

MINUTES

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

July 22, 2008

Hilo Operations Center Conference Room

- MEMBERS PRESENT: Mr. Thomas Goya, Chairperson
Mr. Riley Smith, Vice-Chairperson
Mr. George Harai
Ms. Millie Kim
Mr. Bernard "Malu" Konanui
Mr. Francis Kuailani
Mr. Dwayne Mukai
Mr. Milton Pavao, Manager, Department of Water Supply
(ex-officio member)
- ABSENT: Mr. Robert Meierdiercks, 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. Miles Kawasaki
Ms. Susan Thomas
Mr. Ken Melrose (10:08 a.m.)
Mr. James Melrose (10:08 a.m.)

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. Richard Sumada, Assistant Waterworks Controller
Ms. Candace Pua, Finance Division
Mr. Daryl Ikeda, Chief of Operations
Mr. Clyde Young, Operations Division
Ms. Julie Myhre, Operations Division
Mr. Grant Nagata, Operations Division
Student Interns (see list Page 2)

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

STATEMENTS FROM THE PUBLIC

Chairperson Goya noted that Mr. Kawasaki and Ms. Thomas were present to speak on Agenda Item 6(A) Request for Adjustment of Water Bill and would wait until the item comes up.

APPROVAL OF MINUTES:

ACTION: Ms. Kim moved for approval of the Minutes of the June 24, 2008, Water Board Meeting; seconded by Mr. Mukai and carried unanimously by voice vote.

APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA:

None.

ACTION TO MOVE AGENDA ITEMS UP:

Chairperson Goya entertained a Motion to move Agenda Items 6(A), (B), (C), and (D) to the top of the Agenda.

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

INTRODUCTION OF SUMMER STUDENTS:

The Manager reported that eleven students were employed in various divisions within the Department. He has heard reports that this is a very good group of students this year. He asked that they introduce themselves and indicate who they work with in the Department:

- Justin J.K. Butterfield, working in the Operations Division, majoring in Engineering at Seattle University, Washington
- Marcie K. Arai, working in the Operations Division, majoring in Electrical Engineering at the University of Nevada, Las Vegas
- Tiana A.M. Koga, working in Administration's Personnel Section, majoring in Business Administration at Central Washington University, Washington
- Trixy P. Miller, working in the Finance Division, majoring in Business Administration at Pacific University, Oregon
- Clifford A. Corpuz, working in Engineering Division's Land Branch, majoring in Civil Engineering at University of Hawaii at Manoa
- Louis J. Ridley, working in the Engineering Division, majoring in Civil Engineering at the University of Hawaii at Manoa
- Jacob K. Blair, working at the Microlab, majoring in Pharmacy at University of Hawaii at Hilo
- HUIANA Program:
- Bronson J. Cabanas, working in Engineering Division's Land Branch, attending Hilo High School

(part of the HUIANA program). After he graduates, he plans to attend University of Hawaii at Manoa, majoring in Mechanical Engineering.

- Not Present:
- Michael K. Kekela, working in Operations Division, attending Midland Lutheran College, Nebraska, ended his employment last Friday to meet his scholarship requirements.
- Katherine C. Kawauchi, working in the Administration Division with Ms. Aton and Ms. Degele, attending Loyola Marymount College, California, studying Political Science
- Zoie D. Moore, working in the Operations Division, attending Marymount College, California

Chairperson Goya commented that this is a great opportunity for them as well as the Department. The greatest opportunity would be to return to this community and hopefully there will be other opportunities for them in Hilo or even with the Department, noting that the Manager started with the Department some 30 years ago. He thanked them for being here today and for all the work they do for the Department.

MISCELLANEOUS:

A. **REQUEST FOR ADJUSTMENT OF WATER BILL:**

Attached to the Agenda was a Petition to the Board by Ms. Susan Thomas on behalf of Mr. Miles Kawasaki. Ms. Thomas is requesting a water leak adjustment for Mr. Miles Kawasaki for which no provision for adjustment is contained in the Department's Rules and Regulations. Ms. Thomas and Mr. Kawasaki were present to address the Water Board asking for an adjustment to Mr. Kawasaki's bill based on unusual and extenuating circumstances.

Chairperson Goya asked Ms. Thomas and Mr. Kawasaki to come forward and asked if they had a statement for the Board.

Item A - Verbatim:

S. THOMAS: I'm Susan Thomas, and Miles Kawasaki; and this request started over a year ago when Mr. Kawasaki received a notice of extensive use for his water bill. What we are requesting is that the Board allow an adjustment of full relief for the excessive water bill and that Mr. Kawasaki receive based on -, I know it's not within the regulations for the Department of Water Supply to adjust it because of the specific regulations; but we felt after doing a little bit of investigating on what happened that there were a bunch of extenuating circumstances that fell into place that caused this to happen kind of out of his control and anyone else that was involved there are just so many things that happened with it and the specific situation with the water valves out there and the waterlines and the meters and things of that sort. And because of the extensive bill, it's a huge amount for Mr. Kawasaki's budget. So we are asking that the Board allow the Department of Water to excuse the excessive bill based on these facts. And I don't want to take a whole lot of time. I brought a couple of -, I forgot to attach his regular bills. I have the two bills prior to the excessive bill so that you can see the amounts he normally pays.

CHAIRPERSON GOYA: We can circulate that. Thank you.

S. THOMAS: Okay. And just to summarize quickly, the situation out there with the valves, from the main valves up to the houses is the responsibility of the owners. But the fact that the owners out there don't really have -, didn't at the time that Mr. Kawasaki or Mr. Uhrle received their water account, they didn't really receive much information as to what they could do and what they couldn't do with the valves. Mr. Kawasaki was not aware that he could have a lock on his. And out there at the corner where the valves are, there is a sequence of numbers that caused confusion; and on one side, it's numbered 1 to 7, and on the other side, it's actually numbered 1 to 12. I have 1 to 14 on the list, but it's really 1 to 12. They're painted real clearly now on the one side. And it caused confusion for Mr. Uhrle where I believe that his -, Mr. Kawasaki kept his valve off because of a leak that he has not been able to fix because of road association and driveways. So what happened is that Mr. Uhrle had a leak, and he called the Department of Water Supply requesting assistance with that; and the information that he was given he believed Valve 7 on the Keaau side was his valve, when in actuality, it was on the Pahoa side. He lives on the Keaau side, so it was kind of confusing for him. He went down to try to fix his leak, turning Mr. Kawasaki's water on. I spoke to him on Saturday, and he reiterated that to me; but he didn't sign a statement, and he was going to be here but he's not, so. But I have his phone number and anybody is welcome to call him he said.

CHAIRPERSON GOYA: Well thank you. And it is an extensive report that you put together and very detailed in documenting your position on this.

S. THOMAS: Thank you. Lots of strange circumstances lead to it. If one thing would have been different, it probably all would have been different.

CHAIRPERSON GOYA: We're open to -, are you through?

S. THOMAS: I'd be happy to answer any questions. I just don't want to take too much of your time and go through everything again.

CHAIRPERSON GOYA: Are there questions from the Board?

D. MUKAI: I have a question. How's it Miles? I have a question, so was the Police report ever filed?

S. THOMAS: Yes, it was. It wasn't easy, but I filed it, but what they did was write a report that said I was filing a report against the Water Department; and I had that -, which is not what I told them. So it's just a complaint. It's not an investigative report that they were gonna do. They said I was complaining because the Water Department wouldn't do anything, but what I told them was that the Water Department advised us to file a report for vandalism or to find out if there was.

D. MUKAI: Okay. Thank you.

G. HARAI: Yeah, on the attached Item 2, I noticed here you say that the Department of Water Supply was informed of a leak on April 3rd?

S. THOMAS: Yes.

G. HARAI: By phone?

S. THOMAS: That was by the neighbor across the street from his. Her name is...?

M. KAWASAKI: Margaret Okano.

S. THOMAS: Okano? Yeah.

G. HARAI: I would think that if there is a severe leak in that area, first thing anybody would do would go to, you know, their respective meters and see if that thing is running.

