

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

MEETING DATE: November 25, 2008

PLACE: Hilo Operations Center Conference Room, 889 Leilani Street, Hilo, Hawai'i

TIME: 10:00 a.m.

- 1) CALL TO ORDER - 10:00 a.m. (*please turn cell phones off or set to silent*)
- 2) STATEMENTS FROM THE PUBLIC
- 3) APPROVAL OF MINUTES
 - 1) Minutes of the October 28, 2008, Public Hearing on the Proposed Amendment to the Frequency and Method of Calculating the Power Cost Charge
 - 2) Minutes of the October 28, 2008, regular Water Board Meeting
- 4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA (if necessary)
(**Note: Addendum requires Roll Call Vote**)
- 5) SOUTH HILO:

A. **OLA'A FLUME SPRING SOURCE:**

A presentation will be given by Pural Water Specialty Co., Inc., on the potential use of the Ola'a Flume Spring source located near the Kaumana City subdivision. They will be presenting their relationship with the land owner (Hawai'i Conference Foundation United Church of Christ), as well as the treatment process and the financial aspect of producing water for potable use in our existing water system. This source was in use in our existing system up until approximately 2001 after the Saddle Road Well was completed. The reason for this changeover to the well was that this spring source was declared under the influence of surface water, and we did not meet the treatment requirements at that time.

In an effort to reduce our energy consumption, the Department of Water Supply is considering purchasing the water as a replacement for the existing well as well as a supplement to other existing wells, provided that the treatment process and the treated water meets all EPA and Department of Health standards and requirements. It will also have to be at a cost less than our cost to produce the water from the existing wells.

6) HAMAKUA:

A. JOB NO. 95-621, CONSTRUCTION OF THE POHAKEA WATER SYSTEM IMPROVEMENTS, HAMAKUA, HAWAI'I, COUNTY OF HAWAI'I, STATE OF HAWAI'I

Plans and specifications were prepared by the project consultant, Imata & Associates, Inc, and a cost proposal was submitted by Willocks Construction for the repair and seismic upgrade of the Pohakea Tank and the Mahuna Tank. Both tanks were damaged by the October 15, 2006 Kiholo Bay earthquake. Repairs will involve sealing cracks in the walls and floor of the tanks. The seismic upgrade will bring the tanks into compliance with Seismic Zone 4 building code requirements. The cost for the repairs and seismic upgrade per the cost proposal is \$607,365.37.

The attached cost breakdown for this work was reviewed and compares favorably with the recent bid for Job No. 2007-919, Construction of Earthquake Damaged Tank Repairs (North Kona Tanks) opened on July 10, 2008. Also included in this request for additional funds are other miscellaneous work items totaling \$122,555.21, including the necessary earth work and culvert repair in the Shuman Ranch land to keep storm water in the natural drainage way and prevent it from washing out the waterline in our road easement at the top reservoir. A breakdown of the additional work items is provided. Also, to date, HELCO has not resolved the easement issue with a land owner and will not be able to provide power at the top reservoir until such time as they are able to obtain the easement. DWS will run the pump system manually until such time as power is available at that site. The original proposal has been revised based on staff review and accepted by the contractor. Staff finds the revised change proposal acceptable as submitted, and requests that an additional \$35,000.00 be approved for potential additional (unforeseen) costs prior to completion of the project. This would bring the total of additional funds being requested to \$764,920.58. A tentative schedule has also been submitted and the anticipated completion date is June 30, 2009. Staff finds this schedule acceptable; and this would require an extension of contract time from the previous completion date of October 30, 2004 (1704 calendar days). This would be the sixth time extension.

| | |
|----------------------------------|----------------|
| Original Contract Amount: | \$2,559,795.00 |
| Change Orders to Date: | \$ 149,423.00 |
| Current Revised Contract Amount: | \$2,709,218.00 |

1st time extension – 225 calendar days
2nd time extension – 153 calendar days
3rd time extension – 152 calendar days
4th time extension – 91 calendar days
5th time extension – 92 calendar days

RECOMMENDATION: It is recommended that the Board grant this request for additional funds of \$764,920.58 and the extension of contract time of 1704 calendar days to WCC. If approved, the contract completion date will be extended from October 30, 2004, to June 30, 2009.

