

MINUTES

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

September 25, 2007

Waimea Community Center

MEMBERS PRESENT: Mr. Thomas Goya, Chairman
Mr. Riley Smith, Vice-Chairman
Mr. Loren Heck (10:19 a.m.)
Mr. Bernard Konanui
Mr. Francis Kuailani
Mr. Dwayne Mukai
Mr. Milton Pavao, Manager, Department of Water Supply
(ex-officio member)

ABSENT: Ms. Paula Helfrich, Water Board Member
Ms. Millie Kim, Water Board Member
Mr. George Harai, Water Board Member
Mr. Bruce McClure, Director, Department of Public Works
(ex-officio member)
Mr. Christopher Yuen, Director, Planning Department
(ex-officio member)

OTHERS PRESENT: Ms. Katherine Garson, Deputy Corporation Counsel
Mr. Steven Lim, Carlsmith Ball LLP

Department of Water Supply Staff

Mr. Quirino Antonio, Jr., Deputy Manager
Ms. Kris Aton, Public Information and Education Specialist
Mr. Kurt Inaba, Engineering Division Head
Mr. Lawrence Beck, Engineering Division
Mr. Richard Tsunoda, Waterworks Controller
Mr. Richard Sumada, Assistant Waterworks Controller
Ms. Elaine Chiu, Operations Division
Mr. Norris Gonsalves (10:30 a.m.)
Mr. Theodore Lindsey (10:30 a.m.)
Mr. Leonard Midallia (10:30 a.m.)
Mr. Roy Miyasaki (10:30 a.m.)

CALL TO ORDER - Chairman Goya called the meeting to order at 10:15 a.m.

STATEMENTS FROM THE PUBLIC - *none*

APPROVAL OF MINUTES

ACTION: Mr. Smith moved for approval of the Minutes of the August 28, 2007, Water Board Meeting; seconded by Mr. Mukai and carried unanimously by voice vote.

NORTH KONA:

A. WAIAHA SOUTH AND WAIAHA NORTH DEVELOPER'S AGREEMENTS:

At the July 24, 2007, meeting, the Water Board conditionally approved the revised versions of the Waiaha South and Waiaha North Developer's Agreements that were given to the Water Board and DWS the day of the meeting, subject to the discretion of the Department of Water Supply and Corporation Counsel that there would be no changes in the tax map key numbers or number of units, and subject to the final approval of the Water Board at its September meeting. Staff has reviewed the parcels and water units and finds the allocations are acceptable. Staff is reviewing the construction costs of the required improvements. Construction plans must be reviewed and approved prior to the actual Agreement being finalized.

The Manager recommended that the Water Board agree to the list of parcels and number of units assigned to each parcel as provided in the attached agreements and that either the Chairman or the Vice-Chairman be authorized to execute the final Agreements subject to approval by Corporation Counsel.

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

Mr. Smith asked Ms. Garson if she had anything to add or if she was satisfied with how everything went.

Ms. Garson replied that she was satisfied.

Chairman Goya recognized the effort that went into these Agreements and thanked Mr. Lim, Ms. Garson, and Mr. Inaba for their work.

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

B. JOB NO. 2003-834 (REVISED), CONSTRUCTION OF THE KONA BASEYARD FACILITY IMPROVEMENTS:

The Board considered a request from the contractor, Central Construction, Inc., for an extension of contract time of 60 calendar days to allow the Department of Water Supply to secure the necessary building permit for the project construction.

This is the contractor's third time extension request. Staff has evaluated this request and finds that the 60-calendar day extension is justified.

The Manager recommended that the Board grant Central Construction, Inc., a 60-calendar day extension for JOB NO. 2003-834 (REVISED), CONSTRUCTION OF THE KONA BASEYARD FACILITY IMPROVEMENTS, from September 12, 2007, to November 11, 2007.

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

In response to Mr. Smith's question if this would be impacted by wage rate increases, etc., because of the delays, the Manager replied that there are escalation clauses in the contract. Other things covered by contract provisions are increases to material costs.

