

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

MEETING DATE: February 25, 2014

TIME: 10:00 a.m.

PLACE: West Hawai‘i Civic Center, Community Center, Building G, 74-5044 Ane Keohokalole Hwy, Kailua-Kona, 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 January 28, 2014, Water Board meeting

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

5) SOUTH HILO:

A. **VEHICLE BID NO. 2013-11, FURNISHING AND DELIVERING VEHICLES TO THE DEPARTMENT OF WATER SUPPLY:**

Bids were opened on February 18, 2014, at 2:00 p.m., and the bid results will be reported at the meeting.

B. **PROPOSED OLA‘A FLUME SPRING AND TUNNEL PROJECT:**

The Hawai‘i Conference Foundation is proposing a project with the Department of Water Supply to reinstate gravity water service from the Ola‘a Flume Spring and Tunnel.

The Hawai‘i Conference Foundation requested to be placed on the Water Board's Agenda to do a presentation regarding their proposal, with discussion.

C. **PĀPA‘IKOU TRANSITE AND G.I. PIPELINE REPLACEMENT**

Kahuku Development Foundation, Inc. (KDF), a non-profit development company has obtained a USDA Rural Utilities Service (USDA RUS) loan of \$4,105,000.00 and grant of \$3,470,000.00 to finance and construct the Papaikou Transite and G.I. Pipeline Replacement project, subject to certain conditions.

In their Letter of Conditions to KDF, the USDA RUS is requiring KDF to enter into certain agreements with the Department of Water Supply (DWS). DWS would enter into the following agreements to lease the system, until the loan is paid back. DWS would subsequently become the owner of the improvements. The stipulated agreements are as follows:

1. Memorandum of Understanding Between Kahuku Development Foundation, Inc. and Water Board of the County of Hawai‘i
2. Project Agreement Between Kahuku Development Foundation, Inc. and Water Board of the County of Hawai‘i

3. Operations and Maintenance Agreement Between Kahuku Development Foundation, Inc. and Water Board of the County of Hawai'i
4. Lease Between Kahuku Development Foundation, Inc. and Water Board of the County of Hawai'i
5. License Agreement

Staff has reviewed the proposed documents and finds it acceptable.

RECOMMENDATION: It is recommended that the Water Board accept these documents subject to the approval of the Corporation Counsel as to form and legality, and that either the Chairperson or the Vice-Chairperson be authorized to sign the documents.

6) SOUTH KOHALA:

A. **JOB NO. 2013-1002, WAIMEA WATER TREATMENT PLANT FLOCCULATION DRIVE REPAIR:**

This project generally consists of the repair of four (4) flocculation drive systems, which include the gearboxes, mechanical seals, drive shafts, bearings and appurtenances, in accordance with the plans and specifications.

Bids for this project were opened on February 6, 2014, at 2:00 p.m., and the following are the bid results:

Bidder	Bid Amount
Aloha Machine and Welding, Ltd.	Non-Responsive

RECOMMENDATION: It is recommended that the Board not award the contract for JOB NO. 2013-1002, WAIMEA WATER TREATMENT PLANT FLOCCULATION DRIVE REPAIR, due to no qualified bids received. Staff will seek alternate methods of procurement, in accordance with procurement rules.

B. **REQUEST TO CONSENT FOR ASSIGNMENT AND TRANSFER OF WATER UNITS MAUNA KEA PROPERTIES, INC.:**

Mauna Kea Properties, Inc. (MKP), MK Parcel F, LLC (Parcel F LLC), and One Puako Bay Associates, LLC (One Puako LLC) requests DWS consent to allow One Puako LLC to receive and assignment of 11 water units from MKP's allocation from the Parker Wells 3 and 4 Tri-Party Agreement dated April 6, 2006.

Parcel F LLC and One Puako LLC have shared ownership and are under the management of the same individual, Kevin J. Hayes. Parcel F LLC will limit their development to 74 units of water or 40 residential units, whichever results in the lesser units of water. The original estimate for water assignment to Parcel F LLC was 102 water units.

Although One Puako LLC is not in the development area as defined in the Tri-Party Agreement, it is being served by the same system that provides MKP's allocation of water from the Tri-Party Agreement.

Staff has reviewed the proposal and finds it acceptable.

RECOMMENDATION: It is recommended that the Water Board accept the consent document subject to the approval of the Corporation Counsel as to form and legality, and that either the Chairperson or the Vice-Chairperson be authorized to sign the documents.

7) NORTH KONA:

A. NATIONAL PARKS SERVICE PRESENTATION ON ITS PETITION TO DESIGNATE KEAUHOU AQUIFER SYSTEM AREA AS A GROUND WATER MANAGEMENT AREA:

Mr. Jeff Zimpfer of the National Parks Service will provide a presentation on the National Parks Service's petition to designate Keauhou Aquifer System as a Ground Water Management Area.

