

MINUTES

DEPARTMENT OF WATER SUPPLY COUNTY OF HAWAII WATER BOARD MEETING

January 27, 2009

Hilo Operations Center Conference Room

MEMBERS PRESENT: Mr. Riley Smith, Chairperson
Mr. Thomas Goya
Mr. George Harai
Ms. Millie Kim
Mr. Francis Kuailani (arrived 10:15 a.m.)
Mr. Bryan Lindsey
Mr. Robert Meierdiercks
Mr. Milton Pavao, Manager, Department of Water Supply
(ex-officio member)

ABSENT: Mr. Dwayne Mukai, Water Board Member
Mr. Bernard "Malu" Konanui, Water Board Member
Mr. Daryn Arai, Acting Director, Planning Department (ex-officio member)
Mr. Warren Lee, Director, Department of Public Works (ex-officio member)

OTHERS PRESENT: Ms. Katherine Garson, Assistant Corporation Counsel

Department of Water Supply Staff

Mr. Quirino Antonio, Jr., Deputy Manager
Mr. Kurt Inaba, Engineering Division Head
Mr. Lawrence Beck, Engineering Division
Mr. Richard Sumada, Waterworks Controller
Mr. Daryl Ikeda, Chief of Operations
Mr. Keith Okamoto, Engineering Division
Mr. Terrance Nago, Engineering Division
Mr. Kawika Uychara, Engineering Division
Ms. Wanda Kapahu, Administration Division
Ms. Gwen Sako, Administration Division

CALL TO ORDER - Chairperson Smith called the meeting to order at 10:01 a.m.

STATEMENTS FROM THE PUBLIC:

None.

APPROVAL OF MINUTES:

ACTION: Chairperson Smith entertained a Motion to approve the Minutes of the December 16, 2008, Public Hearing on the Proposed Amendment to the Frequency and Method of Calculating the Power Cost Charge. Mr. Meierdiercks so moved; seconded by Ms. Kim and carried unanimously by voice vote.

MOTION: Chairperson Smith entertained a Motion to approve the Minutes of the December 16, 2008, regular Water Board Meeting. Mr. Meierdiercks so moved, seconded by Mr. Harai.

Ms. Kim asked that an additional sentence be added to her comments in Paragraph 5 on Page 21 of the Minutes to note that the existing criteria are satisfactory, and that a Superior rating be reserved for outstanding performance in special circumstances such as a natural disaster. Ms. Kim noted that the consistently Excellent rating has been given to the Manager the past three or four years, and that barring special circumstances like a natural disaster it was the best rating that anyone could get otherwise. Ms. Kim asked that the following sentence be added to the December 16, 2008, Minutes: **"The existing categories are satisfactory and the classification of Superior would be used for special circumstances."**

ACTION: Ms. Kim moved to add the revision to the Minutes, seconded by Mr. Meierdiercks. Motion to add the revision was carried unanimously by voice vote.

ACTION: Chairperson Smith returned to the main Motion, to approve the Minutes as amended. Motion carried unanimously by voice vote.

APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA:

No Supplemental Agenda.

PUNA:

A. **WATER CREDITS AGREEMENT, MAKU'U HAWAII:**

Na Kupa'a O Kuhio (NKK), a nonprofit entity, is proposing to construct and provide water for the Department of Hawaiian Home Lands' Maku'u subdivision in the district of Puna.

The proposed agreement specifies the number of water credits and percentage of Charges credits they will receive for the construction of the water system. The water system will consist of a deepwell, pump and meter, reservoir, and transmission mains.

The Manager recommended that the Water Board approve the Water Credits Agreement, Maku'u Hawaii, and that either the Chairperson or the Vice-Chairperson be authorized to execute the Agreement subject to review and approval by Corporation Counsel.

Ms. Garson said that Chairperson Smith should recuse himself from voting or acting as Chair for this item, due to a conflict of interest as a board member of Na Kupa'a O Kuhio.

Chairperson Smith, in the absence of Vice-Chairperson Mukai, then appointed (former Chairperson) Mr. Goya as Chair Pro Tem to take up this Agenda Item, No. 5(A). The Board approved by consensus his handing over the Chair to Mr. Goya to handle the item.

MOTION: Chair Pro Tem Goya entertained the Motion to approve the recommendation. Mr. Meierdiercks so moved, seconded by Ms. Kim.

The Manager noted that the Water Credits Agreement would benefit Hawaiian Homes, but it is being done by the nonprofit Na Kupa'a O Kuhio so that the nonprofit can qualify for the USDA loan grant funds. The Manager noted that it was a very good arrangement for both DWS and the Department of Hawaiian Home Lands. Under this arrangement, Na Kupa'a O Kuhio would get the safe yield, which is 16 hours of run time, and DWS gets everything else for the 25-year duration of the loan period. DWS will get a license to maintain, operate and charge user fees on the system. The Manager noted that this agreement is the same as other agreements that DWS has with Hawaiian Homes. The only difference is that for the initial period, the water system will be under the nonprofit Na Kupa'a O Kuhio, and that is solely to qualify the project for the USDA loan grant.

Ms. Garson noted that the Agreement that the Board received in their packets is a previous draft, and that she was having copies made of the final version, which adds boilerplate legal language but which reflects the basic terms of the draft version. She suggested deferring the Item to later in the meeting to give the Board a chance to see the final version.

Chair Pro Tem Goya agreed to defer the Item until the Board gets the document.

The Manager noted that the basic terms give Hawaiian Homes 85 percent of the safe yield, which is 16 hours run time, and DWS gets everything else.

Chair Pro Tem Goya asked the Manager if there was a timetable for construction.

The Manager said it was difficult to give a timetable because DWS was not doing the construction. Because the nonprofit Na Kupa'a O Kuhio and Hawaiian Homes were doing the construction, they would determine the scheduling.

Chair Pro Tem Goya asked if there was a ballpark timetable.

The Manager said that design is being finalized for the installation of the pump and the well. Upon completion of the design, the project will go out to bid. The Manager said construction would take approximately one year, noting that it would involve putting in a storage tank. He estimated that it would take a year and a half before completion of the project. He also noted that this involves constructing a new well to serve the subdivision; this would be a *second* well for Hawaiian Homes in the area. He noted that this new well would be mauka of Highway 130, and the reservoir at the 800 foot elevation would be needed to serve the higher elevation lots; the lots cannot be served by the existing 600 foot elevation tank that DWS has in the area.

The reason for the mauka-side storage tank is so that Hawaiian Homes can serve the higher elevation lots, he added.

