

MINUTES

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

January 24, 2017

Hilo Operations Conference Room, 889 Leilani Street, Hilo, HI

MEMBERS PRESENT: Mr. Craig Takamine, Chairperson
Mr. Russell Arikawa, Vice-Chairperson
Mr. Bryant Balog (10:10 a.m.)
Mr. Leningrad Elarionoff
Ms. Brenda Iokepa-Moses
Mr. Jay Uyeda
Ms. Kanoe Wilson
Mr. Keith K. Okamoto, Manager-Chief Engineer, Department of Water Supply (ex-officio member)

ABSENT: Director, Planning Department (ex-officio member)
Director, Department of Public Works (ex-officio member)

OTHERS PRESENT: Ms. Amy Self, Deputy Corporation Counsel
Mr. Gerald Yamada, GW Construction
Ms. Wendy Yamada, GW Construction
Mr. Eleot Kaipo, Qualified Plumbing
Mr. Dwight Kokubun, AIA Lectrician
Mr. Neal Herbert
Ms. Carey Yost

Department of Water Supply Staff

Mr. Kawika Uyehara, Deputy
Ms. Janet Snyder, Information and Education Specialist
Mr. Kurt Inaba, Engineering Division Head
Mr. Richard Sumada, Waterworks Controller
Mr. Daryl Ikeda, Operations Division
Mr. Clyde Young, Operations Division
Mr. Eric Takamoto, Operations Division
Ms. Kaiulani Matsumoto, Contracts Technician

- 1) CALL TO ORDER – Chairperson Takamine called the meeting to order at 10:00 a.m.
- 2) STATEMENTS FROM THE PUBLIC

Chairperson Takamine noted that there were three people present who wished to make statements regarding the Laupāhoehoe reservoir project. He asked if they could wait until the agenda item comes up and that it would be moved up on the agenda.

3) APPROVAL OF MINUTES

ACTION: Mr. Arikawa moved for approval of the Minutes of the December 22, 2016, meeting; seconded by Ms. Iokepa-Moses and carried unanimously by voice vote.

4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA - None

MOVE UP AGENDA ITEM

Chairperson Takamine requested to move up Item 6B on the agenda.

6) NORTH HILO:

B. JOB NO. 2005-870, LAUPĀHOEHOE (MANOWAI‘ŌPAE) 0.5 MG RESERVOIR:

The contractor, Yamada Paint Contracting, Inc., dba GW Construction, is requesting a contract time extension of twenty-two (22) working days (34 calendar days). This is the fourth time extension request for this project.

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	10/18/2015	01/08/2016	82	Inclement and unworkable weather conditions (16 working days) and design changes realigning new access easement (additional 60 calendar days)
2	01/08/2016	02/04/2016	23	Inclement and unworkable weather conditions (6 working days) and our request to stop work to address a safety concern (additional 17 calendar days)
3	02/04/2016	02/10/2016	6	Inclement and unworkable weather conditions (4 working days)
4	02/10/2016	03/14/2016	34	Inclement and unworkable weather conditions (7 working days) and change order work (15 working days)
Total Days (including this request)			144	

The contractor's time extension request of 22 working days (34 calendar days) is due to agreed upon rain-out days and actual timeframe to complete additional work that was requested by the Department.

The Manager-Chief Engineer recommended that the Board grant this contract time extension of twenty-two (22) working days (34 calendar days) to Yamada Paint Contracting, Inc., dba GW Construction, for JOB NO. 2005-870, LAUPĀHOEHOE (MANOWAI‘ŌPAE) 0.5 MG Reservoir. If approved, the contract completion date will be extended from February 10, 2016, to March 14, 2016.

MOTION: Ms. Iokepa-Moses moved for approval of the recommendation; seconded by Ms. Wilson.

Mr. Inaba noted a correction to be made to the recommendation. It is twenty-two (22) working days but 33 calendar days, and not the 34 as noted in the agenda. This includes a weekend and a holiday. The completion date is correct.

Ms. Self stated that would require an amendment to the Motion, but it could wait until after discussion.

The Manager-Chief Engineer reported that this time extension is straightforward. The Department requested that the contractor do some additional work in the general scope of the project, and there were seven rain-out days. He recommended approval of this request.

AMENDMENT TO MOTION: Ms. Iokepa-Moses moved to amend the Motion to reflect 33 calendar days instead of the 34; seconded by Ms. Wilson.

Chairperson Takamine asked if there were any questions for the contractors.

Mr. Arikawa asked for clarification of whether this was not only just due to inclement weather; the Department *did* ask for additional work.

The Manager-Chief Engineer replied that was correct.

ACTION: Motion, as amended, was carried unanimously by voice vote.

5) SOUTH HILO:

A. **JOB NO. 2011-977, CONSTRUCTION OF THE PAUKA‘A WATERLINE RELOCATION:**

This project generally consists of replacing the existing 3-inch Cast Iron (C.I.) pipeline with 6-inch Ductile Iron Pipe, relocating existing service laterals, and restoring existing asphalt pavement.

Bids for this project were opened on January 12, 2017, at 2:00 p.m., and the following are the bid results:

Bidder	Bid Amount	Adjusted Bid Amount (for purposes of bid award)**
Koga Engineering & Construction, Inc.	\$318,350.00*	\$298,732.50
Isemoto Contracting Co., Ltd.	\$505,320.30	\$480,054.29
Jas W. Glover, Ltd.	\$653,500.00	\$653,500.00

*Bids were allowed to be corrected because of minor computation errors, in accordance with DWS General Requirements and Covenants and Hawai‘i Administrative Rules.

**Bids were adjusted (for the purposes of award) to provide credits for use of Hawai‘i Products and participation in the State Apprenticeship Program, in accordance with Hawai‘i Administrative Rules.

