

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

MEETING DATE: October 27, 2009

TIME: 10:00 a.m.

PLACE: Department of Water Supply, Operations Center, Conference Room, 889 Leilani Street, Hilo

- 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
 - 1.) Minutes of the September 22, 2009, Public Hearing on the Proposed Rate Change of the Power Cost Charge
 - 2.) Minutes of the September 22, 2009, regular Water Board Meeting
- 4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA
(Note: Addendum requires Roll Call Vote)
- 5) SOUTH HILO:

A. JOB NO. 2005-862, CONSTRUCTION OF THE WAIĀKEA OFFICE PLAZA AIR-CONDITIONING REPLACEMENT:

The contractor, Isemoto Contracting Co., Ltd., requests a 121-calendar day time extension. This request is to allow for the shipping and arrival time schedule of critical air conditioning system equipment, unforeseen relocations of existing electrical and structural facilities, and unforeseen additional asbestos material removal.

DWS Engineering Division personnel have reviewed the request and find that the time extension of 121 calendar days is justified. This is the contractor’s second contract time extension request.

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	5/28/2009	11/30/2009	186	Shipping and arrival time schedule of new Air Handler Units
2	11/30/2009	3/31/2010	121	Shipping and arrival time schedule of critical air conditioning system equipment, unforeseen relocations of existing electrical and structural facilities, unforeseen additional asbestos material removal
Total Days (including this request)			307	

RECOMMENDATION: It is recommended that the Board approve a contract time extension to Isemoto Contracting Co., Ltd., of 121 calendar days from November 30, 2009 to March 31, 2010, for JOB NO. 2005-862, CONSTRUCTION OF THE WAIĀKEA OFFICE PLAZA AIR-CONDITIONING REPLACEMENT.

6) NORTH KOHALA:

A. **JOB NO. 2007-919, CONSTRUCTION OF EARTHQUAKE DAMAGED TANK REPAIRS, COUNTY OF HAWAI‘I, STATE OF HAWAI‘I, FEMA-1664-DR-HI, FIPS NO. 001-UVKJ8-00, GROUP #3 (N. KOHALA, S. KOHALA):**

This project involves the repair and seismic retrofit of five (5) concrete water tanks (two in South Kohala district, three in North Kohala district) that were damaged in the October 15, 2006 Kiholo Bay Earthquake.

Bids for this project will be opened on October 22, 2009 at 2:00 p.m. A report and recommendation for bid award will be provided at the meeting.

7) SOUTH KOHALA:

A. **PROFESSIONAL SERVICES AGREEMENT: WAIKOLOA RESERVOIR NO. 2 FINAL DESIGN OF REPAIRS, JOB NO. 2007-043:**

The consultant, Kleinfelder West, Inc., has requested compensation to cover additional work due to the ongoing construction of this project. The description of the additional work and the associated fees are as follows:

1. Technical review and recommendation of Value Engineering Cost Proposal (VECP) No. 1. This VECP has been approved and is a deductive change order (Change Order No. 2) for the amount of (- \$5,641.08) to the Contractor's contract amount.

Consultant's time and material cost: \$ 1,690.00

2. Engineering analysis and laboratory testing of West Hawaii Concrete's #4 sand to be used for the project's Zone 2 material. The original material that the Contractor intended for that use did not meet specification requirements. The consultant's fees include a written report to DLNR and the necessary effort to secure DLNR approval to use the WHC #4 sand. A deductive change order for the amount of (-\$9,790.00) to the contractor's contract is being processed to cover the cost for this work.

Consultant's Fees Requested: \$ 9,790.00

3. Revise plans to adjust subsurface drain system alignment and profiles to relocate two headwall locations. By relocating the headwalls, disruption to current operations will be minimized, and the new locations will make maintenance of the subsurface drain system easier.

Consultant's Fees Requested: \$ 6,875.00

4. Additional fees for Task 5 of the consultant's construction services. The description for Task 5 is *Coordination Work with Construction Manager, Geotechnical Engineer, and the Department*. The budgeted amount for this task is \$20,330.00, and was based on four months of construction time or \$5,083.00 per month. Construction began on February 12, 2009 and at the end of July 2009, 88 percent of the fees under Task 5

have been spent. Fees to cover an equivalent of three more months of construction are requested.

