

**BOARD OF WATER SUPPLY
of the COUNTY OF KAUA'I**

REGULAR MEETING

Second Floor, Kaua'i County Department of Water
4398 Pua Loke Street, Lihu'e, Kaua'i, Hawai'i 96766

**FRIDAY, January 25, 2019
10:00 a.m. Or soon thereafter**

A. CALL TO ORDER

B. ROLL CALL

C. ACCEPTANCE OF AGENDA

D. MEETING MINUTES

Review and approval of:

Regular Board Meeting – December 28, 2018

E. CORRESPONDENCE/ANNOUNCEMENTS

1. Correspondence from Ellen Ching, Administrator Office of Boards and Commissions regarding an Invitation to Join the Police Commission in a discussion regarding Salaries dated December 27, 2018

F. BOARD COMMITTEE & PERMITTED INTERACTION GROUP REPORTS

G. OLD BUSINESS

1. Committee Appointments for 2019 Rules Committee, Finance Committee, Audit Committee, Committee of the Whole

H. NEW BUSINESS

1. Manager's Report No. 19-37 - Discussion and Possible Action to Approve Additional Funding to procure Special Counsel to provide arbitration or mediation and employment litigation and related legal services for the Department of Water in the amount of \$40,000.00
2. Manager's Report No. 19-38 - Discussion and Possible Action for Additional Funding to Award Job No. 19-03, Makaleha On-Site Sodium Hypochlorite Generation Pilot Project in the amount of \$88,429.05
3. Chairperson's Report No. 19-39 - Discussion and possible Action concerning the Board's position on the Salary Commission's agenda item no. SC 2019-03 "Discussion and decision-making on submitting a Salary Resolution establishing the maximum cap for salaries for certain County officers and employees included in Section 3-2.1 of the Kaua'i County Code for the Fiscal Year 2018-2019"

BOARD OF WATER SUPPLY
REGULAR MEETING
January 25, 2019

H. NEW BUSINESS (cont'd)

4. Department of Water's 2019 Capital Improvement Projects
5. Manager's Report No. 19-40 – Discussion and Possible Action to Rescind Existing Board Policy No. 12 for Retention Periods and Destruction of Fiscal Division Records
6. Manager's Report No. 19-41 - Discussion and Possible Action to approve a Grant of Easement Agreement for Puakea I Subdivision, affecting the following:
 - a. Grove Farm Properties, Inc., TMK: (4) 3-3-020:031, Līhu'e, Kaua'i, Hawai'i
7. Manager's Report No. 19-42 –Discussion and Receipt of Update regarding Status of Water Treatment and Delivery Agreement with Grove Farm Properties, Inc.

I. CONSENT CALENDAR

**J. STAFF REPORTS
MONTHLY**

1. Discussion and Receipt of the Kaua'i County Water Department's Statement of Revenues and Expenditures
 - a. December Monthly Summary Budget
 - b. Accounts Receivable Aging Summary
2. Discussion and Receipt of the Report by the Information & Education Specialist on Public Relations Activities
3. Discussion and Receipt of the Chief of Operation's Summary Report on Operational Activities
4. Discussion and Receipt of the Manager and Chief Engineer's Monthly Update Regarding Activities of Note of the DOW
 - a. BAB Quarterly Report (*October - December 2018*)

QUARTERLY (*October – December 2018*)

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

K. 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 § 92-4 and § 92-5(a)(4), the purpose of this Executive Session is for the Board to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as they may relate to this agenda item:*

**BOARD OF WATER SUPPLY
REGULAR MEETING**

January 25, 2019

K. EXECUTIVE SESSION (cont'd)

- a. Manager's Report No. 19-37 - Discussion and Possible Action to Request Board Approval for Additional Funding to procure Special Counsel to provide legal services for the Department of Water in the amount of \$40,000.00
2. *Pursuant to Hawaii revised statutes 92-4 and 92-5(a)(4), the purpose of this Executive Session is for the Board to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as they may relate to this agenda item:*
 - a. Chairperson's Report 19-39 - Discussion and possible Action concerning the Board's position on the Salary Commission's agenda item no. SC 2019-03 "Discussion and decision-making on submitting a Salary Resolution establishing the maximum cap for salaries for certain County officers and employees included in Section 3-2.1 of the Kaua'i County Code for the Fiscal Year 2018-2019"

L. TOPICS FOR NEXT WATER BOARD MEETING (February 2019)

1. Manager's Report No. 17-29 (Update) - Discussion and Possible Action on the Financial Management Planning and Water Rate Analysis for the Department of Water for July 2019 through June 2023 and submit a Small Business Impact Statement to the Small Business Regulatory Review Board
2. IT Strategic Plan Presentation
3. Resolution for Employees of the Year

M. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Department of Water Performance Audit (*Update*)
2. Discussion and Possible Action to hire a consultant to provide a Policy in the Development of Priorities for the Current Rate Study & 2018-2019 Budget Process for:
 - a. Capital Budget
 - b. Operating Budget
 - c. Reserves
 - d. Debt
3. Workshop presentation regarding the Master Plan of the Department of Water's former Administration Building, Baseyard, Micro Lab, Information Technology (*2019*)

N. UPCOMING EVENTS

1. AWWA HWWA & HWEA 6th Annual Joint Conference (*February 19-21, 2019*)
2. AWWA ACE 20th Conference, Denver, Colorado (*June 9-12, 2019*)
3. HWWA/HRWA Conference, Honolulu, Hawai'i (*TBA*)
4. Fix-a-Leak Week (*March 18-22, 2019*)
5. Make a Splash, Project Wet (*September 20, 2019*)
6. DOW's Annual Meeting (*December 13, 2019*)

O. NEXT WATER BOARD MEETING

1. Friday, February 22, 2019, 10:00 a.m.
2. Friday, March 22, 2019, 10:00 a.m.
3. Friday, April 26, 2019, 10:00 a.m.
4. Friday, May 24, 2019, 10:00 a.m.

P. ADJOURNMENT

Draft Minutes

MEETING MINUTES
BOARD OF WATER SUPPLY
December 28, 2018

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Līhu'e on Friday, December 28, 2018. Chair Beth Tokioka called the meeting to order at 10:02 a.m. The following Board members were present:

BOARD: Ms. Beth Tokioka, *Chair*
Ms. Laurie Ho
Mr. Thomas Canute
Mr. Ka`aina Hull (*sworn in as Ex-Officio Planning Department before the meeting*)
Mr. Lawrence Dill (*entered approx. 10:05 a.m.*)

EXCUSED: Mr. Sherman Shiraishi, *Vice Chair*

Quorum was achieved with 4 members present at Roll Call.

STAFF:

Mr. Valentino Reyna	Mr. Carl Arume
Mr. Dustin Moises	Mr. Keith Aoki
Mr. Michael Hinazumi	Mrs. Sandi Nadatani-Mendez
Mr. Marcelino Soliz	Mr. Dustin Moises
Mr. Jason Fujinaka	Mrs. Mary-jane Akuna
DCA Peter Morimoto	Mr. Eric Fujikawa

GUESTS: Councilwoman Felicia Cowden
Mr. Hall Parrott, Private Citizen

C. ACCEPTANCE OF AGENDA

Mr. Canute moved to approve and reorder the amended Agenda to move up Item E No. 1 Correspondence following Acceptance of the Agenda; seconded by Ms. Ho; with no objections, motion carried with 4 Ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS

1. Correspondence from Manager & Chief Engineer Bryan Wienand to Honorable Mayor Bernard Carvalho Jr., Mahalo and Aloha, dated December 20, 2018

BACKGROUND:

Chair Tokioka mentioned that at the Annual Meeting, the staff acknowledged Mayor Carvalho's amazing service to Kaua'i.

DISCUSSION:

Mayor Carvalho was glad to see the Department of Water (DOW) staff at this meeting. He has been spending his spare time at local businesses and has been very appreciative. Mayor Carvalho will be involved in the community in the future and is concentrating time with family.

Ms. Ho has served Mayor Carvalho on her fifth year with the Board until 2019 and has learned a lot. Mr. Canute appreciated the opportunity on his appointment which has been rewarding. Chair Tokioka has been with the Mayor from the beginning of his journey. Chair remembers working with Mayor Carvalho when they collaborated with the DOW. His collaborative style is to find a common ground; he has made an amazing impact on the island and County government. She appreciated the sacrifice his family made on his service.

Private Secretary Mrs. Mary-jane Akuna presented Mayor Carvalho with a beautiful water clock that Operations made and a special poster signed by the DOW staff and the Mayor responded by saying “this was so nice.”

At approx. 10:05 a.m. Mr. Dill entered the meeting.

Information Specialist Mr. Jason Fujinaka read Manager Wienand’s special message to Mayor Carvalho. A photo op followed with the Board and staff.

D. MEETING MINUTES

Review and approval of:

Regular Board Meeting – November 21, 2018

BACKGROUND:

Chair Tokioka reviewed Mr. David Penn’s written testimony on the revisions of the draft November 21st minutes (“Received for the Record). She indicated these were not substantive changes but clarified a few words to make the sentence clearer.

Mr. Canute moved to approve the Regular Board Meeting minutes of November 21, 2018; seconded by Ms. Ho, with no objections, motion carried with 5 ayes.

DISCUSSION:

Chair Tokioka was not going to make any changes to Mr. Penn’s suggestion to the “Third sentence beginning “Mr. Heacock said...” under part 3) of this sentence, it is not clear which system Mr. Heacock said “he will maintain” – “a private system” or “the DOW’s water system.” Chair Tokioka said the Commission Support Clerk listened to the verbatim on the tape. Mr. Penn’s comments were not clear other than just saying “the system” and the verbatim did not give any clarity.

Revision #1, 4th sentence: “Mr. Penn indicated that the Manager’s Report states that the pros for Mr. Heacock’s request...”

Revision #2, 4th sentence: “He reviewed ... this policy, and ~~including~~ previous “thoughts of” Board members ...”

Chair Tokioka added: “thoughts of”

Revision #3, 1st sentence: “The public notice... was confusing that was address to ~~stated~~ “*The prior...*” Ms. Ho referred to Page 6, 4th para. - change “exception” to “extension.”

Ms. Ho moved to approve the amended Regular Board minutes of November 21, 2018; seconded by Mr. Canute; with no objections, motion carried with 5 ayes.

Review and approval of:

Executive Session – November 21, 2018

Mr. Hull moved to approve the Executive Session minutes of November 21, 2018; seconded by Mr. Canute; with no objections, motion carried with 5 Ayes.

E. CORRESPONDENCE/ANNOUNCEMENTS (cont’d)

2. Committee Appointments by 2019 Incoming Chair Thomas Canute for Rules Committee, Finance Committee, Audit Committee, Committee of the Whole

DISCUSSION:

Chair Tokioka mentioned there are three (3) open seats on the Board. Mr. Canute added there are five (5) open committee positions. Ms. Ho questioned if Board member Shiraishi is willing to be held over (90 days) until his replacement is appointed and approved.

DCA Morimoto clarified that the Mayor does not approve the hold overs because it is done by Charter with an automatic hold over. The Charter states: "All members of all Boards or Commissions shall serve for staggered terms of three years until their successors are appointed, however, no hold over term shall extend beyond 90 days. All members currently serving shall serve the term as set when they were appointed." DCA clarified if a name is submitted by the Administration to the Council, it is done at a Council meeting. Chair Tokioka said once the next Council meeting is posted, names will be listed for Boards and Commissions. Appointees are interviewed which may two to three weeks.

Incoming Chair Canute agreed that this agenda item should be deferred and will ask Mr. Shiraishi on Monday if he would be willing to be held over up to 90 days.

Mr. Hull moved to defer the Committee Appointments by 2019 Incoming Chair Thomas Canute for Rules Committee, Finance Committee, Audit Committee, Committee of the Whole to the January Board Meeting; seconded by Ms. Ho, with no objections, motion carried with 5 Ayes.

F. BOARD COMMITTEE & PERMITTED INTERACTION GROUP REPORTS

None.

G. OLD BUSINESS

1. Manager's Report No. 18-82 - Department of Water's Capital Improvement Projects for 2019-2020 (*Update*)

BACKGROUND:

Civil Engineer Michael Hinazumi reported for the Chief of Water Resources & Planning Mr. Edward Doi and gave an update on the legislative liaison. The Department is in discussion with the legislative liaison regarding amendments and changes to the contract which will be communicated to Manager Wienand for comment.

H. NEW BUSINESS

1. Resolution 19-07 - Farewell to Warren Rita (Retiree), Lead Pipefitter, Operations Division

BACKGROUND:

Chief of Water Operations Mr. Val Reyna shared some facts about retiree Warren Rita (30 yrs.) and Galen Shigeta's (23 yrs.) on their DOW service. Warren and Galen came in as Laborers and rose from the ranks. Warren was the 2012 Co-Employee of the Year based on his ability to be available for call outs 90% of the time. Galen was the Water Plant Operator on standby duty to handle call outs from the Supervisory Control & Data Acquisition (SCADA) system alarms. Mr. Reyna added that they are good men and will be hard to replace.

DISCUSSION:

Ms. Ho added to promote from within DOW for position replacements. Mr. Reyna agreed and is interviewing for potential replacements; the hiring process will be fast. Chair Tokioka mentioned that the Board appreciated their service and wished Warren and Galen well.

At approx. 10:35 a.m., Chair acknowledged Councilmember Felicia Cowden who entered the meeting.

The Board adopted Resolution 19-07 - Farewell to Warren Rita (Retiree), Lead Pipefitter, Operations Division with no objections.

2. Resolution 19-08 – Farewell to Galen Shigeta (Retiree), Water Plant Operator I, Operations Division

(Note: Refer to Background and Discussion covered & included under Agenda Item H No. 1.)

The Board adopted Resolution 19-08 – Farewell to Galen Shigeta (Retiree), Water Plant Operator I, Operations Division with no objections.

3. Manager's Report No. 19-30 - Resolution 19-09 (12/18) Mahalo and Aloha Board Member, Sherman Shiraishi

BACKGROUND:

Chair Tokioka acknowledged Mr. Shiraishi who served the Board since 2012 with a DOW clock and Resolution. Mr. Shiraishi was here when the Facilities Reserve Charge (FRC) was revised, always been a wise legal counselor, generous in sharing his expertise and will be missed on the Board. Mr. Canute shared Mr. Shiraishi is a great west side person. Ms. Ho appreciated when he always reminded the Board of all of the policies and had interim manager Mr. Steve Kyono's phone number handy during a previous meeting.

The Board adopted and approved Manager's Report No. 19-30 - Resolution 19-09 (12/18) Mahalo and Aloha Board Member, Sherman Shiraishi with no objections.

4. Manager's Report No. 19- 31 – Discussion and Possible Action for Board Approval to enter into a Land Exchange Agreement between the Director of Finance, County of Kaua'i, the Board of Water Supply, County of Kaua'i, and Bank of Hawai'i, a Hawai'i corporation, by its division Pacific Century Trust, successor by merger to Hawaiian Trust Company, Limited, as Trustee under that certain indenture made between Walter D. McBryde and said Hawaiian Trust Company, Limited, dated August 20, 1918, recorded in the Bureau of Conveyances of the State of Hawai'i in Liber 498 at Page 488, as amended from time to time, to enter into a Land Exchange Agreement affecting:
 - a. County of Kaua'i, TMK: 2-3-005:006 and
 - b. Bank of Hawai'i, a Hawai'i corporation, TMK: 2-3-005:025

BACKGROUND:

Civil Engineer Aoki mentioned that this is the continuation of the Kukuilono water tank project that the DOW is currently renting from the land owners. The Land Exchange Agreement is to document where the water tank, County lot and golf course is located; the golf course wants the tank removed. There is an agreement with the land owner that the Department would remove the above ground tank and underground storage tank which was discovered. After this is done, Mr. Aoki said the agreement on the exchange of land is to swap the County parcel on the golf course. Based on the agreement, there would be an assessment and if one is assessed a higher value, the party will pay the difference (even exchange).

Mr. Canute moved to approve Manager's Report No. 19- 31 – Discussion and Possible Action for Board Approval to enter into a Land Exchange Agreement between the Director of Finance, County of Kaua'i, the Board of Water Supply, County of Kaua'i, and Bank of Hawai'i, a Hawai'i corporation, by its division Pacific Century Trust, successor by merger to Hawaiian Trust Company, Limited, as Trustee under that certain indenture made between Walter D. McBryde and said Hawaiian Trust Company, Limited, dated August 20, 1918, recorded in the Bureau of Conveyances of the State of Hawai'i in Liber 498 at Page 488, as amended from time to time, to enter into a Land Exchange Agreement affecting: a. County of Kaua'i, TMK: 2-3-005:006 and b. Bank of Hawai'i, a Hawai'i corporation, TMK: 2-3-005:025; seconded by Mr. Dill; with no objections, motion carried with 5 Ayes.

5. Manager's Report No. 19-32 – Discussion and Possible Action to procure a Hearing Officer for the First Amended Petition for a Contested Case Hearing: Petitioner Donald E. Heacock Regarding Water Meter Service Request for one 5/8-inch Water Meter for Domestic Use, TMK: 3-02-003:016, Niumalu, Kaua'i, dated November 29, 2018

Mr. Dill moved to approve to procure a Hearing Officer for Manager's Report No. 19-32 – Discussion and Possible Action to procure a Hearing Officer for the First Amended Petition for a Contested Case Hearing: Petitioner Donald E. Heacock Regarding Water Meter Service Request for one 5/8-inch Water Meter for Domestic Use, TMK: 3-02-003:016, Niumalu, Kaua'i, dated November 29, 2018; seconded by Mr. Canute; with no objections, motion carried with 5 Ayes.

6. Manager's Report No. 19-33 - Discussion and Possible Action to Request Board Approval for Indemnification, Attorney's Fees, and Governing Law for use of First Hawaiian Bank Online Purchase Card ("P-Card") & Centre Suite Access between the Board of Water Supply, County of Kaua'i and First Hawaiian Bank

DISCUSSION:

Mr. Canute recused himself from this agenda item but only mentioned that CentreSuite is a great software.

Mr. Dill moved to approve Manager's Report No. 19-33 - Discussion and Possible Action to Request Board Approval for Indemnification, Attorney's Fees, and Governing Law for use of First Hawaiian Bank Online Purchase Card ("P-Card") & Centre Suite Access between the Board of Water Supply, County of Kaua'i and First Hawaiian Bank; seconded by Ms. Ho; with no objections, motion carried with 4 Ayes, Mr. Canute Recused himself.

7. Manager's Report No. 19-34 - Discussion and Possible Action to Request Board Approval for Indemnification, Attorney's Fees, and Governing Law for use of Symantec Corporation software between the Board of Water Supply, County of Kaua'i and Symantec Corporation

Ms. Ho moved to approve Manager's Report No. 19-34 - Discussion and Possible Action to Request Board Approval for Indemnification, Attorney's Fees, and Governing Law for use of Symantec Corporation software between the Board of Water Supply, County of Kaua'i and Symantec Corporation; seconded by Mr. Canute; with no objections, motion carried with 5 Ayes.

I. CONSENT CALENDAR

1. Manager's Report No. 19-35 - Discussion and Possible Action to approve a Grant of Easement Agreement for the Water Meter Plan for Parcel 2 Omao Homesteads, affecting the following:
 - a. Jennifer Susan Riddall, TMK: (4) 2-7-004:002, Omao, Kaua'i, Hawai'i

Ms. Ho moved to receive Manager's Report No. 19-35 - Discussion and Possible Action to approve a Grant of Easement Agreement for the Water Meter Plan for Parcel 2 Omao Homesteads, affecting the following: a. Jennifer Susan Riddall, TMK: (4) 2-7-004:002, Omao, Kaua'i, Hawai'i; seconded by Mr. Dill; with no objections, motion carried with 5 Ayes.

2. Manager's Report No. 19-36 - Discussion and Possible Action to approve a Grant of Easement Agreement for the Kīlauea Elementary School, Building A-Replace Waterline, affecting the following:
 - a. County of Kaua'i, TMK: (4) 5-2-009:006, Kīlauea, Kaua'i, Hawai'i

Ms. Ho moved to receive Manager's Report No. 19-36 - Discussion and Possible Action to approve a Grant of Easement Agreement for the Kīlauea Elementary School, Building A-Replace Waterline,

affecting the following: a. County of Kaua'i, TMK: (4) 5-2-009:006, Kīlauea, Kaua'i, Hawai'i; seconded by Mr. Dill; with no objections, motion carried with 5 Ayes.

J. STAFF REPORTS

MONTHLY

1. Discussion and Receipt of the Kaua'i County Water Department's Statement of Revenues and Expenditures
 - a. November Monthly Summary Budget
 - b. Accounts Receivable Aging Summary

BACKGROUND:

Accountant, Mr. Marcelino Soliz reported for Waterworks Controller Ms. Tess Yano. He mentioned that the water sales continue to decline and had not pinpointed the reason for the decline.

Water Revenue Receipts - down

Capital Contributions – down

Miscellaneous Revenues – down as of 11/30/18

Non-Operating Proceeds and Disbursement – none

Annual payments on loans – will be reflected in the December books

FRC – should be leveling off since deadline

Capital Projects YTD - \$2.4M

Water Utility Fund - \$1.5M

Capital Projects - \$58K

Build America Bond – \$881,000

Certificate of Funds - \$856K

Water Utility Fund – none; BAB – none; FRC – none

Water Meter Consumptions – 36M gallons (still declining)

Comparative Balance Sheet have not been produced – there were issues past 3 mos. with County Finance Department on late and unreliable numbers that didn't match, missed postings on interest or no posts at all. He added that based on the days late, Fiscal has to calculate the daily interests. They may be transition issues from new staff on board, a backlog in catching up and technical errors. Another meeting is scheduled with Finance Department to get a better view of what funds are available.

DISCUSSION:

Ms. Ho commented that the Board would like to be informed if the meeting does not work out. Mr. Dill asked how long has the decline in water consumption been going on? Mr. Soliz said in the last four (4) months water consumptions has gone down 5% - 6% mostly on irrigation and water conservation in the community. Mr. Dill referred to Manager's Report No. 18-82 regarding the Capital Improvement Projects and noticed that water consumption was based on the 2011 water consumption data. He suggested to update the data.

Chair Tokioka referred to a variance of 40% on Expenditures and if it will catch up. Mr. Soliz said there some vacancies that have not been filled.

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

BACKGROUND:

Information Specialist Mr. Fujinaka reported for Mrs. Jonell Kaohelauii and highlighted the following:

1. In 2018, the DOW public relations goals were to strength the community and presence to build customer loyalty and education. This was achieved through strategic planning, events, various platforms, 22 educational outreach presentations, facilitated two community meetings, increased

interactive relations through social media; more than 125 Facebook announcements and 31 direct messages that were answered, 63 news releases, coordinated two signature annual events, posting of a media event and increased customer participation of the DOW's Fix-a-Leak event by 204%. DOW's outreach was expanded to home schools, public charter schools, and private school programs, and the Visitor Industry Charity Walk. This was successful and measured by fewer customer complaints during service shutdowns, voice and written customer appreciation compliments, supported media recognition, increased education requests from the community and improvement in customer knowledge, understanding of the Department's services and notification methods.

DISCUSSION:

Mr. Hull mentioned the Planning Department are having community Westside Update meetings which have been pretentious. He recognized Chief of Water Resources & Planning Edward Doi and Michael Hinazumi who participated in these meetings. There were no issues of water that came up.

Chair Tokioka added that Public Relations is doing a great job.

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

BACKGROUND:

Chief of Operations Mr. Reyna highlighted the following:

1. Water Loss on leaks – went up over 1%; yearly was 11.2% (10% - 15% is industry standard). Operations goal is 10% or below. This goal may not be reached because leaks pop up any time. Response time can be controlled which Operations has accomplished.

DISCUSSION:

Mr. Dill inquired if there were any proactive leak programs that detect sound detection? Mr. Reyna said there is only person that is doing leak detection for the whole island. This person is also assisting with Hawai'i One Calls to mark main lines for contractors which Mr. Reyna considers proactive. Mr. Reyna requested for another Water Service Investigator position at the November meeting.

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

BACKGROUND:

Mr. Aoki reported for Manager Wienand and highlighted the following:

1. **CONTRACTS AWARDED/EXTENSION/AMENDMENTS:**
Five (5) Contracts were awarded (see Board packet).
2. CC&B - The contract execution for CC&B is still pending.
3. IT Strategic Plan – to be presented at the January Board meeting; implementation 1st Qtr. next year.

The Manager's Update included his well wishes for this holiday season to the Board of Water Supply & Mahalo for their support and hard work throughout a very challenging and successful year in 2018!

K. EXECUTIVE SESSION

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L. TOPICS FOR NEXT WATER BOARD MEETING (January 2019)

1. IT Strategic Plan Presentation
2. Manager's Report No. 17-29 (Update) - Discussion and Possible Action on the Financial Management Planning and Water Rate Analysis for the Department of Water for July 2019 through June 2023 and submit an Impact Statement to the Small Business Regulatory Review Board *Water Rate Study – SBRRB Results; Recommend Public Hearing
3. Committee Appointments by 2019 Incoming Chair Thomas Canute for Rules Committee, Finance Committee, Audit Committee, Committee of the Whole

M. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Workshop presentation regarding the Table of Organization
2. Department of Water Performance Audit (Update)
3. Discussion and Possible Action to hire a consultant to provide a Policy in the Development of Priorities for the Current Rate Study & 2018-2019 Budget Process for:
 - a. Capital Budget
 - b. Operating Budget
 - c. Reserves
 - d. Debt
4. Workshop presentation regarding the Master Plan of the Department of Water's former Administration Building, Baseyard, Micro Lab, Information Technology (2019)
5. Request Board Approval of Resolution for Employee of the Year (February 2019)
6. Manager's Report No. 18-82 - Department of Water's Capital Improvement Projects for 2019-2020 (Update)

➤ Mr. Hull and former Board member Mr. Michael Dahilig will meet to discuss the continuity on Planning's position and the Water Board (re: needs & wants, what are the priorities).

N. UPCOMING EVENTS

1. AWWA HWWA & HWEA 6th Annual Joint Conference (February 19-21, 2019)
2. AWWA ACE 20th Conference, Denver, Colorado (June 9-12, 2019)
3. HWWA/HRWA Conference, Honolulu, Hawai'i (TBA)
4. Make a Splash, Project Wet (September 20, 2019)

O. NEXT WATER BOARD MEETING

1. Friday, January 25, 2019, 10:00 a.m. (Excused - Chair Tokioka)
2. Friday, February 22, 2019, 10:00 a.m.
3. Friday, March 22, 2019, 10:00 a.m.
4. Friday, April 26, 2019, 10:00 a.m.

P. ADJOURNMENT

Ms. Ho moved to Adjourn the Regular Meeting at 11:02 a.m.; seconded by Mr. Dill; with no objections, motion carried with 5 Ayes.

Respectfully submitted,

Approved,

Edith Ignacio Neumiller
Commission Support Clerk

Thomas Canute
Secretary – Board of Water Supply

Correspondence





OFFICE OF BOARDS & COMMISSIONS
OFFICE OF THE MAYOR
THE COUNTY OF KAUAI

DEREK S. K. KAWAKAMI, MAYOR
MICHAEL A. DAHLIG, MANAGING DIRECTOR

ELLEN CHING
ADMINISTRATOR

RECEIVED

DEC 27 2018

MEMORANDUM

Date: December 27, 2018

To: Beth Tokioka, Chair
Board of Water

From: Ellen Ching, Office of Boards and Commissions

Subject: Invitation to Join the Police Commission in a discussion regarding Salaries

Per the adoption of a motion made at the Police Commission meeting held on December 21, 2018, the Police Commission is requesting the Board of Water to join them in participating in a discussion regarding salaries at the next meeting of the Salary Commission on January 9, 2019.

Should you or the members of the Board of Water be willing and able to participate in this discussion, please contact me by email at eching@kauai.gov or by phone at 241-4922 at your earliest convenience. Thank you.

www.kauai.gov

4444 Rice Street Suite 150 • Lihue, Hawai'i 96766 • (808) 241-4922 (b) • (808) 241-5127 (f)
An Equal Opportunity Employer

Old Business

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

Board of Water Supply

Officers and Committee Members for 2019

(Effective January 1, 2019)

2018

Current Officers – Board of Water Supply:

Chair	Beth Tokioka
Vice-Chair	Sherman Shiraishi
Secretary	Tom Canute

Rules Committee:

Chair	Michael Dahilig
Member	Sherman Shiraishi
Member	Laurie Ho

Finance Committee:

Chair	Larry Dill
Member	Lyle Tabata
Member	Thomas Canute

Audit Committee:

Committee of the Whole:

All Board Members

2019

2019 Officers:

Chair:	Thomas Canute
Vice-Chair:	Laurie Ho
Secretary:	Beth Tokioka

Chair:	_____
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Member:	_____
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Member:	<u>Laurie Ho</u>
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Chair:	<u>Larry Dill</u>
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Member:	_____
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Member:	_____
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Chair:	_____
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Member:	<u>Beth Tokioka</u>
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Member:	<u>Thomas Canute</u>
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Chair:	<u>Thomas Canute</u>
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New Business

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

MANAGER'S REPORT No. 19-37

January 25, 2019

Re: Discussion and Possible Action to Approve Additional Funding to procure Special Counsel to provide arbitration or mediation and employment litigation and related legal services for the Department of Water in the amount of \$40,000.00

RECOMMENDATION:

It is recommended that the Board approve \$40,000.00 in additional funding for the subject request.

FUNDING:

Account No.	10-01-10-540-010				\$10,000.00
Acct Description	WU/Admin/Admin/Professional Services – General/Arbitration				
From: Funds Available	WU/Net Position, Unrestricted Fund 10-00-00-330-000			\$	\$40,000.00
Contract No.					
Vendor					
	Proposed Contract Amount	\$	\$50,000.00		
	5% Contingency	\$	n/a		
	Total Funds to be Expended	\$	50,000.00		\$50,000.000
Total Additional Fund Requested for Account No. 10-01-10-540-010				\$	\$40,000.00

BACKGROUND:

The County of Kaua'i is named as a defendant in the First Amended Complaint; Demand for Jury Trial; Summons for Civil No. 18-1-0158 (Other Civil Action). The Plaintiff is former Department of Water employee Ronald K. Yamashita, Jr. Two current DOW employees and a former DOW employee are also named as defendants in the case. The Office of the County Attorney is currently short-staffed and does not have the manpower available to handle the case. Additional funds are being requested so that Special Counsel can be procured to represent the County of Kaua'i in this matter. The specific amount for the services is not yet known, but a reasonable estimate is being made based on information from the Office of the County Attorney.

OPTIONS:

Option 1: Approve the requested additional funding.

Pros: This will allow the Department to procure Special Counsel to provide legal services.

Cons: The exact cost is not yet known. It is possible that additional funds will be needed in the future.

Option 2: Do not approve the requested additional funding.

Pro: None known.

Cons: It is likely that the Department will not have sufficient funds to procure Special Counsel to provide legal services.

BW/ein

Mgrrp/January 2019/19-37/Discussion and Possible Action to Approve Additional Funding to procure Special Counsel to provide arbitration or mediation and employment litigation and related legal services the Department of Water in the amount of \$40,000.00 (1-25-19):ein

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

MANAGER'S REPORT No. 19-38

January 25, 2019

Re: Discussion and Possible Action for Additional Funding to Award Job No. 19-03, Makaleha On-Site Sodium Hypochlorite Generation Pilot Project in the amount of \$88,429.05

RECOMMENDATION:

It is recommended that the Board approve \$88,429.05 in additional funding for the subject project. The pilot project is budgeted for this fiscal year with funding in the amount of \$60,000.00; however, the sole bid received is in the amount of \$141,361.00. The requested amount includes a 5% contingency.

FUNDING:

Account No.	10-40-50-563-000				\$60,000.00
Acct Description	WU/Ops/PandP/Operating Supplies/ Sodium Hypochlorite On-site Generation				
From: Funds Available	WU/Net Position, Unrestricted Fund 10-00-00-330-000			\$	\$88,429.05
Contract No.	xxx				
Vendor	Aqueous US Vets				
	Proposed Contract Amount	\$	\$141,361.00		
	5% Contingency	\$	\$7,068.05		
	Total Funds to be Expended	\$			\$148,429.05
Total Additional Fund Requested for Account No. 10-40-50-563-000				\$	\$88,429.05

BACKGROUND:

The Department issued a Construction Invitation For Bid (IFB) for the fabrication, delivery, and installation of the Makaleha On-Site Sodium Hypochlorite Generation Pilot Project which was opened on November 15, 2018. The Department received one proposal for the subject project. There was a substitution request from another prospective bidder that was denied primarily due to not meeting specifications. There was ample time for other vendors to bid, and multiple vendors requested copies of the bid documents.

Pursuant to HRS §103D-312, the Department conducted a cost and price evaluation and has determined that the price is fair and reasonable. Specifically, the pricing received for the IFB from the sole bidder, Aqueous US Vets, was compared to pricing for similar configuration generation equipment that the County of Maui currently has installed at their water treatment plants. There is a large difference in the estimated budget price and the bid received from Aqueous US Vets. The pricing comparison breakdown for the Makaleha On-site Sodium Hypochlorite Generator Pilot Project is as follows:

1. The pricing received from the competitive sealed bid process was \$141,361.00 which was \$81,361.00 over the estimated budget price of \$60,000. The increase in price can be attributed to the difference in specifications between the budget estimate and the actual received bid. From the time when the Department acquired budget pricing data to when specifications were made in the bid document, the scope of the job changed substantially. This was due primarily to a more detailed evaluation of site-specific conditions as well as a more detailed evaluation of the specific parts and equipment needed for the project. The following table is a comparison of the differences in the specifications:

Budget Specifications	Bid Specifications
304SS Skid	316SS Skid
Powder Coated Steel Control Panel	316SS Control Panel
NEMA 3R Transformer Rectifier	NEMA 4X Transformer Rectifier
400-gallon Hypo Tank	550-gallon Hypo Tank
No Dosing System	Complete Dosing System w/ Spare Pump
No Hydrogen Detector	Hydrogen Detector Included
No Spare Parts	Switches, Sensor, Brine pump, Cell Cartridge, Solenoid, PRV
Two (2) Days on Job Site	Two (2) days Start-up & Two (2) Days Training

The Department initiated communication with the County of Maui's Department of Water Supply regarding their new on-site sodium hypochlorite generation installations and gained valuable insight into what they found out to be useful with respect to project specifications. Due to similar conditions at our selected pilot site, we selected the increased corrosion protection of 316SS instead of the 304SS and powder coated steel. We also included the dosing system to simplify installation to have the contractor perform instead of requiring additional coordinating with staff. The budget estimate also did not include freight to Kaua'i.

2. Maui County Department of Water used similar specifications to our 10 pounds per day (PPD) unit; however, the sizes of the generation units were much larger than ours. The following prices are from the recent installations on Maui for their on-site generation projects:
 - i. Lahaina Water Treatment Plant, 60 PPD unit = \$329,000
 - ii. Olinda Water Treatment Plant, 60 PPD unit = \$373,000
 - iii. Kamole Water Treatment Plant, 100 PPD unit = \$384,000
 - iv. Piihola Water Treatment Plant, 200 PPD unit = \$439,000
 - v. Mahinahina Water Treatment Plant, 60 PPD unit = \$398,000

Taking into consideration the pricing comparisons between other applications currently in use on Maui, we find the cost associated with Makaleha On-site Sodium Hypochlorite Generation Pilot Project is acceptable. We have determined that the pricing received from Aqueous US Vets is fair and reasonable, and recommend that the Board approve Option 1 for the additional funds to allow the pilot project to be awarded.

OPTIONS:

Option 1: Approve the requested additional funding.

Pros: This will allow the Operations Division and the Department as a whole to move forward with the award and contract execution of the pilot project for the on-site generation of sodium hypochlorite. The pilot project will allow the DOW to further evaluate the advantages of the on-site generation system, including but not limited to the related costs, as well as the manpower required to operate and maintain the system.

On-site generation increases the water system's resiliency and provides peace of mind in emergency situations: similar to having emergency generators available to provide power during power outages, or during emergencies due to natural disasters, on-site generation will help ensure that water disinfection chemical is available when transport or delivery of sodium hypochlorite would not be available. On-site generation is also safer system for our staff because sodium hypochlorite does not need to be transported or handled at our sites.

By transitioning to on-site sodium hypochlorite generation, we will not be reliant on our current vendor who raised the price of sodium hypochlorite by 47% in 2018. There is no guarantee that prices for sodium hypochlorite transport and delivery will not continue to rise in the future. The DOW spent \$33,569 on sodium hypochlorite in FY 2017 and \$49,758.90 in fiscal year 2018.

Cons: The contract cost is \$88,429.05 more than the original budget funding (which includes a 5% contingency cost).

Option 2: Do not approve the requested additional funding.

Pro: The DOW will not move forward with the award and contract execution, and will not expend the \$60,000.00 budgeted amount and the \$81,361.00 additional amount requested plus the 5% contract contingency in the amount of \$7,068.05 for a total of \$148,429.05 in savings, at this time.

Cons: The DOW will not be able to move forward with on-site generation of Sodium Hypochlorite, the chemical used in water disinfection prior to distribution. As such, the DOW will remain dependent on the sole on-island provider of Sodium Hypochlorite who may increase prices and discontinue deliveries at will.

VR/ein

Mgrp/January 2019/19-38/Discussion and Possible Action for Additional Funding to Award Job No. 19-03, Makaleha On-Site Sodium Hypochlorite Generation Pilot Project in the amount of \$88,429.05 (1-25-19):ein

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

CHAIRPERSON'S REPORT No. 19-39

January 25, 2019

Re: Discussion and possible Action concerning the Board's position on the Salary Commission's agenda item no. SC 2019-03 "Discussion and decision-making on submitting a Salary Resolution establishing the maximum cap for salaries for certain County officers and employees included in Section 3-2.1 of the Kauai County Code for the Fiscal Year 2018-2019"

BACKGROUND:

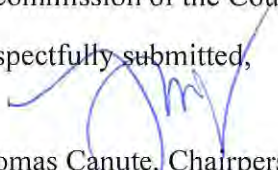
The Police Commission and the Fire Commission are in the process of hiring Chiefs for their respective Departments. During this process the Kauai Police Commission found that the maximum salary, set by the Salary Commission and approved by the County Council, has impacted the pool of applicants for the position of Chief. Specifically, some candidates from outside the County withdrew from consideration upon notice of the salary cap applicable to the position; and candidates from within the department declined to seek the position because the move would cause a reduction in the officer's pay, which as a result of a number of issues, can be more than the salary offered for the Chief position. Noting that other boards and commissions have recently gone through the hiring process, the Police Commission requested the Administrator of Boards and Commissions to invite those other boards and commissions to attend the Salary Commission meeting to voice their collective support of an increase to the maximum salary of certain officers and employees of the County.

To establish the Board's collective opinion on a Salary Resolution potentially increasing the maximum cap for salaries of certain officers and employees of the Department of Water, the Chair has placed this on the agenda for discussion.

RECOMMENDATION:

Where the Board is in agreement that the salary of certain officers and employees of the Department of Water should be increased, empower Chair to provide written notice of the Board's position to the Salary Commission and/or, at Chair's discretion, attend on the Board's behalf, meetings of any board or commission of the County of Kauai to set forth the Board's collective opinion.

Respectfully submitted,


Thomas Canute, Chairperson
Kaua'i Board of Water Supply

TC/ein

Attachments: Salary – Big Island
 Salary – Maui
 Kaua'i Resolution 2016
 Salary – Honolulu
 Kaua'i Resolution 2017

Mgrp/January 2019/19-39/Chairperson's Report/ Discussion and possible Action concerning the Board's position on the Salary Commission's agenda item no. SC 2019-03 "Discussion and decision-making on submitting a Salary Resolution establishing the maximum cap for salaries for certain County officers and employees included in Section 3-2.1 of the Kauai County Code for the Fiscal Year 2018-2019" (1-25-19:ein



OFFICE OF BOARDS & COMMISSIONS
OFFICE OF THE MAYOR
THE COUNTY OF KAUAI

DEREK S. K. KAWAKAMI, MAYOR
MICHAEL A. DAHLIG, MANAGING DIRECTOR

ELLEN CHING
ADMINISTRATOR

RECEIVED

DEC 27 2018

MEMORANDUM

Date: December 27, 2018

To: Beth Tokioka, Chair
Board of Water

From: Ellen Ching, Office of Boards and Commissions

Subject: Invitation to Join the Police Commission in a discussion regarding Salaries

Per the adoption of a motion made at the Police Commission meeting held on December 21, 2018, the Police Commission is requesting the Board of Water to join them in participating in a discussion regarding salaries at the next meeting of the Salary Commission on January 9, 2019.

Should you or the members of the Board of Water be willing and able to participate in this discussion, please contact me by email at eching@kauai.gov or by phone at 241-4922 at your earliest convenience. Thank you.

www.kauai.gov

4444 Rice Street Suite 150 • Lihue, Hawai'i 96766 • (808) 241-4922 (b) • (808) 241-5127 (f)

An Equal Opportunity Employer

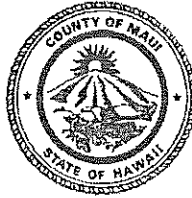
Executive Salary Hawaii County

POSITIONS	HAWAII
EFFECTIVE DATES: (EXCEPT AS NOTED)	3/1/18
GOVERNOR	
LT. GOVERNOR	
ADMIN DIRECTOR of the STATE	
MAYOR	\$162,582
M.D./ ADMIN. ASS'T./ DIR.	\$153,612
DEPUTY M.D.	\$132,744
PROS ATTY	\$153,228
1ST DEPUTY PA	\$145,968
DEPUTIES: PA, Corp Counsel	\$76,614-\$137,905
DEPT. HEADS	
DAGS, DBEDT, DCCA, DHHL, DHS, DLIR, DLNR, DOA, DOH, DOT, PSD, TAX	
BUDGET & FINANCE	\$132,726
ATTORNEY GENERAL/CORP COUNSEL	\$153,228
HUMAN RESOURCES	\$128,628
INFO TECH	\$126,420
POLICE	\$153,270
FIRE	\$151,200 ⁴
MEDICAL EXAMINER	
EMERGENCY SERVICES	
PLANNING	\$132,744
PUBLIC WORKS	\$132,582
DESIGN & CONSTRUCTION	
FACILITIES MAINTENANCE	
ENVIRONMENTAL SERVICES	\$132,744
LIQUOR	\$126,420
WATER	\$130,680 ⁶
CUSTOMER SERVICES	
ENTERPRISE SERVICES	
HOUSING	\$126,420
LAND MANAGEMENT	
PARKS	\$128,760
RESEARCH & DEV./ECONOMIC D	\$126,420
ROYAL HAWAIIAN BAND	
TRANSPORTATION	
DEPUTIES	
DAGS, DBEDT, DCCA, DHHL, DHS, DLIR, DLNR, DOA, DOH, DOT, PSD, TAX	
BUDGET & FINANCE	\$126,402
1ST DEPUTY AG/CORP COUNSEL	\$145,968
HUMAN RESOURCES	\$122,628
INFO TECH	
POLICE	\$145,968
FIRE	\$143,640 ⁴

POSITIONS	HAWAII
EFFECTIVE DATES: (EXCEPT AS NOTED)	3/1/18
MEDICAL EXAMINER	
EMERGENCY SERVICES	
PLANNING	\$126,420
PUBLIC WORKS	\$126,264
DESIGN & CONSTRUCTION	
FACILITIES MAINTENANCE	
ENVIRONMENTAL MANAGEMENT	\$126,420
LIQUOR	
WATER	\$118,800 ⁶
CUSTOMER SERVICES	
ENTERPRISE SERVICES	
HOUSING	
LAND MANAGEMENT	
PARKS	\$122,628
RESEARCH & DEV/ ECONOMIC DEV.	\$113,778
TRANSPORTATION	
LEGISLATIVE BRANCH	3/1/2018
SPEAKERS/PRES	
MEMBERS HSE/SEN	
COUNCIL CHAIRPERSON	\$77,016
COUNCIL MEMBERS	\$70,008
COUNTY CLERK	\$126,420
DEPUTY COUNTY CLERK	\$113,778
COUNTY AUDITOR	\$126,420

Last Updated 09/13/18

ALAN M. ARAKAWA
MAYOR



RECEIVED
COUNTY OF MAUI KEITH A. REGAN
MANAGING DIRECTOR

2017 JAN -6 AM 10: 20

OFFICE OF THE MAYOR DEPARTMENT OF
Ke'ena O Ka Meia PERSONNEL SERVICES
COUNTY OF MAUI – Kalana O Maui

January 4, 2017

Honorable Alan M. Arakawa
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

For Transmittal to:

Yarrow Flower, Chair
and Members of the Civil Service Commission
200 S. High Street
Wailuku, HI 96793

Dear Chair Flower,

**SUBJECT: SALARY INCREASES FOR MAYOR; MANAGING DIRECTOR AND DEPUTY;
DEPARTMENT DIRECTORS AND DEPUTIES**

At its December 9, 2016 meeting, the Salary Commission (Commission) voted to approve a salary increase of 12% for the positions of Mayor, Managing Director and Deputy Managing Director. The Commission also approved 12% salary increases for the positions of director and deputy director of the following departments: Corporation Counsel, Environmental Management, Finance, Fire and Public Safety, Housing and Human Concerns, Liquor Control, Parks and Recreation, Personnel Services, Planning, Police, Prosecuting Attorney, Public Works, Transportation and Water. The Salary increases are effective as of July 1, 2016.

The foregoing actions were reviewed by the Commission at its December 23, 2016 meeting. No action was taken to modify the salary increases approved at the Commission's December 9, 2016 meeting.