Project Costs:

1) Low Bidder (Koga Engineering & Construction Inc.)	\$ 318,350.00
2) Construction Contingency (10%)	\$ 31,835.00
Total Cost:	\$ 350,185.00

Funding for this project will be from the Department’s C.I.P. budget. The contractor will have 270 calendar days from the date of Notice to Proceed to complete the project. The engineering estimate for this project was \$265,000.00.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2011-977, CONSTRUCTION OF THE PAUKA‘A WATERLINE RELOCATION, to the lowest responsible bidder, Koga Engineering & Construction, Inc., for their bid amount of \$318,350.00, plus \$31,835.00 for construction contingency, for a total contract amount of \$350,185.00, subject to the review as to form and legality of the contract by Corporation Counsel.

MOTION: Mr. Arikawa moved for approval of the recommendation; seconded by Ms. Wilson.

The Manager-Chief Engineer noted that this waterline replacement project has been a long time in the making. The lowest bid came in higher than the estimate, but it is felt to be within reason. This is a project that needs to be pursued, and the Manager-Chief Engineer recommended moving forward with it.

Mr. Arikawa asked about the contractor, Koga Engineering & Construction, Inc.

Mr. Inaba replied they are based out of Oahu, but have spent a number of years on projects on the Big Island. They constructed the Kona Ocean View (Pu‘ukala Subdivision) Improvement District project. There were no problems.

In response to Mr. Elarionoff’s question of why the high bid was almost double the lowest bid, the Manager-Chief Engineer replied that he did not know, although it may have something to do with their current workload. This project entails a portion along State highways which may also have bumped up the price of the bid.

Ms. Wilson asked for more information about the adjusted bid amount. The Department is recommending the bid amount versus the adjusted bid amount, she noted.

The Manager-Chief Engineer explained that “adjusted bid amount” is per State law. The State has two preferences that must be considered when awarding contracts. One is for Hawai‘i Products, and the other is the State Apprenticeship program. This is to encourage those that use Hawai‘i products and those that have a State Apprenticeship program. For purposes of award only, the Department can adjust their bids based on those two preferences. The preferences can prevail in favor of the contractor that has them, in the case of two close bidders. Normally an award is made to the low bidder, but with preferences, it will be awarded to the other one instead. The *actual* contract amount is what they bid. In today’s case, it did not figure in, because the contractor with the preferences was already the low bidder.

(Mr. Balog joined the meeting at 10:10 a.m.)

Mr. Uyeda asked about the lineal feet of pipe that would be replaced. (Mr. Inaba indicated 700 feet). Mr. Uyeda asked if over \$400.00 per lineal foot sounded like a reasonable bid.

Mr. Inaba explained that one would receive a much higher unit price with the smaller projects to begin with; noting that a section of pipe is going across a State highway. That makes a big difference, he said. Some specific BMPs (best management practices), as well as traffic control items in the bid, impacted the cost.

ACTION: Motion was carried unanimously by voice vote.

Mr. Herbert congratulated the Department on this project, and commented that it took almost nine years to get it resolved. The cost now is considerably higher than the original estimate, because of

delays and cost increases in the interim. When bureaucracy is involved, the people at the top need to communicate with each other a little more, and move things along, because this involves taxpayers' money. He again congratulated the Department, and expressed hopes it does not take another nine years to get the project completed.

6) NORTH HILO:

A. **JOB NO. 2015-1038, LAUPĀHOEHOE DEEPWELL A REPAIR – TIME EXTENSION:**

The contractor, Derrick's Well Drilling and Pump Services, LLC, is requesting a contract time extension of fifteen (15) calendar days. Staff has reviewed the request and is recommending approval of 11 calendar days, as the Department suspended work from December 22, 2016, to January 5, 2017, or eight (8) working days to conduct investigation of the condition of the well casing.

The Manager-Chief Engineer recommended that the Board approve a contract time extension of eleven (11) calendar days to Derrick's Well Drilling and Pump Services, LLC, for JOB NO. 2015-1038, LAUPĀHOEHOE DEEPWELL A REPAIR. If approved, the contract completion date will be revised from January 21, 2017, to February 1, 2017.

MOTION: Mr. Arikawa moved for approval of the recommendation; seconded by Ms. Wilson.

The Manager-Chief Engineer clarified how this project differs from the next Item. This is a well repair job that was contracted in a similar timeframe as the reservoir project (below). This contract is with Derrick's Well Drilling and Pump Services, LLC. A time extension was already granted on this contract, due to a conflict with the tank in the C.I.P. project schedule. This latest time extension is a result of the due diligence portion, where the well is videologged before reinserting the pump and motor. There was evidence of a hole in the casing where water was coming in. Based on staff's review and assessment, it is felt this well repair can proceed. Instead of 15 calendar days, 11 days are recommended, because it took staff eight days to do the review.

Mr. Arikawa asked if the hole was repaired.

The Manager-Chief Engineer replied that it is not repaired. The Department's primary concern was that there was a source of potential contamination of the groundwater, but at its depth, below the casing open hole, there is an open granular space to protect the integrity of the groundwater, in case there is subsurface interaction. The Department feels confident that it can live with this situation and still proceed with the repair of the well.

Mr. Arikawa asked if there was any possibility of that hole increasing in size; he asked if it would need repair in that case.

The Manager-Chief Engineer replied that in every subsequent pump well repair, they will videolog the well to make sure that condition has not worsened. If it does get worse, it depends on the magnitude. If significant corrosion occurs whereby the casing might actually fall into the hole, there would be no way of repairing it; the Department would need to consider drilling a new well, and abandoning that well.

Ms. Wilson asked if, in this case, the Department is saying the casing is fine where it is, and no type of contamination is foreseen.

The Manager-Chief Engineer replied that was correct, and the Department does regular testing to monitor such things, as required by State Department of Health rules. He said he was very confident that this project can go ahead.

ACTION: Motion was carried unanimously by voice vote.

