

## MINUTES

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

June 24, 2008

#### Hilo Operations Center Conference Room

- MEMBERS PRESENT: Mr. Thomas Goya, Chairperson  
Mr. Riley Smith, Vice-Chairperson  
Ms. Millie Kim  
Mr. Bernard "Malu" Konanui  
Mr. Francis Kuailani  
Mr. Robert Meierdiercks  
Mr. Dwayne Mukai  
Mr. Milton Pavao, Manager, Department of Water Supply  
(ex-officio member)
- ABSENT: Mr. George Harai, Water Board Member  
Mr. Bruce McClure, Director, Department of Public Works  
(ex-officio member)
- OTHERS PRESENT: Ms. Katherine Garson, Deputy Corporation Counsel  
Mr. Daryn Arai, representing Mr. Christopher Yuen, Planning Director,  
(ex-officio member)

#### 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. Louis Ridley, Student Intern (Engineering Division)  
Mr. Lawrence Beck, Engineering Division  
Mr. Richard Sumada, Assistant Waterworks Controller  
Ms. Candace Pua, Finance Division  
Mr. Daryl Ikeda, Chief of Operations

CALL TO ORDER - Chairman Goya called the meeting to order at 10:01 a.m.

#### STATEMENTS FROM THE PUBLIC

None.

APPROVAL OF MINUTES:

MOTION: Mr. Meierdiercks moved for approval of the Minutes of the May 27, 2008, Water Board Meeting; seconded by Mr. Smith.

Ms. Kim noted that a correction needed to be made to Page 16, third paragraph, fourth line down, the word "land" should be "water."

AMENDMENT TO MOTION: Mr. Kuailani moved that the Board amend the Motion to include the correction; seconded by Mr. Mukai and carried unanimously by voice vote.

ACTION: A vote was taken on the Motion to approve the Minutes, with the amendment. Motion was carried unanimously by voice vote.

APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA:

None.

ACTION TO MOVE AGENDA ITEMS TO END OF MEETING:

Chairperson Goya entertained a Motion to take up the following items at the end of the meeting: SOUTH KONA (A) Hookena Standpipe Purchase (Executive Session), and MISCELLANEOUS (B) Claim against the County by Hartford Insurance re: Elton and Mary Yoshida.

ACTION: Mr. Smith so moved; seconded by Mr. Kuailani and carried unanimously by voice vote.

SOUTH HILO:

**A. WAIAKEA OFFICE PLAZA LEASE AMENDMENT – JUDICIARY CONTRACT NO. J04205:**

The Judiciary, State of Hawai'i, is a tenant at the Waiakea Office Plaza leasing 11,544 square feet of office space. They occupy the entire lower level of the building plus a 876-square foot office on the upper level. This lease amendment extends the term of the lease until Judiciary's move into their new office building and increases lease rent from \$2.166 to \$3.00 per square foot as follows: July 1, 2008, to December 31, 2008 (month to month) - \$34,632.00 per month. Common area maintenance comprises \$1.30 of the square foot rate, with office rent making up the remaining \$1.70.

The Manager recommended that the Water Board approve the Judiciary Lease Amendment to Contract No. J04205 and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to approval of Corporation Counsel as to form and legality.

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

In response to questions on what steps the Department is taking to find a replacement tenant when the Judiciary moves out, staff reported that the University of Hawaii (UH) is interested and has visited the building several times. They are considering renting all of the space that will be available. Another interested party is Child Protective Services (CPS). The Department's intent, after Judiciary moves out, is to ask the Department of Consumer and Corporate Affairs (DCCA) if they could relocate to the lower level so that the Department could renovate the entire Kapoho wing and occupy the entire upstairs level. Currently, some of the Finance Division and the Engineering Division's Land Branch occupy a portion of that wing.

