the American Board of Commissioners for Foreign Missions

Beginning at the west corner of this parcel of land, the coordinates of said point of
beginning referred to Government Survey Triangulation Station "LAAUKAHI" being 466.31
feet South and 10,219.43 feet West, thence running by azimuths measured clockwise from true South:

1. 220° 00' 123.50 feet along the remainder of Lot C-1-A;

2. 310° 00' 101.00 feet along the remainder of Lot C-1-A;

3. 40° 00' 123.50 feet along the remainder of Lot C-1-A;

4. 130° 00' 101.00 feet along the remainder of Lot C-1-A to the point
of beginning and containing an area of 0.286 acre.

TOGETHER WITH, the following:

1. Basement A-2 for access and utility purposes described as follows:
   
   BASEMENT A-2
   (FOR WATER TANK, TRANSMISSION AND ACCESS)

   LAND SITUATED AT OMAO, KOLOA, KAUAI, HAWAII

   Being Portions of Lot 6-A, C-1-A and Parcel 8
   Being Also a Portion of R.P. 1936 to James W. Smith
   on a Portion of L.C. Aww. 387, No. 4 of Part 2,
   Section 3 to the American Board of Commissioners for Foreign Missions

   Beginning at the southeast corner of this parcel of land at the north end of
   Basement A-2, the coordinates of said point of beginning referred to Government Survey
   Triangulation Station "LAAUKAHI" being 2,985.42 feet South and 9,516.44 feet West, thence
   running by azimuths measured clockwise from true South:

   [WADOC826701W0112381.DOC]  -10-
<table>
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<tr>
<th></th>
<th>Degrees</th>
<th>Feet</th>
<th>Description</th>
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<tbody>
<tr>
<td>1</td>
<td>64° 31'</td>
<td>27.35</td>
<td>feet along Lot C-2; thence along the remainder of Lot C-1-A for the next seven (7) courses:</td>
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<tr>
<td>2</td>
<td>119° 25'</td>
<td>31.94</td>
<td>feet;</td>
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<tr>
<td>3</td>
<td>87° 48'</td>
<td>210.36</td>
<td>feet; thence on a curve to the right with a radius of 211.00 feet, the chord azimuth and distance being:</td>
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<td>4</td>
<td>89° 18'</td>
<td>11.05</td>
<td>feet;</td>
</tr>
<tr>
<td>5</td>
<td>90° 48'</td>
<td>398.77</td>
<td>feet;</td>
</tr>
<tr>
<td>6</td>
<td>113° 18'</td>
<td>28.26</td>
<td>feet;</td>
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<tr>
<td>7</td>
<td>135° 48'</td>
<td>191.66</td>
<td>feet;</td>
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<tr>
<td>8</td>
<td>158° 18'</td>
<td>32.23</td>
<td>feet;</td>
</tr>
<tr>
<td>9</td>
<td>180° 48'</td>
<td>160.85</td>
<td>feet along the remainder of Lot C-1-A and the remainder of Lot 6-A; thence along the remainder of Lot 6-A for the next eleven (11) courses:</td>
</tr>
<tr>
<td>10</td>
<td>90° 37'</td>
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<td>180° 48'</td>
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<td>141° 24'</td>
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<td>115.63</td>
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</tr>
<tr>
<td>17</td>
<td>25° 00'</td>
<td>9.00</td>
<td>feet;</td>
</tr>
</tbody>
</table>
18. 115° 00'    15.00 feet;
19. 205° 00'    9.00 feet;
20. 115° 00'    40.13 feet;
21. 162° 37'    35.36 feet along the remainder of Lot 6-A and the remainder of Lot C-1-A;
    thence along the remainder of Lot C-1-A for the next thirty (31) courses:
22. 210° 14'    197.34 feet;
23. 208° 26'    46.47 feet;
24. 206° 38'    69.65 feet;
    thence on a curve to the left with a radius of 25.00 feet, the chord azimuth and distance being:
25. 148° 19'    42.55 feet;
26. 90° 00'     526.30 feet;
    thence on a curve to the right with a radius of 111.00 feet, the chord azimuth and distance being:
27. 93° 31' 27'' 13.65 feet;
28. 12° 59' 43'' 16.08 feet;
    thence on a curve to the right with a radius of 127.00 feet, the chord azimuth and distance being:
29. 106° 58' 10'' 40.48 feet;
30. 00° 00'     11.01 feet;
31. 90° 00'     18.50 feet;
| 32. | 180° 00' | 11.32 feet; |
| 33. | 90° 00' | 6.04 feet; |
| 34. | 135° 00' | 45.13 feet; |
|      |         | Thence on a curve to the right with a radius of 44.00 feet, the chord azimuth and distance being: |
| 35. | 140° 01' 14" | 53.41 feet; |
| 36. | 177° 23' 08" | 109.11 feet; |
|      |         | Thence on a curve to the right with a radius of 66.00 feet, the chord azimuth and distance being: |
| 37. | 223° 41' 34" | 95.44 feet; |
| 38. | 270° 00' | 61.00 feet; |
| 39. | 00° 00' | 58.50 feet; |
| 40. | 270° 00' | 26.00 feet; |
| 41. | 00° 00' | 17.00 feet; |
| 42. | 90° 00' | 26.00 feet; |
| 43. | 00° 00' | 88.00 feet; |
| 44. | 270° 00' | 16.00 feet; |
| 45. | 00° 00' | 15.00 feet; |
| 46. | 89° 58' 45" | 16.00 feet; |
| 47. | 00° 00' | 9.00 feet; |
| 48. | 292° 30' | 75.00 feet; |
| 49. | 00° 00' | 10.13 feet; |
| 50. | 270° 00' | 514.50 feet; |
hence on a curve to the left with a radius of 25.00 feet, the chord azimuth and distance being:

51. 232° 50' 30"
    30.20 feet;

52. 195° 41'
    69.61 feet;

hence along the remainder of Lot C-1-A and the remainder of Parcel 8 on a curve to the left with a radius of 439.00 feet, the chord azimuth and distance being:

53. 177° 08' 30"
    279.20 feet;

hence along the remainder of Lot C-1-A for the next sixty-four (64) courses:

54. 158° 36'
    67.22 feet;

55. 173° 36'
    150.92 feet;

56. 210° 35'
    19.18 feet;

57. 208° 08'
    20.00 feet;

58. 202° 54'
    25.84 feet;

59. 200° 00'
    70.00 feet;

60. 253° 00'
    50.00 feet;

61. 225° 00'
    30.00 feet;

62. 231° 00'
    80.00 feet;

63. 250° 00'
    20.00 feet;

64. 230° 50'
    3.11 feet;

65. 231° 00'
    81.52 feet;

66. 225° 00'
    38.88 feet;
67. 219° 00'  137.01  feet;
68. 309° 00'  4.05  feet;
69. 219° 00'  25.88  feet;

thence on a curve to the left with a radius of 30.80 feet, the chord azimuth and distance being:

70. 171° 32'  44.21  feet;

thence on a curve to the left with a radius of 89.00 feet, the chord azimuth and distance being:

71. 114° 17'  30.25  feet;
72. 104° 30'  186.18  feet;

thence on a curve to the left with a radius of 289.00 feet, the chord azimuth and distance being:

73. 99° 15'  52.89  feet;
74. 94° 00'  111.13  feet;
75. 10° 24'  36.84  feet;
76. 79° 00'  30.00  feet;
77. 126° 00'  34.86  feet;
78. 49° 00'  189.09  feet;

thence on a curve to the left with a radius of 89.00 feet, the chord azimuth and distance being:

