

**MINUTES**

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

January 23, 2018

Hilo Operations Conference Room, 889 Leilani Street, Hilo, HI

MEMBERS PRESENT: Mr. Craig Takamine, Chairperson  
Mr. Russell Arikawa, Vice-Chairperson  
Mr. William Boswell, Jr.  
Mr. Nestorio Domingo  
Mr. Eric Scicchitano  
Ms. Kanoe Wilson  
Mr. Leningrad Elarionoff  
Mr. Keith K. Okamoto, Manager-Chief Engineer, Department of Water Supply (ex-officio member)

ABSENT: Mr. Bryant Balog Water Board Member  
Director, Planning Department (ex-officio member)  
Director, Department of Public Works (ex-officio member)

OTHERS PRESENT: Ms. Jessica Yeh, Deputy Corporation Counsel  
Mr. Stuart Soong

Department of Water Supply Staff

Mr. Kawika Uyehara, Deputy  
Ms. Kaiulani Matsumoto, Information and Education Specialist  
Mr. Kurt Inaba, Engineering Division Head  
Mr. Richard Sumada, Waterworks Controller  
Mr. Daryl Ikeda, Operations Division Head  
Mr. Clyde Young, Operations Division  
Mr. Eric Takamoto, Operations Division  
Mr. Warren Ching, Operations Division  
Ms. Sandra Bogaars and guest, Ms. Ricki Hong (10:45 a.m.)

- 1) CALL TO ORDER – Chairperson Takamine called the meeting to order at 10:00 a.m.
- 2) STATEMENTS FROM THE PUBLIC - None
- 3) APPROVAL OF MINUTES

ACTION: Mr. Scicchitano moved for approval of the Minutes of the December 19, 2017, Water Board Meeting; seconded by Mr. Arikawa and carried unanimously by voice vote.

4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA

ACTION: Mr. Arikawa moved to add the Supplemental Report for Vehicle Bid No. 2017-14 and Water Treatment Proposal No. 2018-01; seconded by Ms. Wilson and carried unanimously by voice vote.

5) SOUTH HILO:

**A. VEHICLE BID NO. 2017-14, FURNISHING AND DELIVERING VEHICLES TO THE DEPARTMENT OF WATER SUPPLY:**

Bids for this project were opened on January 18, 2018, at 1:30 p.m., and the following are the bid results:

	<b>Inter Pacific Motors, Inc., dba Orchid Isle Auto Center</b>	<b>Kamaaina Nissan, Inc.</b>	<b>IK Motors, Inc., dba Kamaaina Motors</b>
<b>Part "A"</b>			
One (1) only 2017 or later, 1-ton crew cab with service body pickup, lift gate, 4-wheel drive	\$50,864.75		\$54,900.42
Total Delivery Price	<b>\$50,864.75</b>		\$54,900.42
Delivery Time (calendar days)	Within 210		180
<b>Part "B"</b>			
One (1) only 2017 or later, mid-size extended cab pickup, lift gate, 4-wheel drive	\$33,704.27		\$34,448.88
Total Delivery Price	<b>\$33,704.27</b>		\$34,448.88
Delivery Time (calendar days)	Within 180		120
<b>Part "C"</b>			
One (1) only 2017 or later, 1/2-ton compact extended cab pickup, 4-wheel drive	\$33,483.44	\$31,750.60	
Total Delivery Price	\$33,483.44	<b>\$31,750.60</b>	
Delivery Time (calendar days)	Within 180	60	
<b>Part "D"</b>			
One (1) only 2017 or later, mid-size extended cab pickup with lockable camper, 4-wheel drive	\$31,868.85		\$32,454.36
Total Delivery Price	<b>\$31,868.85</b>		\$32,454.36
Delivery Time (calendar days)	Within 180		120

	<b>Inter Pacific Motors, Inc., dba Orchid Isle Auto Center</b>	<b>Kamaaina Nissan, Inc.</b>	<b>IK Motors, Inc., dba Kamaaina Motors</b>
<b>Part "E"</b>			
One (1) only 2017 or later, mid-size extended cab pickup, 4-wheel drive	\$30,208.43		\$30,131.34
Total Delivery Price	\$30,208.43		<b>\$30,131.34</b>
Delivery Time (calendar days)	Within 180		120
<b>Part "F"</b>			
One (1) only 2017 or later, 1-ton dump truck, 4-wheel drive	\$46,801.19		\$49,293.67
Total Delivery Price	<b>\$46,801.19</b>		\$49,293.67
Delivery Time (calendar days)	Within 210		180

The Manager-Chief Engineer recommended that the Board award VEHICLE BID NO. 2017-14, FURNISHING AND DELIVERING VEHICLES TO THE DEPARTMENT OF WATER SUPPLY, to:

- Inter Pacific Motors, Inc., dba Orchid Isle Auto Center, for **Parts A, B, D, and F** at a total cost of \$163,239.06;
  - Kamaaina Nissan, Inc., for **Part C** at a total cost of \$31,750.60;
  - IK Motors, Inc., dba Kamaaina Motors, for **Part E** at a total cost of \$30,131.34;
- and that either the Chairperson or the Vice-Chairperson be authorized to sign the contracts, subject to review as to form and legality by Corporation Counsel.

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

6) SOUTH KOHALA:

A. **JOB NO. 2010-964, WAIMEA WATER TREATMENT PLANT COMPLIANCE UPGRADES PHASE 2 – TIME EXTENSION:**

The contractor, Bodell Construction Company, submitted a request for contract time extension of 45 calendar days. This is the fourth time extension for this project.

