

## MINUTES

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

April 22, 2008

#### Hilo Operations Center Conference Room

MEMBERS PRESENT:

Mr. Thomas Goya, Chairperson  
Mr. Riley Smith, Vice-Chairperson  
Ms. Millie Kim  
Mr. Bernard "Malu" Konanui (10:23 a.m.)  
Mr. Francis Kuailani (10:20 a.m.)  
Mr. George Harai  
Mr. Robert Meierdiercks  
Mr. Dwayne Mukai

ABSENT:

Mr. Milton Pavao, Manager, Department of Water Supply  
(ex-officio member)  
Mr. Bruce McClure, Director, Department of Public Works  
(ex-officio member)  
Mr. Christopher Yuen, Planning Director (ex-officio member)

OTHERS PRESENT:

Ms. Katherine Garson, Deputy Corporation Counsel

#### 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. Keith Okamoto, Engineering Division  
Mr. Lawrence Beck, Engineering Division  
Mr. Finn McCall, Engineering Division  
Mr. Terrance Nago, Engineering Division  
Mr. Richard Sumada, Assistant Waterworks Controller  
Ms. Candace Pua, Finance Division  
Mr. Daryl Ikeda, Chief of Operations  
Mr. Clyde Young, Operations Division  
Mr. Grant Nagata, Operations Division

CALL TO ORDER - Chairman Goya called the meeting to order at 10:05 a.m.

## STATEMENTS FROM THE PUBLIC

None.

### APPROVAL OF MINUTES:

ADDENDUM: Mr. Harai moved to add approval of the March 25, 2008, Minutes of the Public Hearing on the Proposed Operating and Capital Improvements Budgets for Fiscal Year 2008/2009 to the Agenda; seconded by Ms. Kim and carried by roll call vote (Ayes: 6 - Messrs. Harai, Meierdiercks, Mukai, Smith, and Chairperson Goya, and Ms. Kim; Nays: 0; Absent from the vote: Messrs. Konanui and Kuailani).

ACTION TO APPROVE MINUTES OF PUBLIC HEARING: Mr. Smith moved for approval of the Minutes of the March 25, 2008, Public Hearing on the Proposed Operating and Capital Improvements Budgets for Fiscal Year 2008/2009; seconded by Mr. Mukai and carried unanimously by voice vote.

ACTION TO APPROVE MINUTES OF THE REGULAR MEETING: Mr. Meierdiercks moved for approval of the Minutes of the March 25, 2008, Water Board Meeting; seconded by Mr. Harai and carried unanimously by voice vote.

### APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA:

ACTION: Ms. Kim moved to add the Supplemental Agenda for Water Treatment Bid No. 2008-06 to the Agenda; seconded by Mr. Harai and carried unanimously by voice vote.

### SOUTH KOHALA:

#### **A. DEPARTMENT OF THE ARMY RIGHT-OF-ENTRY FOR ENVIRONMENTAL ASSESSMENT AND RESPONSE, TAX MAP KEY 6-6-002:043, SOUTH KOHALA, HAWAII:**

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The United States Army Corps of Engineers' Formerly Used Defense Sites (FUDS) Program is requesting to access the subject property for the purpose of performing an environmental assessment and response since the property has been identified as being located in the area known as the Former Waikoloa Maneuver Area. The Department of Water Supply (DWS) has facilities within this State property (makai of Queen Kaahumanu Highway at the Puako Road intersection) and is being requested to execute this right-of-entry in conjunction with the State Department of Land and Natural Resources or as an occupant of the State-owned parcel.

The Deputy Manager recommended that the Board approve the Right-of-Entry document subject to the review and approval of the Manager and Corporation Counsel and to allow either the Chairperson or the Vice-Chairperson to execute the document.

MOTION: Mr. Smith moved for approval of the recommendation; seconded by Mr. Meierdiercks.

Ms. Garson stated that this item came on the Agenda at the request of the Army for the right-of-entry. This Department has facilities on the property, but it is owned by the State. The Department will probably need to sign this right-of-entry and a license permit for the Army, which is why it is on the Agenda. What they had previously sent is a little different from the standard right-of-entry that the Department would normally enter into. The form received, which is for the owner of the property, is basically that they have the right to enter the property over a twenty-four month period, unrestricted, and this Department does not interfere with them. Usually when giving a right-of-entry, you can enter into the property, but you are not to interfere with the owner. This one is the other way around. The other thing with the Federal government is they cannot assure this Department that if they damage property, they will pay for it. It is subject to their appropriation. One of the things in the right-of-entry was in their sole discretion, if they damage something, they may reimburse the Department. This is a little unusual; however, they are going to go into this property and do a service (look for ordinance). It is basically getting approval for the Manager and Corporation Counsel's Office to work with the State and allow the right-of-entry. She summarized that basically, the Board is being asked to approve the terms of their being able to enter without interference from this Department, and also that they do not have to reimburse for any damages. If the Board does not want to approve this, then she should be advised to negotiate along those lines.

