

MINUTES

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

May 27, 2008

Waimea Community Center

MEMBERS PRESENT: Mr. Thomas Goya, Chairperson
Mr. Riley Smith, Vice-Chairperson
Ms. Millie Kim
Mr. Francis Kuailani (10:05 a.m.)
Mr. George Harai
Mr. Robert Meierdiercks
Mr. Dwayne Mukai
Mr. Milton Pavao, Manager, Department of Water Supply
(ex-officio member)

ABSENT: Mr. Bernard “Malu” Konanui, Water Board 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
Mr. Brian Smith, Kitchell Contractors

Department of Water Supply Staff

Mr. Quirino Antonio, Jr., Deputy Manager
Ms. Kris “Kanani” Aton, Public Information and Education Specialist
Mr. Kurt Inaba, Engineering Division Head
Mr. Lawrence Beck, Engineering Division
Mr. Richard Sumada, Assistant Waterworks Controller
Mr. Daryl Ikeda, Chief of Operations
Ms. Julie Myhre, Operations Division

CALL TO ORDER - Chairman Goya called the meeting to order at 10:03 a.m.

STATEMENTS FROM THE PUBLIC

None.

APPROVAL OF MINUTES:

ACTION: Mr. Meierdiercks moved for approval of the Minutes of the April 22, 2008, Water Board Meeting; seconded by Ms. Kim and carried unanimously by voice vote.

APPROVAL OF SUPPLEMENTAL AGENDA

ACTION: Mr. Smith moved to add the Supplemental Agenda for MATERIAL BID NO. 2008-08, to the Agenda; seconded by Mr. Harai and carried unanimously by voice vote.

SOUTH HILO:

A. **DRINKING WATER STATE REVOLVING FUND RESOLUTION NO. 08-03:**

Resolution No. 08-03 amends Resolution 2005-01 to increase the loan amount requested from the Drinking Water State Revolving Fund (DWSRF). This increase in loan amount is due to escalated prices from when the original resolution was drafted as well as the additional funds to include the new reservoir, which was approved by the Department of Health as an improvement that qualifies for this funding. This Resolution is specifically identified for the following projects: Job No. 98-705, HONOMU EXPLORATORY WELL and Job No. 2005-863, HONOMU PRODUCTION WELL AND 0.3 MG RESERVOIR, to execute loans with DWSRF for up to \$4.5 million.

The Manager recommended that the Water Board adopt Resolution No. 08-03, subject to the approval of Corporation Counsel.

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

Mr. Mukai noticed that the original Resolution was for \$2 million, and now it is going up to \$4.5 million, more than double the amount of what was approved two to three years ago.

Mr. Inaba explained that the loan was based on the estimate; and what the results are now are the actual bid amounts from what was found during the exploratory well phase.

The Manager explained that this covers the entire project and not just the exploratory portion.

Mr. Smith asked if someone could explain the State's Drinking Water Revolving Fund (SDWA) and why it is advantageous for the Department to take advantage of that.

The Manager replied that, basically, why it is advantageous is because they are very low interest loans. The program came about many years ago when the Environmental Protection Agency (EPA) first started it. They provided the "seed" money to get the program going and modeled it after the wastewater revolving fund program. Basically what you do is each agency, or four different water supplies, are able to borrow money from this State revolving fund. The only condition is that the monies be used to put systems into compliance with the EPA, and that is the reason why EPA provided funding. There are qualifications to the loan program and basically what you do is you borrow, you pay back annually; and what goes back into the fund is available for the other jurisdictions to borrow from. That is why it is called a revolving fund because the money always stays there. The reason this Department qualified for use for the Honomu Well is because it will replace a spring source. In otherwords, you could not use this money for a new pipeline project.

Mr. Smith added that it also does not tie up the Department's ability to borrow money.

Ms. Kim asked if the State puts in money now or if it is still Federal monies.

The Manager replied that the State is allowed to claim a percentage of the funds for costs to administer the program. However, the monies come from EPA.

Ms. Kim asked how the fund maintains itself and whether it is just from interest earned.

The Manager replied that it is from interest earned, but he was sure they also invest the fund to gain interest.

In response to Chairperson Goya’s question of whether the funds are adequate to support the current projects the Department is asking for, the Manager replied that it is on a competing basis among the four counties and what they do is the State Department of Health or the Safe Drinking Water Branch personnel prioritize the projects, depending on what ones are more in line with the intent of the loan. They only have a set amount per year.

(Mr. Kuailani joined the meeting.)

ACTION: A roll call vote was taken on the Motion. Motion was carried by Ayes: 7 - Ms. Kim, Messrs. Harai, Kuailani, Meierdiercks, Mukai, Smith, and Chairperson Goya; Nays: 0; Absent: 1 - Mr. Konanui).

B. MATERIAL BID NO. 2008-08, FURNISHING AND DELIVERING WATER METERS, FIRE HYDRANTS, VALVES, CHLORINATORS, PUMPS, PIPES, SCADA, MOTORS, AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK:

Bids were opened on May 22, 2008. The contract period for all Parts is one year, from July 1, 2008, to June 30, 2009. All Parts are to establish price agreements for materials on an “As-Needed Basis.”

The Manager recommended that the Board award the contracts to the following bidders for MATERIAL BID NO. 2008-08, FURNISHING AND DELIVERING WATER METERS, FIRE HYDRANTS, VALVES, CHLORINATORS, PUMPS, PIPES, SCADA, MOTORS, AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK, on an as-needed basis, as listed below, and that either the Chairman or the Vice-Chairman be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel. The contract period shall be from July 1, 2008, to June 30, 2009.