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	3/21/2017	6/11/2017	82	Additional work required to reroute unforeseen underground utilities discovered during earthwork excavation.
2	6/11/2017	8/10/2017	60	DWS's direction to delay demolition of basins #3 and #4 (36 calendar days), additional work to excavate unsuitable soils from under the building's footprint (10 calendar days), and additional work caused by inclement weather – Hurricane Madeline (14 calendar days).

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
3	8/10/2017	2/13/2018	187	DWS's direction to delay the work requiring a shut down of the existing water treatment plant (154 calendar days), additional work due to Fire Department's fire protection requirements (30 calendar days), and delays caused by inclement weather (3 calendar days).
4	2/13/2018	3/30/2018	45	Additional work to order and install new underground vaults to meet ADA requirements along the sidewalk from parking to building (30 calendar days). Additional work included retaining walls and grading to prevent drainage issues on the southwest side of new building's interface with the existing building (15 calendar days).
Total Days (including this request)			374	

Staff has reviewed the request and is recommending approval of 45 calendar days, per the Department's General Requirements and Covenants.

The Manager-Chief Engineer recommended that the Board grant this contract time extension of 45 calendar days to Bodell Construction Company, for JOB NO. 2010-964, WAIMEA WATER TREATMENT PLANT COMPLIANCE UPGRADES PHASE 2. If approved, the contract completion date will be extended from February 13, 2018, to March 30, 2018.

MOTION: Mr. Arikawa moved for approval of the recommendation; seconded by Ms. Wilson.

Mr. Uyehara explained that this 4<sup>th</sup> time extension request is for additional days due to a portion of the ADA path between the new parking stall and the new building entrance not meeting ADA guidelines, which had to be corrected. Also, in the area between the existing treatment plant building and the new treatment plant building, it was discovered during construction that the grading did not work out well and alterations were needed to ensure drainage. This was extra work for the contractor.

In response to Mr. Boswell's question if it was missed in the original grading plans, he replied it was.

Ms. Wilson asked if this was still part of the scope of the contract; and Mr. Uyehara replied that the scope change was added to a change order and that this is a time request.

In response to Mr. Scicchitano's question of whether it meant associated additional costs, Mr. Uyehara replied it does.

In response to Mr. Elarionoff's question of whether it is now ADA compliant, Mr. Uyehara replied yes.

ACTION: Motion carried unanimously by voice vote.

**B. WATER TREATMENT PROPOSAL NO. 2018-01, FURNISHING AND DELIVERING COAGULANT TO WAIMEA WATER TREATMENT PLANT:**

Bids for this project were opened on January 18, 2018, at 2:00 p.m., and the following are the bid results:

<b>Bidder</b>	<b>Bid Amount</b>
Phoenix V LLC dba BEI Hawai'i	\$2,346.99 per 275 gal. tote

Based on historical consumption of coagulants, an estimate of 25 totes would be required to satisfy the needs of the Waimea Water Treatment Plant until the end of the fiscal year.

The Manager-Chief Engineer recommended that the Board award the contract for WATER TREATMENT PROPOSAL NO. 2018-01, FURNISHING AND DELIVERING COAGULANT TO THE WAIMEA WATER TREATMENT PLANT, to the lowest responsible bidder, Phoenix V LLC dba BEI Hawai'i, at the unit price listed above on an as-needed basis for the period from February 1, 2018, to June 30, 2018. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality by Corporation Counsel.

MOTION: Mr. Arikawa moved for approval of the recommendation; seconded by Mr. Boswell.

Mr. Ikeda provided some background. The reason the contract period is only until June 30 if this year is because when testing was done for this upgrade, the test was done with this Ultrapac 394. It was said to be the best coagulant for this system. This bid was made specifying that they have to use the Ultrapac 394 until June 30, 2018. In the meantime, once the plant is up and running, any vendor who feels they have an equal product will have a chance to prove their material is equal and will work with the new filter membranes. At that time, the Department will be putting out another bid and coming back to the Board later this year with more coagulants from whomever they feel can supply an equal product to this Ultrapac 394.

Mr. Arikawa asked if the Waimea Water Treatment Plant Upgrades' completion is on schedule--the middle of February.

Mr. Uyehara replied that the Department's personnel is being trained by the contractor's personnel in the SCADA system this week. The actual membrane and that operation will be early to mid-February. The State of Hawai'i, Department of Health, needs to be brought in at the same time to do their review and approval process. This is a brand-new treatment process, and it will coincide with the timing of the start-up.

The Manager-Chief Engineer asked more explanation on the specified coagulant at this point and how DWS may be able to eventually purchase an approved equal and what is required to make that determination.

Mr. Ikeda stated that, once the plant is running, the Department will put out another bid specifying that whomever wants to bid on this type of coagulant will have a chance to bring their product in. The Department will do what is called a jar test to make sure their product works. After the jar test, their optimal dosage is determined and they are sent a letter saying their product, based on the jar test, can be bid, for example: 20 parts per million as an optimal dosage and they would be bidding on that. It would be the same for everyone else. When they do the jar test, they are all tested on the same day because if it is raining, the water may be cloudier so they may need more materials. If it has not rained, the water will be clearer and would not require as much chemical.

In response to Mr. Elarionoff's question of what the coagulant is comprised of, why it is necessary, and if there are any long-term effects on the recipients, Mr. Uyehara explained that the existing treatment plant process is a sand media filter. The current coagulant used is a polymer-based coagulant. That polymer-based coagulant combines with the turbidity and organics in the water and settles down. When this new membrane filter plant is brought online, these membranes, or filaments, are so small, they are able to filter out all the organics from the raw water. However, these membranes do not like the polymer-based coagulant and that is why the Department is switching during the start-up and in the future to an aluminum chloralhydrate-based coagulant. These are all (NSF) National Science Foundation approved products. The Department can only add additives to the water that are approved by the NSF. These products are tested for drinking water purposes on a national level to ensure health and safety are not compromised when added to the water.

