

MINUTES

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

November 27, 2007

Hawaiian Ocean View Community Center

MEMBERS PRESENT:

Mr. Thomas Goya, Chairman
Mr. Riley Smith, Vice-Chairman
Mr. George Harai
Mr. Loren Heck
Ms. Millie Kim
Mr. Francis Kuailani (10:43 a.m.)
Mr. Dwayne Mukai
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. Bruce McClure, Director, Department of Public Works
(ex-officio member)
Mr. Christopher Yuen, Director, Planning Department
(ex-officio member)

OTHERS PRESENT:

Ms. Katherine Garson, Deputy Corporation Counsel
Ms. Molly Lugo, Deputy Corporation Counsel
Ms. Emarie Kawaauhau, Legal Clerk, Corporation Counsel's Office
Mr. William DeMent, SSFM International
Councilman Bob Jacobson
David Baglow
Carole Baker
Beatrice Bowman
Bruce Coates
Donna Durgin
Antonio Grafilo
Mr. Dick Hershberger
Gary & Gene Hughes
Karen Ingraham
George Lacy
Robin Lamson
Barbara Lively
Michael L. Lastipe
Dennis Lomas

Frank Musacchio
Carol Nehaus
Don Nitsche
Stephen Sampson
Donald Schenkein
Jim Stutheit
Leslie Summerfield
Evelyn Thompson
Antonio Vergina
Conrad Wareham
Pat Wheeler
Ken Wicks
Bob & Phoenicia Zeller
Don Zimbeck

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
Ms. Shari Komata, Engineering Division
Mr. Richard Tsunoda, Waterworks Controller
Mr. Daryl Ikeda, Chief of Operations

CALL TO ORDER - Chairman Goya called the meeting to order at 10:00 a.m.

STATEMENTS FROM THE PUBLIC

1. Robin Lamson:

CHAIRMAN GOYA: The first person is Robin Lamson, and he is here representing the Friends of Kahuku Park. Robin, good morning.

R. LAMSON: Thank you Mr. Chairman. I'll be very brief. My interest in appearing today is to make a formal request that when and if a well is dug here in Ocean View that a line be run to the Kahuku Park. Aside from this building (Ocean View Community Center), it's the only facility we have for children. We have three or four hundred kids dumped off there a day, after school, in summer programs. And we have a pavilion which is half bathrooms and picnic tables and half water tank. It's a 30' x 32' room. If we could get a waterline up there, we could eliminate that water tank and have a nice enclosed facility for our meetings as well as for children's activities. So I'm hopeful if I came and made a formal request -, I have conducted a conversation with Mr. Pavao and Mr. Heck; but I hope that might get put in a footnote somewhere and remembered. We'd appreciate it very much because that would make a big

difference for us, rather than to have to build a whole new building, we could redo the other. Thank you.

CHAIRMAN GOYA: Thank you for your comments Mr. Lamson.

2. Carol Joan Nehaus

Ms. Nehaus stated that she was not prepared to make a presentation today but requested if the Board could move the Ocean View part of its Agenda to the front, it would be appreciated.

3. Don Nitsche

CHAIRMAN GOYA: Our third person is Don Nitsche, and I guess he needs no further introduction. Good morning Don.

D. NITSCHKE: I guess you can refer to me as the nag. Anyway, I represent Ocean View Community Development Corporation. I'm the chairman of the water committee and have been for a number of years. And we have a few questions we'd like to ask. One thing is what is the estimated start of the project for the test well -, for the exploratory well? We'd like to find that out. It seems to be the contract was let a while back, and we were kind of wondering when it might go forward or what the -, if there is a penalty if they go beyond a certain date. Another thing we'd like to know is how much of the funds are still available -, how much have been spent so far for the studies and the engineering and the EIS and how much of the funds are actually left to let out contracts with? Because I understand that the contract -, there will have to be another contract after the exploratory well, if it's successful, to ream the exploratory well into a production well. And we don't quite understand why it wasn't all one contract; but anyway, what would the timeframe for that be and the actual timeframe possibility of getting water flowing in Ocean View? Another factor we are very concerned about, we had hoped there would be enough funds left over and with the contractor on site, a second well could be put in because our understanding now is that the new policy of the Department of Water Supply is there has to be two wells before we can have meters. And so we're concerned about that. We'd like to have our business community be able to get water, to start with, and then eventually we understand we could develop our own systems and come out into the community and supply people with their own water meters. Another question that we have is are the temporary meters that are in Naalehu and Waiohinu at the present time, are they all going to be moved up to the loading site for the spigots, so to speak, and will the water haulers be charged the same as they have in the past for the water like they have been where their existing meters are? And is there going to be -, what are -, has it been given much thought about the regulations for people getting their own water from the spigot--if there's going to be a certain amount or quantity that they can haul away on their own or if they get charged for it after a point or if there has been much thought put into that? That's kind of an interesting factor. Maybe some of these could be answered quickly, I'm not sure. But those are the main factors we're concerned about, is the second well and kind of when things would be getting underway in which we are very happy they are finally getting underway, and how much of the funds are left to put the second well in. Do you have any questions of us--of the community?

CHAIRMAN GOYA: We will take that up when we discuss the project and address some of your concerns and questions that you have provided us with at this time, and I think that the consultant and the Department heads prepared information and responses to some of the questions that we have as well.

D. NITSCHKE: Okay.

CHAIRMAN GOYA: So we'll take that up probably first on the Agenda.

D. NITSCHKE: Thank you. And I'd like to add one other thing. We certainly are behind the Friends of Kahuku Park. That's another branch of our Ocean View Community Development Corporation -, another committee. So we'd like -, we certainly think that makes common sense to give access to the park right off the bat instead of waiting for a second well or that sort of a thing. Thank you for your time.

APPROVAL OF MINUTES

ACTION: Mr. Heck moved for approval of the Minutes of the October 23, 2007, Water Board Meeting; seconded by Ms. Kim and carried unanimously by voice vote.

ACTION TO MOVE UP AGENDA ITEM:

ACTION: Mr. Heck moved to move Agenda Item 7(A) Hawaiian Ocean View Estates Water Facilities Project, to above Item No. 5; seconded by Ms. Kim and carried unanimously by voice vote.

KA'U:

A. HAWAIIAN OCEAN VIEW ESTATES (HOVE) WATER FACILITIES PROJECT (JOB NO. 2007-922):

The Manager introduced the project engineer from the Department, Ms. Shari Komata, and Mr. William DeMent from SSFM International, Inc. (SSFM), the consultant for the project. They will be providing information on the budget and the scheduling. The Manager addressed a couple of the issues that Mr. Nitsche mentioned this morning. One was the estimated start of the exploratory well. He explained that the delay has been that the contract had to be sent to the State of Hawai'i, Department of Accounting and General Services (DAGS), for review and approval because the funding is State appropriation; and it took a while for the contract to come back from them. As he understands, the contract needs to be signed by the County of Hawai'i because the monies were appropriated to the County, not the Department of Water Supply (DWS). Although DWS is administering and preparing everything, it has to get approval from the State and the County. It is DWS' hope that the actual onsite drilling can begin soon. Regarding service to the community center, as mentioned, the DWS would like to have a second well in place before granting any domestic service because should something happen, then DWS would need to haul water if there is no second well. That also goes for the park. Maybe something could be worked out with the park; and this will be explored with the Department of Parks and Recreation to see what can be done--if there is an agreement that can be made. As far as the temporary meters in

Naalehu and Waiohinu being relocated to Hawaiian Ocean View Estates, the DWS will have standpipe meters available at Hawaiian Ocean View once the project is completed. It depends on whether or not the water haulers in Waiohinu and Naalehu want to relocate their meters to Hawaiian Ocean View. It will be their decision. DWS will have meters available at the standpipe for truckers; and they would have to come in and apply for the meter to use that standpipe from Hawaiian Ocean View. As far as the regulation for spigots, there are spigots islandwide; and there are no regulations on any spigot except for the fact that at each spigot, there is a sign that limits use to a certain amount of water. You cannot come there with a truck and fill up from a spigot. There will be no other regulations for the spigots other than what already exists for the rest of the island. Also, the Department of Public Works (DPW) pays DWS for the consumption from the spigots. Each spigot will have a meter and that meter reading is taken and sent to DPW.