In response to Chairman Goya's question if this is impacting work at the Kona baseyard, the Manager replied that the only impact is that personnel cannot move into that space but are making do until it is completed.

(Mr. Heck joined the meeting and noted that either the island is expanding or traffic is slowing because he had given himself two hours to get here. He apologized for being late.)

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

MISCELLANEOUS:

A. 2007 HAWAII SECTION AMERICAN WATER WORKS ASSOCIATION PIPE TAPPING TEAM CHAMPIONS:

The Manager introduced the Pipe Tapping Team members, who were presented with plaques from the American Water Works Association (AWWA) Hawaii Section for winning the Pipe Tapping Contest on May 24, 2007. The members are:

Mr. Norris Gonsalves, Pipefitter (Machine Cranker)
Mr. Theodore (Ted) Lindsey, Pipefitter (Pipe Man)
Mr. Leonard Midallia, Lead Pipefitter (Coach)
Mr. Roy Miyasaki, Lead Pipefitter (Tapping Machine)

Mr. Mukai stated that the team also represented the Big Island and the State of Hawai'i very well at the national competition on June 26, 2007, in Toronto; and all of the people from Hawai'i were very proud of the team. They did very well under adverse conditions. Through it all, their behavior and performance were exemplary.

Chairman Goya added that those from this Department who were privileged to attend the conference in Toronto were thrilled to see its own Pipe Tapping Team perform. Now the team has a little more experience under their belt. He also noted that they came to Toronto without practicing because they worked long hours a couple of weeks before the event to make sure

customers were taken care of during the drought conditions in Waimea. Recognition is due for their hard effort to make sure that was taken care of rather than thinking about how they would perform in Toronto. The Water Board is very proud of the team. He would also like to see the team do a public performance somewhere along the line to let the community know what kind of people the Department has on staff and what they do to improve their work skills.

B. DEDICATION OF WATER SYSTEM:

The Department received the following document for action by the Water Board.

1. **LICENSE EASEMENT NO. 693**
TEMPORARY WATERLINE TO THE PUUKAPU DEEPWELL
Grantor: Department of Hawaiian Home Lands
TMK: (3) 6-4-002:portions 125 & 137

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

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

C. MONTHLY PROGRESS REPORT:

Chairman Goya stated that he did some follow-up and had asked staff to streamline the report again and that zero line items be eliminated. The important items are carry-over projects and amount of capital budget that remains from projects from previous years that have not been completed.

The Manager stated that some of the projects on the list from long ago that have not been closed yet are a concern to the Department. An example of a project the Department cannot get off the report is the Pohakea Water System Improvements. If the Board has any questions on any of the projects, just give the Department a call.

Chairman Goya mentioned last month, the Board discussed the Kawaiilani 1.0-MG Reservoir.

Mr. Inaba stated that the contractor is scheduled to come and do a demonstration on the repair product.

D. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

Chairman Goya thanked Mr. Sumada for streamlining the explanations on the report. He asked if there was anything noteworthy.

Mr. Sumada reported that the auditors (KPMG) were in the office for two weeks, and a report will be forthcoming in December.

Chairman Goya asked about getting some information prior to next month's meeting regarding cash management.

The Manager stated that Mr. Tsunoda is preparing a report and it would be sent it out with the Agenda for the October 23, 2007, meeting so the Board may have time to review it.

Mr. Mukai asked about the status on the audit he had read about in the newspaper.

Ms. Garson replied that since the County Council's Resolution, this Department has not been contacted yet.

Chairman Goya noted that the Department is making progress in filling all of the available positions. The only other question would be existing vacant positions, besides new positions. He asked that a note be placed somewhere advising the Board how many vacancies the Department has on a monthly basis.

E. **MANAGER'S REPORT:**

- 1) Palani Road Transmission Waterline project – the Manager reported that Mr. Larry Beck met with individuals that were at last month's Water Board Meeting. Mr. Beck is working with them to try and accommodate their requests, as long as they are reasonable requests. In the meantime, the Department is securing the necessary easements in hopes of getting this project advertised as soon as possible.