In response to Mr. Elarionoff's question of how it was come to the conclusion that the membranes do not like the polymer-based coagulant, Mr. Uyehara replied it clogs the membranes. Because they have an ultrafiltration, the pore size is on the 0.4-micron level so it is very small. The polymer, in past history, on other applications for these membranes has shown to block these pores. It is highly discouraged that polymer-based coagulants be used, especially for the long term. It would add to the operating cost because you have to back-wash it or air scour it to clean out the pores again.

ACTION: Motion was carried unanimously by voice vote.

7) MISCELLANEOUS:

A. DEDICATIONS:

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

**1. GRANT OF EASEMENT AND BILL OF SALE**

Wainani Estates Elua – SUB. 04-000178

Grantor/Seller: D.R. Horton-Schuler Homes, LLC

Tax Map Key: (3) 7-3-062:053

Facilities Charge: \$256,850.00 Date Paid: 12/12/2016

Final Inspection Date: 12/07/2017

Water System Cost: *\$TBA*

Capital Assessment Fee: \$7,500.00

The Manager-Chief Engineer 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. Scicchitano moved for approval of the recommendation; seconded by Ms. Wilson.

Mr. Inaba added the **Water System Cost**, which is **\$285,630.00**.

Mr. Scicchitano stated that because he is with HPM and they are supplying materials to that subdivision, it would be better for him to abstain from voting.

ACTION: Motion was carried by six ayes: Mr. Arikawa, Mr. Balog, Mr. Boswell, Mr. Elarionoff, Ms. Wilson, and Chairperson Takamine, and one abstention: Mr. Scicchitano.

**B. INTER-GOVERNMENTAL AGREEMENT BETWEEN THE STATE OF HAWAI‘I – UNIVERSITY OF HAWAI‘I, ECONOMIC RESEARCH ORGANIZATION AND THE COUNTY OF HAWAI‘I – DEPARTMENT OF WATER SUPPLY REGARDING WATERSHED RESEARCH STUDY:**

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The University of Hawai‘i, Economic Research Organization (UHERO), with support from the Department of Water Supply (DWS), solicited funding for, and was awarded a grant in the amount of \$49,951.00 by the Hawai‘i Community Foundation (HCF) to conduct a study titled “Spatial Analysis of Cost-Effective Watershed Restoration.” The intent of the study is to assist both parties in identifying priority watershed areas on Hawai‘i island for protection. The results of the study will provide DWS with a framework as to where to invest resources and funds for watershed protection in order to get the best return on investment.

Because UHERO intends to expand the scope of its study to include priority areas as defined by DWS, DWS is requesting it be allowed to contribute matching funds for the study in an amount not to exceed \$49,951.00, after all funds contributed to the study by HCF have been used. The subject Inter-Governmental Agreement authorizes the Department to fund a portion of the study not covered by HCF funds and expands the scope of the study to also include priority areas and specific metrics requested by DWS.

The Manager-Chief Engineer recommended that the Board approve the funding of the study up to \$49,951.00 and the Agreement, subject to the review and approval of the Manager-Chief Engineer and Corporation Counsel and to allow either the Chairperson or the Vice-Chairperson to execute the document.

MOTION: Ms. Wilson moved for approval of the recommendation; seconded by Mr. Arikawa.

The Manager-Chief Engineer explained that is an ongoing effort to be stewards of the water resource. Throughout the process of the NPS’ petition to designate the Keauhou Aquifer and this Department’s development of the Water Use and Development Plan Update, the Department recognized that it needs to do its fair share to protect the resources and is probably the only municipal water utility that does not in some way contribute to watershed protection. At the same time, the Department is aware that this island is different from other islands because of its lack of density. It did not want to throw money and resources at watershed partners to protect areas that may not prove to be a benefit to its customers or rate payers. There needs to be a better understanding of where to get the best bang for the buck before putting its resources into something. He explained that he had partnered with two applications for this Hawai‘i Community Foundation grant monies and one of them was successful. This particular group, UHERO’s, proposal was successful. This will help the Department identify the locations where it is needed. UHERO has already gotten the grant, and this Department is matching it dollar for dollar. He sees this as a way the Department should operate wherever possible and do partnerships with other entities to stretch its dollar to have a product that can be used by more than one entity. It will benefit the overall community the Department serves.

Mr. Arikawa asked if the Department had done a study on watershed protection a couple of years ago because of the rapid Ohia death.

The Manager-Chief Engineer replied that the Department never did fund watershed protection. It participates in various watershed partnerships such as the Three Mountain Alliance, but has not actually provided a funding mechanism.

Mr. Elarionoff asked what the qualifications are for the people doing the study.

The Manager-Chief Engineer replied that they are University of Hawai‘i hydrogeologists plus they have some economists to help with the cost-effectiveness part of it. They have been doing some types of studies in this particular type of watershed management protection, and they are going to use available data and information they already have and try to fold that knowledge into this effort to help identify what would be worthwhile spending money on, whether it be removing invasive species, etc. What he further envisions is to set up a fund for watershed protection and put out an RFP for people to respond to give their proposals on how they intend to use the Department’s money. What is expected from this study is to have a framework so when an RFP is done, the Department can evaluate Proposal A against Proposal B and choose the best one to provide funds to.

Mr. Elarionoff asked what the difference is between “identifying watershed area in Hawai‘i Island for protection” and “altering areas or specific metrics requested by DWS.”

The Manager-Chief Engineer replied that one just enhances on the other. In other words, the general area above Kona, for example, is the identifying the area. Then specific metrics would be going back to something like if an area of forest is pristine already, then it would be better to fence it. It would be more cost effective to spend \$100,000 on fencing this large area because it is still pristine, versus \$100,000 only allow you to remove invasive species from maybe 10 acres.