Mr. Smith stated that the DPW was previously authorized by Civil Defense as the permittee, or the meter account holder, on the emergency spigots and that all DWS does is provide the water to the meter. The administration, rules, and clean-up of the sites fall under DPW's responsibility. If the community has issues such as abuse or cleanliness at any of the sites, they should contact any one of DPW's offices and maybe their baseyards can address them.

Mr. Heck asked if the Manager knew if DPW would be signing off on this spigot and would be paying for the water.

The Manager replied that is something DWS would need to discuss with DPW. As he mentioned, every other spigot on the island is treated that way, and he did not see why Hawaiian Ocean View would be treated any differently.

Mr. Heck stated he knew there was federal funding for that purpose, and he wondered if this spigot would apply.

The Manager thought it would be the same. DWS is also working with some federal funds to provide additional spigots around the island (the \$1 million grant). Again, this will be treated like every other spigot on the island.

In response to Mr. Heck's question if that would be followed up on quickly, the Manager replied that the DWS needs to schedule formal meetings with the Mayor's Office and the DPW.

Mr. Smith stated that if the community has issues about whether that would be enacted, they need to follow up with the Mayor's Office and DPW; and when the application comes in from those offices to the DWS, then they can process it.

The Manager added that this project will provide for the spigots.

Ms. Kim asked the Manager for clarification on the difference between a standpipe and a spigot.

The Manager explained that a spigot is basically a hose bibb that is made to fill up a one-gallon or five-gallon jug, and it is low to the ground. A standpipe is a 2-inch pipe that goes above the height of a typical water hauling truck so that it can fill from the top. The normal resident would

not take water from a standpipe because each standpipe must be assigned a specific meter to a specific hauler. Residents can get water from a spigot. There is a big difference between the two.

Ms. Komata came forward to provide the Board with the scope of the Hawaiian Ocean View project. Currently, this project is based on the initial request to the Mayor, asking for a well site, a fill station, and to provide fire protection to the commercial district in this area. She pointed out the park where, as part of the project, the County acquired property near to it so the well could be drilled. What is planned is to install a transmission line down to the fill station off Lehua Lane. After that is a fire protection line to the community area. This was the initial idea of what the project would entail. The DWS has been working on simultaneously doing two contracts at once. The contract the Manager spoke of earlier that was awaited from DAGS was for the exploratory well--to drill the first test well to see what can be achieved from it. That contract took a while to come back and has just been received by DWS. She will work on getting that contract out, so based on this week, the contractor will probably start January of 2008.

Chairman Goya asked Ms. Komata to describe the streets that are being discussed in this project.

Ms. Komata stated that the park is on Paradise Circle. From there, the transmission line will come out and head towards Keaka Parkway. From there it goes down Lehua Lane to the fill station and will continue down Keaka Parkway, and the plan is to cross the highway and go down towards Prince Kuhio Boulevard with fire hydrants for the fire protection for the commercial area. The first stage was to put out a contract for the driller to drill the exploratory well, and that is the contract the DWS just got back yesterday. They will be starting to drill; and in the meantime, because the funds have to be encumbered by June of 2008, and realizing how long this contract took to get executed, DWS is working on a design-build project for the production well phase, which will include constructing the reservoir, the fill station site, and all of the transmission lines. Currently, the DWS has a Request for Qualifications out that staff is in the process of reviewing; and from that stage, DWS will do a Request for Proposals the beginning part of next year. Based on the Request for Proposals, the DWS hopes to select a team which will comprise of a contractor and a consultant to develop the rest of the design and construct it. Selection would need to be done by the middle of April 2008 so that a contract can be in place by June 2008.

The Manager stated that if it was not done this way, the DWS would never be able to encumber the funds by June 30, 2008. If the DWS went with the conventional design-build method, it would not have gotten through with the design prior to that deadline, let alone trying to get the contract. The Request for Proposals and the design-build process was the only way to give a better chance of encumbering the funds by June 30, 2008. The DWS already has the funds encumbered for Phase 1, which is the exploratory drilling. Their key right now is to get everything in place such that the remaining funds can be encumbered by the deadline. Going back to Mr. Nitsche's question of why the DWS does not do the exploratory well and the development at the same time, he explained that it is not done that way because you need the information from the exploratory well to actually design the development of the production well, and that is the reason why every well on this island has two phases. If the two projects were done at once, you would be taking an uneducated guess as to how much water is there and you would be probably choosing the wrong size pump and casing. This way, the well can be efficiently outfitted.

Councilman Bob Jacobsen asked if the pumps will be designed to withstand high pressures because he had a constituent who was very concerned that the cast iron pumps that are being used throughout the State are not able to withstand some of the pressures that a Stainless Steel pump or a high-strength tensile steel pump would actually withstand. There are a lot of breakdowns, and the cost of pulling the pump out of the well and downtime are excessive because of pumps that are not adequate.

The Manager stated that the pressures are an inherent part of the design. He was not sure how many bowls this particular pump would have, but each bowl is capable of producing a certain amount of energy or pressure to take the water up. The bottom bowl has the least amount of pressure, and the highest bowl has the greatest amount of pressure. They are designed to withstand the pressure necessary to take the water from ground level all the way into the tank. That is not to say that impalas and bowls do not break, because they do; but it is not because they are not designed properly.

Mr. Heck stated that he had spoken with the same person Mr. Jacobsen mentioned, and that individual seemed very knowledgeable. His concern was the depth of the well. Mr. Heck asked if any up-to-date specifications could be obtained somewhere if anyone wished to see them.

The Manager replied that the successful team that will be selected from the Request for Proposals will have the responsibility of designing the pump; and as soon as they have the design made, that information will be available.

Mr. Heck asked if that would come through the biweekly reviews that come from this Department, through Ms. Komata.

Ms. Komata replied that the Request for Proposals will be in April 2008 so that a contract can be awarded. Once the contract is done, then the team can work on the design. Right now, that type of information would not be known. The team that is selected will be relying on this first phase (exploratory well), which includes the pump test. The drilling contract is almost a one-year contract, so it will be a little bit down the road.

The Manager mentioned the USGS monitoring well. There is some idea of where the water level is, which was about 3.8 feet above sea level. It is not unlikely that the exploratory well will probably hit the same type of water level.

Mr. Smith asked about where the reservoir would be placed in relation to Kahuku Park and what the elevation difference would be between the reservoir spillway and the park.

Ms. Komata replied that the reservoir would be on the next lot right above the park.

The Manager stated that it would be less than 40 pounds per square inch (psi).

Mr. Smith stated that if water was provided to the park, right from the beginning, it would be substandard, below 40 psi, so there would be a lot of conditions. You would not get fire flow or minimum pressure required for most appliances, sprinkler heads, etc.

The Manager stated that this type of situation occurs elsewhere, and the Department has the applicant sign an elevation agreement where they acknowledge the fact that the water pressure is below standard.

Mr. Smith wanted the community to understand that, should the community be provided with water, it is not going to be standard pressure; and it may come out very slowly from the spigot. He also commented, just for clarification, that the Manager had mentioned the Request for Proposals (RFP) process; and the reason the DWS is going through that is to comply with the State Procurement rules about encumbering the funds prior to the deadline, thereafter, they would lapse. The RFP process is not new in the State or the County. As with the recent project on Queen Kaahumanu Highway, Wesley R. Segawa & Associates, Inc., got the job for widening of that highway through an RFP process to meet the same kind of procurement requirements to encumber the funds and do the design at the same time, so this is not anything new. It is just a matter of following the State's rules so that you can utilize the money and get the job done; otherwise there is no project. That is the reality of dealing with State or County funding. You need to follow Procurement rules. The other thing it is important to understand is that in the RFP and in the selection of the team, which would include a contractor and a consultant, the consultant does the design similar to Phase 1, SSFM is responsible for the design; and then they would be teamed with a contractor that builds the resulting design. Just as the contractor is responsible if there are any construction problems, the consultant is responsible if there are any design problems. There are remedies to problems like improper pump specifications or improper installation.