Mr. Inaba noted that the plans for the project were received by DWS' Engineering Division today, and that they were close to being the *final submittal*.

The Manager noted that if the project can be put to bid, it will take a year and a half to completion.

Ms. Kim asked if this Water Credits Agreement was a standard agreement that DWS has with Hawaiian Homes.

The Manager acknowledged that it was a standard agreement that DWS has with all other developers whereby the developer provides the infrastructure, the source and water storage. DWS basically treats Hawaiian Homes like any other developer, except that DWS operates on a *license* with Hawaiian Homes. In addition, this is the only such agreement that DWS has with a nonprofit so far.

Mr. Lindsey asked how water credit agreements work.

The Manager explained that years ago, DWS made an estimate of what a total system would serve, based on a 1,000-gallon- per-minute pump that would serve (2,381 5/8-inch connections). DWS made this estimate and divided it by 2,381 to come up with what DWS calls a Facilities Charge. Currently that Facilities Charge is \$5,500, so if you are a subdivider making a subdivision, after the initial lot, you would pay a \$5,500 Facilities Charge per lot. That means for every lot, aside from the initial lot, the subdivider pays DWS \$5,500 as a Facilities Charge. He noted that it was like a contribution toward DWS' work on the system. However, the rules provide that when a developer goes in and puts in infrastructure such as a well, a tank, booster pump or transmission pipeline, the developer gets a credit based on a percentage of what it cost. In other words, to drill a well, DWS credits the developer with 15 percent; to outfit a well is another 22 percent; and to do a tank, booster pump or transmission pipeline is another 20 percent or so. In this case, Hawaiian Homes will be providing the well, the outfitting, the reservoir and transmission pipeline. For all of these components that Hawaiian Homes pays for, they will get a credit from DWS, and ultimately will get a credit of 85 percent or so off the licensing charge. (For every lot that Hawaiian Homes serves from this system, they will get 85 percent or so off the \$5,500 Facilities Charge per lot.) The Manager noted that this arrangement was all part of DWS' rules.

Ms. Garson noted that the reason that Hawaiian Homes did the project as a nonprofit (Na Kupa'a O Kuhio) was so they would qualify for a USDA loan grant.

Mr. Smith gave background information as a board member of Na Kupa'a O Kuhio, which as a nonprofit, qualified for this USDA Rural Utilities Service loan grant. He noted that this kind of grant funded the Kona Coastview/Wonderview project and other projects. This loan grant program was not available to government agencies such as Hawaiian Homes because they have the right to tax, he noted. The nonprofit makes it possible for Hawaiian Homes to be eligible for federal funding, he said.

The Manager noted that DWS, as a water utility, does not have the right to tax and so it qualifies for this loan grant program. DWS has used the program for four or five projects with a 25 to 30-year payback period. He noted that the loan grant is based on a census of the area, based on average income. It is a good program that provides lots of free money, but the only problem is that it involves a tremendous amount of paperwork, he added. He noted that DWS has applied on behalf of the Andrade Camp Association on a similar project, and the residents only have to pay back the yearly debt service on the loan portion. He also cited DWS projects like this with Happy Homes in Kurtistown and Hāmākua Plantation Camp, along with an upcoming project in Pu'ukala subdivision in Kona. DWS qualifies for this kind of funding and the only problem is that Mr. Sumada, Waterworks Controller, needs to show USDA a lot of financials for DWS to qualify.

Chairperson Pro Tem Goya noted that all of the Board had received their copies of the revised agreement, and that there were no substantive changes to the document.

ACTION: Motion carried unanimously with 6 ayes, with one abstention (Chairperson Smith).

B. FOSTER KERN, LLC – PETITION FOR CANCELLATION OF EASEMENT 378 AND DESIGNATION OF EASEMENT (TBD) FOR WATERLINE PURPOSES:

The existing Easement 378 had a leak on the waterline that was buried too deep (approximately 11 feet) for DWS equipment and personnel to fix. The existing waterline is transite as well as cast iron (lead joint) pipe, that makes repair of leaks more difficult and usually temporary (leaks occur elsewhere). DWS, as well as the owner, Foster Kern, LLC, agreed to utilize the 12-inch waterline that was dedicated to DWS at the December 2007 Water Board Meeting. This new 12-inch waterline would replace the existing 10-inch transite and cast iron pipeline in their next phase. A temporary line was installed between the old line and the 12-inch waterline that eliminated the portion of waterline that was leaking and causing additional pumping from the existing DWS wells. Thus, DWS and Foster Kern, LLC, are in agreement that the easement over the abandoned portion of waterline should be cancelled and that a new easement shall be designated over the temporary line.

The Manager recommended that the Water Board approve the PETITION FOR CANCELLATION OF EASEMENT 378 AND DESIGNATION OF EASEMENT (TBD) FOR WATERLINE PURPOSES and that either the Chairperson or Vice-Chairperson be authorized to sign the documents.

MOTION: Mr. Harai moved to approve the recommendation; seconded by Ms. Kim.

Mr. Inaba explained that DWS was using a waterline intended to replace the old line anyway, but that this would be completed in Foster Kern's next phase. In the meantime, that old waterline had a leak, so DWS jumped the old waterline to the new waterline. Basically, DWS is getting rid of that section that is abandoned and cancelling the old easement, and acquiring the short section from the new line (that DWS jumped from the old line to the new line). Mr. Inaba said it was a win-win situation because DWS' old easement was cross-country (cutting across) a number of lots. That easement is being removed under this arrangement and instead the easement will be moved alongside just one lot, which will eventually be removed when Foster Kern does the next phase anyway. Mr. Inaba said the location is on Milo Street in Kea'au, on the makai side of the Kea'au Bypass.

Chairperson Smith asked that maps be provided electronically via Power Point so the Board can see the location of projects.

Mr. Inaba said the Department would try to provide electronic maps to the Board for all projects.

ACTION: Motion carried unanimously by voice vote.

SOUTH HILO:

A. DRINKING WATER STATE REVOLVING FUND RESOLUTION NO. 09-01:

Resolution No. 09-01 (attached to the Agenda) is for the project for which the Department has submitted a request for loans under the Drinking Water State Revolving Fund (DWSRF). As part of the requirements, a Resolution is required by the Water Board. This Resolution is specifically identified for the following project: JOB NO. 2007-926, HAKALAU IKI SPRING REMEDIATION, and authorizes the Manager or the Deputy Manager to execute loans with the DWSRF for up to \$606,167.00.

The Manager recommended that the Water Board adopt Resolution No. 09-01 subject to the approval of Corporation Counsel.