In response to Mr. Elarionoff’s question of whether there are funds to do the restoration or only for the study, the Manager-Chief Engineer replied it is just for the study. After this, it will probably be built into the budget, through discussions with the Board, on how much the Department would want to put into this restoration fund. Until there is some idea of what these metrics are, he did not know what would be a valid amount to provide in the budget.

Mr. Elarionoff asked if the intent was to follow through with this study and not just do the study and nothing after that.

The Manager-Chief Engineer replied that the intent is to follow through.

Mr. Boswell asked if these are privately owned or State lands.

The Manager-Chief Engineer replied that it could be both. That will be built into the metrics too because sometimes you can stretch your dollar further on private land if they are a cooperating entity. State agencies may have requirements that would have to be met.

Mr. Domingo asked if the Keauhou Aquifer System was included in the study in addition to other potential watershed areas.

The Manager-Chief Engineer replied yes and that is the primary one, actually.

Ms. Wilson asked if UHERO is also putting money in for this study.

The Manager-Chief Engineer replied it is not, and that is why they seek grants. Basically, their funding is coming from the Hawai‘i Community Foundation and Department of Water Supply.

Ms. Wilson asked if that was part of the caveat when going into this agreement to actually do the grant that the Department would do for the matching funds.

The Manager-Chief Engineer replied that was the Department’s offer at the time but it still needs to be presented to this Board for approval.

Ms. Wilson asked if the job scope of work is an islandwide study.

The Manager-Chief Engineer replied it is moreso on the leeward side--looking at Keauhou, the Waimea Aquifer System, portions of Kohala, and possibly Ka'ū. There were some priority areas that were thought should be looked at just from the understanding of the system. They should be able to bring it down to something more manageable.

Mr. Arikawa commented that it all depends on how far the money goes.

Ms. Wilson asked why this project is exempt from preparing an Environmental Assessment but involves hydrogeologic investigation; if they not going to be doing any kind of sampling or digging.

The Manager-Chief Engineer replied that it is primarily a study. It is more of data research, using information that might be out there but has not been consolidated into this focused effort, and maybe some hydrogeologic modeling—rainfall, evapotranspiration, etc., and understanding the geology of where the rain water goes. There is no actual digging involved. Down the road, if the Department provides funds to an entity that wants to put in a fence, it will will work with Corporation Counsel on how to draft RFP's; but his vision is that it will be the burden of the entity itself to comply with whatever regulations or requirements there are for putting up a fence or removing invasive species, etc.

In response to Ms. Wilson's question of whether there was a possibility of having them come and do a presentation to the Board, the Manager-Chief Engineer replied that could be done.

Mr. Elarionoff stated that he did not want them to use all the money to come before the Board.

ACTION: Motion was carried unanimously by voice vote.

**C. MONTHLY PROGRESS REPORT:**

Mr. Scicchitano thanked Mr. Inaba for the reporting having the updates shown in bold, making it easier to distinguish changes from the past report. There were no questions on the report.

**D. RFP NO. 2017-12, PROVIDE BILL PRINT AND MAILING SERVICES TO THE DEPARTMENT OF WATER SUPPLY:**

The Department issued a request for proposal (RFP) in October 2017 to select a vendor to provide water bill printing and mailing services. The Department received four proposals and after an initial evaluation, narrowed the list of vendors to three finalists. The three finalists conducted demonstrations of their services and submitted Best and Final offers (BAFOs) which formed the basis for the RFP committee's selection of InfoSend, Inc. The committee considered factors such as qualifications, experience, implementation plan, functionality, service demonstration, and cost. Contract will run two years with the option of renewing annually up to six additional years. Pricing for paper, envelopes, and services required is based on the number of pieces and colors processed.

The Department has always printed, folded, and mailed its water bills but has recently experienced loss of island-based support for printers and folding equipment.

The Manager-Chief Engineer recommended that the Board award the contract for RFP NO. 2017-12, BILL PRINT AND MAILING SERVICES TO THE DEPARTMENT OF WATER SUPPLY, to

InfoSend, Inc. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality by Corporation Counsel.

MOTION: Mr. Elarionoff moved for approval of the recommendation; seconded by Ms. Wilson.

Mr. Sumada reported that it currently costs the Department 13 cents per bill for materials (printing the bill, mailing envelope, and return envelope). InfoSend is able to do that at 9½ cents per bill, and that includes labor. In answer to Mr. Arikawa's question of how many bills are sent out, he replied at least 300,000 a year.

In response to Mr. Elarionoff's question of how many people are involved with the billing right now and what happens to them once this is outsourced, Mr. Sumada replied there are two people involved in billing that generate the bills and operate the machinery to prepare the mailout. The part involving operating the machinery and mailing out will be eliminated and they will be reassigned to other tasks such as calculating leak adjustments and maintaining automatic bill payment records.

In response to Mr. Scicchitano's questions of if this is cloud based and if the 4 cents savings includes the cost of postage, Mr. Sumada stated that this company is on the mainland. The Department will send them a file containing the bills; and they take that file, run it through their computer system, format and print the bills, stuff them into envelopes, and mail from there to the customers here. There are savings in the postage because their postage will be cheaper due to their ability to take advantage of better bulk mailing rates. He added that the other water departments in the State are using the same process.

In response to Mr. Domingo's question of whether it would be renewed on a year-to-year basis, Mr. Sumada stated that after two years, it will be on an annual basis up to six additional years.

ACTION: Motion was carried unanimously by voice vote.

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

Mr. Sumada stated that the Board should all have copies of the 2019 budget. This will be placed on next month's agenda to set up a public hearing for the month of March. Any questions on the budget may be asked of him, whether by telephone call or other means before next meeting.