7) SOUTH KOHALA:

A. **JOB NO. 2007-043, CONSTRUCTION OF THE WAIKOLOA RESERVOIR NO. 2 EARTHQUAKE REPAIRS, KAMUELA, HAWAI'I, COUNTY OF HAWAI'I, STATE OF HAWAI'I, FEMA-1664-DR-HI, FIPS NO. 001-UVKJ8-00, PW NO. 638:**

Bids for this project will be opened on November 20, 2008, at 2:00 p.m.; and a report and recommendation will be provided at the meeting.

8) NORTH KONA:

A. **PALANI TRANSMISSION PROJECT:**

Status of negotiations for easements for the project to be presented.

B. **RESOLUTION NO. 08-07:**

This Resolution is being introduced for the condemnation of a portion of Tax Map Key 7-4-004:003 and a portion of Tax Map Key 7-4-004:076 for the purpose of creating an access and utility easement for a transmission waterline and related road. This transmission line is to be a key component of the overall plan to bring source water from wells located above Mamalahoa Highway down to the high-demand service areas of North Kona below the highway.

This condemnation is required because the landowner has not been able to come to a suitable agreement in a timely manner, and time is of the essence to proceed with the transmission line project.

RECOMMENDATION: It is recommended that the Board approve this Resolution No. 08-07 and authorize the Department and Corporation Counsel to continue with the condemnation process.

C. **JOB NO. 2004-839, KEOPU-PUUHONUA PRODUCTION WELL AND 1.0 MG RESERVOIR:**

The contractor, Isemoto Contracting Co., Ltd., requests a 197 calendar-day time extension. This request is due to delays beyond the control of the contractor with the manufacturing, shipping and testing of the motor and pump combination. See attached request from the contractor. Staff has reviewed the request and finds that the 197 calendar days are justified.

This is the second time extension request. The first time extension granted at the April 22, 2008, meeting was for 91 calendar days from August 19, 2008, to November 18, 2008.

RECOMMENDATION: It is recommended that the Board approve a contract time extension to Isemoto Contracting Co., Ltd., of one hundred ninety-seven (197) calendar days from November 18, 2008, to June 3, 2009, for JOB NO. 2004-839, KEOPU-PRODUCTION PRODUCTION WELL AND 1.0 MG RESERVOIR.

D. RESOLUTION NO. 08-08 OF SUPPORT FOR DEVELOPMENT OF WATER DESALINATION FACILITIES FOR O‘OMA BEACHSIDE VILLAGE LLC:

Attached is Resolution No. 08-08 for the support of water desalination facilities for O‘oma Beachside Village LLC situated in the North Kona area, Tax Map Key (3) 7-3-009:004 and 022.

The Department has been working with O‘oma Beachside Village LLC to find alternate ways of providing potable water to support their development since water availability from our water system in that area is not available. The Resolution supports O‘oma’s effort to develop water desalination facilities that meet all applicable rules, regulations, and water quality standards for the State of Hawai‘i, Department of Health.

RECOMMENDATION: It is recommended that the Water Board adopt Resolution No. 08-08 which supports the development of water desalination facilities for potable use by O‘oma Beachside Village LLC.