M. KAWASAKI: Uh, but see that's where I come in. This is where -, because of the situation there, if you know the situation, there are meters all along the road and there are individual lines that go to each individual residence. So when you go through it, it's this bundle of like eighteen pipes going up the road.

S. THOMAS: He's saying that you should have checked your valve.

M. KAWASAKI: Yeah. But the thing is -, well, getting there. The thing is when the leak started, I talked to the Department of Water to see what I could do to get listening devices and they said they don't loan them out. My neighbor, Ms. Okano, did get the listening devices; but it's not an easy thing to use. The other thing is all the pipes are Drisco pipes, black irrigation pipes; and what I was informed by the plumbers and the people who deal with that say it's only good for ten years. So I gave up. I said okay whatever leak I got I'll fix, and then what I did was install a tank in my yard, and, as needed, I would turn on the valve and fill up the tank. So my valve was shut. So whenever there is a leak over there, I usually go 'can't be mine. It's off'. See and that's why the lock comes into play. I didn't know I could lock the meter -, the valve. So I never did. And that's where Mr. Uhrle went down and apparently he turned it on. But in answer to your question, that's why I didn't check. Because it's always off unless I need it in a dry situation like now.

CHAIRPERSON GOYA: Any questions from the Board?

R. SMITH: I have a question. So in the subdivision you live, it's a private subdivision, not a County road?

M. KAWASAKI: It's a private road, yeah.

R. SMITH: Okay. So the Department is allowed meters to be placed on Highway 130 for residents that own properties close to Highway 130.

M. KAWASAKI: Right.

R. SMITH: And so that's why all these spaghetti lines and the meters are in there.

M. KAWASAKI: Right.

R. SMITH: Because that's not a typical standard installation, but it's something else that has been grandfathered in years ago. The Department's responsibility is up to the meter because that's what is within the road right-of-way that they can access and have control over. Anything beyond that, private property, private roads, they have no control over. So, I know that Water Supply allows a one-time adjustment in your bill for excessive use. Did you apply for that?

M. KAWASAKI: I did on the initial leak that I had prior to me actually fixing and turning off the valve. But on this one, I was going to do it; but she coaxed me into doing this because she said this isn't right. Because of the way the valves are numbered -, and I'm assuming right now that the Department of Water Supply did number those valves -, the covers anyway. And because of the way it is, we have two 7's, two -, you know, there's like overlap. And so it was, for me, it was like an accident waiting to happen. Anybody that came in, like in Mr. Uhrle's case, I'm not really putting any blame on anybody -, that came in after the initial owners that put in the valve -, the pipes, weren't aware of the situation because as I was explaining to Kanani, one of the things that I don't like, and I've been pointing out to realtors that I come across, to have in their little flyers on their houses for sale you cannot put County water available or, you know, have access to County water, because of this situation. You're gonna go in, you're gonna get a leak, and you're gonna call the Department of Water and you're gonna say exactly what you're telling me now-- we can't help you; your responsibility is to the meter. You just paid \$8,000.00 more for your house because of County water. You know what I'm saying? So what we're -, why we're asking for this; and she -, I felt that she was right and so I allowed her to do the report, was because of that overlap, you know. It was a mistake waiting to happen. If I had known that I could have locked it back then, I would have. So it's now hereafter, you know, the -, I think I'm just shooting off at the mouth.

S. THOMAS: I have a comment on what you asked. It is my understanding that according to the Regulations, unless you fix the leak, you couldn't get an adjustment; and he's unable to fix it, and also it's only for half adjustment.

R. SMITH: I think it's one-third, right?

M. PAVAO: It's half of the overage.

S. THOMAS: And what our request is, is that because of all these extenuating circumstances and different things that occurred that were beyond his control, actually, as far as what Mr. Uhrle did and stuff and -, without the information of, you know, you can lock the valve, any instruction like on here on my exhibits I -, the only information that he was given was the receipt when he signed up. I'm the one that went down to the Department and got their Regulation booklet and found out what was -, we were able to do and what we weren't. Mr. Uhrle had no idea about all that stuff too, which is one reason I was glad to see that Kanani is here now. Education and information for the consumer and stuff. That's the reason that we are doing this as opposed to what was in the Regulations.

R. SMITH: I guess my concern is you're saying that certain circumstances are beyond your control; but clearly, they are beyond the Department's control. And to create an exception, I

think, would be problematic because Water Supply's jurisdiction goes up to the meter and whatever happens beyond there is not under our control. We can't go into private property, we can't fix the leak, I mean there's a lot of things we can do and because you're saying that some of these issues are beyond control, then you're saying they're under ours, which they're not.

M. KAWASAKI: Well actually, well, not to sound sarcastic, but because of the overlap of numbers, all that we request of you right now is go start from one side, one, two, three, four, five, and continue, six, seven, eight, nine, ten. Problem solved.

M. PAVAO: Let me make a comment. The numbering system that's in place is for our internal use only. And we number most of the meters in that area because there are so many in the same location. And what happens is sometimes, you know, they request something, it goes on one side of the road, somebody else requests, we don't have space, we put it on the other side of the road; and that explains the difference. I live in a similar situation. I have fifteen meters out in the front. And about two weeks ago, somebody was digging. Somebody had a leak. Somebody was digging, and they know I work for Water Supply so they hailed me down. And my advise to them, yeah, there is a leak. I call the Standby, have them call this person to identify what meter is theirs. So there is an opportunity for people to find out which meter belongs to them. Again, the numbering system may cause some concern; but the numbering system is our internal control only. It's for our use. If an individual calls the Department, which meter is mine?, we will provide that information because we know.

R. SMITH: But you'll give them the meter number.

M. PAVAO: The meter number. Correct.

R. SMITH: That's on the meter itself, not the painted number that's on the lid.

M. PAVAO: The fact that somebody went down and inadvertently opened the wrong meter, that person could have called us and we would have told him what meter it was.

S. THOMAS: Okay. Mr. Uhrle, and his phone number is in -, I can't help that he's not here. He's really worried about having a bill. He called the Department of Water Supply and asked for information on how to determine where his leak was and stuff and he was told Box No. 7. Now he lives -, the reason for all the map and all that stuff is because he lives on the Keaau side so he went to that Box 7. He did not tell me that he was given a meter number. He told me he was given a box number. And then when that one didn't do any good when he turned it off, he thought, but really was turning it on, then he called back and asked for someone to come out. And someone then came out and showed him the other Box 7 on the other side, from the Department of Water.

CHAIRPERSON GOYA: Thank you. I think we had another question.

B. KONANUI: Mr. Kawasaki, what a coincidence. I live right across where you live. And over there, I noticed that over there always get accidents. I see cars run into the meters over there and water all over the place because all the lines are exposed. And I kind of noticed that, you know,

when you first got your meter, did you go and see where it was in the beginning? In 1993 is it? Do you know which box was yours?

M. KAWASAKI: Yeah.

B. KONANUI: Was it numbered then?

M. KAWASAKI: It was numbered.

B. KONANUI: Okay, and your number was seven?

M. KAWASAKI: It was seven.

B. KONANUI: And then this Mr. Uhrle, did he come there later on?

M. KAWASAKI: He moved in after the lines were already set in.

B. KONANUI: And who told him that his number was seven? His box?

S. THOMAS: Department of Water Supply.

M. KAWASAKI: Department of Water.

M. PAVAO: It is seven, but it's on the opposite side.

S. THOMAS: It's on the other side.

M. KAWASAKI: Other side. Yeah.

M. PAVAO: See the history back then in that particular area, like in my case, for example, and I forget how many years ago. There was an individual contractor that contacted everybody, and they put in all the meters. There's fifteen lines in my trench that goes to my house, and that was done at that time. So, you know, they do it; and then maybe along comes another contractor and wants to do something for somebody else, and they put it on the other side. And that's how it happens. And again, I repeat, the numbers are for our internal control only.