Consultant's Fees Requested: \$ 15,249.00

SUMMARY TABLE:

ITEM	TASK DESCRIPTION	FEE AMOUNT
1.	Technical review and recommendation for VECP No. 1.	\$ 1,690.00
2.	Reanalysis for Zone 2 material and report to DLNR.	\$ 9,790.00
3.	Revise plans for subsurface drain system.	\$ 6,875.00
4.	Additional fees for Task 5 - Coordination Work with Construction Manager, Geotechnical Engineer, and the Department.	\$ 15,249.00
TOTAL		\$ 33,604.00

Staff has reviewed the request and finds that the \$33,604.00 in additional fees are justified.

RECOMMENDATION: It is recommended that the Board grant this request for additional funds of \$33,604.00 to Kleinfelder West, Inc. and that either the Chairperson or the Vice-Chairperson be authorized to sign the documents, subject to approval by Corporation Counsel.

8) SOUTH KONA:

A. **EXTENSION OF WELL SITE DEVELOPMENT AGREEMENT – 1250 OCEANSIDE PARTNERS AND REVOCABLE TRUST OF E. JEAN GREENWELL:**

On April 12, 2007, William N. Greenwell and Ethelyn Jean Greenwell, trustees of the Revocable Trust of E. Jean Greenwell dated September 11, 1992, and 1250 Oceanside Partners (collectively the “Developer”) entered into a Well Site Development Agreement (the “Agreement”) with the Water Board to develop and dedicate a potable water well (referred to as the “Kalukalu Well”), in addition to other off-site water system improvements located in South Kona.

The Developer is requesting a time extension to complete the construction and testing of the Exploratory Well, from October 12, 2009 to October 12, 2010. Section 14(c) of the Agreement required that the well be completed within 18 months from the time of execution of the Agreement, which set the deadline at October 12, 2009.

On October 8, 2009, 1250 Oceanside Partners submitted a letter indicating that an extension was necessary to complete the testing of the well. The Well Bond per Section 14(a) of the Agreement is in effect until June 2010, and 1250 Oceanside Partners is in the process of transferring approximately \$309,000 to its Client Trust Account at Carlsmith Ball LLP to provide for the completion of the Exploratory Well.

Staff has reviewed this request, and feels that the one-year extension to complete the Exploratory Well is acceptable.

RECOMMENDATION: It is recommended that the Water Board grant the Developer a one-year time extension, to complete the Exploratory Well by October 12, 2010.

B. JOB NO. 2008-938, KE‘EI WELL “D” MCC REPLACEMENT:

This project generally consists of the removal and replacement of the existing medium voltage motor controller switchgear and motor control panel, and all appurtenant electrical work.

Bids for this project will be opened on October 22, 2009, at 2:30 p.m. A report and recommendation for bid award will be provided at the meeting.

C. JOB NO. 2003-823, PALANI ROAD TRANSMISSION WATERLINE, MĀMALAHOA HIGHWAY TO PALANI NO. 2 RESERVOIR – QUEEN LILI‘UOKALANI TRUST RIGHT OF ENTRY:

The contractor, CTS Earthmoving, Inc., through the Department of Water Supply, is in need of a Right-of-Entry (ROE) to the Queen Lili‘uokalani Trust (QLT) property, which DWS is in the process of obtaining easements and deeds (for the reservoir sites) for the subject improvements. The existing ROE agreement between the Water Board and QLT has expired. A new ROE has been drafted **on condition that** CTS name QLT as an additional insured to their policy, and that CTS is allowed to do clearing and grubbing work only until February 2010.

In the meantime, DWS and QLT will work towards a complete Construction ROE, as well as a formal agreement specifying the requirements for the DWS easement and reservoir lots, along with QLT’s requirements to obtain additional water service to their lands serviced by these water system improvements.

DWS staff has reviewed the ROE, and finds it acceptable.

RECOMMENDATION: It is recommended that the Water Board approve the ROE with Queen Lili‘uokalani Trust, subject to the approval of the Corporation Counsel, and that either the Chairperson or Vice-Chairperson be authorized to sign the document.

