

MINUTES

DEPARTMENT OF WATER SUPPLY COUNTY OF HAWAI'I WATER BOARD MEETING

January 22, 2008

Hilo Operations Center Conference Room

MEMBERS PRESENT:

Mr. Thomas Goya, Chairman
Mr. Riley Smith, Vice-Chairman
Mr. George Harai
Mr. Loren Heck
Ms. Millie Kim
Mr. Milton Pavao, Manager, Department of Water Supply
(ex-officio member)

ABSENT:

Ms. Paula Helfrich, Water Board Member
Mr. Bernard Konanui, Water Board Member
Mr. Francis Kuailani, Water Board Member
Mr. Dwayne Mukai, Water Board Member
Mr. Bruce McClure, Director, Department of Public Works
(ex-officio member)

OTHERS PRESENT:

Ms. Katherine Garson, Deputy Corporation Counsel
Mr. Daryn Arai, (representing Mr. Christopher Yuen, Planning Director,
ex-officio member)
Mr. Jim Stutheit

Department of Water Supply Staff

Mr. Quirino Antonio, Jr., Deputy Manager
Ms. Kris "Kanani" Aton, Public Information and Education Specialist
Mr. Kurt Inaba, Engineering Division Head
Mr. Lawrence Beck, Engineering Division
Mr. Keith Okamoto, Engineering Division
Mr. Kawika Uyehara, Engineering Division
Mr. Richard Tsunoda, Waterworks Controller
Mr. Daryl Ikeda, Chief of Operations
Mr. Clyde Young, Operations Division

CALL TO ORDER - Chairman Goya called the meeting to order at 10:08 a.m.

STATEMENTS FROM THE PUBLIC - verbatim

1. Mr. Jim Stutheit

CHAIRMAN GOYA: Today we have Mr. Jim Stutheit on the subject of the Hawaiian Ocean View water system. Mr. Stutheit, would you care to come forward and give your public statement?

J. STUTHEIT: Good morning.

CHAIRMAN GOYA: Good morning.

J. STUTHEIT: I wanted to first elaborate a little bit on the handout, which you each have gotten with regards to the location of the well in Ocean View. There was a letter which was buried in the environmental assessment that was published. There was a letter that I don't think was ever discussed, at least in a meeting that I attended, with respect to the impact on the surrounding area within 1,000 feet. Basically the letter says that the Health Department will not approve any wastewater septic systems, which for all purposes, means that you can't build a house because you can't provide the septic system for it. So I called the Health Department and said is this for real? I mean, are these really your rules and do you really enforce them? And the answer was, yes, those are really our rules, the letter was correct, and we do enforce it. And I said isn't there some way you can get a waiver for a residence? And they said well, on an ad hoc basis, maybe. It would have to be on a case-by-case basis. And I said well, what's involved; and they said basically you have to have the septic system that we would approve. And I said that's not the standard ones that you approve everybody? And the answer is no. And I said, well, what does it cost for that special one? And they said well, we don't give out prices because we're not in the business of providing them; and it depends, of course, on the size of the house, the location, topography of the lot, and that sort of thing; and we don't want you going out and saying this is what the Health Department said it should cost. And I can understand that. So I went to Atlas Engineering who does do them, and I talked to a Paul Nash who is one of their engineers; and he said, yes, they do enforce that and that it is expensive, just like the man said; and basically it is an aerobic system, and here again, the cost depends a little bit on the size of the house, the number of bathrooms, number of bedrooms, and that sort of thing, and the lay of the land. And he said it starts at \$20,000.00 and goes up--sometimes maybe \$25,000.00 or \$30,000.00. So we're talking about an extra expense to the lot within 1,000 feet. Now, I'll give you a map that shows a 1,000-foot radius; and there are about 25 lots within that radius that would be affected. If you multiply the 25 by \$20,000.00, you are talking about a burden on the community, specifically on these 25 lots, of about one-half a million dollars. I don't think this was ever discussed at a meeting I attended. And if I hadn't explored, I would never have found out. That having been said, I would like to discuss a little bit about the present system. Of course as you know I have recommended a low-cost system that has not been adopted to my knowledge. What I'm really trying to do is put myself where you are sitting and ask what are the questions that I would ask if I was presented with this sort of proposal. The first of three questions I would have is are these numbers for real? Can we really save \$5,000,000.00 on this program? And the answer to that is look at the numbers and do your homework, figure out what, if you take the design proposed, what would it actually