Mr. Heck asked if there was anything Kahuku Park could do to increase the water pressure, such as putting in their own pump or something to bring the pressure up.

The Manager replied that they could, but it would be very expensive and would probably be the same situation they have now because the Department's rules do not allow any direct pumping from its system. That means they would have to put up a small tank, fill it with DWS' water, and ensure that there is a sufficient air gap so there is no possibility of backflow. From that tank, they would need a separate booster pump where they could boost it to the pressures they need.

Mr. Heck mentioned there is a system that they have installed already.

The Manager stated it is like every other homeowner that has a catchment tank with a pump, except DWS would be filling that catchment tank.

Mr. Heck stated that he hoped the water would be considerably less expensive than what they are currently paying.

The Manager stated that they would have to pay for the water from DWS, plus pay for the energy for their own booster pump so it would be more expensive than just a catchment system.

Mr. Heck asked about the budget because there is \$6 million to do as much as could be done. The community is a little concerned about what has been spent, what is left, and if there is going to be enough money for the fire hydrants. He asked if the Manager could give an idea of where the budget is right now.

The Manager stated that Mr. DeMent would be including that in his presentation. Before turning it over to Mr. DeMent, he voiced his concern about the unexpected delay with DAGS and the contract which held this back several weeks. The time schedules were meant to comply with procuring the money and having it encumbered by June 30, 2008. The plan is to select a team in April and hopefully get an executed contract and send it to DAGS for review and execution. At that time, the funds are obligated. He is concerned that if there is another delay like this one, it may jeopardize the scheduling. He suggested if there was anyone who could assist with having DAGS speed up their process, that will certainly ensure that the funds will be encumbered. The scheduling was not meant to cover the delay that was recently experienced with DAGS and the contract.

Mr. DeMent reviewed the budget for the project. Procurement of the land was about \$200,000.00. Design fees so far, or the total contract amount, is \$440,000.00; and they are about halfway through that, so about \$220,000.00 for design fees right now. The design shown in his handout to the Board is what they call a "Cadillac" design, which gives the community everything it wanted, from a tank, a control building, 12-inch line, all the way down to all the commercial centers, except for the ones more toward Kona that would not be serviced by this project. There is an 8-inch line down Lehua Lane connecting into twenty water meters. It was found that there is not enough money for this "Cadillac" project so the process they are in now is a value engineering exercise, which means taking a look at the design and hacking away at it to get within the \$6 million. They can only estimate at this point in time and will find out the true cost when they start with the design-build team. What they hope to do is get a commitment from them that they will provide a product within the budget. There may come a need to reduce the size of the reservoir from the 1.5 million gallons down to something smaller, or drop fire service beyond Keaka Parkway, or possibly even reduce the size and number of meters within the fill and spigot site. All of these things have to be considered to get within the \$6 million budget.

Chairman Goya noted that what was handed out to the Board Members today was a preliminary budget; and for that "Cadillac" system, it is approximately \$13.5 million. It is broken down into well site, fill site, water transmission, and project-wide categories. The other document is a timeline for the project.

Mr. Heck asked how they will determine what will be hacked off first, or how they determine their priorities.

Mr. DeMent replied that generally, the tail end of things get hacked off. He would ask what the community's priority would be. It probably is getting water down at the fill and spigot site.

Mr. Heck stated that was the original plan and then the community started coming up with some very good ideas.

The Manager stated that no matter what happens, the DWS feels confident that it will be able to give the community what they had wanted from the very beginning, which is a well, a tank, and a fill station. As Mr. DeMent said, it depends on when the actual bids come in to determine what can be done. They will take out whatever is needed to maintain the initial intent of the project.

Mr. Smith noted for clarification that the typical process the consultant would follow is to do its best estimate on a project cost but what it really boils down to is what the contractor can build it for. One of the options the consultant can put together in their package is additive alternates that would include a base bid and then a menu of options and what they would cost. When the firm prices come in, then they could be chosen by working together with the Department and the community and gathering input before deciding on the scope of work to be contracted.

Mr. DeMent agreed that putting together the RFP to get the most flexibility and value for the dollar is a challenge. They have considered all of these additive alternates; but with a \$7.5 million shortfall, it would be impossible to get the full “Cadillac” so they have to be prudent and drop a lot of things. Their goal is to get as close as they can to get a good useable, workable budget to pass on to the design builder so they can analyze it and perhaps find cost savings or ways to get more done. It is a give and take situation.

Mr. Mukai noted that the “Cadillac” version includes a second well, if anyone in the audience was wondering why the price was so high.

Mr. DeMent stated that it is about \$2.8 million for the first well, and that includes electrical power. The additional well is a little over \$2 million. When wells are 2,100 feet deep, they get to be very expensive. They are relying on their initial exploratory drilling contract, which came in at about \$1.9 million. That will be used as the basis of cost for the second well, plus the outfitting, which is a little over \$300,000.00. The electrical portion is over \$600,000.00.

Chairman Goya noted that for members of the public, the Department and the Board would like to have them understand the process of developing the project in a timely manner. The consultant has been informed to make sure they take input from the community, but the consultant and the Department also need to be given time to work on and develop these numbers and take input at the appropriate time. Now that the consultant has some numbers put together in their presentation today, they should be willing to come out and discuss this in more detail with the community. As far as the Board is concerned, it would like to make sure that the \$6 million for the initial phase of the project is taken care of and that it moves forward as expeditiously as possible. He asked for the public’s patience and to provide their input at the appropriate time and not delay the project any more than it has been. The intent today was to have the Department and the consultant answer all of the questions the public had today and to meet with the community when it is appropriate. He emphasized that the consultant’s engineering work requires some technical review before sharing that information with the public.

Mr. Heck stated that he thinks this community has proven, and will continue to prove, to be helpful in the process rather than getting in the way. As far as DAGS is concerned, if the community can do anything, a little direction as to how to go about it would be good. He knew one real concern the community has about the “Cadillac” version of the project is the thought that maybe the Ocean View Community Development Corporation can work with the House Representatives and the Senate and get more funding. That is why they need to know what can and cannot be done under the current budget before the Session starts.

The Manager stated that he was almost certain that the second well will not be able to be included with the funds available.

Mr. Heck noted that something else that has been mentioned is that the power cost is going to be tremendous and that there could be a specific charge just for that water that might be above normal. He asked if the Department could possibly look into funding a power source such as solar or wind. The Department has an energy specialist on staff, and he thought it would be good to have it researched.

The Manager stated that the Department could have it researched. However, the initial investment to go into alternative power would probably far exceed what it would cost to bring in Hawaii Electric Light Company, Inc. (HELCO), power.

Mr. Heck stated that he would appreciate it if the Department would look into it and also provide what the payback period would be.

Chairman Goya took questions from the audience.

Mr. Dennis Lomas asked about the earlier mention of 40 psi and wondered how the fire hydrants would be filled up if there are to be hydrants out there. Also, out of that \$13.5 million, if all the costs are not in yet, he wondered how they came up with that figure and what percentage of it is going to the consultants.

Mr. DeMent replied that \$441,000.00 is their contract for the design of Phase 1. There is some design in Phase 2, which is estimated to be between \$100,000.00 and \$150,000.00 for that portion of the design. Every component was assigned a value, plus the land acquisition and the design cost. That is how they came up with a spreadsheet that added up all the different components--everything from equipment, labor, general expenses, and contractor costs.

Mr. Dick Hershberger mentioned that the last time the Water Board held a meeting in Ocean View (October 24, 2006), the words that were constantly used during the course of that meeting, especially by the consultants, were "fast track." Those words have not been used here today at all. "Expeditious" was as close to fast track as was heard today. He asked if the name of the person at DAGS the Department has been dealing with could be provided to Mr. Heck so he could disseminate that information to the community. That way, they could ensure that DAGS is made aware of the fast-track nature of this project. Without that, there could be another unexpected delay.