79. 39° 30'  29.38  feet;
80. 30° 00'  30.57  feet;
81. 300° 00'  55.38  feet;
82. 30° 00'    61.49 feet;
83. 270° 00'    17.60 feet;
84. 90° 00'    15.00 feet;
85. 90° 00'    26.26 feet;
86. 30° 00'    73.19 feet;
87. 120° 00'    113.00 feet;
88. 210° 00'    152.00 feet;
89. 300° 00'    31.62 feet;
90. 210° 00'    30.67 feet;

thence on a curve to the right with a radius of 115.00 feet, the chord azimuth and distance being:

91. 219° 30'    37.96 feet;
92. 229° 00'    188.83 feet;
93. 215° 00'    30.01 feet;
94. 223° 00'    25.00 feet;
95. 259° 00'    20.00 feet;
96. 209° 17'    38.94 feet;
97. 274° 00'    106.63 feet;

thence on a curve to the right with a radius of 315.00 feet, the chord azimuth and distance being:

98. 279° 15'    57.65 feet;
99. 284° 30'    186.18 feet;
thence on a curve to the right with a radius of 115.00 feet, the chord azimuth and distance being:

100. 295° 59' 30"

101. 263° 24' 30"

102. 129° 00'

103. 219° 00'

104. 225° 00'

105. 239° 00'

106. 225° 30'

107. 217° 30'

108. 196° 44'

109. 130° 00'

110. 85° 00'

111. 40° 00'

112. 130° 00'

113. 40° 00'

114. 130° 00'

115. 220° 00'

116. 130° 00'

117. 220° 00'

45.32 feet;

19.48 feet;

9.56 feet;

110.07 feet;

69.98 feet;

120.02 feet;

70.00 feet;

50.00 feet;

76.30 feet;

35.14 feet;

21.55 feet;

76.35 feet;

8.85 feet;

26.77 feet;

20.00 feet;

26.77 feet;

92.15 feet;

143.50 feet;
118. 310° 00'

121.00 feet along the remainder of Lot C-1-A and the remainder of Parcel 8;

119. 300° 00'

32.01 feet along the remainder of Parcel 8;

120. 11° 59’ 35”

40.15 feet along the remainder of Parcel 8 and the remainder of Lot C-1-A;

hence along the remainder of Lot C-1-A for the next 15 courses and on a curve to the right with a radius of 61.00 feet, the chord azimuth and distance being:

121. 353° 00’

83.20 feet;

122. 36° 00’

41.66 feet;

123. 40° 15’

60.92 feet;

124. 44° 30’

153.82 feet;

125. 520° 00’

21.28 feet;

126. 50° 00’

30.00 feet;

127. 140° 00’

19.36 feet;

128. 47° 30’

129.67 feet;

129. 43° 15’

42.83 feet;

130. 39° 00’

216.69 feet;

131. 45° 00’

44.11 feet;

132. 51° 00’

81.52 feet;

133. 49° 00’

34.13 feet;

134. 47° 00’

88.11 feet;

135. 42° 49’

42.15 feet;

(WADOCS26970W011031.DOC)
136. 340° 00'

feet along the remainder of Lot C-1-A and the remainder of Parcel 8;

137. 70° 00'

feet along the remainder of Parcel 8 and the remainder of Lot C-1-A;

thence along the remainder of Lot C-1-A for the next eight (8) courses:

138. 160° 00'

26.56 feet;

139. 37° 22'

56.06 feet;

140. 128° 57'

2.00 feet;

141. 38° 57'

12.00 feet;

142. 15° 47'

48.01 feet;

143. 352° 36'

34.64 feet;

144. 345° 35'

34.36 feet;

145. 338° 35'

47.57 feet;

thence along the remainder of Lot C-1-A and the remainder of Parcel 8 on a curve to the right with a radius of 459.00 feet, the chord azimuth and distance being:

146. 346° 47'

130.67 feet;

147. 269° 22'

60.76 feet along the remainder of Parcel 8;

148. 357° 00'

14.94 feet along the remainder of Parcel 8;

149. 89° 22'

60.47 feet along the remainder of Parcel 8;

thence along the remainder of Parcel 8 and the remainder of Lot C-1-A on a curve to the right with a radius of 459.00 feet, the chord azimuth and distance being:

150. 08° 15' 30"

150.33 feet;
thence along the remainder of Lot C-1-A for the next six (6) courses:

151. 15° 41' 69.82 feet;
152. 21° 12' 39.85 feet;
153. 26° 38' 117.66 feet;
154. 28° 26' 47.10 feet;
155. 30° 14' 172.38 feet;
156. 342° 37' 39.89 feet;
157. 295° 00' 127.10 feet along the remainder of Lot C-1-A and the remainder of Lot 6-A;
158. 288° 30' 32.01 feet along the remainder of Lot 6-A;
159. 282° 00' 364.71 feet along the remainder of Lot 6-A;

thence along the remainder of Lot 5-A on a curve to the right with a radius of 79.00 feet, the chord azimuth and distance being:

160. 321° 24' 100.29 feet;
161. 00° 48' 279.92 feet along the remainder of Lot 6-A and the remainder of Lot C-1-A;

thence along the remainder of Lot C-1-A for the next seven (7) courses:

162. 338° 18' 46.70 feet;
163. 315° 48' 161.41 feet;
164. 293° 18' 39.05 feet;
165. 270° 48' 384.54 feet;
thence on a curve to the left with a radius of 191.00 feet, the chord azimuth and distance being:

166. 269° 18'  
10.00 feet;
167. 267° 48'  
251.94 feet;
168. 333° 18'  
28.07 feet; to the point of beginning and containing a gross area of 4.861 acres and a net area of 3.786 acres after excluding and excluding Lot C-1-B containing an area of 0.507 acre, Lot C-1-C containing an area of 0.282 acre and C-1-D containing an area of 0.286 acre.

Easement A is located within Lot C-1-A and Remainder Lot 6-A, as shown on the Final Subdivision Map dated January 22, 2010, prepared by Dennis M. Eski and approved by the Planning Commission of the County of Kauai in Subdivision No. S-2009-18 on January 26, 2010 ("Final Subdivision Map"), identified by Kauai Tax Map Key Nos. (4) 2-5-001:002 and 011.

2. The rights in favor of the real property described herein, if any, contained in the Grant of Easement for TMK: (4) 2-5-01:002, TMK: (4) 2-5-01:008, and TMK: (4) 2-5-01:011 dated February 19, 2009, recorded in the Bureau of Conveyances of the State of Hawaii ("Bureau") as Document No. 2009-126557.

3. The rights in favor of the real property described herein, if any, contained in the Grant of Easement for TMK: (4) 2-5-01:012 dated February 19, 2009, recorded in the Bureau as Document No. 2009-126558.