cost. That's a real good question, and I hope that you take the time to do that. The second thing is you would ask is what does this do with our timeline? How much time is it going to cost and how much are we going to lose if we don't follow the existing program? Well, let me discuss that a little bit. Here are the maps of the present system that have been prepared by the consultants that you hired. Most of these are engineering drawings, and now there are three basic parts to the program. The first is the well. And the well designed does not change if you move the location of the well. And that's a pretty standard design to start with. If you move it down the mountain a little bit, it's actually going to be cheaper because the well is going to be shallower. The second major component is the 500,000-gallon storage tank. Here it is, including the picture, in the Environmental Statement of the tank and here again, the design of the tank will not change when you move its location. So that's not a change in cost. The other third thing is the fill station. The fill station is standard components, and moving the location of those components will not affect the cost. Okay, what is affecting is about five of these sheets that are site specific and have to do with the layout and the program and where the pipes run. These here probably can do almost what I did in order to get in the design and layout of the 1,000-foot circle, and that is for somebody to take and cut and paste and redo about five of these drawings. Five of these drawings, lets say, give them \$1,000.00 a piece for the drawing changes and maybe a month's time to do it. The other thing that's expensive and here again, is the piping arrangement; and here again, mostly, you are going to have less piping in the lost-cost program. Now there are two other factors that are involved, and that is you have purchased two sets of properties, or two properties. There is three acres, which were bought next to Lehua Lane for about \$165,000.00. But presumably, if you bought that at market prices, you could probably sell it at market prices, so you're not really losing that \$165,000.00. Sell it and maybe even make some money on it. The other thing is the site of the well itself, inside the circle. And here again, that lot is contiguous with the Park property. So you could consider it just an addition to the Park; and actually, again, you could sell it, and since it is being bulldozed, you might even make a profit on it because a bulldozed lot sells for more.

CHAIRMAN GOYA: Mr. Stutheit, could you try and summarize what you are trying to tell us here now?

J. STUTHEIT: Yes.

CHAIRMAN GOYA: Because we're only taking your input as a public statement here.

J. STUTHEIT: Okay. Alright. Let me just give you one more thing. And that is--maybe you have noticed this in the national press--and that is that there was a power company in Kansas that needed to build a new base power plant for their electric system. A base power plant is the plant that runs all of the time to serve the base role of the system. And they had drawn up the plans, they had gotten the land, gotten the financing, and they had went to the public utilities permits to build; and it was flatly refused. And this made the national press because in the United States, we are getting short of base power. What happens in the utility is those costs that had been incurred are called sunk investments, and sunk investments are the kind that they can never recover (inaudible) raising the rates of electricity. And basically what you have gotten so far on the present design is sunk cost and basically what you have found out now that you didn't know to start with was that it's a very expensive system. Water at the faucet doesn't

know whether the pressure comes from a pump or from gravity, but it turns out that getting it from gravity is extremely expensive and contributes to most of the cost differential. Basically, I'll sum this up now, we all wish that we had bought Google stock back when it was issued, but we didn't know what's going to happen in the future. And that's the case that we have here. You did not know the cost when you first started. And what you have to decide today is, knowing what you know today, and being where we are now, where do we go from here because we can't go from any other place. You can't change history. So my recommendation is, as they say, this is the first day of the rest of your life. This is where you start to build the system and do you want to continue with a high-cost system, which you cannot afford, or do you go with a low-cost system that you can afford? Thanks for your patience.

CHAIRMAN GOYA: Thank you again, and again we appreciate your input on a Board level here. But as I stated to you a couple of times here at our Board meetings, and let me read to you my response to you from our last meeting. It says thank you for your public statement here. We cannot discuss this at this time.

J. STUTHEIT: Yes.

CHAIRMAN GOYA: We're taking a public statement from you. Most of all, we appreciate your diligence and your sincere interest in this particular project. What we can do is take this information under advisement -,

J. STUTHEIT: Yes.

CHAIRMAN GOYA: because it is not an agenda item here. And that's number one. Number two, as you addressed us, most of us here are lay people; and we're going by the best information possible, based on the recommendations of the Department and its consultant. Although we have some of the information regarding the project, it is our recommendation at this time that we turn this over to the Department and the consultant who will discuss and address your concerns directly because I think this may overlap with other concerns by the community and even us, the laypeople on the Board, who are unable to fully grasp the information that was presented at that particular meeting. Again, we really thank you for your input.

J. STUTHEIT: Yes. Okay.

CHAIRMAN GOYA: And hopefully, the Department and its consultant can address your concerns directly. We here as a Board understand that the money was given by the Legislature to the County of Hawai'i. The Mayor of the County of Hawai'i directed it to the Department of Water Supply, okay. The recommendations that come from the Board here are based on the chain of command. So we'll review how the \$6,000,000.00 is being spent or will be spent based on guidelines that we have given to the Department to follow through on this project and as directed by the Mayor of the County of Hawai'i. So although we really appreciate your input and insight, some of this has been discussed and maybe not as openly with all community members. But it has surely been discussed on our Board level here and with the Department and with the consultants. And hopefully, they can address your concerns that you have brought

up to us here at really a late date. You know, planning is already underway. You know, we're trying to make sure that we use the money effectively in a timely manner that has been appropriated. So again, thank you for your input, and thank you for driving in all the way.

APPROVAL OF MINUTES:

ACTION: Mr. Smith moved for approval of the Minutes of the December 18, 2007, Water Board Meeting; seconded by Kim and carried unanimously by voice vote. (Secretary noted that the date in the footnote, bottom right corner, of the December minutes is incorrect and should read 12/8/07).