B. KONANUI: You mentioned about fixing the leak once. How long ago was that?

M. KAWASAKI: Oh that was back in, I think '99.

B. KONANUI: And what was the problem at that time? Where was the leak?

M. KAWASAKI: The leak was closer to my house. It was -,

B. KONANUI: The exhibit over here that you showed -,

M. KAWASAKI: It was right, actually, from the current leak where it is on 35th was about halfway to my house.

B. KONANUI: And where is the leak now?

M. KAWASAKI: The leak is right on the corner.

B. KONANUI: You know where it's at?

M. KAWASAKI: Yeah.

B. KONANUI: And they wouldn't allow you to fix it?

M. KAWASAKI: Oh no, I can go and fix it.

B. KONANUI: I know you mentioned something about the association saying that -,

M. KAWASAKI: The association doesn't like us to go and dig up the road and -,

B. KONANUI: Dig up the road and then fix the water meter.

M. KAWASAKI: Because of the liability of making the holes.

B. KONANUI: Just to reiterate what Riley said, the responsibility of Water Supply is to the meter. And all along that road, you know, all the subdivision mauka and makai said they all had problem with people running those spaghetti lines.

M. KAWASAKI: Right.

B. KONANUI: You know, a lot of them they had problem where they buried it in the ground and they gotta dig it up. Now you notice they just lie it right on the surface. I guess that way they can get to it, you know, if there's a break. Again, like Riley said, our responsibility is to the meter. I understand what you're going through. You know, I have compassion. I can understand the bill. I mean, times are hard now and, you know, we -, I don't want to pay that bill that you got. You know.

M. KAWASAKI: Because, uh, not to interrupt; but that's why, like I was telling Mr. -, Riley over here was that's why after the initial leak and after talking to the plumbers and the people who supply the Drisco pipe, it was like fifteen years after the pipes were in already. I think it's something like that. And watching the neighbors go through what they were going through, and I told myself, and I told the neighbors, unless we all get together and do it right, I'm not gonna even bother anymore. So what I did then was, like I said, I put in a catchment tank and all I'm doing now is, as needed, I turn on the valve and fill up the tank.

B. KONANUI: In other words, you're taking a loss from the leak; but you're still filling your tank up.

M. KAWASAKI: Well the leak was minimal until this happened because then what happened was because of the brittle pipe.

B. KONANUI: The valve was open.

M. KAWASAKI: Yeah, it was open; and I assumed mine was off because it's always off. And so when everybody said somebody has a leak, I'm assuming it's not mine. My valve is off. And then I got the water bill and that was like, uh oh, wow.

B. KONANUI: Now you know it's yours.

M. KAWASAKI: And it was like, okay, it's mine. You know.

S. THOMAS: I have just one quick thing too. One thing that I felt is that when the Department -, I understand what you're saying about it's the consumer's responsibility or the customer's responsibility from the valve up; but when the Department of Water knew there was a leak up there, and they came out, still Mr. Kawasaki wasn't notified that he had a leak. That would have been twenty-some more days of leak and then when the meter reader came out, nobody notified him -, they actually went back and then the next Monday, mailed a notice, which is \$500.00 more; and I just think, yes, maybe he should be responsible to fix that leak or do something, but I just felt like there is a lot of things that occurred that would have assisted him, as the customer, to not have as big of a bill, and, you know, I wish he would have known he could have a lock on it. I, you know -, well he would have gone down and looked when the neighbor said -, but he was confident his was off because it always is off and there would be no reason anybody would turn it on under normal circumstances. So there's a lot of things that occurred that are outside of the normal realm beyond his control and beyond the water company's where he thought he was being a good water user and not leaking all the time, you know, and the water company tries to do their best, I'm sure; but so many things occurred that I felt it was the right thing to do to request this be adjusted because of things, and then everybody can learn. He learned to put the lock on there. I mean, it's not leaking anymore. No one can turn it on. And, you know, maybe people, when they buy these homes, when they have the water service turned on, can be told the situation, be given a pamphlet or something so that they know and probably the realtor should say and things like he mentioned, but they won't necessarily. I mean, maybe just something like that, you know. Kanani is now involved in public education and things like that. But, you know, it's not to place blame. It's just to try to do the right thing and move on; and frankly, looking at these numbers, you know, that's a huge bill for Mr. Kawasaki, that, you know, where's he gonna get the money? I have no clue, but it just seemed like the right thing for me to draw attention to some of these things and to request the adjustment.

CHAIRPERSON GOYA: Thank you. Millie, you had a question?

M. KIM: Yeah, I just wanted to see if Milton, our Manager, had anything more to add to what we've already covered this morning. Is there -, and maybe some history of these types of subdivisions because it sounds like a very precarious kind of situation. And if you folks have any gripe at all, I'll tell you, it's with the Board of Realtors, not with this Department, because of the

way these things have been presented as part of real estate sales and you're not aware that your responsibilities, I think, as a consumer, really has to begin where it's supposed to begin; and our jurisdiction has to stop what it does or else we'll get into a big mess of problems here. So there must be some kind of background to this, Milton, and you have some comments on that?

M. PAVAO: It's unfortunate, but these kinds of situations happen all over the island. You say spaghetti lines--we got 'em in every district you can think of.

M. KIM: This is considered a nonconforming subdivision type of arrangement?

M. PAVAO: Yeah. And the only reason that it's done this way is because the roads are private. We have no jurisdiction to go in.

M. KIM: Yeah.

M. PAVAO: Many times, people come and see us and we encourage the Improvement District process to put lines in so that everybody can have service fronting their lots, like we did in Kona Coastview, for example. Unfortunately, the people in Paradise Park, Orchidland, does not want to do that. That would be an easy way to do so that you don't have this liability. I can relate to what Mr. Kawasaki is saying. I have 900 feet of my own pipe that I'm responsible for from the meter to my house. And I've had leaks twice already.

M. KIM: This is above ground?

M. PAVAO: No, mine is buried. It's buried with 15 other lines in the same trench, so it's really hard to find which one is yours. Good example, the other day, like I say, when that person flagged me down, he knew he had a leak. He saw the water bubbling up, he fixed it. Wasn't his leak; he fixed somebody else's leak. So, you know, when he fixed the leak, he went back to his meter and checked; and it was still spinning, so this kind of stuff happens every time in this non-standard subdivisions. And I guess, to be real blunt, when you apply for these types of services, you have to anticipate things happening like this. It's unfortunate. But I guess, what is the best alternative--to deny water or to allow them to get water, knowing that these kinds of things are going to happen? And that choice is purely with the applicant, and they chose to get water. So...

CHAIRPERSON: Thank you. Riley?

R. SMITH: Couple questions. So just to be real clear, when you get your Department of Supply bill, there's a meter number (03-3661212). That's the number the Department uses whenever they reference your account. So it's in your bills and it's in the abnormal reading they have. So irregardless of any number spray painted on the lid, now you know that's the number you look at. Next question--because you are now more educated and you understand what's your responsibility, have you installed a lock on that meter?

M. KAWASAKI: Yes, I have.

R. SMITH: Okay, good.

S. THOMAS: The day the Department said he could, he did.

R. SMITH: Okay. My next comment is, you know, similar to others who have experienced excessive water use bills, I did the same thing at my house. I live up in Waimea. Because my meter is in front of my house, the meter reader put the abnormal reading tag and put it on the doorknob. It's a little more complex in your situation because he doesn't know where your house is because the meter is out here and your house is in the subdivision somewhere. So again, I think we all have a lot of compassion for your situation; but I'm not sure, aside from telling DWS to remove all those numbers off the meters so there isn't this confusion, what else they could have done to inform the residents when they do observe these kinds of situations. Those are just my comments.

M. KAWASAKI: Yeah, and along with those lines, yeah, like Milton said, I guess the standard procedure should be whoever calls, they should give them not only the box number, they should also give them the meter number hereafter. And then the other thing I'd like to see is like Susan was saying, if a leak is reported, like in this case -, my notice came with my bill, and that was almost a month later. So if they could just send the notice separately so I could get it maybe within a more timely manner, it would have minimized the leak from thereon, right? And that's just another thing I would like to see.

