NOTE: If you need an ASL Interpreter, materials in an alternate format, or other auxiliary aid support, please contact Edie at 245-5406 or email: eineumiller@kauaiwater.org at least seven (7) calendar days before the meeting.
I. STAFF REPORTS
MONTHLY

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

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

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

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

J. EXECUTIVE SESSION

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

K. TOPICS FOR NEXT WATER BOARD MEETING (October 2016)

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

2. Manager’s Report No. 16-62 - Discussion and Possible Action to Approve a Right of Entry Agreement for a portion of the Department of Water’s Koloa 1.0 MG Tank site, TMK: (4) 2-7-003:008, Lot 426, Affecting the following:
   a. Kauai Island Utility Cooperative (KIUC), TMK: (4) 2-7-003:008, Koloa, Kaua‘i, Hawai‘i

L. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Discussion and Possible Action on Board Policy regarding Proposed Delegation of a Meter Restriction

2. Workshop presentation regarding the Long Range Plan of the Department of Water’s Administration Building

3. Discussion and Possible Action on Proposed Board Policy for Delegating Routine Actions from the Water Board to the Department of Water’s Manager and Chief Engineer regarding Right of Entry

M. UPCOMING EVENTS

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

N. NEXT WATER BOARD MEETING

1. Tuesday, October 4, 2016, 1:00 p.m. – Rules Committee Meeting

2. Friday, October 28, 2016, 10:00 a.m.

3. Wednesday, November 23, 2016, 10:00 a.m.

4. Friday, December 16, 2016 – Annual Meeting

5. Friday, December 23, 2016, 10:00 a.m.

O. ADJOURNMENT
Draft Minutes
The Board of Water Supply, County of Kaua‘i, met in regular meeting at the Board Conference Room in Līhu‘e on Friday, August 26, 2016. Vice Chair Clyde Nakaya called the meeting to order at 10:00 a.m. The following Board members were present:

**BOARD:** Mr. Clyde Nakaya, *Vice Chair*
Mr. Lyle Tabata
Ms. Beth Tokioka
Mr. Sherman Shiraishi

**EXCUSED:** Ms. Laurie Ho, *Chair*
Mr. Larry Dill
Mr. Michael Dahilig

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

**STAFF:**
Mr. Kirk Saiki
Mr. Dustin Moises
Mr. Val Reyna
Ms. Marites Yano
Mr. Keith Aoki
Ms. MJ Akuna
Deputy County Attorney, Mahealani Krafft

**GUEST(s):**
Ms. Melissa Fisher, The Nature Conservancy/Kaua‘i Watershed Alliance
Mr. Royee Kawabata, Līhu‘e Land Company/Kaua‘i Watershed Alliance
Mr. Trae Menard, The Nature Conservancy/Kaua‘i Watershed Alliance
Mr. Allan Rietow, The Nature Conservancy/Kaua‘i Watershed Alliance
Mr. Ian Kagimoto, Kaua‘i Watershed Alliance
Ms. Sheri S. Mann, Department of Division of Forestry and Wildlife (DOFAW), & Department of Land and Natural Resources (DLNR)
Mr. Faisal Faruque, Prithibi Consultant
Mr. Hall Parrott, Private Citizen

**ACCEPTANCE OF AGENDA**
Mr. Tabata approved the Agenda as distributed; seconded by Ms. Tokioka; with no objections; motion carried with 4 ayes.

**D. MEETING MINUTES**

**Review and approval of:**
Regular Board Meeting – July 22, 2016
Mr. Shiraishi moved to approve the Regular Board Meeting minutes of July 22, 2016; seconded by Mr. Tabata; with no objections; motion carried with 4 ayes.

**Review and approval of Executive Session:**
Executive Session - July 22, 2016
Mr. Shiraishi moved to approve the Executive Session minutes of July 22, 2016; seconded by Mr. Tabata; with no objections; motion carried with 4 ayes.
E. CORRESPONDENCE/ANNOUNCEMENTS

1. Correspondence received from Mr. Allan Rietow, Field Representative, The Nature Conservancy, Kaua’i Program, Coordinator on Behalf of the Kaua’i Watershed Alliance, dated August 1, 2016 regarding a request to present a Kaua’i Watershed Alliance Progress Report at the August 26th Regular Board Meeting

Mr. Allan Rietow and Ms. Melissa Fisher provided a presentation on the Kaua’i Watershed Alliance (KWA) progress report to the Board members. Mr. Rietow and Ms. Fisher thanked the Board members for the funding to protect mauka watersheds.

A brief overview consisted of the land owners, funding sources and the accomplishments for this fiscal year. There are three (3) phases of the work: 1) Planning phase, 2) Management phase and 3) Maintenance/Monitoring phase.

- Kaua’i Watershed Alliance Members
- Kaua’i Priority I Watershed/KWA Partner Lands
- FY 16 Funding Distribution
  - Work areas include:
    - Kanaele Bog (2 fence checks/year)
    - Alakai Summit (6 fence checks/year)
    - Wainiha Valley
    - Halehaha (State is contracted to build a 6.5 mile fence; completion in January 2017.)
    - Planning Phase for: Drinking Glass, Koaie & Lumaha’i (5.5 miles of fencing)

Mr. Rietow invited new Board members to see the watershed project area by air.

DISCUSSION:
Mr. Shiraishi asked what does the KWA do with the pigs that are removed? Ms. Fisher said the team goes into the East Alakai unit or Wainiha Valley where the pigs become fertilizer for the native plants.

Ms. Tokioka inquired about the Halehaha unit regarding fencing and if the KWA engages with the hunting community and access areas and if there is a collaborative relationship with the hunters? Ms. Fisher said they have a positive relationship with the community members, District Manager Sheri Mann with DLNR and Galen Kawakami. Ms. Mann mention that the first public shooting range in Hānahana Puni Crater is being developed. She continues to meet with the hunting community. Mr. Menard added that fences were modified to allow hunters better access to hunting areas.

Vice Chair Nakaya encouraged the Board to take the air flight because it was educational to learn about the watershed that is important to Kaua’i. The Department increased the funding this year for the KWA which he thanked Manager Saiki.

Mr. Shiraishi moved to receive the correspondence received the Kaua’i Watershed Alliance Progress Report; seconded by Ms. Tokioka; with no objections, motion carried with 4 ayes.

F. BOARD COMMITTEE REPORTS
None.

G. OLD BUSINESS
1. Manager’s Report No. 16-56 - Discussion and Possible Action on the Manager and Chief Engineer’s New Format of Goals and Objectives for July 2016 – June 2017
BACKGROUND:
Manager Saiki provided more details to the Department Goals and Objectives for FY 2016-2017 (refer to Page 28). The Manager highlighted Goal 2 – Utilize Global Information System (GIS) maps and data and Goal 3 – Implement the new billing system, the water rate study and to look at Great Plains software to develop the budget.

DISCUSSION:
Ms. Tokioka suggested a target completion date column and to be realistic on the accomplishments. Mr. Tabata suggested adding a billing permit plan review process. At times there have been delays with the Department of Water. Mr. Doi commented the Department review are quick but there have been computer glitches on the process.

Ms. Tokioka moved to defer Manager’s Report No. 16-56 - Discussion and Possible Action on the Manager and Chief Engineer’s New Format of Goals and Objectives for July 2016 – June 2017 to the September Board meeting for the Manager to implement suggestions from Ms. Tokioka to add a target completion date column and Mr. Tabata’s suggestion to add an electronic Billing Permit Planning Review goal); seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

H. NEW BUSINESS
1. Discussion and Suggestions for Capital Improvement Projects (CIP) for the 2017 Legislative Session

BACKGROUND:
Manager Saiki presented the draft package of the CIP for the 2017 legislative session. The Summary Request for State Aid details are included on Page 35 with the following priorities:

Priority No. 1 – Kīlauea Water System
Priority No. 2 – Hā'ena / Wainiha Water System
Priority No. 3 – Līhu'e / Kapa'a Water System
Priority No. 4 – Kalāheo-Lāwa'i-Omao Water System
Priority No. 5 – Līhu'e / Kapa'a Water System

DISCUSSION:
Ms. Tokioka inquired if the total amount for FY 2017-2022 of $23,850,000 is requested by the Department to the State. Manager Saiki explained that the Department does not ask for an amount. The State has the option to fund a portion of a project and the Department does tie in state benefits with projects.

Most of the lobbying with the legislature has been done by Chief of Water Resources and Planning, Mr. Doi who brought in approximately $8M during the past two (2) years.

Mr. Tabata moved to receive the Discussion and Suggestions for Capital Improvement Projects (CIP) for the 2017 Legislative Session; seconded by Mr. Shiraishi; with no objections, motion carried with 4 ayes.

2. Manager’s Report No. 17-03 - Discussion and Possible Action on the Approval of the DOW’s Supplemental Budget Fiscal Year (FY) 16-17

BACKGROUND:
Waterworks Controller Ms. Marites Yano requested Board approval to approve the Supplemental Budget #1, Purchase Order Roll Overs / $4,297,658 – Capital Outlay Budget; $1,367,323 – Non-Capital Expenses.
Mr. Shiraishi moved to approve *Manager’s Report No. 17-03* - Discussion and Possible Action on the Approval of the DOW’s Supplemental Budget Fiscal Year (FY) 16-17; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

3. *Manager’s Report No. 17-04* - Discussion and Possible Action on Resolution No. 17-02, to Accept and Expend the State Budget Appropriations provided to the DOW for WP WK-39 Drill and Develop Kapa’a Homesteads Well No. 4 for $750,000.00

**BACKGROUND:**
Manager Saiki recommended that the Board sign the Resolution to expend $750,000.00 from the State Budget Appropriations provided to the DOW.

Mr. Tabata moved to approve *Manager’s Report No. 17-04* - Discussion and Possible Action on Resolution No. 17-02, to Accept and Expend the State Budget Appropriations provided to the DOW for WP WK-39 Drill and Develop Kapa’a Homesteads Well No. 4 for $750,000.00 and to sign the Resolution; seconded by Mr. Shiraishi; with no objections, motion carried with 4 ayes.

4. *Manager’s Report No. 17-05* - Discussion and Possible Action on Resolution No. 17-03, to Accept and Expend the State Budget Appropriations provided to the DOW for WP PLH-35b Construct Kapaia Cane Haul Road 18” Main for $3.0M

**BACKGROUND:**
Manager Saiki recommended the Board sign the Resolution to expend $3.0M from the State Budget Appropriations provided to the DOW.

Mr. Tabata moved to approve *Manager’s Report No. 17-05* - Discussion and Possible Action on Resolution No. 17-03, to Accept and Expend the State Budget Appropriations provided to the DOW for WP PLH-35b Construct Kapaia Cane Haul Road 18” Main for $3.0M and to sign the Resolution; seconded by Mr. Shiraishi; with no objections, motion carried with 4 ayes.

5. *Manager’s Report No. 17-06* - Discussion and Possible Action for additional funding for Job No. 13-07 Koloa Well D Retaining Wall & Site Repairs in the amount of $111,000.00

**BACKGROUND:**
Construction Project Management Officer Mr. Dustin Moises received two proposals for additional funding for Job No. 13-07 Koloa Well D Retaining Wall & Site Repairs but one bid was disqualified.

Ms. Tokioka moved to approve *Manager’s Report No. 17-06* - Discussion and Possible Action for additional funding for Job No. 13-07 Koloa Well D Retaining Wall & Site Repairs in the amount of $111,000.00; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.


**BACKGROUND:**
Manager Saiki recommended that the Board enter into a Memorandum of Agreement (MOA) with the Department of Public Works For Job No. 12-01, Water Plan 2020 No. H-05 Pipeline Replacement along Weke, ‘Anae, Mahimahi and He’e Roads, Hanalei, Hawai‘i.
Mr. Shiraishi moved to approve Manager’s Report No. 17-07 - Discussion and Possible Action on the Memorandum of Agreement (MOA) with the Department of Public Works, County of Kaua’i (DPW) For Job No. 12-01, Water Plan 2020 No. H-05 Pipeline Replacement along Weke, ‘Anae, Mahimahi and He’e Roads, Hanalei, Hawai‘i; seconded by Ms. Tokioka; with no objections, motion carried with 4 ayes.

7. Manager’s Report No. 17-08 - Discussion and Possible Action on the Memorandum of Agreement (MOA) with the Department of Public Works, County of Kaua’i (DPW) For Job No. 13-05 Water Plan 2020 Project No. WKK-09, Kolo Road Main Replacement, Kilauea, Kaua‘i, Hawai‘i

BACKGROUND:
Manager Saiki recommend that the Board enter into a Memorandum of Agreement (MOA) with the Department of Public Works For Job No. 13-05 Water Plan 2020 Project No. WKK-09, Kolo Road Main Replacement, Kilauea, Kaua‘i, Hawai‘i.

Mr. Shiraishi moved to approve Manager’s Report No. 17-08 - Discussion and Possible Action on the Memorandum of Agreement (MOA) with the Department of Public Works, County of Kaua’i (DPW) For JOB No. 13-05 Water Plan 2020 Project No. WKK-09, Kolo Road Main Replacement, Kilauea, Kaua‘i, Hawai‘i; seconded by Ms. Tokioka; with no objections, motion carried with 4 ayes.


BACKGROUND:
Manager Saiki recommended that the Board agree to and approve the State of Hawaii’s conditional letter and to enter into a Use and Occupancy Agreement (UOA) No. 333.

DISCUSSION:
Ms. Tokioka asked what was the differences in the terms with the state and county agreements? Mr. Aoki explained that one county double the days to be notified. Manager Saiki added the state does not have a standard format to review the agreements. Vice Chair Nakaya recommended that Mr. Aoki provide a list of different of terms in the future which will be helpful for the Board.

Ms. Tokioka moved to approve Manager’s Report No. 17-09 - Discussion and Possible Action on the Use and Occupancy Agreement No. 333 with the State of Hawaii for Job No. 12-01, Water Plan 2020 No. H-05, Hanalei Waterline Improvements (Weke, ‘Anae, Mahimahi and He’e Roads Main Replacements), Hanalei, Kaua‘i, Hawai‘i and to sign and agree on the conditional letter; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

9. Manager’s Report No. 17-10 - Discussion and Possible Action on the Use and Occupancy Agreement No. 328 with the State of Hawaii for Job No. 13-05, Water Plan 2020 No. WKK-09, Kolo Road Main Replacement, Kīlauea, Kaua‘i, Hawai‘i

BACKGROUND:
Manager Saiki recommended that the Board agree to and approve the State of Hawaii’s conditional letter and to enter into a Use and Occupancy Agreement (UOA) No. 328.
DISCUSSION:
Mr. Shiraishi expressed concern with the “duty to defend” provisions as the Department should not have to act as an insurance company, but did not have a problem with the “duty to indemnify and to hold the other party harmless.”

Deputy County Attorney Mahealani Krafft commented that the conditional letter is not negotiable. It was noted by Private Secretary MJ Akuna that the UOA would come back to the Board.

Mr. Tabata approved Manager’s Report No. 17-10 - Discussion and Possible Action on the Use and Occupancy Agreement No. 328 with the State of Hawaii for Job No. 13-05, Water Plan 2020 No. WKK-09, Kolo Road Main Replacement, Kīlauea, Kaua'i, Hawai'i and to sign and agree on the conditional letter; seconded by Ms. Tokioka; with no objections, motion carried with 4 ayes.

I. STAFF REPORTS
MONTHLY
1. Discussion and Receipt of the Kaua‘i County Water Department’s Statement of Revenues and Expenditures
   a. July Monthly Summary Budget

BACKGROUND:
Waterworks Controller, Ms. Marites Yano presented the Budget Summary for 2016 and Comparative Charts. Report highlights: 1) Ongoing Activities, 2) Five (5) year water rate study. The consultants will provide the Board a financial rate model in September, 3) Customer Care & Billing (CC&B) Conversion – ongoing, and 4) Financial Audit will start next week – Draft deadline is November 1st to the County.

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

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

BACKGROUND:
Public Relations Specialist Ms. Kim Tamaoka highlighted the following:
1. Make a Splash is scheduled for Thursday, September 22nd with 13 schools participating, 34 classes, and 755 students.
2. CC&B Conversion Upgrade – An information newsletter was sent to the staff regarding CC&B progress. A public information news release will be sent out to customers about the new billing system features.

DISCUSSION:
Ms. Tokioka suggested sending out a press release and Facebook post on the September 7th Public Hearing. Manager Saiki mentioned one testimony has been received.

Mr. Tabata moved to receive the Public Relations Specialist on Public Relations Activities; seconded by Ms. Tokioka; with no objections, motion carried with 4 ayes.

Regular Meeting: Friday, August 26, 2016- Page 6 of 9
3. Discussion and Receipt of the Chief of Operation’s Summary Report on Operational Activities

BACKGROUND:
Chief of Operations Mr. Val Reyna highlighted the following:
1. Telemetry/Telecommunication and Supervisory Control & Data Acquisition (SCADA) problems in Hā'ena. Research was done and Operations worked 436.75 man-hours of overtime over the past six (6) months monitoring the telemetry issues.
2. HIOSH Inspection – Initially Operations was penalized $20,000 but after an informal conference with the HIOSH enforcement branch manager, the amount was reduced to $14,525. In a previous Board meeting, Mr. Dahilig asked if violations could be avoided. Mr. Reyna contacted a consultant to inspect and assess the facilities. The consultant will provide recommendations on how to fix facility problems with no cost to the Department.

DISCUSSION:
Most of the violations lacked eye wash at remote sites and the Operations facility. Installation of the eye wash have been done. Another violation was missing labels on the hydrochloric drums.

Mr. Reyna will continue to provide updates on the ongoing progress of the SCADA repair. The repairs should be done by the end of the year pending the ordered parts.

Mr. Shiraishi moved to receive the Chief of Operation’s Summary Report on Operational Activities; seconded by Mr. Tabata; with no objections, motion carried with 4 ayes.

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

BACKGROUND:
Manager Saiki stated the CC&B Billing System (Update) would be presented by Mr. Faisal Farque, Prithibi Consultant. Mr. Farque provided the Board with an update on the CC&B conversion. The soft launch was rolled out ahead of time which went well. Staff came in on Sunday to do manual entries that went smoothly and was ahead of schedule.

The Department the cutting edge technology in Oracle version 2.4. Data is comparable and the system is stable. Staff will be able to run their own reports as needed. The next two (2) weeks is to setup a transition schedule. The total conversion should be done by mid-September.

Other applications include: 1) Service Cloud Billing - customers can make payments online; make inquiries or report a leak, 2) Billing Insight, 3) On line Policy Automation, and 4) Field Service Management.