Mr. Arikawa asked if there was an increase in water sales due to the wells in Kona coming back online.

Mr. Sumada replied yes, and there was also an increase in power.

**F. MANAGER-CHIEF ENGINEER'S REPORT:**

The Manager-Chief Engineer to provide an update on the following:

1. North Kona Water Restriction

The Manager-Chief Engineer reported that the water restriction was downgraded to a voluntary 10% Conservation on the January 9<sup>th</sup>. Normally, North Kona uses 10 to 11 million gallons a day and they got it down to 8 to 9 million gallons a day. He thanked the community for their efforts. There were a fair amount of people who were able to adjust their irrigation systems, and he had heard some stories of people saying their plants were still doing fine, even with less watering, so hopefully that trend will continue. The next well to be back online is the QLT

(Keahuolū) Well. The circuit breakers are in and once they are installed, tests will be performed to see if the situation is topside (best-case scenario) or down-hole (meaning extraction of the pump and motor again). If it is a down-hole situation, it will take six to nine months again. The next focus will be Hualālai Well. The last failure was previously thought to be a workmanship issue; but after recent evaluation by staff, it is not quite clear if that is the case. Knowing that well needs to be back online, the Department has the bid documents ready for another repair, this time specifying a slimline pump and motor. In response to Mr. Elarionoff's question of what a slimline is, he replied it is a slimmer pump and motor. In the past, they had not performed very well, so they were backed away from; however, the results from the non-slimline types are no better. The slimline route should help with better cooling around the motors with the smaller pump and motor. The Department is still evaluating possibilities of doing a line shaft but does not have the luxury of time. In order to test a line shaft ability, it has to be taken out of the hole and then an alignment test is done. The Department would rather get a submersible pump and motor down the hole in the interest of time. The third well is Wai'aha Well. Derrick's Well Drilling's rig is mobilized, and they will start work next week to extract the equipment from the hole. It is hard to put a timeframe on that effort because it will be trial and error work. They will try to extract the equipment pieces at a time, but there is no definite method and means to that effort. The Board will be provided updates as that work goes along.

In response to Mr. Boswell's question of whether the Department is still looking into an additional site at Wai'aha, the Manager-Chief Engineer replied yes, and is also looking at Kamehameha Schools' well in the Keauhou area.

In response to Mr. Domingo's question of whether the slimline is a better option, the Manager-Chief Engineer stated that one of the benefits with the slimline units is that part of the protocol to put them in is their technician comes out to the site so it is not just the drilling contractor doing the preparation before it goes down the hole. They make sure the motor, the seal section, and the pump are certified before going down the hole. It was put in the bid specifications because it is a more complex assembly.

Mr. Arikawa asked if the drillers need to be re-certified; and if so, for how many years.

Mr. Young replied that the factory would certify the company. They do not require re-certifications as long as the same people are on the contractor's staff and they have to cover the warranty.

Mr. Elarionoff asked about the pump that blew because of air in the motor and if that was an indication the staff did not have training.

The Manager-Chief Engineer replied that was with the Hualālai Well. It was thought, based on the third-party review, that there was air in the motor; however, after discussing with staff and reviewing internally more closely, some things were not jiving with that report. From what was understood, the motor was in a vertical position, and there is nothing that would cause any pockets of air in the motor. The contractor had vented it twice to make sure everything was topped off before it went down the hole. There are some questions as to what exactly happened because it is not making sense. The Department will continue its evaluation.

Mr. Elarionoff asked how the Department plans to continue evaluating the situation. His concern was that the books do not get closed on this one before finding out what really caused the failure.

The Manager-Chief Engineer replied that some concerns were with potential electrical surges; therefore, the incoming power quality is being evaluated. With these wells, as long as staff is observing the work and it appears the contractor is following procedures as recommended by the motor manufacturer, if nothing looks majorly inconsistent with that procedure, the Department would assume the contractor knows what he is doing.

Mr. Domingo stated that he is encouraged that the Department was able to use the smaller-diameter variable frequency drive, power quality monitors, and sensors; however, now perhaps the Department should think about predicting when this equipment may fail. He asked if the Department has the capability to get a ballpark idea as to when equipment may fail.

The Manager-Chief Engineer replied that the Department hopes to gain a better understanding with the power quality monitors and the temperature sensors to develop that information so it may assist in foreseeing an imminent failure. Right now, the Department does not have that information so it will be a continued work in progress. The Department is not resting just because the restriction was brought down to a conservation. Work continues with Brown & Caldwell on all the repairs to this date. It will be an ongoing process. Every time a repair is done, the Department learns from it and gets better.

Mr. Domingo asked if, on preventative maintenance procedures, there is a procedure where you take down the pump system to look at it for cracks or signs that it might fail.

The Manager-Chief Engineer replied that the biggest challenge with the submersible units is that they are down in the hole. The only preventative thing would be monitoring of the analyzer equipment (topside); but moving forward, the Department is working towards having a well asset management program; basically having all the wells inventoried and a detailed evaluation done on each well--how long they have performed in the past, what kind of loads it was experiencing, what the power quality history was; line shaft versus submersible; exactly what units--was it a National Pump and an SME motor; was it a Centrilift pump and motor; was it a Reda pump and motor; and how many hours it operated. His hope is that down the road, there will be like a doctor's patient file on each well. Each patient is different and this will be, basically, that well's history. Moving forward, there may be proactive replacements.

Mr. Elarionoff asked if the third party is paid, even if the Department does not agree with their findings.

The Manager-Chief Engineer replied they would be paid; however, they may not be hired again. That is not to say the report is valueless.

Mr. Scicchitano added that it is an evaluation, so you really do not know.