Mr. Smith noticed that the County is realigning the Kealakehe intersection and asked how that impacts the Department's work.

The Manager replied that it would not impact the Department's work because its project will involve coming down through private land (Queen Liliuokalani Trust and others) and on Tomi Tomi Drive. It is not going to go on Palani Road. The only time it hits that road is at the Department's second tank at the 595-foot elevation, which is below Queen Liliuokalani Village.

Mr. Kuailani stated that he appreciated the Department's engineers going out to meet with the residents. He, himself, had met with one of the residents; but he had advised the person to go through the Department. He also informed the person that he is new to the Water Board. He appreciates the Department trying to help them out.

The Manager stated that the residents were given information about the Improvement District Process, but they were not very interested in it. He added that the Department's project will provide fire hydrants.

- 2) Waimea Clearwater Reservoir Repair – the Manager reported that the repairs are complete and the reservoir is functional. In conjunction with this repair, the Department put together a C.I.P. package that was presented to the Senate Ways and Means Committee last week. One of the items in this package is for \$500,000.00 in funds to design a 5-million gallon reservoir

to replace this Clearwater Reservoir. He added that it is difficult to repair something when you cannot take it out of service. Another reservoir would give the Department that flexibility. The request also includes a \$12 million request for the North Kona Water System, which was proposed during the last two Legislative Sessions by DHHL and DLNR and both times denied. This time, it was made part of this Department's C.I.P. request, and it is the Department's intent to lobby for it. The other item in there is to develop and provide a transmission system for the Ahualoa Well so that additional services can be provided to the Honokaa area. There seem to be some good State projects in the area that need water, so the Department is banking on the fact that since it is going to benefit the State, which all three projects do, the Legislators may be more sympathetic to the request. Copies will be mailed out to the Water Board this week.

In response to Mr. Smith's question of where the Department is looking at potentially putting an additional 5-million gallon reservoir, the Manager replied that it would have to look at the area because elevation is crucial in order to maintain the water pressure in Waimea.

In response to Mr. Smith's question of whether it would be on State land, the Manager replied in the affirmative.

Mr. Smith mentioned that he attended the Department of Hawaiian Home Lands (DHHL) Puukapu Stakeholders Meeting recently, at which Mr. Beck was also present. Mr. Smith stated that there may be some cooperative efforts available between DHHL and this Department for some of the wells and improvements that would benefit not only DHHL but also the general public.

Mr. Heck asked what process the Department uses for lobbying for C.I.P. projects.

The Manager replied that the Department provides the State Legislators with a briefing on the importance of a project, who it will benefit, and how it will be done, when asking for consideration. If it does make a Bill, the Department normally attends the hearings and testifies in favor of them showing how the projects will benefit the State. He added that all three projects on this C.I.P. list will benefit some State purpose. He mentioned a meeting he had with the University of Hawaii; and they have a nursing program tied in with elderly care, and it is a project they want to see go ahead. Representative Takamine was also at that meeting so he is aware of the importance. He added that a separate letter with the same C.I.P. attachment was also sent to the Mayor, various County Department Heads, the Department of Land and Natural Resources, and the Department of Hawaiian Home Lands, asking for their support as well.

In response to Mr. Heck's question of whether the Manager is the lobbyist, the Manager replied that he lobbies, as well as the Deputy Manager. Now that Ms. Aton is on staff, she can be exposed to it as well.

Mr. Mukai commented that he is active in the political world and thinks that if the Department speaks to a politician, they listen; however, if you had a member of the Water Board come along, they would listen more. It is also good to have community input when

you lobby. It may be a good idea to even have the Chairman or the Vice-Chairman represent the Board at any lobbying by the Department, if it is within the Board's parameters.

Chairman Goya thought that was a reasonable suggestion.

Ms. Garson suggested that it be placed on the Agenda for next month's meeting so the Board may vote to give him that authority.