9) **MISCELLANEOUS:**

A. **DEDICATION OF WATER SYSTEMS:**

The Department 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 AND BILL OF SALE

Hualalai Vistas Subdivision
Subdivision Application No. 2004-038
Grantor/Seller: HV ASSOCIATES, LLC
TMK: (3) 7-3-007: 027 and 050
E.W.O.: 2006-071
Lots: 47 and 4 Roadway Lots Zoning: A-1a
Facilities Charge: \$57,380.00 Date Paid: 4/05/07
Final Inspection Date: 3/07/08 CAF: \$5,000.00
Water System Cost: \$ 660,280.00

2. GRANT OF EASEMENT AND BILL OF SALE

Subdivision Application No. 2003-0125
Grantor/Seller: Dianne Jamieson-Feeney
TMK: (3) 6-4-002: 003 and 076
E.W.O.: 2008-066
Lots: 14 Zoning: A-1a
Facilities Charge: \$66,000.00 Date Paid: 11/06/08
Final Inspection Date: 11/05/08
Water System Cost: \$155,500.00

3. GRANT OF EASEMENT OVER EASEMENT A

(For Road and Utility Purposes)

Grantor: Surety Kohala Corporation

TMK: (3) 5-4-003: 003 and 002

RECOMMENDATION: It is recommended that the Water Board accept these documents subject to the approval of the Corporation Counsel and that either the Chairperson or the Vice-Chairperson be authorized to sign the documents.

B. WATER HAULING BID NO. 2008-10, PRICE AGREEMENT TO PROVIDE WATER HAULING SERVICES TO VARIOUS LOCATIONS ISLAND-WIDE (ON AN AS-NEEDED BASIS) FOR THE DEPARTMENT OF WATER SUPPLY:

Proposals were opened on November 13, 2008, at 2:00 p.m.; and attached are the bid results.

Should the situation occur and the Department is in need of services, a contract will be made and the contractor will be selected based on criteria in the best interests of the Department for the particular situation.

C. PROFESSIONAL SERVICES AGREEMENT:

Professional Services Agreement contract for the following Department of Water Supply project is currently being processed. However, the project is not listed on the Department's current five-year Capital Improvement Projects list. Funding will come from the Department's Operating Budget under "Contractual Services."

- 1) SCADA Master Plan consists of doing a comprehensive island-wide radio path survey, evaluate current and future hardware and software needs, study tank site security needs, and to develop a master plan. The plan is needed to accommodate future growth as more and more tank and pump stations come online.
Consultant: To be determined
Fee: \$200,000.00 (estimate, subject to negotiation)

RECOMMENDATION: It is recommended that the Board approve the new project, the professional services contract, subject to results of the Procurement process, and that either the Chairperson or the Vice-Chairperson be authorized to sign the documents, subject to approval by our Corporation Counsel.

D. REALLOCATION REQUEST FOR THE WATER PLANT ELECTRICIAN-MECHANIC SERIES:

The existing duties and responsibilities of the Water Plant Electrician-Mechanic positions have expanded significantly in recent years. The position:

- Requires more electronic and computer skills due to advances in technology.

- Performs installation, repairs, maintenance and operation of new electronic and SCADA equipment. Some of the new equipment includes soft starters, programmable logic control units, alarms and water monitoring equipment.
- Performs duties that are typical of the Plant Electrical/Electronic Equipment Repairer at the Honolulu Board of Water Supply, who are rated one step higher.

The County’s Department of Human Resources performed a recent audit of the positions and has determined that the Water Plant Electrician-Mechanic series should be upgraded (reallocated) one step for each position in the series.

Attached is an organizational chart for both the “existing” positions and “proposed” reallocated positions in the Operations Division.

RECOMMENDATION: It is recommended that the Board approve the proposed reallocations and amendment to the existing Table of Organization.

E. POWER COST ADJUSTMENT CLAUSE:

The Department's new PCC formula allows updating of the PCC every 2 months and is to be computed by dividing power costs by consumption. Currently, since July 1, 2008, the PCC is \$1.70 per 1,000 gallons which has resulted in a loss of \$2,145,335.77 compared to the amount paid for power over the first 4 months of this fiscal year. While an increase in the PCC is warranted in order for the Department to cover its power costs, an increase of the PCC to \$2.38 per 1,000 gallons as shown in the table below may be too severe an increase for our customers. We therefore suggest that the actual cumulative PCC resulting from the month of September 2008 be used and assessed to our customers. This will provide a more tolerable increase in PCC since July 1, 2008.