Testing and integration will begin next week. Staff working in the field can use a handheld unit which goes straight into CC&B. CC&B will go live first with staff, then a couple of months later it will go live to the customers.

The Oracle conference will be in September and the Department was been invited to speak and share their vision on why the Department embarked on this software. Also, Forbes Magazine will be doing a feature article on the Oracle software with the Department’s CC&B as a leader in the utility industry.
Legionella Disease Update – The backflow has been installed at Kapa’a Shores. The Department will perform inspection and testing and lastly will turn the water back on.

Annual Auction – Received $18,533.00 on auction items.

**DISCUSSION:**
Mr. Shiraishi inquired if the existing building will ever have A/C? Manager Saiki said the contract to replace the two A/C units was cancelled. The building would depend on what the consultant recommends which could be remodeled or demolished according to Mr. Reyna.

Ms. Tokioka asked about the Facilities Reserve Charge (FRC) offset of Lima Ola and questioned if it was possible to offset the FRC in state funds and what were the reasons why it can’t happen? She challenged Manager Saiki conclusions that grant funds are not allocated for Lima Ola. A successful Lima Ola would benefit all other stakeholders (i.e., Eleele School would have increased enrollment or other customers for a shopping center). In Ms. Tokioka’s opinion, this would not only benefit one entity. Manager Saiki mentioned that a portion would apply as a benefit but it got taken out.

Ms. Tokioka asked what would happen to the state grant? Manager Saiki said there was the intent to help Lima Ola. The Department will increase the ability to move water to Lima Ola. If the grant wasn’t received, there would have been additional costs. Mr. Doi added the waterline was a requirement for Lima Ola to develop. The funding helped Lima Ola tremendously with the initial cost of the project.

Mr. Shiraishi moved to receive the of the Manager and Chief Engineer’s Monthly Update Regarding Activities of Note of the DOW; seconded by Ms. Tokioka; with no objections, motion carried with 4 ayes.


Mr. Shiraishi moved to receive the of the Manager and Chief Engineer’s Monthly Update Regarding Activities of Note of the DOW; seconded by Ms. Tokioka; with no objections, motion carried with 4 ayes.

- Vice Chair Nakaya appointed Ms. Tokioka to the Rules Committee with no objections.

**AWWA REPORTS**

1. Discussion and Receipt of the American Water Works Association, Chicago, IL (not Anaheim), Conference Reports (*June 9-12, 2016*)
   a. Report from Kauai Board of Water Supply Member, Larry Dill

Ms. Tokioka moved to receive the American Water Works Association report from Mr. Larry Dill; seconded by Mr. Shiraishi; with no objections, motion carried with 4 ayes.

**J. EXECUTIVE SESSION**

*Pursuant to H.R.S. §92-7(a), the Board may, when deemed necessary, hold an executive session on any agenda item without written public notice if the executive session was not anticipated in advance. Any such executive session shall be held pursuant to H.R.S. §92-4 and shall be limited to those items described in H.R.S. §92-5(a).*
1. Pursuant to Hawai'i Revised Statutes (HRS) Section 92-4, 92-5(a)(4), the purpose of this executive session is to review executive session minutes dated July 22, 2016. This consultation involves the consideration of the powers, duties, privileges, immunities, and/or liabilities of the Board and the Department as they relate to this agenda item. (Approved in Open Session)

K. TOPICS FOR NEXT WATER BOARD MEETING (September 2016)
1. Discussion and Receipt of the Department of Water’s Capital Improvement Projects (CIP) for the 2016 Legislative Session
2. Manager’s Report No. 16-56 - Discussion and Possible Action on the Manager and Chief Engineer’s New Format of Goals and Objectives for July 2016 – June 2017 (Update)
3. Discussion and Possible Action on the Public Hearing Comments of September 7, 2016 regarding Part 5 – Facility Reserve Charge Section III – Applicability
4. Manager’s Report No. 16-62 - Discussion and Possible Action to Approve a Right of Entry Agreement for a portion of the Department of Water’s Koloa 1.0 MG Tank site, TMK: (4) 2-7-003:008, Lot 426, Affecting the following:
   a. Kauai Island Utility Cooperative (KIUC), TMK: (4) 2-7-003:008, Koloa, Kaua’i, Hawai’i
   b. Rate Study Workshop

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

M. UPCOMING EVENTS
1. Project WET - Make a Splash (September 22, 2016)
2. HWWA, Hawai’i Section, Maui, HI (November 2 – 4, 2016)

N. NEXT WATER BOARD MEETING
1. Friday, September 23, 2016, 8:00 am – Rate Study Workshop
2. Friday, September 23, 2016, 10:00 a.m.
3. Tuesday, October 4, 2016, 1:00 p.m. - Rules Committee Meeting
4. Friday, October, 28, 2016, 10:00 a.m.
5. Wednesday, November 23, 2016, 10:00 a.m.
6. Friday, December 16, 2016 – Annual Meeting
7. Friday, December 23, 2016, 10:00 a.m.

O. ADJOURNMENT
Ms. Tokioka moved to adjourn the meeting at 11:35 a.m.; seconded by Mr. Shiraishi; with no objections, motion carried with 6 ayes.

Respectfully submitted,  
Approved,

Edie Ignacio Neumiller  
Commission Support Clerk  
Sherman Shiraishi  
Secretary – Board of Water Supply
PUBLIC HEARING MEETING MINUTES
BOARD OF WATER SUPPLY
Wednesday, September 7, 2016

The Board of Water Supply, County of Kaua‘i, met in Public Hearing at the Board Conference Room in Līhu‘e on Wednesday, September 7, 2016. Chairperson Laurie Ho called the meeting to order at 5:00 p.m. On roll call, the following answered present:

BOARD: Ms. Laurie Ho, Chair
Mr. Clyde Nakaya, Vice Chair
Mr. Michael Dahilig
Mr. Larry Dill
Mr. Lyle Tabata
Mr. Sherman Shiraishi
Ms. Beth Tokioka

Quorum was achieved with 7 members present at the time of roll call.

STAFF: Mr. Kirk Saiki
Mr. Keith Aoki
Mr. Eddie Doi
Mr. Michael Hinazumi
Ms. MJ Akuna
Deputy County Attorney Mahealani Krafft

GUESTS: Mr. Tom & Elsie Godfey
Mr. Clayton Kubo
Mr. Jim Mayfield
Mr. Randy Francisco
Ms. Nancy McMahon
Ms. Jenna Carpenter, The Garden Island
*Mr. Stephen Spears, Habitat for Humanity
Mr. Mark Perriello, Kaua‘i Chamber of Commerce
*Written Testimonies are attached at the end of these minutes

Chair Ho read the following at the start of the public hearing: A public hearing will be held today, Wednesday, September 7, 2016 regarding Proposed Amendments to the Rules and Regulations of the Board of Water Supply, County of Kaua‘i, State of Hawai‘i, Part 5 – Facility Reserve Charge Section III – Applicability. The Department of Water is recommending the following rule changes below:

Part 5, Section III, - Applicability, Paragraph 3.c. – The Facilities Reserve Charge for conversion of legally existing single-family units to a multi-family two dwelling unit structure, as provided by law, will be assessed at 50% of the Facilities Reserve Charge for multi-family units, per unit.

Part 5, Section III, Applicability, Paragraph 3.d. – For projects developed by the County of Kaua‘i Housing Agency or in partnership with the County of Kaua‘i Housing Agency, and certified by the County of Kaua‘i Housing Agency as affordable housing (defined by Kaua‘i County Ordinance 7 A-1.5), the Facilities Reserve Charge shall be $4,940.00 per unit.

Copies of the proposed rule amendments were available. The clerk of the Board of Water Supply explained the procedures that will apply to this hearing.

Public Hearing Meeting: Wednesday, September 7, 2016 - Page 1 of 4
The clerk read the following:

**Public Hearing Procedures** – The Board will follow the following procedure as laid out in Part I, Section IX, subsection II of the Department of Water, County of Kaua’i Rules and Regulations in holding this public hearing.

1. **Presentation by Department on its findings of the Proposed Rules** (A presentation will first be made by the Department regarding the proposed amendments to the Rules and Regulations that are the subject of today’s hearing)

2. **Questions by Board to Department Regarding Presentation** (The Department will then answer any questions the Board may have regarding the Department’s presentation)

3. **Take Public Testimony** (When the Board has asked all its questions of the Department, the Board will then take public testimony)
   a. If you wish to testify, please register by filling out the Request to Testify signature list.
   b. Anyone testifying is entitled to the floor only when recognized by the presiding officer.
   c. Anyone with written testimony may be given priority at the discretion of the presiding officer. The presiding officer shall then grant to persons who have not registered an opportunity to speak following the registered speakers.
   d. For those that wish to testify:
      i. Please state your name, address, and organization you’re representing, if any, and if you are a registered lobbyist.
      ii. Please limit your comments to the subject matter of today’s public hearing.
      iii. Anyone testifying shall refrain from direct questioning of the Board and shall direct any remarks or questions to the presiding officer.
   e. Anyone who testifies may be subject to questioning by the Board. Questions by the Board shall be permitted only at the discretion of the presiding officer.

4. **Regarding Public Testimony**
   a. **Three minute rule**: Three minute rule will be followed regarding all testimony.
   b. Please limit your initial testimony to three minutes. This will give everyone who wants to say something an opportunity to testify. If you don’t complete your testimony within three minutes, you will be given another opportunity to complete what you want to say after everyone has had a chance to testify.
   c. If you have not completed your testimony on the second go-around, you will then be given another chance to finish your testimony after everyone in the second round of testimony has had a chance to testify.
   d. The presiding officer may restrict or terminate the speaker’s right to the floor for intemperate or abusive behavior or language.

5. The Board shall not be bound by technical rules of evidence.

6. Thank you for participating in this public hearing. Are there any questions?

**The Chairperson suspended the Rules, then stated the following**: The public hearing is now open. The purpose of this hearing is for the Board of Water Supply to hear and take action relating to the proposed amendments to the Rules and Regulations of:

**Part 5, Section III, - Applicability, Paragraph 3.c.** – The Facilities Reserve Charge for conversion of legally existing single-family units to a multi-family two dwelling unit structure, as provided by law, will be assessed at 50% of the Facilities Reserve Charge for multi-family units, per unit.
**Part 5, Section III, Applicability, Paragraph 3.d.** – For projects developed by the County of Kaua‘i Housing Agency or in partnership with the County of Kaua‘i Housing Agency, and certified by the County of Kaua‘i Housing Agency as affordable housing (defined by Kaua‘i County Ordinance 7 A-1.5), the Facilities Reserve Charge shall be $4,940.00 per unit.

The Public Hearing began and the Chair asked the Department to make its presentation on its findings, and allow questions of Staff Findings by the Board.

Manager Saiki commented that the status of the Proposed Rule Amendment Part 5, Section III was approved during the Regular Board meeting on May 17, 2016. The Board directed the Department of Water to draft a "No Impact Statement" to the Small Business Regulatory Review Board (SBRRB) Impact Statement on July 11, 2016. There were no comments received due to "No Impact Statement." The next step will be for Board action at the October Regular Board meeting. (Note: One additional testimony came in at 5:04 p.m.)

*After the presentation and questions, Chair Ho stated if there were any written materials that have been submitted or that anyone wishes to submit without speaking. The Clerk stated there were about 11 written testimonies submitted as of 4:39 pm that day and offered to read the written testimony from Mayor Carvalho. (Refer to *Mayor Carvalho's written testimony attached.*)*

Mr. Dahilig moved to accept all written testimonies that the clerk "Received for the Record," with no objections.

Chair Ho called upon persons who signed up on the Request to Testify sheet and reminded those testifying that they must state their name, address, organization, and if they're a registered lobbyist.

Mr. Shiraishi moved to suspend the Rules; seconded by Mr. Tabata; with no objections, motion carried with 7 ayes.

The following people testified in favor of the rule amendments:

*Mr. Stephen Spears*, Habitat for Humanity, Eleele (Refer to written testimony attached).

*Mr. Klayton Kubo*, private citizen from Waimea.

*Mr. Mark Perriello*, Kaua‘i Chamber of Commerce President from Līhu‘e.

*At 5:22 p.m., Mr. Dahilig exited the hearing.*

*Mr. James Mayfield*, 4473 Pahee Street from Līhu‘e expressed he did not fully understand the rule amendments because he just received the email on the public hearing the day of this meeting.

*At 5:23 p.m., Mr. Dahilig re-entered the hearing.*

*At 5:33 p.m. all public testimony was received, Chair Ho closed the hearing and said there being no further testimony, the Chair closed the public testimony portion of the public hearing. The result of this public hearing needs to be sent to the Small Business Regulatory Review Board (SBRRB) for their review. The Board then intends to make its decision regarding the adoption of these rule amendment at its October Regular Board Meeting, depending on the SBRRB's response and its timeliness. The public hearing is now closed.*

Chair Ho resumed the Rules of the Board.

Manager Saiki explained that comments from this hearing will be referred back to the Board in the October meeting which will be referred back to the SBRRB, then posted for a Public Hearing.
At 5:36 p.m., Chair Ho called the meeting back to order.

Mr. Shiraishi moved to close the Public Hearing at 5:37 p.m.; seconded by Mr. Dahilig; with no objections, motion carried with 7 ayes.

(Note: Written testimonies are attached.)

Respectfully submitted,                               Approved,

Edie Ignacio Neumiller                                Sherman Shiraishi
Commission Support Clerk                              Secretary – Board of Water
TESTIMONY OF MAYOR BERNARD P. CARVALHO IN STRONG SUPPORT OF THE PROPOSED CHANGES TO PART 5, SECTION III, RULES OF THE KAUA'I BOARD OF WATER REGARDING FACILITY RESERVE CHARGES

Public Hearing - September 7, 2016 at 5:00 PM

Chair Ho and Board Members:

I wish to convey my STRONG SUPPORT regarding the proposed rules before the Board concerning Facility Reserve Charge (FRC) accommodations for both affordable housing development and conversion of single-family structures to multi-family structures.

As you are aware, our County is facing a housing crisis and many of our residents can no longer afford to reside here. The spike in housing costs is largely attributed to a lack of inventory on island tailored to working residents, and the large conversion of residential dwellings into second homes for non-residents and vacation rentals. This drop in residential inventory can be clearly seen through the most recent US Census Bureau’s estimation that the county has only yielded an estimated 300 additional resident-occupied homes since 2010 while the island’s population has increased by close to 5,000 residents.

Untangling impediments to providing adequate housing for our families is certainly a multi-faceted problem. However, I believe the Board, in proposing this rule, should be applauded in being proactive toward helping alleviate one of the financial hurdles most commonly identified by small and large landowners seeking to provide cost-effective housing – the FRC.

An Equal Opportunity Employer
The proposal is fair in attempting to clear the way in increasing residential inventory by providing considerations for those projects sponsored or certified by the Housing Agency as being affordable under the County’s housing ordinance and those single-family dwellings seeing conversion to a multi-family structure (i.e. adding a kitchen). The scope of the rule change is limited, and does have the necessary controls to prevent abuse.

I understand some may criticize this proposal on the basis of financial equity. However, I believe the board’s authority and responsibility is to effectuate policy that transcends simple economics or engineering and plainly just looking at the numbers – I proffer its charge is also to evaluate the community context of its actions and seek social equity when providing access to a public trust resource we all own.

This authority has already been exercised by the Board in providing reduced water rates for agricultural users. The proposed policy helps balance access for those residents needing it the most, and allows families to reasonably expand their structures and accommodate their next generation with a degree of dignity.

I ask for your favorable consideration on the proposed changes.
September 2, 2016

Water Manager’s Office
Department of Water
County of Kauai
4398 Pua Loke Street
Lihue, Kauai, Hawaii 96766

Re: Proposed Amendments to the Rules and Regulations of the Board of Water Supply, County of Kauai, State of Hawaii
Part 5 – Facility Reserve Charge Section III - Applicability

Dear Chairperson Ho,

Thank you for the opportunity to provide testimony on the proposed Amendments to Part 5 – Facility Reserve Charge (FRC) Section III of the Rules and Regulations of the Board of Water Supply. DR Horton respectfully submits our strong support of reduced FRC for multi-family two dwelling unit structures and affordable housing units.

As a long standing developer of affordable housing, we have witnessed the growing demand for affordable housing on Kauai. We have also experienced rising costs of entitlement approvals, construction labor and building materials. This has made it increasingly difficult to produce workforce housing units in addition to units meeting the County’s certification standards of “affordable” housing. By reducing the FRC for multi-family two dwelling unit structures and affordable housing units, the Board will take a major leap forward towards the feasibility of building duplexes and affordable housing on Kauai. Progressive thinking and action such as this is a critical contribution towards addressing Kauai’s housing shortfall and incentivizing the development of additional housing opportunities for Kauai residents.

Thank you again for accepting our testimony. We look forward to the adoption of these FRC amendments to the Rules and Regulations. If you have any questions, or would like to discuss, please contact me at (808) 782-4109 or email me at tnagata@drhorton.com.

Sincerely,

Tracy Nagata
Senior Vice President - Development

Oahu • Maui • Hawaii • Kauai
130 Merchant Street, Suite 112 • Honolulu, Hawaii 96813 • (808) 521-5661 • FAX (808) 538-1476 • www.drhortonhawaii.com
September 6, 2016

Ms. Laurie Ho, Chairperson
Board of Water Supply, County of Kauai
4398 Pua Loke Street
Lihue, HI 96766

Dear Ms. Ho:

Subject: Proposed Amendments to Facilities Reserve Charge

We submit this testimony in support of the proposed amendment that reduces the Facility Reserve Charge (FRC) for affordable housing and the conversion of single-family units to a multi-family two dwelling unit.

It is generally established that affordable housing is a critical need on Kauai. The high cost of infrastructure is a key driver in the lack of affordable housing. Any incentive or subsidy that can be provided by the government will play a vital role in the development of affordable housing.

One additional point of consideration is a possible change to Section IV.6.b. relating to Facilities Reserve Charge Paid Prior to Enactment of Part 5 Rules. The rule as currently stated grants an applicant 3 years to install a meter or be subjected to paying a higher FRC. Our general understanding is that this was enacted in order to account for the ongoing repair and maintenance of the system. Our suggestion is that instead of charging an additional FRC a monthly service charge is imposed to cover the ongoing repair and maintenance. As payment of the FRC already covered the applicant’s fair share to construct the system, a monthly service charge is a more equitable solution.

Thank you for the opportunity to provide testimony.

