

MINUTES

DEPARTMENT OF WATER SUPPLY COUNTY OF HAWAII WATER BOARD MEETING

May 26, 2009

Royal Kona Resort, Discovery Room, Kailua-Kona

MEMBERS PRESENT: Mr. Riley Smith, Chairperson
Mr. Dwayne Mukai, Vice-Chairperson
Mr. George Harai
Mr. Francis Kuailani
Mr. Art Taniguchi
Mr. Milton Pavao, Manager, Department of Water Supply
(ex-officio member)

ABSENT: Ms. Millie Kim, Water Board Member
Mr. Bryan Lindsey, Water Board Member
Mr. Robert Meierdiercks, Water Board Member
Ms. Bobby Jean Leithhead-Todd, 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 (10:07 a.m.)
Mr. Richard Sumada, Waterworks Controller
Mr. Daryl Ikeda, Chief of Operations
Ms. Kanani Aton, Public Information and Education Specialist
Ms. Julie Myhre, Energy Management Analyst, Operations Division
Mr. Lawrence Beck, Engineering Division (10:07 a.m.)
Mr. Keith Okamoto, Engineering Division

CALL TO ORDER - Chairperson Smith called the Meeting to order at 10:05 a.m.

STATEMENTS FROM THE PUBLIC:

None.

APPROVAL OF MINUTES:

ACTION: Chairperson Smith entertained a Motion to approve the Minutes of the April 28, 2009 Water Board Meeting. Mr. Mukai so moved; seconded by Mr. Kuailani and carried unanimously by voice vote.

APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA:

Chairperson Smith entertained a Motion to approve the addition to the Agenda of Supplemental Agenda Item No. 5(A), regarding MATERIAL BID NO 2009-05, FURNISHING AND DELIVERING WATER METERS, FIRE HYDRANTS, VALVES, CHLORINATORS, PUMPS, PIPES, SCADA, MOTORS AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK; and Supplemental Agenda Item No. 6 (A), regarding JOB NO. 2007-923, CONSTRUCTION OF THE ĀHUALOA WELL DEVELOPMENT – PHASE 2 (PRODUCTION WELL AND 1.0 MG RESERVOIR).

ACTION: Mr. Mukai so moved, seconded by Mr. Taniguchi, and carried unanimously by voice vote.

SOUTH HILO:

A. MATERIAL BID NO. 2009-05, FURNISHING AND DELIVERING WATER METERS, FIRE HYDRANTS, VALVES, CHLORINATORS, PUMPS, PIPES, SCADA, MOTORS AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK:

Bids were opened on May 19, 2009. The contract period for all Parts is one year, from July 1, 2009, to June 30, 2010. All Parts are to establish price agreements for materials on an "As-Needed Basis."

The Manager recommended that the Board award the contracts to the following bidders for MATERIAL BID NO. 2009-05, FURNISHING AND DELIVERING WATER METERS, FIRE HYDRANTS, VALVES, CHLORINATORS, PUMPS, PIPES, SCADA, MOTORS AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK, on an as-needed basis, as listed below, and that either the Chairman or the Vice-Chairman be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel. The contract period shall be from July 1, 2009, to June 30, 2010.