APPROVAL OF SUPPLEMENTAL AGENDA:

Chairman Goya noted that Resolutions 08-01 and 08-02 were handed out to the Board today and also Ms. Kim's report on the Hawaii 2050 Sustainability Plan. Mr. Inaba noted that the Agenda item for Resolution No. 08-02 should be under the heading of North Kohala but is shown under North Kona.

ACTION TO MOVE AGENDA ITEM UP:

Chairman Goya entertained a Motion to move up Miscellaneous Item G, Manager's Report, #2 Hawaiian Ocean View Exploratory Well status.

ACTION: Mr. Heck so moved; seconded by Ms. Kim and carried unanimously by voice vote.

MISCELLANEOUS:

G. MANAGER'S REPORT:

2) Hawaiian Ocean View Exploratory Well Status

The Manager reported that the contractor has leveled off the lot and is getting ready to mobilize the drill rig sometime this week. Drilling should proceed soon. As for the Request for Proposals for the design-build phase, the Department expects Bids sometime in March 2008. Selection would need to be done by the middle of April 2008 so that a contract can be in place by June 30, 2008, to have the funds encumbered before that lapse date. Also, in the Mayor's proposal to the State Legislature, there is a request for them to consider extending the lapse date for the funds, should the schedule not be met. He was uncertain if it could take effect right away, if approved. In an effort not to get into that situation, this Department is trying to do everything possible to have the funds encumbered by June 30, 2008.

Mr. Smith mentioned that Mr. Stutheit had raised a couple of questions relating to the Department of Health regulation and having wastewater systems in proximity to a well. He assumed that Mr. Ron Terry of Geometrician Associates, LLC, included that information in their Environmental Assessment so the opportunity for the community to provide input was

given during the draft Environmental Assessment process, and that this is not new information. The other thing is since there are 10,000 lots in Hawaiian Ocean View Estates, if another site is found in a different location, it will still impact 25 to 30 lots, no matter where it is located. This is pretty much a done deal. Construction has started moving along. He did not see any choice and concurs with what has been done to date.

The Manager stated that he was glad Mr. Smith raised that point because no matter where the well is put, it will affect lots. It is not only Hawaiian Ocean View Estates, but all over the island. This 1,000-foot radius is not too bad and can be dealt with. Some people may have heard of source water protection. It has not made much progress where they are looking at how far a contaminant will travel, and that will be the factor--not a radius. If that passes, it will be even harder to get well sites. He added that one of the reasons this well site was chosen was because of water pressure. Mr. Stutheit had proposed drilling a well at a lower elevation and pumping the water. The Department would not incur as much cost to pump the water to the ground level; however, the water still needs to be pumped to the spigot level. To do this without a reservoir is totally against the Department of Water Supply's Rules and Regulations and against its Water System Standards. If the well were to be at a lower elevation, it would require two tanks in order to conform to standards, which would make the project more expensive. Not much would be saved on electrical costs because the water would have to be pumped from the well, then you would need another booster pump to pump it to the spigot level, so it might even cost more. You would lose efficiency two times--one on the well pump, and one on the booster pump. Ultimately, you would be spending more energy than you would by just pumping it once and flowing gravity. Another comment by Mr. Stutheit was that gravity is the most expensive way to do things. The Manager disagrees with that statement. Every water system he knows of in the world depends on gravity. Nobody with a responsible system would pump directly into the system without a reservoir to provide relief. It would be just asking for problems. He added that he thinks what the Department and the consultant have come up with is the best thing, engineering-wise, that could have been done for the community. He realizes there will be some lots impacted; but no matter where the well goes, there will be an impact. The way the system is designed is to meet the Department's standards, and is the most efficient system the Department could have there. Another factor in the location of the well site, mauka of the highway, is that the Department does not have to cross the State highway and can avoid all of the hassles involved with it. He also mentioned Mr. Stutheit's comment about the cost. This Department knew the cost when it went into this project. The cost only escalated when things started being added on that the community wanted. The community wanted fire protection and a line to the commercial area, and these were never part of the original request. The original request was for a well, a reservoir, and a fill station. When people accuse this Department of not looking at the cost or commenting that the project is too expensive, yes, it is expensive because the Department has been trying to accommodate what the community has requested. Now the Department has to cut back. He added that the consultant came up with a very good design and will be the most efficient for the community and the Department, if the Department is going to operate the system. Given all of the knowledge today, he thinks he would do the same thing again.

Mr. Smith commented that with his previous employment, they had drilled a well in Waimea, and they had to do the same assessment to see what would happen with the viability of

neighboring lots because of the proximity of that well. That is just what happens and is addressed by the Environmental Assessment. Also, everyone is aware of sound design; and you really want to have your water coming from a storage reservoir and not directly from a pump because anybody who lives on a catchment system that has a pump attached, it cycles on and off and you get the best production and life from a motor if it runs continuously. He agrees with all of the Manager's statements.