Sincerely,

[Signature]

David Hinazumi
I'm not opposed to affordable housing projects getting a break in the Facilities Reserve Charge, but it should never be done at the expense of the rest of the population. There needs to be some kind of provision in place for the County to recoup the balance of the Facilities Reserve Charge upon the sale of the affordable unit on the open market.

There have been affordable projects where the buyer was able to sell the unit on the open market after only one year of ownership.

If the unit is not placed back into affordable housing, the profit that the Buyer makes from a sale on the open market should include a clause that the balance of the Facilities Reserve Charge needs to be paid out of the sale proceeds to the Department of Water. This would probably alleviate the shortage of affordable housing units and it would add money back into the Department of Water’s account. It would also be a more equitable solution that doesn’t penalize the other owners who have to pay the full Facilities Reserve Charge.

Sincerely,

June Araki
Laurie Ho, Chairperson
and Members of the Board of Water Supply of the County of Kauai
Kauai Department of Water
4398 Pua Loke Street
Lihue, HI 96766

SUBJECT: TESTIMONY IN SUPPORT OF RULE CHANGES FOR PART 5, SECTION III, APPLICABILITY, PARAGRAPH 3.c. AND 3.d.

Dear Chairperson Ho and Board Members:

The County of Kaua‘i Housing Agency supports the proposed amendment to the rules and regulations of the Board of Water Supply as it pertains to Part 5, Section III, Applicability, Paragraph 3.c. and 3.d. We would like to suggest amendments be made to Paragraph 3.d., where new material is underlined and material to be deleted is bracketed in [red]:

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

We applaud the Board’s efforts to assist with the delivery of affordable housing for our residents. Thank you for the opportunity to testify on this important matter.

Sincerely,

Kanani Fu
Housing Director
From: Karen Ono [mailto:kono@kauaiboard.com]
Sent: Wednesday, September 07, 2016 5:04 PM
To: Ignacio-Neumiller, Edith
Subject: FRC Rate Proposal

Aloha Chair Ho & the Directors of the Department of Water:

My name is Karen Ono, I am the executive Officer of the Kauai Board of REALTORS representing over 500 REALTORS on Kauai. We support any type of decrease in rates that will increase the affordable housing inventory on Kauai that we are definitely short of. Although our representation is that of 500 REALTOR members, our position speaks for all property owners throughout the island.

If there are any questions, please do not hesitate to call us.

Mahalo for your consideration and dedication in providing the services that you do.

Karen Ono  
Executive Officer  

" Delivering real estate professionalism, serving the community and advocating Private Property Rights "

Kauai Board of REALTORS®  
4359 Kukui Grove Street #103  
Lihue, HI 96766  
Direct Phone: (808) 977-8142  
Phone: (808) 245-4049  
Fax: (808) 246-0409  
Website: www.kauaiboard.com

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Board of Water Supply  
County of Kauai Department of Water

I support the rule change to Part 5, Section III - Applicability, paragraph 3.c. as presently proposed which I understand is meant to encourage the stock of dwelling units on the Island.

I believe that most of these newly permitted units will be of modest size with lesser water usage and burden on the Water Department. In many instances permitting of such units will not significantly increase the number of occupants on the property, but simply legalize or make more comfortable existing usage. I forward herewith a copy of my 5/5/16 letter to the County Council which addresses some of these issues.

Thank you for your consideration of this matter.

Kurt Bosshard, Esq.
May 5, 2016

Kauai County Council Members
4396 Rice Street, Suite 209
Lihue, HI 96766
via EMAIL (counciltestimony@kauai.gov)

Re: Bill No. 2627; ARUs in the Lihue Planning District
Testimony of Kurt Bosshard at 5/4/16 Council Meeting

Friends and Council Members:

Thank you for the opportunity to speak. Thanks to the Planning Department for opening up this dialogue.

By virtue of my jobs, I get to meet a large cross section of our community and the details of their lives.

The same issues come up with my clients and friends.

• Housing shortage and cost
• Cost of living; Concern for their children’s continued viability on the Island
• Traffic

The ARU proposal before you should stimulate the discussion as to our housing shortage, but I believe the discussions as to density and ADUs need to be broadened to both residential and agricultural zoned lands.

The County cannot provide the needed “affordable housing”. Under the present structure, what is offered as “affordable” is neither affordable nor in sufficient quantities to put a dent in our Island’s needed “living units”. In fact, we are rapidly losing ground. In many instances, the potential applicant for affordable housing does not have the requisite income to pay the rent/mortgage or makes too much income to qualify for the program. And, if the affordable housing component isn’t effective, what does our County end up with on the other 70% of the project = speculation from
outsiders, burdens on our infrastructure through increased population, boom/bust economy . . .

I’ve attached the MLS April/Year to Date 2016 Kauai sales. These reflect for the first quarter:

- 44 Vacant Land transactions with an average cost of $1,000,000, and a median sales price of $400,000.
- 170 residence transactions with an average cost of $1,000,000, and a median sales price of $600,000.

Each month these statistics are more dire for the middle/lower class Kauai residents looking to rent or build housing. Particularly where a typical three bedroom home rents for between $1,500 and $2,500/month.

There are no vacant lots for sale for local people to build on and the cost to build is prohibitive, in part due to more restrictive regulations and increasing permitting fees and taxes. Even if one had access to a buildable land area the cost to build is now prohibitive. For most, the only place for them to build is on their own property and will be through the ARU or ADU process. I do not agree with the figure of 1,600 units as the housing shortage. I believe there are a minimum of 5,000 - 10,000 such units.

In fact, the public has already spoken. Thousands of property owners (our families and neighbors) have chosen to utilize their own properties to house their children and grandchildren and/or to subsidize their income through a rental. Many thousands of these “living units” are unpermitted as living units and therefore do not comply with the County’s zoning law. These are mostly local people. The County’s Housing Agency provides HUD vouchers for many of these living units. In fact, without these units the Housing Agency would not be able to distribute many of these vouchers. These living units are generally modest. For many of my acquaintances and divorce clients these are the only living units they can afford. We all know of the existence of these units and understand the housing need they fulfill.

What is the County and State’s response? First, the County passed the “rice cooker law” and criminalized minor zoning violations. As I understand it, it’s prima facie evidence of a
misdemeanor zoning offense to have your stove or any other cooking device outside of 8 feet from both your refrigerator and kitchen sink. Up to a year in jail? How many local people did that law make criminals out of? Over recent years, the County and State have raised taxes of every kind and made the building codes more restrictive and expensive. The County has raised the cost of a water meter to over $14,000.00. Expensive flood studies are often required. The State and County have been working to change out cesspools such that a modest renovation permit can trigger a change to an impractical septic system costing between $15,000 - $20,000, if you have the space for it. Permits can take many months or even years to obtain.

Presently, the County tax office is aggressively identifying those properties which have these extra living units in order to increase the real property taxes on these properties and to obtain evidence of zoning violations. The next step will be to connect by computer the tax office to the Planning Department in order to provide this living unit information. The accompanying enforcement action will devastate many local families, potentially increasing by thousands the living unit shortage, and driving rents further through the roof. So where do these people go? Where will families getting housing vouchers from our Housing Agency go?

Obviously, expanding the availability of ARU/ADU has its drawbacks. Neighbors privacy will be impacted, parking issues, etc. There’s also the question of how many people will choose to become legal. On the other hand, if the ARU/ADU regulations are too restrictive or expensive, few people will come forward. Kauai would not want to imitate the Oahu situation where few people applied and even fewer were processed. Speculation is always a concern, but do we want the living units, or don’t we? If a family in Hanamauhu makes a few bucks on selling their property in order to move into a nicer neighborhood, I’m all for it. There are many reasons people sell their properties such as divorce, more kids, less kids, job relocation, etc. Restricting resale/condominiumization can work out unfairly and/or be a major impediment to creating these Units.

I’m for:

- Declaring a State of Emergency as to the housing shortage at the lower end of the affordability spectrum.
Kauai County Council Members  
May 5, 2016  
Page 4

- More living units on existing lots and reinstating Ag ADUs.

- Taking a look at rezoning smaller existing agriculture zoned parcels from the agriculture zoning designation to a "rural" classification. This would include properties that aren't appropriate for agriculture and which are contiguous to residential areas. Density would be increased somewhat in the rural district from the Ag district.

- A new format for how to increase "affordable rentals/housing." The current structure is not working to provide adequate housing. Often, in order to get so called affordable housing we have to accept large developments that our present infrastructure cannot handle.

- Repealing the Rice Cooker Law and don't enforce against minor violations of the zoning law.

I'm against:

- More Planning Department inspectors for minor zoning violations.

- Hooking up the Tax Office computers to the Planning Department.

- Satellites spying on our and our neighbors' properties.

- Strict Building Codes and Regulations that would prevent more living units on existing lots.

- The Rice Cooker Law. This tool to root out TVRs is now a loaded gun pointed at local people's survivability. As I've followed this law enforcement emphasis, it appears to have originated with the unfortunate "grandfathering" of the TVRs. Around that time came the Bynum suit. Now we have the Air BNBs. Obviously, enforcement in this area has taken some time to catch up. But, I don't believe we need to make all of us zoning criminals in
order to catch a rat. The rats are advertising on the internet. Trap them there.

Now, some would say this is a “police matter”. I’ve heard that from several government officials. Wow! Lots of heart there. I’ve also heard, “well we’ll never enforce the ‘rice cooker’/zoning laws against the locals,” or “we’ll only enforce it against Whitey” on the North Shore. My response was . . . and remains, “It doesn’t work that way. The fuse is lit and it’s going to explode in a neighborhood near you. The County has already been sued for selective enforcement. And, one day the computers at the Planning Department will be printing out the cease and desist letters.” I don’t know when this will happen. That depends on the choices of our elected and Administration officials. But the decisions made today will determine who gets to live here, and who doesn’t. Will Kauai be totally suburbanized, or will we allow some greater density on existing lots which I admit can cause some “seediness” and other social issues.

I acknowledge this is a difficult balancing act with huge implications. But, I think I know how the majority of local people, particularly young adults, people of modest means, and renters would vote. And, I know how most of those who have come here to retire or who are of comfortable financial means would vote. I’m glad I’m not making these decisions.

Thank you for your attention to this matter.

Sincerely,

KURT BOSSHARD

KB:tes
Enclosure

cc: Mayor Bernard P. Carvalho, Jr. (via email)
Gary Mackler, Housing Agency (via email)
Ka‘aina Hull, Planning Department (via email)
Mariza Valenciano, Planning Department (via email)
Leanora Kaiaokamalie, Planning Department (via email)
Marie Williams, Planning Department (via email)
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<td>&lt;450,000</td>
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<td>6,784,232</td>
<td>7,662,050</td>
<td>877,818</td>
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Customer Format [ ]

[ ] E-mail
Aloha Chair Ho, Vice Chair Takaya and members of the Department of Water Board of Directors,

My name is Nancy Kanna, and I am providing written testimony as a private citizen of the County of Kauai. I SUPPORT the proposed revisions to the Facilities Reserve Charge (FRC).

The housing need is dire on the island of Kauai. While our population continues to grow, our housing stock has greatly lagged in comparison. Because of the continued demand for housing and subsequent lack of supply, rental rates have been drive to an all time high. What were once single-family homes have now become multi-generational, as our children cannot afford to pay the high rents associated with the housing shortage and are moving in with their parents. While there is no one key solution to fix this problem, the proposed amendments to the FRC help considerably in incentivizing the development of affordable housing.

Barriers to development, such as high FRC fees, must be reduced, and our government must work in partnership with the private sector to accomplish this. A lack of "give and take" between the public and private sector is one on the reasons we're in a housing crisis to begin with.

I do caution, however, on Part 5, Section III, - Applicability, Paragraph 3.c. - "The Facilities Reserve Charge for conversion of legally existing single-family units to a multi-family two dwelling unit structure, as provided by law, will be assessed at 50% of the Facilities Reserve Charge for multi-family units, per unit." If a family members are already living in a multi-family household, why should they pay 50% of the FRC for a multi-family unit? There is no change to their use. Why should they "legally" convert? The Board may want to consider waving the FRC for conversion from a single family unit to a multi-family unit.

I do applaud the Board for taking this important step, and I strongly encourage creative solutions to help reduce the barriers in developing affordable housing for our local Kauai families.

Mahalo for the opportunity to provide written testimony.

Nancy Kanna  
Mobile (808) 652-0773  
Email nancykanna@gmail.com
September 7, 2016

To: Department of Water
Hearing: Wednesday, September 7, 2016
Place: DOW Microbiology Lab Building, second floor, at 5:00 p.m.
        4398 Pua Loke Street, Lihue, HI 96766

Subject: Proposed Amendments, Part 5 Facilities Reserve Charge (FRC) Section III – Applicability

TESTIMONY IN SUPPORT

I am the Executive Director for Kauai Habitat for Humanity, Inc (Habitat). We are a nonprofit affordable housing developer building for families under 80% of median income. Habitat partners with local families and we keep homes affordable by building homes using the Self-Help model, offsetting overhead cost to families with donations of materials and funding and by the use of fee exemptions offered by County agencies. We currently have a waiting list of over 2,000 families that are hoping to someday own a home that is, and will be for many years a safe, secure, and affordable place to live and raise a family.

The need is great and it is very difficult to find or develop building lots at a cost that families can afford the loan payments. We work in partnership with the County of Kauai to address this tremendous problem and the proposed change to reduce the Facilities Reserve Charge is a great way to help reduce the cost of an affordable home. The current FRC cost of $14,115 is about 15% of the cost for Habitat to develop a lot and this reduction of $9,175 would be a tremendous help.

It has been and in the future will continue to be very difficult to keep the price of a house and lot to a low enough level that our local lower income families are able to afford their mortgage payments. Again we are 100% in support of the proposed amendments to the Rules and Regulations.

Sincerely,

Stephen L. Spears
Executive Director

[Signature]
September 7, 2016

Board of Water Supply
County of Kauai
4398 Pua Loke Street
Lihue, HI 96766

RE: Proposed Amendments to the Rules and Regulations of the Board of Water Supply; Part 5 – Facility Reserve Charge

Honorable Board Members:

I am writing in SUPPORT of the Proposed Amendments to the Rules and Regulations of the Board of Water Supply; Part 5 – Facility Reserve Charge; Section III – Applicability being presented at a public hearing on September 7, 2016.

By way of background, I am the president of Ahe Group and am an experienced affordable housing developer with over twenty (20) years of experience developing and owning affordable housing in Hawaii. Three of my recent projects were new construction projects on the island of Kauai. Last year I added 104 new units of affordable rental housing by completing Kaniko’o, a 60-unit project for seniors in Lihue, and Kolopua, a 44-unit family project in Princeville. I am currently constructing 30 more units in the second phase of Kaniko’o, which should be completed by the end of the year. Kaniko’o was developed in direct partnership with the County of Kauai Housing Agency (“CKHA”). CKHA owns the land upon which the project is constructed and has leased the land to an ownership entity I created.

As you know, there is a well-documented need for affordable housing on Kauai. There are limited funding sources that can be used to produce affordable housing, notwithstanding the fact that construction costs are constant whether a project is market rate of affordable. The bottom line is that every dollar saved in reduced Facilities Reserve Charges can be used to develop more affordable units. Accordingly, I support the proposed rules fixing the Facilities Reserve Charges to a specified amount for affordable housing developments developed in conjunction with CKHA.

Thank you for taking the time to consider my testimony. Feel free to contact me with any questions at 808.381.5958 or mm@ahegroup.com

Sincerely,

Makani Maeva
Honorable Chair and members of the Board of the County Department of Water, My name is Tom Shigemoto and I’m asking you for your support of the FRC rule a amendment that will reduce the charge for affordable housing developments in our island.
Kauai is in dire need of affordable homes for our residents and any reduction in fees and costs for them can only help these families.
As you know all costs are passed on to the tenant or buyers of housing projects and the proposed 50% reduction of the FRC may mean the difference to those trying to qualify for an affordable unit. There isn’t a huge proliferation of affordable housing units being built so the Department will not stand to lose a substantial amount by reducing the FRC.
Affordability can only be achieved if all parties involved with providing such homes cooperate and work together. I implore you all to please afford those that need such housing the same opportunity many of us are fortunate to enjoy. Thank you.

Sent from my iPhone
From: Eric Rimes [mailto:erimes@laytonconstruction.com]
Sent: Wednesday, September 07, 2016 1:47 PM
To: Ignacio-Neumiller, Edith
Subject: Exorpident Residential Water Meter Costs

To Whom it May Concern,

It is hard to believe as a builder and home owner that if I were to build a new residence on the Island of Kauai that the cost for JUST a residential water meter is now 300% greater than it was last November 2015. We all know that costs rise on items within the construction industry, but to escalate an item at 300% rate is an outrage. What happened to a simple cost of living increase of approximately 6%+, or even 10% increase. 300% increase on any construction development item is really extortion.

Please reconsider the costs for a new residential water meter at a realistic cost of living rate increase.

Mahalo,

Eric Rimes | Sr. Project Manager
Layton Construction Co., Inc.
4463 Pahe’e St. Suite 210 | Lihue, HI 96766
M 808-755-5584 | F 808-742-4754
Correspondence
August 24, 2016

Ms. Marites Yano  
Controller  
Department of Water, County of Kauai  
4398 Pua Loke Street  
Lihue, Hawaii 96766

Dear Tess:

Enclosed please find one copy of our planning letter to the Board of Water Supply, Department of Water, County of Kauai required under Statement on Auditing Standards No. 114, the Auditor’s Communication with those Charged with Governance.

If you have any questions or need additional copies, please call me at (808) 527-2263.

Very truly yours,

[Signature]

James Y. Nakayama  
Senior Manager

Enclosure(s)
August 23, 2016

Board of Water Supply
Department of Water, County of Kauai
Post Office Box 1706
Lihue, HI 96766

This letter is intended to communicate certain matters related to the planned scope and timing of our audit of Department of Water, County of Kauai, State of Hawaii (the Department) financial statements and compliance as of and for the year ended June 30, 2016.

Communication

Effective two-way communication between our Firm and the Board of Water Supply is important to understanding matters related to the audit and in developing a constructive working relationship.

Your insights may assist us in understanding the Department and its environment, identifying appropriate sources of audit evidence and providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate to us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing, and extent of audit procedures, your suspicion or detection of fraud or abuse, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other fraud that causes a material misstatement of the financial statements, illegal acts, instances of noncompliance or abuse that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing after the audit.

Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, without our permission no partner or professional employee of KMH LLP (KMH) is permitted to have any own a direct financial interest or a material indirect financial interest in a client or any affiliates of a client. Also, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with firm policy. In addition, our policies restrict certain non-audit services that
may be provided by KMH and require audit clients to accept certain responsibilities in connection with
the provision of permitted non-attest services.

