

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

MEETING DATE: October 28, 2014
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 September 23, 2014, Water Board meeting
- 4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA
(**Note: Addendum requires Roll Call Vote**)
- 5) HAMAKUA:

A. JOB NO. 2014-1015, ĀHUALOA DEEPWELL REPAIR:

This project generally consists of the replacement of the existing deepwell submersible motor, pump, power cable, column pipe and all appurtenant equipment, such as strapping, chlorination of the well and pumping assembly, in accordance with the plans and specifications.

Bids for this project were opened on October 16, 2014, at 1:30 p.m., and the following are the bid results:

Bidder	Bid Amount
Derrick’s Well Drilling and Pump Services, LLC	\$124,000.00
Beylik Drilling and Pump Service, Inc.	\$131,000.00

Project Costs:

1) Low Bidder (Derrick’s Well Drilling and Pump Services, LLC.)	\$124,000.00
2) Contingency (10%)	<u>\$ 12,400.00</u>
Total Cost:	<u>\$136,400.00</u>

Funding for this project will be from DWS’s CIP Budget under Deepwell Pump Replacement. The contractor will have 360 calendar days to complete this project. The Engineering estimate for this project was \$125,300.00.

RECOMMENDATION: It is recommended that the Board award the contract for JOB NO. 2014-1015, ĀHUALOA DEEPWELL REPAIR, to the lowest responsible bidder, Derrick’s Well Drilling and Pump Services, LLC, for their bid amount of \$124,000.00 plus \$12,400.00 for contingencies, for a total contract amount of **\$136,400.00**. 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.

B. JOB NO. 2008-945, CONSTRUCTION OF THE ĀHUALOA-HONOKA‘A TRANSMISSION WATERLINE – PHASE 2:

The project consists of furnishing and paying for all labor, materials, tools and equipment necessary, including all incidentals and all appurtenant work necessary, in place complete, all in accordance with the plans and specifications, and ready for operation, to construct the following: approximately 9,900 linear feet of 12-inch waterline, two pressure-reducing valve (PRV) stations, fire hydrant assemblies, and various concrete support structures at stream crossings.

Bids were opened on October 16, 2014, at 2:30 p.m.; and the following are the bid results:

Bidder	Amount
Isemoto Contracting Co., Ltd.	\$2,817,371.00
Goodfellow Bros., Inc.	\$2,872,565.00
Yamada Paint Contracting, Inc. dba GW Construction	\$2,952,370.00
Nan, Inc.	\$3,908,378.17
Koga Engineering & Construction, Inc.	\$4,237,320.00
MIRA Image Construction, Inc.	\$4,336,175.00
Drayko Construction, Inc.	\$4,975,000.00
Hawaiian Dredging Construction, Inc.	\$5,092,000.00

Project Costs:

1) Low Bidder (Isemoto Contracting Co., Ltd.)	\$2,817,371.00
2) Contingency (8%)	225,629.00
Total Cost:	<u>\$3,043,000.00</u>

Funding for this project will be from a Drinking Water State Revolving Fund (DWSRF) loan. The contractor will have 360 calendar days to complete this project. The Engineering estimate for this project was \$2,500,000.00.

RECOMMENDATION: It is recommended that the Board award the contract for JOB NO. 2008-945, CONSTRUCTION OF THE ĀHUĀLOA-HONOKA‘A TRANSMISSION WATERLINE – PHASE 2, to the lowest responsible bidder, Isemoto Contracting Co., Ltd., for their bid amount of \$2,817,371.00, plus \$225,629.00 for construction contingency, for a total contract amount of **\$3,043,000.00**. 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) SOUTH HILO:

A. JOB NO. 2012-983, KA‘IE‘IE MAUKA FACILITY IMPROVEMENTS:

This project consists of the design and construction of a new influent station and appurtenances; new booster station to replace the existing Wagatsuma Booster Station; and related site improvement work at the Ka‘ie‘ie Mauka Deepwell and Reservoir, and supporting facilities.

Funding for this project will be from DWS’s CIP Budget and seeks to reallocate funding earmarked for the Ka‘ie‘ie Booster Renovation (Job No. 2005-859) and Haina MCC Replacement projects. The Engineering estimate for this project was \$1,000,000.00.