In response to Ms. Kim's question about wastewater, the Manager explained that there are three types of home wastewater systems. The aerobic system (most expensive) is required if you fall in an area where it is determined it may have an impact on the well. If it does not impact, a septic system can be installed. If you have a lot that is five acres or more, you can go with a cesspool system. In some cases, the Department has determined that if lots are downstream of the well, exceptions can be granted that allows septic systems, because the way the islands are made, if it slopes down, it is highly improbable that contamination can go down and go back up hill. If that is taken into consideration for this Ocean View well, then basically only half of the lots would be affected.

In response to Ms. Kim's question of whether this was a federal law, the Manager replied it is being driven by Environmental Protection Agency requirements; but it is a State law. They commissioned a consulting firm to do this study, which took over a year. The Department's staff had gone to classes on the preliminary results, but nothing was ever adopted (by Department of Health).

Mr. Okamoto added that they finalized the study but never really enforced it.

The Manager stated that this came on the Department when it tried to acquire a well site in Ninoole. The landowner heard about the source water protection law and flatly refused to sell the Department a piece of property, knowing that eventually all of the mauka lands would not be usable. These issues make it difficult for the Department to get a well site.

Ms. Kim stated that in her observation in the past, seldom is an extension granted for C.I.P. lapsing dates; but it has happened, and when it does, there usually is no lapse in the contract period. It usually applies right away, if this project gets to that point.

The Manager stated that was good to know. It would be a safety valve.

Mr. Heck asked for clarification of the exemptions that were given in the past to people who were down the hill from a well site and if they came from this Department or from the Department of Health.

The Manager clarified that it comes from the Department of Health, based on this Department's recommendations.

Mr. Heck asked about what other experiences the Department has had with this type of situation where there is a 1,000-foot diameter radius and some lots are mauka or downhill of

the site, if the Department of Health is demanding that an aerobic system or a more expensive system is installed.

Mr. Okamoto stated that this Department provides comments to the landowner as well as the Department of Health's Wastewater Branch, and they ultimately inform the resident what the requirements are. He believed that if this Department tells them that there may be a potential impact to its well, then they have been requiring that aerobic system.

Mr. Smith commented that if he was correct, what they normally do is before they approve the well location, they look at all the existing individual wastewater system and make sure they do not impact where the well goes, and anyone that comes in after that wants to build a house has to put in the aerobic system. If they think there is a problem with the existing cesspools and septic systems, they do not approve the well.

Mr. Okamoto stated that part of the well requirement before it is turned into a potable source, is that the State of Hawai'i, Department of Health's Safe Drinking Water Branch, will route that to several agencies, one of them being their own Wastewater Branch, as well as water quality tests that must be done before a well can be put into service.

Mr. Heck stated that there is no doubt that the other location that Mr. Stutheit is talking about has fewer residences around it and there are a few curious statements and things that have been raised by Mr. Stutheit years ago, that this planning started years ago; and the consensus of the community was to follow the Kau to South Kona Water Plan. It has all been done, and he just does not see the reasoning behind possibly getting the rest of Hawaiian Ocean View Estates in here if the Department started to comply or consider what Mr. Stutheit is saying, literally, it would just have to stop what it is doing and return the funding to the State. He sees that as the consequence of this, and he cannot imagine dealing with the State, the County, or especially the residents of Hawaiian Ocean View Estates. The Board is listening to all of the concerns, but he just did not see where this could possibly go at this point. Very little of what he has heard did not get discussed originally.

The Manager stated that it is past the point of no return, unless the money is just lost.

Chairman Goya asked for a current timetable to get the well online and the tank built.

The Manager replied that the key factor is the award of the design-build contract (sometime in March or early April) and getting it executed by early June so all the paperwork can go to DAGS to have the funds encumbered. Once that is done, the rest of the project can continue.

Chairman Goya asked Mr. Stutheit if he had any final comments.

Mr. Stutheit stated that he studied the alternate well site and surrounding properties and that Hawaiian Ranchos subdivision has 3-acre lots as opposed to Hawaiian Ocean View Estates' 1-acre lots so it would impact fewer people in Ranchos. You also have the highway mauka so there would be no septic systems going in up there. The second thing is that he never intended not to have a reservoir. The only thing he was suggesting was to have some pumps instead of

using gravity. He still maintains that gravity is very expensive because of the changes you have to do to the design in order to use gravity.

Chairman Goya thanked Mr. Stutheit for his input and added that the Department and its consultant will take his comments under advisement. He appreciates his diligence on the matter and for attending the meeting today.

(Mr. Stutheit left the meeting at 10:45 a.m.)

NORTH KONA:

A. QUEEN KAAHUMANU WIDENING PROJECT:

DWS is proposing to participate with the State and its Contractor to replace and relocate approximately 4,700 lineal feet of existing 16" waterline with new 16" waterline along Queen Kaahumanu Highway. This request was brought to DWS by the State and the Contractor after it was discovered that the existing 16" waterline was not installed per "as-built" drawings. The current project is a design build project and is midway through construction.