After factoring in the 12% increase, the salaries for the following positions are as indicated in the table below:

	Mayor	\$151,979.00
Management	Managing Director	\$141,551.00
	Deputy Managing Director	\$127,396.00
Corporation Counsel	Corporation Counsel	\$142,306.00
	First Deputy	\$135,190.00
Environmental Management	Director	\$139,232.00
	Deputy Director	\$125,310.00
Finance	Director	\$131,118.00
	Deputy Director	\$118,006.00
Fire and Public Safety	Chief	\$151,200.00
	Deputy Chief	\$143,640.00
Housing and Human Concerns	Director	\$127,769.00
	Deputy Director	\$114,992.00
Liquor Control	Director	\$132,432.00
	Deputy Director	\$119,188.00
Parks and Recreation	Director	\$128,542.00
	Deputy Director	\$115,688.00
Personnel Services	Director	\$127,512.00
	Deputy Director	\$114,760.00
Planning	Director	\$130,732.00
	Deputy Director	\$117,659.00
Police	Chief	\$151,200.00
	Deputy Chief	\$143,640.00
Prosecuting Attorney	Prosecuting Attorney	\$142,306.00
	First Deputy	\$135,190.00
Public Works	Director	\$139,232.00
	Deputy Director	\$125,310.00
Transportation	Director	\$120,299.00
	Deputy Director	\$108,269.00
Water	Director	\$135,884.00
	Deputy Director	\$121,288.00

The Commission took no action regarding the salaries for the office of Council Chair, Council Member or County Auditor. Those positions will be discussed at the Commission's March 10, 2017 meeting.

We appreciate this opportunity to serve the people of the County of Maui. If you have any questions, please feel free to contact John Buck, Executive Assistant to the Mayor at (808) 270-7855.

Sincerely,


JAMES LIKES, Vice-Chair
Salary Commission

xc: Keith Regan, Managing Director
David Ching, Deputy Managing Director
Lynn Araki-Regan, Budget Director
Gary Murai, Deputy Corporation Counsel
John L. Buck III, Executive Assistant

SALARY COMMISSION

COUNTY OF KAUAI

Resolution

No. 2016-2

RESOLUTION AMENDING RESOLUTION NO. 2016-1 RELATING TO THE SALARIES OF CERTAIN OFFICERS AND EMPLOYEES OF THE COUNTY OF KAUAI

WHEREAS, pursuant to Section 29.01 of the Kauai County Charter, the Salary Commission establishes the maximum salaries of all elected and appointed officers as defined in Section 23.01 D of the Charter;

WHEREAS, effective February 5, 2016, the Salary Commission adopted Salary Resolution 2016-1, to increase the maximum salaries of all elected and appointed officers as defined in Section 23.01 D of the Charter;

WHEREAS, the County Council rejected Resolution No. 2016-1 and expressed concerns about the County Councilmembers receiving increases in maximum allowable salaries;

BE IT RESOLVED by the Salary Commission of the County of Kauai, State of Hawaii, that Resolution No. 2016-1 is amended as follows:

Article I. Salaries of Certain Officers and Employees

SECTION 1. Effective as of July 1, 2016, the maximum salaries, payable semi-monthly, of certain officers and employees shall be as follows:

Position	Maximum Annual Salary
Mayor	\$132,000
Managing Director	\$122,539
County Engineer	\$119,357
Deputy County Engineer	\$114,582
Director of Finance	\$119,357
Deputy Director of Finance	\$114,582
County Attorney	\$119,357
First Deputy County Attorney	\$114,582
Deputy County Attorney	\$109,560
Prosecuting Attorney	\$119,357
First Deputy Prosecuting Attorney	\$114,582
Deputy Prosecuting Attorney	\$109,560

Director of Human Resources	\$114,582
Chief of Police	\$127,313
Deputy Chief of Police	\$114,582
Planning Director	\$119,357
Deputy Planning Director	\$109,560
Manager and Chief Engineer, Department of Water	\$119,357
Deputy Manager-Engineer, Department of Water	\$114,582
Fire Chief	\$127,313
Deputy Fire Chief	\$114,582

All other maximum salaries for other Certain Officers and Employees are deleted unless further amended by a subsequent resolution.

Section 2. Maximum Salaries. Section 1 sets forth the maximum salaries payable to the listed officers and employees. However, the respective appointing authority may set the salary of any new or existing non-elected appointee at a figure lower than the figure established for the position in this Resolution. Elected officers may voluntarily accept a salary lower than the maximum salary established by this Resolution for their position or may voluntarily forego accepting a salary.

Article II. Salaries of the County Councilmembers

Section 1. This section is amended to delete the increase in maximum salaries for County Councilmembers.

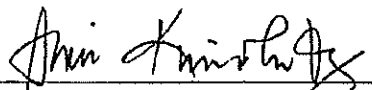
Article III. Severability. If any portion or portions of this Resolution are rejected by a vote of five (5) or more councilmembers, the other provisions of this resolution shall not be affected thereby. If the application of this Resolution or any of its provisions to any persons or circumstance is held invalid by a court of law, the application of this resolution and its provisions to other persons or circumstances shall not be affected thereby.

Article IV. Transmittal of Salary Resolution. The County Clerk shall transmit to the Salary Commission, Mayor, Finance Director, and Human Resources Director a final approved copy of the resolution and note any rejected portions thereto within thirty (30) days after the effective date of this resolution.

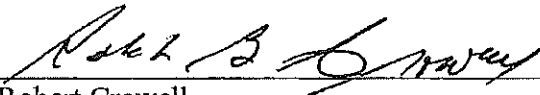
Adopted by the Salary Commission at its meeting on April 11, 2016:




Charles King, Chair




Sheri Kunioka-Volz, Vice Chair



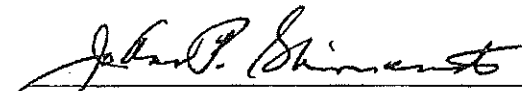
Robert Crowell



Camilla Matsumoto



Lerie Nishihira



Jo Ann Shimamoto

SALARIES OF ELECTED & APPOINTED OFFICIALS

Effective July 1, 2018

City of Honolulu

	Annual Salary	Monthly Salary
Mayor	180,120	15,010
Prosecuting Attorney	170,712	14,226
First Deputy Prosecuting Attorney	162,312	13,526
Council Chair	74,376	6,198
Council Member	66,576	5,548
Managing Director	172,296	14,358
Deputy Managing Director	163,344	13,612
Department Head, except:	160,920	13,410
Police	198,840	16,570
Fire	192,528	16,044
Royal Hawaiian Band	141,984	11,832
Medical Examiner	299,712	24,976
Deputy Department Head, except:	152,688	12,724
Police	189,648	15,804
Fire	183,600	15,300
Medical Examiner	239,808	19,984

Reference: Salary Commission Resolution dated April 24, 2018 submitted under Council Communication No. 145 (2018)

SALARY COMMISSION

COUNTY OF KAUA'I

Resolution No. 2017-1

RESOLUTION RELATING TO THE SALARIES OF CERTAIN OFFICERS AND EMPLOYEES OF THE COUNTY OF KAUA'I

WHEREAS, pursuant to Section 29.01 of the Kaua'i County Charter, the Salary Commission establishes the maximum salaries of all elected and appointed officers as defined in Section 23.01 D of the Charter;

BE IT RESOLVED by the Salary Commission of the County of Kaua'i, State of Hawai'i, that the maximum salaries of certain officers of the County of Kaua'i are established as follows:

Article I. Salaries of Certain Officers and Employees

SECTION 1. Effective as of July 1, 2017, the maximum salaries, payable semi-monthly, of certain officers and employees shall be as follows:

Position	Maximum Annual Salary
Director of Economic Development	\$109,560
Director of Liquor Control	\$109,560
Director of Parks & Recreation	\$119,357
Deputy Director of Parks & Recreation	\$114,582
Director of Housing	\$114,582
Boards and Commissions Administrator	\$109,560
County Clerk	\$119,357
Deputy County Clerk	\$114,582
County Auditor	\$119,357

Section 2. Maximum Salaries. Section 1 sets forth the maximum salaries payable to the listed officers and employees. However, the respective appointing authority may set the salary of any new or existing non-elected appointee at a figure lower than the figure established for the position in this Resolution. Elected officers may voluntarily accept a salary lower than the maximum salary established by this Resolution for their position or may voluntarily forego accepting a salary.

Article II. Salaries of the County Councilmembers

Section 1. Effective at twelve o'clock meridian on December 1, 2018, as required by Kaua'i County Charter Section 29.05, the annual salaries, payable semi-monthly, of the Kaua'i County Council shall be as follows:

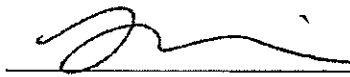
Council Chair	\$71,033
Councilmembers	\$63,140

Article III. Severability. If any portion or portions of this Resolution are rejected by a vote of five (5) or more councilmembers, the other provisions of this resolution shall not be affected thereby. If the application of this Resolution or any of its provisions to any persons or circumstance is held invalid by a court of law, the application of this resolution and its provisions to other persons or circumstances shall not be affected thereby.

Article IV. Transmittal of Salary Resolution. The County Clerk shall transmit to the Salary Commission, Mayor, Finance Director, and Human Resources Director a final approved copy of the resolution and note any rejected portions thereto within thirty (30) days after the effective date of this resolution.

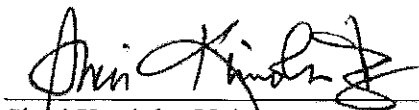
Adopted by the Salary Commission at its meeting on January 19, 2017:

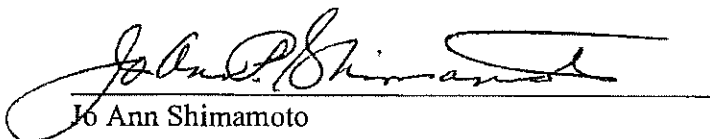

Robert Crowell, Chair


Lenie Nishihira, Vice Chair


Charles King


Camilla Matsumoto

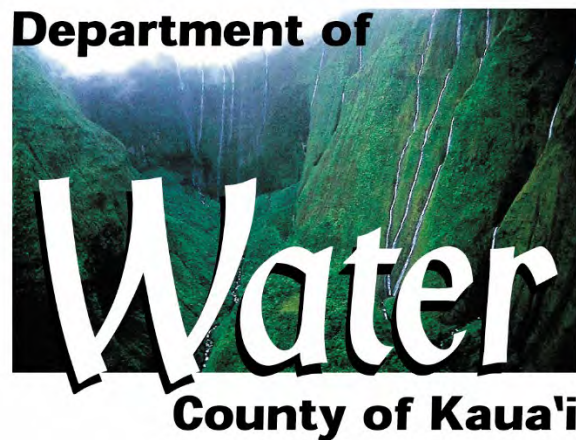

Sheri Kunioka-Volz


Jo Ann Shimamoto

Daniel K. Aki

Daniel K. Aki

Proposed
**CAPITAL IMPROVEMENT
PROJECTS (CIP)**
for the



=====

"WATER HAS NO SUBSTITUTE - CONSERVE IT"

=====

Request for State Aid

2019

Legislative Session

The Kaua'i Department of Water's (DOW) fiscal year 2019 *(July 1, 2019 through June 30, 2020)* request for Capital Improvement Funds is intended to address the needs of our community, including public safety and affordable housing, by providing safe, sufficient, and affordable water to the people of Kaua'i.

1. The **FIRST and TOP PRIORITY** project is to strengthen and maintain a critical water source facility for the Kilauea area. The existing Kilauea wells No.1 and No. 2, which service the entire Kilauea area, are located on the same site. Therefore, should the existing well pumps or the existing motor control center fail to maintain service, there is currently no other means to supply water for the entire Kilauea area and its estimated 1,500 customers, including Kilauea Elementary School. Therefore, the top priority of the Department is to rehabilitate the aging motor control center, replace an aging well pump, and strengthen the existing motor control building at the Kilauea wells No. 1 & No. 2. The project also includes a new emergency generator shelter at the site to improve the Department's ability to maintain service during power outages. The project's design is nearly complete and construction is anticipated to start in 2019. **(Project: MCC, Chlorination Facilities – Kilauea Wells No. 1 & 2);** and
2. The **SECOND PRIORITY** project is to rehabilitate an existing tank structure within the Waimea-Kekaha system, which includes the Kaua'i Veterans Memorial Hospital. The tank is currently out of service due to the discovery of hazardous materials within the tank lining. This project will ensure that water quality is not compromised by removing the hazardous materials from the tank and making all necessary improvements to rehabilitate the tank and restore the Waimea-Kekaha water system to its intended level of service. The project's design is nearly complete and construction is anticipated to start in 2019. **(Project: Rehabilitate Paua Valley Tank #1, 0.5MG Concrete);** and
3. The **THIRD PRIORITY** project is to improve the Kalāheo Water System by replacing and upgrading two aging water storage tanks and connecting water mains in the Kalāheo area. The two existing tanks are deteriorating and in extremely poor condition. The additional storage infrastructure will increase storage capacity for fire protection to Kalāheo Elementary School, businesses, as well as other customers in the area and will provide for future development. The project's design is complete and construction is anticipated to start in 2019. **(Project: Kalāheo 1,111' and 1,222' Water System Improvements);** and
4. The **FOURTH PRIORITY** project is to develop storage infrastructure that will provide adequate domestic and fire flow storage capacity for the Ha'ena-Wainiha water system, including Ha'ena State Park, customers, and businesses in the area. The project will 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. The project's design is nearly complete and construction is anticipated to start in late 2019 or 2020. **(Project: Construct Ha'ena 0.2 MG Storage Tank, 144');** and
5. The **FIFTH PRIORITY** project is to develop new storage infrastructure that will provide adequate fire flow storage capacity for the Kapa'a area including Kapa'a High School and the State's Samuel Mahelona Memorial Hospital. The existing Kapa'a Homesteads 313-foot storage tank is undersized and does not meet the Water System Standards for fire

storage capacity. The project is currently under design with construction anticipated to start in late 2019 or 2020. **(Project: Construct Kapa'a Homesteads 325' Tanks, Two 0.5 MG Tanks);** and

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 from, or contributions to the County General Fund. The DOW's water service revenue is used for the operation and maintenance of each of our nine (9) public water systems. In efforts to provide for adequate funding in the future, the DOW periodically studies its water service charges and its Facilities Reserve Charge (FRC), which is a fee to be paid by new developers or existing developers seeking additional water supply from the DOW's water system.

In the meantime, the DOW's current resources are not sufficient to fully develop the necessary infrastructure to replace aging water systems and satisfy Kaua'i's future needs. The DOW's water systems are not yet highly integrated or interconnected. Most of the water systems rely on less water sources and less storage tanks than are required by Water System Standards, and the majority of the water systems are still separate water systems serving individual communities around the island. Aging 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, and the DOW is currently initiating its next Island-Wide Long-Range Water Infrastructure Maintenance and Improvement Plan.

The maintenance and replacement of water infrastructure facilities is a continuous and critical process for ensuring a safe and sufficient public drinking water supply. Ultimately, given the high cost of infrastructure development in Hawai'i and the DOW's current fiscal capabilities, financial assistance from the State and Federal grants-in-aid are vital in order to meet the drinking water needs of our community and ensure the long-term viability of our water systems. On behalf of the people of Kaua'i, mahalo nui loa for your consideration of this request.

Public Water System	Water Plan 2020 No.	Project	TOTAL Estimated Construction Costs 2019-2022	2019-2020 Request	2020-2021	2021-2022
Priority No. 1 Kilauea Water System	WKK-03	MCC, Chlorination Facilities – Kilauea Wells No. 1 & 2	\$2.6M	\$1.3M	\$1.3M	-
Priority No. 2 Waimea-Kekaha Water System	-	Rehabilitate Paua Valley Tank #1, 0.5MG Concrete	\$1.2M	\$1.0M	\$0.2M	-
Priority No. 3 Kalāheo-Lawai-Omao Water System	K-01 and K-14	Kalāheo 1,111' and 1,222' Water System Improvements	\$18.0M	\$2.2M	\$8.0M	\$7.8M
Priority No. 4 Ha'ena-Wainiha Water System	HW-11	Construct Ha'ena 0.2 MG Storage Tank, 144'	\$5.0M	\$2.0M	\$3.0M	-
Priority No. 5 Wailua-Kapa'a Water System	WK-8	Construct Kapa'a Homesteads 325' Tanks, Two 0.5 MG Tanks	\$12.3M	\$1.0M	\$6.0M	\$5.3M
		Total	\$39.1M	\$7.5M	\$18.5M	\$13.1M

PRIORITY NO.	1
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KĪLAUEA WATER SYSTEM

MCC, Chlorination Facilities – Kīlauea Wells No. 1 & 2

Water Plan 2020 Project No. WKK-03

A. PROJECT DESCRIPTION

The Department of Water is requesting State aid for the replacement of the motor control center (MCC), construction of a new emergency generator shelter, hardening of the existing motor control building, the replacement of an existing well pump, and repaving of the access road for the Kīlauea Wells No. 1 & 2 site.

The project's design is nearly complete and construction is anticipated to start in 2019.

B. ESTIMATED COST:

	FISCAL YEAR			
	Total	2019-2020	2020-2021	2021-2022
Construction Cost	\$2.6M	\$1.3M	\$1.3M	-
TOTAL	\$2.6M	\$1.3M	\$1.3M	-

C. IUSTIFICATION:

The existing Kīlauea wells No.1 and No. 2, which service the entire Kīlauea water system, are co-located on the same site with only one transmission line connecting the well site to the Kīlauea service area. Therefore, there is currently no other means to supply water for the entire Kīlauea area and its estimated 1,500 customers, including Kīlauea Elementary School, should the existing well pumps or existing motor control center fail to maintain service.

With the past year bringing a number of natural disasters to or near Hawaii, including the April 2018 flood event, Hurricane Lane, and Hurricane Olivia, it is imperative to strengthen critical water sites in the Department of Water system. The Kīlauea water system is solely dependent on the Kīlauea wells site and is a top priority of the Department to safeguard its survivability during a natural disaster.

The MCC, Chlorination Facilities – Kīlauea Wells No. 1 & 2 project will construct needed improvements to ensure the Department's ability to return water to its customers with minimal down time. The new emergency generator shelter and strengthened motor control building are designed to withstand hurricane force winds to protect the operating pieces of the well site and allow the Department to station a generator at the site during any incoming storms.

PRIORITY NO.	2
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WAIMEA-KEKAHA WATER SYSTEM
Rehabilitate Paua Valley Tank #1, 0.5MG Concrete
Water Plan 2020 Project No. HW-11

A. PROJECT DESCRIPTION

The Department of Water is requesting State aid to rehabilitate an existing 0.5 MG Storage Tank in the Waimea-Kekaha area, which includes the Kaua'i Veterans Memorial Hospital. Rehabilitation efforts include the removal and disposal of hazardous materials containing Polychlorinated biphenyls (PCBs) and lead paint, repairing a leak located at the bottom of the tank, relining the interior coating and repaint the exterior coatings of the tank, and replacement of deteriorated tank hatches, ladders, and water level gage equipment.

The project's design is nearly complete and construction is anticipated to start in 2019

B. ESTIMATED COST:

	FISCAL YEAR			
	Total	2019-2020	2020-2021	2021-2022
Construction Cost	\$1.2 M	\$1.0M	\$0.2 M	-
TOTAL	\$ 1.2 M	\$1.0M	\$0.2 M	-

C. IUSTIFICATION:

The Paua Valley Tank was constructed in the 1970s and has been showing signs of aging and degradation. The tank has also shown evidence of a slow leak located at the bottom of the tank structure. To prevent continual water loss, the Department began the design for the rehabilitation of the tank. During design, it was discovered that materials in the tank coatings contained PCBs and lead, which resulted in the tank being taken offline and lowering the storage capacity of the Waimea-Kekaha water system.

The priority of this project rose when Paua Valley tank was taken offline. Bringing Paua Valley tank back online is essential to safeguarding the Waimea-Kekaha community by removing the hazardous material from the tank and to bring the water system storage capacity back to the level of service previously provided by the Department. It is essential that adequate service be continuously maintained for the Kaua'i Veterans Memorial Hospital.

PRIORITY NO.**3****KALĀHEO WATER SYSTEM****Kalāheo 1,111' and 1,222' Water System Improvements****Water Plan 2020 Project No. K-01 and K-14****A. PROJECT DESCRIPTION**

The Department of Water is requesting State aid to construct two (2) new storage tanks and transmission main in the Kalaheo area.

This project includes a new 0.5 million gallon water storage tank at the Yamada site, a new 0.1 million gallon water storage tank at the Clearwell site, new and replacement transmission main pipelines, water services, and associated appurtenances.

The design of this project has been broken up into three (3) packages of separate construction plans, with the intention of constructing Packages A, B, and C together to reduce construction costs:

Package A – Yamada Tank, 0.5 Million Gallons

Package B – Clearwell Tank, 0.1 Million Gallons

Package C – Water Main Improvements

The project's design is complete and construction is anticipated to start in 2019.

B. ESTIMATED COST:

	FISCAL YEAR			
	Total	2019-2020	2020-2021	2021-2022
Construction Cost	\$18.0 M	\$2.2M	\$8.0 M	\$7.8M
TOTAL	\$18.0 M	\$2.2M	\$8.0 M	\$7.8M

C. JUSTIFICATION:

The new storage tanks will serve to replace the existing storage tanks that are in extremely poor condition and need to be replaced. The new storage tanks are also needed to provide adequate storage facilities for the Kalāheo water service area to meet domestic and fire flow demands.

The proposed transmission main portion of the project will replace old, undersized water mains that do not meet current water transmission standards. The new, larger water lines are being designed to meet current standards for transmission and provide adequate fire flows to these areas. The new transmission main will also provide the Department with more flexibility in operating the water system, which in turn increases the reliability of the water system and helps maintain water service to customers.

PRIORITY NO.**4**

HA'ENA/WAINIHA WATER SYSTEM
Construct Ha'ena 0.2 MG Storage Tank, 144'
Water Plan 2020 Project No. HW-11

D. PROJECT DESCRIPTION

The Department of Water is requesting State aid to construct a new 0.2 MG Storage Tank in the Ha'ena-Wainiha area.

The design of the project is nearing completion and includes the new 0.2 million gallon steel water storage tank, site and drainage improvements, and connecting pipeline. Construction is anticipated to start in late 2019 or 2020.

E. ESTIMATED COST:

	FISCAL YEAR			
	Total	2019-2020	2020-2021	2021-2022
Construction Cost	\$5.0 M	\$2.0M	\$3.0 M	-
TOTAL	\$ 5.0 M	\$2.0M	\$3.0 M	-

F. IUSTIFICATION:

The existing storage facilities for the Ha'ena-Wainiha 144' service zone are not adequate to provide the required domestic flow and fire flow demands required by Water System Standards. The proposed Ha'ena 0.2 MG Storage Tank will provide adequate storage facilities to meet the Water System Standards and will provide storage facilities for new development demands in the Ha'ena-Wainiha 144' service area into the future. 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 which could potentially include affordable housing in the Ha'ena-Wainiha 144' service 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.

PRIORITY NO.**5**

WAILUA/KAPA'A WATER SYSTEM
Construct Kapa'a Homesteads 325' Tanks, 1.0 MG
(Two 0.5 MG Tanks)

Water Plan 2020 Project No. WK-08

A. PROJECT DESCRIPTION

The Department of Water is requesting State aid to construct two (2) new 0.5 MG Storage Tanks in the Kapa'a Homesteads area.

This project consists of the construction of two (2) 0.5 million gallon storage tanks, site drainage, site improvements, and connecting pipeline to the Department's 313' water service zone in Kapa'a. The design of this project is nearly complete and the tanks will be constructed following the completion of the ongoing Drill and Test Kapa'a Well No. 4 Project, which is currently under construction at the same site and is anticipated to be completed in 2019.

The project's design is nearly complete and construction is anticipated to start in late 2019 or 2020.

B. ESTIMATED COST:

	FISCAL YEAR			
	Total	2019-2020	2020-2021	2021-2022
Construction Cost	\$12.3 M	\$1.0M	\$6.0 M	\$5.3M
TOTAL	\$12.3 M	\$1.0M	\$6.0 M	\$5.5M

C. JUSTIFICATION:

The lower Kawaihau, Kapa'a area of the Kapa'a Water System (Ornellas tank hydraulic zone) is currently deficient in storage capacity. To address the current storage deficit, the DOW is currently designing two (2), 0.5 million gallon storage tanks. These new storage tanks will provide sufficient storage capacity for fire protection of Kapa'a High School, Kapa'a Middle School, Kapa'a Elementary School, and the State's Samuel Mahelona Memorial Hospital. It is anticipated that these tanks will be constructed following the completion of the ongoing Drill and Test Kapa'a Well No. 4 Project, which is currently under construction at the same site. The drill and test well project is estimated to be completed with construction in late 2019.

CHAIRPERSON:	THOMAS CANUTE
VICE CHAIRPERSON:	LAURIE HO
BOARD MEMBERS:	LAWRENCE DILL
	KA‘AINA HULL
	SHERMAN SHIRAISHI
	BETH TOKIOKA
MANAGER & CHIEF ENGINEER: BRYAN WIENAND	

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

MANAGER'S REPORT No. 19-40

January 25, 2019

Re: Discussion and Possible Action to Rescind Existing Board Policy No. 12 for Retention Periods and Destruction of Fiscal Records

RECOMMENDATION:

It is recommended that the Board rescind existing Board Policy No. 12 for Retention Periods and Destruction of Fiscal Records. The Department will concurrently update its internal Standard Operating Procedure No. 25, "Retaining Records and Destruction of Same" to follow the County of Kaua'i County Council's Resolution No. 2008-39.

FUNDING: N/A

BACKGROUND:

Board of Water Supply Policy No. 12 "Retention Periods and Destruction of Fiscal Division Records" is attached for reference and has been effective since May 10, 1971. The policy reads as follows:

1. All Fiscal Division records shall be retained for periods of time as shown on attached schedule.
2. Vouchers, documents and other records and papers which have been retained for periods of time, as required in attached schedule, may be destroyed in accordance with Section 46-43 HRS.

The Department also has Standard Operating Procedure (S.O.P.) #25, "Retaining Records and Destruction of Same", which is attached for reference. The S.O.P. was made effective in 1971 and references language copied directly from Hawai'i Revised Statutes (H.R.S.), Chapter 46-43 which was current at the time. However, H.R.S. Chapter 46-43 has subsequently been updated and reads as follows:

HRS §46-43 County records.

(a) Notwithstanding the provisions of any other law to the contrary, the county legislative body shall determine whether, and the extent to which, the county shall create, accept, retain, or store in electronic form any records and convert records to electronic form.

(b) The Director of Finance of each county, with the approval of the legislative body and the legal advisor of the county, may authorize the destruction by burning, machine shredding, chemical disintegration, or other acceptable method of disposal of:

(1) All warrants of the county that have been paid and that bear any date ten years prior to the date of destruction; and

(2) All bonds and interest coupons of the county that have been canceled or paid and that bear any date two years prior to the date of destruction.

(c) The Director of Finance, with the approval of the county legislative body and the county's legal advisor, shall determine the care, custody, and disposition of other county records and may destroy all vouchers, documents, and other records or papers, exclusive of records required either by law or by the legislative body of the county to be permanently retained, that have been on file or retained for a minimum period to be determined by the legislative body of the county by resolution.

The County of Kaua'i County Council adopted Resolution No. 2008-39 on July 30, 2008, which is also attached for reference. The Resolution is relating to Records Disposal Policy.

Given that the existing Board Policy No. 12 is now outdated and conflicts with both the Department's outdated S.O.P. #25, HRS 46-43 as it is currently written, and the most recent County Resolution No. 2008-39, it would be in the best interest of the Board and the Department to rescind Board Policy No. 12 and for the Department to update S.O.P. #25 so that it is consistent with HRS 46-43 and County Resolution No. 2008-39.

OPTIONS:

Option 1: Rescind existing Board Policy No. 12 for Retention Periods and Destruction of Fiscal Records. The Department will subsequently update its internal S.O.P. #25 for "Retaining Records and Destruction of Same" to be consistent with HRS 46-43 and County of Kaua'i Resolution No. 2008-39.

Pros: The Department will have one clear document to follow regarding Retention Periods and Destruction of Fiscal Records.

Cons: None known.

Option 2: Do not rescind existing Board Policy No. 12 for Retention Periods and Destruction of Fiscal Records

Pro: None known.

Cons: The Department will continue to have a Board Policy that conflicts with its S.O.P., HRS 46-43, and the County of Kaua'i County Council's Resolution No. 2008-39.

BW/ein

Attachments: 1. Existing Board Policy No. 12 Dated May 10, 1971
 2. Standard Operating Procedure No. 25 – Retaining Records and Destruction of Same
 3. County of Kaua'i County Council Resolution No. 2008-39

Mgrpp/January 2019/19-40/Discussion and Possible Action to Rescind Existing Board Policy No. 12 for Retention Periods and Destruction of Fiscal Records
(1-25-19):ein

BOARD OF WATER SUPPLY POLICY NO. 12

RE: RETENTION PERIODS AND DESTRUCTION OF FISCAL DIVISION
RECORDS

1. All Fiscal Division records shall be retained for periods of time as shown on attached schedule.
2. Vouchers, documents and other records and papers which have been retained for periods of time, as required in attached schedule, may be destroyed in accordance with Section 46-43 HRS.

J. P. Gacbian

Chairman
Board of Water Supply

5/10/71

Date

RE: RETENTION PERIODS AND DESTRUCTION OF FISCAL DIVISION
RECORDS

Effective Date: May 10, 1971

DEPARTMENT OF WATER
COUNTY OF KAUAI

SCHEDULE FOR RETENTION PERIODS OF THE FISCAL DIVISION RECORDS
(Note - "P" means Permanently)

<u>Type of Records</u>	<u>Retention Period in Years</u>
Account Distribution Records:	
Distribution Records (Labor & Transportation)	5
Monthly Summary of Distribution Recapitulation.	P
Audit Reports.	P
Bank Statements.	7
Budget Records:	
Annual Budget	P
Monthly Status of Budget.	P
Worksheet	3
Checks - Paid and Cancelled.	P
Cost Accounting Records.	7
Deposit Slips.	5
Daily Time & Truck Reports	5
Financial Statements (Monthly & Yearly).	P
Fixed Capital Records (Utility Plant).	P
Insurance Policies (after expiration).	4
Inventory Sheets (Plant & Equipment)	3
Annual Inventory (Plant & Equipment)	P
Invoices (Paid Bills).	P
Ledgers and Journals:	
Accounts Receivable	14
Cash.	P
Expense	P
General Ledger.	P
General Journal	P
Property.	P
Recurring Journal	P
Voucher Register.	P
Refund 70%.	P

SCHEDULE FOR RETENTION PERIODS OF THE FISCAL DIVISION RECORDS

Page

<u>Type of Records</u>	<u>Retention Period in Years</u>
Material & Supplies Records:	
Inventory Records	5
Store Requisitions & Credits	5
Stock Cards.	7
Quotations for Materials & Supplies.	7
Payroll Vouchers.	P
Payroll - Year to Date.	P
Property Retired Records - Form 9	P
Purchase Order Copies - Alphabetically.	3
Purchase Order Copies - Numerically	14
Purchase Order Copies - Receiving	P
Purchase Requisition Copies - Original.	P
Purchase Requisition Copies - Duplicate	1
Warrant Vouchers.	P
Withholding Exemption Records	5
Work Order (Construction WIP)	P
Consumer Accounting:	
Accounts Receivable Records.	14
Accounts Receivable Charge-off	7
Check Register	P
Checks Paid & Cancelled.	P
Meter Records & Books.	P
Outstanding Check Records.	7
Statistical Reports.	P
Uncollectible Accounts	7
Job Orders (original - white copies)	P
Job Orders (buff & pink copies)	7

Note: Records to be kept permanent above have been amended to permanent or statutory compliance. This is because statutes which require records to be kept permanently presently maybe amended in the future for a shorter retention period.

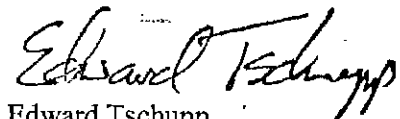
STANDARD OPERATING PROCEDURE	S.O.P. No.	25
	Supersedes S.O.P. No.	30
DEPARTMENT OF WATER COUNTY OF KAUAI	Date Effective:	Immediately
	Date First Issued:	2/5/71
	Introduced By:	Walter Briant
	Page No.	1 of 1
	Revised By:	-
Applicable to: ALL DIVISIONS		
Subject: RETAINING RECORDS AND DESTRUCTION OF SAME		

The following is copied from Chapter 46-43, H.R.S., relating to "Destruction of Records" which must be adhered to.

"Any county officer, or his authorized subordinate, may with the consent of a committee composed of the County Auditor, or in the case of the City and County of Honolulu, the Director of Finance, the County's Legal Advisor, and members of the Finance Committee of the legislative body of the County, or the authorized representatives of the officers, destroy all vouchers, documents, and other records or papers, exclusive of records required, either by law or by the legislative body of the County, to be permanently retained, which have been on file or retained for a minimum period to be determined by the legislative body of the County by resolution."

All pertinent records must be kept and stored with proper labels, in chronological order, until such time as authorization to destroy same is received from the designated officials of the Department of Water and the County of Kauai.

APPROVED:



Edward Tschupp
Manager & Chief Engineer

COUNTY COUNCIL

COUNTY OF KAUAI

Resolution No. 2008-39

**RESOLUTION AMENDING RESOLUTION NO. 49 (1986),
AS AMENDED BY RESOLUTION NO. 12-91 (1991),
RELATING TO RECORDS DISPOSAL POLICY**

BE IT RESOLVED BY THE COUNCIL OF THE COUNTY OF KAUAI, STATE OF HAWAII:

SECTION 1. The purpose of this Resolution is to amend the County's Records Disposal Policy to implement the requirements set forth in Act 177, Section Laws of Hawai'i 2005.

SECTION 2. Resolution No. 49 (1986), as amended by Resolution No. 12-91 (1991), is hereby amended as follows:

"RESOLUTION ESTABLISHING RECORDS DISPOSAL POLICY

SECTION 1. Records Disposal [Committee.]

[A. There is established a committee to be designated the Records Disposal Committee of the County of Kauai comprised of the Chair of the financial committee of the County Council (representing members of the financial committee), the Director of Finance, the Manager and Chief Engineer of the Department of Water, the County Clerk, the County Attorney, the Chief of Police, and the Prosecuting Attorney, or their authorized representatives.]

[B. The Committee shall be chaired by the Chair of the financial committee of the County Council.] Pursuant to Section 46-43, Hawai'i Revised Statutes, the [Committee] Director of Finance, with the approval of the County Council and the County Attorney, shall approve the disposal of county records the retention of which is no longer necessary, including but not limited to the disposal of:

1. All warrants of the County that have been paid and that bear any date ten years prior to the date of destruction; and
2. All bonds and interest coupons of the County that have been canceled or paid and that bear any date two years prior to the date of destruction.

[C. A sub-committee consisting of the Prosecuting Attorney and the Chief of Police, or their authorized representatives, shall approve the disposal of confidential law enforcement records, pursuant to the policies and procedures established herein.]

SECTION 2. Seven Year Minimum Retention Period.

A. The various departments shall retain in their files all government records for a minimum period of seven years. The seven years shall commence as of the date of the record or the date of performance set forth in the record, whichever is later. The term government record shall have the definition established in Section 92F-3, Hawai'i Revised Statutes, and shall mean information maintained by an agency in written, auditory, visual, electronic, or other physical form.

B. Exception; Shorter Than Seven Year Retention.

1. Any copy of a government record the original of which is on file with either the Clerk's Office, the Fifth Circuit Court, or the Bureau of Conveyances may be destroyed after retention of the copy for a minimum period of two years. The department concerned shall verify such official recordation before applying for disposal of the copy.
2. The [Committee] Director of Finance may categorize the various types of government records and recommend to the County Council an amendment to this Resolution to establish a lesser minimum period of retention for each category of records.

C. Exception; Longer Than Seven Year Retention.

1. The minimum period of retention established in this Resolution shall have no effect on government records that are required to be retained permanently by law or by County Council action.
2. The [Committee] Director of Finance may categorize the various types of government records and is authorized to establish a period of retention for each category over and beyond the minimum period set in this Resolution. The [Committee] Director of Finance shall give due consideration to the retention of any government record that may be of cultural, historical, or statistical value to the County, or for which there may be a recurring need to refer to such government record for information.

SECTION 3. Application and Disposal Procedures.

A. Each department that desires to destroy government records shall submit an itemized list of records with a short description of each item, or if each item is not of individual interest, by category, sufficient to indicate the nature of the document. An application form is attached hereto and may be modified by the [Records Disposal Committee.] Director of Finance.

B. The [Committee] Director of Finance shall examine each request and if destruction is justified, [it] the Director of Finance shall approve the request. No department shall destroy any record that has not been approved by the [Committee.] Director of Finance.

C. If necessary, the [Committee] Director of Finance may request the applicant to appear with the government records and justify the request [at any of its meetings].

SECTION 4. The [Committee] Director of Finance is authorized to establish such other policies and procedures necessary to carry out the purposes of this Resolution.

SECTION 5. Copies of this Resolution shall be distributed to all Kaua'i County departments, offices, and agencies.

SECTION 6. This Resolution shall take effect upon its approval."

SECTION 3. Material to be deleted is bracketed. New material to be added is underscored. The County Clerk may reprint this Resolution without the brackets, bracketed material, or underlining.

SECTION 4. The Application and Authorization Form attached to Resolution No. 49 (1986), as amended, is hereby amended in its entirety as shown on the attachment.

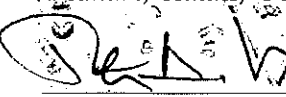
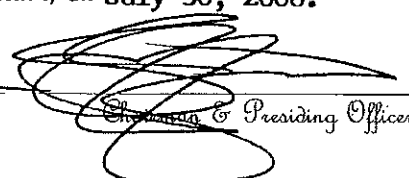
SECTION 5. This Resolution shall take effect upon its approval.

Introduced by:


RON KOUCHI

D:RESOLUTION:2008-1135/YS:ki

	Opp	Abst	Exc	Recessed
Bynum	X			
Furfaro	X			
Iseri-Carralho	X			
Kaneshiro	X			
Kouchi	X			
Rapoza	X			
Yukimura	X			
Total	7	0	0	0

Certificate Of Adoption
We hereby certify that Resolution No. 2008-39
was adopted by the Council of the County of Kaua'i, State of
Hawaii, Lihue, Kaua'i, Hawaii, on **July 30, 2008.**

County Clerk

Presiding Officer
Dated **July 30, 2008**

COUNTY OF KAUAI
RECORDS DISPOSAL

APPLICATION AND AUTHORIZATION FOR DESTRUCTION OF
GOVERNMENT RECORDS

In accordance with Section 46-43, H.R.S., and Resolution No. 49-86 (1986), as amended, authorization is requested for destruction of the following government records for the following reason(s):

- ☐ Kept for over seven years and are no longer of use or value.
- ☐ Kept for over two years and original verified to be on file with _____
- ☐ Other _____
- ☐ Warrants of the County that have been paid and that bear any date over ten years.
- ☐ Bonds and interest coupons that have been canceled or paid and bear any date over two years.

GOVERNMENT RECORD	DESCRIPTION	DATE OF RECORD OR DATE OF PERFORMANCE
-------------------	-------------	--

Department _____

Date _____

Signature of Department Head _____

This is to certify that the foregoing government records have been on file or have been kept for the requisite period and are no longer of use or value; and said department is hereby ordered and directed to destroy the same.

Checked and Authorization
Approved:

County Attorney

By _____
Director of Finance

County Council Chair

Date: _____

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

MANAGER'S REPORT No. 19-41

January 25, 2019

Re: Discussion and Possible Action to approve a Grant of Easement Agreement for Puakea I Subdivision, affecting the following:

- a. Grove Farm Properties, Inc., TMK: (4) 3-3-020:031, Līhu'e, Kaua'i, Hawai'i

RECOMMENDATION:

It is recommended that the Board approve the Grant of Easement document; whereby, the above landowners, grant to the Board of Water Supply, County of Kaua'i, easement "713" on, over and under that certain parcel of land located TMK: (4) 3-3-020:031 as specified above in Līhu'e, Kaua'i, Hawai'i, for the following work:

1. Reading of water meters and for the construction, installation, reinstallation, maintenance, repair, and removal of potable water pipelines and related meters, valves, and other associated waterworks facility improvements and appurtenances.

Further, the GRANTEE shall indemnify and save the GRANTOR harmless from and against all damage to the GRANTOR's property and all liability for injury to or the death of persons when such damage, injury, or death is caused by the negligence of the GRANTEE, its officers, agents and employees while using the easement area.

FUNDING: N/A.

BACKGROUND:

As part of the constructions plans the subject project, the above owner installed a 2 ½" cleanout for maintenance of the new waterline. The water facilities are on private property which requires an easement in favor of Department of Water.

OPTIONS

Option 1: Approve the Grant of Easement.

Pro: Project can be completed as designed. Project will attain certificate of completion.

Con: None.

Option 2: Do not approve the Grant of Easement.

Pro: None.

Con: Project won't be completed as designed. The project won't attain certificate of completion.

DM/ein

Attachment: Grant of Easement – Grove Farm Properties, Inc., TMK: (4) 3-3-020:031, Līhu'e, Kaua'i, Hawai'i

Mgrp/January 2019/19-41/Discussion and Possible Action to approve a Grant of Easement Agreement for Puakea I Subdivision, affecting the following:

- a. Grove Farm Properties, Inc., TMK: (4) 3-3-020:031, Līhu'e, Kaua'i, Hawai'i (1-25-19):ein

LAND COURT SYSTEM

REGULAR SYSTEM

After Recordation Return By: **MAIL [XX]** Pickup []
TO:

DEPARTMENT OF WATER
4398 PUA LOKE STREET
LIHUE, KAUAI, HAWAII 96766

T-20050/S-2006-27

<p style="text-align: center;">GRANT OF EASEMENT for TMK: (4) <u>3</u> - <u>3</u> - <u>0</u> <u>2</u> <u>0</u> : <u>0</u> <u>3</u> <u>1</u> :</p>
--

THIS INDENTURE is made on this _____ day of _____, 2019,
between:

Grove Farm Properties, Inc.

whose principal place of business is:

3-1850 Kaumuali'i Highway	Līhu'e, Kaua'i, Hawai'i	96766
---------------------------	-------------------------	-------

and whose mailing address is:

3-1850 Kaumuali'i Highway	Līhu'e, Kaua'i, Hawai'i	96766
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Puakea I Subdivision
Grove Farm Properties, Inc. / David Hinazumi

1

3-3-020:031

(hereafter "GRANTOR") and the **BOARD OF WATER SUPPLY, COUNTY OF KAUAI**, whose mailing address is 4398 Pua Loke Street, Lihue, Kauai, Hawaii 96766 (hereafter "GRANTEE");

W I T N E S S E T H:

THAT IN CONSIDERATION of the sum of one dollar (\$1.00) paid by the GRANTEE to the GRANTOR, the receipt of which is acknowledged, and the covenants contained in this grant of easement to be performed by the GRANTEE, the GRANTOR does hereby grant, bargain, sell and convey to the GRANTEE an easement in perpetuity on, over, and under that certain parcel of land located generally at Lihue District, Kauai, Hawaii, **Tax Map Key No.** (4) 3 - 3 - 0 2 0 : 0 3 1; **Project Name:** Puakea I Subdivision. **Subdivision No.:** S-2006-27, and more particularly described in **Exhibit "A"**, which is attached and incorporated by reference into this grant of easement (hereafter "easement area").

This easement is granted for the reading of water meters and for the construction, installation, re-installation, maintenance, repair, and removal of potable water pipelines and related meters, valves, and other associated waterworks facility improvements and appurtenances. The GRANTEE is further allowed the right of ingress and egress at any time to, from, and through the easement area, with or without vehicles or equipment, as the Grantee deems necessary for the proper operation of its water system.

TO HAVE AND TO HOLD the same unto the GRANTEE forever; provided that should the GRANTEE cease to use the Easement Area for the purposes described for a continuous period of two (2) calendar years, this easement shall terminate and the interest granted shall immediately and without the GRANTOR's re-entry revert to the GRANTOR. In such an event, this Grant of Easement shall cease to exist by operation of the GRANTEE's non-use, without any necessary action on the GRANTOR's part.

AND IN FURTHER CONSIDERATION of the rights granted to the GRANTEE and the benefits accruing to the GRANTOR under this Grant of Easement, the GRANTOR and GRANTEE further covenant, agree, and promise as follows:

1. That should the GRANTEE disturb in any way the ground which is the subject of the easement area, the GRANTEE shall at its own expense restore the ground to its original condition to the extent that such restoration is reasonable,
2. That the GRANTEE shall indemnify and save the GRANTOR harmless from and against all damage to the GRANTOR's property and all liability for injury to or the death of persons when such damage, injury, or death is caused by the negligence of the GRANTEE, its officers, agents, and employees while using the easement area;
3. That the GRANTEE shall not assign its rights under this easement without the prior written consent of the GRANTOR; provided that the GRANTEE may assign its rights to a successor of the GRANTEE duly created by law;
4. That should the GRANTOR's development plans require that the easement area and/or waterworks facility improvements within, on, or under the Easement Area be re-located, the GRANTOR will, at the GRANTOR's own expense and pursuant to the GRANTEE's instructions and specifications, re-locate the affected easement area and waterworks facility improvements and appurtenances without interruption of the GRANTEE's services;
5. That the GRANTOR shall at no time erect any building foundation of any kind below the surface of the land which is the subject of the easement area or any building or structure of any kind (other than roads, sidewalks, curbs or similar appurtenances) on the surface of the land over which is the subject of the easement area unless the GRANTOR receives the prior written consent of the GRANTEE.

Only lawn grass shall be planted within three (3) feet of all meter boxes, fire hydrants, and other waterworks facility improvements and appurtenances. No trees with aggressive root

systems shall be planted within twenty (20) feet of all meter boxes, fire hydrants, and other waterworks facility improvements and appurtenances.

This Paragraph No. 5, though, shall not prevent the GRANTOR from crossing over, constructing, and maintaining roadways within the easement area or laying, operating, maintaining, repairing, or removing conduits and drains which do not interfere with the exercise of the GRANTEE's rights under this easement; and

6. That the GRANTOR covenants with the GRANTEE that the GRANTOR is the lawful owner of the land which is the subject of this easement area, that the GRANTOR has good right and title to grant this easement, and that the GRANTOR will warrant and defend the same unto the GRANTEE against the claims and demands of all persons.

When used within this document the term "GRANTOR" shall mean the singular and plural, masculine and feminine, and natural persons, trustees, corporations, partnerships, limited partnerships, sole proprietorships and other forms of business entities. The term shall also mean the GRANTOR's or GRANTOR's estates, heirs, personal representatives, successors, successors-in-trust and assigns.


IT IS FURTHER MUTUALLY AGREED that the terms of this easement shall be binding upon and inure to the benefit of all the parties to this document and that all covenants and obligations undertaken by two or more persons shall be deemed to be joint and several unless a contrary intention is clearly expressed in this document.


