

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

**MEETING DATE:** January 24, 2012  
**TIME:** 10:00 a.m.  
**PLACE:** Department of Water Supply, Operations Center Conf. Rm., 889 Leilani St., Hilo

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- 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 14, 2011, Special Water Board meeting
  - Minutes of the December 20, 2011, regular Water Board meeting
- 4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA  
**(Note: Addendum requires Roll Call Vote)**
- 5) PRESENTATION OF AUDITED FINANCIAL STATEMENTS – JUNE 30, 2011:

Copies of the Department’s Audited Financial Statements for the fiscal year ended June 30, 2011 have been distributed to Board members. Representatives of Accuity LLP, the Department’s independent auditors, will be here to answer any questions Board members may have regarding the report.

6) SOUTH HILO:

A. **VEHICLE BID NO. 2011-05, FURNISHING AND DELIVERING VEHICLES TO THE DEPARTMENT OF WATER SUPPLY:**

Bids for this procurement were opened on January 13, 2012, at 2:00 p.m., and the following are the bid results:

	<b>Part “A”</b>	<b>Inter Pacific Motors, Inc. dba Orchid Isle Auto Center</b>	<b>Cutter CJD, Inc.</b>
1.	ONE (1) ONLY 2012 OR LATER, PASSENGER VAN 2-WHEEL DRIVE		
2.	Total delivery price	\$29,215.72	\$27,503.65
3.	Delivery time (calendar days)	120	90-120
	<b>Part “B”</b>		
1.	ONE (1) ONLY 2012 OR LATER, ½ TON COMPACT EXTENDED CAB PICK-UP, 4-WHEEL DRIVE		
2.	Total delivery price	\$28,967.80	\$31,479.56
3.	Delivery time (calendar days)	30	90-120

Part "C"			
1.	ONE (1) ONLY 2012 OR LATER, 1-TON CREW CAB WITH SERVICE BODY, 4-WHEEL DRIVE		
2.	Total delivery price	\$44,764.73	No Bid
3.	Delivery time (calendar days)	180	

RECOMMENDATION: It is recommended that the Board award VEHICLE BID NO. 2011-05, FURNISHING AND DELIVERING VEHICLES TO THE DEPARTMENT OF WATER SUPPLY, to Inter Pacific Motors, Inc. dba Orchid Isle Auto Center, for Parts B and C, at a cost of \$73,732.53, and to Cutter CJD, Inc. for Part A at a cost of \$27,503.65, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel. The total amount for the vehicles is \$101,236.18.

**B. WATER AGREEMENT BETWEEN HAWAI'I ISLAND COMMUNITY DEVELOPMENT CORPORATION (HICDC) AND DEPARTMENT OF WATER SUPPLY ON PEPE'EKEO LAND:**

*(This Item was deferred from the December 20, 2011, Board meeting.)*

The Hawai'i Island Community Development Corporation (HICDC) is the owner of Tax Map Keys 2-8-007:092 and 093, and is proposing a subdivision of up to 40 lots on these parcels located above the existing Kula'imano Subdivision in Pepe'ekeo. As a non-profit organization, HICDC develops residential lots as part of their affordable housing program.

As a requirement to subdivide their said property, HICDC needs to acquire water commitments for each of the proposed developable lots. In order to assist DWS in making more water available for the system, HICDC is proposing to dedicate a 10,000 s.f. lot to DWS for the purpose of installing booster pump facilities that would improve the system servicing their property. In addition, the DWS will only issue the commitments upon awarding the Kula'imano Production Well project, and will not issue any service to the subdivision until the Kula'imano Production Well project has been completed.

RECOMMENDATION: It is recommended that the Water Board approve the Water Agreement between Hawai'i Island Community Development Corporation (HICDC) and the Water Board, and that either the Chairperson or Vice-Chairperson be authorized to execute the Agreement, subject to approval as to form and legality by Corporation Counsel.

7) HĀMĀKUA:

**A. JOB NO. 2008-945, CONSTRUCTION OF THE ĀHUALOA – HONOKA'A TRANSMISSION WATERLINE – PHASE 1, DISTRICT OF HĀMĀKUA, COUNTY OF HAWAI'I, STATE OF HAWAI'I:**

*(This Item was deferred from the December 20, 2011, Board meeting.)*

This project involves the installation of approximately 19,210 linear feet of 12-inch ductile iron waterline along Old Māmalahoa Highway from the Department's Āhualoa well, with final connection at the Department's De Silva tank site located above Honoka'a town. Tank inlet control valves, a pressure reducing valve station, and miscellaneous electrical work at various tank sites are also part of the scope of work.