MOTION: Mr. Goya moved to approve the recommendation; seconded by Mr. Kuailani.

The Manager explained that this resolution enables DWS to qualify for the loan program under the Drinking Water State Revolving Fund. He noted that this project enhances water quality to EPA standards. The interest rate on the loan is low, at between 4 and 5 percent, plus administrative fees to the State. He explained that the State Revolving Fund was set up years ago by the EPA as a Waste Water Revolving Fund, and the State eventually set up a Drinking Water State Revolving Fund as well. EPA put in a substantial amount of start-up money, and now the Fund is self-sufficient, whereby whatever DWS borrows and pays back, those funds go back into the pot and are available for someone else to borrow. The proviso is that a project must aim to improve water quality to EPA standards. He noted that unfortunately the State takes money in administrative fees; that is, DWS pays the State to administer the Fund.

Mr. Okamoto noted that the interest that DWS pays includes these administrative costs.

The Manager said that notwithstanding these administrative costs, the loan program is good for DWS because it allows the Department to do projects and pay back at low interest.

Ms. Kim asked if the Big Island made use of this Fund more than other islands, due to the large number of springs here.

The Manager noted that the Fund is not only for springs; it is also for wells that replace springs or any project to improve water quality to EPA standards. While you cannot use the Fund to merely lay a pipeline, you can use it to replace a flume or something else that does not meet EPA standards. The Manager noted that this project arose about three years ago when the Department of Health determined that the Hakalau spring was under the influence of surface water. Therefore, DWS was obliged to either remediate the spring or give it up. DWS decided to remediate the spring and construct the spring locks in such a way that there would be no intrusion of surface water. The Manager noted that for a period of time, DWS had to haul water to Hakalau because the spring could not be used.

ACTION: The Motion was carried unanimously by roll call vote, with Ayes: 7 -- Ms. Kim, Messrs. Goya, Harai, Kuailani, Lindsey, Meierdiercks and Chairperson Smith; Nays: 0; Absent: 2 – Messrs. Mukai and Konanui.

B. JOB NO. 2007-926, HAKALAU IKI SPRING REMEDIATION:

The Contractor, Ed Higa General Contracting, has requested a 62-calendar day time extension. This request is due to delays beyond the control of the contractor, and consists of 13 rain-out days, five unworkable days due to inclement conditions after the floods of December 2008 and January 2009, and 44 calendar days to do additional work to help mitigate future storm water runoff damage through the project site.

Staff has reviewed the request and finds that the 62 calendar days are justified. This is the first time extension request.

The Manager recommended that the Board approve a contract time extension of 62 calendar days for this project, to revise the contract completion date from January 27, 2009, to March 30, 2009.

MOTION: Ms. Kim moved to approve the recommendation; seconded by Mr. Kuailani.

Mr. Inaba noted that heavy rains caused damage due to the storm water runoff at the project site, and DWS wanted to mitigate it and to have additional work done to prevent any potential for future storm water runoff intruding into the site.

Chairperson Smith asked Mr. Inaba if this was only a request for a time extension, and not a cost increase.

Mr. Inaba confirmed that it was a request for time extension, but that if there were a cost increase, it would be covered by the project's available contingency.

The Manager clarified that the request was for an extension of 62 *calendar* days.

ACTION: The Motion was carried unanimously by voice vote.

NORTH KOHALA:

A. CONSTRUCTION RIGHT-OF-ENTRY AGREEMENT FOR THE HALA'ULA EXPLORATORY WELL SITE:

The Department of Water Supply (DWS) is seeking to construct an exploratory well in the Hala'ula area of the North Kohala district. DWS intends to develop and test the well prior to acquisition of the property. If the well proves to be productive in terms of quantity and quality of water, then DWS will acquire the site to fully develop the well and to locate a storage reservoir at the site. In order to enter the site to construct and test the exploratory well, DWS has arranged to enter into a Construction Right-of-Entry Agreement with the current landowner, Surety Kohala Corporation. Surety Kohala Corporation has approved the Agreement and signed it on their behalf. Corporation Counsel has reviewed the document.

The well is to be located at the upper end of Hala'ula Road at approximately the 785' elevation. The reservoir overflow elevation will be at the 810' elevation to match the Hawi Tank. Once constructed, the new Hala'ula well and 810' reservoir may be connected to the Hawi water system such that either system can provide backup for the other system. The additional water from the new well will allow increased water availability in the area. Current water policy allows only one equivalent unit of water per pre-existing lot of record.

The Manager recommended that the Water Board approve the execution of the Construction Right-of-Entry Agreement, and further that either the Chairperson or the Vice-Chairperson be authorized to execute the Agreement.

Ms. Garson asked that the Item be deferred to the next Board meeting.

ACTION: Mr. Kuailani moved to defer the Item to the next meeting; seconded by Mr. Goya, and carried unanimously by voice vote.

SOUTH KOHALA:

**A. JOB NO. 2007-919, EARTHQUAKE DAMAGED TANK REPAIRS, GROUP #2
(N. KONA/S. KOHALA), COUNTY OF HAWAII, STATE OF HAWAII,
FEMA-1664-DR-HI, FIPS NO. 001-UVKJ8-00:**

Project Scope: This project involves the repair and seismic retrofit of six (6) concrete water tanks that were damaged in the October 15, 2006, Kiholo Bay Earthquake. *(Note: This project involves sites in South Kohala, as well as two sites in North Kona.)*

Bid opening for this project took place on January 22, 2009.

The Manager recommended that the Item be deferred until next month's Board meeting. The Department needs to investigate the bid results before making a recommendation to the Board, he explained.

MOTION: Mr. Kuailani moved to defer the Item to the next Board meeting; seconded by Mr. Goya.

Mr. Inaba said that the matter involves specific qualifications for sub-contractors. He noted that the project was for all six (6) sites, and that it was being done that way because of the steps involved in the project and the utilization of certain temporary facilities that will move from site to site.

ACTION: The Motion was carried unanimously by voice vote.