M. PAVAO: The reason that doesn't happen is when the meter readers go out and they notice -, because the meter readers are pretty much knowledgeable about what the consumption should be, in the old days, they used to have the books; and on the books when they would write the number, they would see excessive, they would put a note. When they get back to the office, they would inform the people that does the billing, this is unusual--check it. So it does go through the computer. Our computer program has a flag after -, beyond a certain amount, it will kick it out so that we can send abnormal readings. Now with the handhelds that we have, it's all electronic and digital; and that also has a flag. But it still needs to go to the office to get processed. An abnormal reading has to be made and made out, and that takes awhile. And if it's not coinciding with the billing cycle, then it does take a long time. To revise the system, such that Mr. Kawasaki is saying, would require a tremendous change in our program and would require a tremendous change in the way we're doing things now. It can be done at great expense, but it can be done.

B. KONANUI: Milton, one question. How often you guys go out check the meter?

M. PAVAO: Check the meter? We don't go out and check the meter unless we get a problem. Like the meter readers go out once every two months because we do a bimonthly billing.

B. KONANUI: Once every two months, they go out?

M. PAVAO: We send bills every two months. We read each meter every two months.

B. KONANUI: That's when you're gonna discover if there's excess?

M. PAVAO: That's the only time that we would discover abnormal readings.

CHAIRPERSON GOYA: Question here.

D. MUKAI: You know, there was a leak before. How long ago was that?

M. KAWASAKI: That was in -, I believe around 1999.

D. MUKAI: A while ago. Okay. Was an adjustment made way back then?

M. KAWASAKI: And then I applied for the 3-year adjustment.

D. MUKAI: That was a long time ago.

M. KAWASAKI: Yeah, I did that. But like I was telling Mr. Konanui over there that at that time, I gave up because of the situation. The pipes were already old and I put the tank in.

S. THOMAS: And that's when he started turning his off.

M. KAWASAKI: Yes, that's when I started turning mine off.

S. THOMAS: Thinking he was being responsible.

CHAIRPERSON GOYA: Question George?

G. HARAI: Yeah, I feel for you, like Bernard, here, mentioned, yeah; but I was on the Board like ten years ago, and there was a leak -, a farmer now, very excessive leakage, much more than your bill, but the Department explained to him about the Rules and Regulations and he took that one-time credit because nothing else could be done. And I know your case seems to be a little different; however, I feel that we cannot deter from the Rules and Regulations. Until the Rules and Regulations are changed -, because I'm sure that there will be others that will be coming forward in the future. So as far as myself, you know, like I said, I really feel for you for this excessive bill; but I don't think that we, you know -,

D. MUKAI: Point of information. I've actually printed a Section 3-10. I know it was mentioned one-time adjustment, but actually it's a one-time adjustment for a 3-year period. Just to set the record straight.

M. PAVAO: Yeah. I guess what we can do -, instead of saying what we cannot do, I can tell you what we can do, okay? If you were to go out and fix your meter, we can give you a 50% adjustment of your overage. We can also make a payment plan that you don't have to pay the whole thing at once. You can pay it in installments. That's what we can do. But I don't think we can forgive your bill. But that decision is up to the Board.

CHAIRPERSON GOYA: Okay. Now that I got everybody's comments, the Chair wants to make a few comments. I have a lot of experience in this area. I worked for HELCO. I was in charge of customer services. I understand the kinds of different problems that can occur beyond the meter,

so to speak. And in this case, there are a number of things that the Department could have done a little better as far as customer relations are concerned or information that is provided to the customer. And it also involves a third party here, which makes it a little different than everything being under your control directly. I think the Department can be a little more proactive in this area. I agree with Mr. Pavao's last comments that we could settle to 50% of what is above normal. But I would like some additional consideration be given in negotiations with the Department to address the issues that a third party was involved, number one; and that the meter covers have similar numbers, number two; and that a Department employee had given this information out. If it's only for internal use, it should never have been given to a customer. So I think there's some extenuating circumstances here to give you additional consideration. Rather than have the Board make the decision here, my recommendation is to have the Department work it out with you directly, okay, and come back here and let us know what adjustments they're considering. And to try and address future problems that can occur with these kinds of spaghetti lines where they go substantially beyond the meter, because we don't see any improvements in these kinds of subdivisions where people will make the effort to try and excavate and to reinstall and have the cooperation of everybody involved. So these kinds of problems will continue in the future, but I would like to see the Department make a little more effort to ensure that this particular kind of problem won't occur again. And I think you were diligent enough to understand the problem, installed a water tank, and only turn it on when necessary. And now that you have a lock, we're hopeful that you won't have these kinds of problems in the future.

M. PAVAO: Mr. Chairman. I need to be difficult, but you can't expect me to negotiate. My authority is only to follow the Rules and Regs. Any negotiation or anything extra has to come from the Board because I would be violating my authority by giving anything more than what the Rules and Regs call for. The Rules and Regs call for 50% of the overage. We are prepared to offer that if you fix the line. Anything beyond 50%, I do not have the authority to give.

CHAIRPERSON GOYA: Alright, thank you. Any other questions from the Board?

M. KIM: I'm sorry, Mr. Chair, I guess I misunderstood because I thought you were saying exactly that -, that we stay at 50% but that the Manager work out a payment plan or whatever the other options are with the complainant.

CHAIRPERSON GOYA: In addition to negotiating what portion of the remaining 50% is, can come back to the Board for a further adjustment, considering that there were extenuating circumstances in this particular case where there is another party involved, rather than the homeowner themselves.

M. PAVAO: I can't do that.

D. MUKAI: We should get Kathy involved because I don't think Milton can do that -,

M. KIM: Yeah, I think so too.

D. MUKAI: cause there's nothing more that Milton can do. Kathy, any thoughts on that?

K. GARSON: Yeah, what I would recommend is if someone wants to make a Motion to go into Executive Session, then we can talk about the Rule. I think that the Board doesn't have to give more direction to the Manager in order to be able to make the determination. He has made an interpretation of the Rules and has come up with his interpretation of the Rules and so I think you have to make a decision now.

CHAIRPERSON GOYA: Okay.

K. GARSON: And if you want to talk about the interpretation of the Rules, then we can go into Executive Session; and I'm not sure if everybody had a copy -, we can discuss what the Rules are.

CHAIRPERSON GOYA: Okay. Everybody understand? Francis?

F. KUAILANI: Yeah, if we do go into Executive Session, are we going to resolve the issue or are we going to wait for the third witness to come in and give us some information?

CHAIRPERSON GOYA: Well that's up to the Board to decide.

M. KIM: I move we go into Executive Session.

R. SMITH: Second.

CHAIRPERSON GOYA: Moved and seconded that we go into Executive Session. Any further discussion on that?

K. GARSON: And it's pursuant to 92-5, Section A(4), to consult with the Board's attorney on questions pertaining to duties, privileges, liabilities. Okay?

CHAIRPERSON GOYA: Okay. Any other questions? All those in favor of the Motion say aye.

BOARD MEMBERS: Unanimous ayes.

CHAIRPERSON GOYA: Opposed? None. Motion carried.

(The Board entered Executive Session at 10:53 a.m., and ended at 11:23 a.m.)

CHAIRPERSON GOYA: Water Board is now in session. To refresh everybody's memory, we're on Item 6, Item A, request for adjustment on the water bill. Is there a Motion from the Board to open discussion?

D. MUKAI: So move.

F. KUAILANI: Second.

D. MUKAI: Open discussion?

CHAIRPERSON GOYA: Yeah. Okay, moved by Dwayne, seconded by Francis to open discussion on this matter. All those in favor of the Motion say aye.

BOARD MEMBERS: Unanimous ayes.

CHAIRPERSON GOYA: Opposed? None. Motion carried. Consideration for adjustment on the water bill is now open for discussion. Questions from the Board?

M. KIM: I have one question. This is ag land, right?

M. KAWASAKI: Ag/residential.

M. KIM: Ag -, there's no such thing as ag/residential. It's just ag, right? And so you don't have any cattle walking around out there?

M. KAWASAKI: No.

M. KIM: That would really damage the pipes. Terribly. Okay, sorry -, It's ag land; it's permitted use to have cattle.

CHAIRPERSON GOYA: Any other comments from the Board? You know, I guess -, we thoroughly discussed the matter so we should have a few left.

B. KONANUI: One question.

CHAIRPERSON GOYA: Go ahead.