SECTION NO.	DESCRIPTION	BIDDER	AMOUNT
1	DUCTILE IRON PIPES	Ferguson Enterprises, Inc.	\$185,135.30
2	DUCTILE IRON FITTINGS	Ferguson Enterprises, Inc.	\$58,927.99
3	COPPER TUBING	Ferguson Enterprises, Inc.	\$86,156.21
4	GALVANIZED PIPES T & C	Ferguson Enterprises, Inc.	\$13,995.91
5	5/8" WATER METERS	Badger Meter, Inc.	\$76,320.00
6	1" – 2" WATER METERS	Badger Meter, Inc.	\$13,935.00
7	METER BOXES AND COVERS	Ferguson Enterprises, Inc.	\$56,945.00
8	COMPOUND WATER METERS	Ferguson Enterprises, Inc.	\$16,240.25
9	TURBINE METERS AND STRAINERS	Ferguson Enterprises, Inc.	\$19,953.31
10	DETECTOR CHECK METERS	Ferguson Enterprises, Inc.	\$5,782.01
11	FIRE SERVICE METERS	Ferguson Enterprises, Inc.	\$30,397.20
12	FIRE HYDRANTS AND EXTENSION KITS	Ferguson Enterprises, Inc.	\$51,201.32
13	AMERICAN DARLING FIRE HYDRANT EXTENSION KIT	Ferguson Enterprises, Inc.	\$4,527.07
14	KENNEDY SAFETOP FIRE HYDRANT EXTENSION KIT	Ferguson Enterprises, Inc.	\$4,108.39
15	M & H FIRE HYDRANT EXTENSION KIT	Ferguson Enterprises, Inc.	\$20,794.70
16	NUTS, BOLTS, AND THREADED RODS	Ferguson Enterprises, Inc.	\$18,866.98
17	BALL VALVES	Ferguson Enterprises, Inc.	\$94,780.50
18	BALL VALVE, PACK JOINT X METER COUPLINGS	Ferguson Enterprises, Inc.	\$19,829.66
19	CORPORATION AND CURB STOPS	Ferguson Enterprises, Inc.	\$53,555.06
20	PACK JOINT COUPLING	Ferguson Enterprises, Inc.	\$20,674.90
21	HOSE BIBBS	Ferguson Enterprises, Inc.	\$551.08
22	INVERTED MARKING PAINT	Ferguson Enterprises, Inc.	\$6,681.00
23	GATE VALVES – 3" AND LARGER, 125# CLASS	A.P. Water Supply, Inc. dba: HIW-Hawaii	\$32,557.00
24	GATE VALVES – 3" AND LARGER, 250# CLASS	Ferguson Enterprises, Inc.	\$77,177.19
25	BUTTERFLY VALVES	A.P. Water Supply, Inc. dba: HIW-Hawaii	\$74,690.00
26	MECHANICAL SEALS	Kaman Industrial Technologies Corp.	\$51,337.00

29	CHLORINE RESIDUAL ANALYZER	TK Process Hawaii, LLC	\$12,869.56
31	MAG METERS	Hawaii Engineering Services, Inc.	\$210,669.00
32	DIRECT CURRENT MAG METERS	Hawaii Engineering Services, Inc.	\$130,448.00
33	SURGE ARRESTORS	TK Process Hawaii, LLC	\$28,663.00
34	MOTORS	Kaman Industrial Technologies Corp.	\$1,184,180.00
36	AUTOMATIC CONTROL VALVES	Ferguson Enterprises, Inc.	\$615,756.52
37	ANTI-CAVITATION VALVE	Ferguson Enterprises, Inc.	\$165,208.72
38	POWER MONITORING EQUIPMENT	DYNA-NDC AUTOMATION LLC	\$11,270.00
39	SCADA SYSTEM	Engineered SCADA Solutions, Inc.	\$35,980.78
40	SUBMERSIBLE MOTORS (NEW ONLY)	Beylik Drilling & Pump Service, Inc.	\$3,998,903.00
41	SUBMERSIBLE MOTORS (REFURBISHING AND REWIND ONLY)	Derricks Well Drilling & Pump Services, LLC	\$964,922.24
42	CENTRILIFT VARIABLE SPEED DRIVE PARTS	Beylik Drilling & Pump Service, Inc.	\$37,283.77
43	VARIABLE FREQUENCY DRIVES	TK Process Hawaii, LLC	\$4,811,020.41
44	LOW HORSEPOWER VFD (1/4 HP – 15 HP 460 VAC)	TK Process Hawaii, LLC	\$8,070.18
45	LEAK NOISE DATA LOGGERS	TK Process Hawaii, LLC	\$17,253.31
46	SOLID STATE REDUCED VOLTAGE SOFT STARTER & SPARE PARTS	TK Process Hawaii, LLC	\$1,337,997.67
48	COMMUNICATIONS HARDWARE, SOFTWARE AND SERVICES	TK Process Hawaii, LLC	\$40,443.48
49	WATER QUALITY EQUIPMENT	Hach Company	\$23,919.03
51	DC POWER SUPPLIES	DYNA-NDC AUTOMATION LLC	\$200.00
54	PRESSURE REGULATORS	Ferguson Enterprises, Inc.	\$753.06
55	AUTODIALERS	DYNA-NDC AUTOMATION LLC	\$250.00
56	PRESSURE TRANSMITTER	DYNA-NDC AUTOMATION LLC	\$1,420.00
57	PRESSURE TRANSDUCER	TK Process Hawaii, Inc.	\$967.26
58	3 PHASE MONITOR RELAY	DYNA-NDC AUTOMATION LLC	\$400.00
59	CIRCULAR CHART RECORDER	DYNA-NDC AUTOMATION LLC	\$2,550.00