**B. JOB NO. 2007-043, CONSTRUCTION OF THE WAIKOLOA RESERVOIR NO. 2
EARTHQUAKE REPAIRS, KAMUELA, HAWAII, COUNTY OF HAWAII,
STATE OF HAWAII, FEMA-1664-DR-HI, FIPS NO. 001-UVKJ8-00, PW NO. 638:**

- 1) The present consultant agreement with Kleinfelder West, Inc., is in need of a change order to include construction services. These construction services will include the following tasks and their associated fees:

ITEM	TASK DESCRIPTION	FEE AMOUNT
1.	Attendance of Preconstruction Meeting by Design Engineer.	\$ 5,450.00
2.	Provide review, comments, and recommendations to Contractor's Submittals (including, but not limited to, shop drawings, Requests for Information, Change Orders, Request for Price Proposals, laboratory test results, etc.).	\$ 11,578.00
3.	Site visits and report preparation by Design Engineer. Each site visit to be five days duration. Anticipating six site visits.	\$ 68,148.00

4.	Site visits and report preparation by Synthetic Liner Specialist. Each site visit to be five days duration. Anticipating two site visits.	\$ 36,216.00
5.	Coordination work with Construction Manager, Geotechnical Engineer, and the Department.	\$ 20,332.00
6.	Project Close Out Services. a. Final site visit by Design Engineer (two days duration). b. Prepare Project Close Out Report / Construction Summary Report. c. Prepare First Filling Plan for reservoir leak test. d. Prepare Record Drawings.	\$ 46,945.00
TOTAL		\$188,669.00

Original Contract Amount: \$ 190,700.00
Change Orders to Date: \$ 41,727.00
Requested Amount: **\$ 188,669.00 (NOT TO EXCEED)**
Revised Contract Amount: \$ 421,096.00

The amount for construction services will be paid on a time and material basis.
Funding will be from CIP Reserves.

The original contract had a completion date of June 30, 2008. The construction services are anticipated to extend about two months beyond the project completion date of November 9, 2009. This extension is needed to accomplish items 6b and 6d of the Project Close-Out Services (see chart above). Completion of these construction services will be scheduled for January 9, 2010. Therefore, it is requested to extend the contract completion date from June 30, 2008, to January 9, 2010, or an **extension of 558 calendar days**.

The Manager recommended that the Board grant this request for additional funds of \$188,669.00 and the extension of contract time of 558 calendar days to Kleinfelder West, Inc., and that either the Chairperson or the Vice-Chairperson be authorized to sign the documents, subject to approval by Corporation Counsel.

MOTION: Ms. Kim moved to approve the recommendation; seconded by Mr. Harai.

Mr. Inaba explained that the original agreement with the consultant, Kleinfelder West, did not include any services during construction. Basically what this Item does is provide what DWS feels is the minimum Kleinfelder West would need to do to cover their bases during the construction phase.

The Manager said that because the original contract was part of a disaster-type project and because there were State and FEMA guidelines involved, DWS did not follow a routine consulting contract. While a routine consulting contract that DWS would provide for the submittal of review, site inspection, etc., this original contract did not, because FEMA and DLNR were involved and the disaster gave it urgency.

Mr. Inaba said there was a big rush to at least get the project design.

Chairperson Smith noted that the Item includes the additional tasks that were not included in the original contract, such as time and materials. He noted that the Item includes allowances on the design fee that if you needed to use them (and these were not-to-exceed amounts), they would be eligible for federal participation.

Mr. Inaba said that right now, because the liner manufacturer does not do project-specific liner installation design, State Civil Defense has requested FEMA to authorize that DWS get reimbursed for Kleinfelder's design fees for the liner installation. He noted that the matter of reimbursement was still up in the air, but that the request would qualify DWS for \$95,000 in reimbursement.

Chairperson Smith asked for clarification of the dates in the Item, citing dates of June 30, 2008, a revised date of November 9, 2009, and the latest revised date of 11/9/10 (*sic*).

Mr. Inaba said the initial revised date, November 9, 2009, was to coincide with the construction contract with Goodfellow. However, Item 6 of this change order with Kleinfelder West, for Project Close Out Services, extends two (2) months beyond the completion of construction because of the reporting that must be filed with the State, so the date is actually 1/9/10 (January 9, 2010), not 11/9/10.

Chairperson Smith summed up that what is involved are construction-related services that the design consultant will provide to answer submittals, etc. from the contractor during the course of the work, which is probably going to be subject to rain delays and other factors. The January 9, 2010 date, therefore, is just a date today that the Department thinks the project will be done, and that their term will extend beyond the construction to satisfy all of the project documentation requirements.

Mr. Inaba noted that there are additional items in the scope that came about, because of the State requiring daily reports on the construction of what is considered a dam.

Chairperson Smith, noting Ms. Kanani Aton's communications with the community on this project, urged ongoing outreach to give the public updated information.

ACTION: The Motion was carried unanimously by voice vote.

2) PROFESSIONAL SERVICES AGREEMENT:

A Professional Services Agreement contract for Construction Management for the above project, JOB NO. 2007-043, CONSTRUCTION OF THE WAIKOLOA RESERVOIR NO. 2 EARTHQUAKE REPAIRS, KAMUELA, HAWAI'I, COUNTY OF HAWAI'I, STATE OF HAWAI'I, FEMA-1664-DR-HI, FIPS NO. 001-UVKJ8-00, PW NO. 638, is currently being processed. From the Department's procurement procedure, SSFM International, Inc. (SSFM) was selected to provide the construction management services. DWS staff recommends the services of a construction management firm, due to the inspection and engineering services required during construction, as set forth by the State Department of Land and Natural Resources' permitting requirements (including daily reports).

A fee proposal was requested and received from SSFM. These construction management services will include the following tasks and their associated fees:

ITEM	TASK DESCRIPTION	FEE AMOUNT
1.	Provide Resident Construction Management Services	\$ 159,170.00
2.	Provide Field Geotechnical Engineering Services	\$ 14,500.00
3.	Provide Laboratory and In-Situ Testing Services	\$ 32,000.00
	TOTAL (NOT TO EXCEED)	\$ 205,670.00

The amount for construction management services will be paid on a **time and material** basis. The contract time will be for the duration of the project construction, or 270 calendar days. This project has a Notice to Proceed date of February 12, 2009, and a completion date of November 9, 2009.

Funding for the construction management services will be from General Obligation (G.O.) Bond.

The Manager recommended that the Board approve the professional services contract with SSFM International, Inc., and that either the Chairperson or the Vice-Chairperson be authorized to sign the documents, subject to approval by Corporation Counsel.

MOTION: Ms. Kim moved to approve the recommendation; seconded by Mr. Meierdiercks.

Mr. Inaba explained that because of the daily reporting requirements and the more comprehensive weekly reports, the Department felt it was in its best interests to get a construction manager to follow the project on a daily basis. It turned out that hiring a local firm would save DWS a lot of money, because a local firm would not require travel and housing expenses.

The Manager said that the original estimate that DWS got from an out-of-state firm was more than three times the amount that SSFM would cost. He noted that DLNR mandated that somebody be on site to make daily reports because the project was considered a dam.