SECTION NO.	DESCRIPTION	BIDDER	AMOUNT
1	GALVANIZED PIPES T & C	NO BID	
2	5/8” WATER METERS	Ferguson Enterprises, Inc.	\$66,510.00
3	1” – 2” WATER METERS	Badger Meter, Inc.	\$13,892.50
4	COMPOUND WATER METERS	Ferguson Enterprises, Inc.	\$16,466.67
5	TURBINE METERS & STRAINERS	Ferguson Enterprises, Inc.	\$20,852.26
6	DETECTOR CHECK METERS	Ferguson Enterprises, Inc.	\$6,461.54
7	FIRE SERVICE METERS	Ferguson Enterprises, Inc.	\$30,407.50
8	FIRE HYDRANTS	Ferguson Enterprises, Inc.	\$46,124.09
9	NUTS, BOLTS, AND THREADED RODS	Barnes Distribution	\$43,570.82
10	BALL VALVES	A. P. Water dba HIW, Inc.	\$101,745.00
11	GATE VALVES ~ 3” AND LARGER, 125# CLASS	Ferguson Enterprises, Inc.	\$32,253.25

12	GATE VALVES ~ 2 ½" AND SMALLER	Ferguson Enterprises, Inc.	\$12,157.49
13	PUMP SEALS	D & M Industrial Repair Services, Inc.	\$95,142.00
14	MAG METERS	Hawaii Engineering Services	\$181,377.71
15	DIRECT CURRENT MAG METERS	Hawaii Engineering Services	\$124,733.89
16	SURGE ARRESTORS	TK Process Hawaii, LLC	\$22,697.69
17	MOTORS	NO BID	
18	AUTOMATIC CONTROL VALVES	Ferguson Enterprises, Inc.	\$224,767.87
19	ANTI-CAVITATION VALVE	A P Water dba HIW, Inc.	\$106,089.00
20	SCADA SYSTEM	New Dimensions Control, Inc.	\$37,188.00
21	SUBMERSIBLE MOTORS (NEW ONLY)	NO BID	
22	SUBMERSIBLE MOTORS (REFURBISHED AND REWIND ONLY)	NO BID	
23	CENTRILIFT VARIABLE SPEED DRIVE PARTS	NO BID	
24	LOW HORSEPOWER VFD (1/4 HP-15 HP)	TK Process Hawaii, LLC	\$15,046.31
25	LEAK NOISE DATA LOGGERS	TK Process Hawaii, LLC	\$24,488.88
26	SOLID STATE REDUCED VOLTAGE SOFT STARTER ~ LOW VOLTAGE	TK Process Hawaii, LLC	\$314,769.49
27	SOLID STATE REDUCED VOLTAGE SOFT STARTER ~ MEDIUM VOLTAGE	TK Process Hawaii, LLC	\$91,172.39
28	COMPACT SOLID STATE REDUCED VOLTAGE SOFT STARTER	TK Process Hawaii, LLC	\$63,936.04
29	HATCH FRAMES AND COVERS	BK, Inc.	\$5,250.00
30	FALL PROTECTION EQUIPMENT	Central Supply, Inc.	\$57,375.05

For the Parts where no bids were received, staff shall obtain quotations in the best interest of the Department.

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

In response to Ms. Kim's question whether this is to replenish existing stock, the Manager replied it basically is. It also does not necessarily mean the Department will be buying everything that is on the list--only on an "as-needed" basis.

In response to Chairperson's Goya's question of whether this comes from the 2008/2009 fiscal year budget, the Manager replied that it does, and the prices are guaranteed for that period of time.

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

C. **JOB NO. 2007-926, CONSTRUCTION OF THE HAKALAU IKI SPRING REMEDIATION:**

Bids were opened on May 16, 2008, at 2:00 p.m.; and the results were enumerated in the Agenda.

This project consists of remediation work on the Hakalau Iki Spring intake structure, installation of corrosion control facilities, water quality monitoring facilities, and appurtenant piping, electrical, and site work. Funding for this project will be from DWS CIP. The contractor will have 136 calendar days to complete this project. The Engineering estimate was \$505,225.00.

The Manager recommended that the Board award the contract for JOB NO. 2007-926, CONSTRUCTION OF THE HAKALAU IKI SPRING REMEDIATION, to the lowest responsible bidder, Ed Higa General Contractor, for their bid amount of \$518,000.00 plus \$52,000.00 in construction contingency for a total contract amount of \$570,000.00, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract subject to review as to form and legality of the contract by Corporation Counsel.

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

SOUTH KOHALA:

A. **DRINKING WATER STATE REVOLVING FUND RESOLUTION NO. 08-04:**

Resolution No. 08-04 is for the project of which the Department has submitted request for loans under the Drinking Water State Revolving Fund. As part of the requirements, a Resolution is required by the Water Board. This Resolution is specifically identified for the following project: Job No. 2004-850, WAIMEA WATER TREATMENT PLANT SLUDGE DRYING BEDS and authorizes the Manager or Deputy Manager to execute loans with the DWSRF for up to \$3.6 million.

The Manager recommended that the Water Board adopt Resolution No. 08-04, subject to the approval of Corporation Counsel.

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

This was noted to be similar to Resolution No. 08-03, just passed by the Board today. Some questions were asked about the drying beds and what happens to the sludge after it is dried. Staff explained that the drying beds will be located near the reservoirs above the water treatment plant. It will be a covered building, using a type of greenhouse situation where the sludge will be churned and large blowers will dry it. There may be some use for the dried product, but the Department cannot just give it away. It would need to be auctioned off.

Mr. Smith spoke of the egg farm that is located down Kawaihae Road. The owner does a lot of organic composting, and the Department might want to have the consultant get in touch with him because he may have some use for it.

Discussion followed regarding whether the Department can legally sell the sludge. Another thing to consider is what is in the sludge (the chemical composition). It was noted that the Department would need to follow the procurement process.

ACTION: A roll call vote was taken on the Motion. Motion was carried by Ayes: 7 - Ms. Kim, Messrs. Harai, Kuailani, Meierdiercks, Mukai, Smith, and Chairperson Goya; Nays: 0; Absent: 1 - Mr. Konanui).

B. WATER TREATMENT PROPOSAL NO. 2008-02, FURNISHING AND DELIVERING POLYMERS TO WAIMEA WATER TREATMENT PLANT:

Bids were opened on May 15, 2008, at 2:00 p.m.; and following are the bid results:

Bidder	Amount
Phoenix V LLC dba BEI Hawaii	\$298,099.66
Pural Water Specialty Co., Inc.	\$336,050.75

<u>Bidder</u>	<u>Amount</u>
Phoenix V LLC dba BEI Hawaii	\$298,099.66
Contingency	<u>51,900.34</u>
TOTAL CONTRACT PRICE:	<u>\$350,000.00</u>

The reason for the high contingency is that due to past experiences, the dosage of polymers used at the time of the plant test is lower than at other times of the year. As the quality of water goes down during the year due to unstable weather conditions, more polymers are used to meet the water quality requirements of the State of Hawai'i, Department of Health.