Discussion followed regarding the Department's searching for renters on its own rather than using a licensed agency. Mr. Smith asked if it would fall under Procurement laws. His concern was what would happen if, after the space is rented out, someone else could say if they had known what the rate was, they may have been willing to pay that rate or maybe more. There is no defense against this "after-the-fact" criticism if you do not follow a standard process.

The Manager thought that in light of that concern, it would be best to have Corporation Counsel look into it and advise the Department on how to proceed and what the Procurement laws are in this situation.

In response to Mr. Mukai's question of whether the rate increase was justifiable and if the Judiciary was okay with it, Mr. Sumada replied that he calculated all of the utilities and costs that go into running the building and prorated it by the amount of square footage being occupied on the lower level, along with the market rate for rental space. The Judiciary, itself, had drawn up this lease, which is ready to be signed once approval is obtained from the Board.

Discussion also took place regarding Americans with Disabilities Act (ADA) compliance. The Manager indicated that the new tenants for the lower level of the building would need to renovate before moving in. Mr. Smith stated that when they make their renovation plans, as the landlord, the Department would want to make sure they are compliant with ADA requirements. He explained from his personal experience with ADA is that they do not have inspectors, and the Building Division does not inspect for ADA compliance. When a building permit is applied for, the architect on record has to sign off on the building permit to certify that the plans are in compliance with ADA. That is the Department of Water Supply's only fallback position, if a lawsuit is filed claiming it is not ADA compliant. Nothing the Building Division does states that you are ADA compliant. They might issue you the building permit that says it looks like you are in general conformance, but they are not taking any liability. The Department of Justice handles ADA compliance, but they do not have inspectors that come out and say whether you are in compliance or not. What you are really relying on is your architect who designed the plans, and part of his license says construction will be under his supervision. The only liability exposure protection is the insurance the architect carries. Another thing he learned about ADA compliance is that it does not just mean someone in a wheelchair getting from the parking lot into the building. It can mean hearing impairment, vision, someone on crutches, etc. That is why the Department of Public Works is putting strips on all the wheelchair ramps and adding brail to signs, etc.

Mr. Mukai stated that ADA is a very hot topic right now. He suggested that another way to meet the requirements may be if the Department were to provide an office space or a small meeting room on the main level of the building, as a safety valve, and that room be made available to anyone in the Department and also to the tenants in the building who could come up and use that accessible room upon request.

Chairperson Goya thought he Department should consider Mr. Mukai's suggestion in its future plans for the building.

In response to Mr. Kuailani's question of whether there was designated parking for the tenants, the Manager replied that he and the Deputy Manager are each assigned a parking stall, along with one for the Sheriff's Office, one for DCCA, and one for the Judiciary. The rest are on a "first-come" basis. Parking in the "circle" right in front of the entrance is reserved for customers and accessible parking only, and is limited to 30 minutes.

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

**B. JOB NO. 2006-893, WAIAKEA OFFICE PLAZA COVERED WALKWAY:**

Due to delays beyond the control of the contractor related to processing the building permit, staff and the contractor (Heartwood Pacific LLC) have discussed and agreed that a 90-calendar day time extension is reasonable. This is the first time extension request.

The Manager recommended that the Board approve a contract time extension of ninety (90) calendar days from July 15, 2008, to October 14, 2008, for JOB NO. 2006-893, WAIAKEA OFFICE PLAZA COVERED WALKWAY.

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

**SOUTH KONA:**

**A. HOOKENA STANDPIPE PURCHASE:**

(To be taken up at the end of the meeting.)

**MISCELLANEOUS:**

**A. PROFESSIONAL SERVICES AGREEMENT:**

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

- 1) Waimea Treatment Plant Compliance Upgrades Phase I, consists of studying the necessary upgrades to meet EPA and DOH water quality rules and to develop a master plan.

Consultant: To be determined

Fee: \$100,000.00 (estimate, subject to negotiation)

- 2) Kahaluu Shaft Electrical Renovation consists of replacing obsolete MCC components and building for four shaft pumps.