B. KONANUI: You know when you first repaired the first leak you had, what was the cause of the leak? Was it just wear and tear of the pipe?

M. KAWASAKI: Just age. It's old and starts to crack, yeah. So we just spliced in a new section on that.

CHAIRPERSON GOYA: Any other questions from the Board? Consideration from the Board for a Motion to move forward on this?

M. KIM: Okay, I will.

CHAIRPERSON GOYA: Okay.

M. KIM: Mr. Kawasaki and Ms. Thomas really -, we really appreciate your coming in like this and making this extra effort, exercising your option to take advantage of this appeal directly to the Board; and we appreciate your exercising that option and describing your extenuating circumstances. But in looking at the different interpretations under our Rules, **I would like to make a Motion that we deny your request for anything beyond what the Rule allows as far as 50% of your balance on your water bill right now.** Now it is our understanding from our

attorney that you can be paid 50% only when repairs are made, and repairs usually deal with leakages, not turning off and on the spigot by accident or by yourself or anybody else. So we're willing to consider that installing a lock constitutes a repair so, therefore, you could at least get the 50% of what is due to the Department. I also think you should talk to your community association and really emphasize how important these kind of things are in an area like yours where you'd have to share multiple pipe space without markings that are required by law. So I would move that the Board make that decision and also encourage you to seek other remedies should you want to, which are also available to you, such as filing a claim against the County if you feel the Department has misinformed you.

R. SMITH: Second.

K. GARSON: So your Motion -, so the Motion is to allow them a 50% adjustment, based on your interpretation that the locking of the meter would constitute a repair under the extenuating circumstances of this case and allow the 50% on your line? Okay, I think I got it.

M. PAVAO: Can I -?

CHAIRPERSON GOYA: Okay, wait. The Motion -, Millie's Motion and seconded by -,

M. KIM: Riley.

CHAIRPERSON GOYA: Riley. Okay. All those in favor of the Motion?

K. GARSON: Is there discussion?

CHAIRPERSON GOYA: Okay.

M. PAVAO: I have no problems with making the 50% adjustment. I would feel a lot more comfortable if the repairs were made so that you can get the 50% adjustment. Because should this -, should the lock constitute a repair and Mr. Kawasaki needs water again and turns it on and another leak occurs, you're gonna be in a similar situation. I would highly encourage you to repair the leak. Upon repairing of the leak, we will give you the 50% adjustment; and if the balance is still beyond your means, we will provide you a payment schedule. But I would strongly recommend that you repair the leak. Because if you just lock it, the problem is not gonna go away when you unlock it and turn it on.

R. SMITH: You know, I think from the Board's perspective, we understand the complexity of trying to follow spaghetti lines in this area. And I think we feel that if it's locked, even though it's not the strict definition of a repair, it's minimizing the amount that may leak in the future; and when he turns it on to fill up his catchment tank, he's still gonna be responsible for whatever doesn't get to the tank, but he'll have control over when the meter is turned on and off. That will be his choice.

M. PAVAO: I don't have a problem with that as long as -, this is some sort of precedence you folks are setting by doing that. I would prefer we follow the Rules and Regs., but that's my recommendation.

CHAIRPERSON GOYA: Okay. Any other discussion?

B. KONANUI: Mr. Kawasaki, you know when you turn it on to fill up your catchment, how long does it take to fill it up?

M. KAWASAKI: Five thousand gallons, about, with water house, about four hours.

B. KONANUI: Four hours. And how often you do that?

M. KAWASAKI: If it rains, never. And if it's the situation because of the dry -, once every two months.

B. KONANUI: Once every two months, you turn on the meter to fill up your tank; and that will keep you going.

M. KAWASAKI: For another two months.

S. THOMAS: And how long have you done that?

M. KAWASAKI: And I've done that for six -, 1999/2000. So my bills are usually in that \$29.00 to \$35.00 range every two months.

B. KONANUI: So the leak is not extreme to a point where you cannot fill up your water tank in a timely fashion then.

M. KAWASAKI: Oh, no. It's not that extreme. But it has gotten worse because it was on for that period of time that I didn't know. It got bigger.

M. PAVAO: The other thing, too, is that you have a leak; and if it's with polyethylene or poly pipe or whatever pipe you have, I guarantee you with continued flow, the leak will only get worse.

M. KAWASAKI: Um hum.

M. PAVAO: That's why I really strongly urge you to repair it. Because it will just get worse and there will be a time where you turn it on, you won't be able to fill your tank because you're gonna lose all the pressure.

M. KAWASAKI: Um hum.

M. PAVAO: Leaks doesn't get better, believe me. It just gets worse.

CHAIRPERSON GOYA: Any other comments from the Board? Hearing none, all those in favor of the Motion say aye?

BOARD MEMBERS: Unanimous ayes.

CHAIRPERSON GOYA: Opposed? None. Motion is carried. Thank you. And thank you for your time and effort of bringing this issue to the Board. As stated by Millie Kim here, you have other options to consider regarding the remaining 50%. We understand that the information you provided us is very lengthy and detailed, and we reviewed it very carefully. And we are just as compassionate as anybody regarding some of these issues. We have Rules and Regulations to follow, but we understand there were additional circumstances involved and there was another party involved and there was a delay in bringing this to our attention. In the future, hopefully, when issues of these kinds occur, they be brought to the attention a lot sooner, and hopefully those won't be extended to involve detailed reporting and back and forth without decisions being made. It's pretty hard now to go back and get accurate information of something that happened a while ago and we wish this information had been brought to us a lot sooner so that we could try and give an appropriate interpretation of what happened a while ago. And since the other party isn't here makes it really difficult for us to actually know what happened here as well as talking to the company employee that gave -, assuming they gave information regarding internal information. So again, we thank you for your time and for your effort, Susan, for putting all this information together and coming here today; and Miles, thank you again.

S. THOMAS: Thank you.

M. KAWASAKI: Thank you.

L. BECK: If I may...because there's a large tank on site, they need to have a backflow pressure device at the meter; and if that's not there now, that should be considered part of the repair.

CHAIRPERSON GOYA: Thank you.

(Ms. Thomas and Mr. Kawasaki left the meeting at 11:33 a.m.)

CHAIRPERSON GOYA: Yeah, that's a good comment because a leak would draw in things between the meter and his tank itself.

B. DEDICATION OF WATER SYSTEMS:

The Department received the following documents for action by the Water Board. The water systems have been constructed in accordance with the Department's standards and are in acceptable condition for dedication.

- 1. GRANT OF EASEMENT AND BILL OF SALE**
Subdivision Application No. 06-000368
Grantor/Seller: Kaumana 18 Associates, LLC
TMK: (3) 2-5-005:171

E.W.O.: 2008-014
Lots: 13 and 1-Road Lot Zoning: CN-40, Ag-1a
Facilities Charge: \$67,190.00 Paid: 11/08/06
Final Inspection Date: 6/25/08
Water System Cost: \$95,600.00

2. GRANT OF EASEMENT AND BILL OF SALE

Grantor/Seller: Thomas K. Kaulukukui, Jr., Patrick K.S.L. Yim, and
Claire L. Asam, Trustees of the Queen Lili'uokalani Trust

GRANT OF EASEMENT AND BILL OF SALE

Grantor/Seller: Target Corporation
Subdivision Application No. 05-000178
TMK: (3) 7-4-008:002
E.W.O.: 2008-022
Lots: 5 Zoning: MCX-20
Facilities Charge: \$ N/A Paid: Previously paid from a 500-Units account
Final Inspection Date: 7/11/08
Water System Cost: \$350,813.00

3. BILL OF SALE

Seller: Kanu O Ka'Āina Learning Ohana
TMK: (3) 6-4-001 and 6-4-031
E.W.O.: 2008-056
Facilities Charge: *Not Applicable*
Final Inspection Date: 7/03/08
Water System Cost: \$190,797.00

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

Mr. Melrose spoke on Item No. 3. He stated it is important for the Board to understand that Kanu O Ka'Āina is building a new century charter school behind Hawaiian Homes in Waimea. To meet their fire flow requirements, it could not be done with the existing piping system. He was facing a very substantial cost, as their project manager, to build an onsite fire suppression system. Through the recommendation of Mr. Kurt Inaba and Ms. Shari Komata of the Department of Water Supply, they found a way to close an open loop in the water supply system; and he was able to accomplish that work for the school, meaning their fire-flow requirement, for less than \$300,000.00, which is a very valuable savings for the nonprofit school. But it had the side benefit of providing increased pressure and stabilized flow to the entire water system for the Puukapu Farm and Pastoral Lots. So it benefitted the entire Hawaiian Homes Community as a result. That benefit was recognized by the Department of Hawaiian Home Lands, and they gave a grant to Kanu O Ka'Āina for half the cost of that water system improvement. He wanted to let the Board

and Department know how great its staff is and that Mr. Inaba and Ms. Komata were fabulous in helping them come to a win/win situation for everybody.