The Audit Planning Process

Our audit approach places a strong emphasis on obtaining an understanding of how your entity functions.
This enables us to identify key audit components and tailor our procedures to the unique aspects of your
operations. The development of a specific audit plan will begin by meeting with you and with
management to obtain an understanding of business objectives, strategies, risks, and performance.

As part of obtaining an understanding of your organization and its environment, we will obtain an
understanding of internal control. We will use this understanding to identify risks of material
misstatement and noncompliance, which will provide us with a basis for designing and implementing
responses to the assessed risks of material misstatement and noncompliance. We will also obtain an
understanding of the users of the financial statements in order to establish an overall materiality level for
audit purposes. We will conduct formal discussions among engagement team members to consider how
and where your financial statements might be susceptible to material misstatement due to fraud or error or
to instances of noncompliance, including abuse.

The Concept of Materiality in Planning and Executing the Audit

We apply the concept of materiality in both planning and performing the audit, evaluating the effect of
identified misstatements or noncompliance on the audit, and the effect of uncorrected misstatements, if
any, on the financial statements, forming the opinion in our report on the financial statements and
determining or reporting in accordance with Government Auditing Standards and other compliance
reporting requirements. Our determination of materiality is a matter of professional judgment and is
affected by our perception of the financial information needs of users of the financial statements. We
establish performance materiality at an amount less than materiality for the financial statements as a
whole to allow for the risk of misstatements that may not be detected by the audit. We use performance
materiality for purposes of assessing the risks of material misstatement and determining the nature,
timing, and extent of further audit procedures. Our assessment of materiality throughout the audit will be
based on both quantitative and qualitative considerations. Because of the interaction of quantitative and
qualitative considerations, misstatements of a relatively small amount could have a material effect on the
current financial statements as well as financial statements of future periods. We will accumulate
misstatements identified during the audit, other than those that are clearly trivial. At the end of the audit,
we will inform you of all individual uncorrected misstatements aggregated by us in connection with our
evaluation of our audit test results.

Our Approach to Internal Control and Compliance Relevant to the Audit

Our audit of the financial statements, including compliance, will include obtaining an understanding of
internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit
procedures to be performed. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Our review and understanding of the Department's internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

We will issue reports on internal control related to the financial statements and major programs. These reports describe the scope of testing of internal control and the results of our tests of internal control. Our reports on internal control will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with the requirements of Government Auditing Standards issued by the Comptroller General of the United States, the Single Audit Act, and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200 (Uniform Guidance).

We will issue reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements and any noncompliance that could have a direct and material effect on each major program. Our reports on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with the requirements of the standards identified above.

Timing of the Audit

We have scheduled field work commencing the week of August 29, 2016. Management's adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to be of service to the Department.

This communication is intended solely for the information and use of the Board of Water Supply and is not intended to be, and should not be, used by anyone other than this specified party.

KMH LLP

KMH LLP
Old Business
Proposed
CAPITAL IMPROVEMENT
PROJECTS (CIP)
for the

Department of
Water
County of Kaua‘i

"WATER HAS NO SUBSTITUTE - CONSERVE IT"

Request for State Aid

2017

Legislative Session
The Kaua‘i Department of Water’s (DOW) fiscal year 2017 *(July 1, 2017 through June 30, 2018)* request for Capital Improvement Funds are designed to address the needs of our community, including public safety and affordable housing.

1. The **FIRST and TOP PRIORITY** project is to develop new source facilities for the Kīlauea area. The Kīlauea area source and storage facilities are currently operating at max capacity and are not adequate to allow for substantial new development in the area. Additional source and storage facilities for this area including Kīlauea School are needed to meet the current Water System Standards of the DOW. Upon successful drilling and development of the well, the Department will pursue developing the well site and connecting pipeline. *(Project: Drill and Develop Kīlauea Well No. 3)*; and

2. The **SECOND PRIORITY** project is to develop storage infrastructure that will provide adequate domestic and fire flow storage capacity for the Haʻena State Park, businesses and customers serviced in this area. The project would allow the DOW to remove the current water meter restriction that limits water service to three single family dwellings or three 5/8-inch water meters per lot due to inadequate storage facilities. *(Project: Construct Haʻena 0.2 MG Storage Tank, 144’)*; and

3. The **THIRD PRIORITY** project is to develop new storage infrastructure that will provide the adequate fire flow storage capacity for the Kapaʻa area including Kapaʻa High School and the State’s Samuel Mahelona Memorial Hospital. The existing Kapaʻa Homesteads 313-foot storage tank is undersized and does not meet the Water System Standards for fire storage capacity. *(Project: Construct Kapaʻa Homesteads 313’ Tanks, 1.0 MG (Two 0.5 MG Tanks)*; and

4. The **FOURTH PRIORITY** project is to improve the Kalāheo Water System by developing new storage facilities, connecting water lines and to drill and test a new well. The Kalāheo community experienced a water outage when the DOW’s existing well pumps were unexpectedly out of service. The new storage infrastructure is necessary to provide more storage capacity for the area. The additional storage infrastructure will increase storage capacity for fire protection to Kalāheo Elementary School, businesses, as well as other customers in the area including the ability to provide water for future development. *(Project: Kalāheo 1,111’ and 1,222’ Water System Improvements and Kalāheo Well No. 3)*; and

5. The **FIFTH PRIORTY** project is to develop the site and connecting pipeline for Kapaʻa Homesteads Well No. 4, contingent on successful results of drilling and developing Kapaʻa Homesteads Well No. 4. The area currently does not have adequate source capacity and water service is currently limited. The new well, if successful will provide adequate source facilities for the area. The new well in addition to additional storage facilities (currently in design to be constructed), should allow the currently limited water service to be lifted. *(Project: Kapaa Homesteads Well No. 4 Site Development and Connecting Pipeline).*
The Kaua‘i Board of Water Supply and the DOW are committed to operating in a fiscally responsible manner. The DOW’s revenue is derived from water service sales with no direct subsidy form, or contributions to the County General Fund. The DOW’s water service revenue is used for the operation and maintenance of each water system. In efforts to provide for adequate funding in the future, the DOW will periodically studies its Facilities Reserve Charge (FRC), which is a fee to be paid by new developers or existing developers needing additional water supply from the DOW’s water system.

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

Ultimately, given the high cost of infrastructure development and the DOW’s current fiscal capability, assistance from the State and Federal grants-in-aid is vital in order to meet the drinking water needs of our community and ensure the long-term viability of our water systems.
<table>
<thead>
<tr>
<th>System</th>
<th>Water Plan 2020 No.</th>
<th>Project</th>
<th>TOTAL 2017-2022</th>
<th>FISCAL YEAR</th>
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<td><strong>Priority No. 1</strong></td>
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<tr>
<td>Kīlauea Water System</td>
<td>WKK-02</td>
<td>Drill and Develop New Kīlauea Well (No. 3 or No. 4)</td>
<td>1,550,000</td>
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<td>Haena /Wainiha Water System</td>
<td>HW-11</td>
<td>Construct Ha‘ena 0.2 MG Storage Tank, 144’</td>
<td>2,600,000</td>
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<td><strong>Priority No. 3</strong></td>
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<td>Līhu‘e / Kapa‘a Water System</td>
<td>WK-8</td>
<td>Construct Kapa‘a Homesteads 313’ Tanks, 1.0 MG (Two 0.5 MG Tanks)</td>
<td>8,000,000</td>
<td>8,000,000</td>
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<td><strong>Priority No. 4</strong></td>
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<td>Kalāheo-Lawai-Omao Water System</td>
<td>K-01 and K-14</td>
<td>Kalāheo 1,111’ and 1,222’ Water System Improvements and Kalāheo Well No. 3</td>
<td>10,000,000</td>
<td>10,000,000</td>
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<td><strong>Priority No. 5</strong></td>
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<td>Līhu‘e / Kapa‘a Water System</td>
<td>WK-39</td>
<td>Kapaa Homesteads Well No. 4 Site Development and Connecting Pipeline</td>
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<td>23,850,000</td>
<td>18,400,000</td>
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</table>

Page 47
PRIORITY NO. 1

KILAUEA WATER SYSTEM

Drill and Develop New Kīlauea Well No. 3
Water Plan 2020 Project No. WKK-02

A. PROJECT DESCRIPTION

The Department is requesting State aid for the drilling and development (testing) of Kīlauea Well No. 3. Upon successful development/testing of the well, the well site will be developed. The well site development includes the installation of a permanent pump in the well, motor control building, SCADA, disinfection system, site drainage, site paving, security fencing, connecting pipeline and other associated improvements that are needed to incorporate the new source into the Kīlauea Water System.

The Department has budgeted for the design to drill and develop Kīlauea Well No. 3. The design is expected to begin in fiscal year 2016-2017.

B. ESTIMATED COST:

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<tr>
<td>B. Plans</td>
<td>300,000</td>
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<td>300,000</td>
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<tr>
<td>C. Construction</td>
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<td><strong>TOTAL</strong></td>
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<td><strong>400,000</strong></td>
<td><strong>300,000</strong></td>
<td><strong>850,000</strong></td>
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C. JUSTIFICATION:

The existing source and storage facilities for Kīlauea are at capacity. The Department is currently limiting water service for new development in Kīlauea until adequate source and storage facilities are available.

If the well development results are good, the Department will proceed with developing the well site to incorporate the new source into the Kīlauea Water System. In conjunction with the DOW’s current project to design and construct a new 1 million gallon storage facilities for the area, additional source will allow for further development of the Kīlauea area including the expansion of the Kīlauea School, if applicable. The additional source would also provide much needed source that may be used for further development for businesses, agricultural use and additional housing in the area.

The existing wells servicing the Kīlauea area are located on the same site with one transmission line from the well site to the Kīlauea service area. The new source is expected to be located on a different site from the existing wells. This would allow the new source to also serve as an emergency back-up source to the 1,466 customers in this service area in the event that the existing wells or transmission line from the existing wells become unexpectedly inoperable or out of service.
A. **PROJECT DESCRIPTION**

The Department is requesting State aid to design and construct a new 0.2 MG Storage Tank in the Hā'ena/Wainiha area.

The project includes the selection of a suitable site and the design of the new 0.2 million gallon tank, site improvements and connecting pipeline. The Department has contracted a consultant to design the project and the Department is in the process of negotiating the selected tank site with the landowner. The Department is hopeful that negotiation with the land owner will be completed in 2016 and the design of the new tank can proceed.

B. **ESTIMATED COST:**

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<tr>
<th></th>
<th>FISCAL YEAR</th>
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<tbody>
<tr>
<td>A. Land</td>
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<tr>
<td>B. Plans</td>
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</tr>
<tr>
<td>C. Construction</td>
<td>2,500,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,600,000</td>
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</table>

C. **JUSTIFICATION:**

The existing storage facilities are not adequate to provide the required domestic and fire flow demands required for the Ha'ena/Wainiha 144’ service zone. The proposed Ha'ena 0.2 MG Storage Tank will provide adequate storage facilities to meet the current Standards and provide storage facilities for new development demands in the Haena/Wainiha 144’ service area for a number of years. It is expected that this additional storage capacity will allow for future development and/or expansion of the proposed Ha'ena State Park Master Plan Project, businesses and residential units (including affordable housing, if applicable) in the Ha'ena/Wainiha 144’ service area.
WAILUA/KAPA‘A WATER SYSTEM
Construct Kapa‘a Homesteads 313’ Tanks, 1.0 MG
(Two 0.5 MG Tanks)
Water Plan 2020 Project No. WK-08

A. **PROJECT DESCRIPTION**

This project consists of the design and construction of two (2), 0.5 million gallon storage tanks, drainage, site improvements and connecting pipeline to the Department's Ornellas tank hydraulic zone.

B. **ESTIMATED COST:**

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

C. **JUSTIFICATION:**

The lower Kawaihau, Kapa‘a area of the Kapa‘a Water System (Ornellas tank hydraulic zone) is deficient in storage capacity. This new storage tanks will provide sufficient storage capacity for fire protection of Kapa‘a High School, Kapa‘a Middle School and the State’s Samuel Mahelona Memorial Hospital. To address this storage deficit, the DOW is currently designing two (2), 0.5 million gallon storage tanks. The design is expected to be completed in fiscal year 2016-2017.

Funds for the construction of this tank and possible associated land acquisitions (easements) are being requested to construct this project. A drainage easement may be determine to be required for the new tank. At this time, a determination on the drainage easement requirement has not been made. Completion of this project will provide adequate storage capacity for fire protection for the high school, middle school, and state hospital in this service area.
A. **PROJECT DESCRIPTION**

This project includes two (2) new 0.5 million gallon storage tanks, new and replacement pipelines, and to drill and develop (test) a new well. The project has been broken up into four (4) packages or separate construction plans.

B. **ESTIMATED COST:**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Land</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>B. Plans</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>C. Construction</td>
<td>10,000,000</td>
<td>10,000,000</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>10,000,000</strong></td>
<td><strong>10,000,000</strong></td>
<td><strong>--</strong></td>
<td><strong>--</strong></td>
<td><strong>--</strong></td>
<td><strong>--</strong></td>
</tr>
</tbody>
</table>

C. **JUSTIFICATION:**

The new storage tanks are replacing smaller storage tanks that need to be replaced and at the same time are needed to provide adequate storage facilities for Kalāheo.

The proposed pipeline is to replace old, undersized lines that do not meet current water transmission standards with new, larger water lines that will meet current standards for transmission. The new water lines will be able to provide adequate fire flows to these areas and also provide the Department with more flexibility in operating the water system to help keep customers with water service.

The drilling and development (testing) of the new well is successful, and subsequent development of the well site will provide additional source facilities which may be used for new development and growth of the area. The additional well source will also provide a redundant source of water, should the Department’s other wells unexpectedly become out of service, as the area experienced in the recent past.
A. PROJECT DESCRIPTION

The Department is requesting State aid for the Kapaa Homesteads Well No. 4 site development and connecting pipeline. In anticipation of the drill and development of Kapaa Homesteads Well No. 4 resulting in favorable test results, the Department of Water plans on developing the well site to incorporate the new source into the Kapaa Homestead water system. Installing motor controls, SCADA, electrical lines, disinfection system and connecting pipeline will be needed to develop the site for use. The Department is projecting that 500 gallons per minute (0.7 million gallons per day) will be able to be pumped from the new well. The actual amount of water that the well can produce will be determined by the well testing (drill and development) project.

B. ESTIMATED COST:

<table>
<thead>
<tr>
<th></th>
<th>FISCAL YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Land</td>
<td>--</td>
</tr>
<tr>
<td>B. Plans</td>
<td>200,000</td>
</tr>
<tr>
<td>C. Construction</td>
<td>1,500,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,700,000</td>
</tr>
</tbody>
</table>

C. JUSTIFICATION:

The Department is currently limiting water service in the Kapaa Homesteads area due to inadequate source facilities. The Kapaa Homesteads Well No. 4 is expected to provide adequate source facilities for the Kapaa Homesteads area, which would allow the Department to remove the limit to water service for new development.

In addition to the Kapaa Homesteads area, the project will allow the Department to provide additional source facilities for the Kapaa Town area, if needed in the future.

The Department is planning to drill and develop Kapaa Homesteads well No. 4 in conjunction with the construction of the new storage facilities currently in the design process. Upon satisfactory testing of the well, the Department will proceed with the design and construction for the well site development. Upon completion, the new source will be incorporated into the Department’s Kapaa Homesteads water system.
<table>
<thead>
<tr>
<th>CHAIRPERSON:</th>
<th>LAURIE HO</th>
</tr>
</thead>
<tbody>
<tr>
<td>VICE CHAIRPERSON:</td>
<td>CLYDE NAKAYA</td>
</tr>
<tr>
<td>MEMBERS:</td>
<td>MICHAEL DAHILIG</td>
</tr>
<tr>
<td></td>
<td>LARRY DILL</td>
</tr>
<tr>
<td></td>
<td>BETH TOKIOKA</td>
</tr>
<tr>
<td></td>
<td>SHERMAN SHIRAISHI</td>
</tr>
<tr>
<td></td>
<td>LYLE TABATA</td>
</tr>
<tr>
<td>MANAGER &amp; CHIEF ENGINEER:</td>
<td>KIRK SAIKI</td>
</tr>
</tbody>
</table>
MANAGER’S REPORT No. 16-38

September 23, 2016

Re: Discussion and Possible Action on Amendment of Part 5, Facilities Reserve Charge Section III, Applicability relating to Multi-Family Dwelling Units

RECOMMENDATION:
The Department recommends that the Board discuss the proposed amendments made to Part 5, Facilities Reserve Charge, Section III, Applicability.