Should DWS participate in the project, attached is the breakdown itemizing the costs. Under these provisions, DWS would end up contributing \$389,029.00 which is just an estimate. Due to the option for the State to require the contractor to do the work by Force Account, there is an uncertainty as to the exact figures. A 15 percent contingency will likely cover the potential difference in cost no matter which way the State chooses to proceed with this work. DWS will benefit from this as the existing line is near 40 years old (installed in 1969). There is also the "do-nothing" concept in which case, our existing waterline will remain and the contractor would choose to work around it. This would leave the line in a non-desirable location in relation to the new widened highway as well as remain where we do not have accurate "as-built" plans. DWS has reviewed the cost estimate as well as the itemized breakdown and finds it acceptable.

The Manager recommended that the Water Board approve \$389,029.00 as well as a contingency amount of \$58,355.00 (15%) for a total of \$447,384.00 to be used for the replacement and relocation of approximately 4,700 feet of 16" waterline for the Queen Kaahumanu Widening project.

ACTION: Mr. Harai moved for approval of the Manager's recommendation; seconded by Mr. Smith and carried unanimously by voice vote.

B. JOB NO. 2002-806, MAMALAHOA HIGHWAY WATERLINE IMPROVEMENTS – PHASE 2:

The Board considered a request from the contractor, Isemoto Contracting Co., Ltd., for a fourth contract time extension of 90 calendar days. The time extension is requested due to valve control additions at the Holualoa (Hawaiian Tel) and Kaumalumu (Doris) booster pump stations that were not identified in the original project scope of work. The contractor also requests additional time for the start up and testing of the control valves at each site, which cannot be done until the

valve control additions are installed. Also, an additional gate valve must be installed at the Doris booster pump station that was not shown on the plans. The installation of the gate valve requires shutdown of a portion of the system and must be advertised in the local newspapers.

Engineering staff has reviewed the fourth time extension request and finds that the 90 calendar days are justified. If approved, the contract completion date will be extended from January 29, 2008 to April 28, 2008.

The Manager recommended that the Board grant this extension of contract time of 90 calendar days to Isemoto Contracting Co., Ltd., for JOB NO. 2002-806, MAMALAHOA HIGHWAY WATERLINE IMPROVEMENTS – PHASE 2.

ACTION: Mr. Heck moved for approval of the Manager’s recommendation; seconded by Ms. Kim and carried unanimously by voice vote.

C. PALANI ROAD TRANSMISSION WATERLINE PROJECT RESOLUTION 08-01:

Ms. Garson noted that for Resolutions 08-01 and 08-02, the Department is going to ask that they be withdrawn and resubmitted next month. There were some irregularities noted in the Resolutions.

D. MAKAPALA BACK-UP WELL AND SITE FOR REPLACEMENT RESERVOIR RESOLUTION 08-02:

Ms. Garson noted that for Resolutions 08-01 and 08-02, the Department is going to ask that they be withdrawn and resubmitted next month. There were some irregularities noted in the Resolutions.

SOUTH KONA:

A. HOOKENA STANDPIPE INTERIM LETTER AGREEMENT:

The Department is in negotiations to purchase or enter into a long term lease for the piece of property that our Hookena Standpipe facility is located on. A previous short term letter agreement was entered between the owners and DWS from September 1, 2007, through December 31, 2007, for DWS to continue utilizing the property for “rent” of \$1,500.00 per month. DWS encountered problems with the surveying of the property and therefore requested, and the owners have graciously agreed, to extend the letter agreement through June 30, 2008, upon the same terms. Payment would be required to be made in a lump sum of \$9,000.00 by January 31, 2008.

The Manager recommended that the Water Board approve the monthly rent payment of \$1,500.00 payable in a lump sum of \$9,000.00 by January 31, 2008, for the period from January 1, 2008, through June 30, 2008, and that the Manager be authorized to execute a final interim agreement letter, subject to review and approval by Corporation Counsel.

MOTION: Ms. Kim moved for approval of the Manager's recommendation; seconded by Mr. Smith.

The Manager explained that the problem with this piece of property is that in survey terms, it cannot be clearly defined. The Department is in the process of having someone research the history of this parcel. In the meantime, the Department is trying to acquire another site for the standpipe but has been unsuccessful.

ACTION: A vote was taken on the Motion. Motion was carried unanimously by voice vote.

KA'U:

A. **JOB NO. 2002-809, CONSTRUCTION OF THE PĀHALA PRODUCTION WELL AND SUPPORTING FACILITIES:**

Bids were opened on January 3, 2008, at 2:00 p.m.; and the results were enumerated in the Agenda. This project consists of all labor, materials, tools, and equipment necessary for constructing the Pahala Production Well and Supporting Facilities, including construction of waterlines, drainage structures, electrical enclosure, control/chlorination building, asphalt pavement, electrical and SCADA equipment at the well site, SCADA upgrade at the Kau Baseyard, mechanical work, electrical work, structural work, and repairing the existing well ready for operation. The contractor will have 270 calendar days to complete this project.