The Manager recommended that the Board award the contract for WATER TREATMENT PROPOSAL NO. 2008-02, FURNISHING AND DELIVERING POLYMERS TO WAIMEA WATER TREATMENT PLANT, to Phoenix V LLC dba BEI Hawaii, for the bid price of \$298,099.66 plus \$51,900.34 in contingency for a total contract price of \$350,000.00 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. The contract period is from July 1, 2008, to June 30, 2010.

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

SOUTH KONA:

A. HOOKENA STANDPIPE INTERIM LETTER AGREEMENT:

For discussion regarding whether to continue renting or to purchase.

Executive Session

The Board anticipates convening an Executive Session for the purpose conferring with the Board's attorney per HRS 92-5(4) and 92-5(3).

The Board agreed to hold Executive Session at the end of today's meeting.

KAU:

A. DRINKING WATER STATE REVOLVING FUND RESOLUTION NO. 08-05:

Resolution No.08-05 is amending Resolution 2001-05 to increase the loan amount requested from the State's Drinking Water State Revolving Fund from TWO-MILLION ONE-HUNDRED THOUSAND DOLLARS (\$2,100,000.00) to TWO-MILLION FOUR-HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$2,425,000.00). The reason for this increase is to reimburse the escalated construction costs for the Production Well and Supporting Facilities. This Resolution is specifically identified for the following

projects: Job No. 95-634, PAHALA DEEP WELL #2 EXPLORATORY WELL DRILLING and Job No. 2002-809 PAHALA PRODUCTION WELL AND SUPPORTING FACILITIES.

The Manager recommended that the Water Board adopt Resolution No. 08-05, subject to the approval of Corporation Counsel.

ACTION: Mr. Smith moved for approval of the Manager’s recommendation; seconded by Ms. Kim and carried by roll call vote: Ayes: 7 - Ms. Kim, Messrs. Harai, Kuailani, Meierdiercks, Mukai, Smith, and Chairperson Goya; Nays: 0; Absent: 1 - Mr. Konanui).

B. JOB NO. 2000-758, CONSTRUCTION OF THE WAIOHINU WELL DEVELOPMENT – PHASE 1:

Based on the results of the April 28 to May 2, 2008, pump test of the Waiohinu Well, Tom Nance Water Resource Engineering (TNWRE) has recommended additional drilling and testing of the well to better determine the potential sustainable-yield of the well. Toward that end, TNWRE recommends the Department of Water Supply gather additional information by drilling 300 feet of open hole and by performing a subsequent 96-hour long pump test.

The estimated costs to complete the additional drilling and testing are:

Drill 300 feet of open hole	=	\$ 60,000.00
Set up pump for Pump Test	=	25,000.00
96-Hour Pump Test	=	28,800.00
Contingency for additional pump testing and for subsequent work if needed	=	<u>36,200.00</u>
Total		<u>\$150,000.00</u>

The available construction contingency is \$62,160.00. The Department will need to allocate \$87,840.00, or say \$90,000.00, to make up the shortage of available construction contingency funds. This is the second request to increase funding for this project construction and testing of the well. The first funding increase was in the amount of \$106,970.00 for the revised quantities and related costs (approved by Water Board on March 25, 2008). This funding increase = \$90,000.00.

The Manager recommended that the Board approve an additional \$90,000.00 for JOB NO. 2000-758, CONSTRUCTION OF THE WAIOHINU WELL DEVELOPMENT – PHASE 1, and that the either the Chairperson or the Vice-Chairperson be authorized to execute the appropriate Contract Change Order.

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

The Manager explained that the Department had high expectations for this well because not far from the site is a United States Geological Survey monitoring well where the water level was fine. What TNWRE believes may be the case with Waiohinu Well is that, although it is in the high-level water area, there may be some “compartmentalization” resulting in the low yield. They believe if they drill deeper, they may hit a different compartment and increase the yield.

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

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

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

Ms. Garson commented on Item No. 4, Grant of Easement and Bill of Sale and Consent for Hokuli‘a - Phase 1. The language in that Bill of Sale was negotiated between Ms. Garson and the attorney for the Grantor. The Board previously approved a document with similar language. It is different from the standard form; and in each case where the language deviates, she will inform the Board of it.

Mr. Smith stated that for Item No. 3, it involves his former employer as a joint venture partner; however, he is no longer employed with them so he would be voting on it.

Mr. Inaba indicated the date of payment of the facilities charge for Item No. 2 was May 21, 2008 (shown above).

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

B. MATERIAL BID NO. 2008-04, FURNISHING AND DELIVERING SPARE DEEPWELL PUMP AND MOTOR SETS FOR PA‘AUILO DEEPWELL, HONOKŌHAU DEEPWELL, HĀWĪ DEEPWELL NO. 1, AND KE‘EI DEEPWELL A; FURNISHING AND DELIVERING SPARE DEEPWELL PUMPS FOR SADDLE ROAD DEEPWELL, HAINA DEEPWELL, HALEKI‘I DEEPWELL, AND ‘O‘ŌKALA DEEPWELL:

Bids were opened on April 24, 2008, at 2:00 p.m.; and following are the bid results:

	TK PROCESS HAWAII, LLC	WATER RESOURCES INTERNATIONAL, INC.	BEYLIK DRILLING & PUMP SERVICE, INC.
PART A ‘O‘ŌKALA DEEPWELL: One (1) Each Grundfos 230S600-18 Stage submersible pump only, rated 250 GPM @ 697 – Feet TDH	Total Delivery Price: <u>\$6,661.31</u> Delivery Time: <u>60-80</u> calendar days	Total Delivery Price: <u>\$7,179.63</u> Delivery Time: <u>6-8</u> Weeks	Total Delivery Price: <u>\$8,917.86</u> Delivery Time: <u>35</u> calendar days
PART B PA‘AUILO DEEPWELL: One (1) Each Complete assembly with 125 HP Franklin submersible motor, adapter, coupling and Hydroflo 7ML-11 stage submersible pump rated 300 GPM @ 1,100 – Feet TDH	Total Delivery Price: <u>\$14,588.84</u> Delivery Time: <u>60-80</u> calendar days	Total Delivery Price: <u>\$16,562.54</u> Delivery Time: <u>6-8</u> Weeks	Total Delivery Price: <u>\$19,663.63</u> Delivery Time: <u>77</u> calendar days