This agreement may be executed in counterparts. Each counterpart shall be executed by one or more parties hereinbefore named and the several counterparts shall constitute one instrument to the same effect as though the signatures of all the parties are upon the same document.

[Remainder of this page was intentionally left blank]

APPROVED:

**APPROVED AS TO FORM
AND LEGALITY:**


Bryan Wienand, P.E.
Manager & Chief Engineer
Department of Water, County of Kaua'i


Mahealani M. Krafft
Deputy County Attorney

**ACCEPTED:
BOARD OF WATER SUPPLY,
COUNTY OF KAUAI**

By: Thomas Canute
Its: Chairperson

GRANTEE

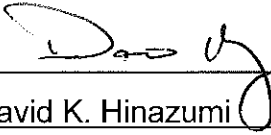
STATE OF HAWAII)
) ss.
COUNTY OF KAUAI)

On this ____ day of _____, 2019 in the ____ Circuit, State of Hawai'i, before me personally appeared **Thomas Canute**, who is personally known to me or whose identity I proved on the basis of satisfactory evidence, who being by me duly sworn or affirmed, did say that such person is the **Chairperson** for the **Board of Water Supply, County of Kaua'i** executed **Grant of Easement for TMK: (4) 3 - 3 - 0 2 0 : 0 3 1** dated _____ and consisting of ____ pages at the time of notarization, as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Notary Public, State of Hawaii
Name of Notary: Mary-jane Akuna
My Commission expires: March 30, 2022

OWNER:

Grove Farm Properties, Inc.



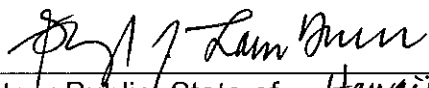
By: David K. Hinazumi

Its: Vice President

GRANTOR

STATE OF HAWAII)
) ss
COUNTY OF KAUAI)

On this 11th day of JANUARY, 2019 in the Fifth Circuit, State of Hawai'i, before me personally appeared **David K. Hinazumi**, who is personally known to me or whose identity I proved on the basis of satisfactory evidence, who being by me duly sworn or affirmed, did say that such person is the **Vice President** for the **Grove Farm Properties, Inc.** executed **Grant of Easement** for **TMK: (4) 3 - 3 - 0 2 0 : 0 3 1** dated undated and consisting of 10 pages at the time of notarization, as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.


Notary Public, State of Hawaii
Name of Notary: SHARYLE E. LAM YUEN
My Commission expires: 12/16/2021

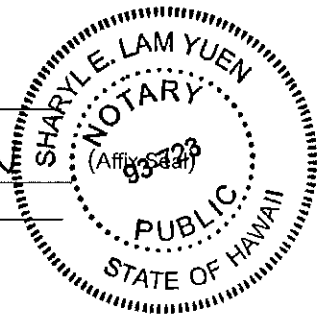


EXHIBIT A

Puakea I Subdivision
Līhu'e, Kaua'i, Hawai'i
OWNER: Grove Farm Properties, Inc.
TMK: (4) 3-3-020:031

All of that certain parcel of land situate at Līhu'e, District of Puna, Island and County of
Kaua'i, State of Hawai'i, described as follows:

Easement 713, area 100 square feet, as shown on Map 188, filed with Land Court
Application No. 1087 of Grove Farm Company, Incorporated.

Being a portion of the land described in Certificate of Title No. 534,040 issued to Grove
Farm Properties, Inc., a Hawai'i corporation.

LAND COURT
STATE OF HAWAII
LAND COURT APPLICATION 1087

SUBDIVISION OF LOT 1918-C AS SHOWN ON MAP 138
INTO LOTS 1913 TO 1942, INCLUSIVE
AND DESIGNATION OF EASEMENTS 698 TO 713, INCLUSIVE
AND DESIGNATION OF RESTRICTION OF VEHICULAR ACCESS RIGHTS
AFFECTING LOTS 1932, 1933 AND 1934
AT LIHUE, PUNA, KAUAI, HAWAII

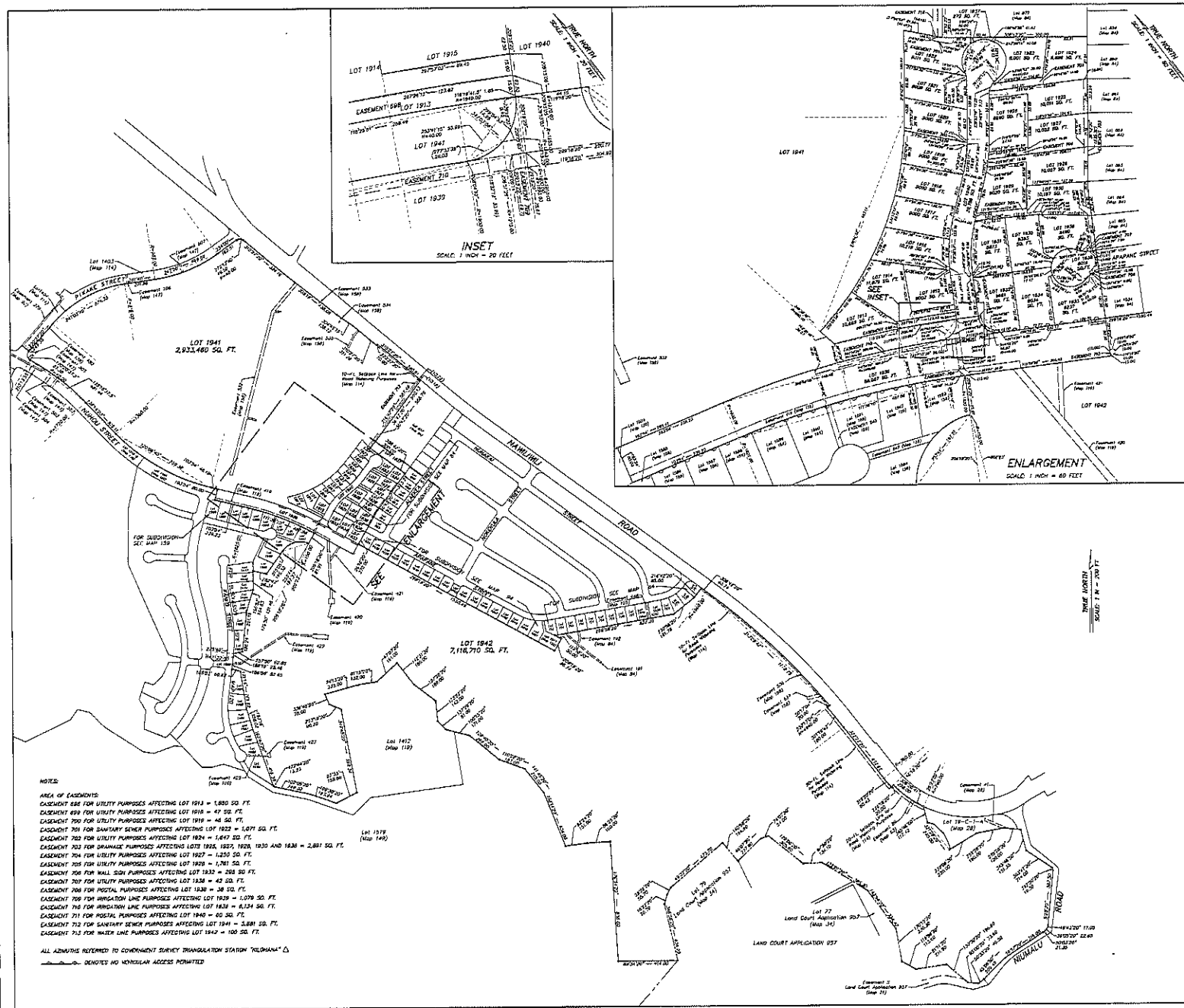
3375 Waioli Street
Suite 2-206
Honolulu, Hawaii
April 25, 2012

By James A. Gault (Exhibit A/70/10)
Licensed Professional Land Surveyor
Certificate Number: 8523
Land Court Certificate Number: 277

OWNER: OROCH FARM PROPERTIES, INC.
REGISTERED COPY OF TITLE: 344,040

AUTHORIZED AND APPROVED BY ORDER OF THE JUDGE
OF THE LAND COURT DATED September 11, 2012
BY ORDER OF THE COURT:

Thomas J. Schumacher
REGISTERED OF THE LAND COURT



NOTES:
AREA OF EASEMENTS:
EASEMENT 698 FOR UTILITY PURPOSES AFFECTING LOT 1913 = 1,630 SQ. FT.
EASEMENT 699 FOR UTILITY PURPOSES AFFECTING LOT 1916 = 47 SQ. FT.
EASEMENT 700 FOR UTILITY PURPOSES AFFECTING LOT 1918 = 46 SQ. FT.
EASEMENT 701 FOR SANITARY SEWER PURPOSES AFFECTING LOT 1922 = 1,071 SQ. FT.
EASEMENT 702 FOR UTILITY PURPOSES AFFECTING LOT 1924 = 1,491 SQ. FT.
EASEMENT 703 FOR DRAINAGE PURPOSES AFFECTING LOTS 1925, 1927, 1928, 1930 AND 1936 = 2,887 SQ. FT.
EASEMENT 704 FOR UTILITY PURPOSES AFFECTING LOT 1927 = 1,250 SQ. FT.
EASEMENT 705 FOR UTILITY PURPOSES AFFECTING LOT 1928 = 1,761 SQ. FT.
EASEMENT 706 FOR WALL SIGN PURPOSES AFFECTING LOT 1932 = 288 SQ. FT.
EASEMENT 707 FOR UTILITY PURPOSES AFFECTING LOT 1936 = 43 SQ. FT.
EASEMENT 708 FOR POSTAL PURPOSES AFFECTING LOT 1938 = 38 SQ. FT.
EASEMENT 709 FOR IRRIGATION LINE PURPOSES AFFECTING LOT 1939 = 1,079 SQ. FT.
EASEMENT 710 FOR IRRIGATION LINE PURPOSES AFFECTING LOT 1938 = 8,124 SQ. FT.
EASEMENT 711 FOR POSTAL PURPOSES AFFECTING LOT 1940 = 40 SQ. FT.
EASEMENT 712 FOR SANITARY SEWER PURPOSES AFFECTING LOT 1941 = 5,881 SQ. FT.
EASEMENT 713 FOR WATER LINE PURPOSES AFFECTING LOT 1942 = 100 SQ. FT.

ALL ADJUTING REFERRED TO GOVERNMENT SURVEY TRIANGULATION STATION "YELDMAN" Δ
DENOTES NO VEHICULAR ACCESS PERMITTED

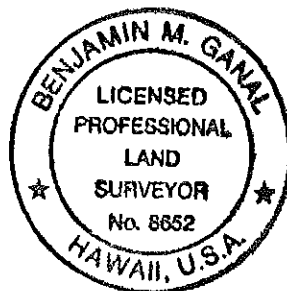
**EASEMENT 713
FOR WATER LINE PURPOSES
AFFECTING LOT 1942
AS SHOWN ON MAP 188
LAND COURT APPLICATION 1087**

Land situated at Lihue, Puna, Kauai, Hawaii

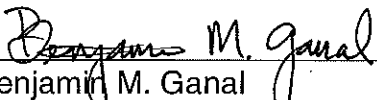
Beginning at the west corner of this easement, the direct azimuth and distance to the south corner of Lot 1939 as shown on Map 188 being 209° 18' 20" 3.01 feet, the coordinates of said point of beginning referred to Government Survey Triangulation Station "Kilohana" being, 11,707.58 South and 20,008.18 East, thence running by azimuths measured clockwise from True South:

1. 209° 18' 20" 10.00 feet along Lot 1939;
2. 299° 18' 20" 10.00 feet along the remainder of Lot 1942;
3. 29° 18' 20" 10.00 feet along the remainder of Lot 1942;
4. 119° 18' 20" 10.00 feet along the remainder of Lot 1942 to the point of beginning and containing an AREA of 100 SQUARE FEET.

1100 Alakea Street, Suite 1800
Honolulu, Hawaii 96813
November 27, 2018



This description was prepared by
Akinaka & Associates, Ltd.


Benjamin M. Ganai
Licensed Professional Land Surveyor
Certificate Number 8652

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

MANAGER'S REPORT No. 19-42

January 25, 2019

Re: Discussion and Receipt of Update regarding Status of Water Treatment and Delivery Agreement with Grove Farm Properties, Inc.

FUNDING: N/A

BACKGROUND:

The Department entered into the attached Water Treatment and Delivery Agreement (henceforth "Agreement") with Grove Farm Properties, Inc. on February 19, 2004. As stated on page 4 of the Agreement, "...this Agreement, unless earlier terminated in accordance with Section 17, shall terminate fifteen (15) years after the effective date or upon dedication of the Facility to BWS, whichever occurs first, except to the extent specifically provided to the contrary in this Agreement. If the Facility has not been dedicated to BWS within the initial fifteen (15) year term of this Agreement, the term of this Agreement shall be automatically extended for successive two (2) year periods (the "**Renewal Term(s)**") unless and until (i) the Facility is dedicated to BWS, (ii) either part delivers to the other written notice of such party's election to terminate this Agreement at least ninety (90) days prior to the conclusion of the initial term or any successive two (2) year term (the "**Termination Notice**") or (iii) the parties mutually agree to terminate this Agreement. In the event a timely Termination Notice is given, this Agreement shall terminate at the conclusion of the initial (15) year term or Renewal Term during which the Termination Notice is given.

The Kapaia Surface Water Treatment Plant (SWTP) treats and delivers an average of 2.4 Million Gallons of water per day (MGD) and provides a consistent supply of water for the Department's Puhi-Līhu'e-Hanamā'ulu system, which is interconnected with the Wailua-Kapa'a system. Per the 3rd Amendment to the Agreement executed on December 23, 2016, the Department currently pays \$1.90 per 1,000 gallons of Delivered Water per the Agreement, for an approximate total of \$140,000 per month or \$1.7M per year. By comparison, the Department's current water rates for a 5/8-inch meter are \$3.80 for the first tier (1,000 gallons), \$4.85 per thousand gallons for the next (1,000-7,000 gallons), and so on. The Department has not recommended action to the Board because Sec. 2b of the Agreement requires the submission of documentation which Grove Farm has not yet provided.

Section 2.b. Control of Surface Water System of the Agreement is as follows:

b. Control of Surface Water System Grove Farm, its stockholder ALPS LLC, a Delaware limited liability company, Visionary and LLCO are each independent, but related, companies with common ownership. One or more of these companies (1) own or control the Hanamā'ulu Ditch System, which feeds Kapaia Reservoir and the stream diversion facilities (the "**Stream Diversion Facilities**") for the South Fork Wailua River (the "**Stream**"), which can divert over 30 million gallons of water per day into the Hanamā'ulu Ditch System and (2) act as diversion works operator under a Stream Diversion Registration of Works and Declaration of Water Use, dated May 24, 1989, filed with the Commission on Water Resource Management for the Stream by LPCO. To facilitate the performance of this Agreement, Grove Farm will enter into an agreement or agreements (the "**Authorizing Agreements**") with LLCO: (i) permitting Grove Farm access to allowing Grove Farm to operate the Stream Diversion Facilities, (ii) allowing Grove Farm to secure limited water from Kapaia Reservoir, (iii) securing for Grove Farm an easement or license over the Water Delivery System Easement Area, (iv) securing for

Grove Farm an easement or license of the Treatment Plant Site and (v) permitting Grove Farm to construct the Facility. Such authorizing agreement shall contain a provision binding the successors and assigns of Grove Farm and LLCO. Grove Farm shall provide copies of the Authorizing Agreements to BWS by December 31, 2003.”

The Department has previously requested a copy of the agreements referenced in Section 2.b. Control of Surface Water System, but to date has not received them. Without a copy of these agreements, the Department cannot properly evaluate the possibility of acquiring the SWTP. Without documentation regarding Grove Farm ownership rights to the source water (for e.g. appurtenant and riparian rights), the ditch system, and its obligations to other parties with whom it may have water agreements, the Department cannot ensure the continued supply of water as a transferee of these “rights.”

The Department will continue to work with Grove Farm to obtain the information necessary to properly evaluate the dedication option whereby the Department would assume ownership, operate, and maintain the SWTP. It is in the best interest of the Department and its ratepayers to continue utilizing the SWTP by allowing the Agreement to automatically extend beyond the upcoming February 19, 2019 termination date.

BW/ein

Attachments: Water Treatment and Delivery Agreement dated February 19, 2004 with Grove Farm Properties, Inc.
3rd Amendment to Water Treatment and Delivery Agreement, dated December 23, 2016

Mgr/p/January 2019/19-42/Discussion and Receipt of Update regarding Status of Water Treatment and Delivery Agreement with Grove Farm Properties, Inc.
(1-25-19):ein

WATER TREATMENT AND DELIVERY AGREEMENT

This WATER TREATMENT AND DELIVERY AGREEMENT ("**Agreement**") is made effective as of the 14th day of February, 2003 ("**Effective Date**"), between GROVE FARM PROPERTIES, INC., a Hawaii corporation ("**Grove Farm**"), whose post office address is P. O. Box 662069, Lihue, Kauai, Hawaii 96766-7069, and the COUNTY OF KAUAI, BOARD OF WATER SUPPLY ("**BWS**"), whose principal place of business is 4398 Pua Loke Street, Lihue, Kauai, HI 96766-5706. m.
h.p.

RECITALS:

- A. Grove Farm and LLCO, defined below, are each required by various Land Use Commission Decisions and Orders and County of Kauai Ordinances to provide potable water source requirements for the Projects, hereafter defined, controlled by Grove Farm and LLCO;
- B. BWS wishes to increase potable water capacity in the Lihue area to satisfy existing and future potable water needs; and,
- C. Grove Farm is able to satisfy a portion of the BWS's increased capacity requirements in the manner described in this Agreement.

NOW, THEREFORE, in consideration of the respective undertakings and agreement of Grove Farm and BWS set forth herein, Grove Farm and BWS agree as follows:

1. **Definitions.** In addition to the various terms defined in the body of this Agreement, the following defined terms are used throughout this Agreement and shall control in the interpretation of this Agreement.

BWS Receiving Main means and refers to BWS's 16" transmission main (DOW's 16" Waterline shown on **Exhibit 2**) located along Maalo Road and the haul cane road leading to BWS's Hanamaulu No. 3 well.

Capacity means and refers to the capacity of the Treatment Plant to treat surface water and produce potable water and is calculated in mgd.

Dedication Option means and refers to BWS's option to request and to accept dedication of the Option Property as more fully described in Section 10.

Delivered Water means and refers to the actual throughput of the Treatment Plant delivered to BWS and measured prior to delivery to the BWS Receiving Main.

Facility means and refers collectively to the improvements comprising the Water Delivery System and the Treatment Plant.

Governmental Conditions means and refers to the obligation imposed on Grove Farm and LLCO, as a result of Land Use Commission Docket No. A89-636 and Kauai County Zoning Ordinance PM 206-90, and as a result of Land Use Commission Docket No. A94-703 and Kauai County Zoning Ordinance PM 326-96, respectively, to provide the potable water source requirements for the Projects.

Hanamaulu Ditch System means and refers to that surface water system located at Hanamaulu in the Lihue district of Kauai owned by LLCO, which ditch system feeds Kapaia Reservoir ("**Reservoir**").

License Area means and refers to the Treatment Plant Site licensed by LLCO to Grove Farm, and the Water Delivery System Easement Areas in respect of which easements have been granted by LLCO to Grove Farm. The License Area is subject to those encumbrances specified in **Appendix A**.

LPCO refers to Lihue Plantation Company, Limited.

LLCO refers to Lihue Land Company, the trade name under which Visionary LLC ("**Visionary**") operates the former properties of LPCO, including, without limitation, the Lihue-Hanamaulu master plan real estate development project.

Maximum Capacity refers to the effective Capacity of the Treatment Plant, which is approximately 4.0 mgd, less Process Water.

mgd when used to described potable water requirements or production, means and refers to "million gallons per day".

Option Property means and refers to (a) the Facility, (b) a fee simple interest in the Treatment Plant Site, and (c) an easement for pipeline, utility and access on, over and under the Water Delivery System Easement Areas.

Process Water means and refers to water received into the Treatment Plant and utilized for cleaning, maintenance, flushing, and other functions designed to produce the actual output of the Treatment Plant and generally describes that portion of the water representing the difference between water received into the Treatment Plant and its actual output.

Project(s) includes and refers to, collectively and individually, Grove Farm's Lihue-Puhi real estate development project that consists of single and multi-family residential, commercial, school, golf course, and park components and LLCO's Lihue-Hanamaulu real estate development project (formerly owned by LPCO and acquired by LLCO in 2001) that will consist of single and multi-family residential, commercial, industrial, school and park components.

Total Construction Cost of the Facility shall mean and refer to the total of the design, construction (administration and improvement), and construction financing costs incurred by Grove Farm to plan, design, and develop the Facility.

Treatment Plant means and refers to a membrane type surface water treatment system manufactured by Zenon Environmental Systems, Inc., or equivalent, with a rated capacity of 3.0 mgd (the "**Rated Capacity**"). A schematic of the Treatment Plant is attached as **Appendix B** and the Treatment Plant is more fully detailed and described in the items described in **Appendix C** to this Agreement. The Treatment Plant will be located on certain lands adjacent to the Kapaia Reservoir, generally in the location shown on the map attached as **Exhibit 1** (the "**Treatment Plant Site**").

Water Delivery System means and refers to the (a) the pipeline systems that will transport surface water from the Reservoir to the Treatment Plant and (b) the pipeline system labeled "Proposed WTF Finished Waterline and Access Road" on **Exhibit 2** that will transport finished potable water from the Treatment Plant to the BWS Receiving Main, generally in the location shown on the map attached as **Exhibit 2** (collectively the "**Water Delivery System Easement Area(s)**"), which lands consisting of the Water Delivery System Easement Area are included in the License Area.

2. General.

a. Source Water Requirements. Grove Farm's Project, when fully developed, is expected to require approximately 1.6 million gallons of potable water per day on an average daily demand basis. LLCO's Project at full build-out is estimated to require approximately 1.8 million gallons of potable water per day on an average daily demand basis. The Governmental Conditions require Grove Farm and LLCO to provide all of the Projects' potable water source requirements. As of the date of this Agreement, Grove Farm and LLCO have provided only a portion of the 3.4 mgd required under the Governmental Conditions for the Projects. Grove Farm contemplates supplying a portion of the remaining obligation under the terms of this Agreement.

b. Control of Surface Water System. Grove Farm, its stockholder ALPS LLC, a Delaware limited liability company, Visionary and LLCO are each independent, but related, companies with common ownership. One or more of these companies (1) own or control the Hanamaulu Ditch System, which feeds Kapaia Reservoir and the stream diversion facilities (the "**Stream Diversion Facilities**") for the South Fork Wallua River (the "**Stream**"), which can divert over 30 million gallons of water per day into the Hanamaulu Ditch System and (2) act as diversion works operator under a Stream Diversion Registration of Works and Declaration of Water Use, dated May 24, 1989, filed with the Commission on Water Resource Management for the Stream by LPCO. To facilitate the performance of this Agreement, Grove Farm will enter into an agreement or agreements (the "**Authorizing Agreements**") with LLCO: (i) permitting Grove Farm access to and allowing Grove Farm to operate the Stream Diversion Facilities, (ii) allowing Grove Farm to secure limited water from Kapaia Reservoir, (iii) securing for Grove Farm an easement or license over the Water Delivery System Easement Area, (iv) securing for Grove Farm an easement or license of the Treatment Plant Site and (v) permitting Grove Farm to construct the Facility. Such authorizing

agreement shall contain a provision binding the successors and assigns of Grove Farm and LLCO. Grove Farm shall provide copies of the Authorizing Agreements to BWS by December 31, 2003.

c. Interpretation. In interpreting and effecting the provisions of this Agreement, the parties shall be guided by the following general principles;

- i. The parties shall act reasonably and in good faith;
- ii. Interpretations shall be fair and reasonable, taking into account the interests of and consequences to both parties;
- iii. This Agreement contemplates that costs associated with the development, planning, and operation of the Facility be borne proportionally by the parties in the manner specified in this Agreement. Where appropriate and as the Agreement may dictate, the principle of proportional cost-sharing shall be considered in the interpretation of this Agreement.

3. Term of Agreement. This Agreement shall be effective and commence upon execution by all parties. Upon the terms and conditions set forth herein, this Agreement, unless earlier terminated in accordance with Section 17, shall terminate fifteen (15) years after the Effective Date or upon dedication of the Facility to BWS, whichever occurs first, except to the extent specifically provided to the contrary in this Agreement. If the Facility has not been dedicated to BWS within the initial fifteen (15) year term of this Agreement, the term of this Agreement shall be automatically extended for successive two (2) year periods (the "**Renewal Term(s)**") unless and until (i) the Facility is dedicated to BWS, (ii) either party delivers to the other written notice of such party's election to terminate this Agreement at least ninety (90) days prior to the conclusion of the initial term or any successive two (2) year term (the "**Termination Notice**") or (iii) the parties mutually agree to terminate this Agreement. In the event a timely Termination Notice is given, this Agreement shall terminate at the conclusion of the initial fifteen (15) year term or Renewal Term during which the Termination Notice is given.

4. The Facility - Treatment Plant.

*Can Grove Farm voluntarily agree to = ?
where will water come from?*

a. Agreement to Design and Construct Treatment Plant.

i. Subject to the terms and conditions herein, Grove Farm agrees, at its sole cost and expense, to design and to construct the Treatment Plant and a water delivery system that, using water from the Hanamaulu Ditch System, will treat and deliver potable water to the BWS Receiving Main.

ii. The actual point of connection is subject to BWS approval. BWS shall allow this connection free of charge except, however, Grove Farm shall reimburse BWS for its customary expenses incurred in conjunction with the inspection and acceptance of connections of this type.

will have to be in quality problems?

iii. Grove Farm intends to develop the Treatment Plant as a membrane type surface water filtration and treatment plant in Hanamaulu in close proximity to the Kapaia Reservoir. Additionally, water from the Treatment Plant shall not (1) adversely disrupt or cause taste or aesthetic quality problems to the BWS's water system based on an objective and verifiable increase in consumer complaints (within BWS's Lihue-Hanamaulu service area) regarding the taste or aesthetic quality of the water delivered by BWS incorporating the Delivered Water or (2) cause BWS to violate the Safe Drinking Water Act, State of Hawaii Department of Health rules and regulations and all other applicable rules and regulations. The Treatment Plant will treat water from the Hanamaulu Ditch System and comply with the potable water requirements of the Safe Drinking Water Act, State of Hawaii Department of Health rules and regulations and other applicable rules and regulations. The parties agree they will cooperate and use their respective best efforts to assure that the standards described in this Section are satisfied throughout the period of operation of the Treatment Plant.

iv. Grove Farm will make the necessary improvements to the BWS water systems to integrate the water supply from the Treatment Plant into the BWS system. Improvements may include pumps, controllers and equipment to connect and balance BWS's 393 and 510 water systems. Grove Farm shall fund a study to identify such improvements, which shall be reviewed and approved by BWS.

v. The parties acknowledge that a portion of the BWS's water transmission system located in the Hanamaulu Area in Kuhio Highway (from Kapaia Bridge to Wilcox Hospital and running towards Kapaa), which is intended to transport portions of the Delivered Water may require upsizing or replacement, due to a physical size constraint, in order to accept the quantity of Delivered Water contemplated by this Agreement. The parties have agreed that any mutually approved cost required to upsize or replace the described portion of the transmission system or to install an additional transmission line along the cane haul road/Ehiku Street route, as each are shown on the map attached as **Exhibit 3** (the "**Pipeline Improvement Map**"), shall be borne 66.67% by BWS and 33.33% by Grove Farm.

b. Design of Treatment Plant.

i. Grove Farm will design the Treatment Plant with the Rated Capacity in compliance with applicable standards with respect to membrane type systems in effect at the time of the commencement of construction of the Treatment Plant and in a manner that will permit the Treatment Plant to be accepted by and dedicated to BWS. Notwithstanding the foregoing the parties acknowledge that the Treatment Plant will have a maximum capacity of 4.0 mgd. As a result, the actual throughput of treated water may exceed 3 mgd.

ii. BWS shall have the right to review the design plans for the Facility and to provide suggestions with respect to the design of the Facility. BWS shall conduct its review and provide comments, if any, in a timely manner so as not to unreasonably delay the design process. Grove Farm may incorporate into the

final design of the Treatment Plant those suggestions that Grove Farm, in its sole discretion, deems appropriate; provided, however, Grove Farm acknowledges that its failure to incorporate BWS's minimum design requirements or comments could affect BWS's decision to exercise its Dedication Option. Upgrades of the Treatment Plant required following its construction shall be controlled by Section 12 of this Agreement.

c. Financing and Construction Bond. Grove Farm agrees to provide a construction bond for the cost of constructing the Treatment Plant, in a form and amount reasonably acceptable to BWS. BWS acknowledges that Grove Farm plans to finance the development and construction of the Facility with a loan, in an amount not less than 80% total development and construction cost of the Facility (which Grove Farm estimates to be approximately \$8,000,000.00) from an institutional lender (the "**Development Lender**") secured by an assignment of income attributable to the Facility's operations and/or mortgage on the Facility and other interests Grove Farm may have in the Facility and/or License Area (the "**Development Loan**"). Grove Farm estimates that the Development Loan will be amortized over a period of up to 15 years.

d. Post-Completion Insurance. Following completion of construction of the Treatment Plant, Grove Farm shall acquire and maintain casualty insurance on the improvements to the Treatment Plant Site. The parties shall, prior to completion of construction of the Treatment Plant, approve the terms, conditions and amount of the casualty insurance.

5. Water Supply and Delivery.

a. Acceptance of Water. Throughout the term of this Agreement, BWS shall accept into its water system the Delivered Water. BWS agrees to purchase Delivered Water, subject to the provision of 4.a.iii and to the limitations contained in this Agreement relating to Minimum Daily Delivery limitations set out in Section 6, for the fees described in Section 7. BWS shall and does hereby agree to take all necessary and required actions to secure and shall maintain throughout the term of this Agreement all appropriate and necessary approvals applicable to the procurement of Delivered Water. All and any of Grove Farm's obligations under this Agreement are specifically conditional on such procurement approvals.

b. Performance Bond. Commencing from and after the date of first delivery of Delivered Water to BWS, Grove Farm shall maintain or cause to be maintained by the operator of the Treatment Plant, defined below, a performance bond, if available, issued by a financially capable surety, that ensures the continuous operation of the Treatment Plant until the expiration or termination of this Agreement, provided BWS first approves the scope and expense of such performance bond. A copy of such bond (and any replacement bonds) obtained shall be provided to BWS. The cost of securing such performance bond shall be included in the cost of operations of the Facility.

c. Plant Management Agreement and Operations. Grove Farm contemplates that it will enter into a Treatment Plant management agreement (the "**Plant Management Agreement**") with an entity or entities qualified and experienced in the operations of facilities similar to the Treatment Plant (the "**Operator**"). To secure the continued, uninterrupted operation of the Treatment Plant in accordance with this Agreement and the performance of Grove Farm's obligations under this Agreement, Grove Farm shall, to the extent permitted by the Development Loan, assign to BWS, as security only, Grove Farm's rights arising under the Plant Management Agreement. Such assignment shall be made concurrently with the establishment of the Tested Capacity of the Treatment Plant, as described in Section 8.b. The form of assignment for security purposes shall be approved by the parties and Grove Farm's Development Lender.

6. **Daily Delivery Limitations.**

a. Minimum Delivery. Delivered Water received at BWS' Receiving Main shall be controlled by BWS' supervisory control and data acquisition system ("**SCADA**"). Subject to the provisions of 4.a.iii and the provisions of this Agreement, Grove Farm will deliver and BWS will accept not less than 2.0 mgd of Delivered Water calculated on a quarterly basis (2.0 mgd calculated on a quarterly basis is the "**Minimum Daily Delivery**") from the end of the Trial Period described in Section 8 until such time as BWS elects to increase the Minimum Daily Delivery of Delivered Water in the manner provided in this Section.

b. Modified Delivery Limitation. At any time, BWS may increase the delivery of Delivered Water (such that it exceeds 2.0 mgd), provided BWS may not cause Delivered Water to exceed the Capacity of the Treatment Plant. Any such increase shall be effected by BWS by electronic telemetry through SCADA. Subject to the parties' performance as provided in Section 4.a.iii, in no event may BWS decrease the amount of Delivered Water below the 2.0 mgd Minimum Daily Delivery.

c. Effect on Section 8 Credits and Use of Water. Any adjustment by BWS of the Minimum Daily Delivery shall not diminish Grove Farm's Credits available under the terms of this Agreement. Grove Farm may use the output of the Treatment Plant not included in Delivered Water (the "**Additional Water**") for purposes determined appropriate by Grove Farm; provided, however, if Grove Farm proposes to utilize the BWS System for delivery of Additional Water, Grove Farm must first obtain BWS's consent to use the BWS System, which consent shall not be unreasonably withheld. Improvements to the facility required to permit Grove Farm's use of Additional Water shall be at Grove Farm's expense.

7. **Treatment and Delivery Sales Fee.**

a. BWS Fee. As consideration for the delivery by Grove Farm of potable water from the Treatment Plant, BWS shall pay Grove Farm the treatment and delivery sales fees described in this Section (the "**BWS Fee**"), which BWS Fees shall be subject to periodic adjustment as provided in this Section. The BWS Fee

shall include (i) a fee for Delivered Water at the rate of \$ 1.327 per 1,000 gallons of Delivered Water (the "**Delivered Water Fee**"), which includes the reimbursement identified in section 7.a.(ii) and 7.a.(iii) below; (ii) a reimbursement to Grove Farm for any and all electrical service costs incurred by Grove Farm in connection with the operation of the Facility (the "**electrical service cost**"); and (iii) a sum equal to all and any State of Hawaii general excise applicable to and payable in respect of the Delivered Water Fee and the electrical service cost reimbursement. The electrical service cost shall be based on actual meter reading and shall be supported by such evidentiary data as specified in Section 7.d. The parties acknowledge that the Delivered Water Fee represents a blend of the cost of the treatment and delivery sales fee for water reserved by and credited to Grove Farm (the "**Grove Farm Fee**") and the treatment and delivery sales fee for water delivered to and allocated to BWS (the "**BWS Treatment Fee**") on a one (1) to two (2) ratio between the Grove Farm Fee and the BWS Treatment Fee. In the event that BWS increases the Minimum Daily Delivery of water, that portion of the Delivered Water Fee for the water delivered in excess of the Minimum Daily Delivery shall, to the extent that the referenced Delivered Water Fee is not absorbed by Grove Farm's return on investment (described in Section 7.b), operational and maintenance costs, electric service costs, and general excise tax, be applied by Grove Farm to reduce sums owed under the Development Loan.

b. Adjustment of BWS Fee. At the conclusion of the Trial Period and thereafter, when and as requested by either party, but not more often than once annually, the Delivered Water Fee shall be adjusted by mutual agreement based on the operational, maintenance and development costs of the Treatment Plant, but in no event shall the Delivered Water Fee be less than the greater of (i) the Delivered Water Fee established pursuant to Section 7.a or (ii) the Delivered Water Fee established by the review for the immediately preceding period made pursuant to this Section 7.b. Operational and maintenance costs shall include any and all costs incurred by Grove Farm (or its assignee or successor) to administer, maintain, repair, improve, replace, refurbish, and operate the Facility, to own, lease, license, operate or maintain any portions thereof, and otherwise in acting pursuant to this Agreement, or to be incurred in respect of offsite improvements to BWS's water transmission facilities in accordance with the Agreement or subsequent agreement of the parties, including without limitation, (A) the costs of planning, construction and financing of the modernization, improvement, renovation or replacement of the Facility necessitated by floods, washouts, landslides, earthquakes, hurricanes or other acts of God or man, or necessitated by technological change or governmental requirements, (B) the costs required to maintain a standard schedule of maintenance and repair typical for similar surface water treatment plants, and to ensure that all components of the Facility are operated and maintained in a manner which will not prevent or hinder the ability of Grove Farm or BWS to access capacity in or expand the Treatment Plant, (C) all expenses of record keeping, bank fees, government filings, accounting, yard, janitorial and other similar services, wages, accounting, legal and management fees, other necessary expenses of upkeep, maintenance, management and operation actually incurred including those incurred to comply with any law or regulation, (D) all expenses of all employees, managers, and consultants required to operate, manage, maintain, improve,

replace, refurbish, and repair the Facility, or to perform any of the functions above described, as reasonably determined by Grove Farm, (E) the costs of insurance, bonds or other assurances maintained by Grove Farm as required or permitted by this Agreement or in respect of the Development Loan or customarily secured for operations of the nature contemplated, (F) all charges for leases, licenses, rents, and taxes, (G) the cost of all utility services (including water, electricity, gas, refuse disposal, sewer and any similar services), and (H) reasonable reserves for contingencies, replacements and other proper purposes deemed appropriate by Grove Farm to meet the costs and expenses of maintenance, repairs and replacement for items that must be maintained, repaired, or replaced on a periodic basis. In connection with the periodic review, the parties shall consider and take into account that the portion of the Delivered Water Fee representing the BWS Treatment Fee shall be equal to the total of (1) BWS's operational and maintenance costs, exclusive of electrical service costs, of its current source systems in the Lihue-Hanamaulu area, (2) the cost(s) to develop the Facility, and (3) a reasonable return on Grove Farm's investment, which shall be ten percent (10%) of 2/3rds of the cost of the development and construction of the Facility. In connection with the periodic review, the parties shall also consider and take into account that the portion of the Delivered Water Fee representing the Grove Farm Fee shall be not less than an amount that equals Grove Farm's cost of operations, insurance and financing. BWS may audit, at its discretion and at its cost, operational and maintenance costs. In no event, shall the Delivered Water Fee exceed BWS's actual cost to provide water to its current customers.

c. Increased Monitoring Costs. The parties acknowledge that costs incurred in distribution system monitoring in conformance with the Safe Drinking Water Act (SDWA) may increase due to the introduction of surface water into the distribution system. The mutually approved additional costs, including sampling and laboratory analysis (collectively the "**Increased Monitoring Costs**"), shall be borne 66.67% by BWS and 33.33% by Grove Farm. All such costs shall be advanced by BWS and BWS shall receive 33.33% of the Increased Monitoring Costs as a credit against monthly BWS Fee paid pursuant to this Agreement; provided BWS submits to Grove Farm any and all invoices and documentation in respect of the Increased Monitoring Costs, together with evidence of BWS's payment of such costs for which BWS seeks such credit.

d. Billing Procedures. Grove Farm will submit, on a calendar month basis, billings to BWS for Delivered Water based on Sections 7.a and 7.b of this Agreement (the "**Water Fee Invoices**"). Concurrently, Grove Farm shall submit to BWS as supporting documentation any and all invoices received by Grove Farm in respect of the electrical service to the Facility, together with evidence of Grove Farm's payment of such invoices. BWS shall pay the Water Fee Invoices within 31 days of their receipt. Any payment or reimbursement not timely paid by BWS shall bear interest at the rate of twelve percent (12%) per annum until paid.

8. **Credits Toward Grove Farm's Obligation.**

a. **The Credits.** In consideration of Grove Farm's funding and construction of the Treatment Plant, Grove Farm and LLCO shall receive a facility reserve charge credit ("**FRC Credit**") and a source credit equal to 1/3rd of the Tested Capacity as determined in Section 8.b. (collectively the "**Credits**"), allocated as directed by those parties, against their respective potable water development obligation under all applicable Governmental Conditions. Grove Farm may apply the FRC Credit against any facilities reserve charges that may be assessable to Grove Farm or LLCO with respect to water meters delivered to any development by those parties.

b. **Procedure for Determining Amount of Credits.**

i. The Credits shall be determined after a trial period to evaluate performance of the Treatment Plant (the "**Trial Period**"). The Trial Period shall commence ten (10) calendar days following the date the Facility is fully operational. The Facility shall be deemed fully operational when the Treatment Plant's actual operational time exceeds 90 percent of the available run time during a 30-day period (the "**Minimum Run Time**"). Grove Farm will give BWS written notice when the Treatment Plant is fully operational. The length of the Trial Period will be mutually agreed to by Grove Farm and BWS, provided, however, that the trial period will be completed within six (6) months from the start date.

ii. During the Trial Period, the parties shall coordinate with the State Department of Health Safe Drinking Water Branch to monitor operations of the Facility and to establish the "**Tested Capacity**" of the Facility. The Tested Capacity shall be established by the parties and the State Department of Health Safe Drinking Water Branch in conformance with the State of Hawaii Administrative Rules relating to potable water systems.

iii. During the Trial Period, Grove Farm will receive Credits equal to 0.50 mgd.

iv. Following the Trial Period, Grove Farm will receive Credits specified in Section 8.a.

c. **Assignment of Credits.** Grove Farm, at its option, may assign any or all of the Credits to LLCO in partial satisfaction of LLCO's obligation under Docket No. A94-703 and PM 326-96. Grove Farm may assign the Credits, or portions thereof, to (1) any user, occupant or developer of the Grove Farm property under Docket No. A89-636 and PM 206-90 or (2) LLCO lands that are described under Docket No. A94-703 and PM 326-96. BWS will acknowledge such assignment or assignments and confirm the availability of the assigned portion of the Credits to the assignee on request by Grove Farm

d. **Survival of Credits.** The Credits will survive the termination of this Agreement and any exercise by BWS of its option to accept dedication of the

Treatment Plant and its related real estate and facilities in accordance with Section 10, provided, however, that if Grove Farm is in default under any provision of this Agreement and such default remains uncured as described in Section 17 and actually diminishes the Rated Capacity of the Treatment Plant, the Credits shall be reduced by the number of gallons by which the Rated Capacity is actually diminished.

9. **BWS Access to Treatment Plant and Operational Data.** Grove Farm will provide BWS, in writing, the name, telephone number and other relevant contact information of an appropriate contact person or persons available twenty-four (24) hours a day and seven (7) days a week. Upon twenty-four (24) hours prior telephone notification from BWS to the operator of the Treatment Plant, Grove Farm agrees to permit BWS to have reasonable access to the Treatment Plant for periodic site visits for purposes of observing its operation and to review the Treatment Plant's operational data. Such visits are generally for the purpose of familiarizing BWS with the Treatment Plant in advance of BWS's exercise of its Dedication Option. In cases of an emergency, such advance notice shall not be required prior to entry; provided, however, BWS shall give Grove Farm telephonic notice as soon as reasonably possible following such entry. BWS's visits shall not interfere with the operations of the Treatment Plant.

10. **Dedication Option and Delivery of Source Water.**

a. **Option.** Subject to the limitations provided in this Section 10, BWS will have an option to request and accept dedication (the "**Dedication Option**") of the Option Property, in its "as-is, where-is" condition, free and clear of the Development Loan and any monetary lien or encumbrance (unless assumed by BWS in accordance with this Agreement) and all liens or encumbrances except those specified in Appendix A and which may in the future be approved by BWS or required by this Agreement. BWS approves the encumbrances affecting the Option Property described in Appendix A.

b. **Cost of Option Property.** In the event BWS exercises its Dedication Option on or before the date by which Grove Farm will have been fully reimbursed for its cost of development and construction of the Facility and financing of that portion of the Facility allocable to BWS via payment of the BWS Fee (the "**Reimbursement Date**"), BWS shall pay to Grove Farm the sum (the "**Acquisition Fee**") of: (1) the fair market value of the fee simple interest in the Treatment Plant Site, and the easement interest in the Water Delivery System Easement Areas that are not already owned by BWS ("**License Area Price**"), which value shall be established by mutual agreement between the parties and failing such mutual agreement by appraisal applying the customary methodology applicable to condemnation of fee simple interest in land, plus (2) the un-amortized cost of the development and construction of the Facility as at the date of the exercise of the Dedication Option (the "**Facility Improvements Price**"), provided, however, such Facility Improvements Price shall not be less than a percentage of the outstanding balance (principal, accrued interest, closing and pay-off fees, if any) due and owing in respect of the Development Loan equal to 66.67

divided by a fraction, the denominator of which is the Total Construction Cost of the Facility and the numerator of which is the principal balance due under the Development Loan following completion of construction of the Facility (e.g., the Facilities Improvements Price would not be less than 83.33% of the Development Loan if only 80% of a \$8,000,000 Total Construction Cost is financed). BWS may credit the balance due under the Development Loan against the Acquisition Fee if BWS is permitted to assume all or a portion of the Development Loan equal to the Acquisition Fee and Grove Farm is released fully under the Development Loan. In the event the Dedication Option is exercised after the Reimbursement Date, BWS shall pay to Grove Farm no License Area Price and no Facility Improvements Price will be payable upon dedication of the Facility.

c. Term of Dedication Option. So long as this Agreement is in full force and effect, BWS may exercise its Dedication Option at any time after the effective date of this Agreement. BWS's Dedication Option shall expire on termination of this Agreement.

d. Procedure for Exercising Option/Closing. BWS may exercise its Dedication Option by giving Grove Farm written notice by certified mail or personal delivery of its intent to do so ("**Notice of Intent**"). In the event BWS provides Grove Farm with a Notice of Intent, Grove Farm shall have the right to designate the time, place and date of closing ("**Closing Date**"), provided that the Closing Date shall be within ninety (90) business days after receipt of the Notice of Intent, unless the parties shall mutually agree in writing to extend the Closing Date. Grove Farm shall subdivide and convey the Treatment Plant Site to BWS by deed, the form and content of which shall be mutually agreed upon by the parties. The Water Delivery System Easement Areas shall be conveyed by grant of easement using the customary form of grant utilized by and between Grove Farm and BWS. Any unattached components of the Facility shall be conveyed by bill of sale.

e. Delivery of Source Water. From and after the conveyance of the Option Property to BWS (which date of conveyance is described as the "**Conveyance Date**") and subject to the provisions of this Agreement, BWS shall have the right to purchase from Grove Farm and Grove Farm agrees to sell to BWS an uninterrupted supply of water from Kapaia Reservoir and the Hanamaulu Ditch System (the "**Source Water**") in an amount not less than the Maximum Capacity of the Treatment Plant. BWS shall pay Grove Farm the sum of \$ 0.003 per 1000 gallons of Source Water delivered to the Treatment Plant (the "**Source Water Delivery Fee**"). The Source Water Delivery Fee shall be increased by three percent (3%) annually, on the anniversary date of the Conveyance Date. Notwithstanding the foregoing, the parties agree that due to the difficulty in calculating the Source Water Delivery Fee, BWS may elect to pay in lieu of the Source Water Delivery Fee a sum to Grove Farm (as manager of the Kapaia Reservoir and the Hanamaulu Ditch System) equal to BWS's prorata share of the cost to deliver water to Kapaia Reservoir (the "**In-Lieu Fee**"). BWS's prorata share shall equal a fraction of such cost of the management of the Kapaia Reservoir and the Hanamaulu Ditch System, the numerator equaling the actual amount of water delivered to the Treatment Plant and the denominator being the total amount of

water delivered to the Reservoir as measured by the gauging station at Hanamaulu Ditch. As of the Effective Date, the prorata share of a 3.0 mgd plant is approximately \$2,640.00 per year. The conveyance instrument for the Option Property shall include appropriate covenants formalizing (1) the right of BWS to purchase delivery of Source Water, together with access rights to Kapaia Reservoir and the Hanamaulu Ditch System for purposes of assuring delivery of Source Water to the Treatment Plant for so long as BWS utilizes the Treatment Plant or successor facility to supply potable water to its consumers, (2) the right of BWS to divert flush or discharge water (a component of Process Water created by the Treatment Plant) to a location selected by Grove Farm for so long as BWS utilizes the Treatment Plant or successor facility to supply potable water to its consumers, which flush or discharge water will be accepted by Grove Farm, and (3) the obligation of BWS to pay the Source Water Delivery Fee or the In-Lieu Fee, upon which the delivery of Source Water is conditioned.

f. Agreement Controls in the Event of Condemnation. BWS agrees that any condemnation of the Facility shall require the payment and be subject to the retained rights and the Credits specified in this Agreement. In all respects, any such condemnation shall constitute an exercise of the Dedication Option described in this Agreement and shall be undertaken subject to the terms of this Agreement.

g. Effect of Dedication on Credits. Grove Farm's rights and obligations under this Agreement will be terminated upon dedication, provided, however, that the rights and obligations of the parties and the Credits to Grove Farm described in Section 8 and in this Section 10 will survive the exercise of the Dedication Option.