FUNDING: N/A

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

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

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

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

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

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

### Conversion of Single-Family Dwelling to Two-Unit Multi-Family Dwelling

<table>
<thead>
<tr>
<th>Existing Rule</th>
<th>Proposed Rule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit 1 FRC</td>
<td>$9,880</td>
</tr>
<tr>
<td>Unit 2 FRC</td>
<td>$9,880</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$19,760</td>
</tr>
<tr>
<td>FRC Credit</td>
<td>$14,115</td>
</tr>
<tr>
<td>Total FRC</td>
<td>$5,645</td>
</tr>
</tbody>
</table>

### Conversion of Single-Family Dwelling to Two-Unit Multi-Family Dwelling

<table>
<thead>
<tr>
<th>Estimated Number of Conversions</th>
<th>FRC Difference</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>$5,645</td>
<td>$84,675</td>
</tr>
<tr>
<td>30</td>
<td>$5,645</td>
<td>$169,350</td>
</tr>
<tr>
<td>45</td>
<td>$5,645</td>
<td>$254,025</td>
</tr>
</tbody>
</table>

2. Paragraph 3.d.:

### County Certified Affordable Housing FRC

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Number of Units</th>
<th>Existing FRC</th>
<th>Total Existing</th>
<th>Proposed FRC</th>
<th>Total Proposed</th>
<th>FRC Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Family</td>
<td>38</td>
<td>$14,115</td>
<td>$536,370</td>
<td>$4,940</td>
<td>$187,720</td>
<td>$348,650</td>
</tr>
<tr>
<td>Multi-Family</td>
<td>111</td>
<td>$9,880</td>
<td>$1,096,680</td>
<td>$4,940</td>
<td>$548,340</td>
<td>$548,340</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td></td>
<td>$1,633,050</td>
<td></td>
<td>$736,060</td>
<td>$896,990</td>
</tr>
<tr>
<td>Phase 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Family</td>
<td>75</td>
<td>$14,115</td>
<td>$1,058,625</td>
<td>$4,940</td>
<td>$370,500</td>
<td>$688,125</td>
</tr>
<tr>
<td>Multi-Family</td>
<td>97</td>
<td>$9,880</td>
<td>$958,360</td>
<td>$4,940</td>
<td>$479,180</td>
<td>$479,180</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td></td>
<td>$2,016,985</td>
<td></td>
<td>$849,680</td>
<td>$1,167,305</td>
</tr>
<tr>
<td>Phase 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Family</td>
<td>34</td>
<td>$14,115</td>
<td>$479,910</td>
<td>$4,940</td>
<td>$167,960</td>
<td>$311,950</td>
</tr>
<tr>
<td>Multi-Family</td>
<td>102</td>
<td>$9,880</td>
<td>$1,007,760</td>
<td>$4,940</td>
<td>$503,880</td>
<td>$503,880</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td></td>
<td>$1,487,670</td>
<td></td>
<td>$671,840</td>
<td>$815,830</td>
</tr>
<tr>
<td>Phase 4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## County Certified Affordable Housing FRC – Lima Ola

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Number of Units</th>
<th>Existing FRC</th>
<th>Total Existing</th>
<th>Proposed FRC</th>
<th>Total Proposed</th>
<th>FRC Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family</td>
<td>18</td>
<td>$14,115</td>
<td>$254,070</td>
<td>$4,940</td>
<td>$88,920</td>
<td>$165,150</td>
</tr>
<tr>
<td>Multi-Family</td>
<td>75</td>
<td>$9,880</td>
<td>$741,000</td>
<td>$4,940</td>
<td>$370,500</td>
<td>$370,500</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>75</strong></td>
<td><strong>$995,070</strong></td>
<td><strong>$459,420</strong></td>
<td><strong>$535,650</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>183</strong></td>
<td><strong>$6,132,775</strong></td>
<td><strong>$2,717,000</strong></td>
<td><strong>$3,415,775</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The actual reduction in revenue associated with these two proposed rule amendments is not known at this time and may be difficult to estimate. The number of single family homeowners who will take advantage of the converting to a multi-family dwelling is unknown and the only known County certified affordable housing project is Lima Ola. Without an estimate the Department will not be able to determine the significance of the revenue reduction or developing a method to compensate for the reduction.

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

### DISCUSSION ITEMS:

The following are potential Board discussion items:

1. Revenue recovery
2. Edits to amendments

### OPTIONS:

The Board has the following options:

1. Receive and discuss the memorandum.
2. Receive, discuss and direct the Department to evaluate and submit changes based on discussion.

Respectfully submitted,

Kirk Saiki, P.E.
Manager and Chief Engineer

KS:mja

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

Mgrp/September 2016/16-38/Discussion and Possible Action on Amendment to Part 5, Facilities Reserve Charge, Section III, Rules of the Board of Water Relating to Multi-Family Dwelling Units (02-25-16) (05-17-16) (07-21-16)(09-23-16):mja
SECTION III – APPLICABILITY

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

2. The Facilities Reserve Charge shall be paid by all Applicants for new or additional water service, including but not limited to the following:
   
   a. All irrigation services and/or meters.
   
   b. Additional buildings to be connected to existing services where additional demands are indicated. The charges shall be based on the meter sizes required if the buildings were metered separately.

   c. Additional dwellings connected to existing services and meters under the categories of single family and multi-family residential units. The charges will be based on the established schedule of charges for the respective categories.

   d. Changes in service that require an increase in meter size

   e. Where an FRC was paid but a water meter was never installed to serve the subject property, the applicant shall pay the Facilities Reserve Charge in accordance with Part 5, Section IV (6) of these Rules.

3. The Facilities Reserve Charge shall apply to all Applicants for water service as follows:

   a. For each parcel created by subdivision, including the first lot created; and for every new single family residential dwelling unit not yet metered and a Facilities
Reserve Charge has not yet been paid, the applicable Facilities Reserve Charge shall be $14,115.00.

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

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

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

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

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

Facilities Reserve Charges are periodically adjusted by the Department. These adjustments may increase or decrease existing Facilities Reserve Charge amounts. Where adjustments to Facilities Reserve Charges result in decreases of such charges, no refund will be made of the difference between the higher, pre-existing charges and the lower, adjusted charges.
MANAGER’S REPORT No. 16-56

September 23, 2016

Re: Discussion and Possible Action on the Manager and Chief Engineer’s Goals for FY16-17

RECOMMENDATION:
It is recommended that the Board discuss and approve the Goals/Objectives for FY16-17.

BACKGROUND:
The Manager and Chief Engineer’s goals for FY15-16 along with the progress of each month have been provided to the Board via the Manager’s Update. The Manager’s Update for September includes the closing results for FY15-16.

Submitted below is the draft goals created by the Manager along with success measurements, target completion, and the outcome for the Boards consideration and approval for FY16-17.

### DEPARTMENT OF WATER GOALS FOR FY 2016-17
(July 1, 2016 through June 30, 2017)

<table>
<thead>
<tr>
<th>Goals/Objectives</th>
<th>Success Measurements</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Administration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Goal 1</strong></td>
<td>Implement systems that will serve to reduce customer complaints.</td>
<td></td>
</tr>
<tr>
<td>1. Enhance customer knowledge of the Department by providing information on programs, projects, services and achievements</td>
<td>Develop a plan to enhance customer knowledge of the Department by the end of January 2017.</td>
<td>Implement plan to enhance customer knowledge.</td>
</tr>
<tr>
<td>2. Public inquiries requiring response.</td>
<td>Provide a response within 2 working days, if more detailed study is required supply an estimated timeline.</td>
<td>Meet expectations throughout the year.</td>
</tr>
<tr>
<td><strong>Goal 2</strong></td>
<td>Take actions to utilize GIS information</td>
<td></td>
</tr>
<tr>
<td>1. GIS maps and data</td>
<td>Update all maps and data by the end of June 2017.</td>
<td>Meet success measurements</td>
</tr>
<tr>
<td>2. Utilize GIS maps and data.</td>
<td>Develop a plan to use GIS maps and data for asset management and hydraulic modeling by the end of this fiscal year.</td>
<td>Implement plan</td>
</tr>
<tr>
<td><strong>Goal 3</strong></td>
<td>Ensure the health, safety and welfare of the Department employees and public.</td>
<td></td>
</tr>
<tr>
<td>1. Support the needs of Department Divisions delivery of programs for health and safety for employees</td>
<td>Insure adherence of the County wide safety program. Actively participate on the County wide safety committee</td>
<td>No adverse activities throughout the year.</td>
</tr>
<tr>
<td>Goals/Objectives</td>
<td>Success Measurements</td>
<td>Outcomes</td>
</tr>
<tr>
<td>------------------</td>
<td>----------------------</td>
<td>----------</td>
</tr>
<tr>
<td>2. Support the needs of Department Divisions delivery of programs for health and safety for Public</td>
<td>Insure compliance of all regulatory agency requirements, State and Federal. Insure compliance of all County Ordinances.</td>
<td>No adverse activities throughout the year.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1 Improve existing asset management program</td>
</tr>
<tr>
<td>1. Assess existing asset management program.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goal 2 Improve water system reliability and resiliency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Improve hurricane survivability of standby power generators.</td>
</tr>
<tr>
<td>2. Improve pump motor control center reliability.</td>
</tr>
<tr>
<td>3. Assess existing preventative maintenance program.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiscal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1 Ensure fiscal control and sustainability</td>
</tr>
<tr>
<td>1. Use accounting program to develop annual budget.</td>
</tr>
<tr>
<td>2. Implement CC&amp;B system.</td>
</tr>
<tr>
<td>3. Develop fair and reasonable water rates.</td>
</tr>
</tbody>
</table>
## Goals/Objectives  |  Success Measurements  |  Outcomes
---|---|---
### Engineering

**Goal 1** Oversee all engineering design work required for the Department

| 1. Support the engineering design needs of the other divisions. | Engineering Division shall lead and be responsible for all Department engineering design work. | Ensures quality control and standardization of projects. |

**Goal 2** Continue rehabilitation, replacement and expansion of water system

| 1. Timely completion of projects. | Complete five design projects this fiscal year. | Projects will be completed. |

### Construction Management

**Goal 1** Continue to improve construction management methods and expertise

| 1. Upgrade project document management system. | Acquire construction document management program by the end of June 2017. | Time and money will be saved with electronic submittal process. All parties will have access to electronic documents. |

### Water Resources

**Goal 1** Implement a fair and reasonable method of determining system capacity and accounting for existing use

| 1. Evaluate existing method of determining system capacity and use. | Determine if the existing method of evaluating system capacity and use is similar to other water agencies. Modify existing methods as necessary by the end of June 2017. | Defendable method of determining system capacity and use. |
| 2. Assess existing water system hydraulic model. | Determine if existing hydraulic model is compatible with GIS system and obtain compatible model as necessary by the end of June 2017. | Department will have GIS compatible model. |

**Goal 2** Continue efficient and timely e-plan review of building permits

| 1. Provide timely review of building permits. | Complete review of all single-family dwelling building permits within 10 working days. | Majority of all building permit reviews will be completed within 10 working days. |

Respectfully submitted,

Kirk Saiki, P.E.
Manager and Chief Engineer

KS:mja

Mgrrp/September 2016/16-56/Discussion and Possible Action on the Manager and Chief Engineer’s goals for July 2016 – June 2017 fiscal year (09-23-16):mja
New Business
Staff Reports
FISCAL REPORT: MONTHLY SUMMARY HIGHLIGHTS – AUGUST, 2016

YEAR TO DATE (YTD) BUDGET & EXPENSES SUMMARY – AS OF AUGUST, 2016

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>$4,482,634.00</td>
<td>$3,217,330.37</td>
</tr>
<tr>
<td>Debt Principal Payment</td>
<td>3,370,556.69</td>
<td>3,370,556.69</td>
</tr>
<tr>
<td>Capital Projects</td>
<td>6,907,885.00</td>
<td>491,017.15</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$14,761,075.69</td>
<td>$7,078,904.21</td>
</tr>
</tbody>
</table>

I. BUDGET SUMMARY VS. ACTUAL (see attached report for details)

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

- Total Revenue as of August was 10% below projection.
  - Water sales of $5.04 million (M) exceeded projection by $73 thousand (K) or 1%.
  - Other Water Revenue- Receipts of $74.7K exceeded projection by 21K or 199%.
  - Capital Contributions: Cash contributions including Federal & State Grants - $80K.
  - Investment Income & Net Increase in FV of Investments - $25.5K net, combined.
  - Note: Line item “FRC Receipts” was moved down to “Non-Operating Proceeds” category.
  - Note: BAB subsidy was re-classed from Federal grants to Capital contributions – cash receipts.

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

- Operating Expenses before depreciation and amortization is $3.2M. Total spending is $1.3M less than planned or budgeted, a 28% positive variance.
  - Employee Related Expenses – $1.43M or 11% positive variance.
  - Contracts & Services – $464K or 59% positive variance.
    - Professional Services – General, Public, Insurance, Repairs and Maintenance for both water and non-water systems are the main items contributing to the 59% variance.
  - Exceptional Expenses – None.
  - Fuel & Utilities – $324K or 43% positive variance.
  - Bulk Water Purchase – $273.6K or 14% positive variance.
  - Office & Operating Supplies – $95K; 51% positive variance.
  - Training, Travel & Meeting Expenses – $11K.
  - Debt Service – Interest Expense - $616.6K.
  - Depreciation & Amortization (non-cash expenses) is $1.17M.
### DEPARTMENT OF WATER

County of Kaua‘i

“Water has no Substitute – Conserve It!”

---

**NET OPERATING INCOME:**

- Net Operating Income before depreciation and amortization - $2.4M.
- Net Operating Income after depreciation & amortization expenses of $1.17M was $1.23M.

---

**NON-OPERATING PROCEEDS & DISBURSEMENTS**

- SRF Loan Proceeds – None.
- FRC – Facility Reserve Charge - Receipts of $56,460.
- YTD Debt Principal Payment is $3.37M.

---

**CAPITAL PROJECTS BUDGET: YTD DISBURSEMENTS = $491,017.15**

- Capital Projects: Water Utility Fund - $163,341.73
- Capital Projects: FRC Fund – $4,808.16
- Capital Projects: BAB Fund - $322,867.26
- Capital Projects: SRF Loan Fund - None.

---

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

- FY 2016 – 2017 Certification of Funds - $588,000.

---

**III. COMPARATIVE CHARTS: (see attached):**

---

**METERED CONSUMPTION:**

- August, 2016 metered consumption – 335.5 million gallons (mg); DECREASED by 56.4 mg as compared from the same month of FY 2016.
- YTD metered consumption as of 8/31/16 – 699.2mg; a cumulative decrease of 92.9mg as compared from the same month of FY 2016.

---

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

- Five (5) years Water Rate Study - Ongoing.
  - Raftellis, Consultants for the DOW Water Rate Study will be onsite to conduct a board workshop.
- Customer Care & Billing (CC&B) conversion is on-going. “GO LIVE” is planned for October 3, 2016.
- Service Cloud, Field Service Management and Online Policy automation are in development and testing.
- June 30, 2016 – Year end closing of DOW financials is in process.
- DOW Audit of Financials is also in process.

Respectfully submitted,

Marites Yano
Waterworks Controller
### I. OPERATING BUDGET

<table>
<thead>
<tr>
<th>Service/Category</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
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<tr>
<td>Water Sales</td>
<td>$2,484,167.00</td>
<td>$2,484,167.00</td>
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<tr>
<td>Revenue from Public Fire Protection</td>
<td>165,938.00</td>
<td>165,938.00</td>
<td>176,835.50</td>
<td>10,898.50</td>
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<tr>
<td>Other Water Revenue</td>
<td>12,500.00</td>
<td>12,500.00</td>
<td>21,021.63</td>
<td>8,521.63</td>
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<tr>
<td>Federal Grants</td>
<td>370,833.00</td>
<td>370,833.00</td>
<td>(370,833.00)</td>
<td>-</td>
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<tr>
<td>State Grants</td>
<td>80,064.00</td>
<td>80,064.00</td>
<td>79,690.39</td>
<td>(373.61)</td>
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<tr>
<td>Capital Contributions</td>
<td>18,586.00</td>
<td>16,665.00</td>
<td>10,855.79</td>
<td>(5,800.21)</td>
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<tr>
<td>Gain or Loss on Disposal of Capital Assets</td>
<td>42.00</td>
<td>42.00</td>
<td>84.00</td>
<td>(42.00)</td>
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<tr>
<td>Miscellaneous Revenues</td>
<td>83.00</td>
<td>83.00</td>
<td>263.91</td>
<td>(180.91)</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td>$3,130,293.00</td>
<td>$3,130,293.00</td>
<td>$2,767,742.37</td>
<td>($362,550.63)</td>
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<td></td>
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</tr>
<tr>
<td><strong>Employee-Related Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages (Includes Leaves &amp; CTO)</td>
<td>474,132.00</td>
<td>474,132.00</td>
<td>389,711.46</td>
<td>84,420.54</td>
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<tr>
<td>Temporary Assignment</td>
<td>5,033.00</td>
<td>5,033.00</td>
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<td>2,886.73</td>
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<td>Overtime</td>
<td>45,917.00</td>
<td>45,917.00</td>
<td>95,306.48</td>
<td>(49,389.48)</td>
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<td>Standby</td>
<td>15,133.00</td>
<td>15,133.00</td>
<td>14,993.96</td>
<td>139.04</td>
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<td>FICA</td>
<td>41,963.00</td>
<td>41,963.00</td>
<td>33,219.11</td>
<td>8,743.99</td>
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<td>Retirement Contribution</td>
<td>92,733.00</td>
<td>92,733.00</td>
<td>75,771.36</td>
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<td>Life &amp; Health Insurance</td>
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<td>47,156.00</td>
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<td>Workers Compensation</td>
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<td>2,500.00</td>
<td>2,035.00</td>
<td>465.00</td>
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<td>Post Employment Benefits (OPEB)</td>
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<td>80,867.00</td>
<td>82,861.96</td>
<td>(12,994.96)</td>
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<td><strong>Total Employee-Related Expenses</strong></td>
<td>$603,864.00</td>
<td>$603,864.00</td>
<td>$566,085.28</td>
<td>($37,778.72)</td>
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<tr>
<td><strong>Contracts &amp; Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional Services-General</td>
<td>15,833.00</td>
<td>15,833.00</td>
<td>16,730.00</td>
<td>8,897.00</td>
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<tr>
<td>Professional Services-Accounting &amp; Auditing</td>
<td>6,433.00</td>
<td>6,433.00</td>
<td>3,340.95</td>
<td>3,092.05</td>
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<tr>
<td>Other Services-General</td>
<td>21,292.00</td>
<td>21,292.00</td>
<td>21,292.00</td>
<td>0.00</td>
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<tr>
<td>Other Services-Billing Costs</td>
<td>8,542.00</td>
<td>8,542.00</td>
<td>3,324.97</td>
<td>3,217.53</td>
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<td>Public Relations-General</td>
<td>833.00</td>
<td>833.00</td>
<td>175.11</td>
<td>657.49</td>
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<tr>
<td>Composition Services</td>
<td>10,581.00</td>
<td>10,581.00</td>
<td>10,448.34</td>
<td>132.66</td>
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<tr>
<td>Freight and Postage</td>
<td>791.00</td>
<td>791.00</td>
<td>577.44</td>
<td>213.56</td>
</tr>
<tr>
<td>Rentals and Leases</td>
<td>7,894.00</td>
<td>7,894.00</td>
<td>15,902.26</td>
<td>(8,008.26)</td>
</tr>
<tr>
<td>Insurance</td>
<td>58,333.00</td>
<td>58,333.00</td>
<td>58,539.22</td>
<td>2,206.22</td>
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<tr>
<td>County Service Charge</td>
<td>165,938.00</td>
<td>165,938.00</td>
<td>176,638.50</td>
<td>(10,698.50)</td>
</tr>
<tr>
<td>Repairs and Maintenance-Water System</td>
<td>30,500.00</td>
<td>30,500.00</td>
<td>30,500.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Repairs and Maint-Non Water System</td>
<td>68,459.00</td>
<td>68,459.00</td>
<td>16,362.54</td>
<td>52,096.46</td>
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<tr>
<td><strong>Total Contracts &amp; Services</strong></td>
<td>$562,940.00</td>
<td>$562,940.00</td>
<td>$243,512.25</td>
<td>$319,427.75</td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>
### Department of Water, County of Kauai