<p>PART C SADDLE ROAD DEEPWELL: One (1) Each National J11LC-17 stage submersible pump only, rated 700 GPM @ 1,000 – Feet TDH PART C</p>	NO BID	Total Delivery Price: <u>\$33,114.08</u> Delivery Time: <u>4-6 Weeks</u>	Total Delivery Price: <u>\$38,861.00</u> Delivery Time: <u>63</u> calendar days
<p>PART D HAINA DEEPWELL: One (1) Each American Turbine 10-L-30-20 stage line shaft pump only, rated 400 GPM @ 988 – Feet TDH</p>	NO BID	NO BID	NO BID
<p>PART E HĀWĪ DEEPWELL NO. 1: One (1) Each Complete assembly with 200 HP Franklin submersible motor, adapter, coupling and Hydroflo 9EC – 4 stage submersible pump rated 685 GPM @ 900 – Feet TDH</p>	Total Delivery Price: <u>\$14,704.26</u> Delivery Time: <u>60-80</u> calendar days	Total Delivery Price: <u>\$23,494.64</u> Delivery Time: <u>6-8</u> Weeks	Total Delivery Price: <u>\$27,501.07</u> Delivery Time: <u>77</u> calendar days
<p>PART F HALEKI'I DEEPWELL: One (1) Each National K12HC – 21 stage submersible pump only, rated 1,400 GPM @ 1,320 – Feet TDH</p>	NO BID	Total Delivery Price: <u>\$49,294.36</u> Delivery Time: <u>4-6 Weeks</u>	Total Delivery Price: <u>\$56,548.39</u> Delivery Time: <u>63</u> calendar days
<p>PART G HONOKŌHAU DEEPWELL: One (1) Each Complete assembly with 800 HP Centrilift submersible motor, adapter, coupling and National J11LC-8 stage submersible pump rated 1,400 GPM @ 1,700 – Feet TDH</p>	Total Delivery Price: <u>\$203,314.32</u> Delivery Time: <u>135</u> calendar days	Total Delivery Price: <u>\$203,798.28</u> Delivery Time: <u>4-6</u> Weeks	Total Delivery Price: <u>\$123,984.21</u> Delivery Time: <u>105</u> calendar days
<p>PART H KE'EI DEEPWELL A: One (1) Each Complete assembly with 100 HP Franklin submersible motor, adapter, coupling and Simflo SD7C-8 stage submersible pump rated 320 GPM @ 788 – Feet TDH</p>	Total Delivery Price: <u>\$12,961.82</u> Delivery Time: <u>60-80</u> Calendar Days	Total Delivery Price: <u>\$14,778.54</u> Delivery Time: <u>6-8</u> Weeks	Total Delivery Price: <u>\$16,200.94</u> Delivery Time: <u>77</u> Calendar Days

NOTE: There were no bids received for Part D, Haina Deepwell.

The Manager recommended that the Water Board award the contract for MATERIAL BID NO. 2008-04, FURNISHING AND DELIVERING SPARE DEEPWELL PUMP AND MOTOR SETS FOR PA‘AUULO DEEPWELL, HONOKŌHAU DEEPWELL, HĀWĪ DEEPWELL NO. 1 AND KE‘EI DEEPWELL A, FURNISHING AND DELIVERING SPARE DEEPWELL PUMPS FOR SADDLE ROAD DEEPWELL, HAINA DEEPWELL, HALEKI‘I DEEPWELL AND ‘O‘ŌKALA DEEPWELL FOR THE DEPARTMENT OF WATER SUPPLY, to TK Process Hawaii, LLC, for Parts A, B, E, and H, at a cost of \$48,916.23; to Water Resources International, Inc., for Parts C and F, at a cost of \$82,408.44; and to Beylik Drilling & Pump Service, Inc., for Part G, at a cost of \$123,984.21, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contracts subject to approval of the contracts as to form and legality by Corporation Counsel.

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

In response to Chairperson Goya’s question of what alternative method would be used for Part D where no bid was received, the Manager replied the Department will obtain quotations.

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

C. MATERIAL BID NO. 2008-03, FURNISH BASE COURSE, SAND, COLD MIX, HOT MIX, PORTLAND CEMENT, AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY:

Bids were opened on May 15, 2008, at 2:30 p.m.; and the results are as follows:

		Edwin DeLuz Trucking & Gravel, LLC	Yamada & Sons	Grace Pacific Corporation	West Hawaii Concrete
	DISTRICT I:				
A.	3/4-Inch Base Course (Cost per ton)	\$9.90	\$18.23	No Bid	No Bid
B.	1½-Inch Base Course (Cost per ton)	\$9.45	\$17.71	No Bid	No Bid
C.	No. 3F Rock (Cost per ton)	\$15.85	\$20.31	No Bid	No Bid
D.	#4 Sand (Cost per ton)	\$17.75	\$31.25	No Bid	No Bid
E.	Mortar Sand - ASTM C144 (Cost per ton)	No Bid	No Bid	No Bid	No Bid
F.	Portland Cement 94 lb. bags (Cost per bag)	\$14.75	No Bid	No Bid	No Bid
G.	Cold Mix- ASTM D4215-87 (Cost per ton)	No Bid	\$108.07	No Bid	No Bid
H.	Blended Material (Cost per ton)	\$22.85	\$41.67	No Bid	No Bid
I.	Hot Mix – County Mix IV	No Bid	\$102.35	No Bid	No Bid
	DISTRICT II:				
A.	3/4-Inch Base Course (Cost per ton)	\$19.90	No Bid	No Bid	\$20.03
B.	1½-Inch Base Course (Cost per ton)	\$19.45	No Bid	No Bid	\$18.99
C.	No. 3F Rock (Cost per ton)	\$23.85	No Bid	No Bid	\$24.31
D.	#4 Sand (Cost per ton)	\$29.50	No Bid	No Bid	\$28.21
E.	Mortar Sand - ASTM C144 (Cost per ton)	No Bid	No Bid	No Bid	\$45.41

F.	Portland Cement 94 lb. bags (Cost per bag)	\$14.75	No Bid	No Bid	No Bid
G.	Cold Mix- ASTM D4215-87 (Cost per ton)	No Bid	No Bid	\$139.00	No Bid
DISTRICT III:					
A.	3/4-Inch Base Course (Cost per ton)	\$19.90	No Bid	No Bid	\$23.46
B.	1½-Inch Base Course (Cost per ton)	\$19.45	No Bid	No Bid	\$22.34
C.	No. 3F Rock (Cost per ton)	\$24.85	No Bid	No Bid	\$28.12
D.	#4 Sand (Cost per ton)	\$29.50	No Bid	No Bid	\$32.36
E.	Mortar Sand - ASTM C144 (Cost per ton)	No Bid	No Bid	No Bid	\$54.33
F.	Portland Cement 94 lb. bags (Cost per bag)	\$14.25	No Bid	No Bid	No Bid
G.	Cold Mix-ASTM D4215-87 (Cost per ton)	No Bid	No Bid	\$131.00	No Bid
H.	Hot Mix - County Mix IV (Cost per ton)	No Bid	No Bid	\$115.00	No Bid

The Manager recommended that the Board award the contract for MATERIAL BID NO. 2008-03, FURNISH BASE COURSE, SAND, COLD MIX, PORTLAND CEMENT, QUIKRETE, AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY, by Parts to the following for the amounts shown above, 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.

