

**DEPARTMENT OF WATER SUPPLY
COUNTY OF HAWAII
WATER BOARD MEETING**

MEETING DATE: April 23, 2013
TIME: 10:00 a.m.
PLACE: Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, 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 March 19, 2013, Public Hearing on the Proposed Operating Budget and Capital Improvements Budget for the Fiscal Year July 1, 2013 to June 30, 2014
 - Minutes of the March 19, 2013, regular Water Board meeting
- 4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA
 (Note: Addendum requires Roll Call Vote)
- 5) SOUTH KOHALA:

A. JOB NO. 2013-986, PARKER RANCH DEEPWELL REPAIR:

This project generally consists of the replacement of the existing deep well submersible motor, pump, power cable, column pipe and appurtenances and chlorination of the well and pumping assembly, in accordance with the plans and specifications.

Bids for this project were opened on April 11, 2013, at 2:30 p.m., and the following are the bid results:

Bidder	Bid Amount
Beylik Drilling and Pump Service, Inc.	\$264,423.00
Derrick’s Well Drilling and Pump Services, LLC	\$239,000.00

Project Costs:

1) Low Bidder (Derrick’s Well Drilling and Pump Services, LLC.)	\$ 239,000.00
2) Contingencies (10%)	\$ 23,900.00
Total Cost:	<u>\$ 262,900.00</u>

Funding for this project will be from DWS’s CIP Budget. The contractor will have 180 calendar days to complete this project. The Engineering estimate for this project was \$285,000.00.

RECOMMENDATION: It is recommended that the Board award the contract for JOB NO. 2013-986, PARKER RANCH DEEPWELL REPAIR, to the lowest responsible bidder, Derrick’s Well Drilling and Pump Services, LLC, for their bid amount of \$239,000.00 plus \$23,900.00 for contingencies, for a total contract amount of **\$262,900.00**. 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.

B. WATER AGREEMENT BETWEEN DEPARTMENT OF HAWAIIAN HOMELANDS AND WATER BOARD RE: LALAMILO AND PU‘UKAPU HOMESTEAD SUBDIVISIONS:

The Department of Hawaiian Home Lands (DHHL) is requesting to enter into an agreement with the Water Board, as DHHL requires potable water for their Lālāmilo and Pu‘ukapu Homestead subdivisions. The Department of Land and Natural Resources (DLNR) completed the drilling, casing and testing of the Waimea Exploratory Well in 1999. In 2003, DHHL requested an allocation of water from this well for the subdivisions. However, plans to complete the development of the well were put on hold. In 2004, the Department of Water Supply (DWS), with DLNR’s concurrence, assumed the responsibility of developing the well.

With the dedication of DLNR’s initial improvements, DLNR allocated 300 units of water to DHHL through an Inter-Governmental Agreement. As this well was intended to supply water for DHHL subdivisions, this agreement will allow DHHL to secure 441 additional units of water beyond the 300 units initially allocated.

Staff has reviewed the agreement and finds it acceptable.

RECOMMENDATION: It is recommended that the Board approve the agreement subject to the approval of the Corporation Counsel, and that either the Chairman or the Vice-Chairman be authorized to sign the documents.

6) NORTH KONA:

A. PALAMANUI CONSTRUCTION RIGHT-OF-ENTRY:

The developer, Palamanui Global Holdings LLC (Palamanui), is requesting a construction right-of-entry to construct improvements on lands under the control of the Water Board. The improvements are required to complete their obligation under the Water Agreement dated June 15, 1999, and as amended by the First Amendment dated January 21, 2007.

RECOMMENDATION: It is recommended that the Board approve the construction right-of-entry document subject to the approval of the Corporation Counsel, and that either the Chairman or the Vice-Chairman be authorized to sign the documents.

B. QUEEN KA‘AHUMANU HIGHWAY WIDENING – PHASE 2 PROJECT UPDATE:

The State Department of Transportation, Highways Division (DOT) has submitted a letter requesting the participation by the Department of Water Supply (DWS) to fund an additional \$195,865.00 for the redesign of a portion of the Queen Ka‘ahumanu Highway Widening – Phase 2 project by May 15, 2013, as well as an estimated amount of \$200,000.00 for added construction costs based on the redesign.

The letter reiterates the importance of meeting their deadline, so as to not affect the contract schedule any further. There is an existing Memorandum of Agreement (MOA) that was entered into between DWS and DOT in the amount of \$3,744,000.00, but this additional work is considered to be over and beyond that original scope, due to DOT’s directive to re-align a portion of the highway to avoid archeological sites.

It is the Department’s understanding that our commitment to fund the redesign is needed, or else the proposed water system will be removed from the contract. The Department has been in discussion with DOT regarding this matter, and this matter is being placed on the Agenda for discussion and possible action.

7) MISCELLANEOUS:

A. DEDICATION OF WATER SYSTEMS:

The Department has 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 AND BILL OF SALE**

SKC Kapaa Subdivision No. 2006-000483
Grantor/Seller: Surety Kohala Corporation
Tax Map Key: (3) 5-4-003: 002 Portion
No. of Lots: 7 Zoning: A-20A
Facilities Charge: *Not Applicable due to Sec.23-7*
Final Inspection Date: 03/18/2013
Water System Cost: \$16,968.00

2. **GRANT OF EASEMENT AND BILL OF SALE**

Punahoa Mauka Subdivision (No. 2006-000404)
Grantor/Seller: Akalea, LLC
Tax Map Key: (3) 2-5-008: 024 Portion
No. of Lots: 39 Zoning: A-1a
Facilities Charge: \$199,190.00 Date Paid: 4/13/2010
Final Inspection Date: 3/06/2013
Water System Cost: \$597,123.00

3. **BILL OF SALE**

Taka Ranch Subdivision (No. 2008-000718)
Seller: Yamani, LLC
Tax Map Key: (3) 4-7-007: 049
No. of Lots: 4 Zoning: A-40a
Facilities Charge: \$17,240.00 Date Paid: 3/08/2013
Final Inspection Date: 1/29/2013
Water System Cost: \$152,870.00

RECOMMENDATION: It is recommended that the Water Board accepts these documents subject to the approval of the Corporation Counsel, and that either the Chairman or the Vice-Chairman be authorized to sign the documents.

B. DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING BUDGET FOR FISCAL YEAR 2014 AND 5-YEAR CAPITAL IMPROVEMENT BUDGET FOR FISCAL YEARS 2014-2018:

(This Item was deferred at the March 19, 2013, Water Board meeting.)

FY 2014 Operating revenues were computed based on a 3.3% consumption increase, plus a 4.3% increase in water rates that were determined in a rate study by RW Beck. The Department's largest expense remains purchased power totaling \$23,600,000 for the year. Salaries totaling \$9,442,500 were not adjusted for furloughs or pay increases, and include 189 positions, 23 of which are currently vacant, and 6 of which are new.

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

RECOMMENDATION: It is recommended that the Water Board approve the Department's FY 2014 Operating budget and 5-year C.I.P. budgets for Fiscal Years 2014-2018 on this second of two readings. A public hearing on the proposed Operating Budget for FY 2014 and 5-Year Capital Improvement Budget for Fiscal Years 2014-2018 was held on March 19, 2013.

C. **RENEWAL OF CONTRACT FOR MAINTENANCE AGREEMENT – SOUTH KOHALA, HĀMĀKUA, AND LAUPĀHOEHOE SITES (BRANTLEY CENTER, INC.):**

Brantley Center, Inc., presently has a Maintenance Agreement for site maintenance for the Department's South Kohala, Hāmākua, and Laupāhoehoe tank and pump sites. They are requesting to renew the Agreement from July 1, 2013 to June 30, 2014. The new rates would be as follows:

South Kohala --	\$3,993.04/month x 12 months = \$47,916.48
Hāmākua --	\$2,676.51/month x 12 months = \$32,118.12
Laupāhoehoe --	\$671.35/month x 12 months = \$8,056.20
Total:	<u>\$88,090.80</u>

The Department has the right to award the contract to Brantley Center, Inc., without advertising or calling for bids, according to Hawai'i Revised Statutes Section 103D-1010. Brantley Center, Inc., has submitted the necessary documents to meet the requirements as a qualified rehabilitation facility.

The proposed Agreement includes a 2.5% increase from their last contract for FY2012-2013.

Brantley Center's performance has been satisfactory, and the costs are reasonable. A total of 41 sites are covered by this agreement.

RECOMMENDATION: It is recommended that the Board award the contract for the RENEWAL OF CONTRACT FOR MAINTENANCE AGREEMENT – SOUTH KOHALA, HĀMĀKUA, AND LAUPĀHOEHOE SITES (BRANTLEY CENTER, INC.) to Brantley Center, Inc., for a period from July 1, 2013 to June 30, 2014 at a total cost of \$88,090.80, and that either the Chairperson or the Vice-Chairperson be authorized to sign the documents, subject to approval by Corporation Counsel.

D. **AD HOC FINANCE COMMITTEE REPORT:**

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.

E. **MANAGER-CHIEF ENGINEER'S QUARTERLY UPDATE:**

Report on the first quarter of 2013 by the Manager-Chief Engineer, with discussion.

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) Kawaiiani Tank update
- 2) Pu'ukala/Kona Ocean View Properties Subdivision Improvement District Update
- 3) Ocean View Well Repair Update
- 4) Public Information and Education Specialist Update
- 5) Recognition of Employee of the Quarter

J. **CHAIRPERSON'S REPORT:**

Chairperson will raise issues of interest to the Board.

8) **EXECUTIVE SESSION RE: JOB NO. 2011-972: DESIGN-BUILD-OWN-OPERATE AND MAINTAIN THE LĀLĀMILO WIND FARM REPOWERING PROJECT, DISTRICT OF SOUTH KOHALA:**

The Water Board anticipates convening an executive meeting, closed to the public, pursuant to Hawai'i Revised Statutes, Sections 92-4, 92-5(a)(4), and 92-5(a)(8) 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, and to deliberate or make a decision upon a matter that requires the consideration of information that must be kept confidential pursuant to a state law. A two-thirds vote, pursuant to HRS Section 92-4, is necessary to hold an executive meeting. The Evaluation Committee will present its findings to the Water Board regarding its evaluation of the Offerors on this project.

9) **JOB NO. 2011-972: DESIGN-BUILD-OWN-OPERATE AND MAINTAIN THE LĀLĀMILO WIND FARM REPOWERING PROJECT, DISTRICT OF SOUTH KOHALA:**

The Water Board will make a decision regarding selection of the Offeror of this project.

10) **ANNOUNCEMENTS:**

1. **Next Regular Meeting:**

The next meeting of the Water Board will be held at 10:00 a.m. on May 28, 2013, at the West Hawai'i Civic Center, Bldg. G, 74-5044 Ane Keohokalole Hwy, Kailua-Kona, HI.

2. **Following Meeting:**

The following meeting of the Water Board will be held at 10:00 a.m. on June 25, 2013, at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI.

11) **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.