61	CHEMICAL FEEDER PUMP	TK Process Hawaii, LLC	\$6,247.58
62	DIGITAL HIGH-RESOLUTION CONTROLLER	TK Process Hawaii, LLC	\$2,299.62
63	INDUSTRIAL ACTUATOR	TK Process Hawaii, LLC	\$7,955.64

For the following Sections: **27** (Pump Seals), **28** (Tablet Chlorinators), **30** (Chlorinators), **35** (Booster and Deepwell Pump Control Ball Valves), **47** (Hatch Frames and Covers), **50** (High Density Polyethylene (HDPE) Discharge Tubing), **52** (Chlorinator Check Valve and Ejector Assemblies), **53** (Industrial Motor Lead Cable), **60** (Pressure Regulating Valves), and **64** (Integrated Encoder and Meter Interface Unit (IMIU) / Automatic Meter Reading (AMR), no bids were received.

For the Parts where no bids were received, staff shall obtain quotations in the best interest of the Department.

The Manager recommended that awards should go to the vendors listed on the bid tabulation (above). For the Parts which had no bids, the Department will obtain quotes as the need for the Parts arises, according to the State procurement code.

MOTION: Mr. Mukai moved to approve; seconded by Mr. Kuailani.

The Manager confirmed that there is no guarantee that the Department will buy the total quantities listed in the bid, nor that any given line item will be bought. The Manager noted that Material Bids like this are used to buy spares for emergencies or critical installations. When the Department uses a spare, it always has a spare.

Chairperson Smith asked when the warranty starts on a purchased item such as a motor, noting that the motors on the list are high-ticket items.

The Manager said that the warranty starts when DWS takes delivery.

Mr. Ikeda noted that there are some numbers crossed out and initialed in the bid tabulation; those numbers had mathematical errors and were corrected.

Mr. Mukai asked if the meters listed on the bid tabulation included wireless meters.

The Manager confirmed that in this Supplemental Agenda item they were asking to buy some spare meters.

ACTION: Motion carried unanimously by voice vote.

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

The contractor, Ed Higa General Contracting, requested a 35 calendar-day time extension, due to delays beyond the control of the contractor. The delays consisted of 16 rain-out days (21 calendar days), and 14 calendar days to do additional work at the Spring Site and Tank Site.

Note:

- 1) The additional work at the Spring Site involved some modifications to the Spring Box and the addition of concrete stairs. The Spring Box modifications were for water quality improvements, easier maintenance, and better overall appearance. The stairs were added for safety.
- 2) The additional work at the Tank Site involved additional earthwork and some modifications to the flow meter vault. The earthwork was for additional grading needed around the equipment enclosures. The vault modifications will prevent entry of ground water.

Staff has reviewed the request and finds that the 35 calendar days are justified. This is the third time extension request.

Request	Time Requested	From	To
1st Time Extension	62 Calendar Days	January 27, 2009	March 30, 2009
2nd Time Extension	57 Calendar Days	March 30, 2009	May 26, 2009
3rd Time Extension	35 Calendar Days	May 26, 2009	June 30, 2009

The Manager recommended that the Water Board approve a contract time extension of 35 calendar days to Ed Higa General Contracting for Job No. 2007-926, HAKALAU IKI SPRING REMEDIATION. The contract completion date was revised from May 26, 2009 to June 30, 2009.