SUBJECT, HOWEVER, TO THE FOLLOWING:

1. Reservation in favor of the State of Hawaii of all mineral and metallic minerals,
2. Līhuʻe - Koloa Forest Reserve as shown on Tax Map.
3. RIGHT-OF-ENTRY

TO: CITIZENS UTILITIES COMPANY, whose interest is now held by KAUAI ISLAND UTILITY CO-OP, and HAWAIIAN TELEPHONE COMPANY INCORPORATED now known as HAWAIIAN TELCOM, INC.
DATED: March 5, 1990
RECORDED: Document No. 90-059708
GRANTING: a right-of-entry and easement for the utility purposes, shown on the map attached therein

4. NOTICE OF DEDICATION

DATED: June 2, 2004, effective January 1, 2005
RECORDED: Document No. 2004-112368
BY: ALEXANDER & BALDWIN, INC.
RE: dedication of land for Agriculture purposes
PERIOD: 10 years

5. RIGHT-OF-ENTRY

TO: KAUAI ISLAND UTILITY COOPERATIVE, a cooperative association formed pursuant to the provision of Chapter 421C of the Hawaii Revised Statutes

DATED: July 19, 2006
RECORDED: Document No. 2006-173350
GRANTING: a right-of-entry and easement for utility purposes, more particularly described therein, and shown on the map attached therein

6. GRANT

TO: KAUAI ISLAND UTILITY COOPERATIVE, a cooperative association formed pursuant to the provision of Chapter 421C of the Hawaii Revised Statutes

DATED: April 20, 2009
RECORDED: Document No. 2009-085092
GRANTING: a perpetual right and easement for power transmission purposes over, under, upon, across and through Easement "A" being more particularly described in Exhibit "A" attached therein

7. GRANT

TO: BOARD OF WATER SUPPLY, COUNTY OF KAUAI
DATED: February 19, 2009
RECORDED: Document No. 2009-126557
GRANTING: easement for water tank, transmission and access purposes being Easement "A" and more particularly described in Exhibit "A" attached therein

8. Claims arising out of customary and traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes, as provided for in the Hawaii Constitution or the Hawaii Revised Statutes.

9. RIGHT-OF-ENTRY

TO: KAUAI ISLAND UTILITY COOPERATIVE, a cooperative association formed pursuant to the provision of Chapter 421C of the Hawaii Revised Statutes

DATED: July 19, 2006

RECORDED: Document No. 2006-173949

GRANTING: a right-of-entry and easement for utility purposes, more particularly described therein, and shown on the map attached thereto

END OF EXHIBIT "A"
Staff Reports
STATEMENT OF REVENUES AND EXPENDITURES
WATER UTILITY FUND
July 31, 2010

REVENUES:
Cash on hand as of July 1, 2010 $ 14,362,449.56
Add: Revenues To Date $ 1,542,153.12
Sub-Total $ 15,904,602.68

EXPENDITURES:
Less: Expenditures to Date

BALANCE AT THE END OF THE MONTH $ 4,066,501.97 $ 11,838,100.71

SHORT TERM INVESTMENTS - WATER UTILITY FUND

BANK OF HAWAII

<table>
<thead>
<tr>
<th>TCD#</th>
<th>Amount</th>
<th>Interest Rate</th>
<th>Int. Due Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>8000423145-103</td>
<td>$30,000.00</td>
<td>0.45000%</td>
<td>05/12/11</td>
<td>$30,000.00</td>
</tr>
<tr>
<td>8000423145-105</td>
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<td>0.25000%</td>
<td>12/16/10</td>
<td>$5,000.00</td>
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<tr>
<td>8000423145-110</td>
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<td>0.17000%</td>
<td>06/30/11</td>
<td>$500,000.00</td>
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<tr>
<td>5000423145-107</td>
<td>$150,000.00</td>
<td>0.20000%</td>
<td>02/18/11</td>
<td>$150,000.00</td>
</tr>
<tr>
<td>8000423145-106</td>
<td>$500,000.00</td>
<td>0.20000%</td>
<td>01/21/11</td>
<td>$500,000.00</td>
</tr>
</tbody>
</table>

CENTRAL PACIFIC BANK

FIRST HAWAIIAN BANK

MERRILL-LYNCH

<table>
<thead>
<tr>
<th>CUSIP#</th>
<th>Amount</th>
<th>Interest Rate</th>
<th>Int. Due Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>C313385P75</td>
<td>$998,642.50</td>
<td>0.27400%</td>
<td>11/17/10</td>
<td>$998,642.50</td>
</tr>
<tr>
<td>C313396CT8</td>
<td>$955,771.66</td>
<td>0.43800%</td>
<td>03/11/11</td>
<td>$955,771.66</td>
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<tr>
<td>C313385G26</td>
<td>$1,993,377.75</td>
<td>0.16000%</td>
<td>09/17/10</td>
<td>$1,993,377.75</td>
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</tbody>
</table>

SUB-TOTAL FOR PAGE A $ 5,197,781.32
**TOTAL SHORT-TERM INVESTMENTS - WATER REVENUES**

<table>
<thead>
<tr>
<th>CUSIP#</th>
<th>Description</th>
<th>Interest Rate</th>
<th>Due Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>85508VAC3</td>
<td>MULTI-BANK</td>
<td>2.7000%</td>
<td>11/18/13</td>
<td>98,000.00</td>
</tr>
<tr>
<td>06610PAR4</td>
<td>MULTI-BANK</td>
<td>4.5000%</td>
<td>07/27/12</td>
<td>99,000.00</td>
</tr>
<tr>
<td>31331GYT0</td>
<td>MULTI-BANK</td>
<td>3.7500%</td>
<td>06/17/14</td>
<td>0.00</td>
</tr>
<tr>
<td>31331JRT2</td>
<td>UBS</td>
<td>2.6200%</td>
<td>06/15/15</td>
<td>1,000,000.00</td>
</tr>
<tr>
<td>31331G2N8</td>
<td>UBS</td>
<td>2.0400%</td>
<td>04/29/13</td>
<td>2,000,000.00</td>
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<tr>
<td>313394FU98</td>
<td>UBS</td>
<td>0.4790%</td>
<td>05/19/11</td>
<td>$ 895,360.00</td>
</tr>
</tbody>
</table>

**TOTAL SHORT-TERM INVESTMENTS - WATER UTILITY**

- **CASH ON HAND WITH TREASURER - CO**
  - 07/31/10  $ (187,035.93)
- **CASH ON HAND - BCH Savings**
  - 07/31/10  $ 3,017,276.37
- **CASH ON HAND - FHB Savings**
  - 07/31/10  $ 25,802.10

**LESS:** Claims to be paid on Manual Payment

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/19/10</td>
<td>$ (1,266,405.66)</td>
</tr>
</tbody>
</table>

**CASH BALANCE AT THE END OF THE MONTH**

$ 11,808,100.71
## WATER UTILITY FUND

<table>
<thead>
<tr>
<th>Cash Receipts</th>
<th>Budgeted Receipts</th>
<th>Total Receipts To Date</th>
<th>Receipts For The Month</th>
<th>% of Budget Elapsed</th>
<th>Balance of Budget Over Total Actual Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Cash Balance</td>
<td>$14,362,449.56</td>
<td>$14,362,449.56</td>
<td>$ -</td>
<td>-</td>
<td>$14,362,449.56</td>
</tr>
<tr>
<td>1 Water Sales</td>
<td>$20,301,300.00</td>
<td>$1,541,195.69</td>
<td>$1,541,195.69</td>
<td>8%</td>
<td>$18,760,104.31</td>
</tr>
<tr>
<td>2 Net Miscellaneous Receipts</td>
<td>$112,000.00</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$112,000.00</td>
</tr>
<tr>
<td>3 Interest Income</td>
<td>$260,000.00</td>
<td>$957.43</td>
<td>$957.43</td>
<td>0%</td>
<td>$259,042.57</td>
</tr>
<tr>
<td>4 County Service Charge</td>
<td>$833,500.00</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$833,500.00</td>
</tr>
<tr>
<td>5 State Revolving Fund</td>
<td>$3,843,000.00</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$3,843,000.00</td>
</tr>
<tr>
<td>6a Other Receipts</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$ -</td>
</tr>
<tr>
<td>5b OTHER - BAB Subsidy</td>
<td>$871,800.00</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$871,800.00</td>
</tr>
<tr>
<td>Total Resources</td>
<td>$40,584,049.56</td>
<td>$15,804,892.68</td>
<td>$1,542,153.12</td>
<td>38%</td>
<td>$39,041,896.44</td>
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</tbody>
</table>