B. JOB NO. 2005-870, LAUPĀHOEHOE (MANOWAI'ŌPAE) 0.5 MG RESERVOIR:

Taken up earlier.

7) **NORTH KONA:**

A. JOB NO. 2015-1042, KALOKO MAUKA #1 STATION BOOSTERS B & D REPAIR REQUEST FOR ADDITIONAL FUNDS & TIME EXTENSION:

The contractor, Derrick's Well Drilling and Pump Services, LLC, is requesting a contract change order for the Kaloko Mauka #1 Station Boosters B & D Repair. The contract change order is to cover costs associated with the change in the scope of work associated with replacement of the discharge head for Booster D. It was discovered upon installation work that the existing discharge head had a misaligned pump adapter flange preventing the proper coupling between the existing discharge head and the new pump. The additional fees are as follows:

Original Contract Amount:	\$ 80,000.00
Original Contingency amount:	8,000.00
1 st Additional Contingency request:	10,055.00
2 nd Additional Contingency request:	<u>19,398.20</u>
Total Contract Amount	\$117,453.20

The contractor is also requesting a contract time extension of eighty-nine (89) calendar days. Staff has reviewed the request and is recommending approval of eighty-nine (89) calendar days, based on the fact that this additional work exceeds the scope of the original contract and was beyond the control of the contractor.

- 1st time extension – ninety (90) calendar days
- 2nd time extension – eighty-nine (89) calendar days

The Manager-Chief Engineer recommended that the Board approve an increase in contingency of \$19,398.20 for a total contract amount of \$117,453.20 and a contract time extension of eighty-nine (89) calendar days to Derrick's Well Drilling and Pump Services, LLC, for JOB NO. 2015-1042, KALOKO MAUKA #1 STATION BOOSTERS B & D REPAIR. If approved, the contract completion date will be revised from December 28, 2016, to March 27, 2017.

MOTION: Mr. Balog moved for approval of the recommendation; seconded by Ms. Wilson.

The Manager-Chief Engineer explained that back in September, the first contingency request and time extension came in, because of a crack in the discharge head of Booster B. That is when Mr. Warren Ching of Operations did a presentation for the Board. This current request is for Booster D. The situation is a misalignment of the head and its connection to the pump assembly, which was discovered upon the removal of the discharge head. This resulted in having to order another discharge head. A diagram was given out by Mr. Clyde Young, and questions followed.

Mr. Balog asked if this misalignment meant it was installed incorrectly.

Mr. Young explained that in the diagram where it notes "Flange," that flange, which is welded onto the discharge head, was actually *manufactured* at an angle. When it was originally installed, it was already crooked, but it was not caught during initial inspection. (*Mr. Balog asked when that was.*) Mr. Young stated it was back in 1991. The Department got a pretty good life out of it, despite it being a crooked shaft. The hopes were that the cheaper way to fix the problem would be to cut it off and re-weld it; however, it is really recessed, so there was no way to do the weld repair. That is the reason for replacing the entire discharge head, which incurred significant cost.

The Manager-Chief Engineer added that the discharge head sits on a can, and the can is like a reservoir for a booster pump. With this misalignment, the flange was not plumb. The pump shaft is crooked; therefore, the bowls are touching the sides of the can. He did not know how it worked for 25 years like that, but it did. It was only discovered when it was taken off and the new pump was to be mounted with the existing discharge head.

Mr. Young stated that wear was showing on one side where it was misaligned. The bearings bore all of the load.

Mr. Arikawa asked if that would have affected the alignment; he asked whether installing a straight one would result in a gap -- because it was misaligned for so long.

Mr. Young replied that the pump is going to be straight, and the new discharge head should be correct; everything should line up fine.

The Manager-Chief Engineer added that the discharge head is setting the alignment for the pump and the motor. Now everything will be straight, as it should have been; it is going to fit plumb within the can, instead of at an angle. That is how it should have been constructed in the first place.

Mr. Arikawa asked if this additional work time involves ordering and taking delivery of the correct discharge head.

The Manager-Chief Engineer replied that was correct. These are custom-manufactured, and are not "off the shelf" items.

Mr. Uyeda asked if it could not be discovered back then that it was not installed properly through flow and efficiency tests, or power use, compared to the other boosters that were operating in that area.

Mr. Young replied that the original efficiency test probably occurred back in 1991.

The Manager-Chief Engineer added that when efficiency tests are done, they include measuring the flow rate.

Mr. Young added that if they took off some of the material, they probably could have gained back some of the efficiency.

The Manager-Chief Engineer noted it may have fallen within specifications.

In response to Mr. Elarionoff's question of whether anyone contacted the company who provided the flange, the Manager-Chief Engineer replied the company may no longer be in business.

In response to Chairperson Takamine's question of whether this is in the area where the water restrictions are in effect, the Manager-Chief Engineer said yes.

ACTION: Motion was carried unanimously by voice vote.

MOVE UP AGENDA ITEM

Chairperson Takamine requested to move up Item 8B on the agenda.

8) MISCELLANEOUS:

B. GENERAL REQUIREMENTS AND COVENANTS, SECTION 8.8 (C) UNFORESEEN DELAYS:

Chairperson noted that this item is for discussion and there were some handouts provided by the Department.

In response to Mr. Elarionoff's question of whether there are ever "foreseen" delays, the Manager-Chief Engineer replied there are.