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

The Manager noted that the Department had required the contractor to do additional work, which caused delays. In addition, the area is very wet because it rains a lot. The time extension is requested in fairness to the contractor.

Chairperson Smith noted that while the additional work was not included in the original design and the original construction price, the Department decided that it was prudent to require this additional work.

Mr. Okamoto cited Note No. 1 in the Agenda item, which mentions the construction of a stairway. This stairway was added for safety reasons due to the difference in elevation at the site. Note No. 2 involves additional earthwork, in response to field conditions at the site. He noted that the consultant for the project was Okahara & Associates.

Chairperson Smith noted that the Department is not requesting additional funds, and assumed that there were sufficient contingency funds.

Mr. Inaba said that the Department will probably have to request additional time because there is a 28-day monitoring period, not included in the original schedule, which is required by the Department of Health to show that the improvements done at the spring site had eliminated any surface water influence. The Department will need to retain the contractor during that monitoring period.

Chairperson Smith asked the Department to provide a spread sheet showing a total of calendar days for the time extensions.

ACTION: Motion carried unanimously by voice vote.

HĀMĀKUA:

A. JOB NO. 2007-923, CONSTRUCTION OF THE ĀHUALOA WELL DEVELOPMENT – PHASE 2 (PRODUCTION WELL AND 1.0 MG RESERVOIR):

Bids for this project were opened on May 21, 2009; and following are the bid results:

<u>BIDDER</u>	
Goodfellow Bros., Inc.	\$4,742,200.00
Alan Shintani, Inc.	\$5,100,636.00
Bolton, Inc.	\$5,382,653.00
Isemoto Contracting Co., Ltd.	\$5,519,389.75
Willocks Construction Corporation	\$5,729,813.76
F&H Construction	\$5,895,081.00
Jas W. Glover	\$6,044,626.00

Project Scope: This project consists of the outfitting of a production well and construction of a 1.0 MG concrete reservoir, control building, and supporting facilities.

Project Cost:

1) Low Bidder (Goodfellow Bros., Inc.)	\$ 4,742,200.00
2) Construction Contingency (10%)	474,220.00
Total Construction Cost:	<u>\$ 5,216,420.00</u>

Funding for this project will initially come from the Department's C.I.P. budget; however, the Department will be pursuing federal stimulus funds (American Recovery and Reinvestment Act of 2009) for the project through the State Drinking Water Revolving Fund. The contractor will have 410 calendar days to complete this project. The Engineering estimate was \$5,500,000.00.

The Manager recommended that the Board award the contract for JOB NO. **2007-923, CONSTRUCTION OF THE ĀHUALOA WELL DEVELOPMENT – PHASE 2 (PRODUCTION WELL AND 1.0 MG RESERVOIR)** to the lowest responsible bidder, Goodfellow Bros., Inc., for their bid amount of \$4,742,200.00 plus \$474,220.00 in construction contingency for a total contract amount of \$5,216,420.00, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel.

MOTION: Mr. Mukai moved to approve; seconded by Mr. Taniguchi.

The Manager explained that the project will outfit an exploratory well which found high-level water. This project is one that the Department has applied for State Revolving Funds, which would qualify for stimulus funding. The Manager believes that the Department's share of the stimulus funds will be adequate to cover a good portion of this phase of the work. He noted that the State received just under \$20 million in State Revolving Funds through the Department of Health for the four counties. The four counties have agreed to share the funding equally, which means that each county will get a little less than \$5 million. The Manager noted that last month, the Water Board had approved a resolution that enabled DWS to seek funding for this project. The Manager said he believed that DWS got a really good bid from the lowest bidder, and encouraged the Water Board to approve the award.

The Manager said the Department is going to put a new pipeline down from the tank down to Māmalahoa Highway, to connect to the existing line.

ACTION: Motion carried unanimously by voice vote.

SOUTH KOHALA:

A. ASSIGNMENT OF WATER ALLOCATION PURSUANT TO THE PARKER WELLS 3 AND 4 TRI-PARTY AGREEMENT:

(This item was deferred from the 4/28/09 Water Board Meeting.)