2. Hawaiian Ocean View Well – Mr. Uyehara provided an update on HOVE repair, which is still ongoing. The end of December, it was found that one of the parts was not machined properly and had to be sent back to the facility on the mainland for re-machining. That part should be back at the contractor's Oahu baseyard today; and throughout this week, they are supposed to reassemble the motor and will be starting installation by the end of January.

Mr. Arikawa commented that it is pretty sad that it was sent back to the manufacturer but then came back wrong.

The Manager-Chief Engineer agreed that it is very frustrating. The burden is on the contractor. For this one, it was an SME motor and a Centrilift pump. They are supposed to fit each other--bolt circle, diameter, etc.

Mr. Elarionoff asked what happens in the meantime--who will foot the bill to pay for the extra water hauling.

Mr. Uyehara replied that it is in the Department's operating budget, and there are monies set aside for each year to cover water hauling costs, islandwide.

3. Council Resolution No. 287-17, Legislative Auditor's performance audit of DWS's contingency planning – Mr. Uyehara reported that this was brought by the Council to the Legislative Auditor October of last year. Council had asked them to conduct a performance audit of the Department of Water Supply, particularly in regard to contingency planning, specific to the North Kona district. The Legislative Auditor is still doing their research, interviews; there is no draft or summary at this time. They have been given information all they had asked for. The timeframe is early February where they may have a draft report, and they are planning to meet with the Department and go over it. Once there is something official, it can be brought to the Board.

Mr. Domingo stated that his understanding was that this does not necessarily mean a way to fix the wells is found; it just means the Department has sufficient water to maintain service.

Mr. Uyehara replied that was correct.

Ms. Wilson asked if this was going back to Council/Office of the Legislative Auditor.

Mr. Uyehara replied he believed they have to meet with the Council to go over it.

The Manager-Chief Engineer added that what is initiated by Council has to be reported back.

Ms. Wilson asked if it had to be reported back to the State Legislative Auditor.

Mr. Uyehara replied it did not.

4. Employee of the Quarter recognition (4<sup>th</sup> Quarter 2017) – Mr. Sumada introduced Ms. Sandra Bogaars, who is a buyer/purchasing clerk from Finance in Hilo. She has been with the Department since 2016, about a year and a half. She is a very efficient and pleasant person to have around and was nominated for her hard work since she has been with the Department.

**Chairperson Takamine, with agreement from the Board, took up Miscellaneous Item (H) before (G).**

7) MISCELLANEOUS:

H) **EXECUTIVE SESSION: MANAGER-CHIEF ENGINEER'S EVALUATION/SALARY:**

The Board anticipates convening an executive meeting to discuss the evaluation/salary of the Manager-Chief Engineer for its annual performance review, and Deputy salary, as authorized by Hawai'i County Charter Section 7-4.6(d) and Hawai'i Revised Statutes ("HRS"), Sections 92-4 and 92-5(a)(2). The Board wishes to have its attorney present, in order to consult with the board's attorney on its questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities pursuant to HRS Section 92-5(a)(4). A two-thirds vote of the members present, pursuant

to HRS Section 92-4, is necessary to hold an executive meeting, provided that the affirmative vote constitutes a majority of the board.

MOTION: Mr. Arikawa moved that the Board enter Executive Session to discuss the Manager-Chief Engineer's evaluation and salary; seconded by Ms. Wilson.

Mr. Elarionoff asked why the Board had to go into Executive Session and why this could not be discussed in open session.

Mr. Arikawa stated that the Board needed to discuss before opening it up to the public.

Chairperson Takamine added that the Board will be voting in open session.

Mr. Arikawa stated that it was the same way when Mr. Elarionoff was a police officer. They would go into Executive Session to discuss how the Chief performed; and after that, they would open it up.

Mr. Elarionoff stated that was the problem. It should not be in Executive Session.

Chairperson Takamine stated that Mr. Elarionoff could vote no to the Motion.

ACTION: Motion was carried by six ayes: Mr. Arikawa, Mr. Boswell, Mr. Domingo, Mr. Scicchitano, Ms. Wilson, and Chairperson Takamine; and one nay: Mr. Elarionoff.

(Executive Session began at 11:15 a.m. and ended at 11:48 a.m.)

**G. MANAGER-CHIEF ENGINEER'S EVALUATION/SALARY:**

Chairperson Takamine stated that at its December 19, 2017, meeting, the Board deferred its discussion of the Manager-Chief Engineer's Salary for 2018, pending the gathering of information of industry-wide salaries. He asked if a Motion needed to be made to discuss.

Ms. Yeh stated that the Motion was needed for what the Board wished to set the salary at and then discussion could take place.

MOTION: Mr. Elarionoff moved that the Board give the Manager-Chief Engineer an eight percent (8%) raise; seconded by Mr. Domingo.

Chairperson Takamine asked for clarification if the Motion meant for both the Manager-Chief Engineer and for the Deputy. (Mr. Elarionoff indicated yes.)

Ms. Yeh asked what the effective date would be.

Chairperson Takamine asked if it would be for next month, February 1.

Mr. Boswell stated retroactive to January 1.

Mr. Elarionoff replied it would be starting February 1, 2018.

Chairperson Takamine asked if everyone was clear on what the motion was. He continued that the Board should look at what the highest paid Civil Service employee makes within the Department of

Water Supply and also look at what others within the same industry on different islands are making. Another thing to consider is what the current directors within the County make.

Mr. Arikawa stated that he thought the Board should really look at the merit of the Manager-Chief Engineer and the Deputy and how they performed in the past year and then go on to the other comparisons. Based on that, he felt they did outstanding work in 2017. They put in a lot of time and effort, especially in Kona, without complaint. They did outstanding work in getting the wells running and trying to find the problems so this does not happen again. The creation of the Permitted Interaction Group was something good and will help the Department. He felt that was the reason why Mr. Elarionoff recommended the 8%.