The Chairperson took testimony from the contractor and sub-contractors on this project. *(This portion of the Minutes is verbatim.)*

1) Gerald Yamada

Mr. Yamada: Good morning Board Members. My name is Gerald Yamada of GW Construction. *(Mr. Yamada had given the Board a handout of the Department of Accounting and General Services 1999 General Conditions and also a timeline from A-1-A Lectrician.)* I am here today to talk about Laupāhoehoe Well and also about material delays on the project. With me are two of our subcontractors that were also on the Laupāhoehoe project, and I guess they'll tell you what they are about, so. I guess we're asking for two things. We have a delay on the Laupāhoehoe project, and then it's because of material that was ordered but did not come in on time. And then the main piece of equipment...both the contractors had equipment that came in...one came in wrong. He had ordered it on time, but it came in wrong and so he had to reorder it. The other piece of equipment just came in late, right? So, um, we're getting penalized for a delay of about, I think, 30 days. But we're asking...this is the first agency that we noticed that doesn't give exemption for materials that manufacturer...you know the manufacturer doesn't perform and the materials comes in late...it's beyond the contractor's control, so we're asking that you not penalize us on the Laupāhoehoe and we also noticed that in the County's General Conditions...the Water Supply General Conditions, it doesn't have the same language that's in the State Procurement Board and the rest of the County agencies and State agencies have. So we're gonna ask if you can adopt that section, and that's a copy that I gave you folks, it's in under material delays and it gives an exemption if a manufacturer...if a contractor performs, orders it on time, on schedule, but it does not come in and causes a delay on a project, then he's not to be penalized for that delay. I guess, you know, that's what we're asking for, yeah. Cause if not, how would we...how would a small contractor bid a project like yours? You have specialty items, like a specialty control center, you have specialty pumps, where if it comes in wrong, you have to reorder it. It takes, you know, four months to get a new piece; and a delay for a project of that size, you know, it'd be...nobody could withstand it. You'd automatically bankrupt a contractor, or he'd have to bid it sky high to begin with, in the beginning. But I guess that's what we're asking. Is...maybe...so Amy, Corp. Counsel...is the Water Supply exempt from following the State Procurement Board policy? I know the rest of the agencies, they told me...

Ms. Self: Exempt from it? No. They had to follow Procurement.

Mr. Yamada: They're supposed to follow Procurement...the State. So this paragraph I gave is from the DAGS issue, but it's from the State Procurement Board.

Manager-Chief Engineer: That one, I would request that we go into Executive Session if you want to discuss legal matters. But seriously, though, we by law, I think, cannot be any looser. I don't know if there're requirements that we cannot be any more stringent, but that's something that we can discuss in Executive Session.

Ms. Self: Yeah. We should go in Executive Session.

Manager-Chief Engineer: But what I do want to point out is the one that he handed out is DAGS, and this is something that I would recommend strongly that we not follow. If you look at the City and County of Honolulu General Terms and Conditions that we handed out with some other information today, as well as HAR 3-125(18), it doesn't have similar provisions like that. So, you know, we're willing to do what is fair and reasonable; but at the same time, we need to understand that when you put out a job to bid, we bid it out with...you know, any contract has three major components, yeah. The scope, the schedule, and the fee. All three tie together...what you gonna do, how long you want it to take to get it done, and that's what the fee is gonna be based on. So, yeah, we're willing to review and look at what is fair, reasonable, legal, and just; and you know, they do have a point. Again, Gerald guys, Dwight guys, they're all solid contractors. They do good work. They're not...I don't question their integrity. Nothing like that. So if there's ways we can accommodate their concerns, definitely, we'll look at that. We'll look at that. But I don't think we want to use DAGS' projects and their typical schedules as our model because I think we can do better than that.

Mr. Arikawa: So right now, this is just for discussion purposes. It's not a vote on...something like that?

Manager-Chief Engineer: No. And I don't think there's anything...although he is requesting it, there's nothing we can do for the Laupāhoehoe project in particular because that was bid out with the GRC's which is basically our General Terms and Conditions. That's the conditions that was on the contract when it was bid out, and awarded so that was what supposedly fed into the bid amount and things like that. So I don't think that's something we can change after the fact.

Chairperson Takamine: Discussion?

Mr. Balog: So, Keith, I mean, this is just off the top of my head. A lot of projects that we do, and from what I have seen, you know, you have to order a pump, a discharge head, something custom, made to order, and we get parts, and it's the wrong parts and we gotta reorder because something's a little off. Is there...would you say there's a way to compensate for that? Because it happens a lot. We ran a lot of time extensions and some of it is for...there's a lot of different reasons but I mean, is there some kind of accommodation that we can figure this into it, because we've had it happen a number of times?

Ms. Iokepa-Moses: Can I just interject right there? I mean, it happens. We live on Hawai'i. I mean, none of this stuff is here locally. They have to order it afar, so we can't hold the contractors...I mean, as long as they're doing...we're working with a company that we have a reputation with; they've done a good job for us in the past. So we're assuming that the people that

are ordering are knowledgeable in what they're ordering, and that it's gonna happen. The time and delay of returning is because we live on this beautiful island of Hawai'i.

Chairperson Takamine: Along those same lines, I'd like to add, you know, on the pump repair projects or well repair projects, he's got two contractors they work with, so either it's "A" or "B" getting these projects, and I can count, geez, over twenty-five times that we've granted time extensions for these specific projects so I think we gotta...whether or not we change the General Conditions or not, I think we gotta find some happy medium there because on these other C.I.P. projects, we're having...maybe Contractor "A" or "B" or maybe somebody else; but the last thing I want is to have reputable contractors getting penalized, and I also don't want the Department to have, like seeing higher bids come in because people are afraid of unforeseen circumstances costing them more. So I'm just asking if staff can take a look and see what we can do, and it might be a case-by-basis; but I feel strongly, in particular, for this particular project that we allow some sort of relief for these contractors. This is my feeling. Leningrad?

Mr. Elarionoff: You know, for me, I would like to ask Keith, if you were in his predicament, what would you do?

Manager-Chief Engineer: Yeah, I'd be stuck. But so that's where we gotta find balance that we're all talking about. We cannot leave it as open as some of this language in this DAGS Interim Guidelines. Because some of this is too loose. So there's gotta be requirements to justify that, you know, it was really the manufacturer, and then somehow there's gotta be some way to hold them accountable because that can lead down to anything if we don't have proper guidelines in place. The perspective of, you know, we have the contractor's perspective, but we also gotta look at the needs of the Department too, yeah. We bid it out with that timeframe because we need that project done within a certain amount of time. So, again, it's a balance. But, yeah, they had a tough situation. The manufacturer didn't come through on several occasions for various subs.

