

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

**MEETING DATE:** July 23, 2013

**TIME:** 10:00 a.m.

**PLACE:** Department of Water Supply, Operations Center Conference Room. 889 Leilani Street, Hilo, HI

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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 June 25, 2013, Water Board meeting

4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA  
(**Note: Addendum requires Roll Call Vote**)

5) NORTH KOHALA:

**A. ABANDONMENT OF PROPERTY IN AS-IS CONDITION VIA QUITCLAIM DEED OF LOT 9-B (TMK (3) 5-3-001-008); LOT 10-B (TMK (3) 5-3-001-009 ) AND LOT 10-C (TMK (3) 5-3-001-010), ALONG WITH TERMINATION OF CERTAIN PIPELINE EASEMENTS AND ABANDONMENT OF WATERLINES THROUGH TMKS (3) 5-3-001-011 AND (3) 5-3-001-002, FROM WATER BOARD TO NEW MOON FOUNDATION:**

In 1971, the Kohala Sugar Company conveyed certain property, including easements for water lines and the water lines themselves, to the Water Board (formerly known as the Water Commission). The deed provided that if the Department of Water Supply (DWS) did not use the property and easements conveyed for public water supply purposes for two years, then such property and easements would revert to the Grantor. DWS has not used the sites or easements for more than two years. The New Moon Foundation is now the owner of the underlying and surrounding property, and has requested documentation which conveys the property back to it as the current property owner.

RECOMMENDATION: It is recommended that the Board approve the Quitclaim Deed, subject to the approval of the Corporation Counsel and that either the Chairperson or the Vice-Chairperson be authorized to sign the document.

6) NORTH KONA:

**A. 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 DWS's 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.

**B. AMENDED AND RESTATED WATER AGREEMENT BETWEEN PALAMANUI GLOBAL HOLDINGS, LLC AND THE WATER BOARD:**

Palamanui Global Holdings LLC is proposing to amend and restate an agreement for the provision of water to its property in the North Kona area. The original agreement was entered into on June 15, 1999 between K-W Kau, LLC, K-W Kohanaiki, LLC and the Water Commission (now known as the Water Board). The 1999 agreement was subsequently amended on January 11, 2007, and was between the subsequent property owners, Hiluhilu Development, LLC and Kohanaiki Shores, LLC, and the Water Board.

On May 10, 2013, Kohanaiki Shores LLC entered into an assignment and assumption agreement with Palamanui Global Holdings LLC, which essentially assigned all its rights, liabilities, duties, commitments and obligations to Palamanui Global Holdings, LLC as the successor in interest to Hiluhilu Development LLC. This Amended and Restated Water Agreement provides for the development, construction and dedication of a water system to the Department of Water Supply, in exchange for water commitments.

**RECOMMENDATION:** It is recommended that the Water Board approve the AMENDED AND RESTATED WATER AGREEMENT BETWEEN PALAMANUI GLOBAL HOLDINGS, LLC AND THE WATER BOARD, subject to the approval of the Corporation Counsel and that either the Chairperson or the Vice-Chairperson be authorized to sign the document.

**C. KALOKO HEIGHTS WATER COMMITMENT DEPOSIT ISSUE:**

Carlsmith Ball LLP, representing the developer, RCFC Kaloko Heights Associates LLC (RCFC), is requesting to do a presentation regarding the water commitment deposit for the development and the facilities charge balance. They currently have 1,494 commitments that will expire on June 30, 2014.

They have been extending their commitments annually; however, they would like to present options for RCFC for discussion because the facilities charge balance is currently \$0. The commitment deposits are normally credited towards the facilities charge, and typically, there is a balance to be paid off at the end of the project.

For discussion.

**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. GRANT OF EASEMENT AND BILL OF SALE**  
Kamakana Village, Phase 1-A  
Subd. Appl. No. 2011-001105

Grantor/Seller: FHT Kamakana, LLC  
Tax Map Key: (3) 7-4-021:026, 035-040, 044  
Zoning: A-5a, RS-15  
No. of Lots: 6  
Facilities Charge: \$93,500.00                      Date Paid: 12/08/2011  
Final Inspection Date: 07/02/2013  
Water System Cost: \$411,900.00

*Note: The developer is requesting modifications to the Department's standard form (Grant of Easement And Bill of Sale) document. For possible discussion.*

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

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

**C. DISCUSSION/DECISION REGARDING WHETHER THE BOARD WILL ADVOCATE FOR LEGISLATION REGARDING THE PLACEMENT OF LIENS ON REAL PROPERTY FOR NON-PAYMENT OF WATER BILLS:**

The Board will discuss and decide whether it would like to advocate for legislation which would allow the placement of an automatic lien on property for non-payment of water bills.

**D. FORMATION OF AD HOC COMMITTEE PURSUANT TO HRS SECTION 92-2.5(B) TO PRESENT, DISCUSS AND/OR NEGOTIATE FOR LEGISLATION REGARDING THE PLACEMENT OF SUCH LIENS ON REAL PROPERTY FOR NON-PAYMENT OF WATER BILLS:**

If the Board adopts the position that it would like to advocate for legislation which would allow the placement of an automatic lien on property for non-payment of water bills, the Board may assign two or more members of the Board, but fewer than the number of members which would constitute a quorum, to present, discuss, and/or negotiate for such legislation with any necessary person including, but not limited to, any water or wastewater department or division of any county, and/or with any legislators in the State of Hawai'i.

**E. DISCUSSION REGARDING HOLDING A PROPERTY OWNER RESPONSIBLE FOR ALL WATER SERVICE TO SUCH PROPERTY:**

The Board will discuss whether it will revise the Department of Water Supply Rules and Regulations to hold a property owner responsible for any water bill for water service to such property, whether or not the property owner resides on the property; and that no water service will be granted to such property until all such delinquencies are paid or other agreement is reached.

**F. 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.

**G. 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.

**H. 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.

**I. 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.

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

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

- 1) Kawaihoniiki Tank update
- 2) Pu'ukala/Kona Ocean View Properties Subdivision Improvement District Update
- 3) Waikoloa Reservoir No. 1 Update
- 4) Parker Well Repairs Update
- 5) Public Information and Education Specialist Update
- 6) Recognition of Employee of the Quarter

**K. CHAIRPERSON'S REPORT:**

Chairperson will raise issues of interest to the Board.

8) **ANNOUNCEMENTS:**

1. **Next Regular Meeting:**

The next meeting of the Water Board will be held at 10:00 a.m. on August 27, 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 September 24, 2013 at the Department of Water Supply, Operations Center 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.