- District I – Parts A, B, C, D, F, and H to Edwin DeLuz Trucking & Gravel, LLC
Parts G and I to Yamada and Sons, Inc.**
- District II – Parts A, C, and F to Edwin DeLuz Trucking and Gravel, LLC
Parts B, D, and E to West Hawaii Concrete
Part G to Grace Pacific Corporation**
- District III – Parts A, B, C, D, and F to Edwin DeLuz Trucking and Gravel, LLC
Part E to West Hawaii Concrete
Parts G and H to Grace Pacific Corporation**

For the Parts where no bids were received, staff shall obtain quotations in the best interest of the Department. The contract period shall be from July 1, 2008, to June 30, 2009.

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

D. GASOLINE BID NO. 2008-05, FURNISHING AND DELIVERING GASOLINE AND DIESEL TO THE DEPARTMENT OF WATER SUPPLY:

Bids were opened on May 15, 2008, at 3:00 p.m.; and following are the bid results:

Part “A”	Hilo Baseyard	Aloha Petroleum Ltd.	Hawaii Petroleum, Inc.
1.	Unleaded Plus Gasoline (delivered gallon price) <i>Estimated 55,000 gallons/year x 2 years</i>	\$3.6464/gallon = \$401,104.00	\$3.628/gallon = \$399,080.00
Part “B”	Kona Baseyard		
1.	Unleaded Plus Gasoline (delivered gallon price) <i>Estimated 25,000 gallons/year x 2 years</i>	\$3.7564/gallon = \$187,820.00	\$3.628/gallon = \$181,400.00

2.	Low-Sulfur Diesel (delivered gallon price) <i>Estimated 3,000 gallons/year x 2 years</i>	\$4.4078/gallon = \$26,446.80	\$4.882/gallon = \$29,292.00
Part "C"	Waimea Baseyard		
1.	Unleaded Plus Gasoline (delivered gallon price) <i>Estimated 30,000 gallons/year x 2 years</i>	\$3.7364/gallon = \$224,184.00	\$3.628/gallon = \$217,680.00

The Manager recommended that the Water Board award the contract for GASOLINE BID NO. 2008-05, FURNISHING AND DELIVERING GASOLINE AND DIESEL TO THE DEPARTMENT OF WATER SUPPLY, to Hawaii Petroleum, Inc., for Parts A-1, B-1, and C-1, and to Aloha petroleum, Ltd., for Part B-2 for the amounts shown above, 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. The contract period shall be from July 1, 2008, to June 30, 2010.

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

In response to Mr. Smith’s concern of how they would be able to guarantee a price for two years, Mr. Ikeda replied that there is an escalation clause in the contract and they would need to submit justification to increase the price.

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

E. **PROFESSIONAL SERVICES AGREEMENT:**

1) Palani Road Transmission Waterline, DWS Job No. 2003-823

Relocation of Pipeline route, which was done to eliminate encroachment into the Palani Road right-of-way and avoid the traffic impacts which would have resulted, has increased the necessary scope of work to be performed by the consultant engineering firm and its surveyor. Items include Topo Survey, Easement Maps and Descriptions for New Fire Hydrant Locations, Topo Survey, Easement Maps and Descriptions for new N-S easement over the Jernigan Property, Topo Survey, Easement Map and Descriptions for QLV parallel sewer easement, and Easement map and Descriptions for QLT Easements and Tank Sites. Further, it is requested that the period of the agreement be extended to January 1, 2011, to allow the consultant the necessary time to follow through on the responsibilities of their contact, which include material submittal review and construction oversight.

Consultant: Akinaka & Associates, Ltd.
Original Fee: \$449,808.00
Previous Change Order: 269,377.00
This Change Order: 64,314.00
Revised Contract Amount: \$783,499.00

Previous Agreement end date: December 1, 2006
Revised Agreement end date: January 1, 2011

The Manager recommended that the Board approve the changes to the Agreement and that either the Chairperson or the Vice-Chairperson be authorized to sign the document, subject to the approval of Corporation Counsel.

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

In response to Mr. Smith's request for an explanation of the change in scope of work from what it was originally, Mr. Beck replied that the neighbors on Tomi Tomi Road wanted concession from the Department for fire hydrants. Those hydrants will have to be off the right-of-way; and the right-of-way is so narrow so it is going into private property. It required additional survey and easement descriptions as well.

The Manager added that if the Board would recall, staff met in Kona with a number of representatives from the community and they spoke of their concerns. As a result, the Department's staff went out there to meet with them; and this change in scope of work is a result of that meeting.

Mr. Kuailani asked if it goes through private property, would the owner have a tax write-off on their real property tax.

Mr. Beck replied that the easements are being granted to the Department. The Department is not paying for them. The owners will be receiving fire protection in return for granting these easements. It was noted that the fire protection may result in a decrease in their homeowner's insurance.

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

F. PURCHASE OF HYBRID VEHICLES:

The positions of Public Information and Educational Specialist (PIES) and the energy management analyst (EMA) have assumed many duties which require travel to various parts of the island to attend events, community meetings, information or education sessions, etc. Currently, the EMA position has an SUV (Sports Utility Vehicle) assigned to it; however, the PIES position has no vehicle assigned to it. Due to the rising cost of fuel; the desire for energy efficiency; and the Department's responsibility to exemplify leadership in the wise and efficient use of energy, the Department proposes to purchase two (2) hybrid vehicles. One would be for the PIES position and the other to replace the current SUV assigned to the EMA position. Estimated cost for both vehicles is \$50,000.00.

The Manager recommended that the Water Board approve the purchase of two (2) hybrid vehicles so that the Department can prepare the specifications, advertise for bids, and obtain bids. Award of any contract will be brought to the Water Board for approval.

