

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

MEETING DATE: January 26, 2010

TIME: 10:00 a.m.

PLACE: Department of Water Supply, Operations 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

Minutes of the December 15, 2009, regular Water Board Meeting

Minutes of the January 7, 2010, Special Water Board Meeting

4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA

(Note: Addendum requires Roll Call Vote)

5) SOUTH HILO:

A. **MATERIAL BID NO. 2009-07, FURNISHING AND DELIVERING DIGITAL MOBILE RADIOS AND ANALOG & DIGITAL RADIO TEST PLATFORM FOR THE DEPARTMENT OF WATER SUPPLY:**

This project generally consists of furnishing and delivering digital mobile radios and analog & digital test platform to the Department.

Bids for this project will be opened on January 21, 2010, at 2:00 p.m. A report and recommendation for bid award will be provided at the meeting.

6) SOUTH KOHALA:

A. **JOB NO. 2007-043, CONSTRUCTION OF THE WAIKOLOA RESERVOIR NO. 2 EARTHQUAKE REPAIRS, COUNTY OF HAWAI‘I, STATE OF HAWAI‘I, FEMA-1644-DR-HI, FIPS NO. 001-UVKJ8-00, PW NO. 638:**

The contractor, Goodfellow Bros., Inc., has requested a 73-calendar day time extension. This request consists of 19 calendar days to accomplish the work for Change Order No. 3 (additional testing and engineering analysis to revise the Zone 2 material, including approval from DLNR); 10 calendar days for the additional work of Change Order No. 4 (Ground Penetrating Radar (GPR) survey work for six additional concrete slope panels, including incorporating results into GPR survey report); 36 calendar days for the additional work of Change Order No. 5 (12 calendar days for water seepage repair and 24 calendar days for additional crack repair); and 8 calendar days for rain-outs and unworkable conditions from November 1, 2009 to December 31, 2009.

Note: This is the third time extension request. There is no additional cost associated with this time extension.

Staff has reviewed the request and finds that the 73 calendar days are justified.

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	11/9/2009	1/30/2010	82	Rain-out days and Hypalon polymer supply issues.
2	1/30/2010	2/25/2010	26	Additional clean-out installation work and rain-out days.
3	2/25/2010	5/9/2010	73	Additional work for Change Order Nos. 3, 4, and 5; and rain-out days.
Total Days (including this request)			181	

RECOMMENDATION: It is recommended that the Board approve a contract time extension to Goodfellow Bros., Inc. of seventy-three (73) calendar days from February 25, 2010 to May 9, 2010, for JOB NO. 2007-043, CONSTRUCTION OF THE WAIKOLOA RESERVOIR NO. 2 EARTHQUAKE REPAIRS.

7) NORTH KONA:

A. **JOB NO. 2009-954, KAHALU‘U SHAFT PUMP NO. 1 REPAIR:**

The contractor, Derrick’s Well Drilling and Pump Services, LLC, has requested a contract time extension of 91 calendar days. This is due to unavoidable material and manufacturing delays in the delivery of the pump. The contractor’s supplier has changed the scheduled arrival date to mid-April, 2010, which is beyond the control of the contractor.

Note: This item was deferred from the December 15, 2009, meeting.

Staff has reviewed the request and finds that the 91 calendar days are justified. This is the first time extension request.

- **1st time extension – 91 calendar days**

RECOMMENDATION: It is recommended that the Board approve a contract time extension to Derrick’s Well Drilling and Pump Services, LLC, of 91 calendar days for JOB NO. 2009-954, KAHALU‘U SHAFT PUMP NO. 1 REPAIR. If so approved, the contract completion date will be revised from January 29, 2010 to April 30, 2010.