| | Actual Power Costs | Actual Consumption ('000 gallons) | PCC in effect | Power Costs Recovered | Power Cost Losses | Actual PCC Incurred | Actual Cumulative PCC |
|------------|--------------------|-----------------------------------|---------------|-----------------------|-------------------|---------------------|-----------------------|
| Oct. 2008 | \$1,944,282.50 | 665,552 | \$1.70 | \$1,131,438.40 | (\$812,844.10) | \$2.92 | \$2.38 |
| Sept. 2008 | \$2,051,402.72 | 927,274 | \$1.70 | \$1,576,365.80 | (\$475,036.92) | \$2.21 | \$2.23 |
| Aug. 2008 | \$1,812,068.10 | 693,493 | \$1.70 | \$1,178,938.10 | (\$633,130.00) | \$2.61 | \$2.24 |
| July 2008 | \$1,727,435.85 | 884,183 | \$1.70 | \$1,503,111.10 | (\$224,324.75) | \$1.95 | \$1.95 |
| TOTAL | \$7,535,189.17 | 3,170,502 | | \$5,389,853.40 | (\$2,145,335.77) | | |

RECOMMENDATION: The Department recommends increasing the PCC rate from \$1.70 per 1,000 gallons to September 2008's actual cumulative PCC of \$2.23 per 1,000 gallons effective the first day of the month after the PCC rate is established by the Water Board.

F. COMMUNICATION AND EDUCATION OF THE DEPARTMENT’S SUSTAINABILITY PROGRAM:

Presentation to be given by Department personnel, followed by discussion.

G. MONTHLY PROGRESS REPORT:

Submission of Progress Report of Projects by the Department (see attached). Department personnel will be available to respond to questions by the Board regarding the status/progress of any project.

H. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

Submission of financial statements and information relating to the financial status of the Department. Department personnel will be available to respond to questions by the Board relating to the financial status of the Department.

I. WATER RATE STUDY:

For discussion by the Water Board on results of the final report.

J. MANAGER'S EVALUATION:

Evaluations were to be turned in to the Secretary to be forwarded to Ms. Kim for compiling. Discussion on next steps.

K. MANAGER'S REPORT:

The Manager will provide an update or status on the following:

1. Hawaiian Ocean View Exploratory Well
2. Negotiations with Kamehameha Investment Corporation
3. Automatic Meter Reading (AMR) Program
4. Water Hauling (Pepeekeo and other areas)
5. Recycling Program
6. Transportation Committee
7. Major West Hawaii Projects (executed agreements)
8. Emergency Generators Installation
9. Kona Water Roundtable Meeting - November 3, 2008
10. Water Quality Meeting, West Hawaii - November 11, 2008
11. E Malama Festival
12. Hawaii Water Works Association (HWWA) Conference, Maui - October 29 to 31, 2008

L. CHAIRPERSON'S REPORT:

Chairperson to provide comments and/or information relating to matters of concern to the Water Board.

10) ANNOUNCEMENTS:

1. Next Meeting:

The next meeting of the Water Board will be held on December 16, 2008, 10:00 a.m., in the Hilo Operations Center Conference Room, 889 Leilani Street, Hilo, Hawai'i.

11) STATEMENTS FROM THE PUBLIC

12) ADJOURNMENT

The meeting place is accessible to persons with disabilities. If you require use of an auxiliary aid or other access accommodation, please contact Doreen Shirota at 961-8050 as soon as possible or at least 5 days prior to the meeting.

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

Notice to Lobbyists: If you are a lobbyist, you must register with the Hawai‘i County Clerk within five days of becoming a lobbyist. {Article 15, Section 2-91.3(b), Hawai‘i County Code} A lobbyist means “any individual engaged for pay or other consideration who spends more than five hours in any month or \$275 in any six-month period for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials.” {Article 15, Section 2-91.3(a)(6), Hawai‘i County Code} Registration forms and expenditure report documents are available at the Office of the County Clerk-Council, Hilo, Hawai‘i.