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

In response to Mr. Mukai's question of whether vehicles will be taken out of the fleet, the Manager replied that one will be replaced with the hybrid. For the other position, the person does not have a vehicle assigned to them. He added that this purchase will not happen until the next fiscal year budget.

Chairperson Goya stated that this addition to the fleet is important because it will show the public the Department's interest in conserving resources. He hopes the Department adds hybrids to the fleet over time.

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

G. MONTHLY PROGRESS REPORT:

Chairperson Goya noted that the report's new format is easier to follow. There were no questions on the report.

H. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

In response to Chairperson Goya's question if there were any projects that will close that would significantly affect the financial statements, the Manager replied there were none. The projects will be carried over.

I. MATSUMOTO WATER COMPANY WRITE-OFF - \$850,664.49:

Background: Carl Matsumoto (dba Matsumoto Water Company) and later his wife, Lillian Matsumoto and the Matsumoto Water Company, Inc., were the providers of County water through master meters to residents of the Kona Coastview/Wonderview subdivision beginning in the 1980's until the accounts were closed in December 2006 when a County water systems was installed through an improvement district and USDA loans and grants. In June 2007, Corporation Counsel received a judgment against the Matsumoto Water Company for \$776,813.72. The delinquency being shown on the DWS accounts is now \$850,664.49.

The Department recommends writing off delinquent accounts of Carl Matsumoto and Lillian Matsumoto (dba Matsumoto Water Company) and the Matsumoto Water Company, Inc., totaling \$850,664.49.

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

Ms. Garson noted that the Judgment was obtained in June of 2007. There seems to be a difference on the accounts and the judgments. She thinks it is just an accounting issue where the account was accruing interest since it was not a closed account.

Chairperson Goya stated that it would be good to have some idea of the accrued interest versus the actual water charges because it is such a large amount. It may be a flag for someone reviewing the Department's operations down the road. It does not mean looking at every bill, but just a ballpark figure or percentage. He also noted that this will affect the balance sheet.

Mr. Sumada replied that the Department will record the write-off next month.

ACTION: A vote was taken on the Motion to write off the delinquent accounts of Carl Matsumoto and Lillian Matsumoto (dba Matsumoto Water Company) and the Matsumoto Water Company, Inc., totaling \$850,664.49. Motion was approved unanimously by voice vote.

J. INTEGRATING WATER LAW AND LAND USE PLANNING SEMINAR:

Mr. Beck reported that the seminar went well. There were five different speakers, and Mss. Kim and Garson were in attendance. The seminar mainly dealt with water law. Some views (from the morning sessions) were that the Commission on Water Resource Management (CWRM) had not necessarily fulfilled all of its duties to the Hawaiian people. In the afternoon, Ms. Lenore Nakama of CWRM talked about the State's Water Plan, which tied into Mr. Beck's presentation on the Water Use and Development Plan (WUDP). It shows the different aquifers, each one rated with a certain amount of sustainable yield, which is the amount of water that can be taken out indefinitely without causing damage to the aquifer. Efforts are to tie those numbers in with how much water is going to be required by development, both by the General Plan, and by the existing zoning. In 75-80% of the aquifers, even at full build-out, the aquifer would still be

able to provide more than enough. However, there are some areas on the west/northwest side of the island where development could seriously impact those sustainable yield numbers. What came from this update is that there may be a need to do regional studies in those areas and get a better idea of what the impacts of development would be and whether the land use plan should be changed or the zoning should be kept to not allow higher density and greater demand. Mr. Beck concluded that his full presentation takes up to 1½ hours, and he would be happy to make this presentation to the Board at another time, or if they were interested, he will be presenting it to County Council, probably in August or September (he will let the Board know when).

The Manager added that the reason it is being brought to the Council is to educate them because of the Ordinance that is in effect, directing this Department on when it needs to update the WUDP, which is unrealistic. The consultant (Fukunaga & Associates) is going to try to educate the Council and have them redo that Ordinance such that this update is done either by need or some other trigger besides just every five years. That five years has long passed. The reason it was not done all this time was that the State was trying to seek the funding for it but was never was successful. This particular endeavor is being funded by this Department.

Ms. Kim thanked the Chairperson and Department for allowing her to attend this seminar. She commented that it makes a difference at the end of the day after listening to legal professionals and then having the State and this Department make their presentations. She felt that Mr. Beck's presentation was the highlight. This is what land use planning should be and is only occurring here in this County. The other three Counties still have to complete their plans so they can all be integrated into the State Water Plan. Another thing the Board may be interested in is that the Kaloko issue on the anchialine pond content mix came up a few times during discussion by the Native Hawaiian legal corporation that, apparently, there is language in the Hawaiian Homes Commission Act that says Hawaiian Home Lands have to be provided water free and the question is whether or not that means a source or the distribution system.

The Manager stated that was the issue back in the 1990's when eleven Hawaiian Homes lessees poured cement over their water meters.

Mr. Beck stated that this Department is funded solely by its customers so it would not be fair for them to pay for another group to get free water. If it were tax money where everybody is paying equally, it might make sense; but you cannot put that burden just on this Department's customers.

Chairperson Goya added that some of the areas may not have enough historical information as well, which will lead to limited information to use as a guideline. He thought that should be something to point out in trying to educate others. Some of the more traditional areas where they have sugar companies maintaining long-term records, I think we have a lot of information. This Department should be grateful for people like Mr. Steve Bowles and Mr. Tom Nance who have more historical perspective to what this island's geological features are and can point out recorded information regarding different areas. To point out just a particular area that everybody knows about, the Kohala Ranch has a substantial amount of high-level water and adjoining Hawaiian Home Lands has very little that they have found. So adjoining areas in very close proximity to each other could have very differing availability of current water or sustainability. Like the Manager said earlier, a decision-maker should be looking at each region and particularly each well field and look at delivery systems.

The Manager stated that he thinks too many people take everything as gospel, but it is based on best knowledge. Nobody knows what is going on underground. Like Chairperson Goya mentioned, Kohala Ranch is an unusual situation. Things are going on underground, and yet sustainable yields are being set. Although it is the best possible thing we can do, people need to be cautioned about using this as gospel and saying this is the absolute truth.

Chairperson Goya gave another example where private developments along the West Hawaii coast, like Kiholo and others, are filtering water and they have a chance to use that water on their golf courses, whereas with potable water, there is no additional flexibility of irrigation. He agreed that it is a good tool to use, but it should not be gospel.