### Disbursements:

<table>
<thead>
<tr>
<th>Item</th>
<th>Budgeted Amount</th>
<th>Total Actual Expenditures To Date</th>
<th>Expenditures For The Month</th>
<th>% of Budget Elapsed</th>
<th>Balance of Budget Over Total Actual Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Salaries - DOW</td>
<td>$5,396,400.00</td>
<td>$371,555.10</td>
<td>$371,135.48</td>
<td>7%</td>
<td>$5,018,844.52</td>
</tr>
<tr>
<td>Provision for Accrued Vacation</td>
<td>$100,000.00</td>
<td>$ -</td>
<td>-</td>
<td>0%</td>
<td>$100,000.00</td>
</tr>
<tr>
<td>Total Salaries:</td>
<td>$5,496,400.00</td>
<td>$371,555.10</td>
<td>$371,135.48</td>
<td>7%</td>
<td>$5,118,844.52</td>
</tr>
</tbody>
</table>
| Normal Expenditures:
| 19 COUNTY SERVICE CHRG | $833,500.00 | $ - | $ - | 0% | $833,500.00 |
| Administrative Office and Engineering: |
| 21 Utilities | $195,300.00 | $15,864.90 | $15,864.90 | 8% | $179,435.10 |
| 22 Postage and Printing | $113,000.00 | $20,316.11 | $20,316.11 | 18% | $92,683.89 |
| 24 Office Equipment Maintenance | $86,703.83 | $4,622.68 | $4,622.68 | 5% | $82,081.15 |
| 24b Conf 451 Four Winds Group MMIS Phases I & II | $151,100.00 | $7,000.00 | $7,000.00 | 5% | $144,100.00 |

07-2010 WU BUDGET STATUS
<table>
<thead>
<tr>
<th>ITEM</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>27</td>
<td>Contractual Services $1,070,700.00</td>
<td>$11,688.07</td>
<td>$11,688.07</td>
<td>1%</td>
<td>$1,058,011.93</td>
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<tr>
<td>27c</td>
<td>Con 506 R. W. Beck Inc. FRC Study for DOW $20,110.00</td>
<td>$</td>
<td>$</td>
<td>0%</td>
<td>$20,110.00</td>
</tr>
<tr>
<td>28</td>
<td>Travel and Incidental - Board $17,000.00</td>
<td>$2,827.01</td>
<td>$2,827.01</td>
<td>17%</td>
<td>$14,172.19</td>
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<tr>
<td>29</td>
<td>Travel and Incidental - Staff $32,500.00</td>
<td>$6,704.53</td>
<td>$6,704.53</td>
<td>21%</td>
<td>$25,795.47</td>
</tr>
<tr>
<td>30</td>
<td>Collector's Commission</td>
<td>$</td>
<td>$</td>
<td>0%</td>
<td>$</td>
</tr>
<tr>
<td>31</td>
<td>Miscellaneous $16,000.00</td>
<td>$334.08</td>
<td>$334.08</td>
<td>2%</td>
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<tr>
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**PROOF**

$ 23,824,774.63 $ 3,493,789.67 $ 3,493,789.67 $ 20,330,984.96
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<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
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<td>%</td>
<td>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</td>
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<td>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</td>
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| 609  |                 |                                   |                             |   |                                      |
| 2/19/04 (101b) |                 |                                   |                             |   |                                      |
| Con 428 Brown Caldwell Job 03-02 HW-02, HW-03 | $35,190.55 | $ - | $ - | 0% | $35,190.55 |
| A-04, KW-06 Renovations: Waihila Booster, Neona Steel Tank, Anahola 0.15 MG Tank, Kalele Shaft |                 |                                   |                             |   |                                      |

| 510  |                 |                                   |                             |   |                                      |
| 2/27/04 (101) |                 |                                   |                             |   |                                      |
| Con 429 Esaki Surveying M-01, M-02 Job 02-11 | $125,200.00 | $ - | $ - | 0% | $125,200.00 |
| Makua 50,000 Gal SS Storage Tank |                 |                                   |                             |   |                                      |

| 918  |                 |                                   |                             |   |                                      |
| 5/30/04 (101) |                 |                                   |                             |   |                                      |
| PLH-41 Contract 52243 Earthworks Pacific, Inc. Uliula & Uliuili Rds; PRV, BP & 5th Main, Lihue | $50,059.47 | $ - | $ - | 0% | $50,059.47 |

| 621  |                 |                                   |                             |   |                                      |
| 10/19/04 (101) |                 |                                   |                             |   |                                      |
| Con 440 Kodani & Assoc. WK-15 Job 02-06 | $88,594.60 | $ - | $ - | 0% | $88,594.60 |
| Kauapea 1.0MG Tank |                 |                                   |                             |   |                                      |

| 630  |                 |                                   |                             |   |                                      |
| 6/30/05 (101b, 105b) |                 |                                   |                             |   |                                      |
| Con 447 Fukunaga & Assoc WK-14 Job 04-02 Vivian Heights Main Repl. | $5,791.00 | $ - | $ - | 0% | $5,791.00 |

| 633  |                 |                                   |                             |   |                                      |
| 7/12/05 (105b) |                 |                                   |                             |   |                                      |
| Con 7295 Kodani & Assoc. HE-11 Lele Rd to Salt Pond Rd 6" Main Repl. | $3,500.00 | $ - | $ - | 0% | $3,500.00 |

| 634  |                 |                                   |                             |   |                                      |
| 10/20/05 (107b) |                 |                                   |                             |   |                                      |
| WK-39 Con 450 F очерим Inc. Job 04-03 Wilpocket-Okahana Rd, Pupukea | $174,300.00 | $ - | $ - | 0% | $174,300.00 |

| 635  |                 |                                   |                             |   |                                      |
| 5/7/06 (101b) |                 |                                   |                             |   |                                      |
| Con 440 HI Pacific Trans Inc |                 |                                   |                             |   |                                      |
| KW-18 Job 05-01 Waima'a Main Replacement | $24,294.50 | $ - | $ - | 0% | $24,294.50 |