#### Monthly Budget Summary vs. Actual

**SUMMARY**

8/31/2016

#### Exceptional Expenses

- **FY2014 & FY2015 Kalapeko Emergency**
- **FY 2015 Kilauea**

#### Total Exceptional Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>Revised YTD Budget</th>
<th>YTD Actual</th>
<th>*Variance</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fuel &amp; Utilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utility Services</td>
<td>271,897.00</td>
<td>271,897.00</td>
<td>64,612.07</td>
<td>207,284.93</td>
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<td>543,394.00</td>
<td>313,174.81</td>
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<td>Fuel</td>
<td>12,396.00</td>
<td>12,396.00</td>
<td>9,030.22</td>
<td>3,356.78</td>
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<td>24,792.00</td>
<td>10,818.73</td>
<td>13,973.27</td>
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<tr>
<td><strong>Total Fuel &amp; Utilities</strong></td>
<td>284,093.00</td>
<td>284,093.00</td>
<td>93,652.29</td>
<td>190,440.71</td>
<td></td>
<td>568,186.00</td>
<td>323,993.54</td>
<td>244,192.46</td>
</tr>
<tr>
<td><strong>Bulk Water Purchase</strong></td>
<td>159,736.00</td>
<td>159,736.00</td>
<td>138,282.13</td>
<td>21,453.87</td>
<td></td>
<td>319,472.00</td>
<td>273,617.35</td>
<td>45,654.65</td>
</tr>
<tr>
<td><strong>Total Bulk Water Purchase</strong></td>
<td>159,736.00</td>
<td>159,736.00</td>
<td>138,282.13</td>
<td>21,453.87</td>
<td></td>
<td>319,472.00</td>
<td>273,617.35</td>
<td>45,654.65</td>
</tr>
<tr>
<td><strong>Office &amp; Operating Supplies</strong></td>
<td>91,504.00</td>
<td>91,504.00</td>
<td>35,370.25</td>
<td>56,133.75</td>
<td></td>
<td>183,008.00</td>
<td>82,465.56</td>
<td>100,542.44</td>
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<td>Office Supplies</td>
<td>2,500.00</td>
<td>2,500.00</td>
<td>364.91</td>
<td>2,135.09</td>
<td></td>
<td>5,000.00</td>
<td>2,372.93</td>
<td>2,627.07</td>
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<td>Operating Supplies</td>
<td>2,490.00</td>
<td>2,490.00</td>
<td>45.00</td>
<td>2,445.00</td>
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<td>4,980.00</td>
<td>9,934.00</td>
<td>(4,954.00)</td>
</tr>
<tr>
<td>Banks, Subscriptions and Dues</td>
<td>125.00</td>
<td>125.00</td>
<td>(25.00)</td>
<td>(25.00)</td>
<td></td>
<td>250.00</td>
<td>150.00</td>
<td>100.00</td>
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<tr>
<td><strong>Total Office &amp; Operating Supplies</strong></td>
<td>96,619.00</td>
<td>96,619.00</td>
<td>55,936.16</td>
<td>40,682.84</td>
<td></td>
<td>193,298.00</td>
<td>94,922.49</td>
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<td><strong>Training, Travel &amp; Meeting Expenses</strong></td>
<td>7,712.00</td>
<td>7,712.00</td>
<td>1,403.15</td>
<td>6,308.85</td>
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<td>15,424.00</td>
<td>5,415.89</td>
<td>10,008.11</td>
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<td>Training and Development</td>
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<td>5,094.00</td>
<td>5,094.00</td>
<td>0.00</td>
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<td>11,988.00</td>
<td>5,267.11</td>
<td>6,090.89</td>
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<td>Travel and Per Diem</td>
<td>1,884.00</td>
<td>1,884.00</td>
<td>1,884.00</td>
<td>0.00</td>
<td></td>
<td>3,368.00</td>
<td>1,000.00</td>
<td>2,368.00</td>
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<td>Meeting Expense</td>
<td>567.00</td>
<td>567.00</td>
<td>567.00</td>
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<td>1,134.00</td>
<td>13.16</td>
<td>1,120.84</td>
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<td><strong>Total Training, Travel &amp; Meeting Expenses</strong></td>
<td>16,548.00</td>
<td>16,548.00</td>
<td>6,363.68</td>
<td>9,171.32</td>
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<td>33,096.00</td>
<td>10,954.00</td>
<td>22,142.02</td>
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<td><strong>Debt Service</strong></td>
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<td></td>
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<td></td>
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<td>Interest Expense</td>
<td>317,398.00</td>
<td>317,398.00</td>
<td>306,824.80</td>
<td>9,103.20</td>
<td></td>
<td>634,776.00</td>
<td>616,569.60</td>
<td>18,206.40</td>
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<td><strong>Total Interest Expense</strong></td>
<td>317,398.00</td>
<td>317,398.00</td>
<td>306,824.80</td>
<td>9,103.20</td>
<td></td>
<td>634,776.00</td>
<td>616,569.60</td>
<td>18,206.40</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>2,241,317.00</td>
<td>2,241,317.00</td>
<td>1,535,588.59</td>
<td>705,728.41</td>
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<td>4,482,634.00</td>
<td>3,217,330.37</td>
<td>1,265,303.63</td>
</tr>
<tr>
<td><strong>Net Operating Income (Loss) Before Depreciation &amp; Amortization</strong></td>
<td>$888,976.00</td>
<td>$888,976.00</td>
<td>$1,232,153.78</td>
<td>$343,177.76</td>
<td></td>
<td>$1,777,952.00</td>
<td>$2,403,580.73</td>
<td>$625,628.73</td>
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<td><strong>Depreciation &amp; Amortization</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>609,563.00</td>
<td>609,563.00</td>
<td>537,244.48</td>
<td>72,319.52</td>
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<td>1,219,126.00</td>
<td>1,076,275.85</td>
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<td>Amortization</td>
<td>54,167.00</td>
<td>54,167.00</td>
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<td>5,314.81</td>
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<td>108,334.00</td>
<td>97,704.36</td>
<td>10,629.62</td>
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<tr>
<td><strong>Total Depreciation &amp; Amortization</strong></td>
<td>663,730.00</td>
<td>663,730.00</td>
<td>586,096.67</td>
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<td>1,327,460.00</td>
<td>1,183,979.23</td>
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<tr>
<td><strong>Net Operating Income (Loss)</strong></td>
<td>225,246.00</td>
<td>225,246.00</td>
<td>46,457.11</td>
<td>420,811.11</td>
<td></td>
<td>450,492.00</td>
<td>1,229,660.50</td>
<td>779,168.50</td>
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</table>
## Department of Water, County of Kauai
### Monthly Budget Summary vs. Actual
#### SUMMARY
8/31/2015

<table>
<thead>
<tr>
<th>August</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Original Budget</strong></td>
<td><strong>Revised Budget</strong></td>
</tr>
<tr>
<td>Non Operating Proceeds</td>
<td>58,813.00</td>
</tr>
<tr>
<td>FRC Facility Reserve Charge</td>
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</tr>
<tr>
<td><strong>Total Non Operating Proceeds</strong></td>
<td>58,813.00</td>
</tr>
<tr>
<td>Transfers Out(In) to Other Funds</td>
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</tr>
<tr>
<td>Debt Principal Payment</td>
<td>211,560.69</td>
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<tr>
<td><strong>Net Proceeds (Expenditures)</strong></td>
<td>72,498.31</td>
</tr>
<tr>
<td>II. CAPITAL BUDGET</td>
<td>3,453,031.00</td>
</tr>
</tbody>
</table>

*Net Proceeds (Expenditures) include both Non Operating Proceeds and Debt Principal Payment.*

**Note:** Variance values are calculated as the difference between the original budget and actual figures.
### August

<table>
<thead>
<tr>
<th>Capital Projects (See Attached for Details):</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Utility - Capital Projects</td>
<td>1,059,876.00</td>
<td>1,059,876.00</td>
<td>117,793.47</td>
<td>942,082.53</td>
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<tr>
<td>FRC Special Trust Fund - Capital Projects</td>
<td>1,223,223.00</td>
<td>1,223,223.00</td>
<td>4,868.16</td>
<td>1,218,354.84</td>
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<tr>
<td>BAB Fund - Capital Projects</td>
<td>1,170,332.00</td>
<td>1,170,332.00</td>
<td>322,867.26</td>
<td>847,464.74</td>
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<tr>
<td>SRF Loan Fund - Capital Projects</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Capital Projects (See Attached for Details)</strong></td>
<td>3,453,431.00</td>
<td>3,453,431.00</td>
<td>445,468.66</td>
<td>3,008,462.11</td>
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### FY 2017

<table>
<thead>
<tr>
<th>Revised YTD Budget</th>
<th>YTD Actual</th>
<th>Variance</th>
<th>Variance %</th>
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</thead>
<tbody>
<tr>
<td>2,119,760.00</td>
<td>2,151,418.27</td>
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<tr>
<td>2,441,651.84</td>
<td>322,867.26</td>
<td>80%</td>
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<tr>
<td>6,907,885.00</td>
<td>491,017.15</td>
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### Capital Projects (See Attached for Details):

<table>
<thead>
<tr>
<th>WU-IT-RandR Capital Purchases</th>
<th>10-02-00-604-999</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>59,586.00</td>
<td>59,598.00</td>
<td>59,586.00</td>
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<td></td>
</tr>
<tr>
<td>PAU-VALLEY Tank Repair</td>
<td>12,500.00</td>
<td>12,500.00</td>
<td>12,500.00</td>
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<tr>
<td>HANAMAU Main (Kohala Street)</td>
<td></td>
<td></td>
<td></td>
<td>1.00</td>
<td>100%</td>
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<tr>
<td>Upper Wailua Housecolor Rd</td>
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<td>1.00</td>
<td>100%</td>
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<tr>
<td>Rice Pakualani Intersection</td>
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<td></td>
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<td>1.00</td>
<td>100%</td>
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<tr>
<td>MG Tank Job 02-06</td>
<td>534.24</td>
<td>(534.24)</td>
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<td>1.00</td>
<td>100%</td>
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<tr>
<td>Puupila Steel Tank</td>
<td></td>
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<td>1.00</td>
<td>100%</td>
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<tr>
<td>Hardy-Oxford 101M Main Repla</td>
<td></td>
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<td>1.00</td>
<td>100%</td>
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<tr>
<td>N.Papaloa W.Pipeline</td>
<td></td>
<td></td>
<td></td>
<td>1.00</td>
<td>100%</td>
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<tr>
<td>Hoano, Pare Rd Main Replacement</td>
<td></td>
<td></td>
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<td>1.00</td>
<td>100%</td>
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<tr>
<td>WU-Eng-37%R-Kilauea Wells MCC</td>
<td>16,666.00</td>
<td>16,666.00</td>
<td>16,666.00</td>
<td>33,332.00</td>
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<tr>
<td>WU-Eng-418 Waipio Tanka Clean</td>
<td>3,900.00</td>
<td>3,900.00</td>
<td>3,896.00</td>
<td>7,912.00</td>
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<tr>
<td>WU-Eng-CNS-ALL R-13-01</td>
<td>391,667.00</td>
<td>391,667.00</td>
<td>391,667.00</td>
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<td>37,500.00</td>
<td>37,500.00</td>
<td>37,500.00</td>
<td>75,000.00</td>
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<tr>
<td>Kona Well D Repairs</td>
<td>45,833.00</td>
<td>45,833.00</td>
<td>45,833.00</td>
<td>91,666.00</td>
<td>100%</td>
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<tr>
<td>HE-14, Eelos Booster Rehab</td>
<td>47,657.00</td>
<td>47,657.00</td>
<td>47,657.00</td>
<td>95,334.00</td>
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<td>10-02-00-604-102</td>
<td>123,500.00</td>
<td>123,500.00</td>
<td>123,500.00</td>
<td>247,000.00</td>
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<tr>
<td>10-02-00-604-146</td>
<td>833.00</td>
<td>833.00</td>
<td>1,141.00</td>
<td>1,666.00</td>
<td>32%</td>
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<tr>
<td>10-02-00-605-146</td>
<td>209,933.00</td>
<td>209,933.00</td>
<td>200,833.00</td>
<td>419,666.00</td>
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<tr>
<td>10-02-00-605-999</td>
<td>833.00</td>
<td>833.00</td>
<td>833.00</td>
<td>1,666.00</td>
<td>100%</td>
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<tr>
<td>10-02-00-605-999</td>
<td>24,223.00</td>
<td>24,223.00</td>
<td>116,118.23</td>
<td>154,925.58</td>
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<td>10-02-00-605-999</td>
<td>52,500.00</td>
<td>52,500.00</td>
<td>52,500.00</td>
<td>105,000.00</td>
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<tr>
<td>10-02-00-605-999</td>
<td>32,917.00</td>
<td>32,917.00</td>
<td>65,834.00</td>
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<td>100%</td>
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</table>

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

<table>
<thead>
<tr>
<th>WU-IT-RandR Capital Purchases</th>
<th>10-02-00-604-999</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>Revised YTD Budget</th>
<th>YTD Actual</th>
<th>Variance</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,059,876.00</td>
<td>1,059,876.00</td>
<td>117,790.47</td>
<td>942,082.53</td>
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9/14/2016 5:32PM
### Capital Projects (See Attached for Details):

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-20-00-605-036 FRC-Eng-66%E-PLH-28 Hanamalu Main (Holohana Street)</td>
<td>6,250.00</td>
<td>6,250.00</td>
<td>6,250.00</td>
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<tr>
<td>20-20-00-605-010 FRC-Eng-ALLE-Waipua Homesteads 5381.0 MG Tank</td>
<td>1,00</td>
<td>1,00</td>
<td>1,00</td>
<td>100%</td>
</tr>
<tr>
<td>20-20-00-605-014 FRC-Eng-ALLE-Purchase Water System 1</td>
<td>1,00</td>
<td>1,00</td>
<td>1,00</td>
<td>100%</td>
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<tr>
<td>20-20-00-605-016 FRC-Eng-ALLE-Poiuru 1 MG Storage Tank</td>
<td>1,00</td>
<td>1,00</td>
<td>1,00</td>
<td>100%</td>
</tr>
<tr>
<td>20-20-00-605-019 FRC-Eng-ALLE-Haleali Well 2</td>
<td>1,00</td>
<td>1,00</td>
<td>1,00</td>
<td>100%</td>
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<tr>
<td>20-20-00-605-019 FRC-Eng-ALLE-Kapaa SWTF Expansion</td>
<td>1,00</td>
<td>1,00</td>
<td>1,00</td>
<td>100%</td>
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<tr>
<td>20-20-00-605-019 FRC-Eng-90%E-Kliaua 1.0MG Tank Job 02-06</td>
<td>4,808.16</td>
<td>(4,808.16)</td>
<td>4,808.16</td>
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<tr>
<td>20-20-00-605-148 FRC-Eng-ALLE-Kuhio Hwy (Hardy-Oxford) 10IN Main Repl</td>
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<td>1,00</td>
<td>1,00</td>
<td>100%</td>
</tr>
<tr>
<td>20-20-00-605-149 FRC-Eng-ALLE-Kuhio Hwy Papaloa to Waikes Canal</td>
<td>1,00</td>
<td>1,00</td>
<td>1,00</td>
<td>100%</td>
</tr>
<tr>
<td>20-20-00-605-150 FRC-Eng-ALLE-Makanui Waikohonou Rd Main Repl</td>
<td>1,00</td>
<td>1,00</td>
<td>1,00</td>
<td>100%</td>
</tr>
<tr>
<td>20-20-00-605-152 FRC-Eng-ALLE-Hoona Hono Pono Rd Main Repl</td>
<td>1,00</td>
<td>1,00</td>
<td>1,00</td>
<td>100%</td>
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<tr>
<td>20-20-00-605-154 FRC-Eng-ALLE-Dril &amp; Test Kilauea Well #4</td>
<td>25,000.00</td>
<td>25,000.00</td>
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<tr>
<td>20-20-00-605-155 FRC-Eng-ALLE-Waimhea Well #4</td>
<td>6,667.00</td>
<td>6,667.00</td>
<td>6,667.00</td>
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</tr>
<tr>
<td>20-20-00-605-156 FRC-Eng-ALLE-Land Acquisition (6)</td>
<td>266,306.00</td>
<td>266,306.00</td>
<td>266,306.00</td>
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<tr>
<td>20-21-00-605-017 FRC-Eng-ALLE-18IN Cane Haul Road Main</td>
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<td>25,000.00</td>
<td>25,000.00</td>
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<tr>
<td>20-21-00-605-029 FRC-Cns-56%E-09-01 Yamada Tank Cleanwell, Conr Pip</td>
<td>60,000.00</td>
<td>60,000.00</td>
<td>60,000.00</td>
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</tr>
<tr>
<td>20-21-00-605-102 FRC-CM&amp;R&amp;R-10-01 Ana-01b Rd WL DOW-Princol</td>
<td>833,333.00</td>
<td>833,333.00</td>
<td>833,333.00</td>
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<tr>
<td>20-21-00-605-110 FRC-CM-WK-08 Kapaa Homesteads Tank</td>
<td>2,446,460.00</td>
<td>2,441,651.64</td>
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</table>

Total Capital Projects (See Attached for Details): 1,223,223.00, 4,898.16, 1,218,414.84
### Capital Projects (See Attached for Details):

<table>
<thead>
<tr>
<th>Project Identification</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>Revised YTD Budget</th>
<th>YTD Actual</th>
<th>PY 2017 Variance</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-21-00-604-102 BABS-11R-10-01 Anil-01B Anini Rd WL DOW-Princeville</td>
<td>99,000.00</td>
<td>99,000.00</td>
<td>99,000.00</td>
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<td>198,000.00</td>
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<td>100%</td>
<td>100%</td>
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<tr>
<td>30-21-00-604-107 BABS-11R-XX-YY KP-09 MCC Chlor Koloa Well 18-A.E</td>
<td>145,833.00</td>
<td>145,833.00</td>
<td>145,833.00</td>
<td>0.00</td>
<td>291,666.00</td>
<td>291,666.00</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td>30-21-00-604-112 BABS-40%R-11-02 PLH-01a Grove Farm Tanks 1 - 2</td>
<td>90,000.00</td>
<td>90,000.00</td>
<td>90,000.00</td>
<td>0.00</td>
<td>180,000.00</td>
<td>180,000.00</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td>30-21-00-604-117 BABS-11R-PLH-30a Lihue Bayside Phase I</td>
<td>33,333.00</td>
<td>33,333.00</td>
<td>33,333.00</td>
<td>0.00</td>
<td>66,666.00</td>
<td>66,666.00</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>30-21-00-604-118 BABS-11R-XX-YY KP-09 MCC Chlor Koloa Well 19-A.E</td>
<td>125,000.00</td>
<td>125,000.00</td>
<td>125,000.00</td>
<td>0.00</td>
<td>250,000.00</td>
<td>250,000.00</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>30-21-00-605-112 BABS-40%R-11-02 PLH-01a Grove Farm Tanks 1 - 2</td>
<td>135,000.00</td>
<td>135,000.00</td>
<td>135,000.00</td>
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<td>270,000.00</td>
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<td>100%</td>
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<td>62,500.00</td>
<td>62,500.00</td>
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<td>125,000.00</td>
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<td>100%</td>
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<td>600,000.00</td>
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<td>155,750.00</td>
<td>155,750.00</td>
<td>0.00</td>
<td>311,500.00</td>
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</table>