The Manager responded that this project has been fast tracked whether the community believed it or not. The Department has one engineer fully dedicated to this project and a consultant that meets with the Department almost every week. The fact that the Department went non-traditional on the design in the RFP process indicates its desire to have this done as soon as possible. The key factor for the Department is when the funds expire (June 30, 2008). He could not imagine how this Department could do it any faster. This Department has done everything possible to make this happen as soon as it possibly can.

Mr. Hershberger accepted the fact that the Department has been “fast-tracking” this; but obviously, there was no taking into consideration the situation with DAGS, which apparently is something that is repeated in these programs; and that should have been foreseen in this process, and it cost the engineer in terms of time about four weeks to get their approval.

The Manager stated that the next time, the Department will stay on top of it and find out when the contract can be returned.

Mr. Bruce Coates stated that he is the president of the Ocean View Community Association. He was shocked at the leisurely manner in which this new price tag of \$13.5 million was presented today and that items would have to be trimmed. This new price is more than double the original price, and he wondered how much would have to be trimmed to get to \$6 million. He added that he has a little experience in drilling wells and laying lines, and these numbers seem extraordinary. His second question was how many drilling contractors submitted bids on this job.

Mr. DeMent replied that two drilling contractors submitted bids for the drilling of the exploratory well. For the Request for Qualifications, there are four teams signed up. All four teams are utilizing the same driller, Beylik Drilling & Pump Service. He added that he also was shocked at the cost.

Mr. Jim Stutheit asked for clarification on the cost for the first well and when the start date would be.

Mr. DeMent stated it was \$2.8 million just for the drilling of the exploratory well. The casing is \$1.9 million.

Ms. Komata added that the Department still needs to talk to the contractor, but they have anywhere from now until mid January 2008 to start the drilling.

Mr. Michael Lastipe stated that he is a professional engineer and asked if the exploratory well does produce enough volume, will it then be transitioned into a production well and also when they do the design, how much in gallons per day (gpd) would they be looking for per household, or meter, to find an adequate supply.

The Manager stated that if the exploratory well is successful, it will be turned into a production well. That is normal procedure. The gpd is determined by what the safe yield of the well is and then it is designed to accommodate the safe yield. The safe yield is an amount of water that you can pull out of a well continually without having any detrimental affect on the aquifer. Every well is different, and the well determines how many gpd can be used. The Department has some wells that can produce 1,400 gallons per minute, which is two million a day. For this particular well, you are probably looking at 150 to 200 gallons per minute. It differs by climate, region, and by rainfall.

In response to Mr. Lastipe’s question of whether the number of meters would be cut back if the well does not produce as much as desired, the Manager replied in the affirmative. The usage would be cut back by the Department.

In response to a question by Ms. Evelyn Thompson of what the Department paid for the property for the well, per acre, Mr. DeMent replied that the cost on the fill site (three acres) was \$125,000.00. Ms. Thompson thought that was high because her lot was \$8,000.00.

Mr. Heck noted that was a great deal for property right on the highway. He thought it would have been a higher price for three acres along the highway.

In response to Ms. Ingraham's question of why it took DAGS so long to respond, Chairman Goya stated that the Department would try to have an answer for her at the next consultant meeting.

Mr. Leslie Summerfield asked how confident the Department is that it will hit potable water within budget based on the sea level of the test well and also what the physical dimensions of the reservoir would be.

Mr. DeMent replied that a .5-million gallon tank is roughly 60 feet in diameter and 20 feet high. As far as hitting good water, it is a gamble; and there are a lot of things that can go wrong with a deep well. However, they have to rely on earlier experiences and go ahead. They will actually have a signed design-build contract before the well gets tested.

In response to Mr. Summerfield's question of whether the project would be abandoned if good water is not found, Mr. DeMent replied that they would probably pull the plug and stop immediately if the well does not prove out.

In response to a question of whether any property owners of Hawaiian Ocean View Estates will ever have to contribute monies to this project, now or in the future, the Manager replied not for this project.

Mr. Conrad Wareham stated that he was curious about the location of the well and why that site was chosen. There is speculation from DWS about a yield of 150 to 200 gpm from this particular location, which is not known yet. If you get into this location and find you may have a higher yield like 600 or 800 gpm, if there would there be anything in there where if you find it does produce that much that you would drill a well because it would seem more logical if you build a well that would have a greater yield than this one here.

The Manager replied that one of the reasons this site was chosen was because it was near the County park. Unfortunately, park lands could not be obtained, so it had to go one lot above the park. The reason it is in that vicinity is because it was the Department's understanding that is where the community wanted the well to be. As far as electrical, it does not make a difference if it is there or down where the USGS well was because you still need the same amount of energy to lift the water the same amount of feet.

Mr. Heck mentioned that in the Kau to South Kona Water Master Plan, Mr. Steve Bowles of Waimea Water Services had two suggested well sites--one was near the Community Center and the other was at the park. The community chose between those two sites.

Mr. Wareham stated that his most important question was if it is found that the yield could be more than 200 gpm, if it would produce more. It seems logical because of the amount of return on the investment.

The Manager replied the Department definitely would.

Mr. Lomas stated that he was still hung up on the \$13.5 million. The first thing he understood the community was supposed to have was six water fills for the trucks and twelve spigots. He wondered why things are added into the plan if it is going to make the price increase so much.

Mr. DeMent replied that as far as the meters and the standpipes go, it is a modular system so they could just drop five meters off at a time. What they are probably looking at, realistically, is keeping between five and ten meters for the standpipes and the number of spigots is something like six or ten, and they can be easily added or dropped.

Mr. Lomas asked what the price would be for just drilling and equipment and if it would be below the \$6 million.

Mr. DeMent replied that it might save \$50,000.00 to \$60,000.00 by dropping meters. That is not really where the big money would be saved. It would be saved by dropping transmission lines, not having to dig up the roads and putting in pipe. You would also save money on reducing the size of the reservoir.

Mr. Lomas clarified that they had asked for twelve spigots and six spouts for the trucks. If that is all that was asked for, he asked how much it would be to put that in plus the tank and the pumps.

Mr. DeMent replied that he did not have those figures today, and would have to look at it very closely.

In response to Mr. Lomas' question of whether it would be under \$6 million, Mr. DeMent replied it would not be at this time.

The Manager could see what Mr. Lomas was getting at, and he assured him that the Department would cut things back but that there would be a well, a tank, and a fill station.

Mr. Lomas asked if it could include a second well, if possible.

The Manager replied that was impossible at this point; however, the community would be assured of getting what it had asked for in the first place. Everything extra has evolved over a period of time. Now the Department has included what the community has added on, but then they are shocked to learn the cost.

Mr. Nitsche stated that he would like to back the Department on this. The community's original intent was to have a source of water, a well, a tank, and a place to load. It looks like that is what the community is going to get. As it has unfolded, the community has asked for more because the \$6 million was more than they thought was necessary for that phase, and he still believed it was.

One thing they would like to do as soon as possible is get an idea of what it will cost them to put the second well in so they can go to the Legislature and ask for more money. They do not have any idea how much to ask for. It does not have to be an exact amount--just a ballpark figure. They did ask a long time ago to be kept abreast of what is going on and have been to some degree but not as fully as they would have liked. They would like to and have a little more input into some decisions that are made along the way or if there is going to be some time delay, to be informed what they can do to help. He realized working with a bureaucracy is not easy and they have to work within their rules. They are going to get what they asked for in the beginning; but if everyone could be a little more patient as far as getting the additional things included so they can have water down the line, that is what they are looking at. It is always human desire to get a little more than you start out with. He added that he thought the DWS has done as good as it can with what they have to work with.