07-2010 WU BUDGET STATUS
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<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>%</th>
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<td>BUDGETED AMOUNT</td>
<td>TOTAL ACTUAL EXPENDITURES TO DATE</td>
<td>EXPENDITURES FOR THE MONTH</td>
<td>% BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>----------------</td>
<td>---------------------------------</td>
<td>---------------------------</td>
<td>--------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>674</td>
<td></td>
<td>$213,658.00</td>
<td>$213,658.00</td>
<td>$213,658.00</td>
<td>100% $ -</td>
</tr>
<tr>
<td>675</td>
<td>Con 435 Cushing Const. Co.</td>
<td>$15,708.68</td>
<td>$ -</td>
<td>$ -</td>
<td>0% $15,708.68</td>
</tr>
<tr>
<td>676</td>
<td>Con 497 Kauai Builders Ltd.</td>
<td>$1,273,770.98</td>
<td>$57,446.58</td>
<td>$57,446.58</td>
<td>5% $1,216,324.40</td>
</tr>
<tr>
<td>678</td>
<td>Con 499 Koga Engineering</td>
<td>$742,804.67</td>
<td>$ -</td>
<td>$ -</td>
<td>0% $742,804.67</td>
</tr>
<tr>
<td>679</td>
<td>Con 542 Gastineau Const. Inc.</td>
<td>$56,400.00</td>
<td>$ -</td>
<td>$ -</td>
<td>0% $56,400.00</td>
</tr>
<tr>
<td>680</td>
<td>Con 543 Goodfellow Bros.</td>
<td>$76,446.85</td>
<td>$17,885.00</td>
<td>$17,885.00</td>
<td>23% $58,551.83</td>
</tr>
<tr>
<td>681</td>
<td>Con 543 Goodfellow Bros.</td>
<td>$114,114.61</td>
<td>$ -</td>
<td>$ -</td>
<td>0% $114,114.61</td>
</tr>
<tr>
<td>682</td>
<td>Con 500 MINNINGS WEST, INC.</td>
<td>$66,983.12</td>
<td>$ -</td>
<td>$ -</td>
<td>0% $66,983.12</td>
</tr>
<tr>
<td>683</td>
<td>Con 510 SISFM International, Inc.</td>
<td>$471,250.00</td>
<td>$ -</td>
<td>$ -</td>
<td>0% $471,250.00</td>
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<tr>
<td>684</td>
<td>Con 511 Bell Collins Hawaii, Ltd.</td>
<td>$17,082.00</td>
<td>$7,722.00</td>
<td>$7,722.00</td>
<td>45% $8,360.00</td>
</tr>
<tr>
<td>ITEM</td>
<td>BUDGETED AMOUNT</td>
<td>TOTAL ACTUAL EXPENDITURES TO DATE</td>
<td>EXPENDITURES FOR THE MONTH</td>
<td>%</td>
<td>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</td>
</tr>
<tr>
<td>------</td>
<td>------------------</td>
<td>----------------------------------</td>
<td>-----------------------------</td>
<td>---</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>982</td>
<td>$279,719.00</td>
<td>$51,408.75</td>
<td>$51,408.75</td>
<td>18%</td>
<td>$228,309.25</td>
</tr>
<tr>
<td>983</td>
<td>$18,575.00</td>
<td>$9,337.00</td>
<td>$9,337.00</td>
<td>50%</td>
<td>$9,338.00</td>
</tr>
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</tr>
<tr>
<td>TOTAL CAPITAL EXPENDITURES:</td>
<td>$16,758,334.93</td>
<td>$602,712.30</td>
<td>$602,712.30</td>
<td>$16,566,621.63</td>
<td></td>
</tr>
<tr>
<td>TOTAL SALARIES, NORMAL EXPENDITURES, DEBT REQUIREMENTS AND CAPITAL EXPENDITURES:</td>
<td>$15,646,344.50</td>
<td>$602,712.30</td>
<td>$602,712.30</td>
<td>$15,043,332.21</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$40,584,049.56</td>
<td>$4,096,501.97</td>
<td>$4,096,501.97</td>
<td>10%</td>
<td>$36,487,547.59</td>
</tr>
<tr>
<td>ITEM</td>
<td>BUDGETED AMOUNT</td>
<td>TOTAL ACTUAL EXPENDITURES TO DATE</td>
<td>EXPENDITURES FOR THE MONTH</td>
<td>%</td>
<td>BALANCE OF BUDGET OVER ACTUAL EXPENDITURES</td>
</tr>
<tr>
<td>------</td>
<td>-----------------</td>
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<td>---------------------------</td>
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<td>------------------------------------------</td>
</tr>
<tr>
<td>12/27/02 Contract #50153 Kodani &amp; Associates, Inc. Job 02-05 Uaaula Rd (Eleele) 12&quot; W/L; 8&quot; PRV, 400 gpm BP &amp; 6&quot; M/L Lihue Water System</td>
<td>$4,200.00</td>
<td>$</td>
<td>$</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>$4,200.00</td>
<td>$</td>
<td>$</td>
<td></td>
<td>0%</td>
</tr>
</tbody>
</table>
# STATEMENT OF REVENUES AND EXPENDITURES

## BOND FUND

**July 31, 2010**

### REVENUES:

- **Cash on hand as of July 1, 2010**: $553,408.97
- **Add: Revenues To Date**: $-
- **Sub-Total**: $553,408.97

### EXPENDITURES:

- **Less: Expenditures To Date**: $-

### BALANCE AT THE END OF THE MONTH

$553,408.97

### SHORT TERM INVESTMENTS - BOND

**BANK OF HAWAII**

**FIRST HAWAIIAN BANK**

- **CUSIP# 10821110**: 2.20% INT. DUE 06/15/10 $-

**TOTAL SHORT-TERM INVESTMENTS - BOND**

$-

- **CASH ON HAND WITH TREASURER - COX**: 07/31/10 $553,408.97
- **LESS CLAIMS PAYABLE ON**: 06/19/10 $ - $553,408.97

**BALANCE AT THE END OF THE MONTH**

$553,408.97
<table>
<thead>
<tr>
<th>CASH RECEIPTS:</th>
<th>BUDGETED RECEIPTS</th>
<th>TOTAL ACTUAL RECEIPTS TO DATE</th>
<th>RECEIPTS FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL RECEIPTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEGINNING CASH BALANCE</td>
<td>$ 553,408.97</td>
<td>$ -</td>
<td>$ -</td>
<td>-</td>
<td>$ 553,408.97</td>
</tr>
<tr>
<td>TOTAL RESOURCES</td>
<td>$ 553,408.97</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$ 553,408.97</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAPITAL EXPENDITURES:</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>%</th>
<th>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>201 Bond - GIP</td>
<td>$ 200,656.55</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$ 200,656.55</td>
</tr>
<tr>
<td>07/08/08 Con 434 Kauai Builders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>216 WK-08 Job 02-14 Kepea Hmstcs 0.5 MG Tank &amp; WK-15 Job 03-03 Hardening of Generator Shelters at Malahia Tank Site</td>
<td>$ 352,752.42</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$ 352,752.42</td>
</tr>
<tr>
<td></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$ -</td>
</tr>
<tr>
<td>TOTAL EXPENDITURES</td>
<td>$ 553,408.97</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
<td>$ 553,408.97</td>
</tr>
</tbody>
</table>
### STATEMENT OF REVENUES AND EXPENDITURES

**BOND - BAB FUND**  
*July 31, 2010*

**REVENUES:**

Cash on hand as of July 1, 2010 $ 58,723,019.84  
Add: Revenues To Date  
Sub-Total $ 58,723,019.84

**EXPENDITURES:**

Less: Expenditures To Date $ 146,466.25  
**BALANCE AT THE END OF THE MONTH** $ 59,576,553.59