The Assignor, Mauna Lani Services, Inc., is intending to grant, assign, transfer and convey its rights to and allocation of water to Assignee, Tokyu Corporation, from the Lālāmilo Wells A, B, C and D, and Parker Wells 1, 2, 3 and 4. This assignment shall exclude the portions of such allocation that have been assigned to other owners of property within MLS's Development Area prior to the date of this assignment. All other terms and conditions in the Parker Wells 3 and 4 Tri Party Agreement between the Assignor, Mauna Kea Properties, Inc., and the Water Board of the County of Hawai'i shall remain unchanged.

The Manager recommended that the Water Board approve this Assignment of Water Allocation and authorize either the Chairperson or Vice-Chairperson to execute the document subject to the review and approval of the Corporation Counsel.

Ms. Garson asked the Water Board's approval of the recommendation would be contingent upon the State approving the Use and Occupancy Agreement (UOA between the Department of Transportation (DOT) and Mauna Lani Services). She noted that it would go with Item 7(B) which follows. She said that the recommendation for 7(B) is also to approve, contingent upon the execution of the UOA.

MOTION: Chairperson Smith entertained a Motion to approve, as amended, as per Ms. Garson's wording. Mr. Mukai moved to approve as amended; seconded by Mr. Taniguchi.

Chairperson Smith asked the Manager to describe the extent of all of the improvements, and to explain the portion pertaining to the crossing of Queen Ka'ahumanu Highway.

The Manager noted that Mauna Lani is trying to develop enough water source to cover the entire property within their area so that the parent company can get out of it. Once all of the lands in the area are provided with enough water, Mauna Lani plans to turn it over to the homeowners association and leave. What are remaining are two wells, a tank and a crossing on the State highway, he noted. There is a patch going right across the road, just Kona-side of the Puakō intersection. This crossing of the highway is what is causing all of the DOT issues and the UOA. The crossing of the highway is necessary to utilize the additional wells, the additional tank and all of the improvements that Mauna Lani has made. He noted that the work involving the patch has been completed a long time ago.

Mr. Inaba said that the tanks have been completed and are operational.

The Manager said that with the approval and dedication to the Water Board, Mauna Lani has fulfilled their requirements to entitle all of their remaining lands with water. This meets DWS standards, he noted. All projects constructed are designed in accordance with DWS standards, and DWS provides inspectors to ensure the construction is according to the plans, and meets DWS standards.

Chairperson Smith said the Mauna Lani project is very large, involving a lot of improvements including two wells, two huge concrete reservoirs, and pipeline from the bottom of the rock wall at the HELCO wind farm all the way down across Queen Ka'ahumanu Highway. He noted that the issue with DOT (the UOA in question) has to do with Chapter 343, and there are issues such as the Environmental Impact Statement and other requirements in order to use a State right-of-way that was funded with federal participation. The project improvements will bolster the existing services to Mauna Lani, and will also benefit existing DWS customers who also have service down in Puakō. It also benefits Mauna Kea and Hāpuna, along with the rest of the area down to Department of Hawaiian Home Lands Industrial Area and Kawaihae Village to the Industrial Property by the harbor, he said. The improvements provide existing customers with redundant source and redundant storage, and Mauna Lani gets to use what it improved.

Ms. Garson said that she has been in contact with Mauna Lani's attorneys, who have submitted the UOA and DWS's assignment, to which the State will need to consent. The attorneys have gone to DOT and to the Attorney General's Office, who wouldn't approve it until today's meeting. Ms. Garson told them that she would ask the Water Board to make the contingent approval, but noted that if DOT changes anything, it affects the assignment. If DOT changes the obligations of Mauna Lani, that would change the obligations of the Department. Ms. Garson told DOT if anything changes, the Department would come back and ask again.

Chairperson Smith confirmed that the Water Board's contingent approval was based on the draft documents Ms. Garson handed to the Board.

Mr. Mukai asked if Item 7(A) was now combined with Item 7(B).

Ms. Garson said they are all connected as part of the same project. Right now, the Water Board is just on Item 7(A).

Chairperson Smith confirmed that the Water Board is on Item 7(A) until the contingent approval is amended by the wording given by Ms. Garson.

