

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

MEETING DATE: February 23, 2010

TIME: 10:00 a.m.

PLACE: Royal Kona Resort, Resolution Room, 75-5852 Ali‘i Drive, Kailua-Kona, HI

- 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 26, 2010, Water Board Meeting
- 4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA
(Note: Addendum requires Roll Call Vote)
- 5) PUNA:

A. JOB NO. 2006-899, CONSTRUCTION OF THE ‘ŌLA‘A NO. 6 PRODUCTION WELL AND 1.0 MG RESERVOIR:

This project generally consists of the construction of a production well, control/chlorination building, booster pump stations, 1.0 MG concrete reservoir, inlet control stations, demolition of existing 0.05 MG steel reservoir, facility piping, connecting pipelines, drainage structures, electrical instrumentation, asphalt concrete paving and repaving, site perimeter fencing, SCADA improvements, and landscaping.

Bids were opened on February 11, 2010, at 2:00 p.m.; and the following are the bid results:

Bidder	Amount
Isemoto Contracting Co., Ltd. (Lowest Responsible Bidder)	\$6,637,247.00
GW Construction	\$7,188,788.90
Jas W. Glover, Ltd	\$7,341,780.92*

*corrected amount

Engineer’s Construction Cost Estimate: \$7,000,000.00.

Construction Contract Duration: Four hundred ten (410) calendar days.

The project cost will be as follows:

Project Cost:

1) Low Bidder (Isemoto Contracting Co., Ltd.)	\$6,637,247.00
2) Construction Contingency (~10%)	<u>662,753.00</u>
Total Construction Cost:	<u>\$7,300,000.00</u>

Funding for this project will be from DWS C.I.P. funds.

Department Staff has reviewed the bids and finds the bid from Isemoto Contracting Co., Ltd., acceptable as submitted.

RECOMMENDATION: It is recommended that the Board award the contract for JOB NO. 2006-899, CONSTRUCTION OF THE ‘ŌLA‘A NO. 6 PRODUCTION WELL AND 1.0 MG RESERVOIR, to the lowest responsible bidder, Isemoto Contracting Co., Ltd., for their bid amount of \$6,637,247.00 plus \$662,753.00 for construction contingency for a total contract amount of \$7,300,000.00, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality of the contract by Corporation Counsel.

6) SOUTH HILO:

A. **INDEMNITY AND CONSENT TO LICENSE AGREEMENT (‘ŌLA‘A SPRING SOURCE):**

Road and Highway Builders, LLC, (RHC) has executed a license agreement with the Hawai‘i Conference Foundation to use the ‘Ōla‘a Spring Source water that has been disconnected from our water system. DWS has replaced this source with a deepwell, and still has the ability to reconnect to the spring source under emergency conditions and with the consent of the Department of Health. The source will be used by RHC, for dust control purposes during the current phase of the construction of the Saddle Road Re-alignment project. This connection will be separate from the standpipe installed by Yamada & Sons, Inc. The standpipe is intended to be installed on Opalipali Street within Kaūmana City Subdivision, and not along Kaūmana Drive where Yamada & Sons, Inc.’s standpipe is located.

RECOMMENDATION: It is recommended that the Board approve the Indemnity and Consent to the License Agreement between Road and Highway Builders, LLC, and the Hawai‘i Conference Foundation subject to the approval of the Corporation Counsel and that either the Chairperson or the Vice-Chairperson be authorized to sign the document.

7) SOUTH KOHALA:

A. **JOB NO. 2004-850, WAIMEA WATER TREATMENT PLANT SLUDGE DRYING BEDS:**

The contractor, Goodfellow Bros., Inc., requests a 107-calendar day time extension. This request is due to delays beyond the control of the contractor with processing the Building Permit. This time extension will cover the actual time it took to obtain the permit. The first time extension request (289 days) was submitted for approval at the April 28, 2009, Water Board meeting because the permit process was still ongoing and the contract completion date preceded the May 27, 2009 Water Board meeting date.

Staff has reviewed the request and finds that the 107 calendar days are justified.

This is the second extension request.

Ext. #	From (Date)	To (Date)	Days (Calendar)	REASON
1	5/19/2009	3/4/2010	289	Process Building permit
2	3/5/2010	6/18/2010	107	Process Building permit
Total Days (including this request)			396	

RECOMMENDATION: It is recommended that the Board approve a contract time extension to Goodfellow Bros., Inc., of one hundred seven (107) calendar days from March, 5, 2010 to June 18, 2010, for JOB NO. 2004-850, WAIMEA WATER TREATMENT PLANT SLUDGE DRYING BEDS.