**SHORT TERM INVESTMENTS - BOND**

**BANK OF HAWAII**

**FIRST HAWAIIAN BANK**

CUSIP# 1052140  
0.0300% INT. DUE 07/30/10 $ 59,000,000.00  
**TOTAL SHORT-TERM INVESTMENTS - BOND** $ 59,000,000.00

Cash on hand with Treasurer - COK  
07/31/10 $ (276,980.16)  
Less claims payable on  
08/19/10 $ (146,466.25) $ (423,446.41)  
**Balance at the End of the Month** $ 59,576,553.59
### BUILD AMERICA BONDS (BABs) - FUND

<table>
<thead>
<tr>
<th>CASH RECEIPTS:</th>
<th>BUDGETED RECEIPTS</th>
<th>TOTAL ACTUAL RECEIPTS TO DATE</th>
<th>RECEIPTS FOR THE MONTH</th>
<th>% BUDGET OVER TOTAL ACTUAL RECEIPTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEGINNING CASH BALANCE</td>
<td>$ 56,723,019.84</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Bond Proceeds</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
</tr>
<tr>
<td>Interest Income</td>
<td>$ 420,000.00</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
</tr>
<tr>
<td>TOTAL RESOURCES</td>
<td>$ 55,143,019.84</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAPITAL EXPENDITURES:</th>
<th>BUDGETED AMOUNT</th>
<th>TOTAL ACTUAL EXPENDITURES TO DATE</th>
<th>EXPENDITURES FOR THE MONTH</th>
<th>% BUDGET OVER TOTAL ACTUAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>201-01 BOND - BAB, CIP</td>
<td>$ 44,219,031.99</td>
<td>$ -</td>
<td>$ 44,219,031.99</td>
<td>0%</td>
</tr>
<tr>
<td>201-01 BOND - BAB, CIP</td>
<td>$ 2,500,000.00</td>
<td>$ -</td>
<td>$ 2,500,000.00</td>
<td>0%</td>
</tr>
<tr>
<td>219 Jennings Pacific, LLC</td>
<td>$ 2,842,000.00</td>
<td>$ 2,842,000.00</td>
<td>$ -</td>
<td>0%</td>
</tr>
<tr>
<td>219 Earthworks Pacific</td>
<td>$ 2,653,000.00</td>
<td>$ 145,466.25</td>
<td>$ 145,466.25</td>
<td>5%</td>
</tr>
<tr>
<td>220 Unlimited Builders, LLC</td>
<td>$ 1,728,000.00</td>
<td>$ -</td>
<td>$ 1,728,000.00</td>
<td>0%</td>
</tr>
<tr>
<td>304 Goodfellow Bros., Inc.</td>
<td>$ 2,323,461.50</td>
<td>$ -</td>
<td>$ 2,323,461.50</td>
<td>0%</td>
</tr>
<tr>
<td>687 Koga Engineering &amp; Const.</td>
<td>$ 1,944,706.35</td>
<td>$ -</td>
<td>$ 1,944,706.35</td>
<td>0%</td>
</tr>
<tr>
<td>TOTAL EXPENDITURES</td>
<td>$ 59,143,019.84</td>
<td>$ 146,466.25</td>
<td>$ 146,466.25</td>
<td>0%</td>
</tr>
</tbody>
</table>

DEPARTMENT OF WATER
County of Kauai
STATUS OF THE BUDGET
JULY 1, 2009 TO JUNE 30, 2010
July 31, 2010
# Statement of Revenues and Expenditures

**Facilities Reserve Charge Fund**

**July 31, 2010**

## Revenues:

- **Cash on hand as of July 1, 2010**: $5,535,242.86
- **Add: Revenues To Date**: $1,492.04

**Sub-Total**: $5,536,734.90

## Expenditures:

- **Less: Expenditures To Date**: $222,271.35

**Balance at the end of the month**: $5,314,463.55

## Short Term Investments - FRC

**Bank of Hawaii**

- CUSIP#: 600042345-112  0.17000% INT. DUE 08/30/11  $300,000.00

**Central Pacific Bank**

- CUSIP#: 6000732263  0.00000% INT. DUE 03/24/10

**Merrill Lynch**

- CUSIP#: 3133X6BM2  0.37600% INT. DUE 10/08/10  $500,000.00
- CUSIP#: 3136FH9U8  2.00000% INT. DUE 08/18/11  $1,000,000.00
- CUSIP#: 3133XUFT5  1.75000% INT. DUE 02/17/12  $500,000.00

**Multi-Bank**

- CUSIP#: 493145BC1  2.60000% INT. DUE 12/16/08  $240,000.00
- CUSIP#: 59740X500  3.60000% INT. DUE 12/24/08  $245,000.00
- CUSIP#: 361609CH2  5.00000% INT. DUE 08/06/10  $97,000.00
- CUSIP#: 89214PAJ8  5.00000% INT. DUE 08/13/11  $97,000.00
- CUSIP#: 26708SAE3  1.50000% INT. DUE 06/17/03  $248,000.00

**TDI (CSA)**

- CUSIP#: 3126X8DX7  2.15000% INT. DUE 01/13/12  $1,000,000.00

**Vining Sparks**

## Total Short-Term Investments - FRC

- **Total**: $4,227,000.00

## Cash on With Treasurer - COK

- **07/31/10**: $608,774.96

## Cash on Hand - FHB Savings

- **07/31/10**: $700,959.94

## Less: Claims Payable Paid On

- **08/19/10**: $(222,271.35) $1,087,463.55

## Cash Balance at the End of the Month

- **07/31/10**: $5,314,463.55
<table>
<thead>
<tr>
<th>FACILITIES RESERVE CHARGE</th>
<th>% Budget Expended</th>
<th>0.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH RECEIPTS</strong></td>
<td><strong>BUDGETED RECEIPTS</strong></td>
<td><strong>ACTUAL RECEIPTS TO DATE</strong></td>
</tr>
<tr>
<td>Beginning Cash Balance</td>
<td>$6,123,586.08</td>
<td>$</td>
</tr>
<tr>
<td>(FRC Refunds)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4a Facilities Reserve Charge</td>
<td>$499,200.00</td>
<td>$</td>
</tr>
</tbody>
</table>
| 5a Interest Earned        | $180,000.00       | $1,492.04 | $1,492.04 |         | $178,507.96 |}

**TOTAL RESOURCES**

<table>
<thead>
<tr>
<th><strong>CASH RECEIPTS</strong></th>
<th><strong>BUDGETED RECEIPTS</strong></th>
<th><strong>ACTUAL RECEIPTS TO DATE</strong></th>
<th><strong>RECEIPTS FOR THE MONTH</strong></th>
<th><strong>BALANCE OF BUDGET OVER ACTUAL RECEIPTS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Cash Balance</td>
<td>$6,123,586.08</td>
<td>$1,492.04</td>
<td>$1,492.04</td>
<td>$6,123,586.08</td>
</tr>
<tr>
<td>(FRC Refunds)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4a Facilities Reserve Charge</td>
<td>$499,200.00</td>
<td>$</td>
<td></td>
<td>$499,200.00</td>
</tr>
</tbody>
</table>
| 5a Interest Earned        | $180,000.00          | $1,492.04                 | $1,492.04                | $178,507.96                            |}