Mr. Donald Schenkein asked if this should have been two separate projects. The first project has become very complicated by adding more and more to it. It could have been simplified by having two separate projects--one for the system that everyone wanted initially, and then another project for the extras.

The Manager stated that the Department would have stuck to the original project; but because the community was asking for more, it was incorporated into the plans and that is how the so-called "Cadillac" evolved.

Mr. David Baglow stated that he was sure it was a very complicated design, but it seemed a little naïve that whatever things they have asked for are in Phase 1. He hears nothing about Phases 1, 2, and 3.

The Manager stated that there was some concern about the fees assessed by the consultant. He explained that the consultant is not only doing the design, but is responsible for the Environmental Assessment, the RFP submittal and formulation, plan review, and construction review. For all that the consultant is doing, \$400,000.00 is very reasonable.

RECESS: Mr. Smith moved for a 10-minute recess; seconded by Mr. Heck and carried unanimously by voice vote. (Recess from 11:28 a.m. to 11:38 a.m.)

Chairman Goya commented that the Board has accommodated the community's input here as part of the public process and has worked with the community in a number of cases to allow the public time to address the Board so they can make better decisions regarding the project. As Mr. Nitsche mentioned earlier, this money came out of a Legislative appropriation to the County of Hawai'i. It did not come directly to the Department of Water Supply. The Mayor assigned the project to the DWS to administer. What was seen today was the Department working with the consultant trying to expedite this project amid all of its other projects that the Board approved last year. In addition to the existing workload, this project has been added to it. The Board is mindful of the needs of this community. He thanked members of the Board for listening to the issues and concerns of the community today; and hopefully, in the future, the community's questions can be addressed by the Department and the consultant. He added that, personally, he would like to see

the park get water as it serves the community and there is a great need for it. If you have 300 children who need an after-school program, it would serve a major need for this community.

Ms. Kim thanked the group for coming out today; and as a Board Member, she assured the public that this subject comes up regularly at its meetings and the Department provides status reports. It has been her observation that the Department is working as hard as it can to try and get this Ocean View project going and on track. The Board had discussed the delay with DAGS at its last meeting and being a State agency, it makes it twice as hard for a County department to get them to hurry up and not delay a project. She appreciated one suggestion from an individual today that maybe the Department could let the community know and they could start calling that agency if that problem is encountered again in the future. There is always the downside where an agency does not appreciate having 10 or 20 calls a day because they feel it has been orchestrated by yet another agency.

Mr. Heck mentioned that he has been on the Water Board for five years. From his own point of view, this is a learning curve for the DWS to reach out and have meetings in the community where the work is to be done. There have been three meetings at this location, and the entire Board, engineers, and management have come out here. What he hears from the public is not an outpouring of anger but more of a curiosity about the project; and the more facts that are provided, the better it is. He thinks everyone understands now that \$6 million is going to get the community what it originally asked for, and the budget that was given today can be figured out by trying to get additional funding from the State. In his last year as a Board Member, he is very much appreciative of all of the effort that the Department of Water Supply has put in this project.

Mr. Kuailani stated that he is from the Kona district; and just in talking with some of the residents today, he was really surprised to learn that other associations or subdivisions were represented here today, and not only Ocean View. Hopefully, getting water here will bring unity within this whole area, as well as Naalehu and Pahala. He thought it was great that other subdivisions in the area would be utilizing the water resources once it is on line.

Mr. Harai stated that he is also from Kona and, like Mr. Nitsche, he believes that if you have an idea and you pursue it, things will happen. He thanked everyone for the hard work and effort put into this project.

Councilman Jacobson stated that there have been a lot of people in this community who worked tirelessly for many years. He sees this moving forward and that this revised price tag is going to allow the community to do some lobbying to get the extra money. He fully supports it, particularly supplying water to the park, to meet the needs for a lot of people. He was also grateful to the Manager and his staff for their efforts and sees progress and that the community is going to get a well, the supply lines, and the spigots. He wished some of the unpleasant delays and the high cost could be avoided; but unfortunately, as costs have doubled or tripled in the last couple of years, it is not just here but all across the country. He appreciated the Board's help, and in particular, Mr. Heck in his position here.

HAMAKUA:

A. JOB NO. 2007-923, AHUALOA WELL DEVELOPMENT – PHASE 2 (PRODUCTION WELL AND 1.0 MG RESERVOIR):

This project is a follow-up to Phase 1 of this project (approved at the October 26, 2004, Water Board Meeting), which involved the drilling, casing, and testing of an exploratory well near the Department's existing Ahualoa Backwash and Filter tanks. The well tests proved the well to be a reliable source. Therefore, the Department is pursuing outfitting the well and construction of a 1.0 MG reservoir for Phase 2 of the project. The project also includes the construction of approximately 1,100 L.F. of access road and 12-inch ductile iron waterline from Old Mamalahoa Highway to the site.

The estimated construction cost for this project is \$4,000,000.00. This project is NOT on the Department's existing C.I.P. list; therefore, Water Board approval is necessary to proceed. The project is on the DWS 20-year Water Master Plan. Funding for this project will initially be from DWS' C.I.P. budget; however, DWS is currently pursuing funding from the State Drinking Water Revolving Fund program for reimbursement.

The Manager recommended that the Board approve this project, JOB NO. 2007-923, AHUALOA WELL DEVELOPMENT – PHASE 2 (PRODUCTION WELL AND 1.0 MG RESERVOIR), and have the Department proceed with its design and implementation.

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

NORTH KONA:

A. JOB NO. 2006-898, KALOKO TANK #2 HYDROELECTRIC GENERATION PROJECT:

The Board considered a time extension request of 60 calendar days from the contractor, Aloha Machine and Welding, Ltd., due to delays in the testing phase of the hydro generator equipment. The original contract completion date is December 11, 2007. The proposed new contract completion date is February 12, 2008. This is the first time extension request.

Originally the equipment was to be built and tested by August 8, 2007. There were delays in the testing phase due to low water levels at the testing facility. Eventually, a large pump was brought in to complete the testing of the equipment. The equipment was shipped from the manufacturer on October 26, 2007. If approved, there is no change to the contract cost.

The Manager recommended that the Board grant a contract time extension of 60 calendar days to Aloha Machine and Welding, Ltd., for JOB NO. 2006-898, KALOKO TANK #2 HYDROELECTRIC GENERATION PROJECT.

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

B. JOB NO. 2003-834 (REVISED), CONSTRUCTION OF THE KONA BASEYARD FACILITY IMPROVEMENTS:

The Board considered a request from the contractor, Central Construction, Incorporated. This is the contractor's fourth time extension request to allow the Department of Water Supply additional time to secure the necessary building permit for the project. The consultant engineer has informed DWS staff that the variance process includes an additional 30-day comment period once he has received the approval from the Planning Department to send letters to the surrounding property owners. Upon completion of the 30-day comment period, DWS will have to address any concerns or comments received by the Planning Department and then they will finalize the variance application. Therefore, staff has evaluated this request and finds that the 65-calendar day extension is justified.

Previously approved time extensions by the Water Board:

- First time extension 64 calendar days (May 11, 2007, to July 14, 2007)
- Second time extension 60 calendar days (July 14, 2007, to September 12, 2007)
- Third time extension 60 calendar days (September 12, 2007, to November 11, 2007)

This is the recommended time extension for Water Board approval:

- Fourth time extension 65 calendar days (November 11, 2007, to January 15, 2008)

The Manager recommended that the Board grant Central Construction, Incorporated, a 65-calendar day extension for JOB NO. 2003-834 (REVISED), CONSTRUCTION OF THE KONA BASEYARD FACILITY IMPROVEMENTS.

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

Mr. Mukai noted this is the fourth time extension request to allow DWS additional time to secure the necessary building permit. He asked why it is taking so long.

Mr. Inaba explained that initially when DWS checked with the Planning Department, they said it would be an estimated six weeks before they would approve a variance; but now it is the understanding that once they get the variance application and they respond to it, then DWS has a 30-day comment period where its consultant would have to take the variance application and send out notices to the surrounding neighbors. The DWS did not initially foresee the requirement for a variance until applying for the building permit.