B. MAUNA KEA UPLANDS POTABLE WATER SYSTEM – PHASE II AGREEMENT TO CONVEY WATER SYSTEM TO THE WATER BOARD:

The developer Mauna Kea Development Corp., (MKDC) constructed the water system infrastructure for future development within the Uplands at Mauna Kea, Phase II Subdivision (Uplands). This infrastructure is required to serve their future development within the Uplands, and is a requirement for their subdivision application. These improvements mainly consist of a booster pump station, transmission waterline, and a 300,000-gallon reservoir.

Because there will be no immediate request for water service from this system, and because there may not be service on this system for a considerable length of time, MKDC wishes to convey the system to the Water Board, subject to the conditions in the Agreement.

The main points in the agreement are that MKDC will be responsible for the electricity to operate the booster pump station, and DWS personnel will operate and maintain the water in the system to assure that the components of the water system remain in acceptable condition, and will maintain the water quality in the system. It was estimated that the operation and maintenance fee would be \$800.00 per month.

RECOMMENDATION: It is recommended that the Water Board agree to the Agreement with Mauna Kea Development Corp., and that either the Chairperson or the Vice-Chairperson be authorized to execute the agreement, subject to review as to form and legality by Corporation Counsel.

8) NORTH KONA:

A. KEAHUOLU LANDS WATER DEVELOPMENT AGREEMENT WITH QUEEN LILI‘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:

(This item was deferred from the January 26, 2010, Water Board meeting.)

The Board is being asked to consider approval of the KEAHUOLU LANDS WATER DEVELOPMENT AGREEMENT between DWS and Queen Lili‘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 Chairperson or Vice-Chairperson be authorized to execute the Agreement, subject to review as to form and legality by Corporation Counsel.

9) **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.

1. **MAUNA KEA UPLANDS, PHASE II, WATER SYSTEM DEDICATION**

Grantor/Seller: Mauna Kea Development Corporation

E.W.O. 2006-033

Facilities Charge: *Not Applicable*

Final Inspection Date: 2/25/2009

Water System Cost: \$ 1,565,365.00

A. **DEED (Tank Site)**

TMK: (3) 6-2-001:090, Lot 2-A-2

‘Ouli, Waimea, South Kohala, Island of Hawai‘i, Hawai‘i

B. **GRANT OF EASEMENT**

TMK: (3) 6-2-001:051

Easement W-5 and W-6, and Lot 2-A-1

‘Ouli, Waimea, South Kohala, Island of Hawai‘i, Hawai‘i

C. **BILL OF SALE**

TMK: (3) 6-2-001:090

(3) 6-2-013:020

(3) 6-2-001:051

‘Ouli, Waimea, South Kohala, Island of Hawai‘i, Hawai‘i

2. **GRANT OF NON-EXCLUSIVE EASEMENT (For Water Meter)**

Grantor: Board of Land and Natural Resources

TMK: (3) 2-3-032: Portion 011

Pi‘ihonua, South Hilo, Island of Hawai‘i, Hawai‘i

RECOMMENDATION: It is recommended that the Water Board accepts 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. DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING AND CAPITAL IMPROVEMENT BUDGETS FOR FISCAL YEAR 2011:

Fiscal Year 2011 Operating and C.I.P. Budgets for review and discussion. A Public Hearing is being scheduled to receive testimony on the Department's proposed budgets for FY2011 on March 23, 2010 at 9:30 a.m., before the Board meeting.

C. 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.

D. ENERGY MANAGEMENT ANALYST UPDATE ON LĀLĀMILO WINDFARM:

The following areas will be covered:

1. Site Visit on February 19, 2010
2. DWS letter to HEI

E. 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.

F. 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.

G. 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 \$1.71, as of January 2010. A Public Hearing is being scheduled to receive testimony on the Power Cost Adjustment on March 23, 2010 at 9:45 a.m., before the Board meeting.

H. WATER RATE STUDY:

General and agriculture use water rates update from RW Beck for discussion and action. Approved water rates will be presented at Public Hearings in Kona and Hilo, to be announced.

I. 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. Report on video-conferencing sites and costs
4. Recognition of Retiree

J. CHAIRPERSON'S REPORT:

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

10) ANNOUNCEMENTS:

1. **Next Meeting:**

The next meeting of the Water Board will be held on March 23, 2010, at 10:00 a.m. at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI.

2. **Following Meeting:**

The following meeting of the Water Board will be held on April 27, 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.*