Chairperson Goya thanked Mr. Melrose for his comments and praise. It is always good to know that the Department is solution-oriented.

Ms. Garson stated that for Item No. 2, Target Corporation's Grant of Easement, the Department's standard form was not used, so in that case, she would bring it to the Board's attention to be aware of the differences. In the Grant of Easement and Bill of Sale, the language was revised a little bit and had to do with if the Department went back in and did any repairs, that they would put everything back into the condition it was in; and that is not a problem for the Department. They might have revised the indemnification language, but she had worked with Queen Liliuokalani Trust's attorney on that.

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

(Messrs. Ken and James Melrose left the meeting at 11:38 a.m.)

**C. REALLOCATION REQUEST FOR MECHANICAL REPAIRER POSITION,
HC NO. WS-02303:**

The existing duties of the Mechanical Repairer position, is that the person is responsible for the repair and maintenance of the Department's small tools and equipment. It is proposed that this position be reallocated to an Automotive Mechanic II position so that the person is able to also repair and maintain the Department's fleet of vehicles. Presently, the Department is sending out its vehicles for minor service and repairs; and it would be more efficient and cost effective to do some of this work in-house. The present Mechanical Repairer is qualified to perform the duties as an Automotive Mechanic II.

It is also proposed to create an Automotive Repair series. This would include the creation of an Automotive Mechanic I and Automotive Mechanic Helper positions that would be working directly under the supervision of the Automotive Mechanic II.

The Manager recommended that the Board approve the creation of an Automotive Mechanic Series, which would include the reallocation of the Mechanical Repairer position to an Automotive Mechanic II position and the creation of the Automotive Mechanic I and Automotive Mechanic Helper positions to enable more efficient and cost-effective in-house vehicle repair.

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

Mr. Smith asked how the Department is accomplishing these tasks now and is this is a long-term need.

The Manager replied that most of the tasks that this particular person could do are currently being sent out to service stations. When the Department's fleet was smaller, that was okay; however,

now, with the increasing number of vehicles, the Department recognizes the need for somebody in-house and ultimately this position would save money.

Mr. Ikeda added that this current position, the Mechanical Repairer, basically fixes and maintain small tools such as compressors, lawn mowers, etc. This reallocation would allow him to work on vehicles.

In response to Mr. Mukai's question whether the person would have to be ASC certified to be working on vehicles, Mr. Ikeda replied that the position description will be tailored after what the other County departments have, and have it fit this Department's needs.

Chairperson Goya stated that as far as setting up a series of positions, the Board assumes that this recommendation would not be coming without some financial analysis. The Board has not been provided with any cost benefit analysis.

Mr. Ikeda clarified that the intent right now is just to have this one position reallocated, to enable the person to work on vehicles. If the Department should see more things in the future that need taking care of, then it may consider filling the lower positions.

The Manager added that it is the Board's prerogative to just approve the reallocation and not approve the career series.

In response to Mr. Mukai's question of whether the cost of the positions would need to be included in the Department's Financial Statements, the Manager indicated that the series would come under the unfunded positions. The mechanical repairer is already with the Department so it is not a new body coming in.

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

D. REVISED TABLE OF ORGANIZATION FOR THE OPERATIONS DIVISION:

Presently, the Unaccounted Water Program Section of the Operations Division consists of three (3) positions, which are located in Hilo. Due to the rising cost of energy, it is proposed that two positions be added to the section. This would be adding a Water Service Investigator I position in Hilo and in Kona. Adding these positions would provide the Department greater coverage of the island in locating major leaks and monitoring the various water systems. Repairing major leaks in our water system greatly reduces the amount of water that needs to be pumped from our deepwells, thus saving the electrical costs associated with the pumping of the water and thus conserving energy.

The Manager recommended that the Board approve the creation of two (2) Water Service Investigator I positions that are to be located in Hilo and Kona.

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

In response to Mr. Smith's question if this was a new position, the Manager replied that the Department has one person located in Hilo that tries to cover the entire island, but it is very difficult. He believes that this position will save the Department money again. In Kona, because of water being pumped so much, energy costs are high in that area. Every leak found in Kona saves the Department a lot more money than any leak found in Hilo. It not only saves energy, but it delays improvements in a sense that it decreases the need for additional sources. The intent is to have somebody full time in Kona checking the system, finding the leaks, and repairing them so the Department can save energy.

Mr. Smith wondered if they would run out of leaks at some point.

The Manager replied that maybe it would if this were a small water system; but since things are added to the system so much in Kona, that it is, and they say Ductile Iron pipe is good for 50 years; but there is still a lot of pipe in Kona that is the old cast iron mechanical joint would need to be checked because there are probably a lot of leaks there.

Chairperson Goya stated that he would like to see some measurement of this, especially where there is a lot more scrutiny of how the Department should be running and doing its business. If the Department could document some of this information that is being gathered regarding leak detection, monitoring, the state-of-the-art equipment being used, and appropriate contractors, it would go a long way to showing the public that the Department is extremely proactive in many areas.

The Manager suggested that maybe at the next meeting that the Board has scheduled for Hilo, leak detection personnel could provide the Board with a report.

Ms. Kim thought that would be good.

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

NORTH KONA:

A. JOB NO. 2007-919, CONSTRUCTION OF EARTHQUAKE DAMAGED TANK REPAIRS, COUNTY OF HAWAI'I, STATE OF HAWAI'I, FEMA-1644-DR-HI, FIPS NO. 001-UVKJ8-00, GROUP #1 (NORTH KONA):

Bids were opened on July 10, 2008; and following are the bid results:

Bidder	Amount
Isemoto Contracting Co., Ltd.	\$1,525,595.00*
Willocks Construction Corp.	\$1,573,081.00
Abhe & Svoboda, Inc.	\$1,830,250.00

Project Scope: This project consists of repairs to 5 concrete reservoirs that sustained damage during the October 15, 2006, Kiholo Bay Earthquake. The scope of work generally includes repair of the interior base seal, construction of a concrete shear ring around the base of the tank

(seismic upgrade to Seismic Zone 4), and installation of temporary storage tanks and bypass systems to provide service during repairs.

*Please note there were errors in the low bidder's proposal; however, the errors will not affect the bid award. The low bidder's total bid amount, due to the errors, will be adjusted to \$1,523,095.00. The contractor has been informed of the adjustment and they do not have any objection. Therefore, the project cost will be as follows:

Project Cost:

1) Low Bidder (Isemoto Contracting Co., Ltd.)	\$1,523,095.00
2) Construction Contingency (10%)	<u>\$152,309.50</u>
Total Construction Cost:	<u>\$1,675,404.50</u>

Funding for this project will initially be from DWS C.I.P. budget; however, DWS will be pursuing reimbursement from the Federal Emergency Management Agency (FEMA) for up to 75% of the actual construction costs.

The Manager recommended that the Board award the contract for JOB NO. 2007-919, EARTHQUAKE DAMAGED TANK REPAIRS, GROUP #1 (N. KONA), FEMA-1664-DR-HI, to the lowest responsible bidder, Isemoto Contracting Co., Ltd., for their bid amount of \$1,523,095.00 plus \$152,309.50 for construction contingency for a total contract amount of \$1,675,404.50 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.