Mr. Boswell agreed with the merit comment. He has sat in on public meetings with the Manager-Chief Engineer and the Deputy in Kona and they took it straight up. The presentations were very accurate, and there were hands-on things for the public to look at. All of the interfacing with the newspapers and everything through the year, he felt was very well done.

Chairperson Takamine stated that theirs is a 24/7 job, and he has never heard them complain about having to get up early, for example, this morning at Civil Defense due to a potential tsunami warning, or the time they have to spend away from their families on the weekends. The Board does not hear of that kind of stuff. He appreciates that their approach is to put your head down and go and work and get it done. It has been a tough and trying year; but he felt that the Department, as a whole, has handled it well, so hats off to everyone. But looking at the Manager-Chief Engineer and the Deputy-- they are the ones who are out in front and have to take the bullets. They have done a good job doing that.

Mr. Elarionoff stated that he made the recommendation; and the reason he did it that way was because in the Board's prior conversation during Executive Session, not all were agreeable on some issues. In talking about their merits, as far as he is concerned, that is their job. The thing he really appreciates about them is that they do not complain about it. The Board has questions, maybe himself more than others, but they always get answers. He emails sometimes and gets answers to the emails, which he appreciates. They are willing to work with the Board and work with their people and that gives him confidence that they are on the Board's side and part of the community; and he really appreciates that. He sees the discrepancy in the pay raise, and sometimes the raises that people get goes overboard; but we are all part of the same community. For himself, he is retired and on a fixed income. He gets a 2% Social Security increase, which is a joke, but he has survived. He understands all of that and appreciates what the Manager-Chief Engineer and the Deputy do and their great attitudes as well.

Ms. Wilson echoed the sentiments of the Board. They did a great job, despite the challenges and issues they had and faced them head on. Definitely one of the things the Board heard from both of them was the fact that just to feel appreciated was good. They are an awesome team, and the Board can see that they are really great working together and the Board sees how they hold the ship together and run that ship really tight with the Department's teams on the ground and the boots on the ground. She appreciates all the work. Her one concern was how the Board can ensure that the salaries really match correctly with how, like the Chairperson had mentioned, the highest paid Civil Service position within the Department and how to ensure that the Board can do something higher to match the merit that they deserve.

Mr. Domingo stated that as a U.S. Civil Service employee, he has been through this situation many times and knows how it feels. The Board appreciates them and the effort they put in addressing the crisis in the West Hawai'i area, Districts 7 and 8. It is awesome for them to take it head on. Hopefully, this coming year will be a different situation and his view might change.

Chairperson Takamine asked the Manager-Chief Engineer and Deputy wished to comment.

The Manager-Chief Engineer acknowledged every single person on staff sitting in the room. It is their leadership of their staff that really makes the engine run. Both he and the Deputy are tasked with trying to stay on track, give direction, follow the vision and mission set before them by the Board preceding this body. It is always the boots on the ground and the working hands that actually get the job done. He acknowledged all of them and thanked them because it really was a challenging year. Every single person in the room was directly involved and was elbows deep in that challenge--some ankles to head deep and were all troopers. They are all committed to making sure that the Department accomplishes its mission to provide its customers with the drinking water they need. He felt they have all bought into how important their roles and jobs are; and he wanted to make sure that they were acknowledged on the record. They are - Division Heads: Chief of Operations, Daryl Ikeda, Head of Engineering, Kurt Inaba, Waterworks Controller, Rick Sumada; and the Department's interim Information and Education Specialist, who has been very involved, Kaiulani Matsumoto; and the Mechanical Engineering team: Clyde Young, Eric Takamoto, and Warren Ching (who is actually now the Department's Energy Management Analyst); and again, today's Employee of the Quarter, Sandra Bogaars. Every person, when the Department onboards them, are welcomed to the team and are told they are a part of the team and the Department's mission. He also acknowledged Kawika Uyehara, Deputy, who has a couple plates full as well.

Mr. Uyehara thanked the Manager-Chief Engineer for his leadership and guidance through the tough times and challenges. He also thanked the Department's Kona crew, the electricians, and staff. He stated that Mr. Clyde Young's group works day in and day out with the electricians islandwide, and they are the guys who make sure the water comes up out of the ground and into the tanks.

Chairperson Takamine asked about the start date for the increase.

Mr. Scicchitano asked if the evaluation period is fiscal year or January through December.

Mr. Arikawa thought it was calendar year.

Mr. Scicchitano proposed that the salary increase be retroactive to January 1, 2018.

In response to Mr. Arikawa's question of whether that can be done, Mr. Sumada replied it was fine.

ACTION: A vote was taken on the Motion to give the Manager-Chief Engineer and the Deputy an eight percent (8%) raise, effective January 1, 2018. Motion was carried unanimously by voice vote.

The Manager-Chief Engineer and Deputy thanked the Board.

#### I. **ELECTION OF VICE-CHAIRPERSON FOR 2018:**

Chairperson Takamine opened nominations to elect Vice-Chairperson for the 2018 term. It was noted that two individuals were nominated at the December 19, 2017, Water Board Meeting, but one individual was not present; therefore, election of Vice-Chairperson was deferred to this meeting.

MOTION: Mr. Elarionoff moved to nominate Mr. Eric Scicchitano for Vice-Chairperson.

MOTION: Mr. Scicchitano moved to nominate Mr. William Boswell, Jr., for Vice-Chairperson.

Mr. Elarionoff stated that the reason he nominated Mr. Scicchitano for Vice-Chair was because as far as he could see, he is available. Because he works for HPM and goes around the island, if he wanted to talk to him, he would be able to call him and ask if he can meet up the next time he is in Waimea. He hears people say, East Hawai'i and West Hawai'i, but feels it should be balanced to North Hawai'i and South Hawai'i.