Consultant: To be determined

Fee: \$90,000.00 (estimate, subject to negotiation)

The Manager recommended that the Board approve the new projects, the professional services contracts, subject to results of the procurement process, and that either the Chairperson or the Vice-Chairperson be authorized to sign the documents, subject to approval of our Corporation Counsel.

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

Mr. Smith asked for more explanation on the scope of work in Item No. 1 and what the end product would be.

Mr. Okamoto explained that it is more of a master plan at this stage. It is not yet known what improvements or upgrades would be required for the plant to operate better. The other part of the study is to see what is needed for the plant to be in compliance with EPA's upcoming regulations.

Mr. Smith asked if the study will it address possible incorporation of the newly drilled well versus surface water treatment.

Mr. Okamoto stated that it would include other treatment technologies that are available today.

The Manager stated that it is almost what you would consider an office efficiency analysis, except this would be a water plant treatment efficiency analysis; and if upgrades are necessary, they would advise. From there, those upgrades would have to be designed; but he did not think the scope of this work is to design the upgrades. When using surface water with a treatment plant, you will always be dealing with changing regulations. Unfortunately, the area is very limited by size and slope.

Mr. Smith commented that he is involved with the Waimea community; and the community thinks that if DWS has access to groundwater, it should use it and avoid surface water. The surface sources could be opened up for agriculture for the farmers. Everyone talking about sustainability and to support agriculture.

The Manager stated that philosophy goes way back from when he became Manager (the surface water versus groundwater tradeoff). Until the Department has enough groundwater, it has to use the treatment plant.

For Item No. 2 discussion, Mr. Smith asked if the Department would end up with construction plans. (Mr. Ikeda replied in the affirmative.)

The Manager added that the problem with the Kahaluu Shaft is because it is enclosed, is underground, and is constantly humid, all of the electrical equipment in the galley erodes fast, including the conduits coming up through the tunnel; and part of it is also the Motor Control Center (MCC) units in the control building above ground.

Chairperson Goya stated that the Board has been seeing new items come up for Kahaluu Shaft on a regular basis and wondered if they could be all scoped out and done at once.

The Manager replied that, unfortunately, it would be hard to put different scopes of work together to combine the work because of different expertise (some are electrical, some well drilling). There may some point in time when the Department may not have to rely on the Kahaluu Shaft.

Chairperson Goya also pointed out that the use of the word “obsolete” under the description for Item No. 2 is not a good choice of words.

Ms. Kim noted that this was a very good discussion this morning and that this Board is very conscious of public exposure. She asked if this particular item meant that these two projects were not listed on the C.I.P. plan, and if they were unanticipated.

The Manager explained that the Department has been customarily doing “in-house” work at the plant and the shaft. It came to a point where too much was being done piecemeal and there was no set direction. It was decided to have a consultant review and give some direction to have it all done at once.

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

**B. CLAIM AGAINST THE COUNTY BY HARTFORD INSURANCE RE: ELTON AND MARY YOSHIDA:**

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(To be taken up at the end of the meeting.)

**C. MONTHLY PROGRESS REPORT:**

Chairperson Goya asked if some of the significant projects could be added to the Department’s website so people could see what progress is being made. (The Manager stated that could be done.)

Ms. Aton noted that the earthquake damage repair project has been kept updated on the website and that the Department’s intent is to really look at the website once the Information Technology person is on staff. The Manager also added that issuing more space for the website will be looked into.

In response to Chairperson Goya’s question of whether there would be any problems with carrying over projects to the next fiscal year, Mr. Sumada stated that funding for projects is not confined to fiscal years.

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

In response to Chairperson Goya's question of whether the Matsumoto write-off would affect the balance sheet and income statement for the year, Mr. Sumada replied that the write-off was made against the allowance for doubtful accounts, which is listed under trade receivables on the balance sheet. The \$1.1 million shown was closer to \$2 million before the Matsumoto write-off was recorded. As far as expense in relation to the write-off, it has been recorded throughout the past several years to build up the allowance to the level that it was. There was no income statement impact from the write-off in this year.