Mr. Uyeda: So just for background information, we went through the submittal process, we approved the submittal, gave them the shop drawings approved, they went ahead and ordered the part or material, and then the vendor didn't make it properly. So the contractor, there's no recourse for you to go back and...?

Mr. Yamada: So I'll bring up our subcontractors, A-1-A Lectrician and Qualified Plumbing, to talk about their circumstance. But before that, I'd like to say that a lot of the Water Supply items, so the motor control centers, the pumps, and even the well pumps, are specialty, and even your tanks, which is only like two suppliers...might be more that they know of, but when you bid, a lot of times, you only get one bid, and so, they know it. The manufacturers that make the equipment, they know it. Some of them used to be a contractor, I mean, used to be like a supplier; but they went under manufacturer so they cannot be held liable for delays. So they're specially building these items, you know, per spec. So that's why it's really hard to get a new one when it comes in wrong.

2) Mr. Dwight Kokubun

Mr. Kokubun: Hi. My name is Dwight and I'm with A-1-A Lectrician. I'd just like to say, on submittals, we turned in a timeline report; and the timelines reflect the submittal process and how long it took. Before this, we've never ever received a penalty, and then now we're facing a possibility of one because of delays in submittals, wrong parts coming in, and we're just asking you to please look at it carefully and not penalize us for this. It's not because we did something wrong or we installed the wrong thing or installed something...made a mistake or didn't show up

for work, you know, to cause these delays. It was because of the submittal processes and wrong parts coming in. And to me, we didn't really do anything wrong so we're asking if you can please not penalize us for this.

Mr. Uyeda: So there's no way, even though the manufacturer built something that was given a certain specification, that you, the purchaser, cannot go back to the person building the part and show that he built the part wrong?

Mr. Kokubun: Well, on that case, for us, we didn't have the wrong part coming, it was the submittal process that actually took awhile. And for our stuff, it's specialty items, so before it gets approved, they won't start building that equipment and that equipment just can't be built in a week.

Mr. Uyeda: So my question was you did approve some plan or some catalog cut of whatever the equipment was that got approved, you submitted it...?

Mr. Kokubun: Well actually, it didn't get approved. It got sent back so we sent something else in and that went back and forth for awhile.

Mr. Uyeda: But did that ever come back to the Department to see what you're ordering?

Mr. Kokubun: Right.

Mr. Uyeda: And did the Department review it, approve it, and then they still didn't build it correctly?

Mr. Kokubun: No, no. Ours came in correctly. It just took awhile to get everything approved in order to order the correct items.

Manager-Chief Engineer: Yeah, I mean, we can get into a lot of details. What happens sometimes is that there's a comfort between a subcontractor and another staff within the Department, so instead of going through the project engineer, they think it's more efficient to go through another staff, have informal discussions, submit a submittal based on those discussions that did not follow the original bid documents. So if that happens, those get rejected because they were not in compliance with the original bid documents. That adds time, takes time for our consultant to review those incorrect submittals, get them back, then if it comes back with, you know...it's a process that's intricate, yeah. So it comes in, it's reviewed, gets commented on, goes back, gets modified, gets resubmitted, so there's some time involved with that.

Mr. Balog: So if I understand this right, and I mean, I'm not trying to put 100% of the burden on the Department, you know, is there a specific person that's supposed to say okay, this is what we want, you know, okay, here, use this, kind of, for what we want, and then he gives you guys the submittals, right? Okay, so and were you notified of that person or individual that you had to work with?

Manager-Chief Engineer: It's supposed to go, we have a contract with the general. So it's supposed to flow through the general to the project engineer to disseminate to the appropriate people for review.

Mr. Balog: So one person.

Manager-Chief Engineer: One person.

Mr. Balog: Okay, so you submitted to Gerald.

Mr. Kokubun: Yeah. They submitted to...

Mr. Balog: Yeah, okay, so, it's like, okay, I got it. And then so how many, can you just tell me if you know off the top of your head, how many times did you have to go back and forth to get the right...?

Mr. Kokubun: Um, it is mentioned in the timeline. Offhand, no...it's, um. The PLC was one, and the motortronic soft start.

Mr. Arikawa: Right now, this is discussion regarding the Requirements and Covenants, right? Not about a specific problem here. That, we can tackle later, right? Before we get into a heavy discussion.

Manager-Chief Engineer: So I think, you know, the experience that A-1-A had appears to be on a submittal and its review and that process. So if it's a process situation, that's something we can handle internally.

Mr. Arikawa: Right. I agree with that.

Manager-Chief Engineer: And be better at that.

Mr. Arikawa: Yes.

Manager-Chief Engineer: Now, if it's a legal document, that's gonna take a little bit extra time.

Mr. Arikawa: You know what then, I think we should go into an Executive Session.

Chairperson Takamine: Don't you want to speak before we...? (*referring to Mr. Kaipo.*)

3) Mr. Eleot Kaipo

Mr. Kaipo: I'm Eleot with Qualified Plumbing. I took care of the booster pumps and the chlorination. The booster pump came in wrong. We had the company send over the specs, we had the specs approved, and then they sent us, like, we had spec'd out one Ford150, they sent us one 354. The thing is way bigger than the room, couldn't fit inside. The one that we ordered, they sent us the specs. So I expected that we was gonna get the same thing. But the control box that was supposed to be sent out was supposed to be like a 16 x 18. The thing came back as big as that door right there. So we was...

Mr. Arikawa: That's to give you extra room. (laughter)

Mr. Kaipo: So when we found that problem out, we went back to the manufacturer and we had back and forth how much times, and the guys wouldn't give in. They finally came down, took a look at 'em, and they finally said they made a mistake.