Mr. Nago noted that DWS originally asked Kleinfelder West to do the construction management services, but the initial fees that they submitted were too high. The Department negotiated with Kleinfelder, but their revised fees were still too high. He noted that the cost was high because of the housing, airfare and per diems that would be required for an off-island firm to do the job. Subsequently, DWS received an opinion from Corporation Counsel to go through the procurement process for Construction Management services for this project. DWS went through the procurement process and selected SSFM.

Chairperson Smith noted that it was usually wise to avoid hiring the same firm to do design consulting *and* construction management, because the tendency is for the construction manager to cover up any design flaws which would expose the firm to liability. He asked who will provide Field Geotechnical Engineering Services, listed under Item 2.

Mr. Nago said SSFM will be using Construction Engineering Lab as a sub-consultant. In the absence of Kleinfelder West, the geotechnical engineer will provide the expertise to give DWS recommendations on what is happening out in the field. Construction Engineering Lab will provide the laboratory and testing services.

Chairperson Smith noted that the way it is written, the contract is signed by SSFM, and so SSFM's E&O (errors and omissions) insurance would cover the geotechnical engineering firm.

Mr. Nago said that the Terms and Conditions specifically stated that SSFM is legally responsible for their sub-contractors.

Chairperson Smith approved of this arrangement, noting that often geotechnical engineering firms insist on signing their own separate contracts. He asked if DWS was applying for federal participation in the construction management work.

The Manager said DWS would certainly apply for federal participation.

Mr. Inaba said DWS was looking into federal participation, but the maximum amount in reimbursement DWS was expecting was the \$95,000 that State Civil Defense had asked FEMA to reimburse to DWS.

ACTION: The Motion was carried unanimously by voice vote.

KA'U:

A. JOB NO. 2000-765, PĀHALA 0.5 MG CONCRETE RESERVOIR:

The contractor, Isemoto Contracting Co., Ltd., has submitted the costs associated with the excavation and backfill of the lava tube as well as other miscellaneous changes in the project. The total cost associated with the lava tube was \$157,155.00, and \$47,780.63 was associated to other changes in the contract for a total of \$204,935.63. The existing contingency amount

was \$125,000.00; therefore, an additional \$79,935.63 is being requested at this time to close out the contract. Also, an additional 77 calendar days is being requested to cover the time that was required to await the chain of custody document from the designated facility on the mainland, which confirmed that the requirements of the hazardous materials (lead based paint on the steel reservoir) were disposed of per the contract.

DWS staff has reviewed the proposals for the additional costs as well as extension of time, and find it acceptable. This would be the fourth time extension.

First extension – 280 calendar days (discovery and recording of petroglyphs)

Second extension – 298 calendar days (excavation/backfill of lava tube and change to seismic reinforcing)

Third extension – 28 calendar days (rescheduling of waterline connection)

The Manager recommended that the Board approve the additional \$79,935.63 for the construction contract and a contract time extension of 77 calendar days for this project. If approved, the total cost of the construction project will be \$1,836,319.63 and the contract completion date will be revised from November 3, 2006, to January 19, 2007.

MOTION: Mr. Meierdiercks moved to approve the recommendation; seconded by Ms. Kim.

Mr. Inaba noted that this Item closes out the project, and it is just closing-out paperwork. He noted that it took some time for DWS to receive paperwork from the mainland certifying the cleanup of lead paint that was found under the reservoir. Mr. Inaba also noted that this project was originally delayed for a long period following the discovery of a lava tube with petroglyphs. (The original completion date was to have been in 2003 or thereabouts.)

The Manager said that the actual has been in service for a long time.

Chairperson Smith asked that future write-ups of projects involving extensions give a clear timeline with dates so that the Board can easily follow it.

The Manager assured that in future write-ups, when DWS lists the extensions, the Department will also list *what date the extension takes the project to*, to make it clear to the Board. The Manager clarified that the 2000 date of the project was not indicative of when construction started; it was the design. Before DWS goes through procurement or anything else on a project, the Department sets a date for the project that is normally even before the design. In this case, construction started in 2001 or 2002.

ACTION: The Motion was carried unanimously by voice vote.

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

Subdivision Application No. 2001-125

Grantors: Carrie Ann Inaba, Craig Alan Inaba and Jeffrey Ming Lee

TMK: (3) 6-4-001:170 (Road Lot, Area 0.577 acre)

E.W.O.: 2007-081

Lots: 1-existing, 3-additional

Zoning: A-3a

Facilities Charge: \$16,500.00

Date Paid: 5/31/2007

Final Inspection Date: 12/12/2008

Water System Cost: \$46,500.00

2. GRANT OF EASEMENT (For Waterline and Access Purposes)

Grantors: Frederick George Gilman and Thomas Blake Callaway

TMK: (3) 2-5-028:029

The Manager recommended that the Water Board accept these documents subject to the approval of Corporation Counsel, and that either the Chairperson or the Vice-Chairperson be authorized to sign the documents.

MOTION: Ms. Kim moved to approve the recommendation; seconded by Mr. Lindsey.

The Manager noted the rule of thumb in figuring out how many lots a subdivision has, based on the Facilities Charge listed. In the case of the Grant of Easement and Bill of Sale above, you divide the Facilities Charge of \$16,500 by \$5,500; it comes to three additional lots besides the existing lot which is much cheaper.

Mr. Inaba showed site maps from the 20-Year Water Master Plan to show where the subdivisions were located. He noted that with the Grant of Easement for (TMK (3) 2-5-028:029) above, DWS had been poised to condemn, but did not when the owner responded after seeing a notice in the newspaper, and granted DWS the easement.

ACTION: The Motion was carried unanimously by voice vote.

B. PROFESSIONAL SERVICES AGREEMENT:

1) LAB SERVICES CONTRACT:

The current contract to perform microbiological and chemical potable water quality testing expired on December 31, 2008. However, Item III B of the contract provides for extensions to the contract.

Staff is currently processing a new contract for calendar year 2009.

The Manager recommended that the Board approve extending the current contract until execution of the new contract.

MOTION: Ms. Harai moved to approve the recommendation; seconded by Mr. Kuailani.

Mr. Okamoto said that there are provisions to extend the contract for up to one year with current contract prices, but the extension requires Board action and a letter to that effect. He said that the Department has received a proposal for the new calendar year last week, and is in the process of preparing a new contract. However, in the meantime, in order for DWS to be able to analyze water samples, DWS needs this extension to utilize the contract that is currently in place.