In response to a question of what type of site it is, the Deputy Manager replied that it is a pressure-reducing site (the Lalamilo area). Previously, ordinance was found on that entire track of land where training had been done.

Mr. Smith added that his former employer had a lot of land in the same area. The Army Corps of Engineers has hired a consultant to do an ordinance surface survey, and it will only improve the quality of the land because anything they find, they will remove. They do not warrant that they will find everything. It will just make it safer for this Department when it comes time for its contractor to start improvements to the Mauna Lani wells and the waterline, etc., making it safer for contractors.

Mr. Mukai suggested that the Department try to request from the Department of the Army to notify when they would be expecting a lot of activity to be coming up. They do not have to notify every day they go in, but just a general notification that activity will be starting up.

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

**B. JOB NO. 97-684, PUUKAPU-NIENIE BOOSTER PUMP STATION NO. 1 AND NO. 2 REPLACEMENT:**

The contractor, Dick Pacific Construction Co., Ltd. (Dick Pacific), is requesting for a contract time extension from May 31, 2005, to November 20, 2007 (or 903 calendar days). The specified pumps did not meet the factory certified efficiencies; and after several attempts to correct the situation, the pump sub-contractor, Beylik Drilling & Pump Service, Inc. (Beylik), claimed that the field conditions did not match the design conditions; and therefore, in the field, the pumps could not perform to the certified test conditions (which was based on the design parameters).

After consulting with Akinaka & Associates, Ltd., the Department of Water Supply (DWS) agreed that there would be no cost or benefit justification to make alterations or corrections to try and improve the efficiencies.

After review and discussion by all parties, it was mutually agreed upon that DWS would accept the pumps as installed with a 2-year warranty in lieu of the required 1-year warranty. Also, the pump contractor will be responsible for one year of the additional energy cost as determined by the DWS. It should also be noted that the pumps were originally installed and ready to be tested in October 2004 and have been in use by DWS since July 2005.

This would be the sixth extension of contract time:

- 1<sup>st</sup> extension - Inclement weather and supplier shipping delay (78 calendar days)
- 2<sup>nd</sup> extension - Supplier shipping delay (31 calendar days)
- 3<sup>rd</sup> extension - Telemetering line installation delay (61 calendar days)
- 4<sup>th</sup> extension - Telemetering line installation delay (61 calendar days)
- 5<sup>th</sup> extension - Repair/retest efficiencies for pumps. (151 calendar days)

If approved, the contract completion date will be moved from May 31, 2005, to November 20, 2007.

The Deputy Manager recommended that the Water Board approve the contract time extension of 903 calendar days to the contractor, Dick Pacific Construction Co., Ltd., for JOB NO. 97-684, CONSTRUCTION OF THE PUUKAPU-NIENIE BOOSTER PUMP STATION NO. 1 AND NO. REPLACEMENT.

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

Discussion followed regarding the new completion time, which has already passed (November 20, 2007). It was noted that the project was accepted at that time. The Department will not be assessing any liquidated damages. With regard to the pump, it gives the Department more experience in what types of pumps are out there and will be noted down in the "as-built" drawings.

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

#### NORTH KONA:

##### **A. JOB NO. 2006-891, KAHALUU SHAFT PUMPS CASING MODIFICATION:**

The contractor, Beylik Drilling and Pump Service, Inc., has requested a contract time extension of 60 calendar days. This is due to a delay in the start of the repair work on the Kahaluu Shaft Hil-A-Vator. Currently, the Hil-A-Vator is not operating safely when there is a load on it. Also, there is a concern regarding properly licensed contractors to repair it.

This is the second time extension to the contract. The first time extension request granted 61 calendar days to allow for repair work on the Hil-A-Vator and extended the contract completion date from February 27, 2008, to April 28, 2008.

Engineering staff has reviewed the request and finds that the 60 calendar days are justified. If approved, the contract completion date will be extended from April 28, 2008, to June 27, 2008.