The Manager recommended that the Board award the contract for JOB NO. 2002-809, CONSTRUCTION OF THE PĀHALA PRODUCTION WELL AND SUPPORTING FACILITIES, to the lowest responsible bidder, Isemoto Contracting Co., Ltd., for their bid amount of \$1,624,430.00 plus \$175,570.00 in construction contingency for a total contract amount of \$1,800,000.00, subject to review as to form and legality of the contract by Corporation Counsel.

ACTION: Mr. Heck moved for approval of the Manager's recommendation; seconded by Ms. Kim and carried unanimously by voice vote.

MISCELLANEOUS:

A. **DEDICATION OF WATER SYSTEMS:**

The Department has received the following documents for action by the Water Board. The water systems have been constructed in accordance with the Department's standards and are in acceptable condition for dedication.

1. GRANT OF EASEMENT

For Waterline Purposes

Grantors: Jan Andrade Joaquin and Jody Theriot

TMK: (3) 4-6-010:005 portion

Chairman Goya noted that the Board lacked a voting quorum to enter into Executive Session on this matter. Based on what Corporation Counsel has provided the Board with, he thought the Department could go ahead with the recommendations that were made and directed earlier. The Board can still hold an Executive Session next month to discuss the process, but that it should not hold up the decision.

C. **MONTHLY PROGRESS REPORT:**

Chairman Goya commented that if any elected official were to ask what projects are pending in their area, that the information be readily available. Also, it is a good time to get projects out because of the economy.

D. **REVIEW OF MONTHLY FINANCIAL STATEMENTS:**

No questions.

E. **WATER RATE STUDY:**

This item will be kept on the Agenda to allow discussion to continue.

F. **WAIAKEA OFFICE PLAZA MACADAMIA NUT TREE REMOVAL:**

The initial owners of the Waiakea Office Plaza planted four test Macadamia Nut trees on the mauka-Hamakua side of the property. The trees are currently old, disease-ridden, and dying. The trees pose a safety hazard and an obstacle for the Department's groundskeepers. In the best interests of the Department, the trees should be removed. The cost for removal is expected to be less than \$25,000.00; therefore, the informal bid process can be utilized.

The Manager recommended that the Board approve the removal of the four Macadamia Nut trees on the Waiakea Office Plaza grounds through appropriate procurement procedures and that either the Chairman or the Vice-Chairman be authorized to sign the contract subject to review and approval of Corporation Counsel.

MOTION: Mr. Smith moved for approval of the Manager's recommendation; seconded by Mr. Heck.

Discussion followed regarding why cutting the trees was held back awaiting Board approval if there was a safety concern, and also if there would be a problem with outdoor circle groups.

The Manager explained that the problem was only very recently discovered and was by the Department's newly-hired groundskeepers. As soon as it was brought to his attention, he placed it on the Agenda. As far as outdoor circle opposition, he stated that the Agenda is posted such that individuals have a chance to voice their concerns.

Chairman Goya noted that for anyone who visits the Department, the larger palm trees out in the front have large fronds that fall off and are a potential hazard to pedestrians as well as property.

ACTION: A vote was taken on the Motion. Motion was carried unanimously by voice vote.

G. **MANAGER'S REPORT:**

- 1) Status of the Palani Road Transmission Waterline project – the Resolution that was withdrawn today will be on the Agenda for next month's meeting, which is for condemnation of a portion of a property will help in the creation of an access and utility easement for a transmission waterline and related access road to bring source water from wells located above Mamalahoa Highway down to the high-demand service areas of North Kona below the highway.
- 2) Status of the Hawaiian Ocean View Exploratory Well – discussed earlier.
- 3) Status of the Kona Water Quality - the Manager reported that the Department is still working with various individuals in the area and continuing with the modifications to the Kahaluu Shaft in an effort to improve the water quality in the Kailua-Kona area.
- 4) Negotiations with Kamehameha Investment Corporation (KIC) – KIC still has to meet with Kamehameha Schools to settle the land issue where the wells are. Once they get that resolved, they will set up meetings with this Department.
- 5) Hawaii 2050 Sustainability Task Force's Final Draft Plan as it Relates to Water Sustainability- Ms. Kim provided the Board with a 3-page handout for informational purposes regarding the sustainability task force that she has been on. The point of interest for the Department is on Page 3, No. 2. She noted that this is just Goal #3 out of a 70-page report, which took two years to complete. The Planning Department was represented as well as Ms. Jane Testa from the Department of Research and Development. On Page 3, as far as the water, a lot of the language is very generic. They have a bill in the Legislature to adopt a plan and establish a council. On the water side, what was really interesting was the statistic that Hawai'i consumes the most water per capita in the United States--18% higher than the national average; and she is not sure why that is. There was a lot of discussion on water reuse and different kinds of rate charges based on use, such as going beyond a certain amount, you start to pay double. That did not get into the report because there were no base figures. It was not known how much more over an average family for consumption would you get into double the charge, to encourage conservation. It would be done to get more into use of recycled water.

The Manager commented that the higher use per capita might be because of irrigation/ agricultural use of potable water.