Mr. Arikawa: Do you have a timeline, too, on that?

Mr. Kaipo: Timeline, no, I don't have one. I can send one to you.

Mr. Arikawa: Just asking.

Mr. Kaipo: Okay, okay. The only problem about the booster pump, it controls the wells, it feeds the wells, primes the wells for the tank. So if like one of our system is wrong, then he cannot do his job, if his one is wrong, I cannot do my job. So it kind of goes back and forth, stuff like that.

Mr. Yamada: He ordered...the submittal was approved, he ordered the correct pump, but just a whole different thing came in.

Mr. Kaipo: Yeah, the supplier wen' send me the whole wrong thing.

Manager-Chief Engineer: Yeah, so Eleot's one is the one we feel the most torn about, because that's the one he did everything right. The submittal was submitted proper time, we looked at it, approved it, he didn't get what he submitted, basically; and it didn't fit inside the building.

Mr. Kaipo: Like a totally wrong thing.

Mr. Arikawa: So this is like a domino effect kind of thing because you couldn't do that, he couldn't do that, etc.

Mr. Yamada: Yeah, critical path.

Chairperson Takamine: So they had to send a brand-new equipment or...?

Mr. Kaipo: No. They couldn't send one...would have taken way longer because they gotta rebuild it all over again. So we ended up with engineering and everything, and then we decided the best way to run it is they going to rebuild the whole control, so they took it all apart and put it in one smaller cabinet. So we kind of worked with engineering and worked with maintenance to make that happen.

Chairperson Takamine: So did that take you more time than you...?

Mr. Kaipo: Oh, yeah, it cost...it took more labor hours, more, um, you know. It's not easy -- you gotta do planning and all that kind of stuff.

Mr. Balog: So who absorbed the cost of that?

Mr. Kaipo: The manufacturer absorbed the cost on the control. He hired a control guy to redesign everything. But the labor hours that I had to put in, I had to absorb all that. And I did a lot of things for maintenance, which makes sense, I mean, they have an extra union or valve to help them out in the future. So I did that all for free and helped them out. That's how we do...we help each other out in the field. So if one needs help, we help the other. But all that took a lot of time just for take that, you know, it was big as the door, to take that and smash it into something small like that, that's what really took the most time right there.

Mr. Arikawa: So, Eleot, the manufacturer of this control valve, they absorbed the cost of redoing everything, but not the cost of the delay?

Mr. Kaipo: No, no. I called him up too, on the cost of the delay and everything, and they didn't ever respond to me. I emailed them. They don't have any responsibility...they don't have any

contract...not like us, we bind in our contracts; and they really don't care, kind of thing. So it kind of...we get stuck with everything. That was the hardest thing.

Mr. Arikawa: Understood. Thank you.

Manager-Chief Engineer: Thank you.

Mr. Yamada: So if you ever had to rebid a job like this, and knowing that you have a delay, you had to...and it's beyond your control...

Mr. Kaipo: No, yeah, I wouldn't bid 'em.

Mr. Yamada: Okay, it's a three-million dollar project with a two-thousand dollar delay, how would you bid it the next time?

Mr. Kaipo: Actually, I wouldn't even bid on it. It's like taking a chance, like, you know what I mean? You could lose your whole lifestyle.

Mr. Arikawa: Right. That's just exactly what Chairman Takamine said.

Chairperson Takamine: Thanks, Eleot.

Mr. Arikawa: Do we need to go into and Executive Session to discuss General Requirements and Covenants or, are we finished with that discussion here, or do we go into Executive Session to review this?

Ms. Self: I think if you're going to get into the details of responsibilities of the Department as it relates to the GRC, I think we should go into Executive Session.

ACTION TO ENTER EXECUTIVE SESSION: Mr. Arikawa moved to enter into Executive Session to discuss this matter; seconded by Ms. Wilson and carried unanimously by voice vote. (Executive Session began at 10:50 a.m. and ended at 11:10 a.m.)

Mr. Uyeda voiced his appreciation for Mr. Yamada and his subcontractors coming in today and explaining their situation.

ACTION: Mr. Uyeda moved to have the Department look at and review the entire General Requirements and Covenants from the first page to the last page, and if there are opportunities to amend the General Conditions, DWS will review that, and will present it to the Board for approval; seconded by Ms. Wilson, and carried unanimously by voice vote.

Chairperson Takamine thanked everyone for coming in today.

(Messrs. Yamada, Kaipo, and Kokubun and Ms. Yamada left the meeting at 11:13 a.m.)

7) NORTH KONA:

B. JOB NO. 2015-1040, KAHALU'U A DEEPWELL REPAIR – REQUEST FOR ADDITIONAL FUNDS:

The contractor, Derrick's Well Drilling and Pump Services, LLC, is requesting a contract change order for the Kahalu'u A Deepwell Repair. The contract change order is to cover costs associated with the change in the scope of work associated with refurbishing and reinstallation of the old vertical hollow shaft motor. The reinstallation of the old motor is being pursued due to noise complaints

received in regards to the new motor installed as part of the repair project. The additional fees are as follows:

Original Contract Amount:	\$248,901.23
Original Contingency amount:	24,798.77
1 st Additional Contingency request:	23,782.00
2 nd Additional Contingency request:	<u>8,163.23</u>
Total Contract Amount	\$280,846.46

The Manager-Chief Engineer recommended that the Board approve an increase in contingency of \$8,163.23 for a total contract amount of \$280,846.46 to Derrick's Well Drilling and Pump Services, LLC, for JOB NO. 2015-1040, KAHALU'U A DEEPWELL REPAIR.

MOTION: Ms. Wilson moved for approval of the recommendation; seconded by Ms. Iokepa-Moses.

The Manager-Chief Engineer noted that the recommendation needed to be amended. The total contract amount should be **\$281,863.23**.