9) MISCELLANEOUS:

A. LEGISLATIVE AUDIT OF DWS:

Ms. Colleen Schrandt, Legislative Auditor, will provide an update of the upcoming DWS Legislative Audit, and will discuss the process and desired outcome.

B. PLACEMENT OF FIRE HYDRANTS IN MCCOY SUBDIVISION, KONA:

Water Board member Mr. George Harai, at the September 22, 2009 Board meeting, inquired about the Department’s policy on placement of fire hydrants in McCoy Subdivision, in South Kona. The Department will explain the policy, based on the rules below:

Increment 1, Parts A & B of the McCoy Subdivision (Subdivision Application No. 75-79) was submitted to the Department of Water Supply in 1975 under the December 23, 1969 Rules and Regulations. Section 4-4 of the Rules and Regulations required that for agricultural subdivisions, the water system be designed to “deliver water at adequate pressure for domestic use under peak consumption” only. Part C and subsequent increments were submitted and

approved in 1978 or later under the September 10, 1976 amendments to the 1969 Rules and Regulations.

This amendment included the requirement for fire protection to subdivisions of one-acre agricultural lots.

C. REPORT OF AD HOC FINANCE COMMITTEE:

The Water Boards Ad Hoc Finance Committee Chairperson, Mr. Art Taniguchi, will report on the following areas, which encompass the scope of the Committee's work:

1. Review and approval of credit card expenses of DWS personnel;
2. Procedures regarding cash control;
3. Vehicle take-home policy.

D. WRITE-OFF DELINQUENT ACCOUNT #77000940-10: EDWARD CORTEZ, JR.:

Background: Account #77000940-10, which was opened by Edward Cortez, Jr. in 1998, serviced a Pu'ukapu farm lot in Waimea. The account was closed in March 2002, and sent to the Frank Huff collection agency with a balance due of \$15,221.08. The account was returned to the Department as uncollectible by Frank Huff Agency, Inc. in August 2009, due to unsuccessful efforts to locate this individual within the statute of limitations time period.

This customer had very little usage at this service, except for the final bill covering the period January 2002–March 2002, when 3,534,000 gallons were consumed. The customer's previous bill had been returned by the post office in addition to his final bill, and his account had already been tagged for meter removal. No leak adjustment was applied for, so DWS does not know why consumption was so high.

RECOMMENDATION: The Department recommends writing off the \$15,221.08 balance due from Edward Cortez, Jr., on delinquent Account #77000940-10.

E. HAWAII INFORMATION CONSORTIUM (HIC) STATEMENT OF WORK (SOW) FOR BILL PAYMENT SERVICES OVER THE INTERNET:

The Department is requesting approval of a Statement of Work (SOW) agreement with the Hawaii Information Consortium (HIC) to provide bill payment capability over the Internet for DWS's customers. This is in response to numerous requests from DWS's customers in recent years to provide this type of payment option.

HIC was selected via Request for Proposal (RFP) to serve as manager of the State of Hawaii's EHawaii.gov website. The RFP included providing Internet services to all counties and water departments, and is currently being used by the State of Hawai'i for General Excise Tax and licensing payments, and by the County of Hawaii for real property tax payments.

The Statement of Work agreement provides a general outline of services and terms between HIC and the Department. The key decision to be made at this point, noted in the Statement of Work agreement, is to identify who will be responsible for paying HIC fees that will be assessed per transaction. The Department may choose to absorb all the fees, pass all the fees on to the customer, or split the fees by type between the Department and the customer.

The fees for each payment option provided by HIC are as follows:

- Credit Card: \$2.50 per transaction, plus a 2.25% of the transaction amount credit card fee.
- Debit Card: \$2.50 per transaction, plus a \$1.00 e-check processing fee.

The Department proposes the following fee allocation for each payment option:

- Credit Card: Customer pays \$2.50; Department pays 2.25% of the transaction amount.
- Debit Card: Customer pays entire \$3.50 fee.

The Department currently absorbs credit card fees associated with walk-in customers who pay by credit card. The Department's Statement of Work proposal is consistent with this policy.

It is difficult to determine how much the fees will amount to under different fee allocation scenarios, because it is not clear how many customers will use the website.

Based on current credit card activity from July and August 2009, DWS averages on a monthly basis: 700 credit card transactions, credit card payments totaling \$100,000, and credit card fees totaling \$2,250.