Mr. Beck stated that is why the Plan calls for updates; however, the feeling is that if there is no new information, there is no sense in redoing the plan. There should be some new knowledge gained before updating.

Mr. Smith commented that he is on the South Kohala Community Development Plan Steering Committee, and Mr. Bruce Uchida is the consultant. Typically in these type of documents, like an Environmental Impact Statement, data is about demographics, slopes, and water availability. They had a public hearing last week and everybody in the meeting heard bits and pieces about the water system and drought; but they take a little bit of information like one of the reservoirs is damaged and has not been fixed in two years and assume there is a crisis; but they really do not understand the separation between a surface water system and a groundwater based system and potable needs versus agricultural needs. They just say that water is in short supply and development needs to be stopped. He added that he has asked Mr. Uchida to talk to the Department to get an accurate synopsis of all of this information.

Chairperson Goya commented that it all ties in with learning how to handle perception. These are going to be the major challenges for the Department in the future.

K. KALOKO HYDROGENERATOR BLESSING:

Ms. Aton reported the subject event held on May 9, 2008, at Kaloko Tank #2 site went very well. Many elected officials were in attendance as well as radio and newspaper personnel. A total of about 50 people were in attendance. Her thanks went out to the Department's Kona personnel who painted the tank, set up tents, decorated, and graded the area, tamped it down, and brought in base course to make the area safe to walk on. Displays were put up in the area, and the blessing of the site integrated the water cycle and sustaining our resources.

Ms. Myhre added that this Kaloko project received \$450,000.00 from U.S. Department of Agriculture to build. The Department also contributed \$25,000.00 thus far of its own funds toward the project.

Chairperson Goya thanked the Department for a job well done. It shows the Department is always looking for ways to improve its operations. A West Hawaii Today front-page article on the subject was very good. For the record, he read the speech he had with him at the blessing:

“Aloha. Good morning everyone. Thank you for that opening pule. On behalf of the members of the County of Hawai‘i, Department of Water Supply, Water Board, I would like to welcome you to this exciting new phase of the Department’s Water Development Plan. We are not only dedicating this hydroelectric project, but also rolling out our new motto, “Water, Our Most Precious Resource,” which is reflected upon in the ancient chant, “Ka Wai A Kane.” The chant which you just heard and as shown in the dedication program, pays homage and recognition to the importance of water and its life-giving sustenance to our island landscape and the people that lived here. The nine members of the semi-autonomous Water Board have not only embraced the new motto but fully support a commitment of stewardship of our water sources and resources. Through our oversight, responsibilities, and guidance, we have provided the Department with the necessary tools, technology, and manpower to serve our customers better and improve operating efficiencies. We are encouraging the Department to be more engaging with its customers and our keiki (future customers) with informational and educational programs and activities. Many more changes are

coming. On this beautiful day, we would like to thank those that have contributed to making this cooperative energy efficiency project between the Federal, State, and County governments, consultants, contractors, and Department personnel a success. Together we can make a difference. Together we can map a better future for generations to come. Mahalo and Aloha.”

L. KONA WATER ROUNDTABLE WORKSHOP:

The Manager reported that for an event put together in three short weeks, it was very successful. The day-long informative session covered a variety of topics, with speakers specializing in hydrogeology, the University of Hawai‘i, and private developers. It was a sort of “brainstorming” session. How it came about was from a recently formed Kona Water Roundtable, fashioned after the Waimea Water Roundtable, recognizing the needs for the North Kona and Waikoloa areas as it relates to water. It was formed by Mr. Carl Carlson of Huehue Ventures, Mr. Steve Bowles of Waimea Water Services, and by this Department. This event, held on May 14, 2008, was funded by the Department of Water Supply. The agenda was devised by the United States Geological Survey (USGS). It was a very good way of sharing ideas and networking. Attendance was strong all the way through the day (over 100 in attendance), with a wealth of information provided. The Department will be making information available through its website. The National Park Service expressed interest in holding something similar to expand on the anchialine ponds and groundwater issues. The Manager replied it may be sometime in July, but he would be sure to let the Board know when it happens.

Chairperson Goya thanked the Department for putting together this very well received informational meeting.

M. STATUS OF 2007-2008 BUDGET:

Chairperson Goya noted that revenue is lagging slightly and energy costs are increasing quite a bit. It is not affecting capital improvement projects this year but could have an impact in the next upcoming budget.

The Manager stated that the Department will need to make some adjustments. Mr. Sumada added that the shortage will affect the amount of C.I.P. reserve.

Chairperson Goya commented that in looking over the past few years on hiring additional personnel, the budget shows them being employed for the full fiscal year, which gives too much flexibility; and there should not be too much flexibility in the budget. It should be very rigorous. It appears as if even this year there is some flexibility because of positions being vacant, and that should not continue. He asked that in the 2008/2009 budget, the Department prioritize all hiring and come to the Board before even posting it. He also asked that the Department make sure it looks at all aspects of operations and ensure it is operating at optimum level so Board Members can attest to the public that the Department is vigilant.

N. ENERGY SUSTAINABILITY:

Ms. Myhre reported that since joining the Department last December, she has been attending forums or conferences relating to sustainability. There is one coming up on June 6, 2008, sponsored by the Kohala Center. She added that the portable generators project, funded by Civil Defense, has resulted in the generators being delivered and must be in this Department’s possession by June 30, 2008. The Department will be distributing them to the areas for which they are intended. Also, a fuel conservation committee has been formed by the Department to evaluate fuel costs for its fleet of vehicles and also includes development of a recycling program for its offices.

The Manager stated that in addition to what Ms. Myhre mentioned, there was a Council Resolution No. 593-08 introduced by Councilperson Pete Hoffman, which calls for optimization of water system use conservation. These are all things this Department is doing already, and it was noted that the Council was pleased with the measures this Department has been taking, after learning of them from testimony by himself and Ms. Myhre.