Bids for this project were opened on December 15, 2011, at 2:00 p.m., and the following are the bid results:

Bidder	Base Bid Amount	Adjusted Bid Amount* (for purposes of bid award)
Yamada Painting Inc. dba GW Construction	Bid Withdrawn	
Goodfellow Bros., Inc.	\$3,956,110.00	\$3,701,213.50
William C. Loeffler Construction, Inc.	\$3,943,447.00	\$3,914,617.00
Keauhou Kona Construction	\$4,196,195.00	\$3,931,802.28
Isemoto Contracting Co., Ltd.	\$4,196,228.00	\$3,986,416.60
MEI Corporation	\$5,007,835.00	\$4,732,045.25
Jas. W. Glover, Ltd.	\$6,889,184.50	\$6,819,568.50

\*Bids were adjusted to provide credits for use of Hawaii Products, participation in the State Apprenticeship Program, and in accordance with DWS General Requirements and Covenants.

Project Costs:

1) Low Bidder (Goodfellow Bros., Inc.)	\$ 3,956,110.00
2) Construction Contingency (10%)	\$ 395,611.00
<b>Total Cost:</b>	<b><u>\$ 4,351,721.00</u></b>

Funding for this project will be from DWS's C.I.P. Budget. The contractor will have 450 calendar days to complete this project.

RECOMMENDATION: It is recommended that the Board award the contract for JOB NO. 2008-945, CONSTRUCTION OF THE ĀHUALOA – HONOKA‘A TRANSMISSION WATERLINE PHASE 1, DISTRICT OF HĀMĀKUA, COUNTY OF HAWAI‘I, STATE OF HAWAI‘I, to the lowest responsible bidder, Goodfellow Bros., Inc., for their bid amount of \$3,956,110.00, plus \$395,611.00 for construction contingency, for a total contract amount of \$4,351,721.00. 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 of the contract by Corporation Counsel.

**B. JOB NO. 2009-958, ĀHUALOA WELL POWER LINE ACCESS ROADWAY:**

The contractor, William C. Loeffler Construction, Inc., has requested a contract time extension of 52 calendar days, due to rain-out delays and time needed to obtain construction right-of-entry through Department of Hawaiian Home Lands property at the beginning of the project. This is the first time extension request for this project.

RECOMMENDATION: It is recommended that the Board grant this contract time extension of 52 calendar days to William C. Loeffler Construction, Inc., for JOB NO. 2009-958, Ahualoa Well Power Line Access Roadway. If approved, the contract completion date will be extended from January 29, 2012 to March 21, 2012.

**C. JOB NO. 2007-923, ĀHUALOA WELL DEVELOPMENT – PHASE 2 (PRODUCTION WELL AND 1.0 MG RESERVOIR):**

The contractor, Goodfellow Bros., Inc., is requesting a contract time extension for the subject project. This is the fifth time extension request for this project. Information on the previous time extension requests is detailed as follows:

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	8/30/10	2/14/11	168	Delays in receiving drawings from HELCO and changes in electrical design.
2	2/14/11	9/26/11	224	Delays in receiving submittals and review from HELCO for Main Electrical Service Switchgear
3	9/26/11	12/5/11	70	Additional time needed for start-up/testing of Motor Control Center, delays in painting due to moisture, delays in delivery of doors/louvers.
4	12/5/11	1/16/12	42	Additional time needed for DWS technicians, factory representatives, and electricians to complete SCADA work and start-up/testing of the well system.
5	1/16/12	2/16/12	31	<i>Incorrect parts in the motor control center equipment need to be replaced. Start-up/testing must be delayed until correct parts are installed. Additional drainage work needed to prevent washout of access road.</i>
Total Days (including this request)			535	

During the start-up/testing of the motor control center, it was found that parts in the motor starter were under-sized to support the electrical load to the pump motor. Start-up/testing of the system cannot resume until the correctly sized parts are installed.

Recent heavy rains in the Āhualoa area revealed an unknown drainage way that resulted in the washout of a portion of the well access road. DWS has requested that the contractor construct drainage improvements to prevent future washout of the well access road, which can be done concurrently with the above motor control center work.

Staff has reviewed the request and finds that the 31 calendar days are justified.

This project is being funded through the American Recovery and Reinvestment Act of 2009 (ARRA). The requested time extension will not affect ARRA funding for this project.

**RECOMMENDATION:** It is recommended that the Board grant this contract time extension of 31 calendar days to Goodfellow Bros., Inc., for JOB NO. 2007-923, Āhualoa Well Development – Phase 2 (Production Well and 1.0 MG Reservoir). If approved, the contract completion date will be extended from January 16, 2012 to February 16, 2012.

8) NORTH KOHALA:

**A. HALA‘ULA WELL DEVELOPMENT, PHASE 2:**

Background:

The Phase 1 Exploratory Well Development for this project was successfully completed in late 2011. Phase 2 will include the outfitting of a 700 gpm production well and construction of a 0.5 million-gallon Reservoir, with an overflow (O/F) elevation of 810 feet to match the Hāwī 810 Well.