11. Government Approvals. The parties shall cooperate and assist each other in obtaining any government approvals, if any, necessary to carry out the terms of this Agreement. The parties shall bear their own respective costs and expenses incurred in obtaining those approvals.

12. Future Expansion and Upgrade. Any expansion of the Treatment Plant and associated equipment beyond its Maximum Capacity or upgrade to the Treatment Plant shall be subject to the mutual approval of Grove Farm, LLC and the BWS. Any such expansion, if by BWS, Grove Farm or by both of them shall be undertaken, if at all, generally subject to the following terms:

a. No Harm to Existing Capacity. Expansion of the Treatment Plant is permitted only if the parties agree that there will be no permanent resulting decrease in the quantity of potable water produced by the then existing facility.

b. Grove Farm Expansion. Any expansion of the Treatment Plant by Grove Farm during the period Grove Farm owns the Treatment Plant, will be at its sole cost and expense. Grove Farm agrees that it shall expand the Treatment Plant only to fulfill the Governmental Conditions or other potable water source requirements imposed on Grove Farm or LLC or both in connection with the development of property owned by one or the other of them. Notwithstanding Section 8.b.iv, BWS agrees that if Grove Farm expands the Treatment Plant for the

foregoing reasons, BWS shall be obligated to take delivery of potable water from the Treatment Plant to satisfy the potable water source requirements of the Projects and the foregoing developments and to credit Grove Farm for water source capacity in accordance with Section 8.

c. BWS Expansion. As long as Grove Farm owns the Plant, BWS agrees that it will not seek expansion of the Treatment Plant unless BWS is then accepting delivery of the Rated Capacity of the Treatment Plant. If BWS seeks expansion of the Treatment Plant prior to BWS's acquisition of the Treatment Plant, BWS agrees (1) that any expansion shall be at its sole cost and expense; and (2) that it shall be responsible for any increase in operational costs resulting from said expansion. Grove Farm and BWS also agree that any additional treatment and delivery capacity created by a BWS expansion shall belong to BWS.

d. Grove Farm Participation In Expansion. After conveyance of the Treatment Plant to BWS, BWS will allow Grove Farm to participate in future expansion of the Treatment Plant as shall be mutually agreed to by Grove Farm and BWS, provided that said agreement shall generally follow the guidelines provided for in this Section 12.

e. Upgrade of Facility. In the event of a change in regulations applicable to the Facility requiring the upgrade of the Facility or in the event the parties mutually approve a capital improvement to the Facility, the parties shall cooperate to undertake any such required upgrade. The cost of any such upgrade required prior to BWS's exercise of the Dedication Option shall be borne 66.66% by BWS and 33.34% by Grove Farm. The method of payment for any such upgrade shall be mutually approved by the parties and may include, without limitation, cash payment, refinancing, or other methods. Any upgrade required post-dedication shall be the responsibility of BWS.

f. Survival. The rights and obligations of the parties arising under this Section 12 shall survive the exercise of the Dedication Option by BWS and dedication of the Facility to BWS.

13. Injury to Treatment Plant.

a. Rebuilding Permitted. In the event the Treatment Plant is destroyed wholly or partially by any cause other than the negligence of BWS, Grove Farm shall, to the extent of available insurance proceeds and if permitted by the Development Loan, rebuild the Treatment Plant at no cost or expense to BWS. Grove Farm shall use its reasonable efforts to undertake and to complete such reconstruction, if permitted by the Development Loan, as soon as practicable following such destruction. Grove Farm agrees that it shall use its best efforts to obtain a Development Loan that permits such application of insurance proceeds. During the period of repairs, Grove Farm will have no obligation to deliver water to BWS except as is reasonably possible and may be accomplished at a cost first approved by BWS. In that regard, the parties agree to cooperate in securing and developing alternate sources of water, if required. All additional cost incurred by

Grove Farm in effecting such delivery shall be reimbursed by BWS to Grove Farm upon demand by Grove Farm.

b. Rebuilding Restricted. Should the Development Loan prohibit the reconstruction of the Treatment Plant contemplated by this Section 13 in the event of substantial destruction (by requiring, by way of example, that the insurance proceeds be applied to the outstanding debt under the Development Loan) Grove Farm will make its best faith effort to secure alternate financing that will permit the reconstruction of the Treatment Plant.

c. Transfer of Plant/Discharge of Obligations. If within 12 months following the destruction of the Treatment Plant, Grove Farm is unable to complete reconstruction of the Treatment Plant or is unable to secure alternate financing to rebuild the Treatment Plant, BWS may elect, by written notice to Grove Farm given within thirty (30) days following the expiration of the 12 month period following destruction of the Treatment Plant, to exercise the Dedication Option, as modified by this Section 13.c. or accept a payment from Grove Farm equal to one-third (1/3rd) of the depreciated value of the Treatment Plant as at the date of its destruction in full and complete satisfaction of Grove Farm's obligations under this Agreement (the "**Destruction Payment**"). Should BWS elect to accept the Destruction Payment, this Agreement shall be terminated without prejudice to the Credits received by Grove Farm and BWS shall have no further rights in or to the Facility. The acceptance of the Destruction Payment shall constitute a waiver by BWS of any and all rights to condemn the Facility or the water supply to the Facility. If BWS elects to exercise its Dedication Option following destruction of the Treatment Plant, the provisions of Section 10 shall apply, provided, however, (a) BWS shall pay to Grove Farm: (1) the License Area Price plus (2) a sum equal to the Facility Improvements Price reduced by the amount of insurance proceeds received by Grove Farm in respect of the destruction and applied to the Development Loan, plus (3) any unexpended insurance proceeds attributable to the destruction of the Treatment Plant assigned to BWS by Grove Farm and (b) Grove Farm shall, if requested by BWS, assign to BWS, subject to receipt of the foregoing payment, any unexpended insurance proceeds attributable to the destruction of the Treatment Plant not required to be applied to the Development Loan. In no event, however, shall the reduced Facility Improvements Price be less than \$0.00.

14. Representations and Warranties. Grove Farm represents and warrants that it has full power and authority to enter into this Agreement. BWS represents and warrants that it has full power and authority to enter into this Agreement.

15. Assignment. With BWS approval, which shall not be unreasonably withheld, Grove Farm shall have the right to assign this Agreement, provided Grove Farm may assign this Agreement to any of its subsidiaries and/or affiliates without the consent of BWS. Grove Farm shall give BWS written notice of any such assignment. Any Assignee shall possess or be able to hire and employ persons having management and operational skills, experience and personnel sufficient to enable the Assignee to manage, operate and maintain the Facility in the manner it

was managed, operated and maintained prior to the assignment. The assignee shall be bound by terms of this Agreement.

16. **No Early Termination.** This Agreement may not be terminated by either party at any time prior to the end of the Term of Agreement described in Section 3, except as otherwise provided for in this Agreement.

17. **Default.** If either party shall be in violation, breach or default of any term or condition of this Agreement ("**Default**"), and any such Default is not cured within thirty (30) days after written notice of such Default, the party that gave notice of the Default may, at its sole discretion, terminate this Agreement without prejudice to any of its other remedies at law or in equity. In the event such Default is of such a character as to require more than thirty (30) days to cure, such Default shall not permit termination of this Agreement if efforts to cure such Default have been commenced within such thirty (30) day period following written notice and are diligently and consistently pursued thereafter by appropriate steps to cure such Default.

18. **Condemnation Action.** The parties further agree they will endeavor to settle all claims asserted in Board of Water Supply vs. Visionary, L.L.C., Civil No. 00-010 -0021, pending in the Circuit Court of the Fifth Circuit, State of Hawaii, ("**Condemnation Action**") for the amount deposited by the Board of Water Supply, County of Kauai, with the Chief Clerk of the Fifth Circuit Court, and withdrawn by Visionary, L.L.C. pursuant to the Stipulation For Withdrawal Of Funds entered therein on May 16, 2002, with each party bearing their own attorneys' fees and costs. The parties agree that any settlement of the Condemnation Action may not proceed unless this Agreement has been approved by BWS and Grove Farm.

19. **Mediation and Arbitration.**

a. **No Litigation.** Except as specifically permitted in this Section 19, no federal or state judicial or administrative (inclusive of arbitrations) proceeding shall be commenced or maintained by any party with respect to matters covered by this Agreement.

b. **Arbitration.**

i. With respect to any dispute or disagreement arising out of this Agreement and each parties obligations hereunder (a "**Dispute**"), Grove Farm and BWS agree to resolve the Dispute by arbitration pursuant to the Arbitration Rules, Procedures, and Protocols of Dispute Prevention and Resolution, Inc. ("**DPR**"), then in effect (the "**Arbitration**") and Haw. Rev. Stat. chapter 658A; provided, however, the Arbitration shall be conducted by a three-member arbitration panel. One panel member shall each be chosen by BWS and Grove Farm, and the two members shall then, by joint agreement, choose the third panel member. The three members of the panel may, but are not required to, be chosen from DPR's list of arbitrators. In the event of any actual, implied, or apparent conflicts between 1) the Arbitration Rules, Procedures, and Protocols of DPR, and 2) H.R.S. chapter 658A, the

provisions of HRS chapter 658A shall prevail and control. Any counterclaim a party may have against another party shall also be resolved in the context of and by Arbitration. Any Arbitration shall be conducted in the County of Kauai, and shall be governed by the laws of the State of Hawaii. No punitive damages shall be awarded in any claim. Further, no award of attorneys' fees or for damages attributable to emotional distress or a multiple of actual damages based upon any theory of law may be made or awarded in any claim against either party in any Dispute. The arbitration panel may award costs, including expert witness fees, to the prevailing party. Additionally, the arbitration panel may award equitable relief pursuant to any Arbitration Instituted as a result of or to enforce this Agreement. The award rendered by the arbitration panel shall be final and binding and a judgment may be entered upon it in accordance with H.R.S. chapter 658A in the Circuit Court of the Fifth Circuit, State of Hawaii.

c. Qualification. In the arbitration of any Dispute, the arbitration panel shall be impartial and to the extent reasonably available, trained or experienced in the subject matter of the arbitration.

d. Obligations Pending Arbitration. The pendency of an Arbitration proceeding shall not relieve Grove Farm or BWS of any duty to perform any obligation under this Agreement capable of performance, including the delivery of water and the payment of fees attributable to such delivery, except as otherwise provided in this Agreement. Should any Dispute which relates to expansion of the Treatment Plant be submitted to arbitration, the party seeking such expansion shall not proceed with such expansion during such arbitration without first securing either the prior written consent of the objecting party, which consent shall be given or withheld solely at the discretion of the objecting party, or first depositing a bond with the objecting party in a form and with sureties satisfactory to the objecting party indemnifying the objecting party against all losses, damage or claims and demands resulting from an alteration of the Treatment Plant. The objecting party's approval of any such bond shall not be unreasonably withheld.

20. Miscellaneous.

a. Successors and Assigns/No Third Party Beneficiaries. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. There are no third-party beneficiaries to this Agreement.

b. Amendment. This Agreement may be amended or modified by, and only by, a written instrument executed by the parties.

c. Force Majeure. For any period of time during which either party is prevented from performing the actions or obligations either may have under this Agreement as the result of acts of God, strikes, lockouts, litigation, court orders, government imposed or caused delays, or other cause without fault and beyond the reasonable control of such party (financial inability excepted), the period for the performance of any such act or obligation shall be extended for a period equivalent

to the period of such delay; provided, however, that nothing shall excuse the prompt payment of the BWS Fee required by Section 7 of this Agreement to be paid in respect of Delivered Water. The party so delayed or prevented from the performance of any act shall notify the other of such delay or prevention and shall thereafter keep the other party regularly informed of the status of such delay or prevention.

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

e. Section Headings. The section headings inserted in this Agreement are for convenience only and are not intended to, and shall not be construed to limit, enlarge or affect the scope or intent of this Agreement, nor the meaning of any provision hereof.

f. Excise Tax. All fees or sums paid by BWS to Grove Farm under this Agreement shall include State of Hawaii general excise tax, as it may be amended from time to time, or any successor or similar tax, payable in an amount which, when added to such fee or other payment, shall yield to Grove Farm, after deduction of all such tax payable by Grove Farm with respect to all such fees or payments, a net amount equal to that which Grove Farm would have realized from such fees or payments had no such tax been imposed.

g. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one and the same agreement, binding all of the parties hereto, notwithstanding that all of the parties are not signatories to the original or same counterpart. For all purposes, including, without limitation, delivery of this Agreement, duplicate unexecuted and unacknowledged pages of the counterparts may be discarded and the remaining pages assembled as one document.

h. Merger of Prior Agreements. This Agreement supersedes all prior agreements and understandings between the parties hereto relating to the subject matter hereof.

i. No Party Deemed Drafter. The parties agree that no party shall be deemed to be the drafter of this Agreement, and further, that if this Agreement is ever construed by a court of law, or mediator or arbitration panel pursuant to Section 19 of this Agreement, such court, mediator or arbitration panel shall not construe this Agreement or any provision thereof against any party as the drafter of this Agreement.

j. Time is of the Essence. Time is of the essence of this transaction.

k. Attorney's Fees. If any action is brought by any party to enforce any right or remedy hereunder, the prevailing party in any such action or dispute, whether by final judgment or out of court settlement, shall be entitled to recover from the other its costs and expenses of suit, including, without limitation,

reasonable attorneys' fees. Said obligation of the non-prevailing party shall be deemed to accrue on the date of commencement of such action.

l. No Waiver. No waiver by either party of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by either party of the same or any other provision.

m. Notice. All notices, requests, demands or documents which are required or permitted to be given or served hereunder shall be in writing and (1) delivered personally, (2) delivered by national overnight courier, or (3) transmitted by facsimile, addressed as follows: President, Grove Farm Properties, Inc., P. O. Box 662069, Lihue, Hawaii 96766-7069, Fax No. (808) 246-9470; Manager and Chief Engineer, County of Kauai, Board of Water Supply, 4398 Pua Loke Street, Lihue, Hawaii 96766-5706, Fax No. (808) 246-8628. Notice delivered personally or transmitted by facsimile shall be deemed received on the day delivered personally or transmitted by facsimile. Notice delivered by national overnight courier shall be deemed received one (1) day following the date such notice is provided to the national overnight courier for delivery.

n. Advice of Counsel. Each party acknowledges that such party has had full benefit and advice of counsel of its own selection, in regard to understanding the terms, meaning and effect of this Agreement.

o. Further Assurances. The parties agree to execute any other or further documents, and take any actions, which reasonably may be required to carry out or effect the purposes of this Agreement.

p. Severability. Each provision of this Agreement shall be interpreted in a manner as to be valid and enforceable under applicable law. If any provision of this Agreement should be held to invalid or unenforceable, such invalidity shall not affect the validity or enforceability of the remaining provisions of this Agreement.

q. Incorporation of Exhibits and Appendices. All exhibits and appendices to this Agreement are incorporated by this reference.

r. Consent. Visionary, LLC has evidenced its consent to this Agreement by its execution of this instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ACKNOWLEDGEMENT AND CONSENT:

GROVE FARM PROPERTIES, INC.

VISIONARY, LLC
A Delaware limited liability company

By Michael H. Furukawa
Name: Michael H. Furukawa
Title: Vice President

By Michael H. Furukawa
Its: Vice President

By Sandra L. Day
Name: Sandra L. Day
Title: Treasurer

APPROVED:

Edward K. Hym
Manager and Chief Engineer

COUNTY OF KAUAI, BOARD OF WATER
SUPPLY

By Curtis Vorn
Name:
Title: Chairperson

JTN APPROVED AS TO FORM AND
LEGALLY:

Jan Ray
County Attorney

STATE OF HAWAII)
) ss.
COUNTY OF KAUAI)

On this 4th day of February, 2004, before
me appeared Michael H. Furukawa and
Sandra L. Day, to me personally known, who, being by me
duly sworn, did say that they are the Vice President and the
Treasurer, respectively, of GROVE FARM PROPERTIES, INC., a
Hawaii corporation, that the seal affixed to the foregoing instrument is the
corporate seal of said corporation, and that said instrument was signed and sealed
on behalf of said corporation by authority of its Board of Directors, and said Officers
acknowledged said instrument to be the free act and deed of said corporation.

Mary Ann T. McMillen
Notary Public, State of Hawaii L.S.

Notary's Name: Mary Ann T. McMillen
My commission expires: 4-14-2006

STATE OF HAWAII)
) ss:
COUNTY OF KAUAI)

Visionary LLC

On 4th of February, 2004, before me personally appeared
Michael H. Furukawa, to me personally known, who, being by me
duly sworn or affirmed, did say that such person(s) executed the foregoing
instrument as the free act and deed of such person(s), and if applicable, in the
capacities shown, having been duly authorized to execute such instrument in such
capacities.

Mary Ann T. McMillen
Notary Public, State of Hawaii L.S.

Notary's Name: Mary Ann T. McMillen
My commission expires: 4-14-2006

STATE OF HAWAII)
) ss.
COUNTY OF KAUAI)

On this ^{19th}~~18th~~ day of February, 2004, before me appeared Curtis Tom, to me personally known, who, being by me duly sworn, did say that he/~~she~~ is the Chairperson of the BOARD OF WATER SUPPLY, COUNTY OF KAUAI, and that the foregoing instrument was signed on behalf of said Board, by authority of said Board, and that said officer acknowledged said instrument to be the free act and deed of said Board, and that said Board has no corporate seal. m
h.f.

Rona Miura

Notary Public, State of Hawaii

Notary's Name: Rona Miura
My commission expires: 10-16-07

SCHEDULE OF EXHIBITS

Exhibit 1 - Map of Treatment Plant Site

Exhibit 2 - Map of Water Delivery System Easement Area

Exhibit 3 - Pipeline Improvement Map

APPENDICES

Appendix A - License Area Encumbrances (Lihue Land's Title Report)

Appendix B - Schematic of the Treatment Plant

Appendix C - Treatment Plant Details

EXHIBIT "1"

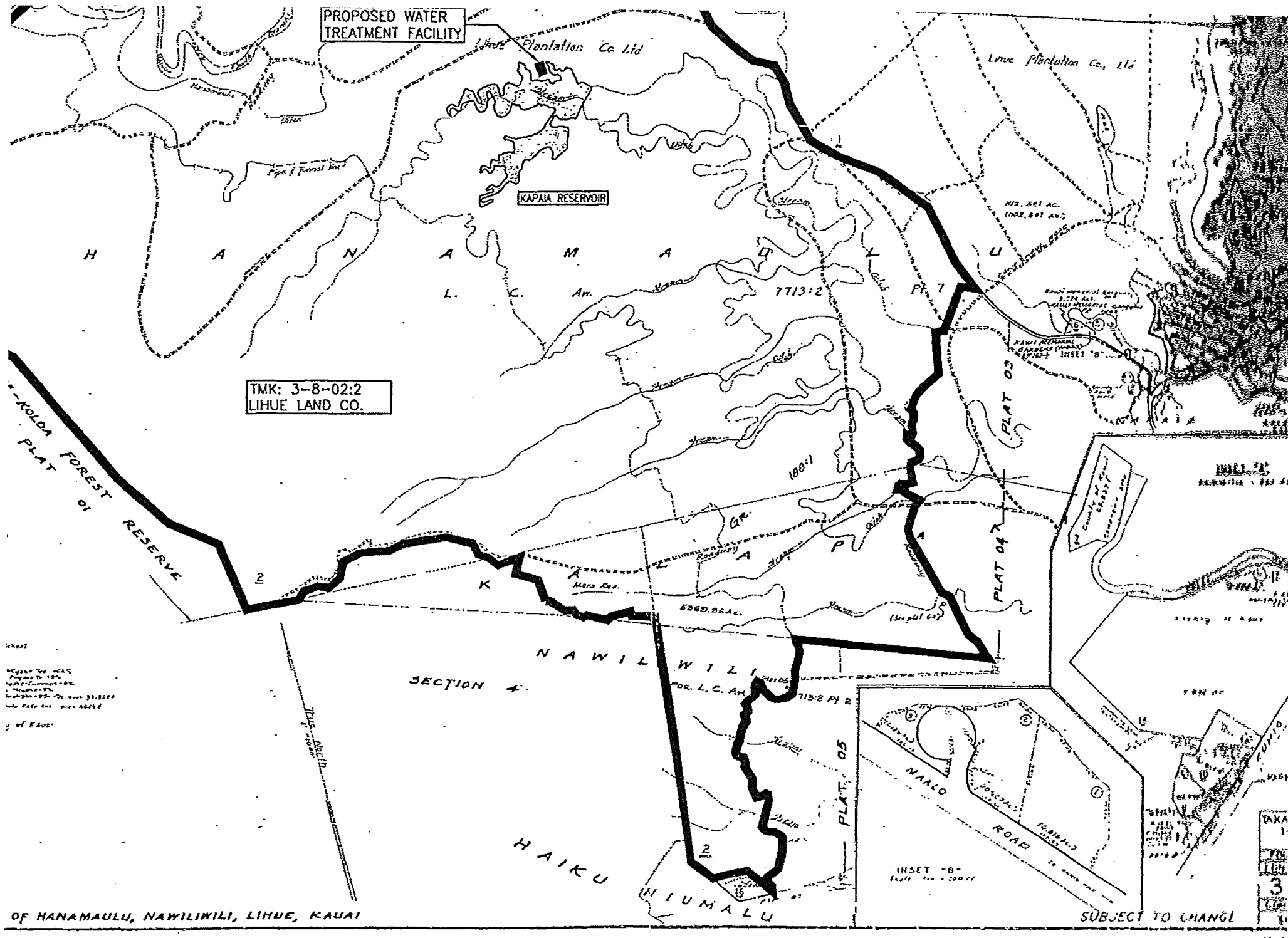


EXHIBIT "2"

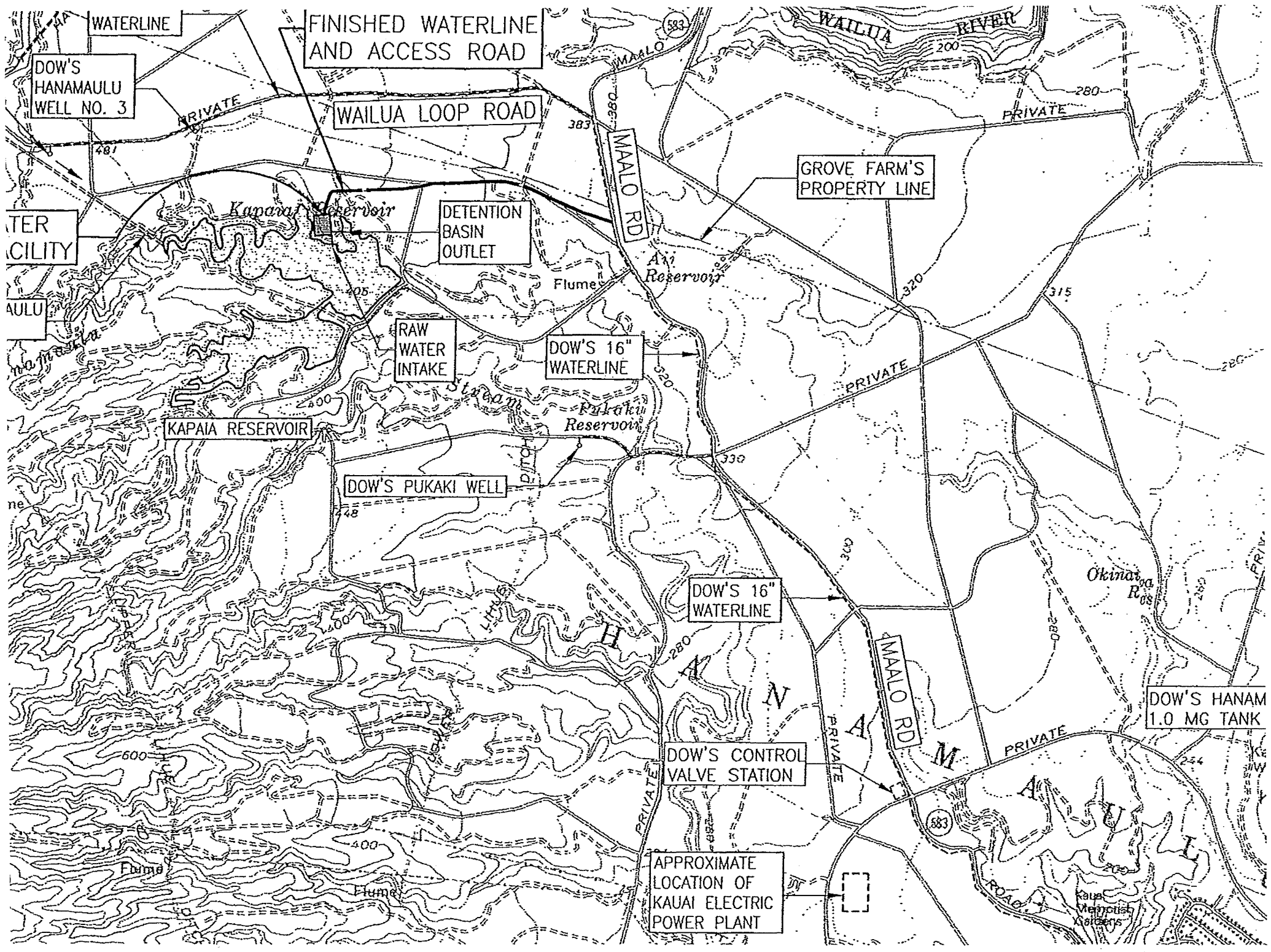


EXHIBIT “3”

3-8-04:01
318.055 ac.

3-8-03:01
445.711 ac.

3-8-09:100
10.1 ac.

3-8-02:01
1,143.113 ac.

3-8-10:36
088 ac.

3-7-04:05
0849 ac.

3-7-04:09
2.994 ac.

3-8-02:05
4.662 ac.

07
ac.

01
6 ac.

APPENDIX "A"

Appendix A
(Encumbrance Schedule)

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Roadways, pipe and tunnel line, Hanamaulu Ditch and other ditches as shown on the Tax Map.
3. Free flowage of streams as shown on the Tax Map.
4. Access or easement rights in favor of Tax Key Designation (4) 3-8-004-006 located within the subject land.
5. LICENSE

TO : MCBRYDE SUGAR COMPANY, LIMITED, a Hawaii corporation
DATED : April 28, 1950
RECORDED : Liber 6727 Page 420
GRANTING : a right-of-way 60 feet wide for electric powerline purposes, for a term of 50 years, beginning January 1, 1950, to and including, December 31, 1999

Said License was amended by instrument dated January 15, 1971, recorded in Liber 8214 at Page 141.

Said License, as amended, having been assigned to CITIZENS UTILITIES COMPANY, a Delaware corporation, by instrument dated August 12, 1992, recorded as Document No. 93-106356; consent given by THE LIHUE PLANTATION COMPANY, LIMITED, by instrument dated August 13, 1992, recorded as Document No. 93-106357.

Said License, as assigned, was further amended by instrument dated August 13, 1992, recorded as Document No. 93-106358; re: term extended for an additional 50 year term commencing on January 1, 2000, and terminating on December 31, 2049.

6. GRANT

TO : KAUAI ELECTRIC COMPANY, a Division of Citizens Utilities Company, a Delaware corporation
DATED : November 18, 1971
RECORDED : Liber 8186 Page 231
GRANTING : a perpetual right and easement to build, construct, rebuild, reconstruct, maintain, operate and repair pole and wire line or lines, etc., for the transmission and distribution of electricity

7. GRANT

TO : KAUAI ELECTRIC DIVISION, CITIZENS UTILITIES COMPANY, a Delaware corporation, and GTE HAWAIIAN TELEPHONE COMPANY, INCORPORATED (now VERIZON HAWAII INC.)
DATED : February 4, 1986
RECORDED : Liber 20312 Page 392
GRANTING : nonexclusive perpetual easement(s) for underground water pipeline and road purposes over Easement "3" and for overhead electrical and telephone system purposes over Easement "4", described therein

8. GRANT

TO : CITIZENS UTILITIES COMPANY
DATED : May 21, 1999
RECORDED : Document No. 99-104648
GRANTING : a perpetual right and easement for electrical transmission line purposes over Easement "U-1" (60.00 feet wide) described therein

9. NOTICE OF PENDENCY OF ACTION

PLAINTIFF : BOARD OF WATER SUPPLY, COUNTY OF KAUAI
DEFENDANT : THE LIHUE PLANTATION COMPANY, LTD., a Hawaii corporation, et al.
DATED : February 3, 2000
FILED : Circuit Court of the Fifth Circuit, State of Hawaii, Case No. 00-01-0021, on February 4, 2000
RECORDED : Document No. 2000-032547 on March 10, 2000
RE : condemnation for water wells, control valves, water tanks, etc.

10. Matters shown on survey map prepared by James Thompson, Land Surveyor, with Walter P. Thompson, Inc., dated June 29, 2001, as follows:

- (A) Easement "1", being non-exclusive easement for access purposes in favor of the State of Hawaii, as shown on H.S.S. Plat 3104.
- (B) Easement "2", being non-exclusive easement for access purposes in favor of the State of Hawaii, as shown on H.S.S. Plat 3104.
- (C) Easement "3", being a non-exclusive easement for access purposes in favor of the State of Hawaii, as shown on H.S.S. Plan 3104.
- (D) Easement "4", being a non-exclusive easement for access purposes in favor of the State of Hawaii, as shown on H.S.S. Plat 3104.
- (E) LOT 1, Well Site.

- (F) LOT 2, Well Site.
- (G) LOT 3, Well Site.
- (H) LOT 4, Well Site.
- (I) Easement "1", for access and utility purposes.
- (J) Easement "3", for access and utility purposes.
- (K) Easement "4", for access and utility purposes.
- (L) Easement "5", for drainage purposes.
- (M) LOT 1-A, Well Site.
- (N) Easement "6", for access purposes.
- (O) Easement "7", for pipeline purposes.
- (P) Reservoirs.
- (Q) Roads.

11. GRANT OF EASEMENTS AND RIGHT-OF-ENTRY; GRANT OF WATER WITHDRAWAL AND USE RIGHTS

TO : CITIZENS COMMUNICATIONS COMPANY (formerly known as
Citizens Utilities Company)
DATED : June 29, 2001
RECORDED : Document No. 2001-103122
GRANTING : a non-exclusive right-of-entry ("Access Right-of-Entry") for access
purposes to and from the "Hydro Easement Areas" over, upon and
across the "Access Route" shown on Exhibit "C" attached thereto

12. Maalo Road, as referenced in the DEED dated July 6, 2001, recorded as Document No. 2001-103876, and as shown on survey map prepared by James Thompson, Land Surveyor, with Walter P. Thompson, Inc., dated June 29, 2001.

13. GRANT OF EASEMENTS

TO : THE LIHUE PLANTATION COMPANY, LIMITED
DATED : July 6, 2001
RECORDED : Document No. 2001-103877
GRANTING : pursuant to and in accordance with Section 10(b) of the Purchase Agreement, dated May 8, 2001, the grantor grants to the grantee easement and other rights, for access, utility, drainage and other purposes over, under and across portions of the grantor's property (the "Easement Areas") necessary or convenient for the continued

operation and maintenance of the LPCo Power Plant (including without limitation operation and maintenance of the Waiahi Hydros).

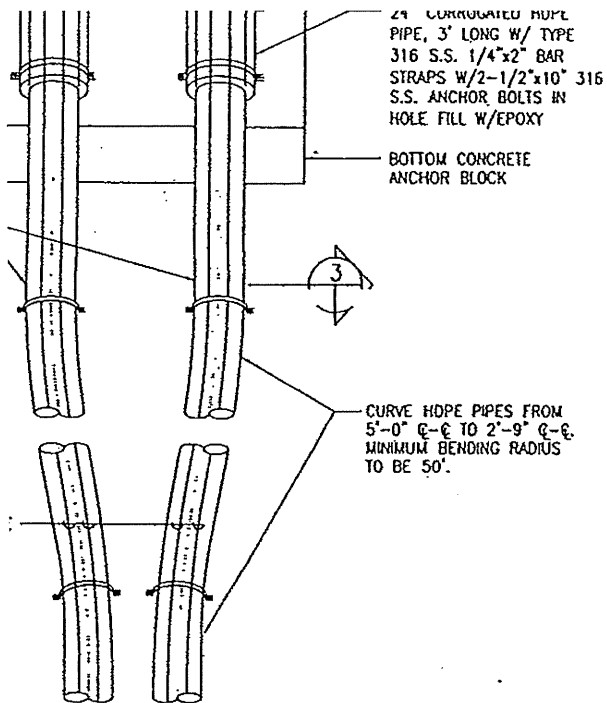
14. Terms and provisions of the Authorizing Agreements, as defined in the Water Treatment and Delivery Agreement
15. Terms and provisions of the Deed, as defined in the Water Treatment and Delivery Agreement
16. Terms and provisions of any applicable grant of easement for the Water Delivery System Easement Areas, as defined in the Water Treatment and Delivery Agreement

APPENDIX “B”



T	Ch	Lc
54.50'	52.56'	64.05

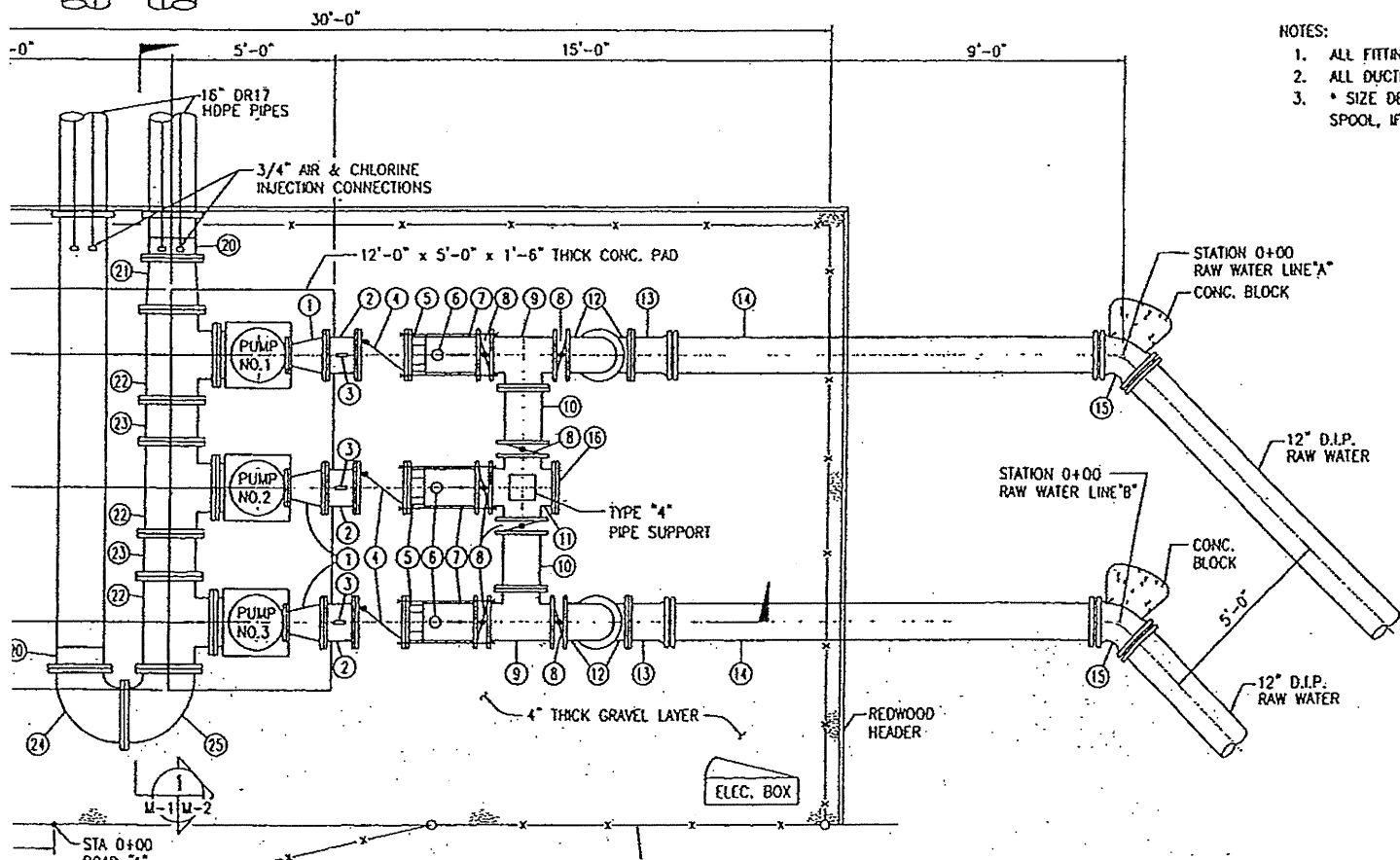
APPENDIX “C-1” – “C-13”



24 CORRUGATED HDPE
PIPE, 3' LONG W/ TYPE
316 S.S. 1/4"x2" BAR
STRAPS W/2-1/2"x10" 316
S.S. ANCHOR BOLTS IN
HOLE FILL W/EPOXY

BOTTOM CONCRETE
ANCHOR BLOCK

CURVE HDPE PIPES FROM
5'-0" C-C TO 2'-9" C-C.
MINIMUM BENDING RADIUS
TO BE 50'.

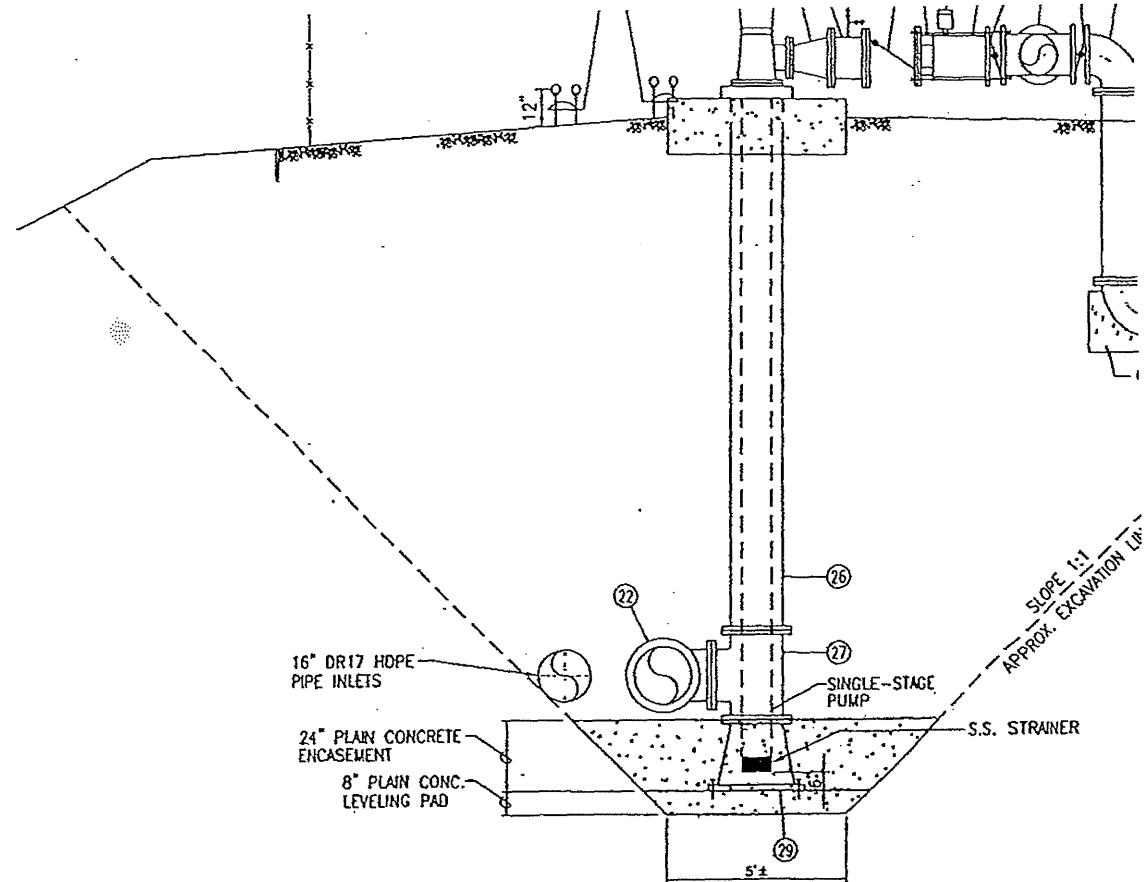
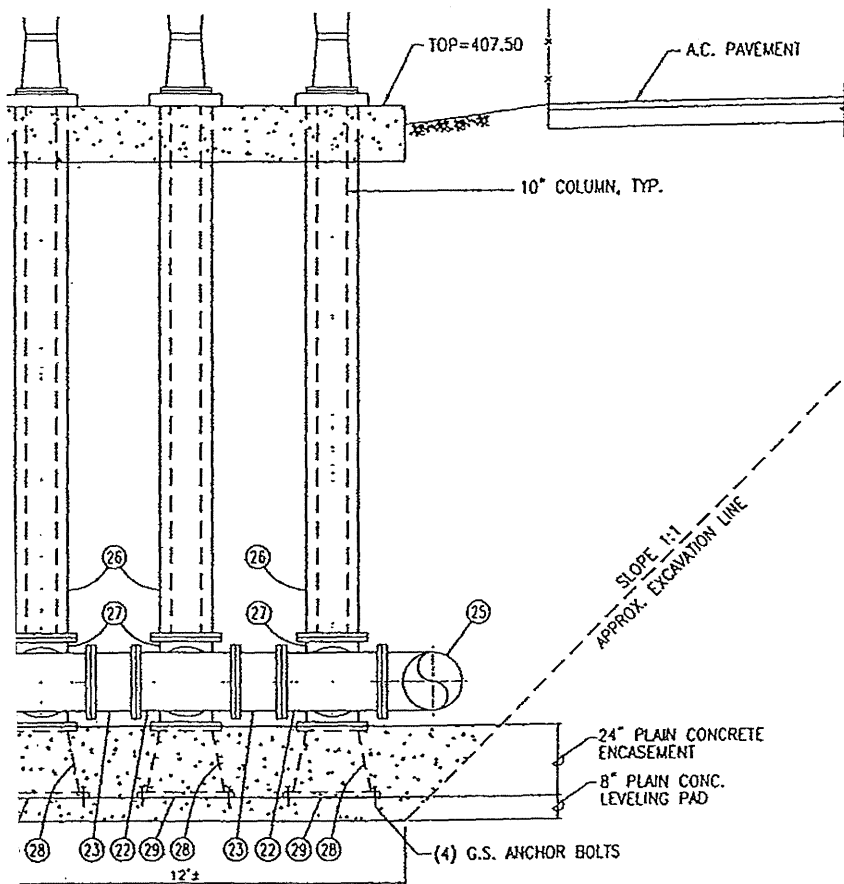


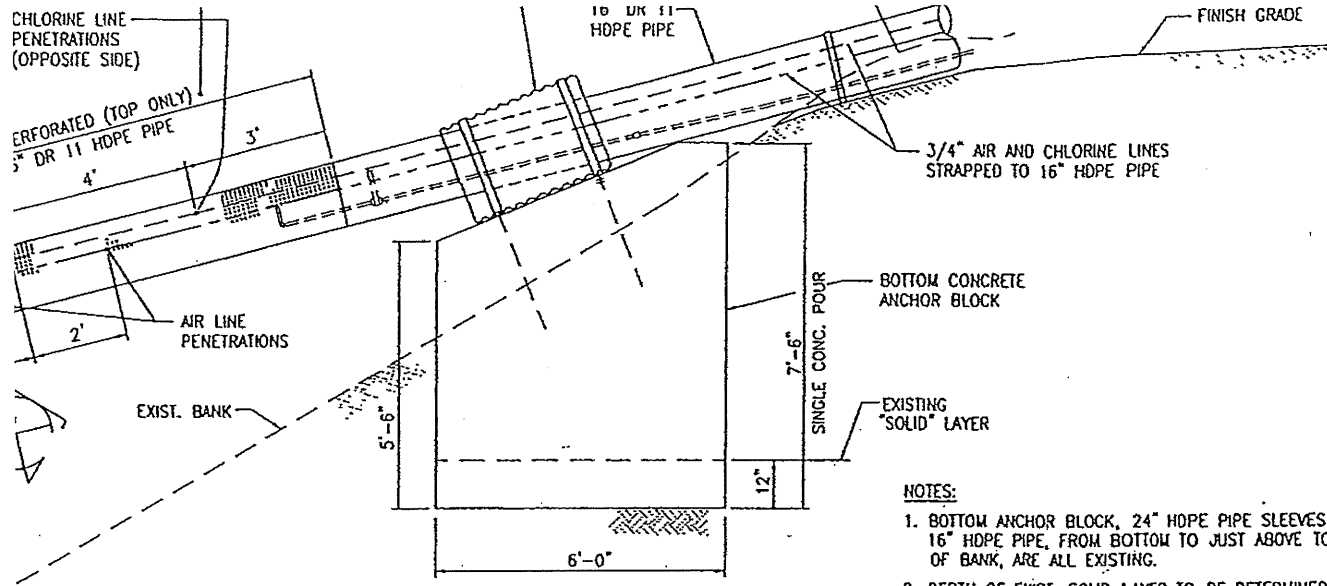
SCHEDULE OF VALVES AND FITTINGS

NO.	DESCRIPTION	NO.	DE:
1	12"x" CONCENTRIC REDUCER, FE (SEE NOTE 3)	20	16" DR 17 HOPE FL. AC
2	12" SPOOL, FE, 9" LONG	21	18"x16" CONCENTRIC RI
3	PRESSURE GAUGE/MANUAL AIR RELEASE ASSEMBLY	22	18"x16" TEE, FE
4	12" SILENT CHECK VALVE, FE	23	18" SPOOL, LTS
5	12" FCA w/ 4-3/4" G.S. RODS	24	18"x16" REDUCING ELBK
6	FLOW SWITCH	25	18" 1/4 BEND, FE
7	12" SPOOL, FE x PE, LTS	26	16" SPOOL, FE, LTS
8	12" BUTTERFLY VALVE, WAFER-TYPE, w/ GEAR OPERATOR	27	16"x16" TEE, FE
9	12"x12" TEE, FE	28	24"x16" CONCENTRIC RE
10	12" SPOOL, FE, LTS	29	24" BLIND FLANGE
11	12"x12" CROSS, FE		
12	12" 1/4 BEND, FE		
13	12" SPOOL, FE x WJ, 12" LONG		
14	12" SPOOL, PE, LTS		
15	12" 1/8 BEND, WJ		
16	12" BLIND FLANGE		

NOTES:

1. ALL FITTINGS TO BE OF DUCTILE IRON, UNLESS INDICATED OTHERWISE.
2. ALL DUCTILE IRON SPOOLS TO BE CLASS 53.
3. * SIZE DETERMINED BY PUMP SELECTED LENGTHEN ADJACENT SPOOL, IF REDUCTION NOT REQUIRED.