A discussion ensued on whether the Board needed a Motion to approve the extension of the contract for a month or two.

The Manager said that the recommendation states "until execution of a new contract," but in any case, the extension cannot go beyond a year and will only go up to the execution of a new contract. He clarified that the Department was working on a new contract, and the Board would be approving the existing contract for extension while DWS works on the new contract.

Chairperson Smith expressed misgivings because the Board did not have a copy of the contract before them. He asked for an amended Motion that would be clear that there is a definite term, rather than one that is open-ended.

Ms. Garson said that the Board can choose to amend the contract to run up to the year ending December 31, 2009.

Chairperson Smith asked Mr. Okamoto what lab DWS had contracted with.

Mr. Okamoto identified the lab as MWH. (Montgomery Watson Harza).

Chairperson Smith asked for an amended Motion to reflect the contract extension will expire on December 31, 2009.

ACTION: Mr. Meierdiercks moved to amend the Motion to reflect the contract extension will expire on December 31, 2009; seconded by Ms. Kim, and carried unanimously by voice vote.

C. LEGISLATIVE C.I.P. FUNDING REQUEST:

The Manager provided a briefing on the following projects DWS is requesting Legislative funding for:

- a. North Kona Water System Improvements: The Manager said this \$12 million project request involves two wells above Māmalahoa Highway and transmission on the highway so that DWS can bring water to where the proposed Palani Transmission project will start. This will give DWS the capability of bringing water down to Kailua village. It will also assist all of the people who want to develop in the Kealakehe area and areas surrounding Palani Road (specifically Hawaiian Housing Foundation, Hawaiian Homes with their La'i'opua project and others hoping to do affordable housing projects.)
- b. Āhualoa Transmission Pipeline: The Manager said that this \$8 million request is in anticipation of the development of the Āhualoa Exploratory Well that DWS is currently designing. If DWS gets the funding, the timing would be perfect in that the design and construction would coincide with the development of the Āhualoa Well. This will bring water down to Honoka'a, which is in dire need of affordable housing. DWS has been in the unfortunate position of stopping development in Honoka'a; that is because the Department does not have enough water. He noted that aside from the Haina Well, the Department had pinned its hopes on the well that was developed by the State but the well's yield is very small (it had been expected to be 700 gallons per minute, but ranged from as low as 150 to 300 gallons per minute.) The well is not even a back-up to the Haina Well. Therefore DWS decided to drill up in Āhualoa and found a pretty good well up there which is a viable source. Unfortunately, Āhualoa is so far away from Honoka'a, and currently there is only an 8-inch pipeline between Āhualoa and Honoka'a. This request is for funds to put in a 12-inch pipeline so DWS can bring water down to Honoka'a. The Department hopes that Senator Dwight Takamine will push for this project because it benefits Honoka'a.
- c. Waimea Reservoir: This \$600,000 funding request is for a 5-million gallon reservoir to replace the existing Clearwater 4-million gallon reservoir which sustained earthquake damage to its fill section and to the interior shotcrete lining that was repaired by divers. It has been repaired and is functional; but in anticipation of further development and further needs, DWS needs additional capacity to store the processed water. The Manager noted that this money is requested for design, not construction, because the Department does not know where to put it yet.

These three project requests were also listed on the Mayor's request to the Legislature. The Department will soon be meeting with the Mayor to provide specifics on each project. The Mayor has designated Mr. Kevin Dayton, one of his Executive Assistants, to work closely

with DWS on these requests and on the Mayor's overall economic stimulus package. Mr. Okamoto is the Department's coordinator in this effort. The Manager noted that the Mayor's Office is currently drafting a bill, but the Department has not seen anything yet.

Mr. Smith mentioned a Hawai'i Tribune-Herald write-up on the Waimea Reservoir, and said it made it sound as if there was a pending safety issue there or possibly a reliability of service issue. He noted that the write-up gave a false impression because neither was the case.

The Manager suggested that the Board make a site visit to the Waimea reservoirs, possibly when the Board next meets in Waimea.

D. MONTHLY PROGRESS REPORT:

Mr. Goya asked for an update on the Andrade Camp project.

The Manager said the project has been completed and the residents are enjoying County water. The construction went very well; the contractor was very cooperative and the residents had no problems. He noted that then-Representative Dwight Takamine held a community event when it was completed, to which DWS was invited.

E. ISSUANCE OF GENERAL OBLIGATION BONDS:

The Department anticipates needing \$35 million to fund construction projects in Fiscal Year 2010 (FY10). Some of the more costly projects requiring funding in FY10 include:

1) 'Ōla'a No. 6 Well and Reservoir	\$7,000,000
2) Āhualoa Well and Reservoir	\$6,500,000
3) Kula'imano Well and Facilities	\$3,000,000
4) Kukuihaele Well Improvement	\$2,000,000
5) Kapulena Well	\$1,345,000
6) Piihonua-Kukuau Reservoir and Transmission	\$4,600,000
7) Laupāhoehoe Reservoir	\$2,000,000
8) Milo Street Waterline and Reservoir	<u>\$3,000,000</u>
TOTAL FY10	\$29,445,000

Currently, DWS has approximately \$18,000,000 in funds available to fund construction, broken down by source as follows:

1) CIP Reserve	\$4,660,000
2) Facilities Charges	\$3,000,000
3) 2006 GO Bonds	\$8,750,000
4) Kona Source Assessment Fee	<u>\$1,600,000</u>
TOTAL AVAILABLE	\$18,010,000

These funds are to be used to fund the following construction projects anticipated for the remainder of Fiscal Year 2009 (FY09):

1) Earthquake Tank Repairs #2	\$2,900,000
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2) Piihonua Reservoir	\$7,500,000
3) Palani Transmission	\$17,000,000
4) Pāpa'ikou Pipeline	\$2,200,000
5) Puakea Reservoir	\$1,500,000
6) Earthquake Tank Repairs #3	<u>\$1,500,000</u>
TOTAL FY09	\$32,600,000

The County of Hawai'i cannot say exactly when their next General Obligation Bond will be issued but has indicated that Water Board approval is required in order for DWS to be included.

The Manager recommended that the Water Board approve a request to the County of Hawai'i to be included in the County's next General Obligation Bond issue for a \$25 million share; that DWS reimburse the County of Hawai'i for DWS' share of debt service and costs of issuance; and that the Manager be authorized to execute the necessary documents to complete the issuance.

MOTION: Ms. Kim moved to approve the recommendation; seconded by Mr. Kuailani.