- 3) Hawaiian Ocean View Exploratory Well – the Manager reported that the Request for Qualifications for the second phase, which is the development of the tank and transmission pipeline, has been advertised. Ms. Shari Komata, Project Engineer, meets every two weeks with the consultant (SSFM International); and that information is being passed on to the community. He added that he is a little concerned that not everything will get done because of the way the bids are coming in and other things that funds had to be spent on. Staff has already had a discussion on what would be cut first; and the only thing that can be cut and not take away from the true intent of the project is the transmission to the commercial area. The community's intent was always to have a fill station, so that is the priority.

In response to Mr. Heck's question whether the Department has heard from Beylik Drilling & Pump Service (Beylik) on when they expect to commence their work in Hawaiian Ocean View Estates, the Manager replied that Beylik could not get on the site because of problems with the landowner. He thinks it is close to being resolved. He added that the problem with the contractor not getting on site does not really affect the funding schedule or the funding acquisition. What it does affect is it delays information necessary for the next phase.

Chairman Goya noted, for the Board's information, that the November 27, 2007, Water Board Meeting will be held in Hawaiian Ocean View Estates.

- 4) Kona Water Quality – the Manager reported that the Department is still working with various individuals in the area, and there is one well that is currently in development. The contract was awarded a couple of meetings ago. Also, the Department's C.I.P. request for \$12 million should help with this water quality concern. The project for modifications to the Kahaluu Shaft was awarded by the Board, and the contractor should be mobilizing and getting ready to start.
- 5) Negotiations with Kamehameha Investment Corporation (KIC) – the Manager reported that the Department needs to meet with Mr. Greg Chun of KIC to present its proposal based on Mr. Chun's concerns.

Chairman Goya asked about a "Plan B" as to providing additional resources in the south area if negotiations with KIC continue to be stalled.

The Manager replied that it involved an individual who approached the Department a while back after inheriting some land in the same vicinity. Both he and Mr. Beck met with the individual, and Mr. Beck went out to look at the site. The site is feasible, so the Department

is working with that individual to see if it can acquire some land for a well. It is at the same elevation as the KIC wells, just a little farther south.

Chairman Goya stated that the major concern was in getting the necessary easements to bring the water north, where KIC's plan would be mostly on their property.

The Manager stated that there is some flexibility. For example if the Department gets a well in that area and can put it into the line on Mamalahoa Highway, it means that much less water needed from Kahaluu, which means the Department could take Kahaluu water and flow it down. Everything is a trade-off if the Department gets additional source.

Mr. Smith commented that when talking about utilizing a source that does not exist, versus trying to work out something with an adjacent landowner who has a well source, permitted, drilled, and ready to connect, it is probably five years' difference in timeframe.

The Manager stated that the Department is working parallel with the individual he mentioned, as well as with KIC. He agreed with Mr. Smith that something already there is much easier to do.

- 6) Hawaii Water Works Association (HWWA) William Y. Thompson Award - the Manager announced that Mr. Cyrus Sumida, District Supervisor, Kau District, has been selected for the William Y. Thompson award and will be presented with the award at next week's Hawaii Water Works Association (HWWA) Conference, October 3 to 5, 2007, at the Sheraton Waikiki on Oahu. It is a very prestigious award, and it is an honor to be chosen. Each island submits a nominee for consideration. This award was made in honor of Mr. William Thompson who was the second Manager of this Department and was responsible for organizing the HWWA.
- 7) Department's Table of Organization - the Manager reported that at next month's Water Board Meeting, the Department will be coming to the Board for approval to change its Table of Organization to provide for janitorial and groundskeeping positions because of the Konno vs. County of Hawai'i decision. After December 31, 2007, the Department will not be able to privatize any work that was customarily or historically performed by civil servants.

