

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

MEETING DATE: March 25, 2014

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 February 25, 2014, Water Board meeting
 - 4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA
(**Note: Addendum requires Roll Call Vote**)
 - 5) SOUTH HILO:
 - A. **JOB NO. 2014-1004, WAIĀKEA OFFICE PLAZA LANDSCAPE IMPROVEMENTS, PHASE I:**

Bids for this project were opened on March 20, 2014 at 2:00 p.m., and the results will be reported at the meeting.
 - 6) NORTH KOHALA:
 - A. **PRESENTATION REGARDING WATER METER AVAILABILITY IN NORTH KOHALA:**

Mr. Shiro Takata, a resident of North Kohala, will make a presentation regarding water meter availability in his area.
 - 7) SOUTH KOHALA:
 - A. **SUBLEASE BETWEEN THE DEPARTMENT OF WATER SUPPLY AND LĀLĀMILO WIND COMPANY, LLC, FOR 44.5 ACRES OF LAND AT LĀLĀMILO, SOUTH KOHALA, HAWAI'I FOR A WIND FARM:**

The Water Board and Site Constructors, Inc., entered into a Renewable Energy Service and Power Purchase Agreement dated October 22, 2013 (“PPA”), and subsequently that PPA was reassigned to the Lālāmilo Wind Company, LLC, on December 23, 2013.

The Department of Water Supply (DWS) will be seeking a Direct/Master Lease from the Board of Land and Natural Resources (BLNR) for 83.997 acres: TMK (3) 6-6-001:002, 071, and 076 (portion), for the purpose of constructing a wind farm and related communication/energy facilities by the Lālāmilo Wind Company, LLC.

In conjunction with that process and the PPA, DWS will seek BLNR's approval to sublet a 44.5 acre portion of TMK (3) 6-6-001: 071 to Lālāmilo Wind Company. DWS and Lālāmilo Wind Company have tentatively negotiated terms of the sublease.

The term of the sublease will be for twenty (20) years; rent shall be either \$6,000 per year or ten (10) percent more than the amount that DWS is charged by the BLNR under the Direct/Master Lease.

Lālāmilo Wind Company understands that these terms and those contained in the draft sublease are subject to approval, and any modifications made by the BLNR in either the Direct/Master Lease or in their approval of the sublease. Lālāmilo Wind Company is requesting that the Water Board conceptually approve the sublease in its present form.

RECOMMENDATION: It is recommended that the Water Board approve *in concept* the sublease of approximately 44.5 acres located on the northeast portion of TMK (3) 6-6-001:071 to Lālāmilo Wind Company, LLC., per the terms contained in the draft sublease subject to the DWS receiving the Direct/Master Lease for the property from the State of Hawaii, Board of Land and Natural Resources (BLNR), and subject to BLNR's approval of the sublease.

8) NORTH KONA:

A. **PRESENTATION BY DEPARTMENT OF WATER SUPPLY ON NATIONAL PARK'S PETITION TO DESIGNATE KEAUHOU AQUIFER AS A GROUND WATER MANAGEMENT AREA:**

Presentation by the Department.

B. **PRESENTATION BY FORMER BOARD OF LAND AND NATURAL RESOURCES CHAIRPERSON ON NATIONAL PARKS SERVICE'S PETITION TO DESIGNATE KEAUHOU AQUIFER SYSTEM AREA AS A GROUND WATER MANAGEMENT AREA:**

Mr. Peter Young, former Chairperson of the Board of Land and Natural Resources (BLNR), will provide a presentation on the National Parks Service's petition to designate Keauhou Aquifer System as a Ground Water Management Area.

C. **DISCUSSION BY THE WATER BOARD REGARDING THE FORMULATION OF A RESPONSE TO THE COMMISSION ON WATER RESOURCE MANAGEMENT'S REQUEST FOR CONSULTATION ON THE KALOKO-HONOKŌHAU NATIONAL PARK SERVICE PETITION TO DESIGNATE KEAUHOU AQUIFER SYSTEM AREA (NORTH KONA), HAWAII AS A GROUND WATER MANAGEMENT AREA.**

9) MISCELLANEOUS:

A. **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 the Water Board approve the Department's FY 2015 Operating budget and 5-year C.I.P. budgets for Fiscal Years 2015-2019 on this first of two readings. A public hearing on the proposed Operating Budget for FY 2015 and 5-Year Capital Improvement Budget for Fiscal Years 2015-2019 will have been held just prior to this regular Water Board meeting.

B. 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, 2014 to June 30, 2015. The 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.

There is no increase from their last contract for FY2013-2014.

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, 2014 to June 30, 2015 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.

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. MOTION TO RESCIND OR AMEND SALARY ADJUSTMENTS FOR MANAGER-CHIEF ENGINEER AND DEPUTY MANAGER:

A Water Board member indicated that the member intended to bring a motion to rescind or amend the salary adjustments for the Manager-Chief Engineer and Deputy Manager that were voted upon and passed at the February 25, 2014, Water Board meeting.

At the February 25, 2014, Water Board meeting the following actions were taken:

Motion to give the Manager-Chief Engineer a 5 percent raise, effective January 1, 2014, passed with nine (9) Ayes: (Messrs. Arikawa, Greenwell, Perry, Robinson, Takamine and Uyeda; Ms. Lee Loy Ms. Iokepa-Moses and Chairperson Kaneshiro)

Motion to raise the Deputy's salary to \$105,000.00, effective January 1, 2014, passed with five (5) Ayes: (Ms. Lee Loy, and Messrs. Arikawa, Robinson, Takamine and Uyeda) and four (4) Nays: (Ms. Iokepa-Moses, Messrs. Perry and Greenwell, and Chairperson Kaneshiro.)

E. 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.

F. 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.

G. 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) Kawaiiani Tank Update
- 4) Energy Management Analyst Update
- 5) Public Information and Education Specialist Update
- 6) Recognition of Service Retirement

H. CHAIRPERSON'S REPORT:

Discussion regarding Cost of Government Commission letter to Water Board dated March 6, 2014, requesting input on: Limiting expenditures; eliminating duplication, abolishing and/or consolidating services, activities and functions, and formulation of a response thereto.

10) ANNOUNCEMENTS:

1. Next Regular Meeting:

The next meeting of the Water Board will be held at 10:00 a.m. on April 22, 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 May 27, 2014, at the West Hawai'i Civic Center, **Liquor Control Conference Room, Bldg. B, 2nd Floor**, 74-5044 Ane Keohokalole Hwy, Kailua-Kona, 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.