Chairman Goya noted there are now four time extensions of 60 or more calendar days.

Mr. Smith commented that from a Department of Public Works' point of view, if the existing structure met the existing setback requirements, there would be no need for a variance. What happened was the structure was not compliant so the Department had to get a building permit. The Planning Department requires a setback so that means either moving the building or getting a variance; and this all takes time.

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

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

Due to unforeseen site conditions at the Holualoa Well and Reservoir site, the contractor, Isemoto Contracting Co., Inc., issued a Request for Information (RFI) to determine the appropriate course of action. In response to the RFI, our consultant BK, Inc., determined that a special pipe fitting could remedy the situation.

The contractor has submitted a request for time extension to the contract completion date of 152 days. The completion date for this project is set for November 30, 2007. The contractor has indicated that the number of days requested is largely due to a delivery time of 10 to 12 weeks for the special fitting. The Department and its consultant are currently working on a change in the overall design to expedite remedy of the situation.

Therefore, the Department recommends a time extension of 90 calendar days to finish the design, implement the required work, and proceed with the remainder of the work required for this contract.

This would be the third time extension to the contract. The first time extension request was for 180 calendar delays due to the consultant's preparation of additional plans and specifications for addition of inlet control units and check valves at Holualoa #1 and Kahaluu #1 tank sites, which were not included in the original plans, and the contractor's additional time required for installation of same. There were also delays in review and revisions to submittals for the project. The second time extension was for 180 calendar days due to revisions to the project plans, scope of work, and project scheduling. The contractor could not proceed with construction until the Department determined the appropriate design and sequencing of construction for the project.

Engineering staff has reviewed this third time extension request and finds that the 90 calendar days are justified. If approved, the contract completion date will be extended from November 30, 2007, to January 29, 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.

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

Mr. Smith asked why the request in the contractor's letter was for 152 days, but the Department is only asking for 90 days.

Mr. Inaba explained that the 152 days was based on a change proposal from the consultant engineer, which required a special fitting. What staff decided and discussed with the consultant engineer was to look at an alternate resolution. No proposal was received from the contractor, but staff feels that the additional 90 days should be adequate. It will be a simpler solution; but the contractor needs to be provided with that design, and they have to submit a request at that point.

The Manager added that the Department thought that modifying the connection was simpler than waiting for that special fitting.

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

KA‘U:

A. **HAWAIIAN OCEAN VIEW ESTATES (HOVE) WATER FACILITIES PROJECT (JOB NO. 2007-922):**

Discussed earlier.

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**
(For Water Meters)
Grantor: Sandy’s Drive-in, Inc.
TMK: (3) 7-9-007:065

2. **GRANT OF EASEMENT**
(For Water Meters)
Grantor: The Sullivan Family Limited Partnership
TMK: (3) 7-9-007:036

3. **GRANT OF EASEMENT**
(For Waterline Purposes)
Grantors: Richard Ha Jr. and June Dale Ha
TMK: (3) 7-9-007:036
E.W.O.: 2007-008

The Manager recommended that the Water Board accepts these documents subject to the approval of the Corporation Counsel and that either the Chairman or the Vice-Chairman be authorized to sign the documents.

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

B. FOSTER KERN LLC, TAX MAP KEY (3) 1-6-003:005 (PORTION) AND 108 ULUPONO CENTER:

Mr. Inaba stated that this is a request from the developer, Foster Kern LLC, to cancel a waterline easement and to provide the Department a right-of-entry. It is kind of a swap, but it will not be a legal recordation for that easement, which would allow them to complete their subdivision.

Ms. Garson added that the Department did not have a recommendation at this point. This is a request from the developer to the Board to cancel the easement and give the Board, instead, a right-of-entry. She was told that the project was almost completed although that was not confirmed. She had asked the developer if they would be present at this meeting so they could plead their case to the Board, and they chose not to come.

The Manager recommended that the Board defer this until the developer can physically appear and give the Board reasons to approve this request.

MOTION FOR DEFERRAL: Mr. Smith moved that this item be deferred until the owner or representative has an opportunity to brief the Board on the specifics of the project; seconded by Mr. Mukai.

Mr. Mukai stated that he seconded the Motion because from what little information he had, he would be against granting of the right-of-way versus the easement.

Mr. Smith commented that if the Board rescinds the easement, then they do not get service.

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

C. PROFESSIONAL SERVICES AGREEMENT:

Professional Services Agreement contracts for the following Department of Water Supply project is currently being processed. However, the project is not listed on the Department's current 5-year Capital Improvement Projects list.

1) Kona Ocean View Improvements - this project has been initiated by a County Council's Improvement District process. It consists of the installation of a new water system meeting the Department's Water System Standards to serve about 80 lots within the subdivision. Through the Improvement District process, the Department administers the project. Therefore, DWS needs to advance design funds to procure professional engineer to prepare/assist with the following in order to apply for funding through USDA's Rural Utilities Water and Waste Disposal Loan and Grant Program:

- i. Preliminary Engineering Report
- ii. NEPA / 343 Environmental Assessment
- iii. USDA R.U.S. application
- iv. Construction documents

The Department is to get reimbursed the design funds from the Improvement District process.
Design and Construction cost estimate: \$400,000.00

The Manager recommended that the Board approve the new project, the professional services contract, subject to results of the procurement process and that either the Chairman or the Vice-Chairman be authorized to sign the necessary documents, subject to approval of Corporation Counsel.

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

The Manager noted that this is almost similar to Kona Ocean View/Wonderview Subdivisions, except on a much smaller scale. It is an Improvement District process. The Department will get reimbursed, but it has to front the money.

Mr. Smith stated that just learning from the experience with Kona Ocean View/Wonderview Subdivisions, even though the Department got reimbursed, the community had the time value of the money that the Department fronted. In addition to that, the DWS had to expend staff time to administer and monitor the project and there were surprises that came up about resurfacing the road and other issues so it was not a really clean project. Overall, the community benefited from DWS' involvement in that project.

Chairman Goya asked if the Department could provide the Board with the costs it incurred with the Kona Ocean View/Wonderview Subdivisions project so that when addressing these kinds of issues in the future, although money is available through external funding, there are some internal costs and materials that the DWS is responsible for that comes out of its own budget.

Mr. Smith asked if this was also similar to Kona Ocean View/Wonderview Subdivisions where there is a private master meter system that is being revamped to provide individual meters.

The Manager replied it was not. This is a situation where the residents have individual meters along the highway with separate waterlines going to their property. In fact, there was so much that about four years ago, the Department of Transportation stopped the DWS from allowing any further services there. This new system will be built to standards and dedicated to the Department after completion.

In response to Chairman Goya's question of how long the project will take, the Manager stated that the timetable to award the contract will be about two years from now because the Council has to get involved with a Resolution and the whole Improvement District process.

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

D. **WATER RATE STUDY 2007:**

Chairman Goya entertained a Motion to defer this item, as well as Items E and F, to the next meeting.

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

E. **BANKING AND CASH MANAGEMENT:**

Deferred (see Item D).

F. **DEPARTMENT OF WATER SUPPLY MOTTO:**

Deferred (see Item D).

G. **MONTHLY PROGRESS REPORT:**

Chairman Goya mentioned that on an individual basis, these project delays present cash flow problems when they all come to fruition. He thought somewhere down the road, the Department needs to analyze its cash flow situation. There are still projects outstanding on the list from 2001.

The Manager added that some are completed, but the paperwork has not been completed to actually accept the project.

H. **AUTOMATIC METER READING (AMR) SYSTEM CONTRACT – NEPTUNE TECHNOLOGY GROUP (ADDITIONAL 1,000 UNITS):**

Attached to the Agenda was an “Agreement For Sale And Installation Of Automatic Meter Reading System And Replacement Of Meters.” This agreement with Neptune is to have them install an additional 1,000 AMR units in addition to the 2,200 previously installed by contract dated September 19, 2006. These meters will allow meter readers to obtain meter readings via radio signal to either a handheld device or drive-by receiver. Meter readings are then loaded directly into the billing system providing clerical, in addition to field efficiencies. Cost to the Department for 1,000 AMR meters and installation is \$293,000.00. Total contract cost for 3,200 meters is \$942,000.00.