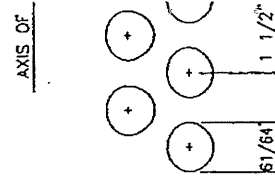




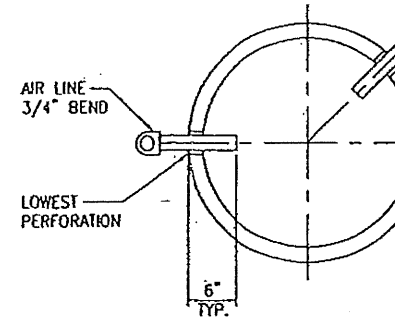
SECTION 3
SCALE: 1/4"=1'-0"

NOTES:

1. BOTTOM ANCHOR BLOCK, 24" HDPE PIPE SLEEVES & 16" HDPE PIPE, FROM BOTTOM TO JUST ABOVE TOP OF BANK, ARE ALL EXISTING.
2. DEPTH OF EXIST. SOLID LAYER TO BE DETERMINED DURING EXCAVATION FOR CONC. BLOCK
3. FOR SCHEDULE OF VALVES AND FITTINGS SEE DWG. NO. M-4A.



16" HDPE PIPE PERFOR
NOT TO SCALE



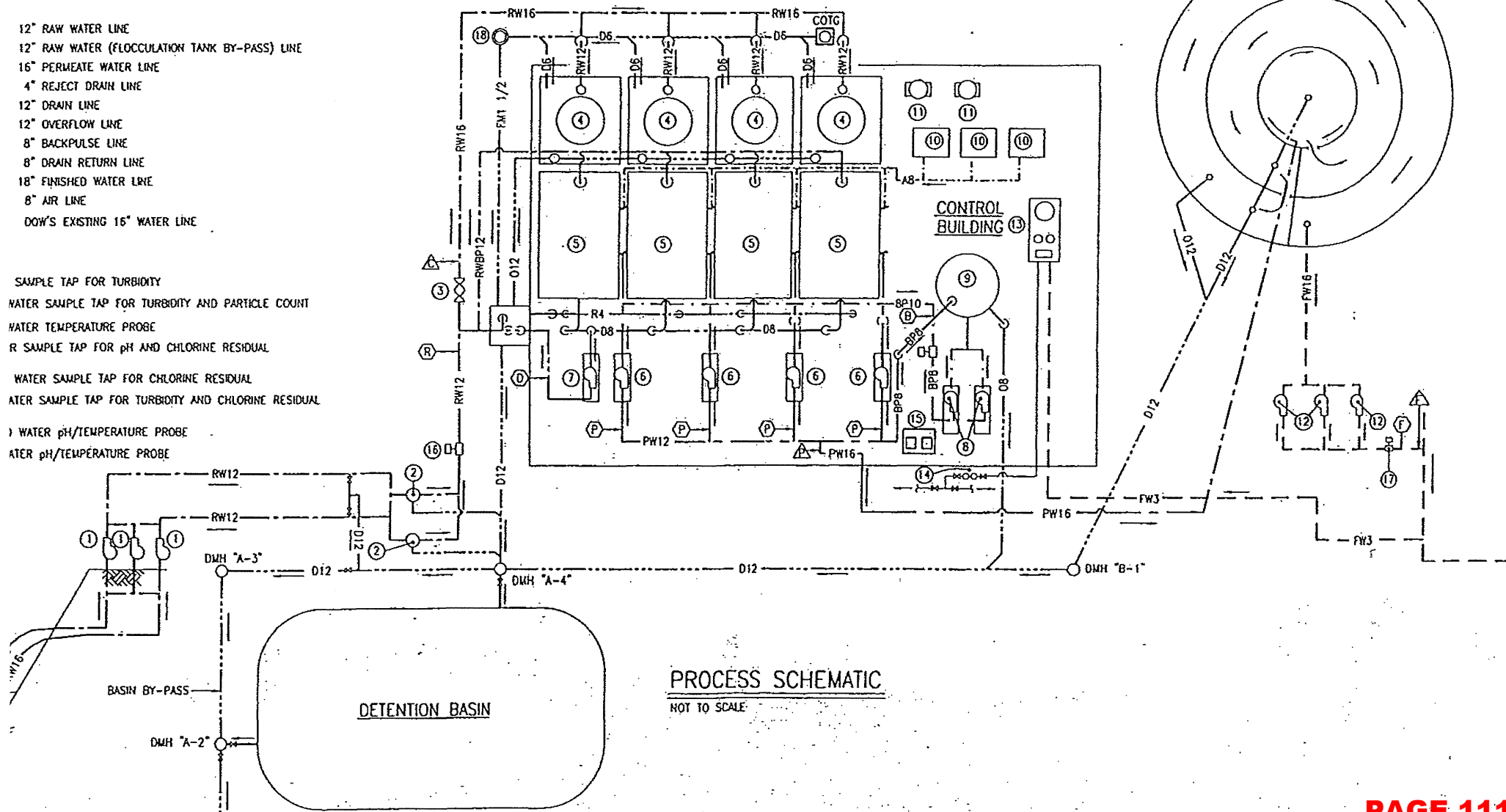
SECTION 4
NOT TO SCALE

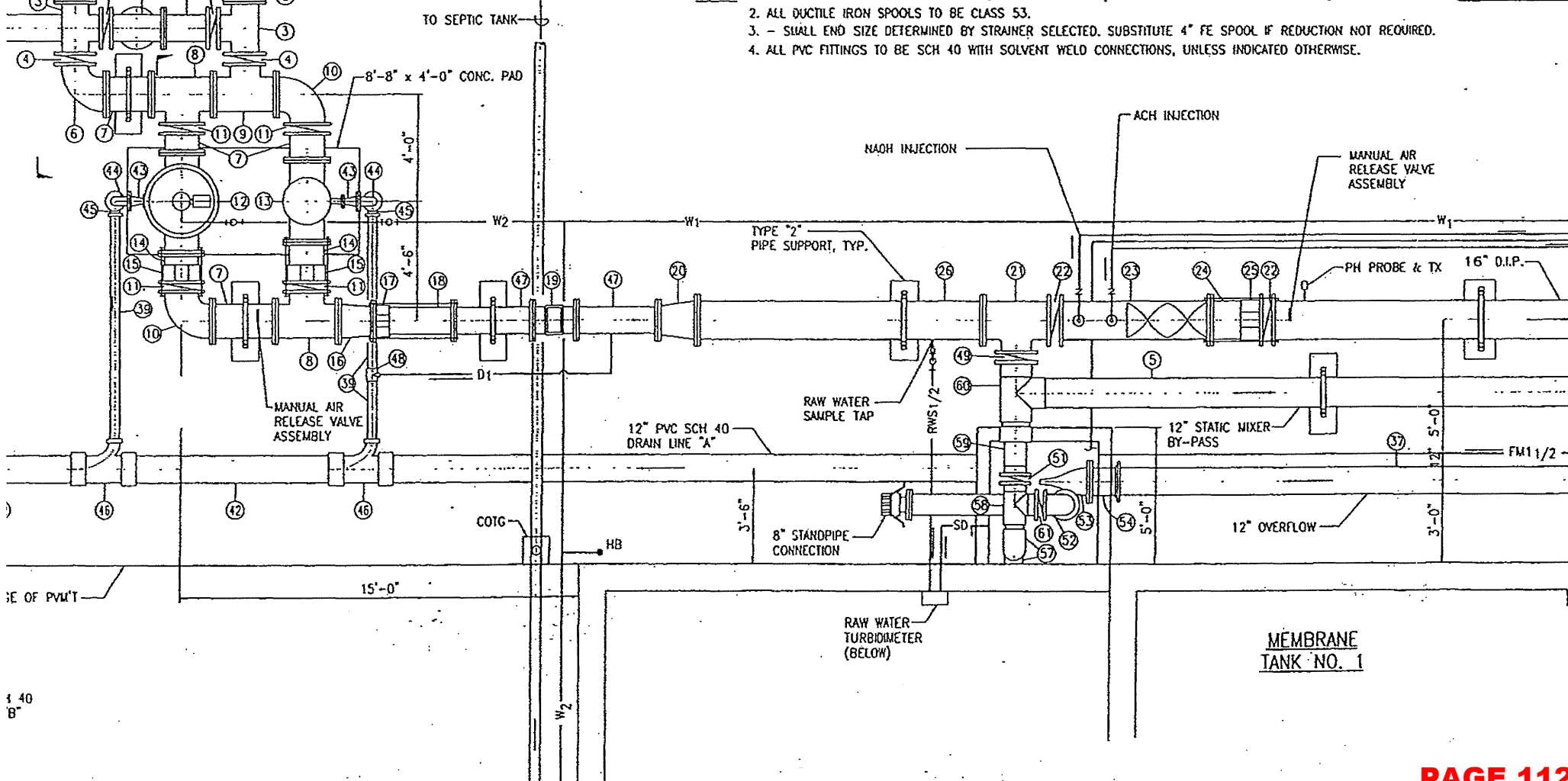
URE BOOSTER SYSTEM

FLOW METER
TIC FLOW METER

12" RAW WATER LINE
12" RAW WATER (FLOCCULATION TANK BY-PASS) LINE
16" PERMEATE WATER LINE
4" REJECT DRAIN LINE
12" DRAIN LINE
12" OVERFLOW LINE
8" BACKPULSE LINE
8" DRAIN RETURN LINE
18" FINISHED WATER LINE
8" AIR LINE
DOW'S EXISTING 16" WATER LINE

SAMPLE TAP FOR TURBIDITY
WATER SAMPLE TAP FOR TURBIDITY AND PARTICLE COUNT
WATER TEMPERATURE PROBE
R SAMPLE TAP FOR pH AND CHLORINE RESIDUAL
WATER SAMPLE TAP FOR CHLORINE RESIDUAL
ATER SAMPLE TAP FOR TURBIDITY AND CHLORINE RESIDUAL
1) WATER pH/TEMPERATURE PROBE
ATER pH/TEMPERATURE PROBE

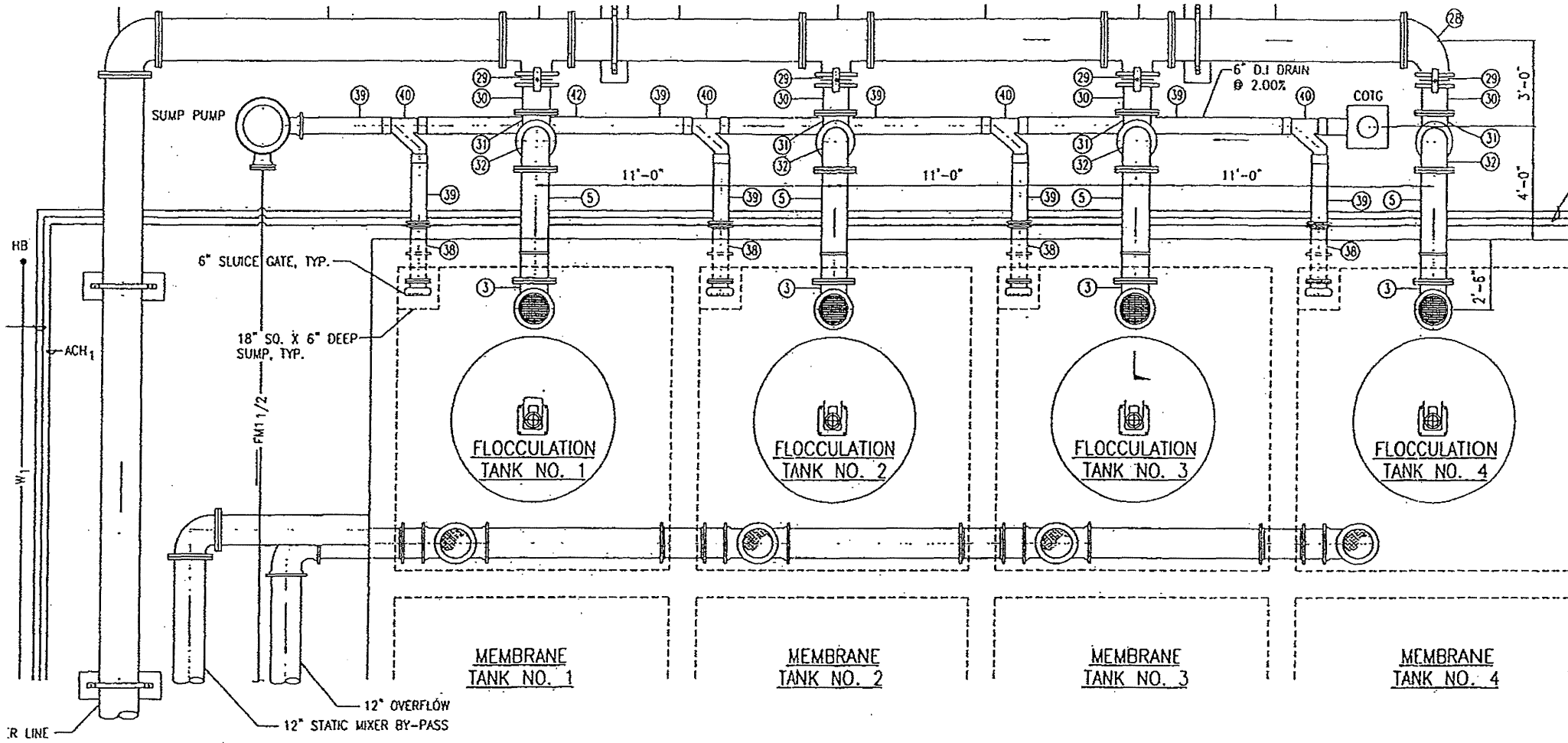




(4)	12" BUTTERFLY VALVE, WAFFER-TYPE W/GEAR OPERATOR & HANDWHEEL	(24)	16" SPOOL, FE X PE, LTS	(44)	4" 1/4 I
(5)	12" SPOOL, FE, LTS	(25)	16" FCA, W/ 4-3/4" G.S. RODS	(45)	4" PVC E
(6)	14" X 12" REDUCING ELBOW, FE	(26)	16" SPOOL, FE, LTS	(46)	12" X 4"
(7)	14" SPOOL, FE, LTS	(27)	16" X 12" REDUCING TEE, FE	(47)	12" SPO
(8)	14" X 14" TEE, FE	(28)	16" X 12" REDUCING ELBOW, FE	(48)	4" X 1"
(9)	14" X 12" REDUCING TEE, FE	(29)	12" BUTTERFLY VALVE, WAFFER-TYPE W/ FLOW CONTROL ACTUATOR (FCV-3463)	(49)	12" BUTT
(10)	14" 1/4 BEND, FE	(30)	12" SPOOL, FE, 12" LONG	(50)	12" X 8"
(11)	14" BUTTERFLY VALVE, WAFFER-TYPE W/GEAR OPERATOR & HANDWHEEL	(31)	12" BASE BEND, FE	(51)	8" BUTTE
(12)	14" AUTOMATIC STRAINER (SCR-76)	(32)	12" 1/4 BEND, FE	(52)	8" 1/4 E
(13)	14" MANUAL STRAINER	(33)	16" 1/4 BEND, FE	(53)	12" RUBB
(14)	14" SPOOL, FE X PE, LTS	(34)	12" SPOOL, FE X PE, LTS	(54)	12" SPO
(15)	14" FCA, W/ 4-3/4" G.S. RODS	(35)	12" X 12" TEE, FE X MJ	(55)	12" 1/4
(16)	14" X 12" CONCENTRIC REDUCER, FE	(36)	12" 1/32 BEND, MJ	(56)	8" CPVC
(17)	12" FCA, W/ 4-3/4" G.S. RODS	(37)	12" PVC C900 SPOOL, LTS	(57)	8" CPVC
(18)	12" SPOOL, FE X PE, 3'-0" LONG	(38)	6" WALL PIPE, FE X MJ, 24" LONG	(58)	8" X 8"
(19)	12" MAGMETER (FE/FIT 7620)	(39)	6" PVC SPOOL, LTS	(59)	12" X 8"
(20)	16" X 12" CONCENTRIC REDUCER, FE	(40)	6" X 6" PVC DWV COMBO WYE	(60)	12" X 12"
				(61)	8" BUTTE

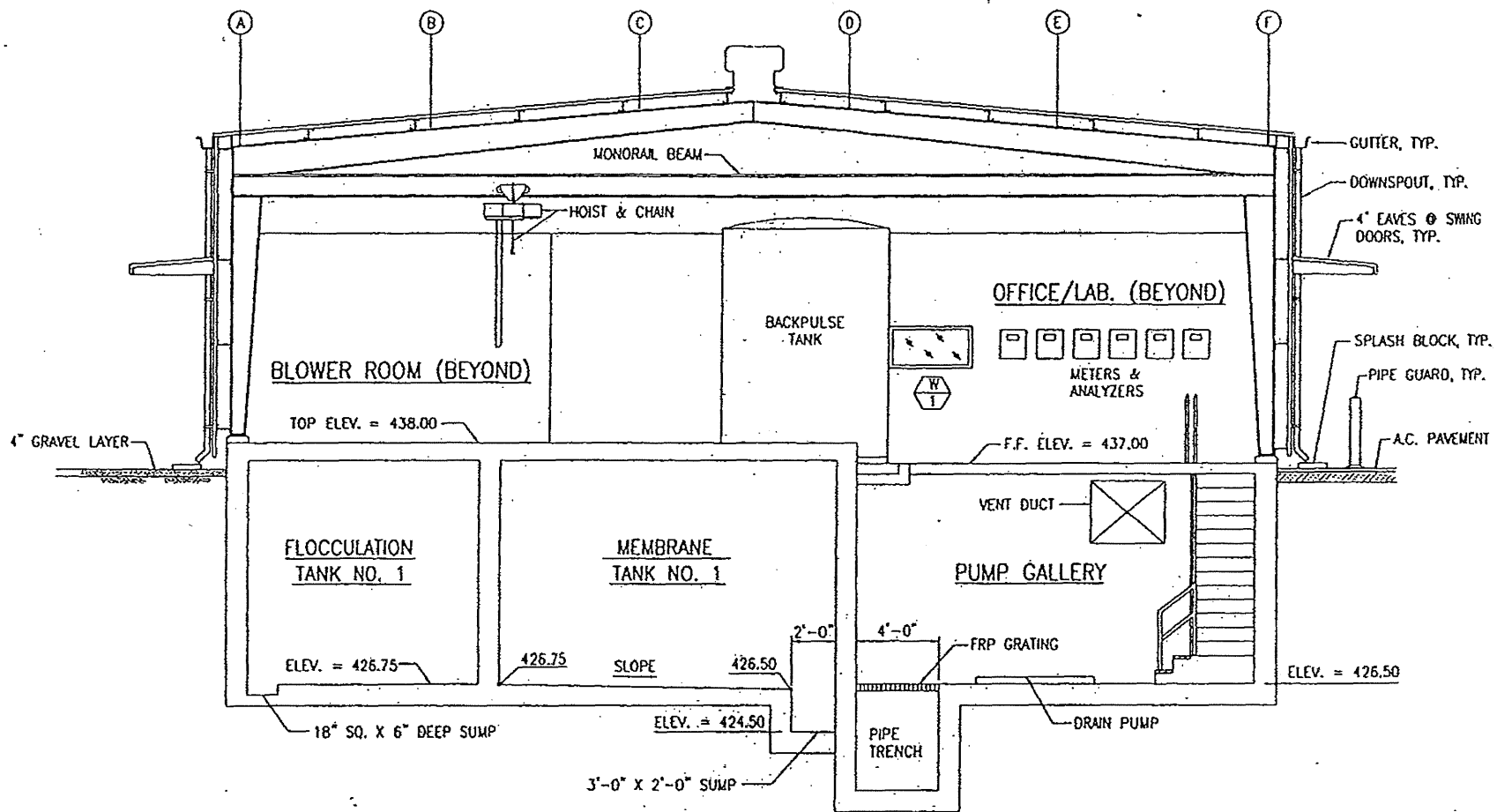
NOTES: 1. ALL FITTINGS TO BE OF DUCTILE IRON, UNLESS INDICATED OTHERWISE.

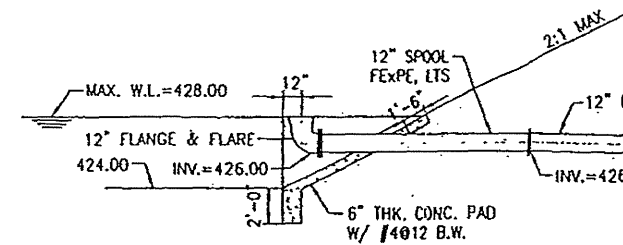
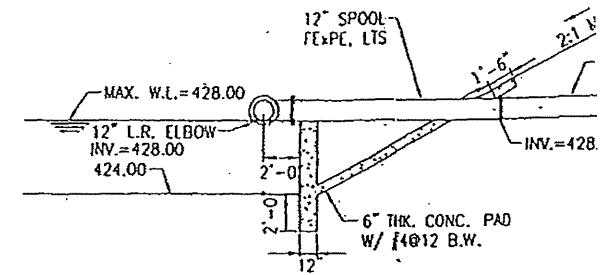
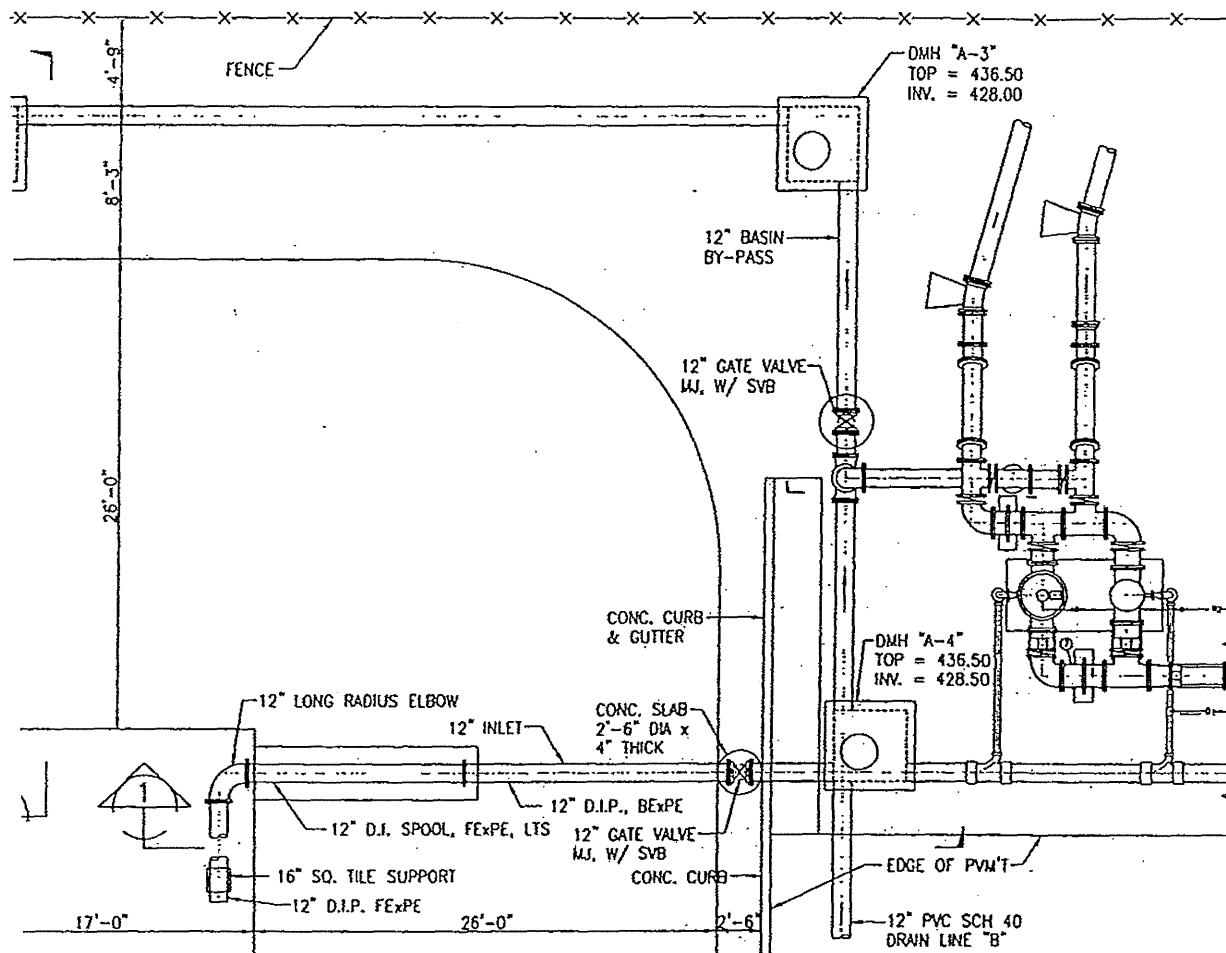
- NOTES:
1. ALL FITTINGS TO BE OF DUCTILE IRON, UNLESS INDICATED OTHERWISE.
 2. ALL DUCTILE IRON SPOOLS TO BE CLASS 53.
 3. - SMALL END SIZE DETERMINED BY STRAINER SELECTED. SUBSTITUTE 4" FE SPOOL IF REDUCTION NOT REQUIRED.
 4. ALL PVC FITTINGS TO BE SCH 40 WITH SOLVENT WELD CONNECTIONS, UNLESS INDICATED OTHERWISE.

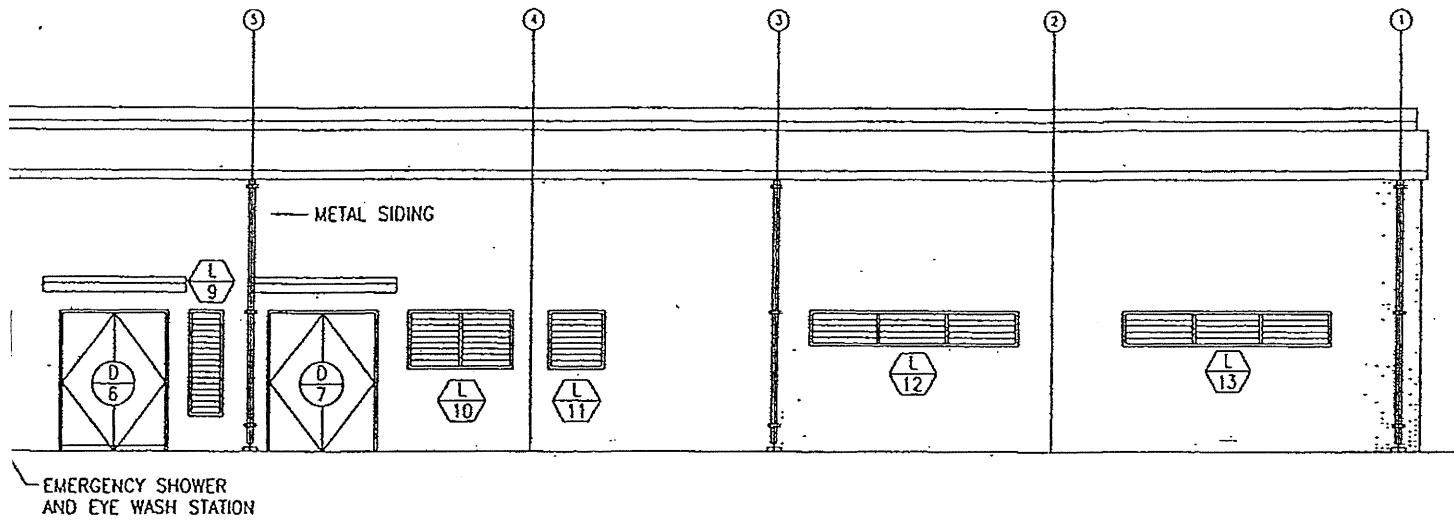


PLAN
SCALE: 3/16"=1'-0"

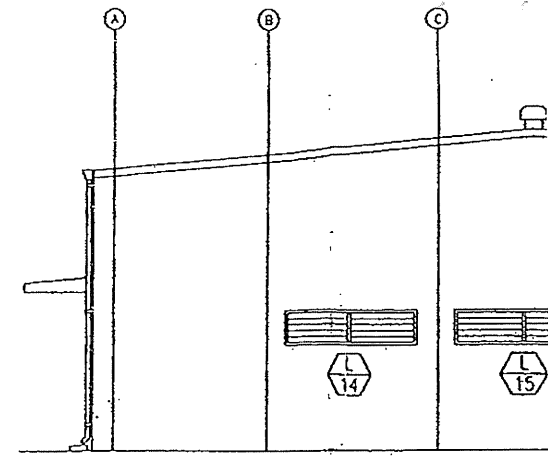




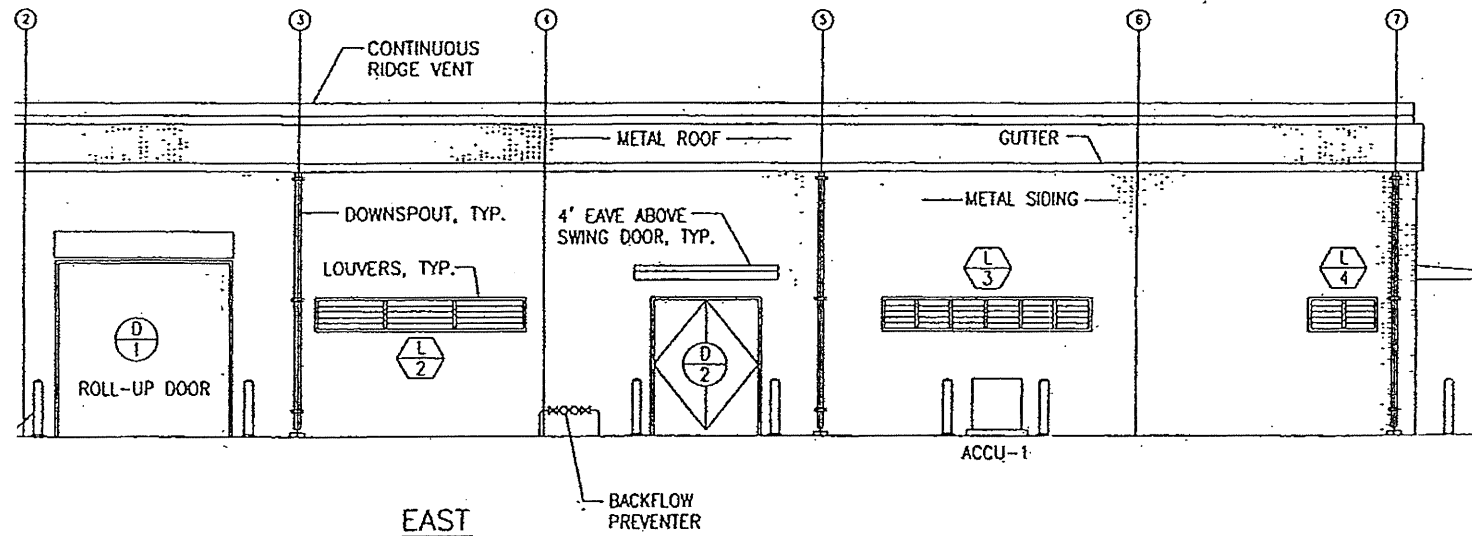




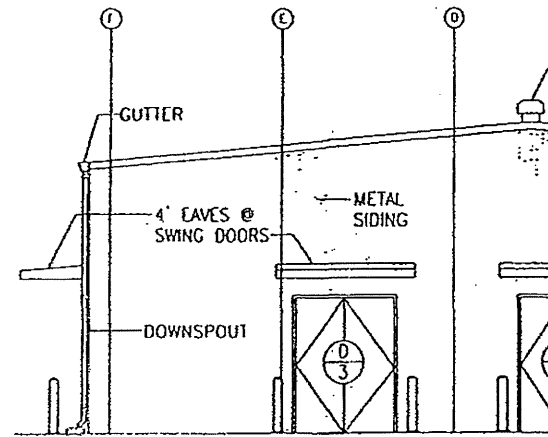
WEST



SOUTH



EAST



NORTH

EXTERIOR ELEVATIONS

SCALE: 3/32"=1'-0"



LETTER OF TRANSMITTAL

Date: January 3, 2017

To: Mary-jane Akuna
Department of Water, County of Kauai

Re: ***Amendment No. 3 to the Water Treatment and Delivery Agreement***

We are sending you (X) enclosed () under separate cover, the following:

Original executed Amendment No. 3 to the Water Treatment and Delivery Agreement

- | | |
|--|--|
| <input type="checkbox"/> For your information | <input type="checkbox"/> For necessary action |
| <input checked="" type="checkbox"/> For your files | <input type="checkbox"/> For signature in BLACK INK & RETURN |
| <input type="checkbox"/> For review and comment | <input type="checkbox"/> For signature in BLACK INK and |
| <input type="checkbox"/> For correction | FORWARD TO: |
| <input type="checkbox"/> For distribution | _____ |
| <input type="checkbox"/> Per your request | _____ |
| <input type="checkbox"/> Per our agreement | <input type="checkbox"/> For filing or recording |
| <input type="checkbox"/> Per our conversation | <input type="checkbox"/> Check enclosed to cover |
| <input type="checkbox"/> Approved | filing or recording fee |
| <input type="checkbox"/> Approved as noted | \$ _____ |
| <input type="checkbox"/> Disapproved | |
| <input type="checkbox"/> For payment | <input type="checkbox"/> See remarks below |

REMARKS:

Enclosure

By: Shawn Shimabukuro
Name: Shawn Shimabukuro

AMENDMENT NO. 3 TO WATER TREATMENT AND DELIVERY AGREEMENT

THIS THIRD AMENDMENT (“Amendment No. 3”) to the Agreement by and between and Grove Farm Properties, Inc., a Hawai‘i corporation, whose post office address is 3-1850 Kaumuali‘i Hwy Līhu‘e, Hawai‘i 96766-8609 (“**Grove Farm**”) and the BOARD OF WATER SUPPLY, County of Kaua‘i, whose principal place of business is 4398 Pua Loke Street, Līhu‘e, Hawai‘i 96766 (“**BWS**”).

RECITALS

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

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

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

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

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

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

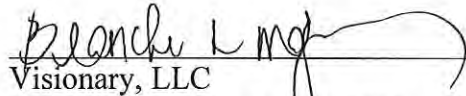
WHEREAS, Section 20b of the Agreement allows for modification of the Agreement only by a written instrument executed by the parties; and

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


1. **Delivered Water Fee.** Pursuant to Section 7b “Adjustment to BWS Fee” of the Agreement, the parties mutually agree to an increase in the Delivered Water Fee from \$1.75 to \$1.90 per thousand gallons.
2. **Agreement in Full Force and Effect as Amended.** The parties further agree that all other provisions of the Agreement and any amendments thereto shall remain in full force and effect except as amended herein.

IN WITNESS WHEREOF, the parties hereto have hereunto caused this Amendment No. 3 to be executed as of the 23rd day of December, 2016.

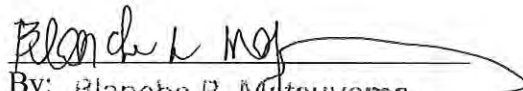
ACKNOWLEDGEMENT AND
CONSENT


Visionary, LLC
By: Blanche R. Matsuyama
Its: Treasurer

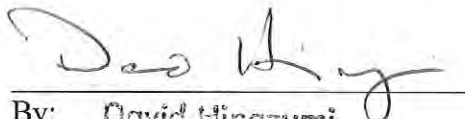
ACKNOWLEDGEMENT AND
CONSENT


Visionary, LLC
By: David Hinozumi
Its: Vice President

GROVE FARM PROPERTIES, INC.


By: Blanche R. Matsuyama
Its: Treasurer


GROVE FARM PROPERTIES, INC.


By: David Hinozumi
Its: Vice President


RECOMMENDED FOR APPROVAL


Kirk Saiki
Manager and Chief Engineer

BOARD OF WATER SUPPLY
COUNTY OF KAUAI


Laurie Ho
Chair, Board of Water Supply

APPROVED AS TO FORM
AND LEGALITY


Mahealani Krafft
Deputy County Attorney

STATE OF HAWAII)
COUNTY OF KAUAI) SS.

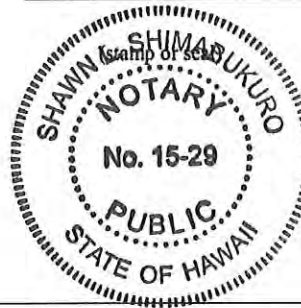
On this 3rd day of January, 2017, before me appeared DAVID HINAZUMI and BLANCHE R. MATSUYAMA, to me personally known, who being by me duly sworn or affirmed, did say that they are the Vice-President and Treasurer, respectively, of GROVE FARM PROPERTIES, INC. and VISIONARY, LLC, and that the said instrument was signed on behalf of said corporations by authority of its Board of Directors, and said Officers acknowledged said instrument to be the free act and deed of said corporations, and that said corporations have no corporate seals.



Shawn L. Shimabukuro
Type or print name: SHAWN L. SHIMABUKURO
Notary Public, State of Hawaii

My commission expires: JANUARY 11, 2019

Date of Doc:	<u>DECEMBER 23, 2016</u>	# Pages:	<u>4</u>
Name of Notary:	<u>SHAWN L. SHIMABUKURO</u>	Notes:	
Doc. Description:	<u>AMENDMENT NO. 3 TO</u> <u>WATER TREATMENT AND DELIVERY</u> <u>AGREEMENT</u>		
Notary Signature	<u>Shawn L. Shimabukuro</u>	Date	<u>1/3/2017</u>
<u>5th</u> Circuit, State of Hawaii			
NOTARY CERTIFICATION			



STATE OF HAWAII)
) ss.
COUNTY OF KAUAI)

On this 23rd day of December, 2016, before me appeared **LAURIE HO**, to me personally known, who being by me was duly sworn, and that said person is the **Chairperson** for the **BOARD OF WATER SUPPLY, COUNTY OF KAUAI**, and that the foregoing instrument was signed on behalf of and with the authority of said Board, and said officer acknowledged the instrument to be the free act and deed of said Board and that said Board has no corporate seal.

Doc Date: Dec. 23, 2016 # Pages: 4
Notary Name: Mary-jane Akuna Fifth Circuit
County of Kauai

Doc Description: amendment
no. 3 for Waiahi water
treatment & delivery
agmt
Mary-jane Akuna 12/23/16

Mary-jane Akuna Date



Mary-jane Akuna

Notary Public, State of Hawai'i
Name of Notary: Mary-jane Akuna
My commission expires: March 30, 2018



DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

MANAGER'S REPORT No. 17-14 (Update)

November 23, 2016

Re: Discussion and Possible Action on Amendment No. 3 to the February 19, 2004 Water Treatment and Delivery Agreement between Grove Farm Properties, Inc./Visionary LLC and the Board of Water Supply, County of Kaua'i to Increase the Treatment and Delivery Sales Fee to \$1.90 per 1,000 gallons for the Waiahi Surface Water Treatment Plant

RECOMMENDATION:

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

FUNDING:

Existing FY 2016-17 Budget	\$1,825,000.00
Paid to Date (9/30/16)	\$384,192.52
Remaining Budget	\$1,440,807.48
Estimated Payment at New Rate (10/1/16 to 6/30/17 at 2.2 MGD)	\$1,136,960.00
1/1/16 to 9/30/16 Estimated Makeup Payment (612,842 kgals at \$0.15/kgal)	\$91,926.25
Total Estimated Payments FY 2016-17	\$1,228,886.25

BACKGROUND:

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

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

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

OPTIONS:

Option 1: Approve the new rate

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

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

Option 2: Deny the proposed rate

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

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

Respectfully submitted,



Kirk Saiki, P.E.
Manager and Chief Engineer

KS/Mja

Attachment: Amendment No. 3

Mgrp/November 2016/17-14 Discussion and Possible Action on Amendment No. 3 to the February 19, 2004 Water Treatment and Delivery Agreement between Grove Farm Properties, Inc./Visionary LLC and the Board of Water Supply, County of Kaua'i to Increase the Treatment and Delivery Sales Fee to \$1.90 per 1,000 gallons for the Waiahi Surface Water Treatment Plant (10-28-16, 11-23-16):mja

REGULAR BOARD MEETING: Wednesday, November 23, 2016

Board's Decision: ☐ APPROVED - ☐ DENIED - ☐ DEFERRED

☐ Received for the record ☐ Information only ☒ Defer

Notations: Mr. Dahilig **deferred** Manager's Report No. 17-14 to the December meeting to allow discussion in Executive Session and to review the current MOA contract with Grove Farm on Possible Action on Amendment No. 3 to the February 19, 2004 Water Treatment and Delivery Agreement between Grove Farm Properties, Inc./Visionary LLC and the Board of Water Supply, County of Kaua'i to Increase the Treatment and Delivery Sales Fee to \$1.90 per 1,000 gallons for the Waiahi Surface Water Treatment Plant; seconded by Mr. Shiraishi; motion carried with 6 ayes.

Board Members Present: Chair Laurie Ho, Lawrence Dill, Lyle Tabata, Michael Dahilig, Sherman Shiraishi, Beth Tokioka

Board Members Absent & Excused: Clyde Nakaya

Mr. Dill moved to defer to the December Board meeting; seconded by Ms. Tokioka. Mr. Dill and Ms. Tokioka withdrew their motion to defer.

Mr. Dill moved to receive the 8th Amendment for Belt Collins for Contract No. 427, Job No. 02-14 WP2020 #WK-08 Kapa‘a Homesteads 325’ Tanks – Two 0.5 Million Gallon Storage Tanks Project for the additional design funding of \$51,911.26 (*Update*); seconded by Mr. Dahilig; with no objections, motion carried with 6 ayes.

4. Manager’s Report No. 17-14 - Discussion and Possible Action on Amendment No. 3 to the February 19, 2004 Water Treatment and Delivery Agreement between Grove Farm Properties, Inc./Visionary LLC and the Board of Water Supply, County of Kaua’i to Increase the Treatment and Delivery Sales Fee to \$1.90 per 1,000 gallons for the Waiahi Surface Water Treatment Plant

BACKGROUND:

Manager Saiki clarified the funding table and asked the Board to approve the increase rate of \$1.90 per 1,000 (kgal) gallons.

Existing FY 2016-17 Budget	\$1,825,000.00
Paid to Date (9/30/16)	\$384,192.52
Remaining Budget	\$1,440,807.48
Estimated Payment at New Rate (10/1/16 to 6/30/17 at 2.2 MGD)	\$1,136,960.00
1/1/16 to 9/30/16 Estimated Makeup Payment (612,842 kgals at \$0.15/kgal)	\$91,926.25
Total Estimated Payments FY 2016-17	\$1,228,886.25

There are two (2) options to accept the rate increase now. By 2019, when the Department is supposed to take over the plant, the Department would be even or could decline it and negotiate over the remaining payment (\$2M to \$3M range).

DISCUSSION:

Manager Saiki commented when the Department takes over the plant, the payment is ascertainable. The effective date of the table is January 1, 2016 (retroactive).

Mr. Dill asked if there was any language in the agreement with Grove Farm or if there are any adjustments on the rate to be made? Is this a request by either party? What attributed this? Did Grove Farm request this? Manager Saiki said there was an amendment about 2 to 3 years ago and the rate was based on the Department receiving 3M gallons a day. The Department attempted to do 3M but could not (demand for the system is 2.2M gallons.) Grove Farm came back to the Department with a request.

Option 1 Pro stated: “*The DOW can eliminate the rate of return owed to Grove Farm at the end of the agreement period.*” At the end of the agreement period would be to accept the facility or Grove Farm keeps it; the DOW would have to negotiate a new rate. “*It is estimated that without a rate change the monies owed to Grove Farm in 2019 will be approximately \$3M*” at the current rate.

If the Department doesn't do a rate change, Grove Farm would not get the rate of return and the Department would pay less. This is based on their cost and rate of return that is based on a projected flow.

Mr. Dahilig suggested the Board get a full briefing and with the full contract on this agenda item in an Executive Session before making a decision.