The Deputy Manager recommended that the Board grant this extension of contract time of 60 calendar days to Beylik Drilling and Pump Service, Inc., for JOB NO. 2006-891, KAHALUU SHAFT PUMPS CASING MODIFICATION.

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

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

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The contractor, Isemoto Contracting Co., Ltd., has requested a contract time extension of 180 days. The time extension is requested due to problems in trying to interface with the Department's existing SCADA system at the Kona Baseyard. The contractor is trying to start up and test the pressure-reducing valve (PRV) at the Hawaiian Tel Booster Pump Station (requires SCADA control), which must be completed before any of the remaining sites can be tested for proper operation. Once the SCADA issues have been resolved and the Hawaiian Tel PRV can be satisfactorily tested, the contractor needs additional time to complete the SCADA work at the remaining sites and perform the necessary testing of those sites.

This would be the fifth time extension to the contract. The previously approved time extensions are listed below:

- Time Extension #1: Project extended 180 calendar days to allow for revisions to the plans and specifications.
- Time Extension #2: Project extended 180 calendar days due to change in scope of work, project scheduling, and revisions to the plans.
- Time Extension #3: Project extended 90 days due to unforeseen site conditions at Holualoa Well and Reservoir site requiring redesign.
- Time Extension #4: Project extended 90 days due to valve control additions that were not shown on the plans and the installation of an additional valve at the Holualoa Well site, also not shown on the plans.

Engineering staff has reviewed the fifth time extension request and finds that the 180 calendar days are justified. If approved, the contract completion date will be extended from April 28, 2008, to October 25, 2008.

The Deputy Manager recommended that the Board grant this extension of contract time of 180 calendar days to Isemoto Contracting Co., Ltd., for JOB NO. 2002-806, MAMALAHOA HIGHWAY WATERLINE IMPROVEMENTS – PHASE 2.

ACTION: Mr. Smith moved for approval of the recommendation; seconded by Mr. Kuailani and carried unanimously by voice vote.

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

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The contractor, Isemoto Contracting Co., Ltd., requests a 91-calendar day time extension. This request is due to delays beyond the control of the contractor with processing the building permit. This is the first time extension request. Staff has reviewed the request and finds that the 91 calendar days are justified.

The Deputy Manager recommended that the Board approve a contract time extension to Isemoto Contracting Co., Ltd., of 91 calendar days from August 19, 2008, to November 18, 2008, for JOB NO. 2004-839, KEOPU-PUUHONUA PRODUCTION WELL AND 1.0-MG RESERVOIR.

ACTION: Mr. Mukai moved for approval of the recommendation; seconded by Mr. Konanui and carried unanimously by voice vote.

**KA‘U:**

**A. JOB NO. 2005-873, CONSTRUCTION OF NA‘ALEHU DEEPWELL MCC BUILDING:**

The contractor, Site Engineering, Inc., has requested for a contract time extension of 133 calendar days. Due to delays in the submitted review process for the motor soft starter equipment, additional time is needed to account for the long lead times for getting the equipment. The starter is expected to arrive in approximately 14 to 16 weeks. In addition, the contractor will need 3 weeks to install and make it operational. This will be the first time extension to the contract. Staff has reviewed the request and finds that the 133 calendar days are justified. If approved, the contract completion date will be extended from April 27, 2008, to September 7, 2008.

The Deputy Manager recommended that the Board grant this extension of contract time of 133 calendar days to Site Engineering, Inc., for JOB NO. 2005-873, CONSTRUCTION OF NA‘ALEHU DEEPWELL MCC BUILDING.

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

Discussion followed regarding Mr. Mukai’s question as to whether it might be more practical to give more contract time instead of having all of these time extension requests. He also noticed a lot of delays due to transit time for equipment and also for obtaining building permits.

The Deputy Manager commented that perhaps the permitting process should be done prior to award. This is something that may be worked out with Engineering Division. Currently, it is the responsibility of the contractor to get the building permit.

Mr. Smith commented that if the Department were to give a longer contract period, the contractor may work slower. This contract time extension is for something that is not under the contractor’s control, so he did not see a problem with it.