MOTION: Mr. Domingo moved to nominate Mr. Elarionoff because of his seniority on the Board, has regular attendance, and he feels he is very knowledgeable.

Mr. Elarionoff responded that he appreciated Mr. Domingo's questions; however, he would rather be the person who antagonizes everyone else; and in a leadership position, he would have to curtail his activities. He, therefore, declined the nomination to Vice-Chairperson.

In response to Chairperson Takamine's question of whether Mr. Boswell and Mr. Scicchitano accepted their nominations, Mr. Boswell said he would accept the nomination and Mr. Scicchitano said he was declining his nomination.

There being no further nominations, Chairperson Takamine asked for Motion to close nominations.

MOTION: Ms. Wilson moved to close nominations; seconded by Mr. Arikawa.

Mr. Elarionoff asked Mr. Boswell what he would have to offer as Vice-Chairperson.

Mr. Boswell replied that he has been watching Mr. Arikawa in his capacity as Vice-Chair, and from what he saw, he had the Chairperson's back, basically. The Vice-Chairperson's job seems to entail being available when the Chairperson is not, and he can fill that position. He is planning to be present for the full term of his participation in the Board and will come out to Waimea and meet with Mr. Elarionoff if he wishes.

Mr. Elarionoff stated if it comes to that, he would like it.

Mr. Boswell mentioned that he has no problem with it. He enjoys the opportunity to get out and wants to give to the community.

Mr. Elarionoff mentioned even for the people in South Hawai'i.

Ms. Wilson appreciated the balance of having East Hawai'i and West Hawai'i leadership on this Board. It is a good balance to have.

Mr. Boswell stated that he looks forward to working with Chairperson Takamine.

Mr. Scicchitano stated that he deferred to Mr. Boswell because of his background in water systems, etc., and he would like to see him in that seat. It is the best for the Department.

Chairperson Takamine indicated his support of Mr. Boswell also. His knowledge in water and facilities is an asset and he welcomes him in that capacity. He called for a vote to close nominations.

ACTION: Motion was carried unanimously by voice vote.

Chairperson Takamine called for a vote on the Motion for Mr. William Boswell, Jr., to become the Vice-Chairperson for 2018.

ACTION: Motion was carried unanimously by voice vote.

J. **CHAIRPERSON'S REPORT:**

1. Chairperson Takamine reported that he recently found out that the Environmental Management Commission was asked for assistance from the Council regarding water research management. Unbeknownst to the Department of Water Supply and the Water Board, they had a unanimous Resolution on November 28, 2017. He believes they are going outside of their purview of what the Environmental Management Commission is supposed to do. When he read the fact sheet, it is basically saying the Environmental Management Commission's purpose is to advise the department on waste reduction strategies, recycling, litter control, and community involvement. He felt their purview is more towards recycling and trash. What they are asking Department of Water Supply to do is enact policies regarding water conservation and the use of R1 water. To him, the worst thing that has come out of this Resolution is they are asking the County to make a Charter Commission that will put the Department of Water Supply under the Mayor's Office and County Council. The repercussions of that concerns him because from reading this, it goes to show they do not even know what they are looking at doing. The repercussions are going to be immense. He hopes to get more information on their intentions. If there are meetings in the future, he asked the Manager-Chief Engineer to inform the Board so they can be part of that.

The Manager-Chief Engineer stated there was more than one draft letter that was sent to the Council person. Apparently, the latest draft excluded that Charter Amendment paragraph. Regardless, the fact that the paragraph was in any draft is a cause for concern. He will keep an eye on it. He mentioned he and the Deputy had met yesterday with the Department of Environmental Management Director, Mr. William Kucharski, to let him know this Department's concerns, and Mr. Kucharski indicated he did not have any hand in putting together that letter. There is a meeting scheduled with the Mayor to express the Department's concerns as well. They pretty much revolve around that paragraph that got excluded in the final draft; but, again, the fact that it was included in any draft is what he will bring forward to the Mayor as a cause for concern.

Mr. Elarionoff asked if it was known who wrote that paragraph in.

The Manager-Chief Engineer replied he believed it was signed by the current Chair of the Commission.

Chairperson Takamine wanted it placed on everyone's radar that this is serious and he does not personally agree with the Resolution. He asked if Corporation Counsel would check to see if that is under their purview.

Ms. Yeh replied it should not be. She added that the Environmental Management Commission's attorney is at Council today with Mr. Joseph Kamelamela, and she thought there has been some clarification provided but that she would follow up.

2. North Kona Water Permitted Interaction Group Update – Chairperson Takamine stated that he is looking forward to working hard on behalf of the Board, along with Mr. Boswell. This will be his last year on the Board, as well as Ms. Wilson. It will go by fast. Hopefully, this will be a year of not putting out fires but getting better as a Department and as a Board. He mentioned that he has to schedule the next meeting of the Permitted Interaction Group and hopefully get some closure and updated information on what has been done. He will send out an email and get everyone together within the next month.

8) ANNOUNCEMENTS:

1. **Next Regular Meeting:**

The next meeting of the Water Board is scheduled for February 27, 2018, 10:00 a.m., at the West Hawai'i Civic Center, Community Meeting Hale (Building G); 74-5044 Ane Keohokalole Highway, Kailua-Kona, HI

2. **Following Meeting:**

The following meeting of the Water Board will be March 27, 2018, 10:00 a.m., at the Department of Water Supply, Hilo Operations Conference Room, 889 Leilani Street, Hilo, HI

9) ADJOURNMENT

ACTION: Ms. Wilson moved to adjourn the meeting; seconded by Mr. Arikawa and carried unanimously by voice vote. Meeting adjourned at 12:17 p.m.

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Recording Secretary