B. **KEAHUOLU LANDS WATER DEVELOPMENT AGREEMENT WITH QUEEN LILIU‘UOKALANI TRUST (QLT) ON COST-SHARING AND CAPACITY-SHARING FOR THE PALANI ROAD TRANSMISSION WATERLINE PROJECT (JOB NO. 2003-823), PALANI ROAD TRANSMISSION WATERLINE, MĀMALAHOA HIGHWAY TO PALANI NO. 2 RESERVOIR:**

The Board is being asked to consider approval of the KEAHUOLU LANDS WATER DEVELOPMENT AGREEMENT between DWS and Queen Liliu‘uokalani Trust (QLT), covering cost-sharing and pipeline/reservoir capacity-sharing with regard to the facilities being constructed as part of the Palani Road Transmission Waterline Project.

QLT desires to transport some of the water it has available for its use, and some of the water it will have available for its use after development of a new well, through the proposed DWS facilities. These facilities will serve future customers at the makai portion of QLT lands.

DWS desires to acquire and purchase portions of QLT lands for pipeline easements and reservoir sites to construct the necessary facilities which will bring high quality water from various wells located above the Māmalahoa Highway down into Kailua-Kona.

Doing so will be of great benefit to DWS, as it will improve the taste of water served in Kailua-Kona. It will also reduce the reliance on the Kahalu‘u Shaft, lessening the amount of water pumped from the shaft. This, in turn, is expected to improve the water quality of the water that would still be taken from the shaft.

DWS determined how much excess pipeline capacity it could spare, and is charging QLT a proportional amount for that capacity. DWS also determined the minimum reservoir size (two reservoirs required) and the associated lot size that would be required if QLT were to build their own transmission facilities to serve their makai properties.

QLT will pay those costs, and DWS will pay the oversizing costs to install reservoirs large enough to serve the combined needs of DWS and QLT. DWS will then own the reservoir sites outright. The pipeline easements will be granted to DWS without cost, in recognition that QLT would have had to provide the same easements if they were to build their own system.

RECOMMENDATION: It is recommended that the Water Board approve the execution of the KEAHUOLU LANDS WATER DEVELOPMENT AGREEMENT, and further that the Chairman or Vice-Chairman be authorized to execute the Agreement, subject to review as to form and legality by Corporation Counsel.

C. **JOB NO. 2007-919, EARTHQUAKE DAMAGED TANK REPAIRS – GROUP #2:**

The contractor, Isemoto Contracting Co., Ltd., has requested a contract time extension of 90 calendar days.

After the 1.0 M.G. Lālāmilo 610’ Tank was drained for interior repairs, inspections revealed a large crack or cold joint in the tank floor that will require significant repairs. The contractor’s tank repair subcontractor, DYK, Inc., is currently investigating the damage and will make a recommendation as to the scope of work required to repair the tank floor.

The project was also delayed because the temporary storage tanks, needed for repairs to the South Kohala Resort 404’ Tank, were unavailable at the start of the project as they were still in use with the Group #1 (North Kona) tank repair project.

Note: This is the first time extension request. There is no additional cost associated with this time extension.

RECOMMENDATION: It is recommended that the Board grant this time extension of 90 calendar days to Isemoto Contracting Co., Ltd., for JOB NO. 2007-919, EARTHQUAKE DAMAGED TANK REPAIRS – GROUP #2. If approved, the contract completion date will be extended from February 15, 2010 to May 16, 2010.

8) **KA‘U:**

A. **JOB NO. 2006-894, THE CONSTRUCTION OF THE HAWAIIAN OCEAN VIEW ESTATES WELL DEVELOPMENT – PHASE I:**

The contractor, Beylik Drilling, Inc., is requesting a time extension in a letter dated January 5, 2010. The 95 additional calendar days requested include 30 calendar days of unavoidable delays due to the well’s remote location in scheduling and delivery of the cement trucks required for additional grout in sealing the annular space, and 65 calendar days for re-design of the site excavation that included extra work and additional elevation surveys that were done at no cost to the Department.

Note: This is the first time extension request. There is no additional cost associated with this time extension.

Staff has reviewed this first time extension request, and finds that the 95 calendar days are justifiable.