The Department recommends approval of the AMR contract with Neptune Technology Group and that either the Chairman or the Vice-Chairman be authorized to sign the contract, subject to review as to form and legality of the contract by Corporation Counsel.

MOTION: Mr. Smith moved for approval of the Department’s recommendation; seconded by Mr. Kuailani.

The Manager explained that the Board had appropriated \$1 million for AMR’s, and the Department found there was money left over after installing the first phase. It went ahead with an

additional 1,000 meters. However, it was found that by doing that with the same initial contract would be a violation of Procurement Rules; and that is the reason why a separate contract is needed.

Ms. Garson noted that there was a provision for additional meters in the original contract of 10%, but the 1,000 meters went over the 10%. She had the Department do a new exemption for sole source; and this is the second contract, so everything is on track.

Mr. Smith recalled that the AMR program was done in unsafe areas so that employees could efficiently read meters without being put in unsafe predicaments. There were some glitches in the beginning, but the vendor was responsive in addressing them so the accounting information download has been working. There were sufficient funds to increase the scope of work, so that was pursued because it seemed the prudent thing to do.

Chairman Goya noted that the Board has received positive reports from the Department as to the AMR program's effectiveness.

In response to Mr. Kuailani's question of whether there were any customer complaints, the Manager replied that there were a few in the initial period because there were a few incorrect readings that were reflected on the customer's bill. However, it was nothing that could not be remedied.

Chairman Goya noted that the original installer was not necessarily skilled in this particular area so there were some glitches in installations. In fact, for the meter that was installed at his residence, they used the old gasket, which gave way; but it was a learning experience, and the Department learned that it should hold Neptune responsible for its installations, including transition on billing.

The Manager noted that during the second phase when Neptune handled the installations itself, it went smoothly.

In response to Chairman Goya's question of whether there were any recommendations for future installments now that this pilot portion is completed, the Manager stated that staff has been in contact with Neptune as to what makes sense for the future and will hold a meeting with them. At some point in time, the Department will have to come back to the Board for appropriation to purchase another 5,000 or 6,000 units at a time to make it worthwhile on Neptune's part and on the Department's part.

In response to Chairman Goya's question of whether the Department had some inventory on hand for replacements, the Manager replied that the Department purchased some replacement units to have on hand in both Hilo and Kona.

Mr. Smith noted that the AMR product only takes the readout from the meter and transmits it; but even if the transmission is faulty, the mechanical reader is still tracking the amount of water usage so it can always be read manually.

Mr. Mukai suggested that when the Department comes back to the Board with the next Neptune proposal, he would be curious to see roughly how many man-hours are being saved by this project and if there is a reduction in injuries to employees.

The Manager stated that he could have the Customer Service Supervisor present for the next meeting, if time allows, to provide information.

Chairman Goya added that she had provided information to the Board at a previous meeting.

In response to Ms. Kim's question of whether the contract includes maintenance, the Manager replied that it covers the meter unit and the installation but the Department is responsible for maintenance. However, meters nowadays are so sophisticated, they need very little repair.

Mr. Smith stated that he knew Neptune was chosen out of a couple of vendors when this was put out for bid. The Department has been very satisfied with their product and customer support. He asked what would be involved if the Department wanted to do a sole source bid to have a consistent product.

The Manager replied that this is a sole source bid because when the initial study was done to determine what handheld unit to buy, the Department went through a list of vendors and selected Neptune at that time for various reasons. Since it already had the handheld units, it went with a sole source contract with Neptune because they were compatible with the handheld units. That sole source issue has already been addressed so the next time the Department puts out bids, it would have to go sole source again.

Mr. Smith asked if this is compliant with the Procurement rules.

The Manager replied that it is. If a vendor comes out with a product that is universal, it may be different; but until that happens, the Department will do a sole source bid.

Mr. Smith stated he thought a good decision was made.

The Manager added that he had attended an AMR conference and had spoken with a lot of people. Nobody had anything negative to say about Neptune and in fact complimented them on a good product.

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

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

Chairman Goya noted that salaries and benefits are on the higher level already and there is still some flexibility in the budget but not too much. Otherwise, the Financial Statements looked fine.

J. **MANAGER'S REPORT:**

- 1) Palani Road Transmission Waterline Project - Mr. Beck reported that both of the private easement owners are currently working with their attorneys. For the major easement coming down from the highway, the owners are willing to negotiate with the DWS. Some minor alterations have been requested by the DWS regarding increases to the size of the easement. On another easement, the owners did not like the appraisal price given by DWS so they were informed that they could get their own appraisal done for consideration by DWS or they would have to accept the price given to them or the condemnation process would be pursued. In response to Chairman Goya's question of how long the delay has been for this project, the Manager replied that the plans are complete, and the project was supposed to have been advertised December 2006. The issue of the easements is holding it up.
- 2) Hawaiian Ocean View exploratory well - discussed earlier.
- 3) 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. The north side--Palisades, Kalaoa, and the south side have good water quality. It is the Manager's hope that the Palani Road Transmission Waterline project moves first, followed by Mr. Bolton's project, which the Board approved. Those two projects would greatly enhance the Department's ability to bring the mauka water to the area.
- 4) Kamehameha Investment Corporation - Mr. Smith mentioned that Mr. Gregory Chun had indicated that a draft term sheet was submitted and he was waiting to hear from the DWS. The Manager stated the Department has not received it but would follow up with Mr. Chun.
- 5) Update on Meeting with State Agencies in North Kona - the Manager stated that he attended a meeting, along with Mr. Larry Beck, which was spearheaded by Mr. Jim Frazier, who is this island's representative on the Commission on Water Resource Management (CWRM). Also present were Mr. Roy Hardy and Mr. Ken Kawahara of CWRM as well as Mr. Ron Baird of Natural Energy Labs of Hawaii Authority (NELHA), and Mr. Chauncey Wong Yuen of the Department of Transportation, Airports Division. The meeting was held at NELHA, and the purpose was to bring State agencies together to see how DWS could provide additional service to them. Back in the early 1990's, the State commissioned Fukunaga & Associates, Inc., to prepare a North Kona Water Master Plan. In it were several improvements that the State would have done. If they had been done, on that same plan was a listing of water allocations to different State agencies--NELHA being one of them. Over the years, with the bad economy, nothing from this Plan ever materialized. This meeting was to discuss how to pursue improvements so agencies like NELHA and the airport could get additional water. DWS provided them with what would need to be done, such as additional wells, transmission, and capacity on private lines along Queen Kaahumanu Highway to NELHA and the airport. Representative Cindy Evans was involved in the meeting by way of conference call, and she was going to ask all of the Big Island Legislators to have a meeting so the DWS could explain to them what was needed and how they could help. As the Board will recall, the DWS put in a \$12 million State Legislature C.I.P. request; and it is hoped that

the Big Island delegation will realize the importance of the projects. What also came up in that meeting was a concern from Kaloko National Park that the alkaline ponds are being detrimentally affected by the withdrawal in groundwater in the North Kona area. They initially wanted to petition CWRM to designate the aquifer, which means the State would then allocate water from the aquifer. He thinks it is almost impossible to do because as the rules are written, the State cannot designate an aquifer unless 90% of the safe yield is reached; and that is not the case. A letter was written to the CWRM by the national park ranger to set up something similar to the Waimea Water Roundtable, made up of all interested parties to address the water situation in Kona in lieu of asking the State to designate the Kona aquifer.

Mr. Mukai suggested that in future meetings, the Department may want to invite the Water Board's Chairperson as the Board represents the Big Island.

