

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

MEETING DATE: March 27, 2012

TIME: 10:00 a.m.

PLACE: Department of Water Supply, Operations Center Conf. Rm., 889 Leilani St., 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 February 28, 2012, Public Hearing on the Power Cost Charge
 - Minutes of the February 28, 2012, Water Board meeting
- 4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA
(**Note: Addendum requires Roll Call Vote**)
- 5) SOUTH HILO:

A. JOB NO. 2012-980, PANA‘EWA WELL #2 REPAIR:

This project generally consists of the installation of the existing well vertical hollow shaft motor, pump, column pipe, lineshaft, Vesconite bearings and appurtenances.

Bids for this project were opened on March 15, 2012, at 2:30 p.m., and the following are the bid results:

Bidder	Bid Amount
Beylik Drilling & Pump Service, Inc.	\$56,000.00
Derrick’s Well Drilling & Pump Services, LLC	\$54,000.00

Project Costs:

1) Low Bidder (Derrick’s Well Drilling & Pump Services, LLC)	\$ 54,000.00
2) Contingencies	<u>\$ 5,400.00</u>
Total Cost:	<u>\$ 59,400.00</u>

Funding for this project will be from DWS’s C.I.P. Budget under Deepwell Pump Replacement. The contractor will have 120 calendar days to complete this project. The Engineering estimate for this project was \$57,200.00.

RECOMMENDATION: It is recommended that the Board award the contract for JOB NO. 2012-980, PANA‘EWA WELL #2 REPAIR to the lowest responsible bidder, Derrick’s Well Drilling & Pump Services, LLC, for their bid amount of \$54,000.00, plus \$5,400.00 for contingencies, for a total of \$59,400.00. 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 by Corporation Counsel.

6) NORTH KONA:

A. **SECOND AMENDMENT TO WATER AGREEMENT: KOHANAIIK SHORES, LLC, PALAMANUI GLOBAL HOLDINGS, LLC, AND WATER BOARD:**

Kohanaiki Shores, LLC, Palamanui Global Holdings, LLC, and the Water Board and/or their predecessors in interest (“The Parties”) entered into an agreement dated June 15, 1999, relating to the development of water sources in North Kona. A First Amendment to the Water Agreement was entered into on January 11, 2007. Water quality issues have arisen with respect to the water sources that were the subject of this agreement. The parties now wish to enter into a Second Amendment to the Water Agreement that addresses those concerns.

The attorney for Kohanaiki and Palamanui has requested that the matter be deferred to the April 24, 2012, Board meeting.

RECOMMENDATION: It is recommended to defer this matter to the April 24, 2012, Board meeting.

B. **WATER AGREEMENT BETWEEN TRUSTEES OF THE ESTATE OF BERNICE PAUAHI BISHOP (KS) AND KAMEHAMEHA INVESTMENT CORPORATION (KIC) AND THE WATER BOARD REGARDING TMKS:7-8-10:078 AND 7-8-10:004:**

The TRUSTEES OF THE ESTATE OF BERNICE PAUAHI BISHOP (“KS”) and KAMEHAMEHA INVESTMENT CORPORATION (“KIC”) wish to enter into an agreement with the Water Board to allow the re-assignment of water units from Tax Map Keys 7-8-010:078 (291 equivalent units) and 7-8-010:004 (341 equivalent units) to parcels of land now or hereafter owned by KS, by KIC, or by any partially or wholly-owned subsidiary of KS or KIC within the Keauhou Resort Development Area. These units have been fully paid for, and can be used without any further facilities charge requirements. Re-assignment of these units would be subject to Water Board approval.

RECOMMENDATION: It is recommended that Water Board approve the subject agreement between KS, KIC, and the Water Board, and that the either the Chairperson or Vice-Chairperson be authorized to execute the agreement, subject to review as to form and legality by Corporation Counsel.

C. **WELL DEVELOPMENT AGREEMENT (KEAUHOU RESORT DEVELOPMENT AREA) WITH TRUSTEES OF BERNICE PAUAHI BISHOP (KS), KAMEHAMEHA INVESTMENT CORPORATION (KIC) AND THE WATER BOARD REGARDING THE KEAUHOU-KAMEHAMEHA WELLS:**

The TRUSTEES OF THE ESTATE OF BERNICE PAUAHI BISHOP (“KS”) and KAMEHAMEHA INVESTMENT CORPORATION (“KIC”) wish to enter into an agreement with the Water Board, to develop one of KIC’s wells that have been previously drilled and tested, and has similar properties to our other high level aquifers. This agreement would allow DWS to outfit the well and receive two thirds (2/3) of the well’s capacity and KS/KIC would receive one third (1/3) of the capacity. It is anticipated that a 1.5 MGD pump will be installed, and therefore, DWS will be receiving 1 MGD, and KS/KIC will receive 0.5 MGD for use on lands now or hereafter owned by KS, by KIC, or by any partially or wholly-owned subsidiary of KS or KIC within the Keauhou Resort Development Area. These units (approximately 800 units) are subject to prevailing facilities charges at the time they will be used.

Should this subject agreement be executed, the 1983 Agreement between KIC and the Water Board will be extinguished, and there will be no further obligations by either party under such agreement. There

are 1,504 units outstanding on the 1983 Agreement that have not been issued, and that will be forfeited under this new agreement.

RECOMMENDATION: It is recommended that Water Board approve the subject agreement between KS, KIC, and the Water Board, and that either the Chairperson or Vice-Chairperson be authorized to execute the agreement subject to review as to form and legality by Corporation Counsel.