<table>
<thead>
<tr>
<th><strong>CAPITAL EXPENDITURES</strong></th>
<th><strong>BUDGETED AMOUNT</strong></th>
<th><strong>TOTAL ACTUAL EXPENDITURES TO DATE</strong></th>
<th><strong>EXPENDITURES FOR THE MONTH</strong></th>
<th><strong>BALANCE OF BUDGET OVER TOTAL ACTUAL EXPENDITURES</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>301 FRC CIP</td>
<td>$4,338,400.00</td>
<td>$</td>
<td>$</td>
<td>$4,338,400.00</td>
</tr>
<tr>
<td>301b FRC Fund Balance</td>
<td>$781,504.02</td>
<td>$</td>
<td>$</td>
<td>$781,504.02</td>
</tr>
<tr>
<td>302 Contract #322</td>
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</tr>
<tr>
<td>GMP Assoc, Inc. Job 87-1</td>
<td>$2,050.00</td>
<td>$</td>
<td>$</td>
<td>$2,050.00</td>
</tr>
<tr>
<td>Polpu Storage Tank</td>
<td></td>
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<td></td>
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<tr>
<td>08/01/09</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>304 Wk-21 Contract #345</td>
<td>$10,500.00</td>
<td>$</td>
<td>$</td>
<td>$10,500.00</td>
</tr>
<tr>
<td>Fukunaga &amp; Assoc.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Job 98-33 Waltua Well 3</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>6/20/04 (301, 301b)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LO-04 Con #436 Fukunaga &amp; Assoc Inc Job 02-02</td>
<td>$62,996.00</td>
<td>$</td>
<td>$</td>
<td>$62,996.00</td>
</tr>
<tr>
<td>Omao 0.5 MG Tank</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3/5/06 (301, 301b)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Con 457 Kodeni &amp; Assoc Inc H-8 HW-12 Job 05-02 Drill &amp; Test Wainilua Well No. 4</td>
<td>$192,970.00</td>
<td>$</td>
<td>$</td>
<td>$192,970.00</td>
</tr>
<tr>
<td>CAPITAL EXPENDITURES</td>
<td>BUDGETED AMOUNT</td>
<td>TOTAL ACTUAL EXPENDITURES TO DATE</td>
<td>EXPENDITURES FOR THE MONTH</td>
<td>%</td>
</tr>
<tr>
<td>---------------------</td>
<td>-----------------</td>
<td>----------------------------------</td>
<td>---------------------------</td>
<td>---</td>
</tr>
<tr>
<td>1/17/2007 (301)</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>321 Con 471 PORTech Eng.WK-23 Job 93-1 Well 250,000 MG Tank Survey</td>
<td>$ 26,187.00</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
</tr>
<tr>
<td>7/19/07 (301, 301b)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>322 Con 475 TOMCO Corp A-11 Pump, Controls, Pmp Stn &amp; Pipeline-Anahola Well #</td>
<td>$ 72,294.00</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
</tr>
<tr>
<td>8/1/03/03 (301)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>323 Con 427 Bell Collins Hawaii WK-08 Kapaa Hmstds 0.5 MG Tank &amp; Kapahi 1.0 MG Tank</td>
<td>$ 175,915.34</td>
<td>$ 14,944.25</td>
<td>$ 14,944.25</td>
<td>8%</td>
</tr>
<tr>
<td>9/30/03 (301, 301b)</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>324 Con 468 HDR Engineering WK-39 Kapaa Hmstds Well No. 4 Drill &amp; Test</td>
<td>$ 226,416.50</td>
<td>$ -</td>
<td>$ -</td>
<td>0%</td>
</tr>
<tr>
<td>7/22/03 (301)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>325 Con 452 Earthworks Pacific WK-42 Phase II Otsite Waterline on Kaunui Rd for Stable Tank</td>
<td>$ 232,910.00</td>
<td>$ 207,327.10</td>
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<td>TOTAL EXPENDITURES</td>
<td>$ 6,124,442.86</td>
<td>$ 222,271.35</td>
<td>$ 222,271.35</td>
<td>4%</td>
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</tbody>
</table>
PR SPECIALIST REPORT

September 8, 2010

Re: Public Relations Update

Project WET: Make a Splash 2010 is scheduled for Thursday, September 23rd. We currently have 620 students with 34 teachers registered. School confirmations have been sent and volunteer schedules, assignments and training are being finalized. Detailed tasks are being completed so at 8:30 a.m. on September 23rd, we will be ready to go.

The Teacher Workshop at Kauai Community College on September 2, 2010 was cancelled due to lack of interest.

Promotional fliers for the October workshops have been finalized and distributed. We are working on the agendas and coordination with Oahu and Maui.

Public Relations Services Request for Proposal: ADDENDUM No. 1 was sent out to the Public Relations Firms that are eligible to submit proposals. A verbal update will be provided at the board meeting.

Drought Mitigation: A request for reimbursement has been sent.

HWWA Conference: Continuing to assisting Sandi with various portions of the upcoming conference. She is doing an outstanding job of covering every detail.

Respectfully submitted,

Faith Shiramizu
DOW Public Relations Specialis

Mgr/PRI Specialist Report (9-16-10)cab
Operational Report – For the Month of August 2010

Personnel

- Vacant positions that are in the recruitment process and awaiting processing by DPS include Water Field Operations Superintendent, Water Plants Superintendent, Water Service Supervisor III and Account Clerk. Other vacant positions that are in less complete stages of recruitment include (3) Lead Pipefitters, Automotive Mechanic I, Water Service Investigator II, and Plant Electrician.
- Please see the attached labor report for Operations Division as compiled by the Fiscal Division. I expect the “Regular Hours Worked” to decrease and the “Overtime Hours” to increase due to the Furlough work schedule.

Source and Storage

- The emergency replacement of the Anahola Well 90-B deep-well pump and submersible motor assembly is underway. Completion is expected by the middle of September.
- The emergency replacement of Kalaheo Wells #1 and #2 are underway. Well #1 pump was pulled first and replacement is expected to be complete by the end of September. Well #2 pump will be pulled after #1 is on-line and running smoothly.
- The Pukaki Well disinfection system is being converted by Ops Operators from gas chlorine to sodium hypochlorite.

Distribution

- West Crew abandoned approximately 500 feet of old, troublesome, cross-country, 2-1/2" GS waterline from the end of Kapau Road to Hapa Road in Koloa. The pipeline was no longer needed as customers are served from the remaining Kapau Road waterline connected to Waikomo Road.
- The East Crew repaired a 10" AC pipeline on Kuhio Highway in Kapaa. The pipe was leaking from the AC coupling. It was a little unusual as we have not previously experienced leaks on this 1964 10" AC pipe.
- The East Crew are starting a project in Anahola on Kealia Road to abandon an old and leaking PRV station. The project will also entail replacing a section of 6" AC pipe with 6" DI pipe and reconnecting five (5) service laterals.
- See statistics of leak repairs on the attached sheet.

Fleet, Inventory, Warehouse and Baseyard Area

- Ops has completed the inventory count for our inventoried parts and materials. The inventory will be submitted to Fiscal Division and reviewed by the auditors next month.
- Two storage containers were delivered to the baseyard. They will be used to temporarily store items that are currently stored on the 2nd floor of the Microlab. Ops has been tasked with preparing the containers.
- Maintenance Crew constructed footings for the baseyard driveway gate as well as a concrete drain inlet and a headwall for the driveway culvert.
**Work Orders by Job Reason Code for Selected Date Range**

08/01/2009 to 08/31/2010

<table>
<thead>
<tr>
<th># of W/O's</th>
<th>Job Reason Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>37</td>
<td>LEAK-BOX</td>
<td>Meter Box Leak Repair</td>
</tr>
<tr>
<td>27</td>
<td>LEAK-CUST</td>
<td>Customer-Side Leak Repair</td>
</tr>
<tr>
<td>127</td>
<td>LEAK-MAIN</td>
<td>Mainline Leak Repair</td>
</tr>
<tr>
<td>97</td>
<td>LEAK-S/L</td>
<td>Service Lateral Leak Repair</td>
</tr>
</tbody>
</table>

**Number of Leak Repairs per Month**
MANAGER'S UPDATE

September 9, 2010

Re: MANAGER'S UPDATE for AUGUST, 2010 to SEPTEMBER, 2010

CONTRACTS AWARDED BY THE MANAGER:

None

PUMP INSTALLATION PERMITS SIGNED BY MANAGER: None.
WAIVER, RELEASE AND INDEMNITY AGREEMENTS SIGNED BY THE MANAGER: None.