Mr. Sumada acknowledged that prior to the meeting today, Chairperson Smith had questions regarding the above figures; Mr. Sumada said he had made corrections via email. Mr. Sumada acknowledged that the amount requested, \$25 million, does not equal the figures before the Board. Mr. Sumada said he had reduced the *original* amount requested, \$43 million, for two reasons: first, there is always a lag in what construction is scheduled and what actually happens. The second reason was that the County had told Mr. Sumada that the County was now doing bond issues **in \$50 million increments**. Mr. Sumada said that if DWS went out with a \$43 million request, it would take up practically all of the \$50 million bond issue. He believed that technically, the Department should approve a \$43 million request from the County and see what the County can do with the rest. Mr. Sumada said that the \$43 million comes from the Fiscal Year 2009 budget, with \$8 million available which he noted was in the second table in the Agenda Item. Mr. Sumada noted that DWS had projects totaling \$32.6 million, so there is a shortage in Fiscal Year 2009 for projects that DWS anticipates. That difference, added to the \$29 million in projects anticipated for Fiscal Year 2010, comes to the \$43 million that the Department should be requesting from the County. Mr. Sumada said he believed that this \$43 million ties into R.W. Beck's rate study and requests for general obligation bonds from the County for Fiscal 2010. He said the rate study was right on with the amount and the timing.

Chairperson Smith said he was confused by the recommendation for \$25 million because he did not see that figure in the back-up. He said that if the Department is changing its recommendation, that would be fine, but if the recommendation is still \$25 million, he wanted to understand what projects the Department has excess funding for and what the Department plans to do with the \$25 million. If the Department has the excess funding (of \$8 million) available, then he wanted to see \$33 million worth of stuff.

The Manager said that the \$25 million was what the Department would piggy-back with the County, although the Department can try and ask the County for the full amount of \$43 million and see what they say.

Chairperson Smith said that one of the reasons for the Water Board meetings is to establish a clear paper trail. He was concerned that someone looking at the Minutes and the Agenda might be unable to track what the Board approved with the data submitted, and a future auditor might ask what the Water Board was thinking. The Chairperson said there was a need for really clear documentation. If the Department needs \$43 million but does not think it will get it, and instead makes a business decision to ask for \$25 million, then the Department should ask for \$25 million and clearly show what the money will be used for. He said he did not see how the \$25 million in the recommendation tracks with the financials submitted. He wondered if the Department had some surplus money that it is throwing in from Fiscal Year 2006 or some other year.

Mr. Sumada acknowledged that the \$25 million figure does not track to anything; the \$25 million was to be allocated to whatever project is ready to be allocated.

Chairperson Smith said what is needed is a sentence in the recommendation to the effect that the Department really wants \$43 million to be able to fund all of the projects, in addition to the \$8 million the Department already has; but that the Department knows it will only be able to get \$25 million and therefore *that* is the amount requested.

The Manager agreed that the Department should have been clearer about it. The Manager said that he thought DWS should ask the County for the \$43 million and see what they say.

Ms. Kim said her impression from reading the recommendation was that the Department was limited by the County to only ask for \$25 million. If that is the case, Ms. Kim wondered where this cap came from.

The Manager suggested that because the Department still has time, the Department could take the Agenda Item back, fix it up to make it clearer and recommend the Board's authority for the \$43 million.

Ms. Kim asked if there were a deadline for submitting the Department's request to the County.

The Manager said the County was not going to do any new bond issues until six to eight months from now.

Mr. Sumada said the County was unable to give him a time frame.

The Manager suggested that the Board allow the Department to take the Agenda Item back, clean it up, ask for the \$43 million, with a condition that the \$43 million (or whatever amount the County will allow DWS to piggy-back with,) would be in line with the projects listed. In addition, there would be a statement that if DWS only gets \$25 million, the priority would go to projects that were ready to go, he said. The Manager noted that the Department would need to spend the bond money right away, so normally the bond money is spent on whatever

projects are ready to go first. He noted that the Department has been trying to save the bond money for the Palani project; that project has taken so long that the Department has spent some of the bond money on projects that were ready to go.

Mr. Okamoto noted that all of the projects listed in the Agenda Item had received prior Board approval.

Chairperson Smith asked that the Department be clear on what it is asking for in its recommendation.

The Manager suggested that the Board defer this Agenda Item and allow the Department to come back next month with a cleaner version, with more things prioritized. He noted that the intent was to ask for \$25 million and use that money for whatever projects were ready.

Mr. Goya said that when making rate requests, the Department should not exclude the cost of debt service on the \$25 million or \$43 million and asked how that affects DWS operations.

The Manager said debt service is definitely a cost item.

Mr. Goya said the more debt the Department has, the more expenses it will have, and the Board needs to have very specific information here. While acknowledging that the Board had approved all of the projects listed, Mr. Goya said that the Department needed to see if the numbers were still valid: whether there had been changes in construction costs, contingency fees or other miscellaneous factors that can arise. Because the Board is being asked to approve a lot of money in this bond issue, the Board needs some more information to approve it. He noted that when it comes time to make decisions regarding a rate impact, future Board members will have to assume that those currently on the Board did their job, in support of additional requests for money from the Department's customers.

The Manager said there was no doubt that debt service will affect the Department's budget.

Ms. Kim asked about the Department's track record when making bond issue requests to the County.

The Manager said the County is very cooperative whenever the Department asks to piggy-back with them on bond issues, and has never denied the Department. He noted that piggy-backing with the County is advantageous because it gets DWS cheaper rates. While the Department has the ability to float revenue bonds, it is more expensive to do so, so DWS always goes with the County on general obligation bond issues. DWS has to follow the County's timing on bond issues, he noted. The Department has a good working relationship with County Treasurer Mike Okumoto, and Mr. Sumada works closely with him.

Mr. Sumada noted that just recently the County has gone to \$50 million increments in its bond issues; before that, it was open-ended and bond issues were in whatever amount the County needed. He noted that the \$50 million increment idea was something new, and he was not sure how that would fit in with whatever projects come up.

The Manager said there was no clear reason for the \$50 million increments, and that it was simply arbitrary.

Mr. Sumada said it appears that the County is trying to structure bond issues more, doing them annually rather than on a less fixed timetable.

The Manager said he believed that the \$50 million increment idea may have something to do with the County Council, which may have considerations DWS is not privy to.

Chairperson Smith expressed appreciation to the Council that DWS was allowed to piggy-back with the County.

Ms. Garson suggested because the Agenda Item was likely to change substantially, that the Motion and the Second to approve the recommendation be both withdrawn. By merely deferring the Item, it would just come back as is and would require clarification all over again. She suggested that the Motion and Second be withdrawn, and that the Department withdraw the current Item and submit a substantially changed version.