B. FIFTH AMENDMENT OF WATER FACILITIES AGREEMENT KONA SEASCAPE DEVELOPMENT, LLC AND KUKUI DEVELOPMENT, LLC:

Subject to the terms of the Kona Seascape Development, LLC ("Seascape") Water Facilities Agreement ("Agreement") of October 28, 2008 and the four subsequent amendments (Amendments) to the Agreement, Seascape and Kukui Development, LLC ("Kukui") fulfilled their obligation by completing the reservoir and related improvements ("Improvements") plans and specifications.

Subject to the completion of the construction of the Improvements, Seascape and Kukui will receive 204 equivalent units (of water) to develop 194 residential units. Based on DWS' current timeframe to complete the Improvements, Seascape and Kukui propose to purchase and deliver a spare pump and motor meeting the specifications of DWS' Hualālai Deepwell, in order to utilize the 204 units ahead of the completion of the Improvements. Should DWS not agree to the proposed offer, Seascape and Kukui will have to wait until DWS completes the Improvements and then be able to utilize the 204 units with no further obligation.

As mentioned, the spare pump and motor will serve as a back-up to the Hualālai Deepwell, which serves the system that will service the Seascape and Kukui developments. As the Kalaoa Well is now capable of pumping 700 gallons per minute (gpm) into the existing 0.3 MG Reservoir, the spare pump and motor will minimize the down time and subsequent stress on the rest of the system that may occur should the existing Hualālai Deepwell fail.

Staff has reviewed the proposal and finds it acceptable.

RECOMMENDATION: It is recommended that the Water Board accept these documents subject to the approval of the Corporation Counsel as to form and legality, and that either the Chairperson or the Vice-Chairperson be authorized to sign the documents.

8) 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. **FIRST AMENDMENT TO LICENSE EASEMENT NO. 423**
"Puukapu Hybrid Water System"
Licensor: State of Hawai'i Department of Hawaiian Home Lands
Tax Map Key: (3) 6-4-001: 032-038, 041-045, 051, 053 and 054
Facilities Charge: \$849,420.00 Date Paid: 07/10/2013
Final Inspection Date: 02/10/2014
Water System Cost: \$55,030.00

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. REQUEST FOR A PUBLIC HEARING FOR THE DEPARTMENT'S OPERATING AND CAPITAL IMPROVEMENT BUDGETS FOR FISCAL YEAR 2015:

The Department's FY2015 Operating and CIP Budgets totaling \$52,188,000.00 and \$32,155,000.00, respectively, have been distributed for the Board's review. Operating revenues include a 2.7% rate increase provided for by the 2010 RW Beck rate study. Consumption is not expected to change from estimates for the current year. Power costs are estimated at \$23,000,000.00, and salaries include increases based on negotiated bargaining unit contracts.

RECOMMENDATION: It is recommended that a public hearing be held on Tuesday, March 25, 2014 at 9:45a.m., prior to the Water Board's regular meeting, to accept public testimony regarding the Department's FY2015 Operating and Capital Improvement Budgets.

C. AD HOC COMMITTEE REPORT ON STATUS OF SB 3094 REGARDING THE PLACEMENT OF AUTOMATIC LIENS ON PROPERTY FOR WATER AND WASTEWATER DELINQUENCIES:

The Ad Hoc Committee will report on the progress of SB 3094 and upcoming hearings.

D. 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.

E. 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.

F. MANAGER-CHIEF ENGINEER'S REPORT:

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

- 1) Pu'ukala/Kona Ocean View Properties Subdivision Improvement District Update
- 2) Waikoloa Reservoir No. 1 Update
- 3) Kawaihoni Tank Update
- 4) Queen Ka'ahumanu Highway Widening -- Phase II Project Update
- 5) Energy Management Analyst Update
- 6) Public Information and Education Specialist Update

G. MANAGER-CHIEF ENGINEER'S QUARTERLY UPDATE:

(Deferred from the January 28, 2014, Board meeting.)

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

H. MANAGER-CHIEF ENGINEER'S COMPENSATION:

Mr. David Greenwell was tasked by Chairperson Ken Kaneshiro with gathering salary information, to enable the Board to review and decide on compensation for the Manager-Chief

Engineer and the Deputy. Discussion/Action on salary for the Manager-Chief Engineer and the Deputy.

I. **EXECUTIVE SESSION REGARDING THE MANAGER-CHIEF ENGINEER'S COMPENSATION:**

The Board anticipates convening an executive meeting, closed to the public, to consider the evaluation of the Manager-Chief Engineer, as authorized by Hawai'i Revised Statutes Sections 92-4 and 92-5(a)(2) , 92-5(a)(4) and Hawai'i County Charter section 13-20(b) where consideration of matters affecting privacy will be involved, and/or 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.

J. **CHAIRPERSON'S REPORT:**

The Chairperson will report on matters of interest to the Board.

9) **ANNOUNCEMENTS:**

1. **Next Regular Meeting:**

The next meeting of the Water Board will be held at 10:00 a.m. on March 25, 2014, 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 is scheduled for April 22, 2014 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.