RECOMMENDATION: It is recommended that the Board grant Beylik Drilling, Inc., this extension of contract time on JOB NO. 2006-894, THE CONSTRUCTION OF THE HAWAIIAN OCEAN VIEW ESTATES WELL DEVELOPMENT – PHASE I from November 11, 2008, to February 14, 2009.

9) **MISCELLANEOUS:**

A. **REPORT OF AD HOC FINANCE COMMITTEE:**

The Water Board's Ad Hoc Finance Committee Chairperson, Mr. Art Taniguchi, has been investigating the three focus areas (DWS's policies on credit card use, cash control and vehicle take-home) which encompass the scope of the Committee's work. At this meeting, the Committee may do the following:

- Report/discussion on vehicle take-home policy.

B. **ENERGY MANAGEMENT ANALYST UPDATE:**

The following areas will be covered:

1. Report on the Lālāmilo Windfarm
2. Report on Sopogy project in Kona
3. Mayor's Energy Advisory Commission

Mr. Will Rolston, County Energy Coordinator, will offer comments regarding the Sopogy project and the Mayor's Energy Advisory Commission.

C. **DWS FACILITIES NOT IN USE:**

The Board has received in their packets copies of a listing (by areas) of DWS facilities not in use, with a description of ownership of the area each facility occupies. This information has been provided for information and discussion purposes.

D. **MONTHLY PROGRESS REPORT:**

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

E. **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.

F. **POWER COST CHARGE:**

The Power Cost Adjustment will be discussed, with possible action by the Board. Currently, the Power Cost Charge is \$1.68 per 1,000 gallons. The most recent Power Cost Charge is \$1.74, as of December 2009.

G. **WATER RATE STUDY:**

Ms. Ann Hajnosz from consultant RW Beck will make a presentation to the Water Board, with preliminary results of the rate study her company conducted for the Department.

The rate study topics for discussion and action will include:

- 1) Project overview, scope, and methodology.
- 2) DWS revenue requirements – RW Beck results and analysis including assumptions, historical and projected trends, and comparisons of rate increases from the other islands;
- 3) DWS cost of service – RW Beck results and analysis including assumptions and comparisons of rates from other islands;
- 4) Rate design results and analysis including background, options, considerations, consequences, and comparison to other island rates for agricultural use. Board decisions or guidance required on the following topics:
 - a) Amount of rate increases over 5-year period;
 - b) Frequency of rate increases over 5-year period; and
Adjustment to rate structure and rates for general and agricultural rates.
- 5) Project schedule and deliverables – Remaining rate study timetable and tasks.

The Board will need to make decisions on certain aspects of the rate study so that RW Beck can put together rates for Public Hearing.

H. **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. Meeting Venues for Water Board meetings in 2010
4. Employee of the Quarter presentation

I. **MANAGER’S COMPENSATION:**

Discussion/Action on Manager’s compensation.

J. **CHAIRPERSON’S REPORT:**

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

K. **REFERRAL FOR EXECUTIVE SESSION:**

WATER BOARD OF THE COUNTY OF HAWAI‘I V MARK G. JERNIGAN, ET AL., CIV. NO. 09-1-155K (CIRCUIT COURT OF THE THIRD CIRCUIT, STATE OF HAWAI‘I:

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.

WATER BOARD OF THE COUNTY OF HAWAI'I V. WESLEY R. SEGAWA AND ASSOCIATES, CIV.NO. 09-1-0319 (CIRCUIT COURT OF THE THIRD CIRCUIT, STATE OF HAWAI'I)

The Water Board anticipates convening an executive meeting, closed to the public, regarding the foregoing matter, pursuant to 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.

CLAIM BY DTRIC INSURANCE RE: JOHN PAGAY (CLAIM 10-002) Date of Incident: September 9, 2009:

The Water Board anticipates convening an executive meeting, closed to the public, regarding the foregoing matter, pursuant to 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 February 23, 2010, at 10:00 a.m. 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 March 23, 2010, at 10:00 a.m. at a venue to be announced.

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.*