

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

MEETING DATE: February 24, 2009

PLACE: Royal Kona Resort, Resolution Rm, 75-5852 Ali'i Drive, Kailua-Kona, Hawai'i.

TIME: 10:00 a.m.

- 1) CALL TO ORDER – 10:00 a.m. *(please turn cell phones off or set to silent)*
- 2) STATEMENTS FROM THE PUBLIC
- 3) APPROVAL OF MINUTES
Minutes of the January 27, 2009, Water Board Meeting
- 4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA
(Note: Addendum requires Roll Call Vote)
- 5) NORTH KOHALA:

**A. CONSTRUCTION RIGHT-OF-ENTRY AGREEMENT FOR THE HALA'ULA
EXPLORATORY WELL SITE:**

(Note: This Item was deferred from the 1/27/08 Water Board Meeting.)

The Department of Water Supply (DWS) is seeking to construct an exploratory well in the Hala'ula area of the North Kohala district. DWS intends to develop and test the well prior to acquisition of the property. If the well proves to be productive in terms of quantity and quality of water, then DWS will acquire the site to fully develop the well and to locate a storage reservoir at the site. In order to enter the site to construct and test the exploratory well, DWS has arranged to enter into a Construction Right-of-Entry Agreement with the current landowner, Surety Kohala Corporation. Surety Kohala Corporation has approved the Agreement and signed it on their behalf. Corporation Counsel has reviewed the document.

The well is to be located at the upper end of Hala'ula Road at approximately the 785-foot elevation. The reservoir overflow elevation will be at the 810-foot elevation to match the Hāwī Tank. Once constructed, the new Hala'ula well and 810-foot reservoir may be connected to the Hāwī water system such that either system can provide backup for the other system. The additional water from the new well will allow increased water availability in the area. Current water policy allows only one equivalent unit of water per pre-existing lot of record.

RECOMMENDATION: It is recommended that the Water Board approve the execution of the Construction Right-of-Entry Agreement, and further that either the Chairperson or the Vice-Chairperson be authorized to execute the Agreement.

6) SOUTH KOHALA:

A. JOB NO. 2007-919, EARTHQUAKE DAMAGED TANK REPAIRS, GROUP #2 (N. KONA/S. KOHALA), COUNTY OF HAWAII, STATE OF HAWAII, FEMA-1664-DR-HI, FIPS NO. 001-UVKJ8-00:

Three bids for this project were received and opened on January 22, 2009, at 2:00 p.m.; and the following are the bid results:

<u>Bidder</u>	<u>Amount</u>
Isemoto Contracting Co., Ltd.	\$2,385,615.00
Bolton, Inc.	Non-Responsive
Abhe & Svoboda, Inc.	Non-Responsive

Project Scope: This project consists of the repair and seismic retrofit of six (6) reinforced concrete tanks in N. Kona (2 ea.) and S. Kohala (4 ea.) districts that were damaged in the October 15, 2006 Kiholo Bay Earthquake.

Project Cost:

1) Isemoto Contracting Co., Ltd.	\$2,385,615.00
2) Construction Contingency (10%)	<u>\$238,561.50</u>
Total Construction Cost:	\$2,624,176.50

Contractor Qualifications:

As part of the project plans and specifications, each bidder was required show that they meet specific qualifications for repair work involving the retrofit of tanks for Seismic Zone 4. Of the three (3) bidding contractors, only Isemoto Contracting Co., Ltd. met the qualifications.

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.

RECOMMENDATION: It is recommended that the Board award the contract for JOB NO. 2007-919, EARTHQUAKE DAMAGED TANK REPAIRS, GROUP #2 (N. KONA/S. KOHALA), COUNTY OF HAWAII, STATE OF HAWAII, STATE OF HAWAII, FEMA-1664-DR-HI, FIPS NO. 001-UVKJ8-00, to Isemoto Contracting Co., Ltd., for their bid amount of \$2,385,615.00 plus \$238,561.50 for construction contingency for a total contract amount of \$2,624,176.50, subject to review as to form and legality of the contract by Corporation Counsel.

7) NORTH KONA:

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

Attached is a copy of a letter dated February 5, 2009, from Central Construction, Incorporated, requesting an extension of contract time.

This is the contractor's sixth time extension request to allow the Department of Water Supply additional time to secure the necessary building permit for the project. Additional time is needed to fulfill the Disability and Communication Access Board's requirement to provide a readily accessible path of travel to the existing open garage building, which will be converted to office and workshop spaces under the scope of this project. Staff has evaluated this request and finds that the 90-calendar day extension is justified.

Previously approved time extensions by the Water Board:

- First time extension 64-calendar days (May 11, 2007 to July 14, 2007)
- Second time extension 60-calendar days (July 14, 2007 to September 12, 2007)
- Third time extension 60-calendar days (September 12, 2007 to November 11, 2007)
- Fourth time extension 65-calendar days (November 11, 2007 to January 15, 2008)
- Fifth time extension 417-calendar days (January 15, 2008 to March 2, 2009) with \$22,348.60 contract price escalation to compensate for the time delay.

The following is the time extension recommended for Water Board approval:

- Sixth time extension 90-calendar days (March 2, 2009 to May 31, 2009) with no contract price increase.

RECOMMENDATION: It is recommended that the Board grant Central Construction, Incorporated, a 90-calendar day extension to the contract completion date from March 2, 2009 to May 31, 2009, for JOB NO. 2003-834 (REVISED), CONSTRUCTION OF THE KONA BASEYARD FACILITY IMPROVEMENTS.

8) MISCELLANEOUS:

A. 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.

(Note: Item #1 below was withdrawn at 12-16-08 meeting).