Chairperson Goya reminded everyone that managing perception changes daily. The Department should continue to do what it is doing and keep on doing more. Half of the newspaper articles today pertain to something green, and that is not going to change. The Department needs to be proactive in all that it does so that its focus throughout its entire operation and its strategic initiatives are all in line. The Resolution also calls for drafting of a comprehensive water conservation policy, which identifies ongoing practices to reduce water and energy demand within the County on a day-to-day basis. The question is whether this means only the Department of Water Supply or if it means all water users and water developers as well. The Department's website has information and should be used as a communication and educational tool. Other Resolutions that have passed this year regarding fuel energy efficiency are Resolution 546-08 requiring the County to purchase fuel-efficient 35 mile-per-hour vehicles for its fleet. Resolution No. 550-08 requires the County to install solar water heating systems and photovoltaic energy systems on County buildings. Resolution No. 578-08 proposes that the County facilities comply with the energy-efficient building practices contained in the international energy conservation code. The Department needs to recognize that it is HELCO's largest customer of energy consumption and that whatever it does reflects on its own operation. The right information needs to be put out there and have it filter down to all of the Department's workers that this is the new future of the Department.

Ms. Kim stated that the sustainability task force that she was on for the island of Hawai'i, statewide effort to adopt a plan for sustainability in order for Hawai'i to kind of look familiar by the time 2050 rolls around, the bill in its original form did not pass this year despite all the efforts that went into it, largely because the House of Representatives had some reservations about it. It was a Senate initiative, so Senator Kokubun has been the main leader of this effort. The House proposed that rather than adopt the plan this year--which addresses water very substantially and always more in the conservation mode--they propose that the plan be deferred for one year and that the University take a look at it and report back to next year's Legislature.

Mr. Mukai commented that the Department may want to adopt some sort of written guidelines that show what is being done in the Department, what is mandated, and that it is being abided by.

In response to Mr. Smith's question regarding HELCO net metering regulations and what the maximum rate is they allow to net meter, Ms. Myhre replied that under Schedule Q, it was 40 kilowatts.

Mr. Smith's other comment was that his understanding of the Department's operations is that its majority of energy use is either vehicle use (its fleet) or the power used to pump water. The power used to pump water is based on the size of the pumps, and they are either on or off. So unless you change the pumps, you cannot really affect your electrical power consumption unless you do something like go off-peak or something like that, which is really a function of storage capacity. It is all kind of interrelated. He hoped everybody carpooled when they came to Waimea from Hilo today. He agreed with Mukai about documenting it all and having a policy or something that can be given to the Council or others so they know the strides the Department has been taking for years rather than only doing it because of this Council Resolution. Such things that may be included are where the Department evaluated all the pros and cons and if someone asks, you can say the surface water sources were evaluated, you can see that the EPA is adding more regulations and will only get worse, and the Department made an intelligent decision to pursue groundwater sources that are less susceptible to drought circumstances; but that the Department went through that evaluation already. There needs to be a logic flow in there so you can defend the decisions that were made years ago.

Chairperson Goya added that it is good material to have in an information booklet for the Department's key people in case someone asks and they are not familiar, they have a source to go to.

O. WATER RATE STUDY:

Chairperson Goya commented that the more the Department spends, the more a need for a water rate increase may occur. He questioned whether there is any way of speeding up recovery of fuel expenses. Perhaps the Department could report on that at the next meeting.

P. MANAGER'S REPORT:

- 1) Status of the Palani Road Transmission Waterline project – still in last stages of negotiations. In response to Chairperson Goya's question of whether the Department plans some sort of publicity on this project, the Manager replied that a groundbreaking would be held. It was noted that this project is a key factor in reducing the pumping from Kahaluu Shaft.
- 2) Status of the Hawaiian Ocean View exploratory well – the well depth is down to 833 feet as of today. The driller is experiencing problems with the drill rig. The second phase contract is on schedule to have the remaining funds encumbered by June 30, 2008.
- 3) Status of the Kona Water Quality – work to the intakes in the Shaft still awaits repair of the Hil-A-Vator.
- 4) Update on Negotiations with Kamehameha Investment Corporation (KIC) – Department is still waiting to hear from KIC.

Mr. Smith stated that he read an email about water sources in Kukuihaele and that the Department is hauling water every day to satisfy the water needs there. He asked for the status.

The Manager explained that the Kukuihaele Spring was damaged in 2006 by the Kiholo Bay Earthquake. In the meantime, the Department had drilled Kukuihaele Well but the water was very salty. The consultant is looking into ways of retrofitting the well so that it may be used. The community is aware that the Department is having water hauled in the meantime because it held a community meeting before water hauling started.

Q. CHAIRPERSON'S REPORT:

Chairperson Goya asked that the Department place on the Agenda for next month to address the emergency plan Mr. Meierdiercks had requested information regarding disaster preparedness and that the Department have a plan available. Also, Mr. Mukai had a question regarding interaction between the Department and the new Civil Defense personnel. Maybe at the next meeting, a short presentation could be given on how the Department's plan works in emergencies and who goes where and what backups are in place.

The Manager stated that in any disaster, it is either the Deputy Manager, the Chief of Operations, or himself that is at Civil Defense. Oftentimes, it is the Deputy Manager who is physically at Civil Defense. Civil Defense has all of the contact numbers.

Chairperson Goya suggested a face-to-face meeting with their new personnel.

SOUTH KONA:

A. HOOKENA STANDPIPE INTERIM LETTER AGREEMENT:

For discussion regarding whether to continue renting or to purchase.

Executive Session

The Board anticipates convening an Executive Session for the purpose conferring with the Board’s attorney per HRS 92-5(4) and 92-5(3).

ACTION TO ENTER EXECUTIVE SESSION: Mr. Mukai moved that the Board enter Executive Session for the reasons stated; seconded by Mr. Meierdiercks and carried unanimously by voice vote.

Executive Session began at 12:13 p.m. and ended at 12:23 p.m.

MOTION: Mr. Mukai moved that the Board approve the recommendation by Corporation Counsel; seconded by Mr. Meierdiercks.

Mr. Meierdiercks asked if the negotiations do not work out, could the Department possibly go into condemnation on it. (Ms. Garson confirmed in the affirmative.)

Mr. Smith stated that the only assumption he would make is that in her negotiations, Ms. Garson will make sure there is clear title, otherwise the Department would not purchase it. (Ms. Garson acknowledged.)

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

ANNOUNCEMENTS:

1. Next Meeting:

The next meeting of the Water Board will be held on June 24, 2008, 10:00 a.m., in the Hilo Operations Center Conference Room; 889 Leilani Street, Hilo, Hawai‘i.

The Board chose to hold its July 22, 2008, meeting in Hilo due to meeting room scheduling at the Royal Kona Resort. Instead, the August 27, 2008, meeting will be held in Kona.

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 12:25 p.m.)

Secretary

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