Chairperson Goya asked if that allowance would be further reduced over the next 11 months.

Mr. Sumada replied that it will be recalculated without the Matsumoto accounts.

Chairperson Goya commented that someone who picks up these Financial Statements, seeing the \$1 million provision for uncollectibles, would see that it is a large amount for the kind of revenue this Department has. The Department should do all it can to reduce it.

The Manager stated that it will be reduced further over the years because the Department's collection efforts are improving since it hired its own Credit and Collection Clerk.

In response to Chairperson Goya's question of whether there was anything that could be done to collect the increase in power cost adjustment from customers sooner (it lags one year), the Manager replied that there is a distinct formula that was set up in the Water Rate Study for the power cost adjustment, and it could only be changed by the Board's holding a public hearing to make a change and adopting it.

Chairperson Goya stated he would consider that something extremely important because of the increases in power costs in the past couple of years.

The Manager stated that maybe a fast and efficient way of doing it would be to reduce the period from one year to something like three months, but that it would require a public hearing.

The Deputy Manager commented that the more often the power cost adjustment takes place, the more often the customers may complain. Sometimes it is better to have one increase a year rather than several. He noted everyone's frustration with today's gas prices changing so frequently.

Ms. Garson suggested that the Power Cost Adjustment be placed on the next Agenda and the Board could vote on whether or not this is something the Board would be interested in pursuing.

The Manager stated that he could place it on the Agenda for the next meeting.

**E. WATER RATE STUDY:**

Chairperson Goya stated that the Department needs to manage revenue appropriately and reiterated what he said last month that any future personnel hires should be prioritized. He also

asked how the Department is managing future consumption, what it is doing with its air conditioning system, and other ways to manage energy consumption and water loss. He felt the need to publicize all that the Department is doing regarding managing the higher electrical costs in house, as well as efficiencies and water loss and moving ahead with the sustainability campaign.

Mr. Mukai asked if there was any progress on his suggestion last month on having a written policy or guidelines that show what is being done in the Department, what is mandated, and that it is being abided by.

The Manager replied that it is being worked on.

Chairperson Goya suggested that it could be placed on the website, as well as the Department's recycling efforts.

The Manager stated that a preliminary report just came back from the committee on fuel efficiency, and they are looking at a variety of suggestions.

Chairperson Goya asked if it would be presented to the Board sometime soon.

The Manager indicated that it would be when it is in a form that can be brought to the Board.

In response to Chairperson Goya's question of whether the Department is taking any actions that can be done right now without waiting for the final report, the Manager replied it is not and that the recommendations just came in last week.

Chairperson Goya stated that the Board anticipates hearing more about this progress at its next meeting.

F. **MANAGER'S REPORT:**

- 1) Status of the Palani Road Transmission Waterline project - Mr. Beck reported that the Department is still working on the easement and is considering relocating one of the pressure reducing valve stations to reduce construction costs.
- 2) Status of the Hawaiian Ocean View exploratory well - the funds have been encumbered for the second phase of the project. The Department's Engineer hand carried the contract to the Governor's Office. Also, the depth of the pilot hole is now 900 feet. It was suggested that Mr. Rell Woodward and Mr. Loren Heck be emailed with this latest news. The Manager stated that the Board will need to make a decision in the future regarding whether the Department will run the water system when it is completed; and if so, whether it would want to create a special rate for it. He asked that Chairperson Goya let him know when to put it on the Agenda. (Chairperson Goya stated that he would leave it for the next chairperson.)
- 3) Status of the Kona Water Quality - three of the four pumps are completed and have been running for the past couple of weeks. Some preliminary water samples have been taken. Mr. Smith asked if a probe could be placed in there to get a reading right away, and he would like the Board to be notified by email on the results.