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

<table>
<thead>
<tr>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>Revised YTD Budget</th>
<th>YTD Actual</th>
<th>PY 2017 Variance</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,170,832.00</td>
<td>1,170,832.00</td>
<td>847,964.74</td>
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<td>2,341,665.00</td>
<td>2,016,797.74</td>
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<tr>
<td>Date</td>
<td>Account</td>
<td>Vendor</td>
<td>Description</td>
<td>W/U</td>
<td>B/A/B</td>
<td>F/R/C</td>
<td>Totals</td>
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<td>---------</td>
<td>-----------------</td>
<td>------------------------------------------------------------------------------</td>
<td>--------------</td>
<td>-------</td>
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<tr>
<td>7/6/2016</td>
<td>608</td>
<td>Eurofins/Eaton</td>
<td>A-1, SS# 156, Analytical for the furnishing and delivery of laboratory testing services</td>
<td>10-10-40-540-010</td>
<td>OE</td>
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<td>27,000.00</td>
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<td>7/7/2016</td>
<td>609</td>
<td>Earthworks</td>
<td>Job # 13-07, Kola Well D</td>
<td>10-21-00-604-033</td>
<td>CO</td>
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<td>450,000.00</td>
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<tr>
<td>7/7/2016</td>
<td>609</td>
<td>Earthworks</td>
<td>Job # 13-07, Kola Well D (MR Report # ___)</td>
<td>10-21-00-604-033</td>
<td>CO</td>
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<td>111,000.00</td>
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</table>

$588,000.00
### BILLED REVENUES COMPARATIVE REPORT
For Fiscal Years 2015, 2016 & 2017

<table>
<thead>
<tr>
<th>Month</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Cum. Inc (Dec)</th>
<th>% Inc. (Dec.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$2,389,827</td>
<td>$2,936,791</td>
<td>$2,626,380</td>
<td>$(310,411)</td>
<td>-10.57%</td>
</tr>
<tr>
<td>August</td>
<td>$5,141,106</td>
<td>$5,832,920</td>
<td>$5,097,118</td>
<td>$(735,802)</td>
<td>-12.61%</td>
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<tr>
<td>September</td>
<td>$7,865,590</td>
<td>$8,290,754</td>
<td>$(8,290,754)</td>
<td>-100.00%</td>
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</tr>
<tr>
<td>October</td>
<td>$10,226,886</td>
<td>$10,623,726</td>
<td>$(10,623,726)</td>
<td>-100.00%</td>
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</tr>
<tr>
<td>November</td>
<td>$12,656,586</td>
<td>$13,196,027</td>
<td>$(13,196,027)</td>
<td>-100.00%</td>
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</tr>
<tr>
<td>December</td>
<td>$15,112,749</td>
<td>$15,203,356</td>
<td>$(15,203,356)</td>
<td>-100.00%</td>
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</tr>
<tr>
<td>January</td>
<td>$17,397,517</td>
<td>$17,528,254</td>
<td>$(17,528,254)</td>
<td>-100.00%</td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>$19,738,622</td>
<td>$19,844,393</td>
<td>$(19,844,393)</td>
<td>-100.00%</td>
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</tr>
<tr>
<td>March</td>
<td>$21,989,961</td>
<td>$22,223,927</td>
<td>$(22,223,927)</td>
<td>-100.00%</td>
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</tr>
<tr>
<td>April</td>
<td>$24,575,153</td>
<td>$24,867,138</td>
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</tr>
<tr>
<td>May</td>
<td>$27,030,000</td>
<td>$27,210,768</td>
<td>$(27,210,768)</td>
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</tr>
<tr>
<td>June</td>
<td>$29,777,259</td>
<td>$29,639,024</td>
<td>$(29,639,024)</td>
<td>-100.00%</td>
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</tr>
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</table>

**AFS error in billing AJE: $288,133**
### CASH RECEIPTS (W/U) COMPARATIVE REPORT
For Fiscal Years 2015, 2016 & 2017

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>Cum. Inc (Dec)</th>
<th>% of Inc (Dec)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$2,288,104</td>
<td>$2,877,122</td>
<td>$2,036,499</td>
<td>$(840,623)</td>
<td>-29%</td>
</tr>
<tr>
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<td>$4,704,550</td>
<td>$5,578,998</td>
<td>$4,881,715</td>
<td>$(697,283)</td>
<td>-12%</td>
</tr>
</tbody>
</table>

#### Cash Receipts Comparative Chart
As of August: FY 2015, 2016 & 2017

![Cash Receipts Comparative Chart](chart.png)

- **FY 2015**
- **FY 2016**
- **FY 2017**
## METERED CONSUMPTION (000 GALLONS) MONTHLY COMPARATIVE CHART

For Fiscal Years 2015, 2016 & 2017
(expressed in thousands)

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

### MONTHLY CONSUMPTION COMPARATIVE CHART

As of August, FY 2015, 2016 & 2017

* refer to monthly summary highlights

---

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

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>CUM. INC (DEC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>343,770</td>
<td>400,235</td>
<td>363,695</td>
<td>-36,540</td>
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<td>August</td>
<td>718,498</td>
<td>792,065</td>
<td>699,151</td>
<td>-92,914</td>
</tr>
</tbody>
</table>

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

Adjustment

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

Billions

4. consumption (000 gallons)
Public Notices and Announcements
All press releases reported below were also published on the Department’s Facebook and Twitter social media pages.

- Emergency repairs to main line break in Kalaheo
  - A press release and Connect CTY notice was sent on August 24th to notify Kalaheo residents and motorists of emergency repairs to a main line break located on Kaumualii Highway, between Lauoho Road and Hokua Road. The repairs affected water service to these customers and motorists could not drive on the east-bound lane. There was no estimated time of completion when this notice was sent.
  - A press release was sent on August 24th to notify the affected Kalaheo customers that water was restored at approximately 10 p.m. At this time, DOW estimated the highway would reopen at approximately 1 a.m., August 25th, after restorations to the road were completed.
  - A press release was sent on August 25th to notify all Kalaheo residents that repairs to the water main break completed at approximately 1 a.m., after another leak was found to the same line around 11 p.m. on August 24th. Kaumualii Highway reopened to all motorists at approximately 4 a.m., August 25th.
  - An article, "Water restored in Kalaheo," was published in The Garden Island on August 25, 2016. (Attached)
  - An article, “Waterline repairs completed,” was published in The Garden Island on August 26, 2016. (Attached)

- DOW’s new office building
  - A press release was sent on August 29th to notify all customers and the general public that the DOW would operate from its new administration building starting on September 6th. It was announced that the new building would maintain the same phone numbers and addresses, and that there would be a new drive-thru drop box for bill payments in the new parking lot.
  - An article, “Bigger, better,” by Dennis Fujimoto, was published in The Garden Island on August 31, 2016. (Attached)
  - On September 1st during a live interview with Ron Wood at FM97, Kim Tamaoka announced the DOW’s new office location.
  - On September 2nd and September 6th during call-in interviews with Kong Radio’s Marc Valentin and Ron Wiley, Kim Tamaoka announced the DOW’s new office location.
  - A press release was sent on September 1st to announce that the DOW dedicated its new office building, and reminded the public that the new office would open on September 6th.

- Public hearing on proposed amendments to Facilities Reserve Charge
  - A press release was sent on August 30th to notify the public of a Board of Water Supply public hearing on September 7th, regarding the proposed amendments to the Rules and Regulations, Part 5 Facilities Reserve Charge (FRC) Section III – Applicability.
An article, “DOW to hold public hearing,” was published in The Garden Island on August 31, 2016. (Attached)

On September 1st during a live interview with Ron Wood at FM97, Kim Tamaoka announced information regarding the public hearing.

On September 2nd during a call-in interview with Kong Radio’s Marc Valentin, Kim Tamaoka announced information regarding the public hearing.

An announcement in the “Island Calendar” was published in The Garden Island, on September 7, 2016. (Attached)

- Scheduled water shutdown in Koloa
  - A press release was sent on August 31st to notify Koloa customers that a 5-hour water shutdown was scheduled on September 1st, from 9 a.m. to 2 p.m., on Wailaau Road and Waihohonou Road, to allow the DOW to make waterline maintenance repairs.
  - On September 1st during a live interview with Ron Wood at FM97, Kim Tamaoka made an announcement about the scheduled water shutdown.

- Water conservation for Eleele and Port Allen
  - A press release was sent on August 31st to request all Eleele and Port Allen residents to conserve water until further notice, due to a power outage at the area’s booster pump station and storage tank site. Residents were asked to limit water consumption to essential uses only as a precautionary measure to avoid a water outage.
  - A press release was sent on September 1st to ask residents to continue water conservation measures as KIUC continued to work on restoring power to the pump and tank site.
  - A press release was sent on September 1st to notify all residents that the water conservation request had been lifted as of 6 p.m. Power was restored to the booster pump and storage tank site and residents could return to normal water usage.
  - An article, “Water conservation order lifted,” was published in The Garden Island on September 3, 2016. (Attached)

- DOW’s water emergency tips
  - A press release was sent on September 2nd to let all residents know that the DOW would continue to monitor the approach of Hurricane Lester and that emergency kits should be prepared. Tips on how to store water and what to do during a storm were shared.

**Project WET**
Planning and event preparations continued for the 13th Annual Make a Splash Festival, to be held on Thursday, September 22nd from 8:30 a.m. to 12:30 p.m. There are 13 schools with a total of 755 students registered to participate. PR started training sessions on September 12th with the community volunteers who will lead some of the activities for the event.

Kim Tamaoka attended the 2016 Project WET USA Coordinator Conference and Training was held from August 8th to 11th, in Greeneville, SC. During the USA coordinator’s business meetings, an update on the Project WET Foundation and its campaign for “America’s Water Future” were discussed. Updates were also given about a new online training course provided by Project WET.
This information is very useful for the Department’s Project WET program because PR can now include and train teachers and program facilitators from other islands without having to travel. All coordinators were asked to be involved in a “WET Team” that will meet through conference calls monthly. Kim joined the newsletter WET Team during the business meeting sessions. During the conference content sessions a draft Early Childhood Education guide was presented to all coordinators. All coordinators were asked to review and utilize the draft guide through their programs and provide feedback before a final guide is produced. Other water education topics discussed at the conference included: Next Generation Science Standards, students to the global movement to protect water resources, early childhood activity training, and ground water education.

Once again, Kim gained valuable training and experiences through networking opportunities at the conference that will help the Department’s Project WET program continue to prosper.

**Public Relations Program**
PR designed and disseminated the second issue of the Department's internal newsletter for staff that provides information on the CC&B conversion/upgrade. Chris Goodloe of Prithibi, Marites Yano and Sandi Nadatani-Mendez who are managing the project and will update PR when communications to the public are needed.

PR assisted Karen Taketa of the Contractors Association of Kauai coordinate a walkabout event at the Department’s new office building on August 29th. Dustin Moises shared information about the building to the members and clarified any questions that were asked.

PR coordinated the dedication ceremony on August 30th for the Lihue Baseyard Improvements Project. Approximately 75 people attended the ceremony.

An advertisement and editorial was published in Kauai Family Magazine’s Fall Issue, highlighting the Department’s Make a Splash festival and call for volunteers. *(Attached)*

PR coordinated advertisements on KONG Radio and FM97 to promote the Department’s new office building location. Advertisements ran on air from September 6th through 18th.

**Upcoming Scheduled Community Outreach & Educational Events**
- September 22, 2016 – 13th Annual Make a Splash with Project WET Festival
- October 2016 – Wilcox Elementary School Career Day
- December 15, 2016 – King Kaumualii Elementary School Career Day

**Miscellaneous**
- PR assisted IT in creating a video tutorial for staff on how to use the new key cards to access the new building. The tutorial served well to save IT time in having to train each employee on how to use the key card.
- PR produced temporary signage outside of the Department’s old office, for the public to follow as they transition to the Department’s new office location.
- PR is in the process to getting a “business hours” sign created for the new office building.
Respectfully submitted,

Kim Tamaoka
Public Relations Specialist

KT: ein

Attachments:
“Water restored in Kalaheo,” by The Garden Island
“Waterline repairs completed,” by The Garden Island
“Bigger, better,” by Dennis Fujimoto, The Garden Island
“DOW to hold public hearing,” by The Garden Island
“Water conservation order lifted,” by The Garden Island
“Island Calendar,” by The Garden Island
“Department of Water Requesting Volunteers for Water Education Festival,” in Kauai Family Magazine

Mgrrp/September 2016/Public Relations Specialist (9-23-16); ein
Water restored in Kalaheo

KALAHEO – A water line break in Kalaheo left some residents without water early Wednesday morning, but water officials alleviated the problem a few hours after the break was reported.

Officials with the Kauai Department of Water said a break in Kalaheo’s main water line occurred along Kaumualii Highway, between Kalaheo Missionary Church and the Hawaiian Kulupu Brand factory. The breach closed a portion of the highway.

Kimberly Tamaoka, DOW public relations specialist, said the break is likely due to an aging water line.

She said police dispatch started receiving calls from Kalaheo residents about water outage around 3 a.m. Wednesday.

Standby personnel from the DOW investigated the outage and found a leak around 5 a.m.

“Between 6 and 7 a.m., we were able to close the valves to isolate the broken main line,” Tamaoka said. “After the line was isolated, water was restored to customers within minutes.”

The department is unsure how many of its 1,742 Kalaheo customers were affected by the outage. However, the DOW did receive calls from upper and lower Kalaheo.

While most of Kalaheo had its water restored on Wednesday morning, DOW officials said about six customers were without water in the area along Kaumualii Highway between Lauoho Road and Hokua Road.

As of 5:30 p.m. (Wednesday), the water outage to affected residents was extended to 9:30 p.m. The east-bound lane on Kaumualii Highway, between Lauoho Road and Hokua Road, was closed from 7 p.m. to midnight for repair work.

A trailer-mounted water tank supplemented those residents near the intersection of Kaumualii Highway and Lauoho Road.

The waterline break affected two deep wells and three tanks in Kalaheo, which hold a total of 800,000 gallons of water.

***

The Garden Island
briefly

Waterline repairs completed

KALAHEO — Water was restored water to Kalaheo residents on Thursday.

Representatives with The Kauai Department of Water said a break in Kalaheo’s main waterline occurred along Kaumualii Highway, between Kalaheo Missionary Church and the Hawaiian Kukui Brand factory.

The breach closed a portion of the highway for most of Wednesday; all lanes reopened to motorists around 4 a.m. Thursday.

Late Wednesday evening, crews found another leak to the same line and made repairs. Kimberly Tamaoka, DOW spokeswoman, said the break is likely due to an aging waterline. The department is unsure how many of its 1,742 Kalaheo customers were affected by the outage.

The DOW received calls from upper and lower Kalaheo.
Bigger, better  DOW dedicates $10.9 million administration building

Dennis Fujimoto  THE GARDEN ISLAND

LIHUE — Dustin Moises, project manager for the Department of Water administration building, said his oldest daughter is now six years old.

“She was born when David Craddock, then manager and chief engineer for the DOW, approached Kauai and myself with this project in 2009,” Moises said. “Today, we are celebrating the blessing of this new administration building, five months ahead of schedule and at a savings of $100,000.”

Kirk Saki, DOW manager and chief engineer, Moises and a host of dignitaries celebrated the opening of the new building Tuesday morning. The dedication was a week before the DOW staff gets settled in and the secured building becomes open to the public.

“The building, which is Leed-inspired, is an investment in the DOW staff,” Moises said.

The $10.9 million project is expected to provide cost savings and is built for efficiency.

Officials said it will reduce the load on air conditioning, utilize solar water heating, has a 50-year roof designed to last the 50-year life of the building, and is designed for ease of management.

The new building, a steel-framed concrete masonry unit wall system constructed by Unlimited Construction Services, sits on an area of 83,520 square feet with 8,652 square feet on its ground floor, and 6,246 square feet on its second floor.

A demonstration garden with all-native plantings feature rows of edibles and a row of drought-tolerant plantings and shrubs for how rain water runoff will be taken on-site through its 2,000-gallon rain catchment irrigation system. The building also features a backup generator, energy-saving lighting, Shearwater-approved lighting in the parking lots, and is open to the birds.

“I’ve been in there,” Moises said. “So far, we have not had a problem with droppings, and despite the heavy rains, there has been no issues with water being blown into the building.”

Kirk Saki, manager and chief engineer for the Dept. of Water, and Dustin Moises, construction manager, undo the symbolic maile lei to the new DOW administration building, Tuesday morning.
Wally Rezentes, the county’s managing director, descends the stairs from the second floor of the DOH administration building, framed by the indoor waterfall and the 808 Mural.

A miniature roundabout is part of the complete streets leading to the new Dept. of Water administration building that feature Shearwater-approved lighting in the parking area.

An all-native plant demonstration garden featuring two rows of edibles and a row of drought-tolerant plantings make use of the no-drainage aspect where no rainwater drains from the site of the new Dept. of Water administration building.

A drive-through drop box will become effective Sept. 6 at the Dept. of Water administration building which was dedicated Tuesday morning.
briefly

DOW to hold public hearing

LIHUE — The Department of Water will hold a public hearing on Wednesday, Sept. 7, regarding the proposed amendments to the Rules and Regulations of the Board of Water Supply, Part 5 Facilities Reserve Charge (FRC) Section III – Applicability. The hearing will be held at 5 p.m., at the Department of Water’s Microbiology Lab Building, second floor, 4398 Pua Loke Street.

The proposed rule amendments recommend lowering the FRC for conversions of legally existing single-family units to multi-family two dwelling unit structures, and for projects developed by or in partnership with the County of Kauai Housing Agency and certified as affordable housing.

To view the full version of the proposed rule amendments, visit www.kauaiwater.org or call 245-5406. Requests may be made up to and including the date of the public hearing.