Chairman Goya asked for updates on the following:

- o *Water Conservation Notices*
The Manager stated that in Waimea, the Water Restriction was reduced to Water Conservation, which is a request for 10% reduction in consumption. There is also a Water Conservation in North Kohala. However, Kukuihaele is still under Water Restriction Notice (25% mandatory call for reduction in consumption) because of the well. The Saddle Road Well was also down briefly, but crews were able to get it back on line. The Department initiated a Water Conservation in that area.
- o *Waiakea Office Plaza Improvements*
The Manager reported that the air conditioning design work is almost final and hopefully will be advertised soon. One of the big things is scheduling. The intent

was that they work at night and on weekends to avoid interference with staff's daily process.

○ *Covered Walkway*

The Manager reported that the consultant is working on the SMA (Special Management Area) application to obtain the permit to construct a covered walkway at the Department's Waiakea Office Plaza.

○ *Operations Expenses for Tree Trimming at Waiakea Office Plaza*

Chairman Goya asked if there was room in any of the Department's operational expenses for maintenance to include reducing the number, or removing trees, that could be endangering employees. The Manager agreed that the trees pose an extreme hazard; and every time there is a high wind, it is worrisome. There have been instances where larger branches have fallen on the ramp. He was sure the funds could be found to do it. The Department could look into getting a landscape architect to come up with plans.

○ *The Department's Motto*

Ms. Aton reported that six people from the Department submitted about 20 suggestions for consideration. They range from keeping the motto the same and sticking with the Mission Statement, to translating the original motto to the Hawaiian language. Most of them center on the idea that water is a treasure and not a commodity. The Board decided to put this on the Agenda for next month's meeting so it may decide how to select a new motto. The suggestions will be put in a report to be mailed out with the Agenda for the Board to review. Chairman Goya stated that an example of why the motto should be changed is that on the bottom of the Department's Water Restriction Notices is "Water Brings Progress" (on the letterhead). It is an area where there is a lot of discussion and concern regarding sustainability, the Department and the Board should be proactive in that area and not just depend on increasing sales and revenues to meet goals. The Manager stated that the motto was okay back when it was developed, but is not politically correct today.

F. **CHAIRMAN'S REPORT:**

Chairman Goya reported on the following:

- R. W. Beck, Inc.'s, final report on the 2007 Water Rate Study was distributed to the Water Board today; and he requested that this topic be placed on the Agenda for next month's meeting.
- The Hawaii Water Works Association (HWWA) Conference on Oahu, October 3 to 5, 2007. Both he and Mr. Mukai will be attending.
- An article he read in one of the water publications he receives, which indicated that only about 2½% of the earth's water is fresh. Nearly one-third of this small percentage is available fresh water. A small percentage of water on earth is available and is not inexhaustible. That fact that water is a finite resource should be included as a vision for the Department and the Board in carrying out its daily duties.

- Being from a customer service background, he wanted to make sure that the Manager let all of the Department's personnel know how important it is in their daily interactions with customers to respond to them, not only in an appropriate manner, but in a timely manner as well because it is a reflection on all of the Department and on the Board as well. In his handling of any customer inquiries he receives, he asks for information from the Department and turns it back over to the Department to make the appropriate response rather than try to handle it personally and get involved with something he may not have full information on. This will keep everyone in a better light and in a better position to make decisions when not personally involved with some of the issues.

The Manager stated that if any of the Board Members receive inquiries from the public, to please contact the Department so it could provide the facts before they respond to anyone.

ANNOUNCEMENTS:

Upcoming Meetings:

- 1) The next meeting of the Water Board will be held on October 23, 2007, 10:00 a.m., in the Hilo Operations Center Conference Room; 889 Leilani Street, Hilo, Hawai'i.
- 2) The November 27, 2007, Water Board Meeting will be in Hawaiian Ocean View.
- 3) The December 18, 2007, Water Board Meeting will be in Hilo.

STATEMENTS FROM THE PUBLIC

None.

ADJOURNMENT

ACTION: Mr. Smith moved for adjournment of the Meeting; seconded by Mr. Heck and carried unanimously by voice vote.

(Meeting adjourned at 11:10 a.m.)

Secretary

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