If this activity were transferred to the HIC website and the Department chose to absorb all fees, total fees from credit card use would increase from approximately \$27,000 ($\$2,250 * 12$) to \$48,000 ($\$27,000 + (\$2.50 * 700 * 12)$) per year, almost doubling with the addition of the \$2.50 transaction fee.

The Department does not feel it is fair to all its customers to subsidize those choosing to pay via the Internet, when less costly ways to pay such as via U.S. mail or automatic bill payment are available.

RECOMMENDATION: The Department recommends that the Water Board approve the HIC Statement of Work allocating HIC fees as follows:

- Credit Card: Customer pays \$2.50, DWS pays 2.25% of the transaction amount;
- Debit Card: Customer pays entire \$3.50 fee;
- And that the Chairperson or Vice-Chairperson be authorized to execute the Statement of Work, subject to approval by Corporation Counsel as to form and legality.

F. **RED FLAG POLICY:**

The Federal Trade Commission (FTC) is requiring certain businesses and organizations to implement a written Identity Theft Prevention Program designed to detect warning signs, or "red flags" of identity theft in their day-to-day operations, in an effort to protect confidential customer information. Organizations that regularly provide goods or services and bill customers later are required to implement such a Program, and the Department qualifies under those conditions.

The Red Flag Policy requires the following elements:

1. Identify "red flags" of identity theft in our organization.
2. Procedures to detect the red flags that DWS has identified.
3. Appropriate action to take when red flags are detected.
4. Update Policy periodically.

The Department's Red Flag Policy is written to protect confidential customer information received in Customer Service from customers applying for service or paying water bills.

The Federal Trade Commission guidelines require that a business's Board of Directors approve its first written Policy program.

RECOMMENDATION: The Department recommends that the Board approve the Department's first written Red Flag Policy program, which will have been distributed prior to the Board meeting.

G. ENERGY MANAGEMENT ANALYST UPDATE:

The following areas will be covered:

1. Securing fuel delivery and lightning mitigation for Haleki'i - Emergency Back-up Generator
2. Negotiations with HELCO on Lālāmilo Windfarm/DLNR land lease
3. Mayor's Green Team
4. Mayor's Energy Advisory Commission

H. 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.

I. 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.

J. 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.

K. MANAGER'S EVALUATION:

Attached is an evaluation form for Appointees/Managers, used by the Water Board for the yearly evaluation of the Manager. For discussion on processing, procedures, and summarized results.

L. MANAGER'S REPORT:

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

1. Update on use agreement on KIC wells
2. Palani Road Transmission Project
3. Hawai'i Water Works Association (HWWA) '09 conference report
4. Kona Hospital area emergency generator/diesel logistics
5. Update on Pāhala Water System – new well in operation
6. Update on delivery of vehicles
7. Employee of the Quarter

M. **CHAIRPERSON'S REPORT:**

Chairperson to provide comments and/or information relating to matters of concern to the Water Board.

N. **KAWAILANI 1.0-MILLION GALLON RESERVOIR:**

Corporation Counsel to provide update.

O. **REFERRALS FOR EXECUTIVE SESSION: KAWAILANI 1.0-MILLION GALLON RESERVOIR:**

The Water Board anticipates convening an executive meeting, closed to the public, regarding the foregoing matter, pursuant to Hawai'i Revised Statutes (HRS) Sections 92-4 and 92-5(a)(4), for the purpose of consulting with Water Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities.

10) **ANNOUNCEMENTS:**

1. **Next Meeting:**

The next meeting of the Water Board will be held on November 24, 2009 at 10:00 a.m. in Kona at the Royal Kona Resort, Resolution Room, 75-5852 Ali'i Drive, Kailua-Kona.

2. **Following Meeting:**

The following meeting of the Water Board will be held on December 15, 2009, at 10:00 a.m. at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo.

11) **STATEMENTS FROM THE PUBLIC:**

12) **ADJOURNMENT**

Anyone who requires an auxiliary aid or service for effective communication or a modification of policies or procedures to participate in this Water Board Meeting should contact Doreen Shiota, Secretary, at 961-8050 as soon as possible, but no later than five days before the scheduled 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.