RECOMMENDATION: It is recommended that the Board approve JOB NO. 2012-983, KA‘IE‘IE MAUKA FACILITY IMPROVEMENTS, and reallocate funding.

B. VEHICLE BID NO. 2013-11, FURNISHING AND DELIVERING VEHICLES TO THE DEPARTMENT OF WATER SUPPLY, PARTS “A,” “B” AND “C”:

The vendor, Inter-Pacific Motors dba Orchid Isle Auto Center, is requesting to address the Board to appeal the Department’s decision to deny a time extension for Parts “A,” “B” and “C” of VEHICLE BID NO. 2013-11, FURNISHING AND DELIVERING VEHICLES TO THE DEPARTMENT OF WATER SUPPLY, PARTS “A”, “B,” AND “C”.

7) SOUTH KOHALA:

A. JOB NO. 2011-972, LĀLĀMILO WIND FARM REPOWERING PROJECT, POWER PURCHASE AGREEMENT:

The contractor, Lālāmilo Wind, LLC, has requested a modification to the Power Purchase Agreement (PPA). Although the original Request for Proposals (RFP) for this project included the Habitat Conservation Plan (HCP), the contractor has stated that the HCP is voluntary, and the contractor intends to proceed without doing the HCP. Although the HCP and Incidental Take Permit (ITP) are voluntary, after meeting with U.S. Fish and Wildlife Services (USFWS), DWS feels the HCP and the ITP are necessary in order to proceed with the project. The anticipated additional work is provided, and is in accordance with the USFWS requirements.

Staff has reviewed the contractor’s proposal, and also negotiated revised rates that address the anticipated costs of the HCP/ITP. The staff recommends acceptance of the revised rate schedule, with the following conditions:

“The proposed rate schedule is based on estimates for the energy generation and HCP/ITP costs. DWS and Lālāmilo Wind, LLC, shall recompute an actual rate for the HCP/ITP costs every three years, based on actual energy generation and actual HCP/ITP costs incurred. Any difference between the scheduled rate and rate computed using actual results, shall result in a proportionate adjustment of the rate for the next three-year period, so that at contract termination, the net effect of rates assessed would be equal to the actual HCP/ITP costs incurred. Lālāmilo Wind, LLC, shall provide DWS access to actual production records, invoices, statements, and any other documentation, in order to verify computation of energy generation and costs incurred.”

RECOMMENDATION: It is recommended that the Water Board approve the revised rate schedule from the PPA, along with the stated conditions, and require Lālāmilo Wind, LLC to complete an HCP and an ITP prior to operation of the Windfarm.

B. EXECUTIVE SESSION RE: JOB NO. 2011-972, LĀLĀMILO WIND FARM REPOWERING PROJECT, POWER PURCHASE AGREEMENT:

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), 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.

8) 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**
Subdivision Application 2003-027
Grantors: Gaylord Larry Stewart and Melinda Willits Stewart
Tax Map Key: (3) 7-8-007: 015
- 2. GRANT OF EASEMENT**
Subdivision Application No. 2003-027
Grantor: Makuakane, LLC
Tax Map Key: (3) 7-8-007: 070 and 072
- 3. GRANT OF EASEMENT**
(For Water Meter Purposes)
Grantor: Kona Hospitality, LLC
Tax Map Key: (3) 7-5-007: 009
- 4. BILL OF SALE**
(Off-site Water System)
Seller: Kona Hospitality, LLC
Tax Map Key: (3) 7-5-007: 009
Facilities Charge: \$ 111,190.00 Date Paid: 9/18/2014
Final Inspection Date: 8/12/2014
Water System Cost: \$36,000.00
- 5. DEDICATION DEED**
(Water Tank – South Makai)
Grantor: Waiaha System, LLC
Tax Map Key: (3) 7-5-017: 030
- 6. GRANT OF EASEMENT AND BILL OF SALE**
Grantor/Seller: Waiaha System, LLC
Tax Map Keys: (3) 7-5-017: 40 (Lot B); 7-5-017: 041 (Lot C); 7-5-017: 042 (Lot D)
and 7-5-017: 043 (Lot E)
- 7. ASSIGNMENT OF GRANT OF EASEMENT**
(Waiaha Systems, LLC, South Makai Leg)
Assignor: Waiaha System, LLC
Tax Map Key: (3) 7-5-017: 040; 7-5-017: 042; 7-5-017: 043
- 8. DEDICATION DEED**
(Water Tank)
Grantor: Waiaha System, LLC
Tax Map Key: (3) 7-5-016: 089 (Lot 5-B)
- 9. GRANT OF EASEMENT AND BILL OF SALE**
Grantor/Seller: Waiaha System, LLC
Tax Map Keys: (3) 7-5-016:015; 7-5-016:016; 7-5-016:017; 7-5-016:029; 7-5-016:088;
7-5-016:089; 7-5-016:090; 7-5-016:091; 7-5-016:092; 7-5-016:093; 7-5-016:094; and
7-5-016:095
- 10. GRANT OF EASEMENT AND BILL OF SALE**
Grantor/Seller: Fred Arnold Bolton and Barbara Frances Bolton
Tax Map Key: (3) 7-5-016: 087
Final Inspection Date: *TBA*