Mr. Elarionoff asked for clarification on the noise complaints.

The Manager-Chief Engineer explained that was a repair project. It is a line shaft, meaning that the pump is in the hole and the motor is at the surface. The new motor that was supplied exceeded the Department of Health's noise levels at the property line. Staff had to build a sound enclosure (*Mr. Elarionoff asked whether it was an electric motor; the Manager-Chief Engineer confirmed this.*) The plan is to have the old motor refurbished (i.e., rewound) and put back because it is quieter. The newer one will be used as a backup.

Mr. Elarionoff asked if there was any decibel-level requirement on the motor when it was ordered.

The Manager-Chief Engineer replied that it is not normally stipulated.

Mr. Young stated there is a fairly large fan built into the motor where the noise seems to be coming from. That is the first time the Department has encountered this problem. It is pretty loud, he added.

In response to Mr. Balog's question of whether this is a larger motor or is a different brand, the Manager-Chief Engineer stated it is a different brand. (*Mr. Young said that the brand is Aurora.*)

Ms. Iokepa-Moses asked if, moving forward, before purchasing motors, the Department can ask what level of sound it makes.

The Manager-Chief Engineer replied that may have to be added into the specifications; it never had to be done before.

In response to Mr. Balog's question of whether the Department has ever thought of standardizing a brand that is used (in his experience, it helped save costs), the Manager-Chief Engineer explained that when you are a government entity, you spec out something but have to accept an approved equal. Otherwise you get into the situation where only one company can supply it. You want to make it competitive. This is the first time a motor was that loud.

Mr. Young stated that there are a couple of sites where this motor can be placed where it will not impact a nearby resident. One example, it would be a good backup to the Pana'ewa Well which is kind of isolated. For this one, the Kahalu'u Well, it is within a couple hundred feet to residences.

Mr. Uyeda asked two questions: 1) If the old motor was okay, why did the Department not go with sending it to the shop to be rewound, instead of buying a new one. 2) If this change order was to pay Derrick's Well Drilling to remove the new motor and put the old motor in.

Mr. Young replied that the new motor is supposed to be more energy efficient so that was the intent. Obviously, the Department is going back to the less efficient motor. When the next repair job comes, the Department will look at going back to an energy efficient motor. There are several manufacturers, but the Department may need to place some sound requirements in the specifications. The change order is to pay for the removal of the new motor and replacement of the old motor.

ACTION: Motion was carried unanimously by voice vote.

MISCELLANEOUS:

A. DEDICATION:

The Department received the following document for action by the Water Board. The water system has been constructed in accordance with the Department's standards and is in acceptable condition for dedication.

1. **LICENSE EASEMENT NO. 814**

Village 4 Subdivision, Phase I Akau, Villages of La'i'opua
Licensor: State of Hawaii Department of Hawaiian Home Lands
Tax Map Key: (3) 7-4-021:010 & 012 (por.)
Facilities Charge: \$260,865.00 Date Paid: 10/20/2016
Final Inspection Date: 10/31/2016
Water System Cost: \$488,315.00
Capital Assessment Fee: \$25,500.00

The Manager-Chief Engineer recommended that the Water Board accept this document subject to the approval of the Corporation Counsel and that either the Chairman or the Vice-Chairman be authorized to sign the document.

ACTION: Ms. Iokepa-Moses moved for approval of the recommendation; seconded by Ms. Wilson, and carried unanimously by voice vote.

B. **GENERAL REQUIREMENTS AND COVENANTS, SECTION 8.8 (C) UNFORESEEN DELAYS:**

Taken up earlier.

C. **UPDATE RE: NATIONAL PARKS SERVICE'S PETITION TO DESIGNATE KEAUHOU AQUIFER AS A GROUND WATER MANAGEMENT AREA:**

The Manager-Chief Engineer informed the Board that the Commission on Water Resource Management will hold its next meeting on February 14, 2017, at the West Hawai'i Civic Center. The time is tentatively set for 9:00 a.m. From his understanding, there will be an action item to take up the petition to designate the Keauhou Aquifer. That means the Commission will decide whether to move forward with the designation process, or end it. The Manager-Chief Engineer said he would get the exact time of the meeting, and send that information to the Board.

D. **EXECUTIVE SESSION RE: NATIONAL PARKS SERVICE'S PETITION TO DESIGNATE KEAUHOU AQUIFER AS A GROUND WATER MANAGEMENT AREA:**

ACTION TO ENTER EXECUTIVE SESSION: Ms. Wilson moved that the Board enter Executive Session pursuant to Hawai'i Revised Statutes, Sections 92-4, 92-5(a)(2) for the purpose of consulting with

the Water Board's attorney on questions and issues pertaining to the Water Board's powers, duties, privileges, immunities and liabilities; seconded by Mr. Arikawa, and carried unanimously by voice vote.

(The Board entered Executive Session at 11:27 a.m., and ended at 11:36 a.m.)

E. **MONTHLY PROGRESS REPORT:**

Mr. Balog asked about Waimea Reservoir. It is past December 20, 2016.

Mr. Inaba reported that the final plans and specifications are with the Department of Land and Natural Resources (DLNR) who submitted them to their consultant for review. The Department is also waiting for a response from the Department of Hawaiian Home Lands (DHHL) with regard to the license to work within the Forest Reserve. FEMA is conducting their environmental review, and are in the process of getting it finalized. They have indicated they should have everything they need.

Asked by Mr. Balog how long this will take, Mr. Inaba stated that he hoped for DLNR approval within a month, but was not sure about the FEMA process. DHHL has indicated that the right-of-entry approval should be pretty quick; however, no response has been received yet.

The Manager-Chief Engineer added that the Department will do whatever it can to help this move along.

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

The Manager-Chief Engineer informed the Board that the Operating and Capital Improvement Project Budget for Fiscal Year 2018 was given out this morning. It is an advanced copy for the Board's review and will be placed on the agenda for next month for discussion and setting a time for a Public Hearing in March.