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

MISCELLANEOUS:

**A. DEDICATION OF WATER SYSTEM:**

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. **GRANT OF EASEMENT AND BILL OF SALE**  
 Subdivision Application No. 2004-00235 (Alii Heights, Unit 2, Phase VI)  
 Grantor: TOWNE KEAUHOU LLC  
 TMK: (3) 7-7-008:096  
 E.W.O.: 2006-057  
 Lots: 6                                      Zoning: RS-15  
 Facilities Charge: \$33,000.00          Paid: 4/17/2006  
 Final Inspection Date: 1/16/2008  
 Water System Cost: \$27,523.90

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

**ACTION:** Mr. Kuailani moved for approval of the recommendation; seconded by Mr. Smith and carried unanimously by voice vote.

**B. MATERIAL BID NO. 2008-07, FURNISHING AND DELIVERING STEP-UP TRANSFORMER FOR PARKER WELL NO. 1; FURNISHING AND DELIVERING ELECTRIC MOTORS FOR KEONEPOKO NUI DEEPWELL NO. 1, PACIFIC PARADISE, WAIĀKEA UKA CAMP 7, HUALĀLAI, PALANI 2, KAHALU‘U, AND KALOKO MAUKA 3 BOOSTER PUMPS, FOR THE DEPARTMENT OF WATER SUPPLY:**

Bids were opened on April 9, 2008; and the following are the bid results:

	Derrick’s Well Drilling & Pump Service, LLC	Gexpro	Kaman Industrial Technologies Corp.	Pacific Liquid & Air Systems	TK Process Hawaii, LLC	Water Resources International, Inc.
Part A, Parker Well No. 1 - One (1) only pad mount, step-up transformer rated 650 KVA minimum						
<b>Total delivery price</b>	No Bid	\$38,947.14	\$33,691.00	No Bid	\$43,709.07	\$46,838.18
Part B, Keonepoko Nui Deepwell No. 1 - One (1) only 200 HP vertical, hollow shaft 460 volt motor						
<b>Total delivery price</b>	\$27,636.25	No Bid	\$19,320.00	\$23,229.02	\$24,787.08	\$30,148.16
Part C, Pacific Paradise Booster Pump - One (1) only 20 HP vertical, hollow shaft 230 volt motor						

<b>Total delivery price</b>	\$3,589.45	No Bid	\$2,435.00	\$2,916.65	\$3,803.18	\$4,254.39
<b>Part D, Waiakea Uka, Camp 7, Booster</b> - One (1) only 40 HP vertical, hollow shaft 460 volt motor						
<b>Total delivery price</b>	\$5,845.78	No Bid	\$3,821.00	\$4,593.72	\$5,879.76	\$7,042.91
<b>Part E, Hualalai Booster Pump</b> - One (1) only 30 HP vertical, hollow shaft 460 volt motor						
<b>Total delivery price</b>	\$4,390.00	No Bid	\$3,010.00	\$3,645.81	\$4,585.54	\$5,363.24
<b>Part F, Palani 2 Booster Pump</b> - One (1) only 60 HP vertical, hollow shaft 460 volt motor						
<b>Total delivery price</b>	\$8,449.00	No Bid	\$5,425.00	\$6,562.46	\$8,124.94	\$9,352.28
<b>Part G, Kahaluu Booster Pump</b> - One (1) only 100 HP vertical, hollow shaft 460 volt motor						
<b>Total delivery price</b>	\$13,015.15	No Bid	\$8,597.00	\$10,322.85	\$12,669.19	\$14,222.29
<b>Part H, Kaloko Mauka 3 Booster Pump</b> - One (1) only 30 HP vertical, hollow shaft 230 volt motor						
<b>Total delivery price</b>	\$4,390.00	No Bid	\$3,010.00	\$3,645.81	\$4,585.59	\$5,363.24

The Deputy Manager recommended that the Water Board award the contract for MATERIAL BID NO. 2008-07, FURNISHING AND DELIVERING STEP-UP TRANSFORMER FOR PARKER WELL NO. 1; FURNISHING AND DELIVERING ELECTRIC MOTORS FOR KEONEPOKO NUI DEEPWELL NO. 1, PACIFIC PARADISE, WAIĀKEA UKA CAMP 7, HUALĀLAI, PALANI 2, KAHALU‘U, AND KALOKO MAUKA 3 BOOSTER PUMPS, to the low bidder, Kaman Industrial Technologies Corp., for Parts A, B, C, D, E, F, G, and H at a cost of \$79,309.00, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract subject to approval of the contract as to form and legality by Corporation Counsel.