1. **PURSUANT TO THE TRI-PARTY AGREEMENT BETWEEN MAUNA LANI SERVICES, INC, (MLS), MAUNA KEA PROPERTIES (MKP), AND DEPARTMENT OF WATER SUPPLY. APPROVED BY THE WATER BOARD**

AT ITS MEETING ON FEBRUARY 28, 2006. THE FOLLOWING DOCUMENTS ARE HEREBY PRESENTED FOR ACTION BY THE WATER BOARD.

- A. GRANT OF EASEMENT**
Grantor: Waikoloa Village Association
TMK: (3) 6-8-002:019

- B. ASSIGNMENT OF EASEMENT**
Grantor Mauna Lani Service, Inc.
TMK: (3) 6-8-001:001

- C. BILL OF SALE**
Seller: Mauna Lani Service, Inc.
TMK: (3) 6-8-001 and (3) 6-8-002
Final Inspection Date: Pending
Water System Cost: Pending

- D. DEED (Well Site 5 and Well Site 8)**
Grantor: Mauna Lani Service, Inc.
TMK: (3) 6-8-001: 044 and 047

RECOMMENDATION: It is 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.

B. VEHICLE BID NO. 2008-11, FURNISHING AND DELIVERING VEHICLES TO THE DEPARTMENT OF WATER SUPPLY:

Bids will be opened on February 18, 2009; and a report and recommendation will be provided at the meeting.

C. WAIĀKEA OFFICE PLAZA LEASE AGREEMENT – DCCA

The Department of Commerce & Consumer Affairs (DCCA), is a tenant at the Waiākea Office Plaza leasing 546 square feet of office space in the upper level of the Kapoho Wing. DCCA's lease expired December 31, 2008. This lease agreement extends the term of their lease through December 31, 2009. Lease rent is being increased from \$3.00 to \$3.54 per square foot as follows:

January 1, 2009 to December 31, 2009	\$1,932.84 per month
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Common area maintenance comprises \$1.79 of the square foot rate with office rent making up the remaining \$1.75.

RECOMMENDATION: The Department recommends approving Department of Accounting & General Services Lease Agreement No. 91-30-0011, subject to the approval of Corporation Counsel, and authorizes the Chairman or Vice-Chairman to sign the lease amendment.

D. MONTHLY PROGRESS REPORT:

Submission of Progress Report of Projects by the Department (see attached). Department personnel will be available to respond to questions by the Board regarding the status/progress of any project.

E. ISSUANCE OF GENERAL OBLIGATION BONDS:

The Department anticipates obligating approximately \$32 million during the remainder of FY09 on construction projects. The Department further anticipates needing \$37 million for construction projects in FY10. This brings total construction funding requirements over the next year and a half to \$69 million. Currently, DWS has approximately \$19 million available for construction leaving a shortfall of \$50 million that the Department would like to raise via General Obligation Bond issue as provided for in the Department's July 2007 Rate Study prepared by RW Beck.

Interest payments totaling \$1,250,000 for these new General Obligation Bonds have been included in the proposed FY10 budget.

The County of Hawai'i cannot say exactly when their next General Obligation Bond issue will be but has indicated that Water Board approval is required in order for DWS to be included.

RECOMMENDATION: The Department recommends that the Water Board approve a request to the County of Hawaii to be included in the County's next General Obligation Bond issue for \$50 million; that DWS reimburse the County of Hawai'i for DWS' share of debt service and costs of issuance; and that the Manager be authorized to execute the necessary documents to complete the issuance.

F. DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING AND CAPITAL IMPROVEMENT BUDGETS FOR FISCAL YEAR 2010:

FY 2010 Operating and CIP Budgets for review and discussion. Plan is to hold a public hearing for public comments on the budgets at 9:00am on Tuesday, March 24, 2009, prior to Regular Water Board meeting. This meeting is currently scheduled to be held in Waimea.

G. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

Submission of financial statements and information relating to the financial status of the Department. Department personnel will be available to respond to questions by the Board relating to the financial status of the Department.

H. WATER RATE STUDY:

Discussion on the new water rate study that the Department is planning to conduct, to address the shortage of funds being generated from water sales.

I. **MANAGER'S REPORT:**

The Manager will provide an update or status on the following:

1. Negotiations with Kamehameha Investment Corporation
2. Recycling Program
3. Transportation Committee

J. **CHAIRPERSON'S REPORT:**

Chairperson Smith to introduce the following two items:

- A. Discussion and approval of Travel Policy for Board members.
- B. Discussion on lunch protocol after Board meetings.

9) **ANNOUNCEMENTS:**

1. **Next Meeting:**

The next meeting of the Water Board will be held on March 24, 2009, 10:00 a.m., at the Waimea Community Center, (next to the Ball Park); 65-1260 Kawaihae Road, Kamuela, Hawai'i.

10) **STATEMENTS FROM THE PUBLIC**

11) **ADJOURNMENT**

The meeting place is accessible to persons with disabilities. If you require use of an auxiliary aid or other access accommodation, please contact Doreen Shirota at 961-8050 as soon as possible or at least 5 days prior to the meeting.

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

Notice to Lobbyists: If you are a lobbyist, you must register with the Hawai'i County Clerk within five days of becoming a lobbyist. {Article 15, Section 2-91.3(b), Hawai'i County Code} A lobbyist means "any individual engaged for pay or other consideration who spends more than five hours in any month or \$275 in any six-month period for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials." {Article 15, Section 2-91.3(a)(6), Hawai'i County Code} Registration forms and expenditure report documents are available at the Office of the County Clerk-Council, Hilo, Hawai'i.