Mr. Dahilig moved to defer to the December meeting to allow discussion in **Executive Session** and to review the current MOA contract with Grove Farm on Manager's Report No. 17-14 - Discussion and Possible Action on Amendment No. 3 to the February 19, 2004 Water Treatment and Delivery Agreement between Grove Farm Properties, Inc./Visionary LLC and the Board of Water Supply, County of Kaua'i to Increase the Treatment and Delivery Sales Fee to \$1.90 per 1,000 gallons for the Waiahi Surface Water Treatment Plant; seconded by Mr. Shiraishi; with no objections, motion carried with 6 ayes.

H. NEW BUSINESS

1. Manager's Report No. 17-15 – Discussion and Possible Action on a Capital Expenditure for the Removal and Replacement of the Air Conditioning System in the Department of Water's Second Floor, Microlab building in the amount of \$18,058.00

BACKGROUND:

Manager Saiki recommended approval of Option 1 and to fund appropriation for the subject Microlab Building Second Floor air conditioning replacement in the amount of \$18,058.

Mr. Tabata moved to approve Capital Expenditure for the Removal and Replacement of the Air Conditioning System in the Department of Water's Second Floor, Microlab building in the amount of \$18,058.00; seconded by Mr. Dill; with no objections, motion carried with 6 ayes.

2. Manager's Report No. 17-16 – Discussion and Possible Action on the transfer of funding from the Operation Budget to the Capital Budget for the 1st Amendment to Contract No. 593 to Esaki Surveying and Mapping, Inc., for as-needed surveying and mapping in the amount of \$21,000.00

BACKGROUND:

Mr. Aoki recommended that the Board approve the transfer of funds from the *Operation Budget* (account 10-20-10-540-010) to the *Capital Budget* (account 10-20-00-604-159) and expenditure of these funds for Job No. 17-07 Maalo Road Easement, Contract No. 593 (Project Assignment #3) with Esaki Surveying and Mapping, Inc.

DISCUSSION:

Waterworks Controller Ms. Yano explained that when the Department spends more than \$10,000, the Department needs to get Board approval (as referenced in Board Policy No. 3). The \$10,000 was approved at the last meeting. The \$21,000 is for the easement work. The Department does have an "as needed" contract with Esaki.

Correction will be made on the spelling in the funding chart for "Maalo" Road not "Moloa'a" Road (See 3rd line of chart).

Mr. Dill moved to approve Manager's Report No. 17-16 – Discussion and Possible Action on the transfer of funding from the *Operation Budget* to the *Capital Budget* for the 1st Amendment to Contract No. 593 to

Staff Reports



DEPARTMENT OF WATER

County of Kaua'i

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FISCAL REPORT: MONTHLY SUMMARY HIGHLIGHTS – DECEMBER, 2018

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

YEAR TO DATE (YTD) BUDGET & ACTUAL EXPENSES SUMMARY – AS OF DECEMBER, 2018

	<u>BUDGET</u>	<u>vs</u>	<u>EXPENSED</u>
· Operating Expenses	\$17,161,133		\$10,964,058
· Debt Principal Payment	3,915,904		3,915,904
· Capital Projects	<u>26,046,136</u>		<u>3,685,566</u>
TOTAL	<u>\$47,123,173</u>		<u>\$18,565,528</u>

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

- Total Revenue as of December, 2018 was 22% below projection.
 - Water sales of \$13.8 million (M) was \$878.6 thousand ("K") lower or -6%.
 - Other Water Revenue - Receipts of \$264.4K exceeded projection by 139.4K or 112%.
 - Capital Contributions: Cash contributions including Federal & State Grants – \$431.5K.
 - Investment Income & Net Increase in FV of Investments – \$215.4K.
 - Miscellaneous Revenues - \$66.7K

OPERATING EXPENSES: VARIANCE = BUDGET LESS ACTUAL EXPENSES; POSITIVE INDICATES LESS SPENDING THAN PLANNED. **REVISED YTD BUDGET COLUMNS INCLUDE PO ROLLOVER FROM FY ENDING 2018.**

- YTD Operating Expenses before depreciation and amortization was \$11M. Total spending was \$6.2M less than planned or budgeted; a positive variance of 36%.
 - Employee Related Expenses –\$4.7M with a 13% positive variance.
 - Contracts & Services – \$2.1M with a 68% positive variance.
 - Professional Services, Insurance, Repairs and Maintenance, water and non-water systems are the main items contributing to the 68% positive variance.
 - Exceptional Expenses – None.
 - Fuel & Utilities – \$1.35M; 10% positive variance.
 - Bulk Water Purchase – \$728.2K; 20% positive variance.
 - Office & Operating Supplies – \$449.1K, 48% positive variance.
 - Training, Travel & Meeting Expenses – \$39.9K.
 - Debt Service – Interest Expense - \$1.67M.
 - Depreciation & Amortization (non-cash expenses) is \$3.9M.



DEPARTMENT OF WATER

County of Kaua'i

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NET OPERATING INCOME:

- Net Operating Income before depreciation and amortization - \$4.88M.
- Net Operating Income after depreciation & amortization was \$980.6K.

NON-OPERATING PROCEEDS & DISBURSEMENTS

- SRF Loan Proceeds – None.
- FRC – Facility Reserve Charge –\$341.9K.
- YTD Debt Principal Payment is \$3.92M.

CAPITAL PROJECTS BUDGET: YTD DISBURSEMENTS = \$3,685,566.

- Capital Projects: Water Utility Fund - \$2.19M.
- Capital Projects: FRC Fund – \$58.5K
- Capital Projects: BAB Fund - \$1.44M.
- Capital Projects: SRF Loan Fund - None.

II. FY 2018 – 2019 CERTIFICATION OF FUNDS YTD \$2,194,214.12

	REPORT TO MANAGER (with approved Budget)	MANAGER'S REPORT (New Budget Requests)
Water Utility Fund	\$1,439,955.04	\$856,523.00
FRC Fund	\$0.00	\$0.00
BAB Fund	\$0.00	\$0.00
Total	\$1,439,955.04	\$856,523.00

III. COMPARATIVE CHARTS:

METERED CONSUMPTION:

- December, 2018 metered consumption –303.7 million gallons (mg); decreased by 6.9 mg as compared from the same month of FY 2018.
- Year to Date (YTD) metered consumption as of 12/31/18 –1,957 mg; YTD decrease of 221 mg as compared from the same month of FY 2018.

IV. COMPARATIVE BALANCE SHEET:

* Statement of Net Positions as of November 30, 2018 & 2017.

V. OTHER FISCAL ONGOING ACTIVITIES/INITIATIVES:

- Five (5) years Water Rate Study – The Rate Study period was changed from FY 2017-2021 to FY 2019-2023; the financial model was updated with the latest approved FY 2018-2019 budget and re-prioritized CIP lists. The DOW Staff is still reviewing the revised CIP list to be submitted to the Consultants.
- The Management IT Steering Committee was formed to comply with the Financial Statement Finding 2017 -001 IT Controls Deficiencies (Significant Deficiency) on IT Governance. After several meetings held, the Committee submitted a list of DOW



DEPARTMENT OF WATER

County of Kaua'i

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IT priorities for review and consideration by management. A consultant was hired to provide an updated 5-year I.T. Strategic Plan. The Final Draft is expected to be submitted in January 2019.

- The Financial Statements Audit Report – final audit report was submitted.
- The proposed budget for FY 2019- 2020 - collection of data will start on January, 2019.
- The DOW has awarded a contract for the Customer Care & Billing system to be cloud-hosted with support services from a consultant. The contract is expected to be executed in January 2019 and will provide for credit card payments, online payments, and a mobile payment app.
- Develop Financial Policies for DOW – scope of work is in progress, procurement of Consultants will follow.
- Budget Program Solution – It will be addressed concurrently with the Financial Policies Development procurement.

MY/ein



Department of Water, County of Kauai
Monthly Budget Summary vs. Actual
SUMMARY
12/31/2018

	December				FY 2019			
	Original Budget	Revised Budget	Actual	Variance	Revised YTD Budget	YTD Actual	*Variance	Variance %
I. OPERATING BUDGET								
Revenue								
Water Sales	\$2,446,230.58	\$2,446,230.58	\$2,163,416.74	(\$282,813.84)	\$14,677,383.48	\$13,798,810.85	(\$878,572.63)	(6%)
Revenue from Public Fire Protection	177,774.50	177,774.50	178,042.50	268.00	1,066,647.00	1,068,255.00	1,608.00	
Other Water Revenue	20,833.33	20,833.33	7,075.82	(13,757.51)	124,999.98	264,423.87	139,423.89	112%
Federal Grants	22,660.08	22,660.08		(22,660.08)	135,960.48		(135,960.48)	(100%)
State Grants	655,799.58	655,799.58		(655,799.58)	3,934,797.48		(3,934,797.48)	(100%)
Capital Contributions	52,873.50	52,873.50	71,914.90	19,041.40	317,241.00	431,489.42	114,248.42	36%
Net Increase in Fair Value of Investments	(2,500.00)	(2,500.00)		2,500.00	(15,000.00)	1,695.03	16,695.03	(111%)
Investment Income	13,750.00	13,750.00		(13,750.00)	82,500.00	213,662.49	131,162.49	159%
Gain or Loss on Disposal of Capital Assets	416.67	416.67		(416.67)	2,500.02		(2,500.02)	(100%)
Gain or Loss from the Retirement of Debt								
Miscellaneous Revenues	83.33	83.33	3,109.01	3,025.68	499.98	66,709.54	66,209.56	13242%
Total Revenue	3,387,921.57	3,387,921.57	2,423,558.97	(964,362.60)	20,327,529.42	15,845,046.20	(4,482,483.22)	(22%)
Employee-Related Expenses								
Salaries and Wages (Includes Leaves & CTO)	538,249.89	538,249.89	431,083.40	107,166.49	3,229,499.34	2,625,031.70	604,467.64	19%
Temporary Assignment	5,115.50	5,115.50	5,786.13	(670.63)	30,693.00	43,269.82	(12,576.82)	(41%)
Overtime	43,250.01	43,250.01	35,197.65	8,052.36	259,500.06	234,480.51	25,019.55	10%
Standby	15,132.84	15,132.84	15,811.86	(679.02)	90,797.04	96,956.24	(6,159.20)	(7%)
FICA	46,671.20	46,671.20	34,741.07	11,930.13	280,027.60	221,608.45	58,419.15	21%
Retirement Contribution	115,202.98	115,202.98	91,248.95	23,954.03	691,217.88	554,373.09	136,844.79	20%
Life & Health Insurance	40,353.90	40,353.90	43,701.34	(3,347.44)	242,123.40	256,555.69	(14,432.29)	(6%)
Workers Compensation			3,658.00	(3,658.00)		22,473.45	(22,473.45)	
Unemployment Compensation	1,250.00	1,250.00		1,250.00	7,500.00		7,500.00	100%
Post Employment Benefits (OPEB)	84,249.99	84,249.99	99,490.12	(15,240.13)	505,499.50	608,681.91	(103,182.41)	(20%)
Total Employee-Related Expenses	889,476.31	889,476.31	760,718.52	128,757.79	5,336,857.82	4,663,430.86	673,426.96	13%
Contracts & Services								
Professional Services-General	325,866.76	325,866.76	256,185.46	69,681.30	3,733,814.08	502,618.47	3,231,195.61	87%
Professional Services-Accounting & Auditing	8,900.00	8,900.00	4,758.64	4,141.36	116,297.70	58,667.70	57,630.00	50%
Other Services-General	5,073.17	5,073.17	2,522.27	2,550.90	30,439.02	21,138.14	9,300.88	31%
Other Services-Billing Costs	17,221.47	17,221.47	11,794.72	5,426.75	103,328.82	66,123.19	37,205.63	36%
Public Relations-General	9,275.00	9,275.00		9,275.00	55,650.00	35,914.29	19,735.71	35%
Procurement Advertising	833.33	833.33		833.33	4,999.98		4,999.98	100%
Communication Services	10,030.00	10,030.00	16,372.73	(6,342.73)	61,950.20	49,577.60	12,372.60	20%
Freight and Postage	1,364.16	1,364.16	16.15	1,348.01	8,184.96	3,154.83	5,030.13	61%
Rentals and Leases	12,756.22	12,756.22	12,083.01	673.21	93,053.24	47,865.52	45,187.72	49%
Insurance	99,583.33	99,583.33	(45,962.10)	145,545.43	597,499.98		597,499.98	100%
County Service Charge	177,774.50	177,774.50	178,042.50	(268.00)	1,066,647.00	1,068,255.00	(1,608.00)	
Repairs and Maintenance-Water System	18,416.67	18,416.67		18,416.67	152,161.49	35,152.28	117,009.21	77%
Repairs and Maint-Non Water System	52,262.49	52,262.49	20,545.66	31,716.83	430,761.09	168,933.45	261,827.64	61%
Total Contracts & Services	739,357.10	739,357.10	456,359.04	282,998.06	6,454,787.56	2,057,400.47	4,397,387.09	68%



Department of Water, County of Kauai
Monthly Budget Summary vs. Actual
SUMMARY
12/31/2018

	December				FY 2019			
	Original Budget	Revised Budget	Actual	Variance	Revised YTD Budget	YTD Actual	*Variance	Variance %
Exceptional Expenses								
FY2014 & FY2015 Kalaheo Emergency								
FY 2015 Kilauea								
Abandoning Hanamaulu Wells 1 & 2					261,975.00		261,975.00	100%
Total Exceptional Expenses					261,975.00		261,975.00	100%
Fuel & Utilities								
Utility Services	239,795.00	239,795.00	326,295.61	(86,500.61)	1,439,468.45	1,299,723.31	139,745.14	10%
Fuel	9,625.00	9,625.00	8,527.22	1,097.78	57,750.00	54,006.40	3,743.60	6%
Total Fuel & Utilities	249,420.00	249,420.00	334,822.83	(85,402.83)	1,497,218.45	1,353,729.71	143,488.74	10%
Bulk Water Purchase								
Bulk Water Purchase	150,848.00	150,848.00	142,483.14	8,364.86	905,088.00	728,139.81	176,948.19	20%
Total Bulk Water Purchase	150,848.00	150,848.00	142,483.14	8,364.86	905,088.00	728,139.81	176,948.19	20%
Office & Operating Supplies								
Office Supplies	1,833.33	1,833.33	1,131.07	702.26	10,999.98	9,608.20	1,391.78	13%
Operating Supplies	104,337.49	104,337.49	125,873.99	(21,536.50)	834,464.93	437,305.21	397,159.72	48%
Books, Subscriptions and Dues	2,503.75	2,503.75	970.41	1,533.34	15,022.50	2,069.29	12,953.21	86%
Books, Subscriptions and Dues - Board	85.42	85.42	75.00	10.42	512.52	75.00	437.52	85%
Total Office & Operating Supplies	108,759.99	108,759.99	128,050.47	(19,290.48)	860,999.93	449,057.70	411,942.23	48%
Training, Travel & Meeting Expenses								
Training and Development	10,631.67	10,631.67	6,018.67	4,613.00	63,790.02	28,561.97	35,228.05	55%
Travel and Per Diem	7,047.49	7,047.49	1,422.93	5,624.56	42,284.90	7,906.77	34,378.13	81%
Travel and Per Diem - Board	1,457.50	1,457.50		1,457.50	8,745.00		8,745.00	100%
Meeting Expense	2,200.00	2,200.00	2,120.64	79.36	13,200.00	2,960.43	10,239.57	78%
Meeting Expense - Board	1,172.92	1,172.92	153.79	1,019.13	7,108.52	430.35	6,678.17	94%
Total Training, Travel & Meeting Expenses	22,509.58	22,509.58	9,716.03	12,793.55	135,128.44	39,859.52	95,268.92	71%
Debt Service								
Interest Expense	284,846.30	284,846.30	278,739.98	6,106.32	1,709,077.80	1,672,439.88	36,637.92	2%
Total Interest Expense	284,846.30	284,846.30	278,739.98	6,106.32	1,709,077.80	1,672,439.88	36,637.92	2%
Total Operating Expenses	2,445,217.28	2,445,217.28	2,110,890.01	334,327.27	17,161,133.00	10,964,057.95	6,197,075.05	36%
Net Operating Income (Loss) Before Depreciation & Amortization	\$942,704.29	\$942,704.29	\$312,668.96	(\$630,035.33)	\$3,166,396.42	\$4,880,988.25	\$1,714,591.83	54%
Depreciation & Amortization								
Depreciation	609,562.50	609,562.50	586,132.09	23,430.41	3,657,375.00	3,515,278.63	142,096.37	4%
Amortization	58,333.33	58,333.33	62,500.90	(4,167.57)	349,999.98	385,155.38	(35,155.40)	(10%)
Total Depreciation & Amortization	667,895.83	667,895.83	648,632.99	19,262.84	4,007,374.98	3,900,434.01	106,940.97	3%
Net Operating Income (Loss)	274,808.46	274,808.46	(335,964.03)	(610,772.49)	(840,978.56)	980,554.24	1,821,532.80	(217%)



Department of Water, County of Kauai
Monthly Budget Summary vs. Actual
SUMMARY
12/31/2018

	December				FY 2019			
	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Revised YTD Budget</u>	<u>YTD Actual</u>	<u>*Variance</u>	<u>Variance %</u>
Non Operating Proceeds								
FRC-Facility Reserve Charge	33,333.33	33,333.33		(33,333.33)	199,999.98	341,930.00	141,930.02	71%
Total Non Operating Proceeds	33,333.33	33,333.33		(33,333.33)	199,999.98	341,930.00	141,930.02	71%
Transfers Out(In) to Other Funds								
Debt Principal Payment	49,474.00	49,474.00	49,474.00		3,915,904.02	3,915,904.02		
Net Proceeds (Expenditures)	258,667.79	258,667.79	(385,438.03)	(644,105.82)	(4,556,882.60)	(2,593,419.78)	1,963,462.82	(43%)
II. CAPITAL BUDGET								
Capital Projects (See Attached for Details)	607,958.32	633,791.32	1,246,729.12	(612,937.80)	26,046,135.76	3,685,565.57	22,360,570.19	86%



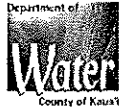
Department of Water, County of Kauai
 Monthly Budget Summary vs. Actual
 SUMMARY
 12/31/2018

	December				FY 2019			
	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Revised YTD Budget</u>	<u>YTD Actual</u>	<u>*Variance</u>	<u>Variance %</u>
Capital Projects (See Attached for Details):								
Water Utility - Capital Projects (See Attached for Details)	607,958.32	633,791.32	692,156.18	(58,364.86)	20,357,039.08	2,191,117.02	18,165,922.06	89%
FRC Special Trust Fund - Capital Projects (See Attached for Details)					555,755.84	58,522.70	497,233.14	89%
BAB Fund - Capital Projects (See Attached for Details)			554,572.94	(554,572.94)	5,133,340.84	1,435,925.85	3,697,414.99	72%
SRF Loan Fund - Capital Projects (See Attached for Details)								
Total Capital Projects (See Attached for Details)	607,958.32	633,791.32	1,246,729.12	(612,937.80)	26,046,135.76	3,685,565.57	22,360,570.19	86%



Department of Water, County of Kauai
Monthly Budget Summary vs. Actual
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12/31/2018

	December				FY 2019			
	Original Budget	Revised Budget	Actual	Variance	Revised YTD Budget	YTD Actual	*Variance	Variance %
Capital Projects (See Attached for Details):								
10-01-00-604-999 WU-Adm-RandR Capital Purchases	7,500.00	7,500.00		7,500.00	45,000.00		45,000.00	100%
10-02-00-604-999 WU-IT-RandR Capital Purchases--	40,208.33	40,208.33		40,208.33	320,252.95	27,962.08	292,290.87	91%
10-02-00-605-999 WU-IT-Expansion Capital Purchases--		25,833.00		25,833.00	159,435.00		159,435.00	100%
10-10-00-605-999 WU-Qual-Expansion Capital Purchases	25,833.33	25,833.33		25,833.33	154,999.98		154,999.98	100%
10-10-40-604-999 WU-QualRandR Capital Purchases	3,083.33	3,083.33		3,083.33	18,499.98		18,499.98	100%
10-20-00-604-001 WU-Eng-ALLR-17-10-KW-07 Paua Valley Tank Repair					105,154.74		105,154.74	100%
10-20-00-604-033 WU-Job 13-07- Koloa D Repairs					6,958.00		6,958.00	100%
10-20-00-604-132 WU-Eng-ALLR-13-05 Kolo Rd Main Replacement					2,712.50		2,712.50	100%
10-20-00-604-135 WU-Eng-ALLR-12-04 HE-14 Eleele Booster Rehab					2,285.00		2,285.00	100%
10-20-00-604-136 Job 12-01 H-05 Weke Anae Hee 6-8IN Mains					35,935.50	12,409.90	23,525.60	65%
10-20-00-604-138 WU-Eng-69%R-11-07 HE-03 Hanapepe & Koloa Well MCC					24,467.50		24,467.50	100%
10-20-00-604-146 WU-Eng-12%R-Job 15-7 HE-01&10HanapepeEleeleConn PL					60,706.92		60,706.92	100%
10-20-00-604-148 WU-Eng-56%R-Kuhio Hwy Hardy-Oxford 16IN Main Repla					250,508.00		250,508.00	100%
10-20-00-604-157 WU-Eng-16-4-WKK-03-Kilauea Wells MCC Rehab					66,863.70	45,787.65	21,076.05	32%
10-20-00-604-159 WU-Eng-ALLR-17-7 Maalo Road Easement					21,000.00		21,000.00	100%
10-20-00-604-160 Job 18-02 Islandwide Rehabilitation of Tanks			41,447.65	(41,447.65)	536,527.00	41,524.65	495,002.35	92%
10-20-00-604-162 WU-Eng Svs. Islandwide Vulnerability & Resill Ass	12,500.00	12,500.00		12,500.00	75,000.00		75,000.00	100%
10-20-00-604-999 WU-Eng-RandR Capital Purchases	1,666.67	1,666.67		1,666.67	10,000.02	3,138.00	6,862.02	69%
10-20-00-605-139 WU-Eng-ALLR-02-11 M-02 100K Tank & Pipeline Moloaa					125,200.00		125,200.00	100%
10-21-00-604-001 WU-Cns-ALLR-17-10-KW-07 Paua Valley Tank Repair	116,666.67	116,666.67		116,666.67	700,000.02		700,000.02	100%
10-21-00-604-035 Job 12-4 HE-14, Eleele Booster Rehab					1,144,500.00		1,144,500.00	100%
10-21-00-604-146 Job 15-07 HE-01 HE-10 Kaunualii Hwy 16" Main Boost			630,008.53	(630,008.53)	5,749,600.00	1,343,780.63	4,405,819.37	77%
10-21-00-604-157 WU-Cns-16-4-WKK-03-Kilauea Wells MCC Rehab	312,916.67	312,916.67		312,916.67	1,877,500.02		1,877,500.02	100%
10-21-00-604-999 WU-CM-RandR Capital Purchases	833.33	833.33		833.33	4,999.98	100.00	4,899.98	98%
10-21-00-605-017 Job 16-02 PLH-358 Kapaia Cane Haul Rd 18" Main					3,195,675.00		3,195,675.00	100%
10-21-00-605-118 Job 02-14 WK39 WK08 Kapaia Hmstd Well 4; Pkg A Well					750,000.00		750,000.00	100%
10-21-00-605-146 Job 15-07 HE-01 HE-10 Kaunualii Hwy 16" Main Boost					3,214,400.00		3,214,400.00	100%
10-21-00-605-999 WU-CM-Expansion Capital Purchases	833.33	833.33		833.33	4,999.98		4,999.98	100%
10-30-00-604-999 WU-Bill-RandR Capital Purchases	2,750.00	2,750.00		2,750.00	16,500.00		16,500.00	100%
10-30-00-605-999 WU-Bill-Expansion Capital Purchases					134,943.91	10,000.00	124,943.91	93%
10-40-00-604-999 WU-Ops-RandR Capital Purchases	55,833.33	55,833.33	20,700.00	35,133.33	1,081,218.90	547,040.61	534,178.29	49%
10-40-00-605-999 WU-Ops-Expansion Capital Purchases	27,333.33	27,333.33		27,333.33	461,194.48	159,373.50	301,820.98	65%
Total Capital Projects (See Attached for Details)	607,958.32	633,791.32	692,156.18	(58,364.86)	20,357,039.08	2,191,117.02	18,165,922.06	89%



Department of Water, County of Kauai
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Capital Projects (See Attached for Details):

20-20-00-605-017 FRC-Job 16-02 18IN Cane Haul Road Main
 20-20-00-605-104 FRC-Eng-ALLE-05-02 HW-12 Drill Wainiha-Haena Well
 20-20-00-605-117 FRC-Eng-ALLE-12-02 WK-23 UH Expmntal Storage Tank
 20-20-00-605-118 Job 04-08 WK-39 Drill Kapaa Homestead Well 4
 20-20-00-605-120 FRC-Eng-90%E-Kilauea 1.0MG Tank Job 02-06
 20-20-00-605-153 Job 15-08-HW-11-Haena 0.2MG Tank
 20-20-00-605-154 Job 17-11 Drill & Test Kilauea Well #3

Total Capital Projects (See Attached for Details)

December				FY 2019			
<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Revised YTD Budget</u>	<u>YTD Actual</u>	<u>*Variance</u>	<u>Variance %</u>
				20,333.33		20,333.33	100%
				47,869.00		47,869.00	100%
				26,832.00		26,832.00	100%
				107,163.79		107,163.79	100%
				7,212.24		7,212.24	100%
				49,105.48	58,522.70	(9,417.22)	(19%)
				297,240.00		297,240.00	100%
				555,755.84	58,522.70	497,233.14	89%



Department of Water, County of Kauai
Monthly Budget Summary vs. Actual
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12/31/2018

	December				FY 2019			
	Original Budget	Revised Budget	Actual	Variance	Revised YTD Budget	YTD Actual	*Variance	Variance %
Capital Projects (See Attached for Details):								
30-20-00-604-101 BAB-Eng-ALLR-10-01 Ani-01a Anini & Kalihiwai Rd 6-					76,428.25		76,428.25	100%
30-20-00-604-105 BAB-Eng-ALLR-09-01 K-01 Kalaheo 1111FT & 1222FT					282,012.21		282,012.21	100%
30-20-00-604-112 BAB-Eng-ALLR-11-02 PLH-01a Grove Farm Tanks 1 & 2					28,000.00		28,000.00	100%
30-20-00-605-104 BAB-Eng-ALLE-05-02 HW-12 Drill Wainiha-Haena Well					32,430.00		32,430.00	100%
30-20-00-605-116 BAB-Eng-ALLE-02-14 WK-08 Kapaa Homesteads Tank			9,425.40	(9,425.40)	89,231.75	28,276.20	60,955.55	68%
30-20-00-605-120 BAB-Cns-ALLE-02-06WKK15-Kilauea 466 Tank Puu Pane			10,249.20	(10,249.20)	25,175.00	15,301.20	9,873.80	39%
30-20-00-605-125 BAB-Eng-98%E-02-01 Land for Kukuilono Tank Site					53,508.05		53,508.05	100%
30-20-00-605-139 BAB-Eng-ALLE-02-11 M-02 100K Tnk & Pipeline Moloaa					94,222.00		94,222.00	100%
30-20-00-605-158 BAB-Eng-ALLE-11-3 MO-03 Land & Well Acq Moloaa&Wai					9,187.00		9,187.00	100%
30-21-00-604-017 Job 16-02 PLH-35B Kapaia Cane Haul Rd 18" Main					1,137,325.00		1,137,325.00	100%
30-21-00-604-107 Job 11-07 KP-09-MCC Chlor KoloaWell16-A,B,E			244,612.54	(244,612.54)	1,755,864.12	1,102,062.65	653,801.47	37%
30-21-00-605-118 Job 02-14 WK39 WK08 Kapaa Hmstd Well 4; Pkg A Well			290,285.80	(290,285.80)	1,535,000.00	290,285.80	1,244,714.20	81%
30-40-00-604-114 BAB Ops PLH-39a Lihue Baseyard Improvement					14,957.46		14,957.46	100%
Total Capital Projects (See Attached for Details)			554,572.94	(554,572.94)	5,133,340.84	1,435,925.85	3,697,414.99	72%

FY 2018 - 2019 Certification of Funds Available					REPORTS TO MANAGER (RTM)				Manager's Report (MR) - New and/or Additional Funds				
DATE	Contract #	Description	ACCOUNT #	CO/OE	W/U (10)	FRC (20)	BAB (30)	SUB-TOTAL	W/U (10)	FRC (20)	BAB (30)	SUB-TOTAL	TOTALS
7/1/2018	660	Sole Source no. SS 2018-1, to furnish laboratory testing services.	10-10-40-540-010	OE	63,600.00			63,600.00				-	63,600.00
7/1/2018	666	Funding available 7/1/18	10-02-10-540-010	OE	80,000.00			80,000.00				-	80,000.00
7/1/2018	668	Solicitation GS 2018-6, Furnishing and delivery of two (2) SUV 4 wheel drive or all wheel drive vehicles..	10-01-00-604-999	CO	57,788.70			57,788.70				-	57,788.70
7/6/2018	632	1st Amendment; 17-02- Scada System Maintenance and Professional Counsultation Services	10-40-60-560-000	OE	150,000.00			150,000.00				-	150,000.00
7/17/2018	xxx	Job 18-8 Limahuli Stream and Mānoa Stream Water Line Repairs	10-00-00-604-163					-	250,000.00			250,000.00	250,000.00
7/24/2018	xxx	Job 18-9, Makaleha Tunnel Water Line Repairs (MR # 19-06)	10-20-00-604-164/ 10-20-10-540-010					-	350,000.00			350,000.00	350,000.00
8/6/2018	636	New budget request - Job No. 16-4, WP 2020 WKK-03, Chlorination, MCC, Kilauea Wells no. 1 & 2. (MR #19-07) Total Contract = \$430649	10-20-00-604-157					-	64,023.00			64,023.00	64,023.00
9/28/2018	MOA	MOA - CoK, Dept. of Public Works - Reconstruction of Weke Road and Reinstallation of damaged water main and appurtenances.	10-20-00-604-165					-	105,000.00			105,000.00	105,000.00
10/9/2018	669	Job No. 18-07, Kukuilonu UST and tank removal	10-20-10-540-010		26,977.54			26,977.54				-	26,977.54
10/9/2018	630	CO #2, Job No. 17-05, Puhi well SA Repair	10-40-00-604-999		4,166.64			4,166.64				-	4,166.64
10/9/2018	651	Special counsel	10-01-10-540-010		25,000.00			25,000.00	25,000.00			25,000.00	50,000.00
10/16/2018	670	CC&B Cloud and Hosting	10-02-10-561-000		200,000.00			200,000.00				-	200,000.00
10/16/2018	670	New budget request - CC&B Cloud and Hosting	10-02-10-561-000					-	62,500.00			62,500.00	62,500.00
11/1/2018	671	Solicitation GS 2019-2, HT&T truck Center - furnishing & delivery of one (1) 37,600 GVW Cab and Chassis w/ (8) Cubic Yard dump body	10-40-00-604-999		155,731.95			155,731.95				-	155,731.95
11/8/2018	672	Solicitation GS 2019-3, Hawthorn Pacific Corporation, furnishing and delivery of various size emergency generators.	10-40-00-605-999		156,913.01			156,913.01				-	156,913.01
11/8/2018	673	Solicitation GS 2019-4, King auto Center, furnishing and delivery of one (1) regular cab pick up truck with liftgate and accessories.	10-40-00-605-999		39,766.94			39,766.94				-	39,766.94
11/8/2018	674	Job. No. 19-02, DOW baseyard masterplan, Lihū'e, HI 96766	10-20-10-540-010		317,082.34			317,082.34				-	317,082.34
11/8/2018	675	Solicitation GS-2019-6, Contract award to Miller Industries, Inc. furnishing and delivery of heavy duty two	10-40-00-605-999		60,664.00			60,664.00				-	60,664.00
11/19/2018	676	Solicitation GS-2019-5, Furnishing and delivery of one (1) supercab pickup truck with liftgate and accessories.	10-40-00-605-999		51,263.92			51,263.92				-	51,263.92
12/3/2018	677	As Needed Surveying Services	10-20-10-540-010		21,000.00			21,000.00				-	21,000.00
1/7/2019	678	Legislative Liaison Services for 2019 Legislation	10-01-10-540-010		30,000.00			30,000.00				-	30,000.00
								-				-	-
								-				-	-
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								-				-	-
								-				-	-
								-				-	-
					1,439,955.04	-	-	1,439,955.04	856,523.00	-	-	856,523.00	2,296,478.04

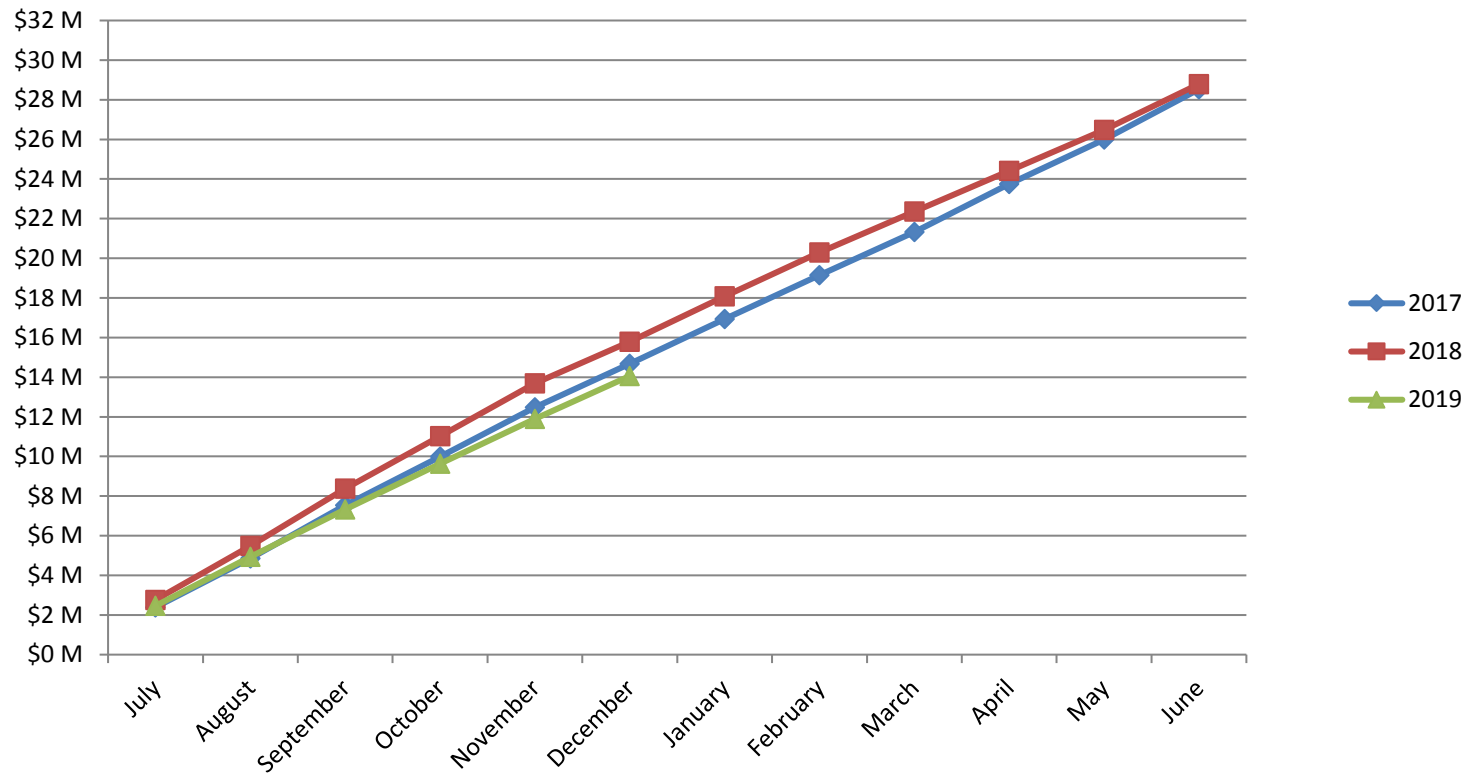
III.

BILLED REVENUES COMPARATIVE REPORT

For Fiscal Years 2017, 2018 & 2019

		<u>2017</u>		<u>2018</u>		<u>2019</u>		Cum. Inc (Dec)	% Inc. (Dec.)
July	\$	2,389,827	\$	2,760,278	\$	2,459,791	\$	(300,488)	-10.89%
August	\$	4,860,565	\$	5,480,992	\$	4,944,154	\$	(536,837)	-9.79%
September	\$	7,531,310	\$	8,381,960	\$	7,331,598	\$	(1,050,362)	-12.53%
October	\$	9,994,494	\$	11,028,260	\$	9,638,616	\$	(1,389,644)	-12.60%
November	\$	12,481,560	\$	13,685,184	\$	11,892,751	\$	(1,792,433)	-13.10%
December	\$	14,668,626	\$	15,789,273	\$	14,060,833	\$	(1,728,440)	-10.95%

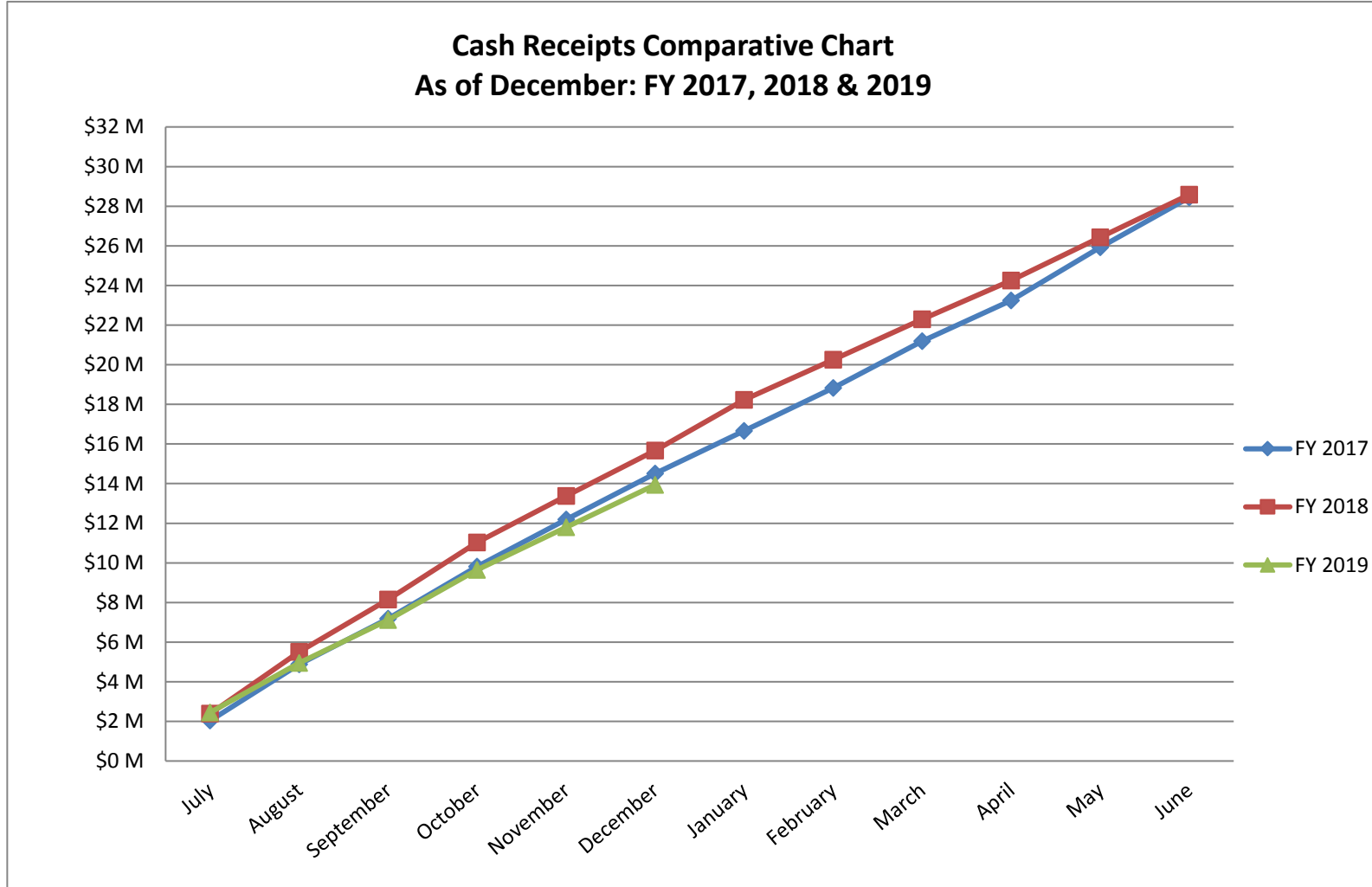
BILLED REVENUES COMPARATIVE CHART
As of December: FY 2017, 2018 & 2019



1. revenue comparison

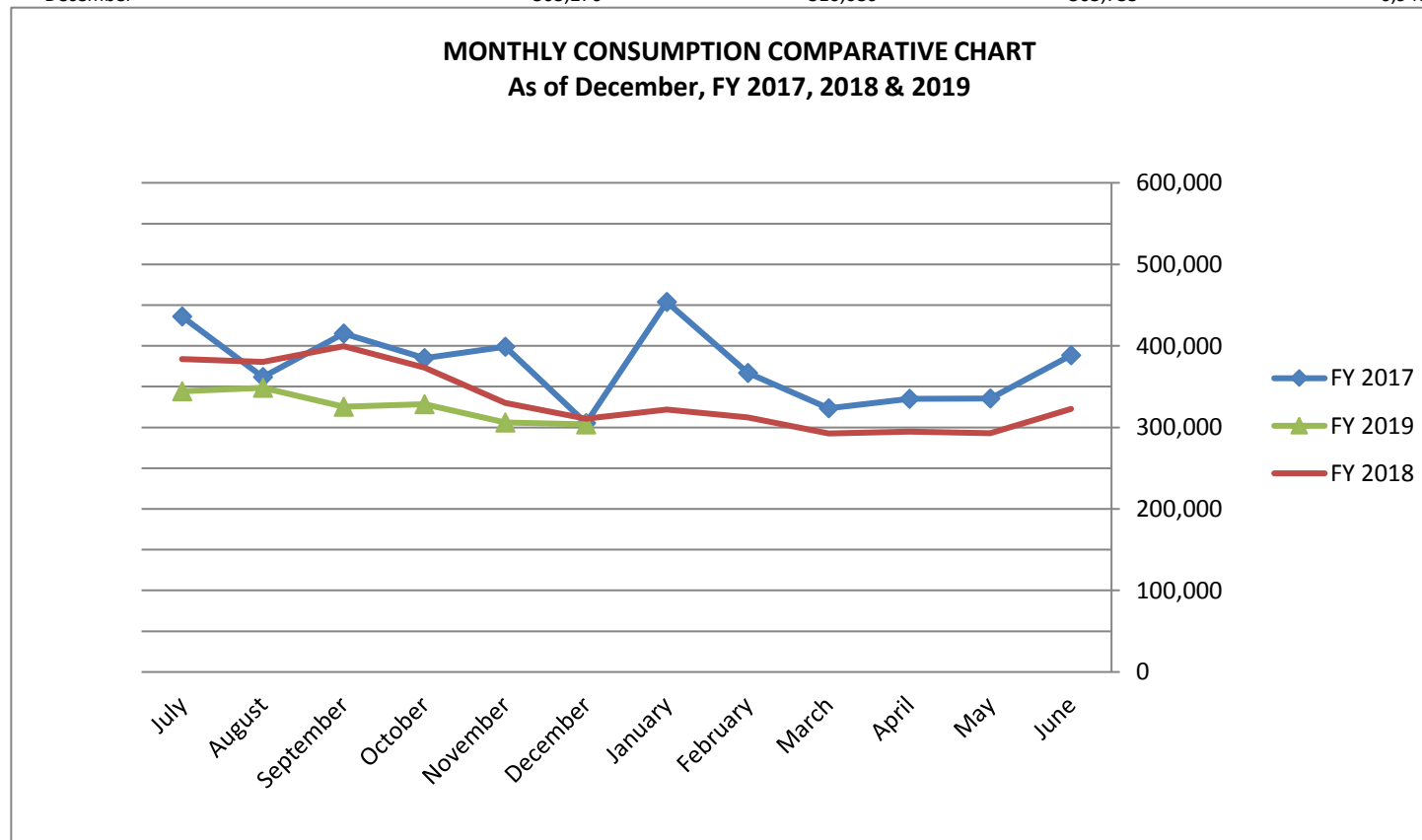
CASH RECEIPTS (W/U) COMPARATIVE REPORT
For Fiscal Years 2017, 2018 & 2019

		<u>FY 2017</u>		<u>FY 2018</u>		<u>FY 2019</u>		Cum. Inc (Dec)	% of Inc (Dec)
July	\$	2,036,499	\$	2,385,872	\$	2,449,372	\$	63,500	3%
August	\$	4,881,715	\$	5,504,876	\$	4,946,100	\$	(558,776)	-10%
September	\$	7,182,779	\$	8,155,772	\$	7,122,906	\$	(1,032,866)	-13%
October	\$	9,806,314	\$	11,034,364	\$	9,651,558	\$	(1,382,805)	-13%
November	\$	12,190,276	\$	13,377,231	\$	11,794,419	\$	(1,582,812)	-12%
December	\$	14,510,720	\$	15,665,947	\$	13,939,408	\$	(1,726,540)	-11%



METERED CONSUMPTION (000 GALLONS) MONTHLY COMPARATIVE CHART
For Fiscal Years 2017, 2018 & 2019
(expressed in thousands)