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

**C. WATER TREATMENT BID NO. 2008-06, A - FURNISHING AND DELIVERING LIQUID CHLORINE TO VARIOUS LOCATIONS IN THE ISLAND OF HAWAI‘I (ON AN AS-NEEDED BASIS); B - FURNISHING AND DELIVERING LIQUID AMMONIA TO WAIMEA WATER TREATMENT PLANT, DISTRICT OF SOUTH KOHALA (ON AN AS-NEEDED BASIS); AND C - FURNISHING AND DELIVERING 50% LIQUID CAUSTIC SODA TO WAIMEA WATER TREATMENT PLANT, DISTRICT OF SOUTH KOHALA (ON AN AS-NEEDED BASIS):**

One bid was received and opened on April 17, 2008; and following are the bid results:



<u>Bidder</u>	<u>Amount</u>
<b><u>Phoenix V LLC dba BEI Hawaii</u></b>	
<b>PART A - FURNISH AND DELIVER LIQUID CHLORINE</b>	
I. HILO DISTRICT	
a. Panaewa Deep Well (125 cylinders per year) Cost per 150-lb. cylinder	\$286.00
II. PUNA DISTRICT	
a. Panaewa Deep Well Chlorinator Building (20 cylinders per year) Cost per 150-lb. cylinder	\$299.00
III. KA‘U DISTRICT	
a. Pahala Deep Well Chlorinator Building (12 cylinders per year) Cost per 150-lb. cylinder	\$349.00
IV. KOHALA DISTRICT	
a. Waimea Water Treatment Plant Cost per one-ton cylinder (20 cylinders per year) Cost per 150-lb. cylinder (60 cylinders per year)	\$2,060.00 \$316.00
V. KONA DISTRICT	
a. DWS Kona Baseyard (150 cylinders per year) Cost per 150-lb. cylinder	\$323.00
<b>PART B – FURNISH AND DELIVER LIQUID AMMONIA</b>	
a. Waimea Water Treatment Plant (12 cylinders per year) Cost per 150-lb. cylinder	<i>No Bid</i>
<b>PART C – FURNISH AND DELIVER 50% LIQUID CAUSTIC SODA</b>	
a. Waimea Water Treatment Plant Cost per dry ton	\$1,498.00

The Deputy Manager recommended that the Board award the contract for WATER TREATMENT PROPOSAL NO. 2008-06, A - FURNISHING AND DELIVERING LIQUID CHLORINE TO VARIOUS LOCATIONS IN THE ISLAND OF HAWAI‘I (ON AN AS-NEEDED BASIS), B - FURNISHING AND DELIVERING LIQUID AMMONIA TO WAIMEA WATER TREATMENT PLANT, DISTRICT OF SOUTH KOHALA (ON AN AS-NEEDED BASIS), C - FURNISHING AND DELIVERING 50% LIQUID CAUSTIC SODA TO WAIMEA WATER TREATMENT PLANT, DISTRICT OF SOUTH KOHALA (ON AN AS-NEEDED BASIS); FOR THE DEPARTMENT OF WATER SUPPLY, to **Phoenix V LLC dba BEI Hawaii** at the unit prices listed above for the period from July 1, 2008, through June 30, 2010, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel.

For Part B where no bid was received, staff shall obtain quotations in the best interest of the Department.

ACTION: Mr. Meierdiercks moved for approval of the recommendation; seconded by Mr. Smith and carried unanimously by voice vote.

**D. RENEWAL OF CONTRACT FOR MAINTENANCE AGREEMENT – SOUTH KOHALA, HAMAKUA, AND LAUPAHOEHOE SITES (BRANTLEY CENTER, INC.):**

Brantley Center, Inc., presently has a Maintenance Agreement for site maintenance for the Department’s South Kohala, Hamakua, and Laupahoehoe tank and pump sites. They are requesting to renew the Agreement for two years from July 1, 2008, to June 30, 2010. The new rates would be as follows:

Hamakua	-	\$2,446.00/month
Laupahoehoe	-	\$691.00/month
South Kohala	-	\$3,183.00/month

The Department has the right to award the contract to Brantley Center, Inc., without advertising or calling for bids, according to Subsection 103D-1010 of the Hawai‘i Public Procurement Code. Brantley Center, Inc., has submitted the necessary documents to meet the requirement as a qualified rehabilitation facility.

There is a 4.75% increase in their cost from the previous two years. The contract is increasing from \$144,480.00 to \$151,680.00. Brantley Center’s performance has been satisfactory, and the costs are reasonable.