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

In response to Mr. Smith's question of where the five concrete reservoirs are located and their status since the earthquake, the Manager explained that they are spread out in the Kona area. Some of them have been in service since the earthquake, some have been leaking, so the Department has been making temporary repairs or putting alternative tanks online to maintain service. This bid project will involve permanent repairs to the concrete reservoirs.

Chairperson Goya commented that the information provided shows that repairs will take up to a few years.

Mr. Okamoto explained that the reason is that these permanent upgrades also have a seismic component. The Manager added that if repairs are made to anything, they are repaired to the current standard, which in this case is Seismic Zone 4. That is the reason why design took longer because of the separate design to comply with the current standard.

Chairperson Goya asked to hear more from Ms. Elaine Chiu.

Ms. Chiu reported that this is the first group of a total of 21 tanks that were damaged by the earthquake. The intent is to bid these out in sequence so very shortly, there will be a second group going out to bid; and the intent is to be constructing them simultaneously. The schedule posted on the Department's website will show the schedule of repairs for the next two years.

Chairperson Goya thought it would be good for the Department to hold a press conference to get the word out. He realized the Department is doing an outstanding job, but rather than having misperception on why the repairs are taking so long, the Department should take the high road and be optimistic. He suggested getting together with Ms. Chiu and Ms. Atoni and get the right information out.

The Manager mentioned perhaps the Department could work with the various community associations and let them know of the work being done. (Ms. Kim thought that would be a better way of getting the word out since not everyone reads the newspaper.)

Chairperson Goya also mentioned using radio.

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

MISCELLANEOUS:

E. POWER COST ADJUSTMENT CLAUSE:

This item is for discussion as requested at the last Water Board Meeting. The Manager explained that currently, a revised power cost charged is allowed July 1st of each year. Power cost charge changes are determined by calculating the sum of the budgeted unit power cost for the upcoming fiscal year and the difference (plus or minus) between the actual unit power cost incurred during the 12-month period ending March 31st. With the rising price of oil, it is found that a one-year adjustment takes us back. By looking at the handout today, prepared by Ms. Julie Myhre, it shows that for the Department's current budget year, because the projections were made back January to it, there is already a deficit of \$2 million. The power cost adjustment allows the Department to recoup what it lost the prior year, based on the actual usage. What the Department would like to see is a more frequent power cost adjustment to keep current with the rising oil costs. It is only a precaution so that this type of situation does not occur in the future. The Department would like to propose, and bring back language for the Board to approve, a more frequent power cost adjustment so that it can be added to the billings more frequently. He asked Ms. Myhre to come forward and review her findings.

Ms. Myhre reviewed the historic HELCO energy cost adjustment factor. Projecting the oil price out to the end of the fiscal year, the HELCO energy cost adjustment factor would be about 20 cents for one hour. She took that number and multiplied it by the estimated energy, assuming a 2% increase in energy use this year, and came up with \$20 million for the estimated budget for energy. In reviewing this with the Finance Division and what the Department's energy bill was for July 2008, if you took that number and multiplied it by 12 months, it comes out to \$20 million as well, so that was kind of proved against her estimates. That HELCO number goes up and down every month, depending upon the price of oil. It was noted that HELCO adjusts their energy cost adjustment every month and this Department does its own once a year.

Mr. Smith stated that in a rising fuel cost situation the Department is always collecting a year behind schedule so Chairperson Goya's comment about losing money is really meaning it is

deferred; however, it is deferred forever or until fuel prices drop and then it is gained back, but fuel prices typically never drop.

The Manager stated that the problem is that it affects the Department's budget, and staff has already met on ways to cut the current budget to make up for this shortfall. What would really help is to have the ability to do an adjustment more frequently. In discussing this with Corporation Counsel, that change would require a public hearing.

Ms. Garson stated that she discussed with staff yesterday about whether or not to hold a public hearing on the formula and she advised them she was not sure if that would necessarily satisfy the rules. By next month, the Department will have the language for the actual adjustment; and by that time, she will have researched it. The problem is that the Statute on the rates is that any time you adjust a rate, you have to hold a public hearing. Whether it is sufficient to just tell the public what the formula is may not be enough because they will not know that it is going from \$1.70 to \$2.00 and then from \$2.00 from \$2.50 (for example). They would have had to come to the initial public hearings on the formula in order to have a say. As far as holding a public hearing, they have been held just before the regular meeting on the same day in the past. The timing on a public hearing notice on a rate change is 20 days prior. It is different from the regular rules.

Mr. Mukai suggested wording something like "as deemed financially responsible" and not to make it quarterly or otherwise. Just do it as needed.

Chairperson Goya stated that it has to be specific like, "adjusted quarterly, as needed."

The Manager stated that something presented at a public hearing cannot be arbitrary.

Mr. Mukai suggested "monthly, as needed" just to give the option to do that. There could be a spike tomorrow and you would want to be able to do it monthly.

The Manager stated that staff had this discussion with the Finance Division, and they frown upon doing it monthly because of the way they operate and collect revenues. They recommend two-month intervals. If language is provided to do it every two months with an option, "as determined," then if it spikes, it is adjusted. If it does not, then it is not adjusted at that time. However, he did not think it could be done without holding a public hearing.

Mr. Smith commented that the downside of not going through this regular process is that the Department's existing customers are paying for services or something is not happening because money would have to be taken from other parts of the budget to pay for the overage.

Ms. Kim added that the message could be wrapped around the whole idea of cutting costs and budget cuts, which all State departments are doing, three or four percent across the board, so it would be a helpful message for this Department to state that it recognizes these energy costs and has to make this adjustment, but on the other hand, is also cutting costs within the Department like everybody else.

Chairperson Goya noted that this item did not require any action and asked if the Department would get back to the Board at the next meeting.

The Manager replied that language that would allow more frequent adjustments will be provided for the Board to consider for public hearing.

Chairperson Goya also asked for backup information on any mitigation measures to compensate for the \$2 million shortfall should the Department not ask for a change in the rate collection.

F. **MONTHLY PROGRESS REPORT:**

No questions.

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

Chairperson Goya commented that in looking at each individual division's line item, the energy costs, salaries, and filling of positions, there is some flexibility because positions were not filled. If you look at the energy costs, it is above budget. He reminded the Department that this is line item budgeting and that every effort should be made to manage each individual line item appropriately and that each division be held responsible for comporting to the budget. Otherwise, if you are doing only bottom line budgeting, the Board is really not carrying out its fiduciary responsibility. He also mentioned some questions that were asked at the last meeting regarding efforts being made to control expenses and asked if that could be taken up under the Manager's Report.

H. **WATER RATE STUDY:**

Chairperson Goya reminded everyone that the more warm bodies added to the Department over the long haul increases the need for an adjustment to the rates; and consideration should be made in all financial matters in the future, especially in adding more employees in that it will affect the need for an increase in our basic rates. He felt that the previous Board did the right thing by having an inverted energy rate so the more consumption used, the higher the rate the customer is and trying to keep the customer costs and base charges down lower. You would get more acceptance that way by charging those that have higher usage for the additional cost of providing the services.

I. **MANAGER'S REPORT:**

1) Status of the Palani Road Transmission Waterline project - the Department is still working on the easement. The Manager had a discussion with the engineers about his thoughts that the Department should advertise the project and just make it so that everything else is done while the Department tries to acquire that last piece of property. The way it is going, it is just one small section stopping the Department from advertising the whole thing. The project should have been advertised a year ago. Mr. Smith commented that if it is done that way, it might give the landowner leverage to ask for more money. The Manager explained that he looks at it another way, and that is by using the condemnation process. Ms. Garson added that in the

condemnation process, there is the immediate right-of-entry; but she has not been able to file that yet. Once that happens, the Department has the right to proceed, even it does not own the property.