- 4) Update on negotiations with Kamehameha Investment Corp. (KIC) - still awaiting word from KIC.
- 5) Service Retirement - Aldreen Reynolds, effective June 1, 2008 – Mr. Ikeda announced that Ms. Reynolds, Meter Reader II, has been working in the Waimea district office. She has been with the Department since 1981. Her retirement is effective June 1, 2008. She could not be at the Board Meeting today.
- 6) Hawaii Water Works Association (HWWA) annual conference, October 29 to 31, 2008 - the Manager stated that only the preliminary dates were announced by the Department of Water on Maui (host for the event this year). The program has not come out yet; but in the meantime, Board Members are encouraged to let the Secretary know if they are interested in attending. Chairperson Goya indicated that the conference hotel had a limited amount of rooms at the conference rate. The Manager stated that it may require looking for an alternate hotel. In response to Ms. Kim's question on how this organization differs from the AWWA, the Manager replied that the HWWA was started by Mr. William Thompson (previous Manager of this Department), and that organization is older than the AWWA Hawaii Section. Membership for HWWA involves the four county water departments. The yearly conference rotates on the four islands. Next year it will be hosted by this Department.
- 7) July 23, 2008 - follow-up to the Kona Water Roundtable Informational Meeting - this will be a half-day session to discuss near-shore water quality based on pumpage. More details to follow on the location and time.

The Manager mentioned the Mayoral candidate forum on watershed protection that Ms. Aton attended. It was videotaped and will air on Channel 54 - June 24, 27, July 1, 4, 9, and 12 (run time is 1 hour, 56 minutes). He has it on DVD as well. (Ms. Kim asked if she could borrow the DVD.) Ms. Aton added that the reason for so much focus on water at the forum was because of watershed policy actions for the candidates to consider. A lot of the questions were directed toward groundwater and water quality.

The Manager also mentioned the AWWA National Conference in Atlanta, Georgia, June 8 to 12, 2008. The conference went well. He ordered a T-shirt that says "Only Tap Water Delivers" to hang in the Customer Service area at the front of the office. He also purchased, at the AWWA Bookstore, a conservation book for Ms. Aton and one on water rates for Mr. Sumada. Next year's national conference will be held in San Diego.

In response to Chairperson Goya's request for an update on the Andrade Camp Dedication, Ms. Aton reported that on June 10, 2008, a blessing was held with about 100 people in attendance from all levels of government and from the community. The Department was able to partner with Representative Dwight Takamine to help with the program arrangement as well as the press release. A speech from the Water Board Chairperson was read just before Ms. Lorraine Shin (USDA Rural Utility Services) read hers. The Manager added that this is a good project for the Department, which shows proactiveness. For this Andrade Camp project, the community chose to go with the loan/grant program instead of the Improvement District process. The Department worked with the community and the Federal government in lowering the cost of the project for the community. The next community project will be a Puukala Subdivision Improvement District project.

Chairperson Goya asked that items for discussion be listed under the Manager's Report on the Agenda prior to each meeting. He requested that under next month's Manager's Report be an update on energy awareness, conservation, management, efficiency, and to regularly report on the Department's progress.

G. **CHAIRPERSON'S REPORT:**

Chairperson Goya asked that each member give their impression of the AWWA National Conference in Atlanta.