The Deputy Manager recommended that the Board award the contract for the MAINTENANCE AGREEMENT – SOUTH KOHALA, HAMAKUA, AND LAUPAHOEHOE SITES, to Brantley Center, Inc., for a period of two years from July 1, 2008, to June 30, 2010, at the rates as follows, and that either the Chairperson or the Vice-Chairperson be authorized to sign the documents, subject to approval of our Corporation Counsel:

South Kohala Sites (\$3,183.00/month x 2 years)	\$76,392.00
Hamakua Sites (\$2,446.00/month x 2 years)	58,704.00
Laupahoehoe Sites (\$691.00/month x 2 years)	<u>16,584.00</u>
TWO-YEAR TOTAL:	<u>\$151,680.00</u>

MOTION: Mr. Mukai moved for approval of the recommendation; seconded by Mr. Smith.

Discussion followed on whether the contract was initially awarded by the competitive bid process and whether the price is considered fair.

Mr. Ikeda stated that the prices are fair, even compared to the other districts for which bids were received before the Konno decision. Brantley Center’s prices are low in comparison.

Mr. Harai mentioned the site maintenance contractors who had contracts terminated in December 2007 because of union concerns. He asked if this one had anything to do with that.

Ms. Garson stated that this is a separate issue. This particular section has to do with procurement. You can procure their services without going out to bid. Civil Service and Konno is a slightly different matter. You have to comply with both laws. However, in the Civil Service law, there is also an exemption from Civil Service when you are using this type of facility. What had happened with whoever had the contract for some of the Department's other facilities, including the main office, there was a question as to whether or not you could contract out with a private company to do work that a Civil Servant could do. That is why the Department ended up terminating the contracts with the private individuals to hire Civil Servants. Some people were "grandfathered" in such as Arc of Hilo and Brantley Center because they have an existing exemption that was approved. The deal with the County was that if they had an existing contract with one of these entities, they could go ahead and extend that contract for the facility. There are some other County departments also still using these types of services and did not have to hire Civil Servants for that particular work.

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

E. **MONTHLY PROGRESS REPORT:**

Chairperson Goya mentioned that his thought was that projects carry over from year to year and the information was listed under the original approved capital budget. Some of them are in the current year or the previous year. To him, it would make more sense if it is listed in the current year rather than in the historic year with a notation made under the historic year. Some are shown three times within the report itself. It would make more sense to show actually what is being done in the current year rather than historic year.

Mr. Okamoto indicated that he would adjust it next month.

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

The Deputy Manager announced that Mr. Sumada would be on temporary assignment to the Waterworks Controller position until Mr. Tsunoda's retirement officially begins in August of this year. He asked if the Board had any questions of Mr. Sumada.

Chairperson Goya stated that he had previously asked for information about writing off the bad debt on the Matsumoto account. Maybe at next meeting, the Department can give an idea of what its next steps are. He also asked for a report on delinquencies by then.

Mr. Meierdiercks asked about bank fees on Page 2 of the summary. The Department is already over 400%. It will be about \$100,000.00.

Mr. Sumada replied that bank fees are high this year because of a bank reconciliation adjustment posted this year for prior years. Going forward, it should be more in line with budget; and those bank fees are primarily credit card fees.

**G. DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING AND CAPITAL IMPROVEMENT BUDGETS FOR FISCAL YEAR 2008 - 2009:**

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The proposed Operating and Capital Improvement Budgets for Fiscal Year 2008-2009 were published in the newspapers for presentation at the Public Hearing held on March 25, 2008, at 9:30 a.m.

The Deputy Manager recommended that the Board approve the proposed Operating and Capital Improvement Budgets for the Fiscal Year 2008-2009.

ACTION: Mr. Meierdiercks moved for approval of the recommendation; seconded by Mr. Smith and carried unanimously by voice vote.

**H. BANKING AND CASH MANAGEMENT:**

(The Board chose to take this up at the end of the meeting. See Page 15.)

**I. WATER RATE STUDY:**

Chairperson Goya mentioned that this water rate study, completed in July of 2007, assumed a two percent growth rate in customers and water pumpage. He asks if that would still be appropriate with the change in economy. For new Board Members, like Mr. Meierdiercks, they may be looking at a rate increase sooner than later. Full employment may have some implications regarding the amount of rate increase that will be necessary to meet the goals and expectations of the Department. He recommended that each Board Member review the information in the Water Rate Study; and if they were not provided with one, to ask that they be given a copy by the Department.