***

The Garden Island
briefly

Water conservation order lifted

ELEELE – The Department of Water late Thursday lifted a request for all Eleelee and Port Allen residents to conserve water.

Water has refilled in the tanks and residents may return to normal water usage, it said in a news release. The request to conserve water came earlier in the day. Kauai Island Utility Cooperative personnel restored power to the Eleele booster pump station.
said he’s already got a Canon 5D MkIV on order (how many of you are doing the Pentax World Day which
Lydgate Park) is an “octogenarian” and several other people
breakfast.

island calendar

TODAY

• Conservation Expo: 8:30 a.m. to 3:30 p.m., NTBG
  McBryde Garden. The Kauai Conservation Expo is an
  unprecedented conservation and cultural event with
  several keynote speakers.

• Kamehameha School Admissions: 6 p.m., Waimea
  Canyon Middle School Cafeteria. Kamehameha School
  is having 7th and 9th grade admissions information
  sessions. Applications available online at www.apps.ksbe.
  edu/admissions. Deadline to apply is Sept. 30. 245-8070

• Department of Water public hearing: 5 p.m., DOW
  Microbiology Lab Building. On the proposed amendments
  to the Rules and Regulations of the Board of Water
  Supply, Part 5 Facilities Reserve Charge (FRC) Section
  III – Applicability.

THURSDAY
Department of Water Requesting Volunteers for Water Education Festival

By Kim Tamaoka, Kauai Department of Water

The Kauai Department of Water (DOW) is requesting for volunteers for its 13th Annual Make a Splash Festival at the Puu Lake Arboretum on Thursday, Sept. 22, 2016.

The Make a Splash Festival brings together parents, students, teachers, government resource agencies, and enthusiasts of all kinds for one main cause: to raise awareness about water – our most precious resource!

Volunteers will assist the island’s fifth grade students in dynamic hands-on activities, games and educational exhibits and teach them how this critical natural resource affects our everyday lives. Students leave the event with a better perspective on how they can contribute to our water’s wise use and protection.

The DOW is also offering community organizations an opportunity to “sponsor” an activity tent, which involves no financial obligation. A sponsorship means donating your time, volunteerism and leadership for a specific activity tent. The DOW will provide training and supplies.

To learn more about volunteering for the DOW’s Make a Splash festival, contact Kim Tamaoka at ktamaoka@kauaiwater.org or 245-5455.

Volunteers Needed for 13th Annual Make a Splash Festival

When?
Thursday, September 22, 2016 from 8:00 a.m. - 1:30 p.m.

Where?
Puu Lake Arboretum in Lihue

Why?
To raise awareness about water, our most precious resource, through hands-on activities taught to our island’s 5th grade students.

Contact Kim Tamaoka (ktamaoka@kauaiwater.org or 245-5455) to learn more about how you or your organization can participate in this educational event for our keiki.
Operations Division Report for the Month of August 2016

Personnel

- Maintenance Worker I interviews to be scheduled.
- Utility Worker applicants were interviewed.
- New Groundskeeper started September 1, 2016.

Source and Storage

- Maintenance Workers continued cleaning of various remote facilities island-wide. Works included clearing of vegetation and drainage as well as repair and construction of structures and facilities.
- Water Plant Operators performed routine inspection and maintenance at all sites including valve maintenance, piping repair and replacement, chlorination equipment maintenance, and mixing of sodium hypochlorite.
- Electrical workers performed routine electrical maintenance at all sites including SCADA radio troubleshooting, electrical wiring for motor controls, lighting repair and replacement.

Distribution

- Operations Division Field Section crews continue to perform live taps and routine leak repair of service laterals and mainlines. Field Section personnel responded to and completed thirty four (34) leak repair work orders.
- No progress on the in-house replacement of 3” PVC distribution line on Lokokai Road under work order C141516.
- Field Section crews started replacement of 2” PVC distribution pipe on Kuhio Highway at Kapaa. Work order C160654 is temporarily suspended since May.
- We received a total of 65 calls from customers reporting leaks on the mainline, service laterals, meters, meter boxes and fire hydrants including complaints of no water, complaints of low pressure, high pressure, calls requesting remote site/facility grounds and vegetation maintenance, calls for assistance in shutting off the water meter, calls reporting damaged meter box and cover, reports of leaking or damaged fire hydrants and report of white milky water. Work orders were generated and all calls resolved. Leaks after the meter needs to be addressed by the customer.

Fleet, Inventory, Warehouse and Baseyard Area

- For the month of August, a total of one hundred seventy (170) work orders were issued for Operations Division. Works included: electrical repairs and maintenance; automotive repairs and maintenance including power generator maintenance; water meter installation and replacement; service lateral installations; leak repairs; well, tank site and PRV maintenance; replace damaged meter boxes; repair defective meters; replace damaged or
leaking hydrant; door-to-door customer notifications for tie-ins of new lines to existing lines as well as notifications regarding scheduled repairs; callouts due to customer complaints/reports; meter replacement requests; contractor’s requests for markings.

- For the month of August 2016, forty nine (49) Hawaii One Call requests for markings were received and forty seven (47) completed. Some requests for markings are on private property. Private property owners as well as contractors were contacted and informed that DOW Hawaii One Call markings will be outside of private property lines.

Respectfully submitted,

Valentino P. Reyna
Chief, Operations Division

VPR/ein

Attachments: Overtime Chart
Leak Report Chart
Monthly Water Production and Consumption Chart for August 2016

Mgrrp/September 2016/Operations Division Report for the Month of August 2016 (09-23-16):ein
**Work Orders by Job Reason Code for Selected Date Range**

**08/01/2015 to 08/31/2016**

<table>
<thead>
<tr>
<th># of W/O's</th>
<th>Job Reason Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>LEAK-BOX</td>
<td>Meter Box Leak Repair</td>
</tr>
<tr>
<td>6</td>
<td>LEAK-CUST</td>
<td>Customer-Side Leak Repair</td>
</tr>
<tr>
<td>114</td>
<td>LEAK-MAIN</td>
<td>Mainline Leak Repair</td>
</tr>
<tr>
<td>144</td>
<td>LEAK-S/L</td>
<td>Service Lateral Leak Repair</td>
</tr>
</tbody>
</table>

**Work Orders by Job Reason Code**

- LEAK-BOX: 40, 13.2%
- LEAK-CUST: 6, 2.0%
- LEAK-MAIN: 114, 37.5%
- LEAK-S/L: 144, 47.4%
Total: 100.0%

**Number of Leak Repairs per Month**

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

<table>
<thead>
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<th></th>
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<tbody>
<tr>
<td><strong>Produced (Kgals.)</strong></td>
<td>374,675</td>
<td>373,050</td>
<td>379,057</td>
<td>396,346</td>
<td>365,106</td>
<td>400,488</td>
<td>407,195</td>
<td>380,214</td>
<td>353,115</td>
<td>391,384</td>
<td>348,028</td>
<td>341,914</td>
<td>4,510,572</td>
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<tr>
<td><strong>Customer Meter Read (Kgals.)</strong></td>
<td>322,421</td>
<td>320,287</td>
<td>326,596</td>
<td>356,954</td>
<td>324,624</td>
<td>336,981</td>
<td>359,598</td>
<td>335,456</td>
<td>330,008</td>
<td>316,789</td>
<td>353,182</td>
<td>274,130</td>
<td>3,957,026</td>
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<tr>
<td><strong>Waterloss (kgals.)</strong></td>
<td>52,254</td>
<td>52,763</td>
<td>52,461</td>
<td>39,392</td>
<td>40,482</td>
<td>63,507</td>
<td>47,597</td>
<td>44,758</td>
<td>23,107</td>
<td>74,595</td>
<td>553,546</td>
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<tr>
<td><strong>Waterloss (%)</strong></td>
<td>13.9</td>
<td>14.1</td>
<td>13.8</td>
<td>9.9</td>
<td>11.1</td>
<td>15.9</td>
<td>11.7</td>
<td>11.8</td>
<td>6.5</td>
<td>19.1</td>
<td>-1.5</td>
<td>19.8</td>
<td>12.3</td>
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<tr>
<td><strong>Waterloss ($)</strong></td>
<td>66,728</td>
<td>67,378</td>
<td>66,993</td>
<td>50,303</td>
<td>51,696</td>
<td>81,098</td>
<td>60,782</td>
<td>57,156</td>
<td>29,507</td>
<td>95,258</td>
<td>67,784</td>
<td>706,878</td>
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</tr>
</tbody>
</table>

### Diagram

- **Produced (Kgals.)**
- **Customer Meter Read (Kgals.)**
- **Waterloss (kgals.)**
- **Unbilled Percentage**

<table>
<thead>
<tr>
<th>MONTH PRODUCED/READ</th>
<th>SEP-15</th>
<th>OCT-15</th>
<th>NOV-15</th>
<th>DEC-15</th>
<th>JAN-16</th>
<th>FEB-16</th>
<th>MAR-16</th>
<th>APR-16</th>
<th>MAY-16</th>
<th>JUN-16</th>
<th>JUL-16</th>
<th>AUG-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOLUME (KGALS)</td>
<td>364,188</td>
<td>351,739</td>
<td>348,328</td>
<td>354,862</td>
<td>359,187</td>
<td>356,591</td>
<td>356,054</td>
<td>356,591</td>
<td>354,126</td>
<td>353,182</td>
<td>341,914</td>
<td>345,408</td>
</tr>
</tbody>
</table>
MANAGER’S UPDATE

September 23, 2016

Pursuant to Board Policy No. 3

CONTRACTS AWARDED/EXTENSION/AMENDMENTS:

(1) **3rd Contract Amendment Time Extension to Contract No. 520 with Fukunaga and Associates, Inc. for Job No. 10-01, WP2020 # ANI-01 Pipeline Replacement from Kīlauea to 'Anini affecting the Kīlauea and 'Anini Water System, with no additional funding required**

**FUNDING:**

**NO ADDITIONAL FUNDS REQUESTED**

<table>
<thead>
<tr>
<th>Account No. 30-20-00-604-101 BAB-Eng-ALLR-10-01 Ani-01a ‘Anini &amp; Kaliihwai Rd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract No. 520: Fukunaga and Associates, Inc.</td>
</tr>
<tr>
<td>First Amendment</td>
</tr>
<tr>
<td>Second Amendment</td>
</tr>
<tr>
<td>Contract Total</td>
</tr>
<tr>
<td>Total Funds Certified</td>
</tr>
</tbody>
</table>

**Third Amendment:**

| Contract Time Extension 180 days | $0.00 |
|---------------------------------|
| **Total for Third Amendment** | **$0.00** |

Total Funding Balance for Contract No. 520 | $9,108.00

**BACKGROUND:**

Unanticipated delays in the design phase have caused the work to proceed at a pace slower than originally planned, resulting in the contract work extending beyond the contractual limit.

It is the DOW staff’s opinion that Fukunaga and Associates, Inc. have made sufficient progress to the project to extend the project completion date to March 22, 2017.

(2) **Contact No. 609 624 Awarded to Earthworks Pacific, Inc. for Job No. 13-07, Kōloa Well D Retaining Wall and Site Repairs affecting the Kōloa/Kalāheo Water System in the amount of $534,287.00**

**FUNDING:**

| Account No. W/U Capital Outlay/13-07, Kōloa Well D Repairs | $561,000.00 |
|----------------------------------------------------------|
| Total Funds Available | $561,000.00 |
| Contractor: Earthworks Pacific, Inc. | $534,287.00 |
| Contingency, approximately 5% | $26,713.00 |
Total Funds Required | $ 561,000.00 | ($ 561,000.00)
Total Funds Remaining, Account No. W/U Capital Outlay/13-07, Kōloa Well D Repairs | $ 0.00

**BACKGROUND:**
The DOW inadvertently used an incorrect Contract No. reported during the August 26th regular board meeting. This is to confirm that this to Earthworks is Contract Number is 624. Existing information on the background of this award was given during the August 26th regular board meeting.

**WAIVER RELEASE & INDEMNITY APPLICATIONS:**

<table>
<thead>
<tr>
<th>Applicant</th>
<th>TMK Location &amp; Building permit</th>
<th>Performance Bond Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaua'i Philippine Cultural Center</td>
<td>(4) 3-3-003:043</td>
<td>$39,400.00</td>
</tr>
</tbody>
</table>

**STAFF REPORTS - FY 16-17:**

**PERSONNEL MATTERS UPDATE**
*September 14, 2016*

**RECRUITMENT AND POSITION ACTIONS**

**Operations Division**
1. Maintenance Worker I #2453. Pending referred list of eligibles.
2. Water Plants Superintendent #2490. Pending referred list of eligibles.
3. Utility Worker #2438. The DOW completed interview and working on selection.
4. Groundskeeper #2601. This position has been filled 9/1/2016.

**Construction Management Division**
1. Engineer Program Assistant #2604. Pending referred list of eligibles.
2. Project Assistant #2351. No action to referred list of eligibles. The DOW is reviewing the position duties.

**Fiscal**
1. Janitor II #2603. The DOW completed interview and working on selection.
2. Accountant I #2488 (Accounting Section). Pending referred list of eligibles.

**Administration**
1. Departmental Public Relations Specialist #2478. The DHR is working on conducting an audit per classification request.
2. Clerical Assistant (Community Relations) #2499. The DHR is reviewing the classification request.

**Pursuant to Board Policy No. 3**
SUMMARY OF WARRANT VOUCHERS
As of September 17, 2015 Regular Board Meeting, the Summary of Warrant Vouchers will be included in the Fiscal Monthly reporting.

Pursuant to Board Policy No. 24
CONVEYANCE OF WATER FACILITIES – $ 0.00

CC&B BILLING SYSTEM UPDATE:
The Customer Care & Billing (CC&B) conversion is on-going. “GO LIVE” is planned for October 3, 2016.

Service Cloud, Field Service Management and Online Policy automation are in development and testing.

I.T. STRATEGIC PLAN UPDATE:
No update submitted for the I.T. Strategic Plan

AFFORDABLE HOUSING UPDATE:
No significant affordable housing activities or meetings

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

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

LEGIONELLA DISEASE UPDATE:
Water service to Kapaa Shores has been turned off (from 6/21/16) due to Legionella detected on their on-site system. The DOW’s water source was not affected by this contamination.

Since then, Kapaa Shores hired a contractor and installed a backflow preventer on or about the week of August 22nd. Kapaa Shores scheduled to turn on water service in order to conduct a backflow preventer test on August 29, 2016. DOW personnel were on site to witness the testing. DOW reviewed the testing procedure and results and deemed it acceptable; therefore, water service was allowed to remain in service to the facility.

With water service restored, the Kapaa Shores facility began their interior plumbing cleaning and remedial clean-up. The DOW can consider this matter closed.

MANAGER’S GOALS established August 20, 2015 for FY15-16 FINAL UPDATE as of June 30, 2016:
1. Provide management training for division heads and supervisors.
   Department of Human Resources has offered countywide training in various areas of supervision. Includes workplace investigations and DISC Personality Assessment and Leadership Behaviors. The following trainings have been taken by Division Heads/Supervisors during FY15-16.

   10/11/2015 AWWA Online “Establishing Leadership In the Organization” 1/29/2016
   Leadership Works Essentials
   5/6/2016 Everything DiSC Work of Leaders Supervisor Training
   7/26/2016 Reasonable Suspicion Supervisor Training
2. Investigate and determine methods for acknowledging outstanding employee performance.

3. Provide clear Manager Reports to the Board, providing background, options and recommendations.

4. Provide Manager’s Reports to the Board by Friday prior to the Agenda meeting with the exception of the financial reports at the time of posting.

5. Respond to grievances within 30 days.

   The DOW has received one (1) grievance during FY15-16. (#AD-15-17) It was received in January 2016 and is at Step 2. We are working with UPW on an agreement for a pilot program.

6. Obtain Department of Human Resources (DHR) approval for current Table of Organization. Minimize changes on the Table of Organization (TO).

7. Fill all funded vacant positions for FY15-16.

   Administration:
   1. Deputy Manager-Engineer #E-20 100% funded
      a. 4/1/2015 DOW submitted the job requisition to DHR to fill the Deputy Manager position.
      b. 6/17/2016 Letters to non-selected applicants were sent out.

   2. Computer Systems Support Tech I #2492 100% funded in FY15-16.
      a. 5/31/2016 Position became vacant. No action. (Not shown as funded in FY16-17.)

   Engineering:
   1. Civil Engineer III #2468 100% funded
      a. 9/10/2015 Start action to fill position.
      b. 12/16/2015 Position filled.

   2. Civil Engineer V #2476 50% funded
      a. 1/20/2015 Start action to fill position.
      b. 8/17/2015 Position filled.

   Construction Management:
   1. Project Manager #2484 100% funded
      a. 3/9/2015 Start action to fill position.
      b. 6/1/2016 Position filled.

   2. Waterworks Inspector I #2483 100% funded
      a. 11/10/2015 Start action to fill position. Selection made in 12/2015, but candidate declined.
      b. 6/1/2016 Position filled.

   3. Project Assistant #2351 100% funded (Position Created during FY15-16) Was partially funded for 4 months, ending funded FY15-16. 100% Funded FY16-17.
      a. 4/26/2016 Job announcement was posted as OPEN Continuous.
      b. 8/4/2016 Received referred list of names. DOW is reviewing position classification. It will be discussed with DHR.

   Water Resources & Planning:
   1. Civil Engineer VI #2428 100% funded
      a. 1/28/2016 Start action to fill position.
      b. 6/16/2016 Position filled.
Operations:
1. Water Plants Superintendent. #2490 10% funded
   a. 3/6/2014 Start action to fill position.
   b. 10/24/2014 Request to Recruit Above the Minimum was approved by DHR
   c. 7/12/2016 Job Announcement posted as OPEN Continuous and posted at a range.

2. Maintenance Worker II #2452 100% funded (Position Created during FY15-16)
   a. 12/31/2015 Start action to fill position.
   b. 5/16/2016 Position filled.

3. Plant Electrician Helper #2432 100% funded. (Position Created during FY15-16)
   a. 3/9/2016 Start action to fill position.
   b. 7/16/2016 Position filled.

4. Senior Account Clerk #2602 100% funded. (Position Created during FY15-16)
   a. 3/14/2016 Start action to fill position.
   b. 7/16/2016 Position filled.

Fiscal:
1. Customer Service Representative I #2305 100% funded. (Position Created during FY15-16)
   a. 6/6/2016 Start action to fill position.
   b. 8/8/2016 Position filled.

8. To obtain a performance evaluation score of at least 3.5.

Respectfully submitted,

Kirk Saiki, P.E.
Manager and Chief Engineer

KS/mja

Mgrrp/Manager’s Update (09-23-16):mja