Chairperson Smith said that made sense. He called for the Motion and the Second to be withdrawn.

ACTION: Ms. Kim withdrew her Motion to approve the recommendation; Mr. Kuailani withdrew his Second.

Mr. Smith asked at what point the Department works with a project consultant to fine tune the numbers on a project, and if it was just before bidding.

Mr. Okamoto said the consultant usually has a better handle on the numbers, and gives DWS a cost estimate in line with the design.

Chairperson Smith said that the Department needs to keep in mind the construction climate, and maybe if you have \$25 million available, if everyone is super-hungry you may be able to get \$43 million worth of work.

The Manager said the consultant does give DWS a realistic estimate when it comes time for the consultant to formulate a proposal, noting that the consultant will have all of the design already.

F. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

Mr. Goya asked for an update on the Department's collection efforts, amid the current difficult economic situation.

The Manager said that with the hiring of the Collection Agent, the Department's collection efforts have really improved.

Mr. Goya asked for an update at the next meeting on how the Department is doing on its electric bill in relation to the Power Cost Adjustment that went into effect in January.

The Manager said no change in the electric bills was expected until the end of February (DWS billings take two months), and suggested that an update could be done at the Water Board meeting in March.

G. WATER RATE STUDY:

No discussion.

H. MANAGER'S REPORT:

The Manager provided an update or status on the following:

1. Hawaiian Ocean View Exploratory Well – The Manager said this project is going well, with the pump test yield extrapolated out to about 300 gallons per minute, far better than the 150 gallons per minute expected. The geologist's report is pending. The Manager expressed hopes that the project's second phase can start, now that the pump test is completed. The water quality is surprisingly good, albeit warmer than normal. DWS engineer Ms. Shari Komata is keeping the community updated on the project. Mr. Goya said the community needs to be informed that the scope of the work is limited. The Manager agreed, noting that there is only a 100,000-gallon tank, which was all the monies allotted could buy.
2. Negotiations with Kamehameha Investment Corporation –The Manager said the Department is still waiting to hear back from KIC; the ball is in KIC's court. DWS is still interested in working with the master developer. The Manager said he should probably call Mr. Ray Soon at KIC to find out the status.
3. Recycling Program – The Manager said this program is going well, with DWS Baseyard and Main Office participating. Blue and gray recycling bins are available in numerous locations throughout the offices. Mr. Goya asked DWS to do measurement of the weight of what DWS is diverting from the landfill through the recycling program. The Manager said the Department will try to come up with estimates of how much the Department has diverted from the landfill by way of showing how good the program is. The Department's Energy Analyst will be visiting the other Baseyards islandwide to set up the same program that is in place here in Hilo.
4. Transportation Committee –No meeting has taken place yet so nothing to report. Mr. Goya asked that some kind of measurement be used for both the recycling and transportation initiatives, and that the value of these programs be communicated.

At this point, the Manager mentioned the upcoming annual American Water Works Association conference, entitled ACE09, to be held in San Diego from June 14-18, 2009. Because of the economy, it was not clear how many Board members and staff can attend this year, but the Department will inform the Board after Mr. Sumada scrutinizes the budget. However, the Manager said he was eager to support events like this because attendance gives valuable insight into the whole water industry. DWS is looking into which conference hotel to

choose, and how many people to invite. Chairperson Smith suggested choosing the hotel early and blocking a number of rooms, adding that he and Vice-Chairperson Mukai would decide who may go. Conference flyers were distributed to the Board members, and further information is online at www.awwa.org, click on Conferences and go to ACE09.

5. Employee of the Quarter Award (4th quarter of 2008) – The Department selected Ms. Gwen Sako, who joined DWS on December 16, 1996, as Employee of the Quarter. Ms. Sako was promoted to Human Resources Technician on May 1, 2000 and is responsible for the Department's safety program. According to Deputy Manager Mr. Antonio, Ms. Sako has during the past eight years in her current position demonstrated sustained superior performance and dedication to the Department, its employees and the public. In his testimonial, the Deputy Manager said Ms. Sako has undertaken all aspects of her position with enthusiasm, dependability and efficiency, always willing to take on special projects such as the recently-launched fall prevention program. Ms. Sako's supervisor, Ms. Wanda Kapahu, was on hand to support her colleague. Ms. Sako with characteristic modesty credited her award to Ms. Kapahu and her co-workers.

Mr. Smith asked for an update on replacements for the two outgoing Board members.

The Manager said that the Mayor has selected Mr. Art Taniguchi, an executive with the Bank of Hawai'i, as replacement for outgoing Board member Mr. Goya, who represents District 2 in Hilo. The County Council meeting to confirm Mr. Taniguchi's appointment is pending. In the meantime, there is still no nominee to replace outgoing Board member Mr. Konanui from District 5 in Lower Puna. The Manager said he hoped to have Mr. Taniguchi on the Board by the February 24 Board meeting.

Mr. Meierdiercks asked the status of the Hookena standpipe.

Mr. Inaba said that it now belonged to the Department through purchase, rather than condemnation.

Ms. Kim asked the status of the condemnation along Palani Road.

Ms. Garson said the Department was waiting for the appraisal of the property in question, and explained the process she undergoes to file a condemnation complaint and to file for immediate possession. The owner has 10 days from the time papers are served to contest public purpose of the property, after which DWS can take immediate possession of the property. She noted that this condemnation involves an easement.

I. CHAIRPERSON'S REPORT:

No report this meeting.

ANNOUNCEMENTS:

1. Next Meeting:

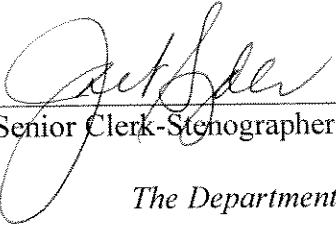
The next meeting of the Water Board will be held on February 24, 2009, 10:00 a.m., at the Royal Kona Resort, Resolution Room, Kailua-Kona, Hawai'i.

2. **Following Meeting:**

The Board chose to hold its March 24, 2009 meeting in Waimea (venue to be determined.) Chairperson Smith suggested making a site visit to the mauka reservoirs and the Clearwater tank.

ADJOURNMENT:

ACTION: Chairperson Smith called for the meeting to be adjourned. Ms. Kim so moved; seconded by Mr. Kuailani, and carried unanimously by voice vote. Meeting adjourned at 11:46 a.m.



Senior Clerk-Stenographer

The Department of Water Supply is an Equal Opportunity employer and provider.