**J. MANAGER'S REPORT:**

- 1) Status of the Palani Road Transmission Waterline project – the Deputy Manager reported that the Department is moving forward with the condemnation actions.
- 2) Status of the Hawaiian Ocean View exploratory well – the Department received the final presentations by two consultant/contractors. Will be ready for selection of one of the two in the near future. In the exploratory drilling, the depth is close to 700 feet.
- 3) Status of the Kona Water Quality – work in the shaft by Beylik Drilling & Pump Service (Beylik) is waiting on the repair of the Hil-A-Vator. They need to move heavy equipment so it is recommended they wait until the repair is completed. In addition to the improvements at the Shaft, the Department is moving forward with the Waiaha contract with Bolton, Inc.
- 4) Update on negotiations with Kamehameha Investment Corporation (KIC) – still have not heard from KIC.
- 5) Employee of the Quarter Presentation – Mr. Finn McCall was presented with the Employee of the Quarter award for the first quarter of 2008. Mr. Larry Beck announced that Mr. McCall has been with the Department since March 2004 and is currently on temporary assignment as a Civil Engineer III and fully living up to the expectations of the position. Right from the start, he has proven himself as a terrific employee, extremely dependable, self sufficient, and a great team worker. There have been numerous compliments from customers who have dealt with

him. Finn has actually received two nominations, one from the Engineering Division and one from the Operations Division. This is partly due to the fact that he was instrumental in working with one of the consultants on the earthquake tank repairs. Over 21 tanks needed repair, and along with his other duties which he kept up with, he was able to go forward and get out in the field and get the job done, along with Ms. Elaine Chiu, who was also a recent employee of the quarter. Chairperson Goya presented Mr. McCall with the Employee of the Quarter award and echoed Mr. Beck's comments that he is an outstanding employee and a model for everyone else. Mr. McCall stated that it has been fun working with the staff. Everyone works together, which helps out a lot.

The Deputy Manager introduced Mr. Terrance Nago, recently hired by the Department to the Water Resources and Planning Branch. Mr. Nago was formerly with Okahara & Associates, Inc. (Okahara). Mr. Nago stated that he began his career at Hilo Coast Processing Company, after graduating UH Manoa in 1980. He began with Okahara in 1984 and has handled several water projects involving the four county water departments, mainly with the Honolulu Board of Water Supply. The Big Island is his home and one of his main reasons for joining this Department, and he looks forward to working with the Department of Water Supply in meeting its goals and objectives. The Board acknowledged that Mr. Nago will be an asset to this Department and is lucky to have him on staff.

**K. CHAIRPERSON'S REPORT:**

Chairperson Goya mentioned the Department's booth at the University of Hawaii at Hilo's campus on April 18 for Earth Day. He encouraged other Board Members to attend next time. It is an important topic because of the limited resources on this island and the focus on sustainability and preserving and protecting the environment.

Ms. Aton gave some information on how the presentation went and commended Ms. Antoinette Aguiar, Ms. Julie Myhre, and Mr. Grant Nagata for their hard work on the displays. Also, Ms. Shari Komata donated the aquarium. Mr. Nagata stated that part of the display was from one they had used at a previous Drinking Water Week set-up held by the Department. It was suggested that the display be set up as part of the Kaloko Hydro-Generator Blessing to be held May 9, 2008.

The Deputy Manager mentioned that another function that Ms. Aton has been working on is the Kona Water Roundtable Meeting to be held on May 14<sup>th</sup> at the King Kamehameha's Kona Beach Hotel, Ballrooms 1 and 2, from 8:30 a.m. to 3:30 p.m. The United States Geological Survey (USGS) will prepare an agenda for the meeting. Mr. Larry Beck will not be able to attend that meeting because on that same day, he will be making a presentation with other water officials and attorneys on Oahu ("Integrating Water Law and Land Use Planning in Hawaii"). With all of these functions going on, the Department found it was running short on time to plan another Drinking Water Week display this year, which are usually held at the Prince Kuhio Plaza, KTA, or Walmart. With respect to the motto change, he mentioned that he is having mugs ordered with the new motto on them to advertise it to employees.

Chairperson Goya mentioned that the Kaloko Hydro-Generator Blessing is not an official Water Board function, so he cautioned members who might be attending to keep the Sunshine Law in the forefront.

The Deputy Manager stated that the Kona Water Roundtable meeting is not a Department of Water Supply event, although it is sponsoring the site and lunch for that day. The Department is working with USGS. He asked Mr. Beck to brief the Board on why this Roundtable is being formed.