Mr. Uyeda asked how projects make it onto the 5-year C.I.P; he asked whether there was something like an evaluation of each item, such as per region, before placing it on the list.

The Manager-Chief Engineer replied that in developing a C.I.P. budget, Engineering and Operations Divisions discuss projects that are needed. Operations Division gathers information from its district supervisors in order to prioritize projects based on need.

G. **POWER COST CHARGE:**

The Department proposes increasing the Power Cost Charge from \$1.61 to **\$1.69** per thousand gallons, to reflect an increase in power costs for the Department's wells and pumps. A Public Hearing will have been held prior to this Board meeting to accept public testimony on this change.

The Manager-Chief Engineer recommended that the Board approve the increase of the Power Cost Charge from \$1.61 to **\$1.69**, effective February 1, 2017.

ACTION: Ms. Wilson moved for approval of the recommendation; seconded by Mr. Balog, and carried unanimously by voice vote.

H. **MANAGER-CHIEF ENGINEER'S REPORT:**

The Manager-Chief Engineer reported that on January 11, 2017, the Wai'aha Well went down. The Department has seven wells up mauka. With Wai'aha Well down, four out of the seven wells are down, and it is barely enough to keep up with demand. Therefore, the Department issued a Water Restriction Notice. What appears to have been especially effective are the roadside message boards that Mr. Inaba

had arranged through the Department of Public Works. Other means of communication included partnering with the Department of Education on getting word out in schools; paid radio spots; Blackboard messaging through County Civil Defense; and help from other County agencies such as Parks and Recreation who asked their maintenance crews to cut back irrigation of parks in Kona by 50 percent.

Ms. Snyder added that the Water Smart mass email was another useful tool; DWS also contacted customers with temporary water service, as well as officials at State Highways, Keāhole Airport and Honokōhau Harbor.

In response to Mr. Uyeda's question of the status of the four wells that are down, the Manager-Chief Engineer replied that repairs to Queen Lil'uokalani Trust (QLT) Well are nearing completion. It is hoped that QLT Well will be back online this week. Hualālai Well has been out of service for years and has a warranty issue; it will need to be put out to competitive bid, to finish remaining repair work to get it back online. Wai'aha Well has already been bid out, and has a completion date of September 2017. As for Palani Well, it has not been determined whether it is under warranty, and it is unclear whether it is the developer's responsibility or the Department of Water Supply. For now, the best bet is QLT, followed by Wai'aha.

Mr. Uyeda asked if the 25% water restriction would go away if the QLT Well comes back online.

The Manager-Chief Engineer replied that once that well is back online, the plan is to maintain the water restriction for a period of time, to ensure it is working properly, with no potential for it to go down anytime soon. The Department would not want to lift a restriction, only to have to reinstate it. Rather than lifting the restriction, it will be downgraded to a Conservation Notice.

Mr. Balog asked if there was any way that the well repairs can be fast-tracked.

The Manager-Chief Engineer replied that for the Wai'aha Well, the contractor has been told to fly in the major components, rather than shipping by boat. Meanwhile, the pump and motor are not off-the-shelf items. They have to be custom-built. The shipping is the only means of saving time.

Mr. Balog asked about the warranty issues the Department is experiencing. He asked if the wells could be fixed first, and figure out the warranty issues later.

The Manager-Chief Engineer replied that is what the Department may need to do with the Palani Well, i.e., face the warranty issue later. Hualālai Well was put out to bid already.

The Manager-Chief Engineer also reported that as of February 1, 2017, Ms. Janet Snyder will be joining the Mayor's Office as their Public Relations Specialist. (*Ms. Snyder stated she would be on loan.*) The good thing is the Department will have a point of contact at the Mayor's Office if water-related issues come up such as conservation, restriction, the Keauhou Aquifer, etc.

In response to Mr. Arikawa's question of whether this is temporary, the Manager-Chief Engineer replied is temporary for four years. It is for the greater good of the entire County, but is a sacrifice for this Department. The question now is what to do. The Department does not expect to go out and recruit for something that is temporary, and so he will look within the Department to see if somebody can fulfill the duties of the position. They will use an avenue called Temporary Assignment. He would want somebody in the position that would be a consistent point of contact for media calls, for example.

Ms. Iokepa-Moses asked if that person would be compensated for the additional duties.

The Manager-Chief Engineer explained that when a person is temporarily assigned, they give up what they have been doing, and assume the duties of the position to which they are temporarily assigned.

Mr. Elarionoff asked what happens to that position.

The Manager-Chief Engineer replied they would have return rights; and if the need arises, then the Department will temporarily fill that position.

The Board congratulated Ms. Snyder on her new appointment.

I. **CHAIRPERSON'S REPORT:**

Chairperson Takamine thanked the Board for putting its trust in him to continue as Chair for this year. He looks forward to working with staff and the Board. He made a request to the Department, and to Ms. Snyder, to work with the Mayor on working to fill vacancies on the Water Board. There will be three vacancies, once Mr. Uyeda finishes at the end of March, and it would be hard to run the meetings with only six Board members in place.

ANNOUNCEMENTS:

1. **Next Regular Meeting:**

The next meeting of the Water Board is scheduled for February 28, 2017, at the West Hawai'i Civic Center, Community Center (Building G); 74-5044 Ane Keohokalole Highway, Kailua-Kona, Hawai'i

2. **Following Meeting:**

The following meeting of the Water Board is scheduled for March 28, 2017, at the Department of Water Supply, Operations Center Conference Room; 889 Leilani Street, Hilo, Hawai'i

ADJOURNMENT

ACTION: Mr. Arikawa moved to adjourn the meeting; seconded by Ms. Wilson, and carried unanimously by voice vote. Meeting adjourned at 12:01 p.m.

Recording Secretary