- 6) Employee of the Quarter (4th quarter of 2007) - Mr. Curtis Kawamoto, Water Plant Electrician-Mechanic from the Waimea District, was selected as Employee of the 4th Quarter. Mr. Young announced that Mr. Kawamoto respectfully declined attending today's meeting as he was working on an emergency project. Mr. Young noted that Mr. Kawamoto is one of the Department's best troubleshooters in terms of electrical controls and does excellent work. Chairman Goya asked that the Board's appreciation of Mr. Kawamoto's hard work and dedication be conveyed to him.

- 7) Fiscal Year 2008-2009 Budget Timeline - Mr. Tsunoda reported that plans are to prepare preliminary budgets next month and submit to the Board prior to advertising March 14 and 16, 2008, for a Public Hearing on the Operating/C.I.P. Budgets at 9:30 a.m., March 25, 2008, followed by the Water Board's regular meeting at 10:00 a.m. the same day. The ultimate target date for adoption of the budgets will be at the May 27, 2008, Water Board Meeting.
- 8) Kona Community Hospital - the Manager stated that in follow-up to whether the Kona Community Hospital has an elevation agreement on file with the Department, it was found that there is a record of them having one and it was executed in the 1980's but was not recorded. The Department is working with them to have a new form executed and have it recorded.

Chairman Goya asked if there was a possibility of working together with Hawaii Healthcare Systems and the Legislature to try and assist the hospital with securing its own water storage.

The Manager replied that they need to initiate that appropriation bill to their appropriate Legislator and this Department could do its part by lobbying for it.

Chairman Goya stated that with all of the discussion this Department/Board has had, it does not even appear to be on the horizon and makes answering questions after the fact more difficult. He wanted the Department/Board to be as proactive as possible.

The Manager indicated the only way would be that this Department write to the Legislature and ask them to include a bill for storage, but that might be stepping on someone's toes.

Mr. Smith suggested the way it could be worded is that this Department is the service provider to the meter and is doing everything it is required to do; but to increase their meter's reliability, they need to take the appropriate steps.

The Manager suggested the Department meet with Mr. Willis and see if he can be assisted in formulating some sort of bill. He added that the Department's Kona staff gave Mr. Willis a tour of the system, and they worked out something were the hospital would be kept notified of the Department's water tank levels. The Manager stressed again that there are still going to be times when this Department cannot serve them (emergency situations), and they need the storage tank to keep them going during those periods.

Chairman Goya noted that this Department would still be the ones being criticized and hoped that after staff meets with Mr. Willis that maybe it could address a letter to Hawaii Healthcare Systems with a copy to elected officials regarding its proactive stance.

Ms. Kim suggested that the Department find out from Mr. Willis if he was able to speak with Representative John Green. She noted that after the last Water Board Meeting, she had received an email from Representative Green, where he sends out to hundreds of people, and in it, he mentioned a healthcare package and facilities on the Big Island. She emailed him back, as a citizen, not as a Board Member, to suggest he talk with Mr. Willis and the Kona Hospital administrators about their water problem. Representative Green emailed back saying

he would follow-up and call Kona Community Hospital, but she did not know what happened after that.

The Manager indicated he would follow up with Mr. Willis.

- 9) Hilo Bay Watershed Advisory Group (HBWAG) Presentation - the Manager mentioned the presentation he and Ms. Aton made before the HBWAG, which was well received. About 40 people were in attendance, as well as Chairman Goya and Ms. Kim, and there were a lot of questions from the public. Chairman Goya added that it would be good for staff to be able to present themselves to lay groups and have appropriate responses in the same manner as presented at the HBWAG presentation. Public perception is a key factor.
- 10) Waimea Water Situation - the Manager reported on a recent occurrence in Waimea where people were without water for a period of time. The reason was that a reservoir float indicator had gotten stuck. The float normally moves up and down; and if it goes down, it sends a signal to a valve to open so the tank fills up, or if it goes up, it signals the valve to shut. The float got stuck in the full position. Although this does not happen often, it does happen because it is basically a sleeve and if it gets a little twisted or kinked, it can get stuck. The Department is going to install SCADA (Supervisory Control and Data Acquisition system). He added that the Waimea system needs improvements, and the Department plans to partner with the State of Hawaii, Department of Hawaiian Home Lands (DHHL), through their consultant, in their development of 200 lots in lower Waimea and plans to construct a 1-million gallon reservoir and pipeline to their system. DHHL will have the design made, and this Department will do the work from the tank, mauka to beef up its own system. It will benefit DHHL as well as this Department. When all of this is complete, SCADA will be installed at that site. The Department will probably still maintain its 100,000-gallon tank. It was also determined that this is a perfect area for another well so the Department is planning for a well at that tank site that would reduce consumption from the treatment plant and the mauka well. This project is not in the Department's C.I.P. list and would therefore need Board approval.

Chairman Goya and Mr. Smith asked that this all be summarized in some type of informational sheet as public outreach.