By completing this project and strategically tying this new well source and reservoir to the Hawi system serving the western side of North Kohala, the Hala'ula System and the Hāwī System will each be able to provide a redundant source of supply to the other system. This increase in both source and reliability will allow DWS to improve much-needed water availability to a large segment of North Kohala.

This project was previously listed on the 2011 CIP (i.e., \$3,000,000.00 – State Revolving Funds), but was inadvertently left off of the 2012 CIP list. DWS Engineering is currently estimating a construction cost of \$3,500,000.00 (State Revolving Funds), to include the expected cost of land acquisition and some necessary pipeline work.

The next step is to hire a consultant to begin the engineering design and layout for the proposed facilities while the land acquisition proceeds.

RECOMMENDATION: It is recommended that the Water Board add this item from the 2011 CIP to the 2012 CIP.

9) NORTH KONA:

A. SUNRA WRITE-OFF:

Background:

Sunra Coffee, LLC, (formerly doing business as Royal Hualālai Gardens), was in the business of coffee production and farmland subdivision. Sunra purchased 225 acres in 2002 to develop and subdivide into small coffee farms to sell. Sunra also had 138 acres in the Blue Mountain coffee-growing area of Jamaica. The water account in question was for temporary service located at TMK 7-5-001-044, in Hōlualoa, Hawaii.

Amid hurricane damage to the property in Jamaica and falling real estate values in Hawaii, Sunra filed for Chapter 11 bankruptcy protection on August 21, 2009. On September 14, 2009, DWS received a court order prohibiting the Department from altering or discontinuing service to the Sunra property. At this point, the protected balance was \$14,105.23. DWS opened a second account going forward as the Department was still bound by the court order not to disconnect service.

The second billing on the new account totaling \$25,193.00 went delinquent, and on February 8, 2010, a shut-off notice was sent to the customer. On February 10, 2010, DWS's Kona office spoke to the court-appointed property manager, who said he wanted the meter to remain because of the pumping system in place. Apparently, water was overflowing from the main tank and spilling into a dry well under the tank. The property manager called DWS on February 11, 2010 to say he had closed the valve. On February 18, 2010, the next bill was generated, with a balance on \$29,276.00. DWS received notice of conversion to Chapter 7 bankruptcy on March 15, 2010. The final billing of \$5,668.00, plus late fees, brings the final balance on the second account to \$60,389.90.

The Bankruptcy was forwarded to Corporation Counsel to handle, and Corporation Counsel has filed a Proof of Claim.

RECOMMENDATION: Sunra Coffee, LLC has two accounts that fall under Chapter 7 bankruptcy protection. Because the Department anticipates that this Bankruptcy will be in the courts for many years, the Department is recommending the write-off of \$75,013.08, with the understanding that the Department will reverse any portion collected by Corporation Counsel in the future.

Acct #880-24740-10	\$14,105.23
880-24740-11	\$60,389.90
800-24740-12	<u>\$ 517.95</u> (post-petition balance)
TOTAL:	<b>\$75,013.08</b>

10) 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. **GRANT OF EASEMENT**

(For Water Meter Purposes)

Subdivision Application No. 2011-0001106

No. of Lots: 2

Zoning: A-5a

Grantor: 327 KONA, LLC (Kona View Country Estates Subdivision)

Tax Map Key: (3) 7-4-008: 047 portion

2. **BILL OF SALE**

Honoka'a Well No. 6428-01 Well Improvements

Tax Map Key: (3) 4-5-019: 020

Seller: State of Hawai'i, Board of Land and Natural Resources

Final Inspection Date: 5/11/2011

Water System Cost: \$1,909,926.01

3. **LICENSE NO. 764**

(Non-Exclusive Right) (Benefit (B))

Lālāmilo Offsite Water System and New Lālāmilo 1.0 MG Reservoir

Licensors: State of Hawai'i, Department of Hawaiian Home Lands

Tax Map Key: (3) 6-6-001: 077 portion

Final Inspection Date: *TBA*

Water System Cost: *TBA*

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. **COUNTY OF HAWAII'I LEASE FOR WAIĀKEA OFFICE PLAZA:**

The County of Hawai'i's Departments of Environmental Management and Data Systems have tentatively agreed to lease the lower level of the Department's Waiākea Office Plaza building, pending agreement on a lease. A draft lease has been provided for the Board's review. Key components of the lease include:

- 1) DWS will fund up to \$500,000 for renovations to the space to be leased by the County of Hawai'i ("COH"). DPW will manage the design construction of the renovations. The COH will reimburse DWS over the initial five (5) years of the lease term, along with interest at a rate of 3.47%. (Approximately \$1.02 per sq. ft);
- 2) Lease term is 10 years, with an option for an additional 10 years;
- 3) COH will pay \$0.99 per sq. ft. for Common Area Maintenance (CAM), which will be updated annually;
- 4) COH will commence rental payments of \$0.85 after the renovations are fully reimbursed, but in no event later than five (5) years after the commencement of the lease. The monthly rental rate will be renegotiated every five years.