- 2) Status of the Hawaiian Ocean View Exploratory Well - everything is going according to plan. The funds have been encumbered. The drilling is moving along but encountering some breakdowns.
- 3) Status of the Kona Water Quality - the Department did some modifications to the pumps and noticed a slight drawdown in chlorides. It averages 250 ppm and was up to 340 ppm previously. Right now, three of the four pumps are working; and once the fourth one is online, the Department can try different methods to get the chlorides down further. Mr. Smith suggested putting this in writing for the council person in that district.
- 4) Update on negotiations with Kamehameha Investment Corp. (KIC) - still awaiting word from KIC, but they have not contacted the Department yet. Staff calls them periodically, and they are aware that the ball is in their court.
- 5) Employee of the Quarter Presentation - Ms. Antionette (Tony) Aguiar, Clerk Dispatcher II, as his supervisor, gave a presentation on Mr. Grant Nagata, Employee of the 2nd Quarter of 2008. Mr. Nagata started with the Department in 2004 as an Account Clerk; and about a year and a half ago, he took over in the storeroom as a Storekeeper. Since then, he has been working on their inventory system and has made great improvements. A look at the organization of the storeroom is a testimonial to what he has done. Normally, the Department takes a team of about 12 people to count its inventory, teamed up in twos. This year, two people counted it during regular work time, with no overtime, because of his organization. Inventory was also taken on the well and pump stations to ensure that fittings or whatever may be needed at the sites will be on hand should emergencies occur. Mr. Nagata is a very positive person and also helped develop a water display with the help of fellow employees, which the Department was able to show at the Kaloko Hydrogenerator blessing and was on display for the Water Board to see at this meeting. Chairperson Goya presented Mr. Nagata with an award and thanked him for setting a good example for fellow employees. He also stated that this water display should be shown to the public whenever possible to show how the water system works. Mr. Nagata thanked fellow staff for their assistance with the inventory and the water display.
- 6) The second meeting of the Kona Water Roundtable will take place on July 23, 2008, and concerns shoreline water quality. For those of the Board Members who would like to attend, please let Ms. Aton know.
- 7) Resolution by Councilman Pilago on Reservoir Repairs - this proposed Resolution would ask the Department of Water Supply and the State of Hawai'i, Department of Land and Natural Resources (DLNR), to speed up the repairs of the two Waikoloa reservoirs. It also mentions that it affects the agricultural community, which it does; however, the bulk of the agricultural industry in Waimea is coming from the Department of Agriculture's irrigation system, and not this Department. The Manager stated that what bothers him is that nobody contacts the Department before drafting these to check on its opinion or the status. The DLNR was not contacted either. Also, some information in the Resolution is incorrect. The reservoir is referred to as 60 million gallons, when it is actually 50 million gallons.

Mr. Smith stated that he sent word of this Resolution to the Manager because Mr. Pilago had his staff person draft this Resolution after he met with the farmers. What might be best is for Ms. Aton and Ms. Chiu to open a dialogue with Councilman Pilago's office and offer to correct their inaccuracies.

Ms. Elaine Chiu provided the Board with an update on the repairs. The Department is still in progress with the design, as scheduled, and anticipates design completion by August 2008 so the project may be put out to bid in September 2008 and hopefully be awarded by October, with subsequent construction to begin December 2008 or January of 2009. Some items that have come up in the interim, the consultant, Kleinfelder, has put together a new cost estimate. The previous one was at 80% design cost, which was back in October 2007. Currently, the Department is projecting for January 2009, escalating at about 6% increase for labor, etc. Also, to recognize that the internal repairs will utilize a synthetic liner material that is petroleum based, there is a significant cost increase because of oil prices. Previously, the total cost for both internal and external repairs was estimated at \$2.2 million, which now is \$2.3 million to \$2.4 million in construction costs, not including design fees. As part of the design, the Department will need a permit approval by DLNR under the Dam Safety Division, that they need to review the entire design documents and approve that the project needs to take place. Part of the requirements to get the permit is that the DLNR hired another geotechnical consultant from the mainland who did their review and requested that Kleinfelder address each one of their comments. Currently, the project is on the Agenda for the August 22, 2008, DLNR board meeting for approval, as well as for construction right-of-entry through their Land Division. With regards to the funding portion the Department anticipates that it will still qualify for FEMA reimbursement for up to 75%. Back in September/October, the Department had requested formally to FEMA that they would include additional scope of work, meaning approval of the hypolon geomembrane, which was not originally included in the project worksheets, as well as the embankment repairs. It seems like FEMA is going through some internal issues with who is responsible for what. The Department did not hear any decision until this past April. FEMA actually sent out another geotechnical expert to reinspect the entire sites to see if they agree with the original damage report, and the Department made a presentation to them with its consultant back in May and that decision is still pending. The reason why that affects this Department is because should it proceed with construction prior to FEMA approval, it may actually be jeopardizing any funding. Right now, there is the possibility of reimbursement so say 75% of the hypolon membrane (minimum of \$1 million reimbursement is anticipated) and then should they agree to the additional scope of work, which would be the embankment modifications, then that could be higher. The Department is also in negotiations with an insurance claim settlement. As previously discussed at a Water Board Meeting, this Department never had earthquake insurance; however, the County did have a policy for earthquake insurance, and basically FEMA was making the decision that because the Department is part of the County, even though it never previously had paid any of those premiums, it is technically part of the County, so their insurance company should be giving this Department a portion of the settlement. This went back and forth because the County is also put into that predicament that they never intended for this Department to be reimbursed. The long and short of it is right now, from the settlement claim, this Department will be getting about \$424 thousand out of that claim and then the County is being reimbursed about \$1 million, so basically all that is saying is coming off the top of what this Department is

expecting from the FEMA reimbursement so there are some issues that still need to be resolved as far as actual FEMA reimbursement goes. As far as Reservoir #1, the original plan is still in place that once Reservoir #2 can be completed and filled, and when the Department feels comfortable taking down the water level, it will proceed with assessment, design, and repair.

The Deputy Manager added that because of the dry weather, the Department again started pumping the Waimea Treatment Plant Well so its treatment plant is producing at about half capacity right now and shut down Parker Ranch Well to rest it. Just for assurance, the Department has the two wells as backup in case needed.

Chairperson Goya asked if, based on previous discussion, the Department is maintaining ongoing contact with key people in the area to keep them informed of what the current measures are.

The Deputy Manager replied that it is on the Department's website, and the Manager noted that is what the Board had requested, and assumes it is working. (Mr. Smith stated that it is.)

Mr. Mukai made a point about what Ms. Chiu had stated. He was curious if the Department might be hit with pro rata insurance cost. Ms. Chiu indicated that the policy has a \$1 million unnamed location in the policy which is what this Department fell under and she guessed the original policy was not specifically excluding the Department of Water Supply. To prevent this from happening again, the County has already written this Department out of the policy; and to take care of the premium that this Department never had paid for, they went back to their insurance company to work out what would be a fair portion of the premium for this Department to pay, so they have given an estimate to this Department that the Finance Division is evaluating.

Chairperson Goya asked for an update on mitigation measures for the Kawaihewa tank. Ms. Garson suggested that the Board place it on the next Agenda for discussion. Ms. Kim also asked for an update on the Hookena Standpipe for the next Agenda.

J. **CHAIRPERSON'S REPORT:**

Chairperson Goya stated that there were a number of initiatives asked during previous meetings, one of which was managing expenses more appropriately in this economic environment. One of the things specifically asked for was on the transportation issue. In the interest of time, the Board would like for the Manager to have something presented at the next meeting, and also any cost saving measures that can be done under the Manager's supervision without the direction from the Board. The Department should be looking at other measures because others are looking at the Department regarding lighting, air conditioning, running water, recycling, sustainability, public information, and education. Also, he asked that the Manager prioritize the hiring of personnel to the Board so that each position comes before the Board so it may deal more appropriately with its fiduciary responsibility. He thanked the progress which Ms. Aton has made in the past year in getting information out and hoped that more of the employees and department heads will be proactive in trying to assist her and lead the way in other areas. He thought the public will relate better to the Department if they know it is not only Ms. Aton's responsibility but that there are

others in the Department that can be good spokespeople that can get appropriate messages out in a timely manner.

ANNOUNCEMENTS:

1. **Next Meeting:**

The next meeting of the Water Board will be held on August 26, 2008, 10:00 a.m., in the Royal Kona Resort, Resolution Room, 75-5852 Alii Drive, Kailua-Kona, Hawai'i.

The Board chose to hold its September 23, 2008, meeting in Hilo.

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 12:45 p.m.)

Secretary

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