Mr. Beck stated that it copies what is being done in Waimea, but is coming up at this time because the Kaloko-Honokohau National Park has been doing some shallow-well monitoring and seems to believe that the water levels through the Park are being diminished by pumping mauka. They are concerned about it because they have a certain type of fly and a type of shrimp that are in the anchialine ponds that require a certain amount of fresh water to create that particular habitat, which are candidates for endangered species. Their concern is that additional pumping above the highway, where the Department is planning to put some wells in, could have a detrimental affect on their Park. The Department is meeting with the hydrologists to give their input, and their input seems to be that it has a lot more to do with changes in sea level than what is being done with the fresh water aquifer. They will be making presentations and making convincing arguments along those lines. The Park is discussing making it a water management area, which would be a concern to everyone, and may even involve shutting down pumps which would affect future development plans. One of the things that was suggested by a hydrologist would be to put in some much deeper wells to at least 100 feet below sea level and doing a series mauka/makai and recording data through those regarding temperature and salinity over an extended period rather than trying to base all their information on the three shallow borings they have within the Park. In response to Chairperson Goya's question on whether the Department would be doing any presentations, Mr. Beck replied there would probably be some sort of presentation regarding the Department's Water Use and Development Plan and the information that came out of that plan.

Chairperson Goya asked Mr. Kuailani if he had any comments regarding the meeting or any information he wished to share.

Mr. Kuailani stated that what Mr. Beck had spoken of was basically the National Park's concern. One of the biggest problems they had was with deaths of native birds due to the stagnant water in the ponds.

Ms. Garson suggested placing this item on the next Agenda if the Board is going to get into the merits of the situation. Maybe for the next meeting, an update can be provided on what occurred at the Kona Water Roundtable meeting. When asked how many Board Members would be interested in attending this meeting on the 14<sup>th</sup>, Messrs. Kuailani, Meierdiercks, Mukai, and Chairperson Goya expressed interest. Ms. Garson will check on whether there was any problem with four Board members being present. Ms. Aton will send Ms. Garson the details of the meeting. It is not a discussion forum, but rather a learning session for participants.

Mr. Beck gave some more background on the Integrating Water Law and Land Use Planning in Hawaii seminar. The State Commission on Water Resource Management (CWRM) will be giving

a presentation on the State Water Plan and probably discuss the Water Resources Protection Plan that just came out and has sort of revised some of the sustainable yields for the aquifers, which would be a little ominous for this Department because they are being extremely conservative. They determine ranges but have a lack of data and seem to be leaning towards the lowest number. It sort of illustrates that some of the aquifers on the west side may have as little as half as much as was expected when the Water Use and Development Plan (WUDP) was done. Mr. Beck will be presenting the WUDP after CWRM's presentation. The Deputy Manager mentioned that Mr. Beck could provide a report on this seminar at the next Water Board meeting. Ms. Garson mentioned she is also attending the seminar. Chairperson asked if Mr. Beck would like some support from the Board by having one member attend (Mr. Beck indicated he would). Ms. Kim agreed to attend on behalf of the Water Board.

Chairperson Goya summarized that some of these things discussed under the Chairperson's Report today should have been on the Agenda under the Manager's Report and that careful attention should be given to preparation of the Agenda.

#### H. **BANKING AND CASH MANAGEMENT:**

This Executive Session was deferred by the Board at its 1/22, 2/26, and 3/25 meetings.

##### Executive Session

The Board anticipates convening an Executive Session for the purpose consulting with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities and liabilities as per HRS 92-5(a)(4).

**ACTION TO ENTER EXECUTIVE SESSION:** Ms. Kim moved that the Board enter Executive Session; seconded by Mr. Smith and carried unanimously by voice vote. (Executive Session began at 11:28 a.m. and ended at 11:37 a.m.)

#### ANNOUNCEMENTS:

##### 1. **Next Meeting:**

The next meeting of the Water Board will be held on **May 27, 2008, 10:00 a.m., in the Waimea Community Center** (next to Waimea Ball Park).

The Board chose to hold its June 24, 2008, in the Hilo Operations Center Conference Room. The July meeting may be in Kona, subject to further notice.

#### STATEMENTS FROM THE PUBLIC - None

#### ADJOURNMENT

**ACTION:** Mr. Smith moved for adjournment of the Meeting; seconded by Ms. Kim and carried unanimously by voice vote. (Meeting adjourned at 11:39 a.m.)

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Secretary

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