- Ms. Kim - thanks go out to Mr. Brad Drier of Neptune Technology for arranging the tour of their factory. It was very educational. She enjoyed the conference and found the seminars very informative.
- Mr. Mukai - the conference is a very good way of networking. He met a group from Seattle who also use Neptune's products and learned about the Automatic Meter Reading units and the various covers for them.
- Mr. Meierdiercks - went to a couple of the free sessions covering the 2050 vision and water problems worldwide. There are things you do not think about and take for granted. One session was on SCADA, and he had visited different vendors of SCADA systems. The technology can bring up maps of water systems and pinpoint and isolate sections. He also mentioned the MARTA rail system in Atlanta, which is a cost effective way to get around. For a \$15/week pass, he was able to get around the city very easily. Honolulu could use something as efficient as this.
- Mr. Kuailani - this was his first conference. He attended free workshops each day. The exhibits were great. He met a lot of people the Department does business with. The tour of Neptune's plant was very good.
- Chairperson Goya - it was well worth it. He got to meet others in the industry having similar issues. He was expecting to see a lot more about Atlanta's drought situation. They are making a move to be more water conscious. He mentioned the statement on their AWWA cover - "During her life, Mary will need 3.5 million gallons of water to survive." He also read that it takes 62,000 gallons of water to make one ton of steel; 39,000 gallons of water to manufacture a complete car; 3,000 gallons of water to make one semi-conductor; 1,800 gallons of water to produce a barrel of crude oil; 4 gallons of water for a dairy cow to produce one gallon of milk. The UN recommends a minimal 13 gallons per day, per person for drinking, washing, cooking, and sanitation. It says China's population is currently 1.3 billion and projected to grow by 150 million (1.45 billion by 2031; that is where all our resources are going). The need for new automobiles is 25,000 a day. All resources are going to become more precious, like our water here.
- The Manager mentioned the workers he met from the City of Atlanta's water department (they were working across from the hotel). He asked what happened to their water shortage and learned that the thing about letting the water flow into the river to the south was not the problem. It was really a political situation. He also mentioned that if any Board Members wish to attend the paid classes at future annual conferences, to please let the Department know so they may be signed up for them.

SOUTH KONA:

A. **HOOKENA STANDPIPE PURCHASE:**

Chairperson Goya entertained a Motion that the Board enter Executive Session for the purpose conferring with the Board's attorney per HRS 92-4, HRS 92-5(a)(4) on questions and issues pertaining to the Board's powers, duties, and liabilities, and 92-5(3) to discuss and deliberate regarding the negotiations on the acquisition of public property.

**ACTION TO ENTER EXECUTIVE SESSION:** Mr. Mukai so moved; seconded by Mr. Kuailani and carried unanimously by voice vote. (Executive Session on this item began at 11:35 a.m. and ended at 11:53 a.m.)

Chairperson Goya entertained a Motion to approve the recommendation of Corporation Counsel.

**ACTION:** Mr. Kuailani so moved; seconded by Mr. Meierdiercks and carried unanimously by voice vote.

MISCELLANEOUS:

H. **CLAIM AGAINST THE COUNTY BY HARTFORD INSURANCE RE: ELTON AND MARY YOSHIDA:**

*Hartford Insurance (Elton and Mary Yoshida)*

Chairperson Goya entertained a Motion that the Board enter Executive Session for the purpose of consulting with the Board's attorney on questions and issues pertaining to the Board's powers, duties, and liabilities, as authorized by Hawai'i Revised Statutes, Section 92-4 and 92-5(a)(4).

**ACTION TO ENTER EXECUTIVE SESSION:** Mr. Mukai so moved; seconded by Mr. Kuailani and carried unanimously by voice vote. (Executive Session on this item began at 11:53 a.m. and ended at 11:58 a.m.)

Chairperson Goya entertained a Motion to approve the recommendation of Corporation Counsel.

**ACTION:** Mr. Meierdiercks so moved; seconded by Mr. Konanui and carried unanimously by voice vote.

ANNOUNCEMENTS:

1. **Next Meeting:**

The next meeting of the Water Board will be held on July 22, 2008, 10:00 a.m., in the Hilo Operations Center, 889 Leilani Street, Hilo, Hawai'i.

STATEMENTS FROM THE PUBLIC - None

ADJOURNMENT

**ACTION:** Mr. Smith moved for adjournment of the Meeting; seconded by Mr. Kuailani and carried unanimously by voice vote. (Meeting adjourned at 12:01 p.m.)

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Secretary

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