RECOMMENDATION: The Department recommends approval of the lease with the COH to rent the lower level of the Waiākea Office Plaza.

C. **DISCUSSION REGARDING DRAFT OF PROPOSED RULE CHANGE REGARDING WATER SERVICE TO CONSUMERS/RESPONSIBILITY FOR PAYMENT OF BILLS:**

For discussion.

D. **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:

- Possible approval of DWS's vehicle policy, based on modifications following union comments;
- Decals on DWS vehicles;
- Discussion of DWS's cash handling procedures and proposed changes. Discussion may include a possible switchover to Oahu's billing system.

E. **REPORT OF AD HOC COMMITTEE TO REVISE THE MANAGER-CHIEF ENGINEER'S EVALUATION FORM:**

The Water Board's Chairperson of the Ad Hoc Committee to Revise the Manager-Chief Engineer's Evaluation Form, Mr. Ken Kaneshiro, has been looking at a revised Manager-Chief Engineer Evaluation Form.

At this meeting, the Board will discuss the Committee's report to the Board on its findings.

F. **ENERGY MANAGEMENT ANALYST UPDATE:**

The Energy Management Analyst will provide an update on significant changes or noteworthy areas relating to energy use and the Department's Green Initiatives.

G. **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.

H. **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.

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

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

- 1) Palani Road Transmission Waterline Project
- 2) Hawaiian Ocean View Estates Project
- 3) Water Use and Development Plan update
- 4) Kawaiiani Tank update
- 5) Pu'ukala/Kona Ocean View Properties Subdivision Improvement District Update
- 6) Public Information and Education Specialist Update
- 7) Recognition of Employee of the Quarter

J. **CHAIRPERSON'S REPORT:**

Discussion/decision on 2012 Meeting venues.

K. **SECRETARY-ADMINISTRATIVE ASSISTANT POSITION -- ADMINISTRATIVE SERVICES BRANCH – ADMINISTRATION DIVISION:**

The Department proposes to amend its Table of Organization to reallocate the Secretary-Administrative Assistant Position in the Administrative Services Branch to a Private Secretary position in the Administrative Services Branch, Administration Division.

The Private Secretary position is proposed to have the same salary rating of SR-20 and generally, the duties of the position will remain the same. The change is recommended to allow each Manager-Chief Engineer the ability to appoint a Private Secretary upon appointment to the Manager-Chief Engineer position. Currently, the Secretary-Administrative Assistant position is a civil service position whereby the incumbent remains in the position until he/she chooses to leave, not when the Manager-Chief Engineer leaves.

*(The Board will have received the existing and proposed position organization charts in their packets.)*

**RECOMMENDATION:** It is recommended that the Water Board approve the amendment to the Table of Organization to reallocate the Secretary-Administrative Assistant Position in the Administrative Services Branch to a Private Secretary position in the Administrative Services Branch.

L. **MANAGER-CHIEF ENGINEER RECOMMENDATION OF MR. KEITH OKAMOTO FOR POSITION OF DEPUTY -- CONFIRMATION OF DEPUTY:**

*(This Item was deferred from the December 20, 2011, Board meeting.)*

In a letter dated January 13, 2012, the Manager-Chief Engineer recommended the confirmation of Mr. Keith Okamoto for the position of Deputy. The Water Board will vote on his confirmation.

11) **EXECUTIVE SESSION RE: CONFIRMATION OF DEPUTY:**

The Water Board anticipates convening an executive meeting, closed to the public, pursuant to Hawai'i Revised Statutes, Sections 92-4, 92-5(a)(2), 92-5(a)(4), 92-5(a)(8) and Hawai'i County Charter Section 13-20(b) to discuss and consider Mr. Keith Okamoto for the position of Deputy, where consideration of matters affecting privacy will be involved, to deliberate or make decisions upon matters that require the consideration of information that must be kept confidential pursuant to state or federal law, or a court order, and for the purpose of consulting with the Water Board's attorney on questions and issues pertaining to the Water Board's powers, duties, privileges, immunities and liabilities. A two-thirds vote, pursuant to HRS Section 92-4, is necessary to hold an executive meeting.

12) **ANNOUNCEMENTS:**

1. **Next Regular Meeting:**

The next meeting of the Water Board will be held on February 28, 2012, at the Department of Water Supply, Operations Conference Room, 889 Leilani Street, Hilo, HI.

2. **Following Meeting:**

The following meeting of the Water Board will be held on March 27, 2012, at a venue to be announced.

13) **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 Janet Snyder, Secretary, at 961-8050 as soon as possible, but no later than five days before the scheduled meeting.



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.

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