Mr. Kuailani stated that he is retired from the National Park Service, and one of the biggest problems they had was with deaths of native birds. One of the problems was stagnant water in the ponds. With the amount of development on the mauka side of the Queen Kaahumanu Highway, everybody is throwing their stuff into the ground. That is why Ms. Geraldine Bell is very concerned.

The Manager stated that the thing Ms. Bell eluded to was not so much what is being put into the ground and coming to the ponds, but more of the withdrawal of groundwater, which is taken out by the Department to provide water for the developers. The issue of what is going back into the ground and reaching the ponds is not this Department's responsibility. Ms. Bell petitioned the CWRM to designate the aquifers, but the suggestion of forming a roundtable was mentioned instead.

Ms. Kim asked what the purpose of the roundtable would be. All that is needed is State funding for those improvements if the aquifer is, in fact, being overdrawn.

The Manager stated there is no indication that it is overdrawn.

Chairman Goya asked the Manager to report on the Waimea Roundtable discussion by CWRM and Mr. Steve Bowles of Waimea Water Services.

The Manager reported that CWRM commissioned the University of Hawaii to look at safe yields of the different aquifers in areas with high growth and the findings were presented at the Waimea Roundtable meeting. In some places, it was 45% of what the DWS envisions right now. Geologists and hydro-geologists disagreed with what the State came out with so there is a petition before CWRM to establish a task group made up of hydro-geologists to take a look it and come up with what they would consider a reasonable sustainable yield. The University of Hawaii came up with what they thought it is, a range of numbers, and the CWRM plans to publish the low end of the range, which would probably alarm people because the numbers are greatly different in three of the aquifers on the west side that stretches from Kawaihae all the way to the Keaholu area. In that area, the numbers change drastically; and if they publish that, then we might be real close to having certain aquifers

designated because if 90% of the safe yield is reached, then the State comes in and starts doing the allocation instead of this Department.

Mr. Beck stated that the big change that caused these numbers was the amount of recharge. Based on the data they had, they were interpolating a lot as they moved down into areas where they did not have any real data, and now they have kind of done a revision. They are trying to take the most conservative approach possible and actually that is probably not the best approach.

Chairman Goya stated that what he got from attending the meeting was that information being used to determine the sustainable yield did not even take into account people who have been studying this for a longer period time, knowing that Hawaii is unique hydrologically. His first concern was that the State was taking this information to the public in Hilo and in Kona and how they presented it at the Waimea Roundtable meeting was more in negative manner than positive. The number of test wells on this island was no more than a dozen, and to determine the sustainable yield in specific areas would be difficult at best to come up with without appropriate information. He felt that it would be dangerous for the State to take the information out to the public without qualifying their research or the use of that information and that they should consider the input of more people in a hydrological background. He asked if the Manager had anything to add.

The Manager stated that he thought that one of the hydro-geologists who has a lot of experience kind of stressed the fact that there is a lot of information in private hands that has not been released to any public entity and they would be remiss by not including that type of information. That is the reason why this particular individual suggested a task force be formed to do the study instead of having the State do it by themselves; and, hopefully, they can gain all the private information that at this point has not been given to the State. Whatever this Department does as a government agency is public knowledge and is reported to CWRM; but private entities do not. These figures should be comprised of practicing hydro-geologists and include as much information as there is out there because the numbers they came up with are alarming because it is so much less than what DWS was lead to believe. As a government agency, especially as a water supply, DWS has no choice but to use the numbers that the State comes up with.

Mr. Harai asked how many private wells were in the area.

The Manager replied there is Waikoloa Water Company, Waiki Ranch, Kohala Ranch, Kukui, and Hualalai.

Mr. Smith stated that there are no DWS facilities from Mauna Lani and south to Kaiminani and the airport. Everything between is private water system.

Mr. Goya stated that this is where the numbers changed most.

The Manager stated that it affects DWS' Kawaihae Lalamilo wells that are currently serving Mauna Lani and Mauna Kea; it affects the new proposed wells by Ouli Development that

were negotiated with DWS; and it would also affect the wells intended for development on Kawaihae Road. It might also affect North Kohala were the DWS has two wells already, with the intent to drill two more. The east side of the island remains the same. Those numbers have not been drastically changed.

Mr. Mukai asked if CWRM did this only for the Big Island or if they did it statewide.

The Manager replied they did this only for the Big Island. He was sure they would take this to the other islands because would not make sense for them to just redo one island.

Chairman Goya asked if the Manager would be attending the meetings--Waiakea High School Cafeteria, 6:00 p.m., December 13, and Kealakehe High School, December 14, 6:00 p.m.

The Manager indicated he would attend the one in Hilo, and Mr. Beck indicated he would attend the one in Kona. The Manager added that Mr. Beck is drafting some comments to the CWRM about accepting a range rather than taking the low end of it. CWRM is taking the low end just to be conservative.

Mr. Goya asked if the Board could be provided with a copy of that letter.

Mr. Smith added that Mr. Beck would also be giving an update at the South Kohala Community Development Plan Steering Committee meeting on November 28, 2007, which will cover sustainable yield.

The Manager stated that when the Kohala Watershed Committee was first developed and was actually started by some of the people in Waimea and directed by Mr. Manabu Tagomori, he had a lot to do with it. DWS is a partner and one of the things in protecting the watershed is keeping invasive animals out like pigs, wild cattle, etc.; and that is the intent of the fencing.

Chairman Goya stated that when he and Mr. Mukai attended the last water conference in Honolulu, one of the speakers spoke about how important it is to protect the watershed and the damage that can be done by animals. He thinks the DWS' participation is worthy and asked if there were any financial expense.

The Manager replied he was sure there they will be requesting funding; and if that occurs, he certainly will come back to the Board for approval for funding. He added that it is unbelievable what damage pigs can do. Once you prevent foliage from growing, they lose the ability to capture the rainfall and soak back into the ground. The other thing pigs do is mess up the ground so much that they prevent the infiltration of water. It is more conducive to runoff and runoff does not help anything. That is why it is important to keep those animals out of the watershed.

- 6) Big Island Pipetapping Team - as a result of the recent interest in the pipetapping competition, as discussed last month, the Waimea Baseyard has set up a demonstration for Thursday, November 29, 2007, 10:00 a.m., at their office. Various department heads have

been invited to attend, along with Mayor Kim, the Water Board, the County Council, Mr. Derek Kirisu, Ms. Helen Hemmes, Mr. Hugh Ono, and Mr. Delbert Nishimura. The Tribune Herald and the West Hawaii were sent press releases. The event will be videotaped to show on the public community channel. Ms. Aton will also send information from the event to the newspapers and hopefully it will be included in their publications. Early in 2008, the Department is looking into housing a demonstration in Hilo and then one in Kona.

K. CHAIRMAN'S REPORT:

Chairman Goya announced that the terms of Mr. Heck and Ms. Helfrich will end December 31, 2007. He added that Mr. Heck has served this community well. Mr. Mukai added that he was thankful to Mr. Heck for helping bring him up to speed on the Ocean View project, since he has just begun his term on the Board this year.

Mr. Heck stated that he would be happy stay on for the 90-day extension because it may take that long to get a replacement for the Water Board.

Ms. Kim announced that all of the evaluation forms on the Manager came in except for one or two. By next month's meeting, she will have a report ready. If there is anything else that Board Members need from either herself or the Secretary regarding decisions about the Manager's evaluation to please let her know.

ANNOUNCEMENTS:

1. Next Meeting:

The next meeting of the Water Board will be held on December 18, 2007, 10:00 a.m., in the Department of Water Supply, Hilo Operations Center Conference Room, 889 Leilani Street, Hilo, Hawai'i.

The January 22, 2008, Water Board Meeting will be held at Hilo Operations Center, 889 Leilani Street, Hilo, Hawai'i, at 10:00 a.m.

STATEMENTS FROM THE PUBLIC: None.

ADJOURNMENT

ACTION: Mr. Smith moved for adjournment of the Meeting; seconded by Mr. Mukai and carried unanimously by voice vote. (Meeting adjourned at 12:52 p.m.)

Secretary

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