PERSONNEL MATTERS UPDATE:

Updated September 2, 2010

RECRUITMENT:

Ops Division:
1. Account Clerk vacancy. Pending list of names to interview from Department of Personnel Services.
2. Lead Pipefitter vacancies. Applications received. Met with union and awaiting input from the UPW.
3. Water Service Supervisor FIII vacancy. Pending applications review results from Department of Personnel Services.
4. Water Plants Superintendent. Currently under open recruitment via DPS. Pending eligibles list.
5. Water Field Operations Superintendent. Currently under open recruitment via DPS. Pending eligibles list.
6. Automotive Mechanic I pending position update via reallocation action. Eligibles list will be provided after position is established.

Fiscal Division:
1. Waterworks Controller. Pending eligibles list.

Engineering and Special Projects Divisions:
1. Civil Engineer V vacancy in Special Projects. Start date re-scheduled for October 1, 2010.
2. Project Assistant (Special Projects Division). Pending selection.
3. Civil Engineer VI (Engineering Division head) vacancy. Submitted request to recruit to Department of Personnel Services.

Administration Division:
1. Clerical Assistant - Community Relations. Pending selection.
2. Computer Systems Support Technician I. Department of Personnel Services conducting open recruitment for position.
4. Temporary Administration Position being developed. Funding is available.

Affordable Housing Update: No Report

[Next meeting will be announced by Housing.]

Hawaii Water Works Association (HWWA)

Please see attached Agenda.

Respectfully submitted,

David R. Craddock, P. E.
Manager and Chief Engineer

BRC:tab
Mgmr/Manager's Update (9-15-10):tab
Hawaii Water Works Association
ANNUAL CONFERENCE
OCTOBER 13 – 15, 2010
GRAND HYATT RESORT & SPA
POIPU, KAUA'I, HAWAII

Collaborating To Protect Our Most Precious Resource

WEDNESDAY, OCTOBER 13, 2010

9:30 AM
Registration

10:15—10:30 AM
Opening Remarks - David Craddick, HWWA President

10:30-10:45 AM
Welcome - Honorable Mayor Bernard Carvalho

10:45-11:30 AM
Economy Forecast for the State of Hawaii - Steve Rodgers, Chief Investment Officer, Bank of Hawai'i

11:30-1 PM
LUNCH

BREAKOUT SESSION 1
1-4:30 PM
Trenching & Shoring and Competent Person Excavation, 29CFR1926 Part B - Gary Byrd - National Rural Water Association

BREAKOUT SESSION 2
1-2 PM
WARN - State of Hawaii Emergency Management Assistance Compact (EMAC) regarding "state to state" support during a disaster and how EMAC assistance incorporates the use of WARN resources, including, how for example a county water agency can directly request assistance from another water resource from another state. - Clem Jung and Kevin Morley

2-2:30 PM
HBWS Status of New Billing System Paul Kikuchi, Chief Financial Officer for Honolulu Board of Water Supply

2:30-2:40 PM
BREAK

2:40-3:25 PM
GIS & Water Model - Heath Prow, Kauai Dept of Water

3:25-3:55 PM
Performance Indicators - David Craddick, Kauai Dept of Water

3:55-4:25 PM
Taking Care of Our Water - Kanani Alon, Hawaii Department of Water

4:25-4:30 PM
Closing Remarks

5:30 PM
Meet & Greet
<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
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</thead>
<tbody>
<tr>
<td>8:30-9AM</td>
<td>Providing SWP Assistance to Drinking Water Systems - Erin Borger, National Rural Water Association</td>
</tr>
<tr>
<td>9:00-9:30AM</td>
<td>Developing a Wellhead Protection Program at the County Level - Eva Blumenstein, Maui Department of Water Supply</td>
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<tr>
<td>9:30-10AM</td>
<td>Incorporating Protection into the Water Use and Development Plan - Lenore Ohye, CWRM</td>
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<tr>
<td>10:00-10:15AM</td>
<td>BREAK</td>
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<tr>
<td>10:45-11:30AM</td>
<td>Source Water Protection and Drinking Water Requirements - Daniel Chang, Hawaii Department of Health, Safe Drinking Water Branch</td>
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<tr>
<td>11:30-1 PM</td>
<td>Lunch - Ono Water Contest</td>
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<tr>
<td>1:00-1:30 PM</td>
<td>EPA's Drinking Water Strategy: A New Approach to Protecting Drinking Water and Public Health - EPA Representative or DOH-SDWB Representative</td>
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<td>1:30-2 PM</td>
<td>New Groundwater Rule - Mike Miyahira, Hawaii Department of Health, Safe Drinking Water Branch</td>
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<td>2:00-2:30 PM</td>
<td>Development of a Statewide Water Conservation Program – Neel Fuji, CWRM</td>
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<td>2:30-2:45 PM</td>
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<td>2:45-3:15 PM</td>
<td>Backflow Prevention – Compliance - Gary Byrd, National Rural Water Association</td>
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<td>3:15-4:15 PM</td>
<td>Project WET (Water Education) - Lin Howell, Region 1 Project WET Director</td>
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<td>4:15-4:20 PM</td>
<td>Closing Remarks</td>
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<td>6 PM</td>
<td>Banquet</td>
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Hawaii Water Works Association

ANNUAL CONFERENCE
OCTOBER 13 - 15, 2010
GRAND HYATT RESORT & SPA
POIPU, KAUAI, HAWAII

FRIDAY, OCTOBER 15, 2010

BREAKOUT SESSION 1
8:30-11AM  Classification of Soil & Competent Person Test - Gary Byrd, National Rural Water Association

BREAKOUT SESSION 2
8:30-9 AM  Maintenance Management Software, M-PET.NET - Tom Hamm, Four Winds Group
9-10 AM  The Development of a Modernized Safe Drinking Water Branch Monitoring Program to Meet Our Evolving Fiscal Concerns and Emerging Water Quality Issues - Daniel Chang, Hawaii Department of Health, Safe Drinking Water Branch
10-11am  Consumer Confidence Reports - Understanding the requirements - Erin Borger, National Rural Water Association
11am  Bento Lunch Pickup
Field Trip & Golf Tournament
September 9, 2010

Re: EXECUTIVE SESSION

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

REVIEW OF EXECUTIVE SESSION MINUTES: None

Pursuant to Haw. Rev. Stat §§92-4 and 92-5(a)(2), the purpose of this executive session is to consider the Job Performance Evaluation of the Department of Water's Manager and Chief Engineer. This deliberation involves matters affecting the privacy of the Manager and Chief Engineer. If the individual concerned requests an open meeting, an open meeting shall be held.

1. Job Performance Evaluation of the DOW Manager and Chief Engineer