D. **DUE DILIGENCE WORK RE: KS/KIC'S KEAUHOU-KAMEHAMEHA WELL 2/WELL SITE/TANK SITE AND WELL/STORAGE TANK SEGMENT AREA AS OUTLINED IN THE KS/KIC/WATER BOARD WELL DEVELOPMENT AGREEMENT:**

The Department is intending to hire the professional services necessary to perform the due diligence as specified in the Agreement regarding the Keauhou-Kamehameha 2 Well, should the Agreement be approved by the Board. Specifically, a hydrologist would analyze the existing condition of the well, including, but not limited to, the quality and quantity of water available, as well as the construction of the completed exploratory well (plumbness and alignment). The hydrologist would also review the well completion report to determine the feasibility of outfitting the well, to turn it into a production well.

Funds for this agreement would be from DWS's C.I.P. list, under "Miscellaneous" agreements.

RECOMMENDATION: It is recommended that the Board approve a due diligence study, and allow the Department to enter into a professional services agreement as described above. The study would be funded under the FY 2012 C.I.P. budget.

7) 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. **LICENSE NO. 764**

(This item was deferred from the February 28, 2012 Board meeting.)

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

Lālāmilo Offsite Water Systems 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*

2. **GRANT OF EASEMENT**

(For Fire Hydrant Purposes)

Grantor: Larry McCabe and Wane McCabe

Tax Map Key: (3) 7-4-009: 109 portion

3. **GRANT OF EASEMENT**

(For Water Meter Purposes)

Grantor: Hugh Hazard Willocks

Tax Map Key: (3) 2-5-040: 032 portion

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. DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING BUDGET FOR FISCAL YEAR 2013 AND 5-YEAR CAPITAL IMPROVEMENT BUDGET FOR FISCAL YEARS 2013-2017:

FY 2013 Operating revenues were computed based on a 3.53% decline in consumption to 8.2 billion gallons, along with a 2.2% increase in water rates that were determined in a rate study by RW Beck. Salaries expense was reduced 4.6% for 1-day furloughs in effect through FY 2013. Salaries were included for 165 employees and 18 vacant positions.

The C.I.P. budget is presented in a new 5-year format in order to give a clearer picture of where and what our infrastructure needs are.

A public hearing on the proposed Operating Budget for FY 2013 and 5-Year Capital Improvement Budget for Fiscal Years 2013-2017 was held just prior to today's regular Water Board meeting.

RECOMMENDATION: It is recommended that the Water Board approve the Department's FY 2013 Operating budget and 5-year C.I.P. budgets for Fiscal Years 2013-2017 on this second of two readings.

C. AGREEMENT WITH STATE DEPARTMENT OF HEALTH FOR A WELLHEAD (SOURCE WATER) PROTECTION GRANT:

The State Department of Health – Safe Drinking Water Branch is proposing to give the Department of Water Supply (DWS) a grant of \$200,000.00 over a two-year period to be used for development and implementation of a Wellhead (Source Water) Protection program. In the first year of the grant, DWS's intention is to develop a public outreach and information program to educate the public, (i.e., business owners, residents and visitors), on the importance of protecting the water quality of Hawaii Island's source waters. The second year of the grant will focus on the implementation of the program. Past experience has shown that protection of the water quality of source water provides consumers with higher quality water, with a lower treatment cost over the long term.

RECOMMENDATION: It is recommended that the Board approve this agreement with the State Department of Health. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the agreement, subject to review as to form and legality by Corporation Counsel.

D. COMMUNICATION DATED MARCH 15, 2012 FROM DEPARTMENT OF ENVIRONMENTAL MANAGEMENT TO DEPARTMENT OF WATER SUPPLY RE: 1) DISCONTINUANCE OF WATER SERVICE FOR NON-PAYMENT OF SEWER CHARGES AND 2) COMBINING WATER AND SEWER BILLS:

For discussion.

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

For discussion.

F. 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:

- Discussion of DWS's cash handling procedures and proposed changes. Discussion may include a possible switchover to Oahu's billing system.

G. DISCUSSION REGARDING WATER BOARD'S 2012-2013 GOALS FOR THE ADMINISTRATION:

For discussion.

H. 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.

I. 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.

J. 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.

K. 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) HELCO/Āhualoa update
- 4) Kawaiāni Tank update
- 5) Pu'ukala/Kona Ocean View Properties Subdivision Improvement District Update
- 6) Update on Delinquencies
- 7) Timeline for completing Strategic and Business Plans
- 8) Kona Water Roundtable
- 9) Public Information and Education Specialist Update

L. CHAIRPERSON'S REPORT:

Chairperson will raise issues of interest to the Board, including possibly future venues for Board meetings this year.

8) CONTESTED CASE HEARING (NOTICED FOR 11:30 A.M.):

A. WATER SERVICE ACCOUNT NO. 83088290-10 (TMK 6-2-009:020):

The above Contested Case Hearing is to take place in accordance with Chapter 91 of the Hawai'i Revised Statutes and Rule 2-5 of the Rules and Regulations of the Department of Water Supply.

The issues involved in the above-referenced hearing will be Ms. Maia Wasowski's appeal of the amounts shown due and owing on account #83088290-10 and consequently, the appeal of the shut-off notice dated January 18, 2012, for failure to pay said amount.

This hearing is being set pursuant to Ms. Wasowski's written request of January 27, 2012.

9) ANNOUNCEMENTS:

1. **Next Regular Meeting:**

The next meeting of the Water Board will be held on April 24, 2012, at the West Hawai'i Civic Center, Building G, 74-5044 Ane Keohokalole Highway, Kailua-Kona, HI.

2. **Following Meeting:**

The following meeting of the Water Board will be held on May 22, 2012, at Department of Water Supply, Operations Conference Room, 889 Leilani Street, Hilo, HI.

10) 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.