Ms. Aton indicated she would generate a "rolling" information sheet and continue to update it.

Mr. Smith added that the Department should take steps to prevent this from happening again. It is going to take time to build this new system in partnership with DHHL; and in the meantime, it would be hard to explain to the public if this happens again.

- 11) Water Board Attendance – Mr. Harai commented that when Water Board Members are appointed by the Mayor and Council, they all take an oath to try and be present at every meeting. There really is no excuse that out of nine members, there is a hard time getting a quorum. Sometimes he is guilty too, but it is usually due to a trip. In fact today, he was scheduled to be at a seminar, but it was cancelled last minute. Also, if Mr. Heck had not graciously taken the 90-day extension while his replacement is being found, there would not

have been enough members today to hold a meeting. Staff works hard at preparing Agenda for each meeting. He mentioned a newspaper article about the Planning Commission, explaining the reasons why they could not put something to a vote because of lack of quorum. He added that he is one of the ones that probably travels the farthest but does not mind at all. There are other members who live closer, and he thinks that each member should look into themselves and try to make every effort to be present at meetings.

Chairman Goya seconded that and appreciates those who travel far distances to attend meetings. In fact, the Board is scheduled to meet next month in Kona so hopefully, there will be more Board Members in attendance.

The Manager appreciated the comments because Mr. Harai is right. Staff puts a lot of effort into preparing the Agenda and it is not so much the work but the people that would be really hurt are the contractors that the Department is supposed to be awarding the projects to. It is critical that the Board has monthly meetings so that business as usual can occur.

- 12) Pacific Business Magazine article, "Hacking Harry" - Chairman Goya stated the article mentions the lack of accomplishments of Mayor Kim in office. Paragraph four states, "What this island needs is a simple attention to basic and fundamental needs. That should start with the County water system that serves rather than ignores most of the homes in areas of the island. Some 50,000 lots in Puna and Kau, for example, are not even on the radar for the County water service. Water czar, Milton Pavao, who hasn't added any service except a tiny group in Kona and a line to a fire station in Puna's Paradise Park seems to absolutely detest any suggestion that water is necessary. We have seen nothing in Harry's years of office to disagree with that coy notion." The letter is signed by Bill Eger, Owner, Franklin's Iris LLC, Hilo, Hawai'i.

The Manager recalled that Mr. Eger has approached this Board a couple of times in the past. He lives out in Puna. A lot of what he says in that article is not true because every time the Department has community meetings out in Puna or other areas where the Improvement District Process is proposed, ironically, people in Paradise Park do not want a water system, and the same for Orchidland Estates. He hoped Mr. Eger gets his information correct.

In response to Ms. Kim's question if this was something that should be responded to, Chairman Goya stated that his personal recommendation would be to be able to address it should a question occur, but not delve into the matter.

- 13) Capital Improvement Projects Legislature Package - Chairman Goya asked that he or Mr. Smith be informed of when the Department would be meeting with key people in the Legislature so they can be present to help support the Department.
- 14) Motto - In response to Chairman Goya's question of how the progress was going with the motto, the Manager stated that it should be ready for next month. Ms. Aton had some statistics to share today. Of the total 173 employees voting, 126, or 72%, response rate in the vote is very good. "Water our most precious resource" is in first place. "Water source of life

is second,” and “Water sustains life” is third. An interesting amount of ballots indicated not changing the motto, but it was nowhere near the first and second place choices.

H. CHAIRMAN’S REPORT:

Chairman Goya stated that his comment was on public perception. He gave an example where he had recently visited the Department’s office to sign some papers and stayed there about 15 minutes. Upon entering, he noticed an employee out in the front of the building appearing to be “talking story” with someone; and upon leaving, that person was still there talking to the same person in front of the building. He thought it would be good for supervisors to send a reminder out to employees periodically reminding them that although they may be on coffee break or maybe on early lunch, the public is observing them; and the public may not know the circumstances, but public perception is everything. Things like stopping for breakfast with a County vehicle or being at a shopping mall when nothing is going on are other examples. When employees are operating a County vehicle, they need to be responsible for their actions and be aware of public perception.

The Manager commented that it is something County employees have to live with because they are in the public eye. Many times the public does not know the facts, but if they see something, they may automatically assume the negative, and public perception is the reality.

ANNOUNCEMENTS:

1. Next Meeting:

The next meeting of the Water Board will be held on February 26, 2008, 10:00 a.m., in the Royal Kona Resort, Resolution Room, 75-5852 Alii Drive, Kailua-Kona, Hawai‘i

The Board decided to hold its March 25, 2008, meeting in Hilo, 10:00 a.m., at the Hilo Operations Center Conference Room; 889 Leilani Street, Hilo, Hawai‘i.

STATEMENTS FROM THE PUBLIC

None.

ADJOURNMENT

ACTION: Mr. Harai moved for adjournment of the Meeting; seconded by Mr. Smith and carried unanimously by voice vote. (Meeting adjourned at 12:00 p.m.)

Secretary

The Department of Water Supply is an Equal Opportunity employer and provider.