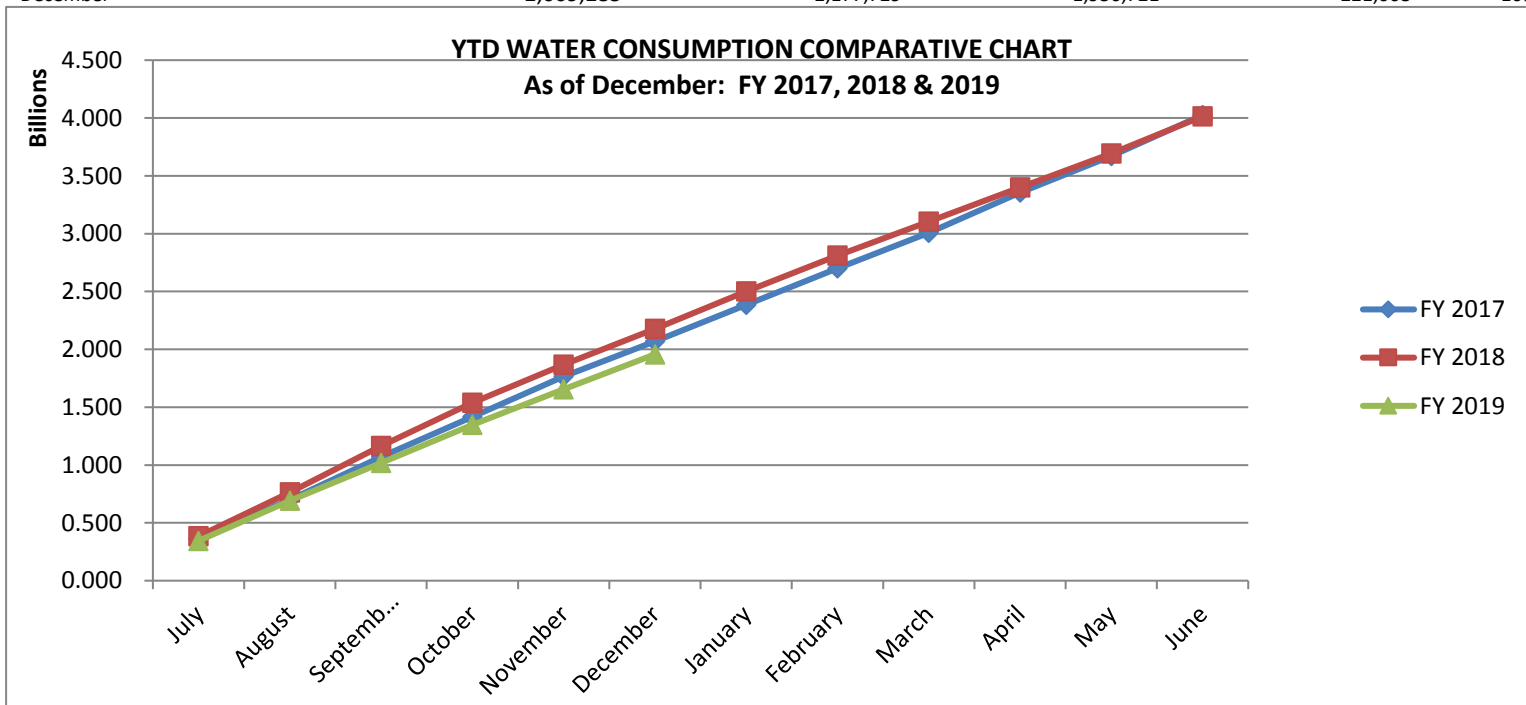
	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>INC (DEC)</u>
July	436,238	383,831	344,364 *	-39,467 *
August	361,599	380,414	348,569	-31,845
September	415,176	399,598	325,351	-74,247
October	384,934	373,247	328,575	-44,672
November	398,863	329,959	306,129	-23,830
December	305,276	310,680	303,733	-6,947



* refer to monthly summary highlights

YTD METERED CONSUMPTION (000 GALLONS) COMPARATIVE REPORT
For Fiscal Years 2017, 2018 & 2019
(expresses in thousands)

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>CUM. INC (DEC)</u>	<u>%</u>
July	363,695	383,831	344,364	-39,467	-10%
August	699,151	764,245	692,933	-71,312	-9%
September	1,070,588	1,163,843	1,018,284	-145,559	-13%
October	1,415,130	1,537,090	1,346,859	-190,231	-12%
November	1,765,039	1,867,049	1,652,988	-214,061	-11%
December	2,069,285	2,177,729	1,956,721	-221,008	-10%



Department of Water - County of Kauai
Statements of Net Position
November 30, 2018 and 2017

Assets and Deferred Outflows

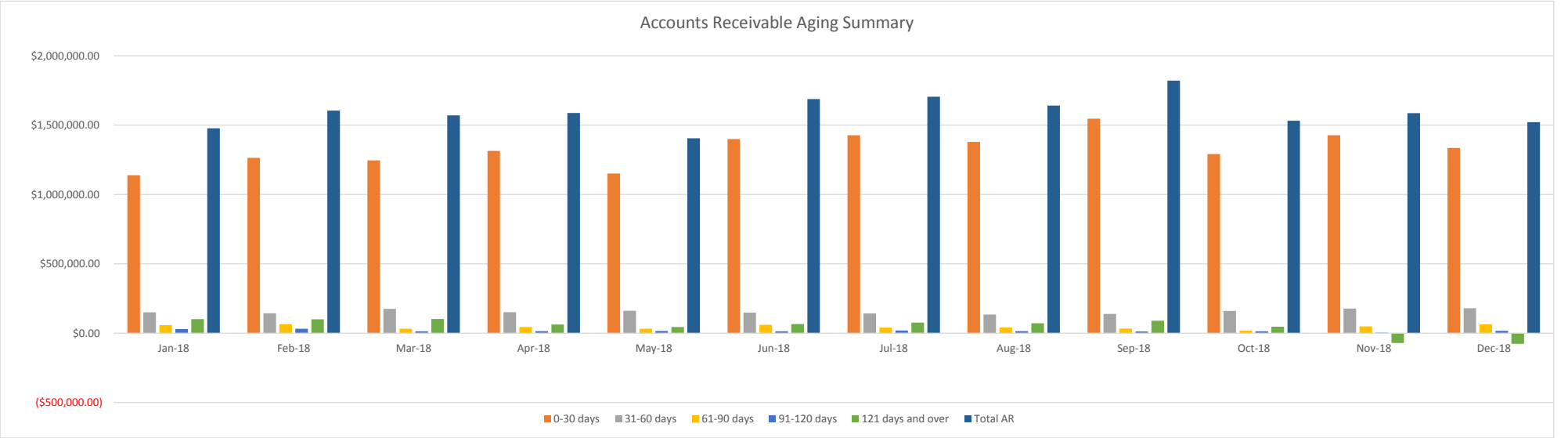
	<u>November 30,</u> <u>2018</u>	<u>November 30,</u> <u>2017</u>
Current Assets		
Cash	13,311,636	9,136,744
Equity interest in pooled investments	21,428,559	5,135,952
Receivables:		
Accounts, net of allowance for doubtful accounts*	1,626,141	1,937,073
Due from other funds	-	
Unbilled accounts	1,294,493	1,525,416
Grants and subsidies	198,425	212,116
Accrued interest	217,639	80,749
Total receivables	<u>3,336,697</u>	<u>3,755,355</u>
Materials and supplies	1,087,256	1,097,060
Prepaid expenses	105,237	62,192
Total current asset	<u>39,269,386</u>	<u>19,187,303</u>
Restricted Assets:		
Facility reserve charge funds:		
Cash	1,093,961	710,231
Accounts receivable and other	85,039	90,907
Total facility reserve charge funds	<u>1,179,000</u>	<u>801,138</u>
Bond funds:		
Cash	(470,995)	1,824,911
Investments	12,163,198	12,446,362
Accrued interest	32,701	57,536
Total bond funds	<u>11,724,905</u>	<u>14,328,808</u>
Total restricted assets	<u>12,903,905</u>	<u>15,129,947</u>
Equity Interest in Pooled Investment - Noncurrent	<u>22,135,754</u>	<u>39,344,321</u>
Utility Plant:		
In service	337,935,280	333,082,059
Accumulated depreciation	(131,030,802)	(123,521,457)
Total utility plant	<u>206,904,478</u>	<u>209,560,602</u>
Construction work in progress	9,228,386	5,359,384
Total property, plant and equipment	<u>216,132,864</u>	<u>214,919,986</u>
Total assets	<u>290,441,909</u>	<u>288,581,556</u>
Deferred Outflow of Resources	<u>5,212,062</u>	<u>6,375,288</u>
Total assets and deferred outflows of resources	<u>295,653,970</u>	<u>294,956,843</u>
 *Allowance for doubtful accounts	 (245,934)	 (276,017)

Department of Water - County of Kauai
Statements of Net Position
November 30, 2018 and 2017

Liabilities, Deferred Inflows and Net Position

	2018	2017
Current Liabilities:		
Accounts payable and accrued liabilities	3,754,884	2,128,888
Contracts payable, including retainages	208,285	27,662
Due to/Due From Other Funds	-	-
Customer overpayment	285,334	162,010
Customer deposits and advances	465,454	420,652
Current portion of long term debt	4,883,749	4,835,459
Current portion of capital lease obligation	522,561	742,465
Total current liabilities	10,120,268	8,317,136
 Long-Term Debt	 68,563,715	 73,549,556
Capital Lease Obligation	4,058	526,619
OPEB & Retirement Benefits	23,865,563	17,415,626
Accrued Vacation and Compensatory Pay	1,356,047	1,327,753
Deferred Inflow of Assets	998,605	338,104
Total liabilities and deferred inflows:	104,908,254	101,474,794
 Net Position:		
Water Utility Reserves	10,700,000	10,200,000
Restricted FRC	1,171,149	797,343
Restricted Build American Bonds	11,577,950	14,315,816
Invested in Capital Assets Net of Related Debt	142,173,403	135,819,351
Unrestricted	24,905,575	32,349,540
Total net position	190,528,077	193,482,050
 Total liabilities, deferred inflows and net position:	 295,436,331	 294,956,843

DEPARTMENT OF WATER
Accounts Receivable Aging Summary
As of December, 2018



AR Aging	Jan-18		Feb-18		Mar-18		Apr-18		May-18		Jun-18		Jul-18		Aug-18		Sep-18		Oct-18		Nov-18		Dec-18	
0-30 days	\$1,139,001.37	77%	\$1,264,228.29	79%	\$1,246,312.44	79%	\$1,314,803.92	83%	\$1,151,352.77	82%	\$1,400,020.34	83%	\$1,426,925.50	84%	\$1,379,032.19	84%	\$1,546,380.67	85%	\$1,292,124.74	84%	\$1,427,201.11	90%	\$1,336,479.81	88%
31-60 days	\$150,215.54	10%	\$143,787.68	9%	\$175,892.82	11%	\$151,335.43	10%	\$161,665.70	12%	\$148,614.03	9%	\$142,657.19	8%	\$134,710.80	8%	\$138,815.46	8%	\$161,048.30	11%	\$177,642.89	11%	\$180,361.39	12%
61-90 days	\$57,742.78	4%	\$64,670.95	4%	\$31,621.88	2%	\$44,532.87	3%	\$31,509.18	2%	\$59,928.82	4%	\$39,927.65	2%	\$40,844.48	2%	\$33,477.67	2%	\$18,000.92	1%	\$49,334.87	3%	\$64,366.59	4%
91-120 days	\$29,418.86	2%	\$31,480.98	2%	\$13,521.54	1%	\$14,855.07	1%	\$16,367.48	1%	\$13,509.78	1%	\$19,309.55	1%	\$15,245.96	1%	\$13,082.76	1%	\$13,918.12	1%	\$3,106.80	0%	\$17,060.96	1%
121 days and over	\$101,527.44	7%	\$100,575.50	6%	\$103,010.83	7%	\$62,295.84	4%	\$44,326.99	3%	\$66,297.34	4%	\$76,171.26	4%	\$71,750.24	4%	\$89,434.50	5%	\$46,614.28	3%	(\$70,785.33)	-4%	(\$76,144.74)	-5%
Total AR	\$ 1,477,905.99	100%	\$ 1,604,743.40	100%	\$ 1,570,359.51	100%	\$ 1,587,823.13	100%	\$ 1,405,222.12	100%	\$ 1,688,370.31	100%	\$ 1,704,991.15	100%	\$ 1,641,583.67	100%	\$ 1,821,191.06	100%	\$ 1,531,706.36	100%	\$ 1,586,500.34	100%	\$ 1,522,124.01	100%

*Total AR is net of Customer deposits and overpayments.

Customer Deposits & Overpayments	(\$134,774.33)	(\$166,498.67)	(\$181,077.13)	(\$184,820.51)	(\$169,377.32)	(\$155,828.48)	(\$180,414.20)	(\$187,130.60)	(\$121,827.60)	(\$188,853.60)	(\$323,241.42)	(\$319,503.69)
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DEPARTMENT OF WATER
SUMMARY OF MCUTS
As of December, 2018

FY	MONTHS	July	August	September	October	November	December	January	February	March	April	May	June	TOTALS
2019	<u>Count</u>	<u>19</u>	<u>28</u>	<u>38</u>	<u>42</u>	<u>8</u>	<u>16</u>							<u>151</u>
	<u>Delinquent</u>	\$ 2,234.03	\$ 2,776.27	\$ 2,111.04	\$ 5,865.59	\$ 2,042.56	\$ 2,352.51							\$ 17,382.00
	<u>Collection</u>	\$ 3,279.94	\$ 3,121.47	\$ 5,710.27	\$ 7,216.63	\$ 3,238.32	\$ 2,799.27							\$ 25,365.90
*No Mcuts, new cloud service products were being tested and validated for roll out. Staff were working closely with Consultants, training, testing and validating customer accounts into a test company.														
FY	MONTHS	July	August	September	October	November	December	January	February	March	April	May	June	TOTALS
2018	<u>Count</u>	<u>86</u>	<u>16</u>	<u>33</u>	<u>11</u>	<u>0</u>	<u>0</u>	<u>17</u>	<u>66</u>	<u>126</u>	<u>79</u>	<u>37</u>	<u>39</u>	<u>510</u>
	<u>Delinquent</u>	\$ 34,440.52	\$ 5,406.27	\$ 7,888.51	\$ 3,824.19	*	*	\$ 4,480.86	\$ 27,291.52	\$ 32,214.96	\$ 8,170.17	\$ 4,851.25	\$ 5,256.04	\$ 133,824.29
	<u>Collection</u>	\$ 24,657.80	\$ 3,169.74	\$ 8,051.50	\$ 3,672.65	\$ -	\$ -	\$ 4,175.66	\$ 21,376.92	\$ 30,795.56	\$ 7,472.17	\$ 5,693.23	\$ 3,217.21	\$ 112,282.44
*No Mcuts, new cloud service products were being tested and validated for roll out. Staff were working closely with Consultants, training, testing and validating customer accounts into a test company.														
2017	<u>Count</u>	<u>37</u>	<u>0</u>	<u>0</u>	<u>58</u>	<u>22</u>	<u>22</u>	<u>23</u>	<u>11</u>	<u>9</u>	<u>14</u>	<u>33</u>	<u>142</u>	<u>371</u>
	<u>Delinquent</u>	\$ 17,602.72	**	**	\$ 35,186.00	\$ 12,573.35	\$ 13,389.78	\$ 16,357.08	\$ 5,635.81	\$ 6,548.66	\$ 15,735.65	\$ 9,379.66	\$ 40,447.77	\$ 172,856.48
	<u>Collection</u>	\$ 12,908.83	\$ -	\$ -	\$ 31,387.14	\$ 9,791.37	\$ 8,808.34	\$ 15,205.41	\$ 3,596.94	\$ 2,520.71	\$ 6,793.88	\$ 8,051.50	\$ 37,144.99	\$ 136,209.11
** No Mcuts for August & September, 2016. DOW implemented its own instance of CC&B on October 3, 2016. The staff were doing testing and validations prior to the 10/16 conversion rollout.														
2016	<u>Count</u>	<u>11</u>	<u>26</u>	<u>33</u>	<u>61</u>	<u>17</u>	<u>12</u>	<u>58</u>	<u>31</u>	<u>30</u>	<u>9</u>	<u>21</u>	<u>0</u>	<u>309</u>
	<u>Delinquent</u>	\$ 5,744.14	\$ 13,988.13	\$ 25,960.00	\$ 37,591.19	\$ 13,892.54	\$ 5,260.00	\$ 38,283.90	\$ 18,769.82	\$ 22,316.40	\$ 27,403.03	\$ 15,672.69	\$ -	\$ 224,881.84
	<u>Collection</u>	\$ 3,137.70	\$ 7,426.69	\$ 16,528.53	\$ 16,453.27	\$ 11,492.90	\$ 4,585.84	\$ 18,475.00	\$ 9,384.49	\$ 17,195.51	\$ 19,383.85	\$ 11,733.26	\$ -	\$ 135,797.04

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve it!"

INFORMATION & EDUCATION SPECIALIST REPORT

January 25, 2019

Public Notices and Announcements

All news releases were also published on the Department's Facebook and Twitter social media pages.

- **Department of Water Office Closure and Training**
 - A news release was issued on December 18, 2018 to announce the upcoming Department staff training and office closure on January 23, 2019.
 - In addition to the news release, scheduled radio announcements, social media posts, lobby signage and website announcements have been arranged and/or posted to announce the office closure.
 - A reminder news release of the office closure is also scheduled to be issued on January 16, 2019.

Public Relations Program

Education & Community Outreach

- Public Relations (PR) is preparing for the Department's participation in Fix a Leak Week, the annual conservation promotion in partnership with the Environmental Protection Agency's WaterSense Program. A promotional lobby display, free leak detection kit giveaways and community outreach efforts focusing on fixing leaks will be conducted leading up to the annual event scheduled for March 18-22, 2019.
- The Department is partnering with the Mayor's office to participate in the 8th Annual National Mayor's Challenge; an effort to promote water conservation in cities and towns across the nation in partnership with the Wyland Foundation from April 1-30, 2019. PR will be developing a social media campaign and other promotional efforts to help increase awareness and support conservation pledges from Kaua'i by directing residents to the Wyland Foundation's event website at www.mywaterpledge.com.

Advertising & Media Placements

- Jonell designed, composed and submitted an editorial article and advertisement for the Kauai Family Magazine, spring 2019 edition. The focus of the upcoming advertisement is to promote the Department's "Fix-a-Leak Week" event, and increase awareness of leak detection and water conservation in the home. (*Attached*)
- Jonell will be developing a series of radio advertising campaigns to promote the Department's awareness and educational customer programs including: water conservation, Fix-A-Leak Week, BlackBoard Connect notification services and National Drinking Water Week. The radio advertisements will be produced from the PR's current service contracts with Kong Radio Group and FM97 Radio and will be completed at no additional cost to the current fiscal year's budget.

Upcoming Community Outreach & Educational Events

- January 25, 2019 – STEM Night presentation at Ele'ele Elementary School
- February 20-22, 2019 – Project WET presentation at the Pacific Water Conference; O'ahu
- March 18-22, 2019 – EPA's Fix a Leak Week at the DOW
- April 1-30, 2019 – National Mayor's Challenge in partnership with Wyland Foundation
- May 6-10, 2019 – National Drinking Water Week at the DOW
- September 20, 2019 – Make a Splash with Project WET Festival

Project WET Hawaii

- Jonell is conducting research and preparing the annual report for Project WET Hawai'i. The report is due to Project WET USA on January 31, 2019.
- Jonell will be speaking at the Pacific Water Conference on February 21, 2019 about the effective application of water education in the community through Project WET.
- Project WET Hawai'i continues to work towards expanding its network statewide. In the first quarter of 2019, Project WET Hawaii will focus on the islands of Maui, Moloka'i and Lāna'i. A Facilitator training workshop has been planned for the water resources and communications staff at the Maui Department of Water on February 8, 2019. The workshop is being conducted in partnership with Project WET Facilitator, Dan Chang of the Department of Health – Safe Drinking Water Branch.

Miscellaneous

- The December edition of the employee newsletter, “As the Water Flows” was published.

JSK/ein

Attachments: “Save water, don't waste water, fix a leak today” Kaua'i Family Magazine

Mgrrp/January 2019/Information & Education Specialist (1-25-19):ein

Save water, don't waste water, fix a leak today!

By Kauai Department of Water

Did you know? The average leaky toilet can waste about 200 gallons of water per day? That's more than 6,000 gallons of water being wasted, per month!

Finding and fixing common household leaks; such as leaky valves and dripping faucets is an important part of being a responsible water user. These small repairs are often easy to fix and can pay for themselves in water savings on your next bill.

One way to check for household leaks is to use your water meter. Here's how:

Step 1: Turn off all water access in your home; including faucets and plumbing fixtures.

Step 2: Locate your water meter outside, lift metal cover to view and identify the Low Flow Indicator; a small

red circular dial located on the face of the meter.

Step 3: Monitor the Low Flow Indicator for at least 12 minutes. If the indicator spins during this time, you probably have a leak.

The Kauai Department of Water will be celebrating its annual "Fix a Leak Week" awareness event from March 18-22, 2019, as part of the Environmental Protection Agency's national WaterSense program. To learn more about Fix a Leak Week, conservation tips or Department of Water services, visit www.kauaiwater.org or call the Department of Water at 245-5461.

RECEIVE A FREE LEAK DETECTION HOME STARTER KIT DURING **FIX-A-LEAK WEEK** **MARCH 18-22, 2019**

AT THE DEPARTMENT OF WATER OFFICE IN LIHUE

**KIT INCLUDES: (1) TOILET FLAPPER, (1) WATER CONSERVATION & SERVICE BROCHURE,
(2) LEAK DETECTION TABLETS AND (1) HOSE NOZZLE. WHILE SUPPLIES LAST.**



Department of Water, County of Kauai
4398 Pua Loke Street, Lihue, HI 96766 www.kauaiwater.org
www.facebook.com/KauaiDOW

Water has no substitute...conserve it!

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

Operations Division Report for the Month of December 2018

Personnel

- Congratulations to Warren Rita retired effective December 31, 2018.
- Congratulations to Galen Shigeta retired effective December 31, 2018.
- **Congratulation to Nelson Inouye, Plant Electrician Helper – perfect attendance/no sick leave taken for entire 2018.**
- Interviews for Equipment Operator II completed, recommendation forwarded to Department of Human Resources.
- Interviews for Lead Pipefitters completed, recommendations forwarded to Department of Human Resources.
- Interview for Heavy Vehicle and Construction Equipment Mechanic I completed, recommendation forwarded to DHR.
- Interview for Water Service Investigator II completed, employee transfer effective January 16, 2019.

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.
- Kekaha Shaft/Well refurbishment contract on-going. DOW personnel flushing and sampling/testing the well.
- Waipao Valley Well refurbishment contract on-going.
- Hanamā'ulu Wells 1 & 2 abandonment contract completed.
- Electrical workers performed routine electrical maintenance at all sites including SCADA radio troubleshooting, electrical wiring for motor controls, lighting repair and replacement.
- Auto mechanics performed routine maintenance of all DOW vehicle and equipment including light, medium and heavy vehicles as well as construction equipment and generators.

Distribution

- Operations Division Field Section crews continue to perform live taps and routine leak repair of service laterals and mainlines. Field Section personnel assisted for the tie-in of 1 development project; and responded to and completed twenty eight (28) leak repair work orders.

- Field Section personnel installed/relocated three (3) service laterals.
- Operations personnel continue coordinating with FEMA on completion and submittal of documents as well as site inspections of damaged facilities.
- We received a total of 75 calls from customers reporting leaks on the mainline, service laterals, meters, meter boxes and fire hydrants including complaints of no water, complaints of low pressure, high pressure, calls requesting remote site/facility grounds and vegetation maintenance, calls for assistance in shutting off the water meter, calls reporting damaged meter box and cover, reports of leaking or damaged fire hydrants and report of white milky water. Work orders were generated and all calls resolved. Leak after the meter needs to be addressed by the customer.

Fleet, Inventory, Warehouse and Baseyard Area

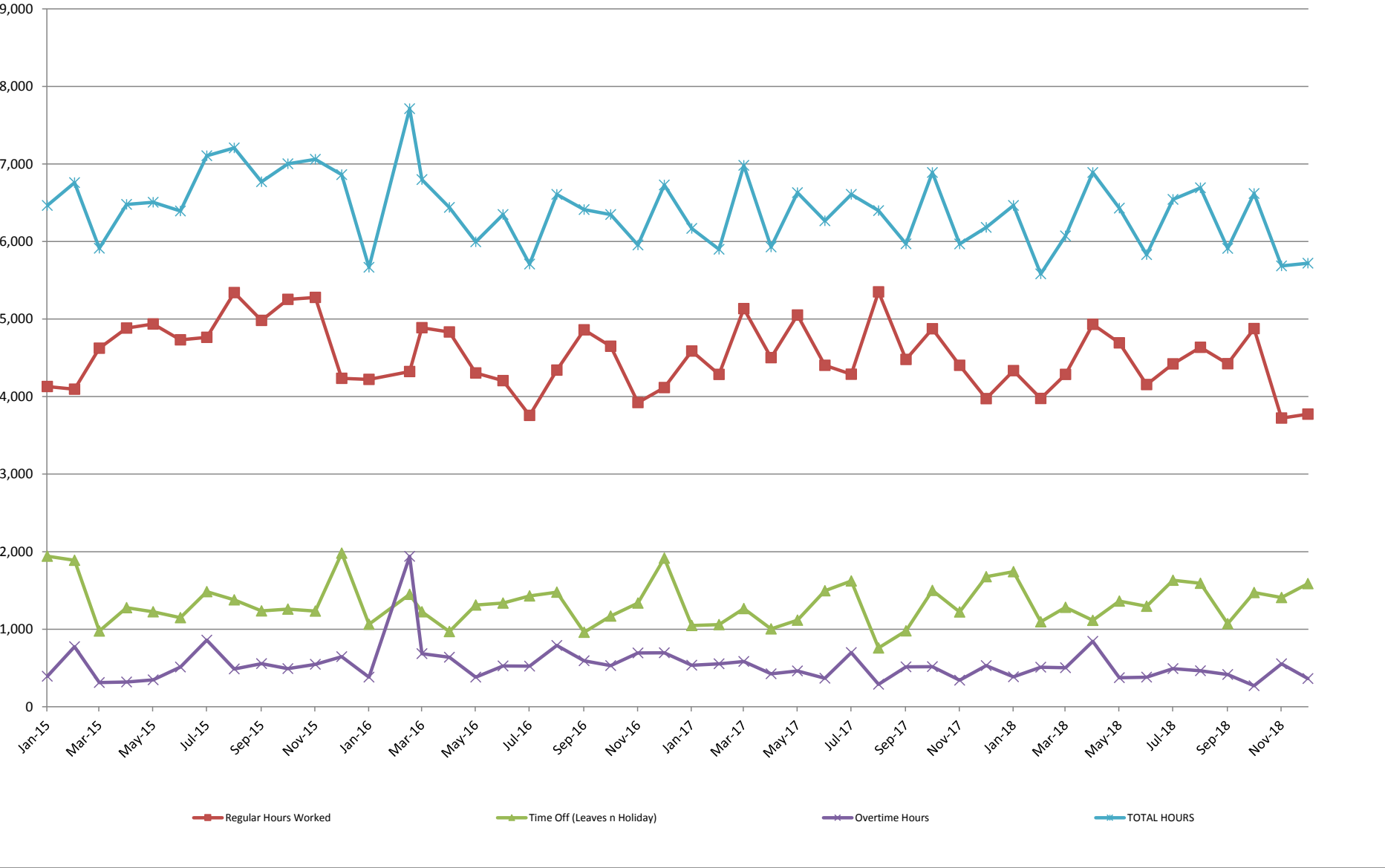
- For the month of November, a total of one hundred ninety five (195) work orders were issued for Operations Division. Works included: electrical repairs and maintenance; automotive repairs and maintenance including power generator maintenance; Hawai'i One Call requests for markings; water meter installation 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; Hawai'i One Call relative to contractor's requests for markings.
- For the month of December 2018, twenty nine (29) Hawaii One Call requests for markings were received. Also, 106 meters were either replaced, repaired, issued or installed.
- Consultant for the Baseyard Renovation - Preliminary Engineering Report and Assessment was selected, contract was executed and Notice To Proceed issued for December 17, 2018.

VPR/ein

Attachments: Overtime Chart
 Leak Report Chart
 Production/Billing Chart

Mgrp/January 2019/Operations Division Report for the Month of December 2018 (1-25-19):ein

County Of Kauai - DEPARTMENT OF WATER
Operations Division: Plant & Field
Total Hours for the Month
For the Period: January, 2015 to December, 2018

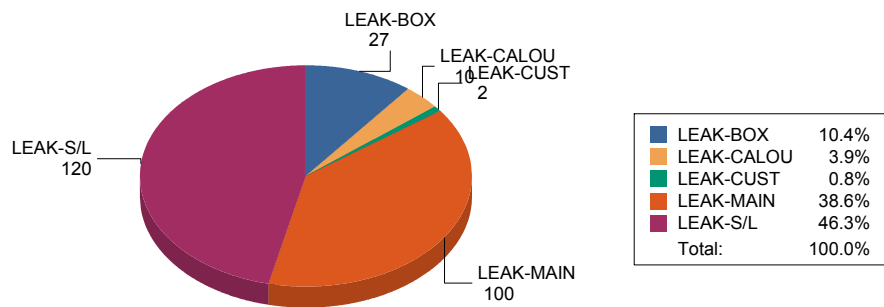


Work Orders by Job Reason Code for Selected Date Range

12/01/2017 to 12/31/2018

# of W/O's	Job Reason Code	Description
27	LEAK-BOX	Meter Box Leak Repair
10	LEAK-CALOU	LEAK CALL OUT
2	LEAK-CUST	Customer-Side Leak Repair
100	LEAK-MAIN	Mainline Leak Repair
120	LEAK-S/L	Service Lateral Leak Repair

Work Orders by Job Reason Code



Work Orders by Job Reason Code for Selected Date Range

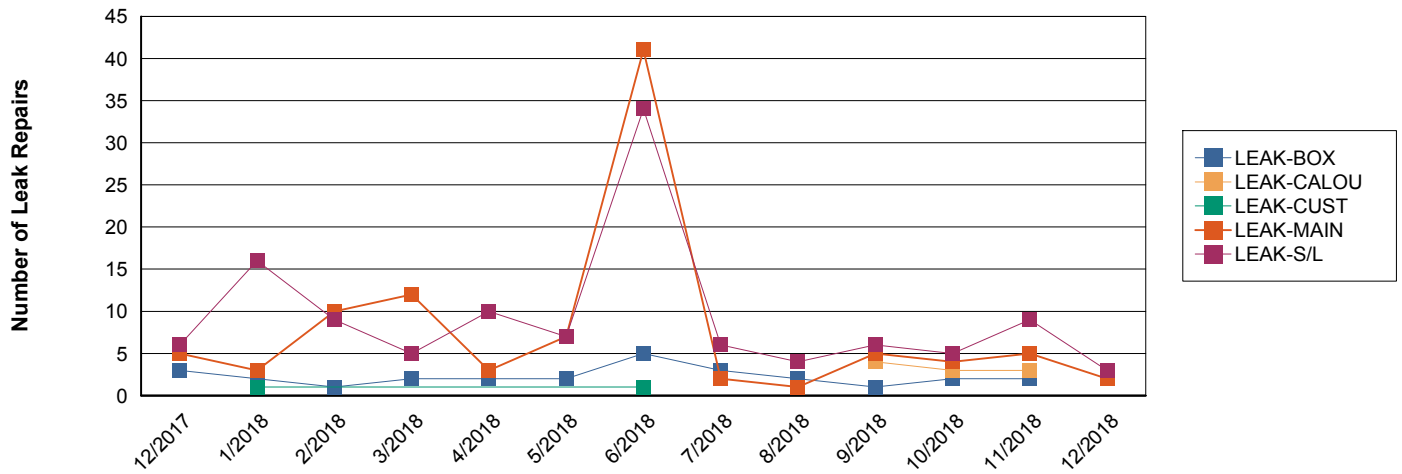
12/01/2017 to 12/31/2018

of W/O's

Job Reason Code

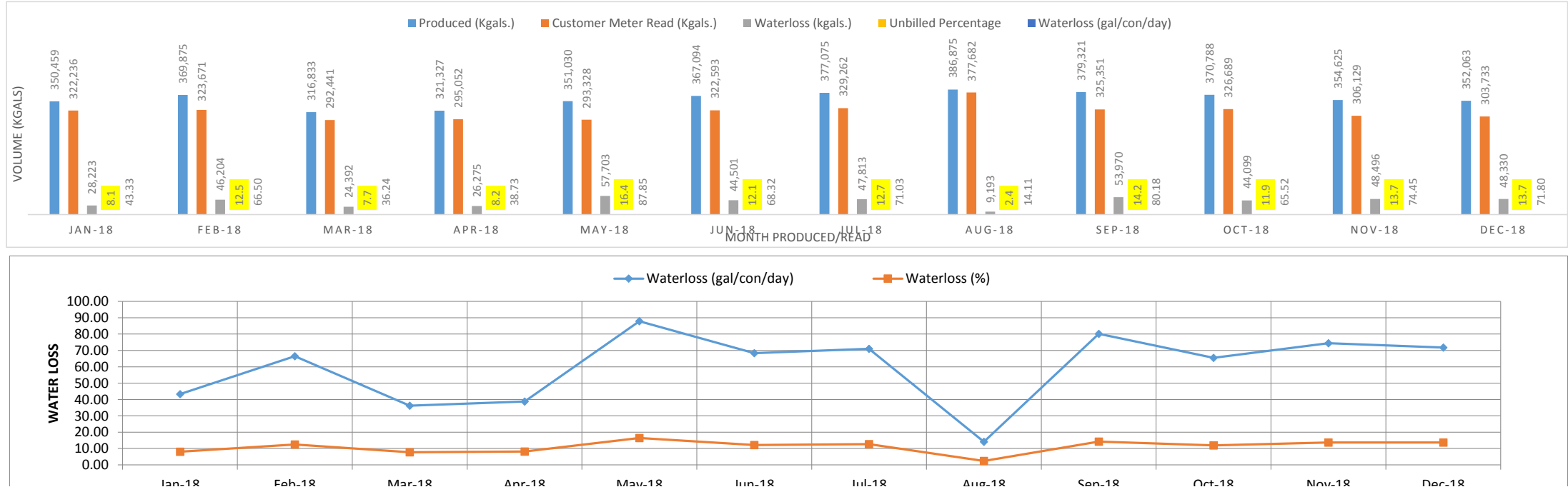
Description

Number of Leak Repairs per Month



Monthly Water Produced, Customer Meter Read and Waterloss Comparison For Calendar Year 2018

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Total Year
Produced (Kgals.)	350,459	369,875	316,833	321,327	351,030	367,094	377,075	386,875	379,321	370,788	354,625	352,063	4,297,363
Customer Meter Read (Kgals.)	322,236	323,671	292,441	295,052	293,328	322,593	329,262	377,682	325,351	326,689	306,129	303,733	3,818,167
Waterloss (kgals.)	28,223	46,204	24,392	26,275	57,703	44,501	47,813	9,193	53,970	44,099	48,496	48,330	479,197
Waterloss (%)	8.1	12.5	7.7	8.2	16.4	12.1	12.7	2.4	14.2	11.9	13.7	13.7	11.2
Waterloss (\$)	36,041	59,002	31,148	33,553	73,686	56,827	61,057	11,739	68,919	56,315	61,929	61,717	611,934
Waterloss (gal/con/day)	43.33	66.50	36.24	38.73	87.85	68.32	71.03	14.11	80.18	65.52	74.45	71.80	59.78



DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

MANAGER'S UPDATE

January 25, 2019

Pursuant to Board Policy No. 3

CONTRACTS AWARDED/EXTENSION/AMENDMENTS:

(1) CHANGE ORDER NO. 1 FOR CONTRACT 657, JOB NO. 18-06, WAIPAO VALLEY WELL REPLACEMENT WITH OASIS WATER SYSTEMS, INC. IN THE AMOUNT OF \$11,513.10

FUNDING:

Account No.	10-40-00-604-999			
Acct Description	WU/Ops/CapitalOutlay/ Rehabilitation and Replacement/ Equipment			
Funds Available	Verified by WWC		\$	\$300,000.00
Contract No.	657			
Vendor	Oasis Water Systems, Inc.			
	Contract Amount	\$	58,892.00	
	5% Contingency	\$	2,945.00	
	Total Funds Certified To Date	\$	61,837.00	
Change Order 1:				
	Replace vertical turbine deep well pump, column piping and appurtenances	\$	11,513.10	
	Total Change Order	\$	11,513.10	\$ (11,513.10)
	Contract Amount To Date	\$	70,405.10	
Fund Balance			\$	\$288,486.90

BACKGROUND:

Contract NTP Date: 9/24/18

Original Contract End Date: 1/22/19

New Contract End Date if Contract Time Extension: Contract Temp Suspended

Upon removal and inspection of the pump and column pipe it was found that the majority of column piping was in good condition and reusable. However, the shaft couplings, shafts, and some column pipe pieces were deteriorated and in need of replacement. The additional parts are required to supplement the parts originally in the contract.

(2) PROFESSIONAL SERVICES CONTRACT NO. 678 AWARDED TO SPJ CONSULTING, LLC LEGISLATIVE LIAISON FOR THE 2019 LEGISLATIVE SESSION IN THE AMOUNT OF \$30,000.00

FUNDING:

Account No.	10-01-10-540-010			
Acct Description	WU/Admin/Admin/Professional Services-General			
Funds Available	Verified by WWC		\$	30,000.00
Contract No.	678			
Vendor	SPJ Consulting, LLC			
	Contract Amount	\$	30,000.00	
	5% Contingency (N/A)	\$	0.00	
	Total Funds Certified	\$	30,000.00	
Fund Balance			\$	0.00

BACKGROUND:

The Board desires to engage a consultant to represent the Board of Water Supply, County of Kauai as its Legislative Liaison during the 2019 Legislative session to review and track the Board's proposed CIP Funding Bill and other legislative bills as it affects the Board.

In consideration of the work to be completed, a negotiated lump sum amount to complete the work was agreed upon.

(3) FIRST AMENDMENT TO CONTRACT NO. 648, JOB NO. AIR 2017-2018 AWARDED TO KAUA'I AIR CONDITIONING AND REFRIGERATION, INC. FOR THE DOW'S ANNUAL AIR CONDITIONING MAINTENANCE IN THE AMOUNT OF \$32,600.00 AND TO EXTEND THE CONTRACT FOR AN ADDITIONAL 365 DAYS

FUNDING:

Account No.	10-40-60-561-000			
Acct Description	WU/Ops/TandD/Repairs and Maintenance-Other than Water System			
Funds Available	Verified by WWC		\$	40,000.00
Contract No.	648			
Vendor	Kaua'i Air Conditioning & Refrigeration, Inc.			
	Contract Amount	\$	32,600.00	
	Contingency	\$	320.00	
	Total Funds Certified To Date	\$	32,920.00	

MANAGER'S UPDATE

Re: Manager's Update for December 2018 through January 2019

January 25, 2019

Page 3 of 8

First Amendment:				
Contract Time Extension for Maintenance Services	\$	32,600.00		
Total Amendment	\$	32,600.00	\$	(32,600.00)
Contract Amount To Date	\$	65,200.00		
Fund Balance			\$	7,400.00

BACKGROUND:

Contract NTP Date: February 1, 2019

Original Contract End Date: February 1, 2019

New Contract End Date if Contract Time Extension: January 31, 2020

The original contract was for 365 calendar days of maintenance with an option to extend not to exceed 24 months. Price and scope of work for the extension as mutually agreed upon between the contractor and the Department to remain same as the original contract price and scope.

WAIVER RELEASE & INDEMNITY APPLICATIONS:

None

STAFF REPORTS - FY 18-19:**PERSONNEL MATTERS***January 15, 2019***Administration**

1. Departmental Contracts Officer #2497. As of 1/14/2019, working with the Department of Human Resources (DHR) on recruitment. Pending job announcement via DHR.

Construction Management Division

1. Civil Engineer III #2351 reallocation to Civil Engineer I effective 1/1/2019. 1/8/2019, submitted to DHR action to recruit for CE I.
2. Civil Engineer V #2355. 12/28/2018, cancelled recruitment on NeoGov.

Engineering Division

1. Civil Engineer II #2458. 12/7/2018, selectee declined job offer.

Fiscal Division

1. Accountant I #2488. Pending referred list of eligibles from DHR.
2. Customer Service Representative I #2433. Pending eligibles list.
3. Meter Reader & Field Collections Representative #2466. Submitted to DHR on 12/28/2018 to update PD and recruit for pending vacancy.
4. Meter Reader & Field Collections Supervisor #2308. Employee fills position effective 1/16/2019.

Operations Division

1. Assistant Water Plant Operator #2312. Pending referred list of eligibles.

2. Construction and Maintenance Worker I #2401.DHR reviewing request for re-description.
3. Construction and Maintenance Worker II #2487. DHR reviewing request for re-description.
4. Equipment Operator II #2402. Selection made with preferred start of 1/16/2019.
5. Equipment Operator II #2451 to #2600. On 12/10/2018, transfer Field to Plant Section.
6. Heavy Vehicle and Construction Equipment Mechanic I #2469. Employee started 1/1/2019.
7. Lead Pipefitter #2412. Selection made. Employee to start 1/16/2019.
8. Lead Pipefitter #2434. Selection made with start date of 2/1/2019.
9. Maintenance Worker II #2452. Acquired referred list of eligibles. Interviews to be scheduled.
10. Water Service Investigator II #2486. Selection made. Start date 1/16/2019.

Hires, Separations and Position Changes:

1. *Equipment Operator II #2451 to #2600. Effective 12/10/2018. Transfer from Field to Plant Section.*
2. *Heavy Vehicle and Construction Equipment Mechanic I #2469. Started 1/1/2019.*
3. *Meter Reader & Field Collections Supervisor #2308. Effective 1/16/2019.*
4. *Lead Pipefitter #2412. Position starts 1/16/2019.*
5. *Equipment Operator II #2402. Position starts 1/16/2019.*

Pursuant to Board Policy No. 24

CONVEYANCE OF WATER FACILITIES \$339,442.00

1/25/2019	Grove Farm Properties, Inc. S-2006-27-Puakea I Subdivision	3-3-020:001 thru 3-3-020:024; 3-3-020:026 thru 3-3-020:028 3-3-020:031	Lihu'e	\$ 339,442.00
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CUSTOMER CARE AND BILLING (CC&B) SYSTEM UPDATE:

The Department is currently working towards executing a contract with Prithibi and expects that it will be executed at the January 25, 2019 Board meeting. The contract was previously anticipated to be completed in December, 2018 but Prithibi's certificate of insurance did not meet the County's requirements and needed to be resubmitted. The scope of work for cloud-hosting includes upgraded project management and other items which will both benefit the department and increase our customer's payment options. These benefits include, but are not limited to: a customer support portal which allows customers to view their account information online, the ability for customers to make payments via credit card, and the option for customers to download a payment application for mobile devices.

Background:

On October 3, 2016, the Department of Water (DOW) moved to our own billing system; Oracle Customer Care & Billing (CC&B). We have since upgraded the system and it is currently on version 2.5.0.2. The Department finds that the need to convert CC&B to a hosted solution is critical to the DOW's operations to ensure that the billing system is functioning reliably. In addition, a hosted solution will allow for I.T. Staff to focus on the day to day operations of the DOW.

If the Department chose to forego the Cloud Hosting and Support, the cost just to renew our current Oracle products is approximately \$170,000. While this amount would include upgrades, it would not include project management, technical support for upgrades and updates, and it would not include additional payment options or an online Customer Service Portal. In addition, our current version of CC&B would only be supported by Oracle until 2020 and the DOW would need to hire a consultant to help with the upgrade. Such an upgrade is estimated to cost over \$800,000 and would also require additional staff time to assist with the testing.

There are no other viable options to pursue at this time which would provide reliable support for the Billing system prior to December 2018. The Department's existing contract for CC&B management and technical support will end in December 2018 and without technical support the DOW could potentially lose functionality of the entire CC&B billing system. The repercussions of losing support for the billing system could be far reaching as the Department may not have a reliable means to accurately collect and track payments for the 21,700+ customers actively being billed. The DOW would also miss an opportunity to implement a customer service portal and provide long-awaited payment options to our customers such as credit card payments. At the October 26, 2018 Board meeting the Board approved additional funds necessary for the Request for Proposal Customer Care and Billing Cloud Hosting and Support, which allows for the Department to enter into a contract with Prithibi Consulting Services.

I.T. STRATEGIC PLAN UPDATE:

Background:

BRIO came to the DOW October 1-5, 2018 and met with all Division Heads and requested staff from each division. BRIO conducted interviews and obtained feedback, determined requirements, and learned what and how divisions worked. BRIO presented their preliminary recommendations to the I.T. Steering Committee and Manager on October 4, 2018. It is anticipated that Brio will present their draft final recommendations to the DOW in early January and will then incorporate any feedback from the Department into their final recommendations which will be presented to the Board. This is anticipated to occur in the January 2019 Board meeting. The Department intends to initiate implementation of the I.T. Strategic Plan in the first quarter of 2019.

GIS:

Mapping for the following water systems has been completed and has been released to the Department's GIS users: Anahola / 'Anini / Hā'ena-Wainiha / Hanalei / Kīlauea / Lāwa'i-Omao / Kalāheo / Kōloa-Poipu / Wailua-Kapa'a / Hanapēpē-'Ele'ele / Waimea-Kekaha

I.T. is currently working on Puhi-Lihue-Hanamauulu system and it is approximately 70% complete. I.T. is targeting completing this work within the next month.

I.T. is concurrently working on collecting GPS points island wide, primarily for the purpose of locating all 21,700+ water meters in the DOW's system. We have collected approximately 60% of all the meters on the island to date and are targeting a goal of 99.0% identification within this fiscal year. This will better enable the meter readers and billing staff to locate and address any water meter related matters, ultimately providing improved customer service.

The DOW's GIS license is expired and the County no longer provides for concurrent licensing. I.T. has subsequently installed a new license for individuals who have requested it. In December the I.T. section's GPS device, which is three years old, stopped working and will be replaced as soon as possible.

Help Desk Update for December 2018:

December No. of Received Tickets:	134
December No. of Resolved Tickets:	123
Avg Response Time (hrs):	05:05
Avg Resolution Time (hrs):	00:07

To date, I.T. has received 817 requests and has 21 Open Tickets

Miscellaneous:

- I.T. purchased Adobe Acrobat and has started installing Adobe Acrobat for the Department.

- Varidesk units have been set up for the Accounting, Billing, Construction Management, and Administration divisions. Operations division will be next. These units provide for employees to either sit or stand at their work station, which can improve health and productivity.