Water System Cost: \$ TBA

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

B. PRESENTATION BY YVONNE Y. IZU ON THE PROCESS FOR DESIGNATION OF GROUND WATER MANAGEMENT AREA, AND WATER LAW:

Ms. Yvonne Y. Izu, currently of counsel with the firm of Morihara Lau & Fong, will give a presentation to the Water Board on the process for the designation of a Ground Water Management Area, and water law in the State of Hawai'i, and respond to questions posed by the Water Board.

Ms. Izu is a highly-respected land and water use practitioner in Hawai'i. Her practice encompasses natural resources, public lands, ocean, shoreline, environmental impacts, Native Hawaiian rights, and endangered species. She has been at the forefront of precedent-setting water rights cases.

Ms. Izu's extensive experience includes serving as a State of Hawai'i Deputy Attorney General, and as Deputy Director for the Commission on Water Resource Management (CWRM), within the Department of Land and Natural Resources (DLNR).

C. REQUEST TO HIRE SPECIAL COUNSEL FOR THE WATER BOARD IN THE MATTER OF THE NATIONAL PARKS SERVICE'S PETITION TO DESIGNATE KEAUHOU AQUIFER AS A GROUND WATER MANAGEMENT AREA:

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), 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.

D. DEPARTMENT OF WATER SUPPLY RESPONSE TO NATIONAL PARKS SERVICE'S PETITION TO DESIGNATE KEAUHOU AQUIFER AS A GROUND WATER MANAGEMENT AREA:

DWS will provide a status report on its response to the National Parks Service's petition to designate Keauhou Aquifer as a Ground Water Management Area.

E. DISCUSSION OF AMENDING RULES AND REGULATIONS REGARDING PLACING RESPONSIBILITY WITH PROPERTY OWNERS FOR TENANTS' DELINQUENT BILLS:

Sub-Committee to report on proposed amendments to the Rules and Regulations regarding placing responsibility with property owners for tenants' delinquent bills, with discussion.

F. 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:

The Ad Hoc Committee is exploring legislation pursuant to HRS Section 92-2.5(B) which would allow the placement of an automatic lien on property for non-payment of water bills. The Ad Hoc Committee will 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.

The Ad Hoc Committee is also exploring a revision of 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.

For discussion and possible action.

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 QUARTERLY UPDATE:

Report on the third quarter of 2014 by the Manager-Chief Engineer, with discussion.

J. REVIEW/APPROVAL OF REVISED DRAFT MANAGER-CHIEF ENGINEER'S EVALUATION FORM AND PROCEDURES FORM FOR CALENDAR 2015:

For discussion and possible action.

K. 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) Lava Update
- 3) Pāhoa Deepwell B Emergency Repair
- 4) Public Information and Education Specialist Update
- 5) Employee of the Quarter

L. CHAIRPERSON'S REPORT:

Chairperson to report on matters of interest to the Board.

9) ANNOUNCEMENTS:

1. Next Regular Meeting:

The next meeting of the Water Board is scheduled for November 25, 2014, at the West Hawai'i Civic Center, Community 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 December 16, 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.