QUARTERLY UPDATES – (October through December 2018)

1. Engineering continues to work with the Lab and contractors to install sample stations in new subdivisions. The new subdivision behind the 'Poipu Shopping Center will also have a sampling station. They will be added to the updated sampling plan required by new Total Coliform Rule. One has been installed in the current 'Hanamaulu project. One more slated for the expansion of the Ulu Ko subdivision. One station was installed at the Paua Valley Tank site. Kekaha School will have a key to it as part of their evacuation plan. The station was provided by Lab. The Lab may incorporate the 'Hanamaulu Station and 'Poipu Subdivision station into the Routine Sampling Plan in 2019.
2. The main break monitoring program plan in place now is that Operations or Engineering informs the Lab of major breaks (that require sampling) or installation of new infrastructure so that Lab can sample/monitor water quality. A flow chart is available as reference, includes dirty water events.
3. Continued microbiological sampling of sources to see if any will present problems with fecal indicators. This is part of the Triggered Monitoring part of the Ground Water Rule.
4. Phase 2-5 sampling for 2017-2019 period has started with samples to the State Lab completed. External samples for Phase 2-5 sampling to Eurofins began in 2nd quarter of 2018. Will continue into 2019. Budget for FY 2018-2019 budget should be sufficient.
5. Data section for CCRs for 2018 report done. Reports mailed and posted online.
6. Baseline Chemistry for sources ongoing. Emphasis is on pH at problem sources, Puhi #3 and Wainiha #2. The existing soda ash equipment at Wainiha #2 initially boosted the pH to 7.0. But pH has since dropped to 6.7-6.8. DOH has put the system on an advanced monitoring schedule for Lead and Copper (20 samples two times per year). This is problematic as it is difficult to get volunteers out there because mostly, it is vacation rentals. However, both rounds were accomplished.
7. Contract for analytical services with Eurofins has been extended to FY 2020-2021. Contract executed.
8. Updated sample site plan and sites on Excel spreadsheet.
9. Lab inspection for microbial analysis certification in April 2018 - passed. The next inspection is in 2020.
10. 2018 Lead and Copper sampling for Systems 400, 401, 404, 406 and 434 is complete.
11. Microbiological analysis ongoing with no coliform hits.
12. Purchased new equipment: pH meter, digital chlorine meters, new pH probe and scale. Maintenance and filter replacement scheduled for RO system.
13. Monitoring Moloa'a system for chlorine and coliforms. No hits.
14. UCMR 4 – Updating SDWARS inventory and scheduling. Starts January 2019.
15. LT2 Crypto and Giardia monthly testing at treatment plant ended 9/10/18.
16. PCBs found in Paua Valley tank. Tank has been isolated. Lab is working with SDWB and Engineering to get tank back on line. Ongoing.
 - a. On Kauai entry points to distribution (EPD) are usually after the well head and before the storage tanks. The reason for this is because well water can go into the distribution system before going to a storage tank. This is common to most of DOW sources.
 - b. Therefore, chemical (and to a limited extent, microbiological) samples are taken at the EPDs before going to the storage tanks. DOH does not require sampling from the tanks unless it represents an EPD. There are two tanks that qualify, the Kalaheo Deep Well Tank and the Anahola Tanks.
 - c. Because of the recent findings, we are requesting sampling taps on the storage tanks (many do not have them). We will look at getting permission to use them as EPDs.
 - d. Some have been installed, we will revisit this with OPS.

17. The Water Quality Costs to the Department under the Surface Water Treatment Rule caused by the Waiahi Surface Water Treatment Plant are being tracked.
18. Scheduling samples for State Labs for 2019.
19. No coliform detections for 2018.
20. Microbiological QA/QC items for certification completed for 2018.

Pursuant to Board Policy No. 25

COUNTY ATTORNEY QUARTERLY REPORT:

CLAIMS SETTLED: NONE

As of December 31, 2018 the following claims have been addressed:

Claimant Name	Date of Incident	Filed with Office	Nature of Claim	Amount Requested	Settlement Amount	Remedial Recommendation/ Action
Vegas, Sr. Bob & Angeline	8/16/2018	9/18/2018	Property Damage: Claimants claim that due to waterline repair at Lawai Bridge due to guardrail replacements, brown water damaged toilet filler because of brown water in the waterline.	\$152.12	None.	Denied. (on the 3rd Qtr. Claim report this was listed as pending a determination)
Bargayo-Camalliri, Lisa	9/26/2018	10/5/2018	Vehicle Damage: Claimant pulled into Dept. of Water's parking stall and heard a crunching sound. She reversed, parked her car, went out to see what the crunching sound was, and noticed her driver's side front bumper was damaged by the wheel stop.	\$1,500.00	None.	Denied.
Vegas, Sr. Bob & Angeline	8/16/2018	9/18/2018	Property Damage: Claimants claim that due to waterline repair at Lawai Bridge due to guardrail replacements, brown water damaged toilet filler because of brown water in the waterline.	\$152.12		Pending processing and disposition.

DEPARTMENT OF WATER'S CAPITAL IMPROVEMENT PROJECTS REQUESTS FOR STATE AID FOR FY 2019-2020 UPDATE

The Department transmitted the CIP packet with the proposed projects to the legislature and is utilizing a legislative liaison. The Manager and staff members attended the Opening Session of the Legislature on January 16, 2019. The Department will keep the Board updated on the progress of the legislative budget.

CONTESTED CASE HEARING WITH MR. DON HEACOCK

The contested case hearing is set for June 26 and 27, 2019 at 9:00 a.m. The Deputy County Attorney assigned to the case will be preparing a prehearing statement, witness list, and an exhibit list for filing in June. No Board action is anticipated until June.

Mr. Harlan Kimura, Esq. will conduct the hearing. He has conducted numerous hearings on behalf of the Planning Commission. A copy of the Scheduling Order will be provided to the Board when it is available.

FACILITIES RESERVE CHARGE GRACE PERIOD – REQUEST FOR EXCEPTION FOR KUKUI‘ULA DEVELOPMENT COMPANY UPDATE

Kukui‘ula Development Company LLC’s (hereinafter “Kukui‘ula”) submitted a request dated June 19, 2018 regarding a request for an exception to the Department of Water Rules & Regulations. Specifically, the request was for an exception to *Part 5 Facilities Reserve Charge, Section IV Collection and Refund of FRC, Subsection 6.d. Facilities Reserve Charge Paid Prior to Enactment of Part 5 Rules*. The Manager & Chief Engineer carefully reviewed the request and the Rules, and in consultation with the Board of Water Supply and DOW staff, provided an exception to the current FRC grace period deadline of November 29, 2018. The exception provides a 100% offset to the Facilities Reserve Charge as Kukui‘ula has constructed all source, storage, and off-site transmission required per its Water Master Plan. This determination supersedes the previous determinations provided on October 18, 2018.

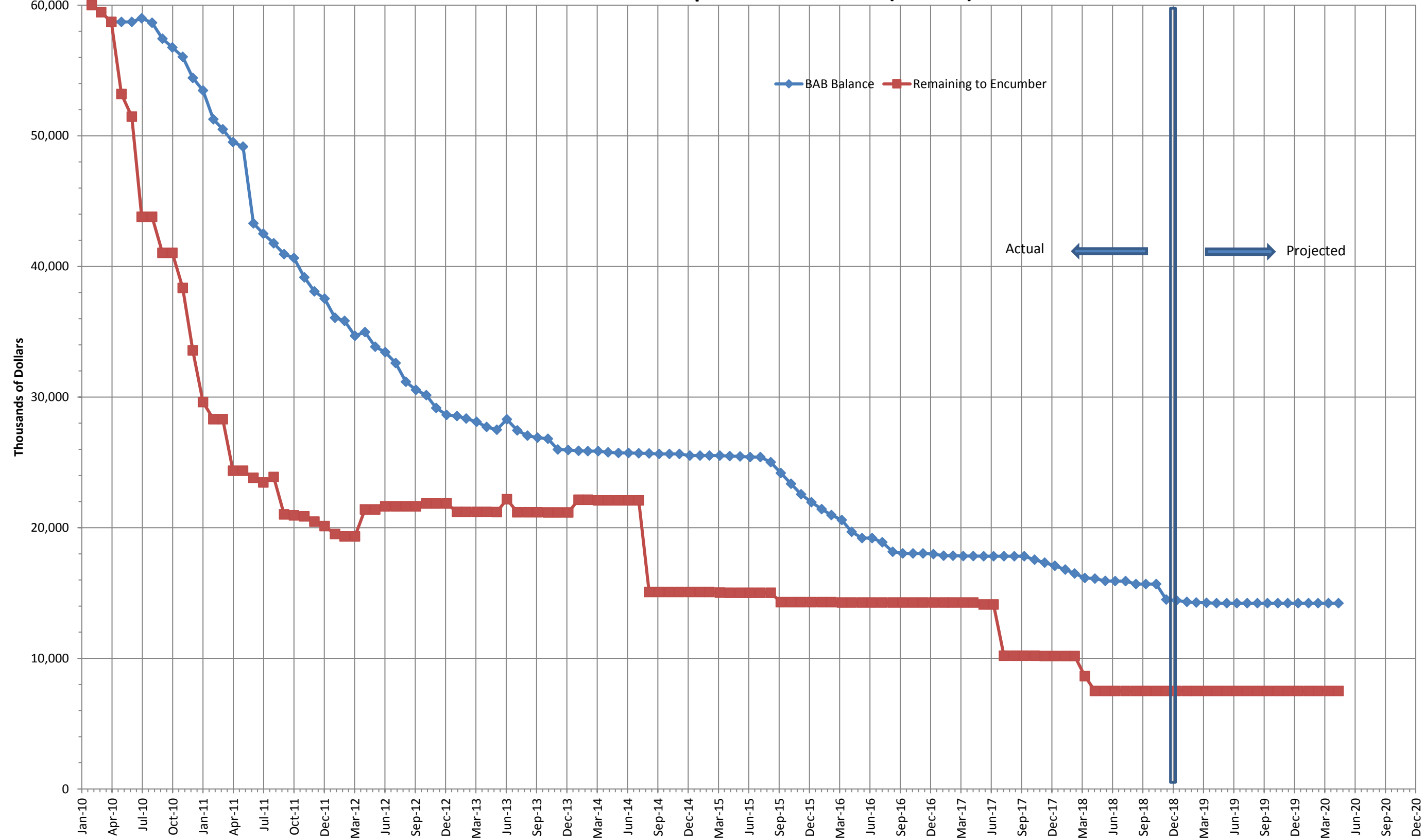
The Manager met with a representative from Kukui‘ula on December 13, 2018 to work towards an equitable solution to address the costs associated with the ongoing operation and maintenance of the water infrastructure that has been constructed per Kukui‘ula’s Water Master Plan and conveyed to the Department of Water.

After further evaluation, the Manager will be working towards a recommended Rule change this year. The change will be focused on addressing the gaps in time which occur between Certification of Completion and conveyance of water facilities and the time that applicants submit water service applications, which currently initiates the monthly service charge. The current Rules and Regulations do not require water service applicants to submit applications within a specified timeframe with respect to any charges, thereby allowing for water facilities which have been constructed and conveyed to the Department to begin depreciating without the Department collecting the monthly service charge. In effect, the existing ratepayers are therefore subsidizing the operation and maintenance of these water facilities, and the future costs of replacing these assets are also not being captured. Additionally, the current Rules and Regulations do not address the gaps that occur between homeowners or tenants when an existing account is transferred. The proposed rule change will recommend language to address these matters to provide for the monthly service charge to be collected by the Department every month regardless of changes in tenants or homeowners.

Attachments: 2010 BAB Spend Down Report as of December 2018

Mgrrrp/Manager's Update (01-25-19):mja

2010 Bond Encumbrance and Spend Down Status (Dollars)



Quarterly Reports



Quarterly Status of **DOW Projects**

Period of October 1, 2018– December 31, 2018

CONSTRUCTION MANAGEMENT DIVISION

Submitted by Dustin Moises, P.E.

Department of Water
January 25, 2019

EXECUTIVE SUMMARY

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

Current WP 2020 CM Design Reviews:

Current WP 2020 Construction:

1. Job No. HE-14, Hanapepe-Eleele Booster Pump Replacements – In construction
2. Job No. KP-09 – MCC, Chlorination Facilities, Koloa Well 16A & 16B, Site and Building Improvements – In construction.
3. Job No. HE-01– Kaumuali'i Highway 16" Main and Emergency Booster Pump Connection – In construction
4. Job No. HE-10 – Hanapepe Road 6" Main Replacement – In construction
5. Job No. WK-08, WK-39 – Kapaa Well 4 Drainage line & Kapaa Well 4 Drill & Test– In construction
6. Job No. PLH-35B – Kapaia Haul Cane Road 18" Transmission Line –Issued 90 day extension of stop work order on 11/16/18

Upcoming WP 2020 Construction Projects: CM RFP/IFB Reviews:

1. Kīlauea 1.0 MG Tank
2. Construct 0.2 MG Hā'ena Tank, 144' System

Private Construction Projects:

1. Certificate of completion - 6 projects.

Project Management Software:

1. Software implementation continues. PMWEB went live for all new WP2020 & Private projects July 1, 2018. CM staff continues to work with new staff, contractors and consultants during implementation.

- **Current WP 2020
Construction Projects**

Construction Projects – Water Plan 2020

WP 2020 NUMBER	JOB NO	PROJECT TITLE	% COMPLETE SEPT 2018	% COMPLETE DEC 2018	ORIGINAL ESTIMATE TO COMPLETE	CURRENT ESTIMATE TO COMPLETE	CURRENT CONTRACT AMOUNT
KP-09	11-07	MCC, Chlorination Facilities, Koloa Well 16A & 16B, Site and Building Improvements	62	86	Q2 2019	Q2 2019	\$3,594,916.77
HE-14	12-04	Hanapepe-Eleele Booster Pump Replacements	0	10	Q1 2019	Q1 2019	\$1,090,032.00
HE-01	15-07	Kaumuali'i Highway 16" Main and Emergency Booster Pump Connection	0	16	Q3 2019	Q3 2019	\$8,537,573.00
HE-10	15-07	Hanapepe Road 6" Main Replacement					Combined with HE-01
WK-39& WK-08	02-14	Kapaa Well 4 Drainage line & Kapaa Well 4 Drill & Test	0	15	Q3 2019	Q3 2019	\$2,196,400.00
PLH-35B	16-02	Kapaia Haul Cane Road 18" Transmission Line	0	0	Q3 2019	Q4 2020 (8)	4,127,545
						TOTAL =	\$19,546,466.77

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

Water Plan 2020 Construction Projects

Previous 4 quarters				
QUARTER	JAN – MAR 2018	APR – JUN 2018	JUL – SEP 2018	OCT – DEC 2018
CONSTRUCTION CONTRACTS AWARDED	0	3	0	0
CONSTRUCTION CONTRACTS COMPLETED	0	0	0	0
OPEN CONSTRUCTION CONTRACTS (#)	2	5	5	5
OPEN CONSTRUCTION CONTRACTS (\$)	\$4,670,349	\$19,521,806	\$19,521,806	\$19,546,466.77

- **Upcoming WP 2020
Construction Projects**

Water Plan 2020 CM Design/RFP Review Status

JULY 2018– SEPTEMBER 2018

WP 2020 No.	PROJECT TITLE	DESIGN STATUS	IFB/RFP STATUS
WKK-15	CONSTRUCT KILAUEA 466 TANK, 1.0 MG	REVIEWED FINAL DESIGN REVIEW SET	AWAITING FINAL SET FOR IFB REVIEW
HW-11	CONSTRUCT 0.2 MG HAENA TANK, 144' SYSTEM	REVIEWED PREFINAL DESIGN SET	WILL REVIEW IFB WITH FINAL DESIGN REVIEW
KW-07	REHABILITATE PAUA VALLEY TANK #1, 0.5MG	REVIEWING FINAL DESIGN SET	REVIEWING IFB WITH FINAL DESIGN REVIEW
PLH-01A	GROVE FARM TANKS REPLACEMENT	RECEIVED SIGNED SET	RFP CANCELLED – PROJECT SHELVED MARCH 2017
WK-08	KAPAHI HOMESTEADS 2-0.5 MG STORAGE TANKS	REVIEWED PREFINAL DESIGN REVIEW SET	RFP NOT SUBMITTED FOR REVIEW
WKK-03	MCC, CHLORINATION FACILITIES FOR KILAUEA WELLS 1 & 2	REVIEWED PREFINAL DESIGN SET	WILL REVIEW IFB WITH FINAL PLAN REVIEW
K-01, K-12	KALAHEO CLEARWELL TANK, YAMADA TANK AND PIPELINE (PACKAGES A, B AND C)	REVIEWED FINAL DESIGN SET	AWAITING FINAL SET FOR RFP REVIEW
ANI-01A	ANINI PIPELINE PHASE 2	RECEIVED SIGNED SET	RFP CANCELLED – PROJECT SHELVED APRIL 2017
K-05A	KUKUIOLONO 0.5 MG TANK (886')	REVIEWED PREFINAL DESIGN SET	WILL REVIEW WITH FINAL PLAN REVIEW

Note: DOW CM Division reviews all WP 2020 or DOW funded plans prior to design completion. Green indicates work during this quarter.

Future Water Plan 2020 Construction Projects

FY 18-19						
WP 2020 No.	PROJECT TITLE	STATUS	% EXP	% R&R	ANTICIPATE NTP	EST. COST
KW-07	REHABILITATE PAUA VALLEY TANK NO.1, 05 MG	IN DESIGN	0	100	JUNE 2019*	\$1.4M
WKK-03	MCC, CHLORINATION FACILITIES FOR KILAUEA WELLS 1 & 2	IN DESIGN	0	100	AUGUST 2019*	\$3.755
K-01, K-12	KALAHEO PACKAGES A, B, C	IN DESIGN	VARIES		APRIL 2020	\$18.4M
WK-08	KAPAHI 2-0.5MG TANKS	IN DESIGN	100	0	JUNE 2020	\$11.5M
WKK-15	KILAUEA 1.0 MG TANK	IN DESIGN	100	0	AUGUST 2020	\$5M
HW-11	HAENA 0.1MG TANK	IN DESIGN	100	0	OCTOBER 2022	\$3.8M
* Optimistic estimate at this time – DOW CM will procure no more than 5 contracts per year or have more than 5 active contracts due to staffing capabilities.					TOTAL =	\$43.85 M Page 175

- **Private Construction Projects**

Construction Projects – Private

[illegible]

Construction Projects – Private

TMK #	OWNER	DESCRIPTION	STATUS	CERT. OF COMPLETION
	State DOT	Hanapēpē River Bridge (Federal Highways)- Temporary	In Construction	
	State DOT	Hanapēpē River Bridge (Federal Highways)- Permanent	Awaiting Precon	
2-1-01:052 (por)	COK - Dept. of Public Works	Mahea Road Sidewalk	Awaiting Closeout Docs	
2-1-01:052 (por)	Kauai Habitat for Humanity	Sidewalk Improvement Plans Eleele Iluna Phase 2 Subdivision Increment 1	Awaiting Closeout Docs	
	State of Hawaii - DOT - Harbors Division	Installation of Lift Station and Force Main	Awaiting Closeout Docs	
2-3-02:108	DJT Holdings LLC	Makaio Estates and Lalena Gardens Roadway & Utility Improvements and Additional 5/8-Inch Water Meter for TMK: 2-3-02:180, Hawea Place	Awaiting Precon	
2-3-12:003	HoiHui LLC	Construction Plans for Lot 114-A-1	Awaiting Precon	
2-5-01:Por 2	Kauai Bible Church	Kauai Bible Church Highway Access	Awaiting Closeout Docs	
NONE	Kukuiula Development Company, LLC	Kōloa 69kV Transmission Line Relocation	Awaiting Precon	
2-6-03:031; 2-6-03:068	Kukuiula Development Company, LLC	Electrial Plans for Kukui'ula Antenna Site	In Construction	
2-6-20:022	Kukuiula Development Company, LLC	Kainani Villas	Awaiting Closeout Docs	
2-8-22:033-4	Blake and Kathy Hillis Trust	Proposed Structural Utilities Jacket Crossing Easement W-9	Awaiting Closeout Docs	

Construction Projects – Private

TMK #	OWNER	DESCRIPTION	STATUS	CERT. OF COMPLETION
2-6-04:019	County of Kaua'i	Koae Workforce Housing Development	Awaiting Precon	
2-8-06:001	Kōloa Rum Company	Improvements on Maluhia Road	Awaiting Precon	
2-8-08:001	Kōloa Village LLC	Construction Plan for Commercial Site	In Construction	
3-3-11:005	Grove Farm Co. Inc.	Service Lateral for a New 3/4-Inch Water Meter - Carpenter Shop	In Construction	
3-3-02:001	Grove Farm	Construction Plans for Sewer Lateral for Lot 1528 (Puhi Road & Kaneka Street Intersection)	Awaiting Closeout Docs	
3-3-11:002; 3-3-11:005; 3-3-18:005	Grove Farm	Construction Plans for 8" Sewer Line	Awaiting Closeout Docs	
3-3-03:041	Grove Farm	Puakea I Subdivision	Awaiting Closeout Docs	
	State-DOT	Nawiliwili Road Improvements Phase I (Kaumualii HWY to Kanani St.)	Awaiting Closeout Docs	
3-6-17:057	Steve Trinh	Water Service Connection Single Service Lateral for Unit 2	Awaiting Precon	
3-8-18:012	County of Kauai	Offsite Construction Plans for COK Adolescent Treatment and Healing Center	Awaiting Closeout Docs	
	County of Kauai	Kamalu Bridge Erosion Protection Repairs	Awaiting Closeout Docs	

Construction Projects – Private

TMK #	OWNER	DESCRIPTION	STATUS	CERT. OF COMPLETION
	County of Kauai	Kamalu Road Culvert Emergency Repair	Awaiting Closeout Docs	
	County of Kaua'i	Puuopae Bridge Replacement	In Construction	
4-2-03:023	Youn Family Trust	Water Meter Plan for Lot 3-G-1A	Awaiting Precon	
4-3-02:015; 4-3-02:016; 4-3-02:020	SPD II Makawa Resort Developmet LLC	Water System Improvements @ Coconut Beach Resort	Awaiting Closeout Docs	
4-3-03:005	AOUA Kulana	Kulana Subdivision OFFSITE Water System & 0.25 MG Tank	In Construction	
4-3-01:001	AOUA Kulana	Kulana Subdivision ONSITE Phase 1	In Construction	
4-3-01:002	AOUA Kulana	Kulana Subdivision ONSITE Phase 2	In Construction	
4-3-06:007	Mission Family Trust	Water Meter Plan for Lot 11-A	Awaiting Precon	
4-4-14:009	Carolynne Manka	Water Meter Plan for Lot 116-J Unit 2	In Construction	
4-5-13:016	Kenneth Allen	Water Service Connection Single Service Lateral - ALLEN	Awaiting Precon	
4-6-04:	County of Kauai	Kapahi Bridge Replacement	Awaiting Closeout Docs	
4-6-06:093	Anuenue Gardens LLC	Cut & Plug Water Lateral for Lot 5	In Construction	

Construction Projects – Private

TMK #	OWNER	DESCRIPTION	STATUS	CERT. OF COMPLETION
4-6-07:010; 4-6-07:040	Hauiki Hui LLC	Construction Plans for Lot 83 - WATERS	Awaiting Precon	
4-8-11:15	Dane Kirkpatrick Revocable Trust	Water Improvements for Kirkpatrick Residence, Parcel 15, Unit D	Awaiting Precon	
5-1-04:007; 5-1-04:008	Jeffrey Lindner	Water Meter and Fire Protection Service Connections for Bertleman's Subdivision	Awaiting Closeout Docs	
5-2-23:028	Kilauea Ventures, LLC, Hunt Development Group, LLC.	1" water meter plan for Kilauea Lighthouse Village, Ala Namahana Parkway	In Construction	
5-2-12:035/915	Charles Somers	Water Service Installation Plan for Lot 8-W-9-A (Parcel 35)	Awaiting Closeout Docs	
	County of Kaua'i	Kahiliholo Road Emergency Repairs	Awaiting Precon	
5-6-04:023/853	Waipa Foundation Community Cultural Center	Waipa Foundation Community Cultural Center	Awaiting Closeout Docs	
	County of Kaua'i	Weke Road Emergency Repairs	Awaiting Precon	
5-8-08:014	Kent & Sharon Lucien	Water Improvement Plan for Lot 55	Awaiting Closeout Docs	
5-8-09:30	Eric Bergholz	Water Improvemtns for Bergholz Residence, Lot 47	Awaiting Precon	
5-9-03:001; 5-9-03:029	Katherine Richardson/Jonathan Wichman	Water Service Installation Plan for Lot 148 and Lot 149	Awaiting Closeout Docs	

DOW CM Staffing Update

POSITION #	POSITION TITLE	NAME	STATUS
2470	Chief of Construction Management	Dustin Moises	
2355	Civil Engineer V	Vacant	No applicants available. Looking to reallocate position in future to better fit long term CM vision.
2484	Civil Engineer III	Claus Bollman	
2351	Civil Engineer I	Vacant	Reallocated to lower level in effort to recruit bigger pool. Awaiting list from HR
2353	Waterworks Inspector III	Jet Levinthol	
2483	Waterworks Inspector II	Craig Shirai	
2357	Waterworks Inspector I	Weston Moniz	
2604	Engineering Program Assistant	Bekki Malapit	

See As Needed CM Staffing Update for additional staff overseen by chief of CM

As Needed CM Staffing Update

Contract #	Company	Contract Amount	Scope
620	SSFM International	536,283.49	Kōloa Well 16A/B – Provide 1 Project Engineer & 1 Inspector Kapa'a Well 4 drill/test and Drainage package – Provide 1 Project Engineer & 1 Inspector
637	RM Towill Inc.	619,069.00	Hanapēpē Waterlines (State & County Phases)– Provide 1 Project Engineer & 1 Inspector



Quarterly Status of **DOW Projects**

Period of October 1, 2018 – December 31, 2018

ENGINEERING DIVISION

Department of Water

January 25, 2019

Submitted by Keith Aoki, P.E.

EXECUTIVE SUMMARY

The Engineering Division is currently overseeing **25** ongoing **DOW Design projects**, including multi-phased projects:

Significant updates for this quarter include:

- 1) Kālaheo 1111' & 1222' Water System Improvements, Job No. 09-01 – Package A (Yamada 0.5 MG Tank), Package B (Clearwell 0.1MG Tank), and Package C (Water Main):
 - Package A, B, and C Plans approved. Approved plans and IFB provided to DOW Construction Management Division.
- 2) Rehab. Paua Valley Tank #1, Job No. 17-10 – Final design being prepared for advertisement of construction project.
- 3) MCC, Chlorination Facilites, Kīlauea Wells No. 1 & No. 2, Job No. 16-04 – Addressing final comments for design.
- 4) Kukui'olono 0.5 MG Tank, Job No. 11-09:
 - The DOW completed cost sharing MOA agreement with the County. The MOA will address cost sharing with matters concerning the UST and abandoned tank removal. Includes soil testing and any necessary mitigation.
- 5) Consultant (HDR) selected for DOW Baseyard Master Plan. Contract exeuctuted and NTP issued.
- 6) Island-Wide Tank Rehabilitation – Design ongoing.
- 7) Kuhio Highway (Hardy-Oxford) 16" Main Replacement, Job No. 18-03 - Design ongoing
- 8) Island-Wide Tank Rehabilitation – Design ongoing.

EXECUTIVE SUMMARY, cont'd

The Engineering Division is currently overseeing **25** ongoing **DOW Design projects**, including several multi-phased projects:
Significant updates for this quarter include:

- 9) Hanapēpē-'Ele'ele Connecting Pipeline, Job No. 15-07, WP2020 Job HE-10 & HE-1:
 - Construction in progress.
- 10) Drill and Test Kapa`a Homesteads Well No. 4 – Construction started.
- 11) Abandon Hanamaulu Wells No. 1 and 2 (DOW Ops overseeing construction. NTP issued 9/3/18)
- 12) Makaleha Tunnel Water Line Repairs – Consultant Selected. Negotiations started.
- 13) Construct Kīlauea 1.0 MG Storage Tank and Connecting Pipeline, Job No. 02-06 – Design ongoing. Addressing final comments.
- 14) Drill and Test Kīlauea Well No. 3, Job No. 17-11 – Continuing with obtaining land rights for the well site.
- 15) Kapa'a Homesteads 325' Two (2) 0.5 MG Tanks, Job No. 02-14:
 - Package A for the Drain line in construction.
- 16) Drill and Test Wainiha Well #4, Job No. 05-02 – Owner did not like new proposed new well site. Another site selected. Negotiations with consultant pending opinion of new site location and expected PH levels there.

EXECUTIVE SUMMARY, cont'd

The Engineering Division is currently overseeing **25** ongoing **DOW Design projects**, including several multi-phased projects:

Significant updates for this quarter include:

- 17) U.H. Experimental Station 0.25 MG Tank, Job No. 12-02 – Awaiting response from UH concerning the proposed tank site. Project on hold until UH is able to respond to DOW.
- 18) 'Anini and Kalihiwai Rd. Main Replacement, Job No. 10-01 WP2020 Proj. No. Ani-01 –
 - Phase 1: Contract Amendment No. 5 in process of being executed.
- 19) Land and Well Acquisition, Moloa'a-Waimea, Job No. 11-03 – Land acquisition for DOW Waimea site ongoing.
- 20) Kapaia Cane Haul Road 18" Main, Job No. 18-1, WP2020 PLH-35b - Design complete. Construction on hold.
- 21) Consultant (HDR) selected for DOW Baseyard Master Plan. Contract executed and NTP issued.

EXECUTIVE SUMMARY

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

- 'Anini and Kalihiwai Rd. Main Replacement, Job No. 10-01 – Phase 1 (UOA will be done later) (Phase 2 previously completed 3/2/17)
- Land Acquisition, Waimea, Job No. 11-03 (depending on State BLNR review)
- Rehab. Paua Valley Tank #1, Job No. 17-10

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

- Kukui'olono 0.5 MG Tank, Job No. 11-09 – plans to be complete; pending MOA with County and land acquisition.
- Ha'ena 0.2 MG Storage Tank Project, 144', Job No. HW-11
- MCC, Chlorination Facilites, Kīlauea Wells No. 1 & No. 2, Job No. 16-04
- Kilauea 1.0 MG Storage Tank, Job No. 02-06, WK-15

Non-DOW CM Projects with construction estimated to be completed within the next month:

- Abandon Hanamaulu Wells No. 1 and 2 (DOW Ops overseeing construction. NTP issued 9/3/18)

PRIVATE PROJECTS:

- **48** private project reviews (new and existing) were completed by Engineering during this quarter, including 16 new projects which were submitted for Engineering review during this quarter.



Design Projects

ISLAND WIDE DESIGN PROJECTS

WP 2020 NUMBER	PROJECT TITLE	% COMPLETE OCT 2018	% COMPLETE DEC 2018	EST. DESIGN COMPLETE	BUDGET COST (DESIGN)	FRC GENERATING PROJECT?	STATUS
	Island Wide Rehab of Storage Tanks	0%	5%	Q1 2020	\$510,978	No	NTP issued on July 2, 2018
	Island Wide Vulnerability and Resiliency	0%	0%		\$450,000	No	Consultant selected. Scope for project and negotiations ongoing.

WEST SIDE DESIGN PROJECTS

Kekaha, Waimea, Hanapēpē, ‘Ele‘Ele

WP 2020 NUMBER	PROJECT TITLE	% COMPLETE OCT 2018	% COMPLETE DEC 2018	EST. DESIGN COMPLETE	BUDGET COST (DESIGN)	FRC GENERATING PROJECT?	STATUS
HE-14	Hanapēpē-‘Ele‘ele Booster Pump Replacements	100%	100%	Completed	\$92,000	No	In construction
KW-28	Amfac Shaft Renovation, Phase 3	0%	0%	-	-	Yes	No change - project on hold indefinitely.
HE-1 & HE-10	Reorganize Water System- Hanapēpē-‘Ele‘ele Connecting Pipeline	100%	100%	Complete - County ROW January 2018 for State ROW	\$499,972	Yes	Design completed. UOA pending. Construction in progress.
KW-07	Rehabilitate Paua Valley Tank #1, 0.5 MG Concrete	90%	95%	Q1 2019	\$162,421	No	Soil testing done. Working on mitigation.

SOUTH SIDE DESIGN PROJECTS

Kālaheo, Lawai, Po'ipu, Kōloa

WP 2020 NUMBER	PROJECT TITLE	% COMPLETE OCT 2018	% COMPLETE DEC 2018	EST. DESIGN COMPLETE	BUDGET COST (DESIGN)	FRC GENERATING PROJECT?	STATUS
K-01	Kālaheo 1111' & 1222' Water System Improvements: Package A (Yamada Tank) Package B (Clearwell Tank) Package C (Water Main) Package D (Yamada Well)	98%	100%	Q3 2018 for Packages A, B, and C. Package D completion TBD	\$1.2 million	Yes	Package A, B, C: Final plans approved. Building permit for fence in progress. (note: % complete does not include Pkg D) <u>Package D</u> : - Design to commence after Package A construction is complete.
K-05A	Kukuilono (Kālaheo) 0.5 MG Tank, 886'	95%	95%	TBD (2019)	\$224,624	Yes	MOA for cost sharing related to UST removal completed with the County. Land exchange agreement pending. Proceeding with UST removal and soil testing.

SOUTH SIDE DESIGN PROJECTS

Kālaheo, Lawai, Po‘ipu, Kōloa

WP 2020 NUMBER	PROJECT TITLE	% COMPLETE OCT 2018	% COMPLETE DEC 2018	EST. DESIGN COMPLETE	BUDGET COST (DESIGN)	FRC GENERATING PROJECT?	STATUS
KP-09	Kōloa Wells “16A” & “16B”, MCC Improvements, Site and Building Improvements, MCC Chlorination Facilities	100%	100%	Completed Q2 2017	\$300,000	No	Design completed. Project in construction.

EAST SIDE DESIGN PROJECTS

Lihu'e-Puhi, Wailua-Kapa'a, Anahola

WP 2020 NUMBER	PROJECT TITLE	% COMPLETE OCT 2018	% COMPLETE DEC 2018	EST. DESIGN COMPLETE	BUDGET COST (DESIGN)	FRC GENERATING PROJECT?	STATUS
PLH-01A	Replacement of Grove Farm Tanks 1 & 2 with 0.5 MG Tank	100%	100%	Complete	\$229,658	Yes	Final payment for design contract approved by DOW. Design contract will be closed out. Construction on hold indefinitely.
PLH-37	Deepen Puhi Well No. 2	PH 1 is 100%	PH 1 is 100%	-	\$ 67,900	No	No change - Phase II Proposal Pending
PLH-27	Kuhio Hwy. (Hardy-Oxford) 16" Main Replacement	0%	0%	Q2 2021	\$270,608	No	In design
N/A	DOW Baseyard Master Plan	0%	0%	Q3 2020			In design

EAST SIDE DESIGN PROJECTS

Lihu'e-Puhi, Wailua-Kapa'a, Anahola

WP 2020 NUMBER	PROJECT TITLE	% COMPLETE OCT 2018	% COMPLETE DEC 2018	EST. DESIGN COMPLETE	BUDGET COST (DESIGN)	FRC GENERATING PROJECT?	STATUS
WK-8	Construct Drainage Improvements (Package A) and Kapa'a Homestead 325' Tanks, 1.0MG - Two 0.5 MG Tanks (Package B)	Package B 90% Package A 100%	Package B 92% Package A 100%	Package B Q2 2019 Package A Q1 2018	\$989,788	Yes	Package A in construction with Kapaa Well #4.
WK-23	Wailua Homesteads 0.25 MG Tank site - U.H. Experimental Station Phase 1	35%	35%	TBD (2021)	\$50,000	Yes	DOW working on land rights.
WK-39	Kapa'a Homesteads Well #4 (drill and test)	100%	100%	Design is complete	\$ 352,000	Yes	In construction
N/A	Makaleha Tunnel Water Line Repair (Rain18 project)	0	0	Q2 2021	\$350,000 budgeted	No	Consultant selected. Working on scope and proposal.

NORTH SHORE DESIGN PROJECTS

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

WP 2020 NUMBER	PROJECT TITLE	% COMPLETE OCT 2018	% COMPLETE DEC 2018	EST. DESIGN COMPLETE	BUDGET COST (DESIGN)	FRC GENERATING PROJECT?	STATUS
MO-03	Land and Well Acquisition, Moloa'a and Waimea	100% (Moloa'a) Waimea - 90% Complete TBD	100% (Moloa'a) Waimea - 90% Complete TBD	Moloaa complete Waimea TBD – Dependent on State BLNR	\$161,278	No	Moloa'a portion of contract complete. GOE obtained for Kekaha- Waimea Booster Pump site. Remaining Waimea land acquisition ongoing.
M-02	Construct Moloa'a 0.10 MG Tank	25%	25%	TBD (2018)	\$ 119,207	Yes	DOW reevaluating project and priority.
WKK-15	Kīlauea 1.0 MG Tank	90%	95%	Q2 2019	\$367,884	Yes	Design proceeding.
H-08	Drill and Test Hanalei Well #2.	-	-	TBD	Previously \$425,000 (Combined w/Wainiha Well 4)	Yes	Design contract is considered closed out and must be re- procured. Project being evaluated

NORTH SHORE DESIGN PROJECTS

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

WP 2020 NUMBER	PROJECT TITLE	% COMPLETE OCT 2018	% COMPLETE DEC 2018	EST. DESIGN COMPLETE	BUDGET COST (DESIGN)	FRC GENERATING PROJECT?	STATUS
ANI-01	'Anini & Kalihiwai Road 6" Main "Phase 1" (9,156') & "Phase 2" (5300')	Phase 1 - 95% complete Phase 2 - 100% (Complete)	Phase 1 - 95% complete Phase 2 - 100 % (Complete)	Phase 1 – Q2 2019 Phase 2 – Completed Q1 2017	\$ 791,652	Yes	Phase 1 – Design will proceed upon execution of Contract Amendment. UOA with State to be completed later when project goes to construction. Phase 2 – Complete. Plans signed 2/1/17, all construction documents turned over to CM on 3/2/17.
H-05	Weke, Anae, Mahimahi and He'e Roads, 6" and 8" Main Replacement	100%	100%	Complete	\$143,605	Yes	Plans will need to be re-certified when it is decided to proceed with construction.
WKK-03 & WKK-21	MCC, Chlorination Facilities – Kilauea Wells No. 1 & 2 & Replace Kilauea Well #2	85%	90%	Q1 2019	\$430,649	No	Use permit approved by Planning Commission at the May 22, 2018 meeting. Contract amendment 1 completed to harden MCC building.

NORTH SHORE DESIGN PROJECTS

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

WP 2020 NUMBER	PROJECT TITLE	% COMPLETE OCT 2018	% COMPLETE DEC 2018	EST. DESIGN COMPLETE	BUDGET COST (DESIGN)	FRC GENERATING PROJECT?	STATUS
WKK-2	Drill and Develop New Kilauea Well No. 3	10	10	TBD	370,000	Yes	Design pending obtaining land rights.
HW-11	Construct 0.2 MG Storage Tank Project, 144', Ha'ena	85% Design in progress.	90% Design in progress.	Q2 2019	\$412,401	Yes	Project in design.
HW-12	Drill and Test Wainiha Well #4	75% (Re-design)	75% (Re-design)	TBD	\$133,740	Yes	Owner not okay with proposed revised well site. New site agreed upon with owner. Negotiations with consultant pending research on site as suitable relative to PH expected.

Private Projects of Note

Area	DEVELOPMENT OR DEVELOPER	PLAN REVIEW STATUS
Hanapepe	DOT-Hanapepe Highway Bridge Replacement (Federal) temporary bridge water line	Plan review completed. In construction.
Eleele	Lima Ola Subdivision, Phase I	DOW awaiting resubmittal
Poipu	Kahela Subdivision Parcel H (S-2016-02)	DOW awaiting resubmittal
Lihue	Waiola Subdivision Ph II	Pending resubmittal of Plans for review
Lihue	Waiola Subdivision Ph III (S-2009-15)	DOW awaiting resubmittal
Lihue	Waiahi Surface Water Treatment Plant - Initial Upgrades	Plans returned to consultant for corrections
Kapa'a	Kulana Subdivision (S-99-49) Phase 2 Onsite	Plans in review
Hanalei	Weke Road Emergency Repairs (COK)	DOW review completed
Wainiha	DOT – Wainiha Bridges 1, 2, and 3 Replacement (Federal) and Utility Agreement	Plans returned to consultant for corrections
Haena	DOT – Limahuli and Manoa Stream Crossing Repairs (Rain18 project)	Manoa Stream plans approved. Limahuli pending

Private Projects of Note

Area	DEVELOPMENT OR DEVELOPER	PLAN REVIEW STATUS
Koloa	COK-Maluhia and Koloa Road Improvements	Pending resubmittal of plans
Koloa	Koloa Development Condo	Pending resubmittal of plans
Lihue	2.0 MG Storage Tank – Maalo Road	Plans in review
Lihue	COK Lihue Tiger Project – Rice Street	Pending resubmittal of plans
Wailua	DOT – Kuhio Hwy Widening from Kuamoo to Kapaa Bypass Road	Pending resubmittal of plans
Anahola	KIUC – Service Center	Pending resubmittal of plans
Hanalei	DOT- Waioli bridge repairs	Plans in review
Hanalei	DOT- Waikoko bridge repairs	Plans in review
Hanalei	DOT- Waipa bridge repairs	Plans in review

Personnel Status

Civil Engineer VI	Keith Aoki
Civil Engineer V	Vacant
Civil Engineer V	Vacant
Civil Engineer IV	Eric Fujikawa
Civil Engineer II	Vacant

QUARTERLY REPORT

Period of October 01 to December 31, 2018

WATER RESOURCES AND PLANNING DIVISION

Submitted by: Edward Doi, P.E.

DEPARTMENT OF WATER

January 25, 2019

Executive Summary

The significant changes for this quarter are:

- Kaua'i Water Use Development status update: Proto-type chapter developed for the Hanamā'ulu Aquifer System Area with comments/concerns/recommendations from the stakeholders group. Consultant continues to work develop the rest of the Aquifer Systems which will be presented to the public via a number of public meetings.
- The Division continues to participate and support the IT Steering Committee.
- The Division continues to implement the amendments to the Rules and Regulations relating to the Facilities Reserve Charge. Meter Installation Notices was prepared and sent to customers reminding them of the "Grace Period" rule, to install their water meters before November 29, 2018.
- The Division continues to work with Manager to address requests for FRC exemptions for customers affected by the "Grace Period" rule.
- The Division continues to assist other Divisions with the overall review of DOW water infrastructure needs and island wide project prioritization.
- The Division continued to assist other Divisions regarding the Water Audit (CWRM)

Water Restriction Policy

Water System / System	Sub-	Restrictions (5/8-inch water meter or number units per lot)	Inadequate Facilities	Comments
Upper Lawai		2	Storage	Administration Approved
Poipu		300	Storage	Board Approved (50% of new tank allowed for new development; 50% to make up storage deficit)
Wailua Homesteads		5	Storage	Administration Approved
Upper Wailua Homesteads		2	Storage	Administration Approved
Kapaa Homesteads		5	Source	Board Approved
Moloa'a		0	Source and Storage	Water Purchase Agreement
Kilauea-Kalihiwai		5	Source and Storage	Administration Approved
Aliomanu – Kukuna Road		0	Transmission	Administration Approved
Anini		1	Source and Storage	Water Purchase Agreement
Upper Wainiha Valley		1	Storage	Administration Approved
Wainiha – Haena		3	Storage	Administration Approved

On-going Projects

- CC&B Reports
- Kauai DOW Source Water Protection Plan Updates
- Kauai Water Use and Development Plan (KWUDP)
- USGS Ground Monitoring Program
- Kauai Watershed Alliance Protection Program – The Nature Conservancy
- Hydraulic System Models Update
- Updating Water Zone Codes
- Conversion of the Department's map file system from manual to digital format

Reviewed and Processed Tasks

	October – December 2018
Subdivision applications; Zoning/Use Permits; Land Use/General Plan Amendment; ADU Clearance Applications	42
Water Service Requests	118
Building Permit Applications	254
Backflow Inspection Program – No. of Devices	1640

Significant Developments

Reviewed, Processed and On-going tasks

Kekaha to Koloa

- TMK: 1-6-08:006 Water Service for the Proposed Waimea and Habitat for Humanity Housing Development
- TMK: 2-1-01:052 S-2006-49 Eleele Iluna Phase 2
- TMK: 2-4-16:001 S-2019-2 and S-2019-3 Tentative Approval (McBryde & Sunset Strip Properties)
- TMK: 2-6-04:010, 011, 018 S-2015-13 Final Subdivision Approval
- TMK: 2-6-16:023, 024 S-2018-17 Final Subdivision Approval
- TMK: 2-8-08:001 One 3-inch Water Meter for the Commercial Portion of Kōloa Village Project

Puhi – Lihue - Hanamaulu

- Water Master Plan for the Lihue-Hanamaulu Master Planned Community
- TMK: 3-2-03:058 Water Service for Niumalu Paradise Condominium
- TMK: 3-2-05:010 New Gymnasium
Zoning Permit Z-IV-2019-8, Use Permit U-2019-6
Variance Permit V-2019-2
- TMK: 3-3-03:046 Hokulei Village Developments
- TMK: 3-6-11:028 Water Service Request - Leilani Spencer
- TMK: 3-8-01:001, 002, Waiahi Hydropower Long-Term Water Lease
- TMK: 3-9-05:013 Building Permits - Improvements to the Kauai
Community Correctional Center

Wailua - Kapaa

- TMK: 4-2-03:023 Alexander & Vivian Youn Family Trust
Water Service Request,
Subdivision Application S-2019-1,
Zoning Permit Z-IV-2019-3, Variance Permit V-2019-1
- TMK: 4-2-22:018 Water Service Request – Bob Middleton
- TMK: 4-4-03:089 S-2018-12 Kulana Water Tank Subdivision
- TMK: 4-6-09:011 Water Service Request – Gabriella Taylor

Personnel Status

Chief of Water Resources and Planning	Edward Doi
Civil Engineer VI	Michael Hinazumi
Civil Engineer III	Regina Flores
Civil Engineer III	Vacant
Civil Engineer II	Vacant
Engineering Drafting Technician IV	Cleve Shigematsu
Engineering Support Technician IV	Keith Konishi