ACTION: Motion carried unanimously by voice vote.

B. ASSIGNMENT OF USE AND OCCUPANCY AGREEMENT BETWEEN THE STATE OF HAWAII, DEPARTMENT OF TRANSPORTATION AND MAUNA LANI SERVICE, INC. TO THE WATER BOARD OF THE COUNTY OF HAWAII:

(This item was deferred from the 4/28/09 Water Board Meeting.)

Mauna Lani Service, Inc. (MLS) constructed a 24-inch waterline within the Queen Ka'ahumanu Highway pursuant to a portion of the improvements required to serve MLS's Development Area as described in the Parker Wells 3 and 4 Tri-Party Agreement. The Department of Transportation of the State of Hawai'i (DOT) is requiring that the developer, MLS, execute a Use and Occupancy Agreement (UOA) for this installation of the waterline and make payment to DOT based upon an appraisal by the DOT. DOT and MLS intend to execute the UOA shortly, but payment will be delayed once an appraisal is completed. As part of the dedication of the water system improvements for the Parker Wells 3 and 4 project, the DOT is also requiring that the UOA be assigned by MLS to the Water Board of the County of Hawai'i.

The Manager recommended that the Water Board accept the assignment of the UOA contingent on the execution of the UOA between MLS and the DOT. The Manager also recommended that the Water Board authorize either the Chairperson or the Vice-Chairperson to execute the Assignment of the Agreement subject to the review and approval of the Corporation Counsel.

MOTION: Mr. Mukai moved to approve; seconded by Mr. Kuailani.

Ms. Garson noted that the recommendation included the contingent language, so it was okay as written.

ACTION: Motion carried unanimously by voice vote.

C. JOB NO. 2009-953, WAIMEA WATER TREATMENT PLANT SLUDGE REMOVAL:

Two bids for this project were received and opened on May 7, 2009, at 2:00 p.m. and the following are the bid results:

<u>Bidder</u>	<u>Bid Amount</u>
Sweet Water Too, Inc.	\$53,437.20
Bob's Sweetwater Pumping Service	\$91,920.00

Project Scope: This project consists of the periodic removal and disposal of sludge, from the sludge basin at the Waimea Water Treatment Plant, for a period not to exceed one year. The bid amount was determined by multiplying the bidder's unit price per load by 10 loads per month, for 12 months.

The Manager recommended that the Board award the contract for JOB NO. 2009-953, WAIMEA WATER TREATMENT PLANT SLUDGE REMOVAL, to Sweet Water Too, Inc., for their bid amount of \$53,437.20, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality of the contract by Corporation Counsel.

MOTION: Mr. Mukai moved to approve; seconded by Mr. Kuailani.

The Manager noted that the job is to provide for sludge removal in the interim until the drying beds project is completed. He said the first reservoir going up the hill is a mixture of water and sludge, and it is so full that DWS needs to dispose of the sludge. The contract will provide for the periodic removal of sludge, up to 10 loads per month, for one year.

Mr. Taniguchi asked about the wide disparity between the two bids.

The Manager said it is really difficult to second-guess how people bid, and noted that the bid specifications were all the same.

Chairperson Smith asked where the sludge goes after removal.

Mr. Ikeda said the sludge is being taken to the Wastewater Plant in Waimea, but there may need to be an alternative place to take it and the vendor is looking into other options for disposing of the sludge.

Mr. Mukai asked about liability in this situation.

The Manager said the Department is careful about this kind of thing, and bid specifications spell out what the bidder needs to do to be in compliance with all standards, laws and regulations in any given type of work undertaken.

Mr. Inaba concurred, adding that liability is put on the contractor, who for that reason carries insurance.

The discussion turned to whether the sludge was a recyclable commodity, and whether it was all-natural.

The Manager said that the sludge was not all-natural; there are chemicals in the sludge including chemicals that DWS uses to create the flock (i.e. the particles that adhere to each other) that is removed from the water. The chemicals are not toxic, but they are chemicals nonetheless.

ACTION: Motion was carried unanimously by voice vote.

NORTH KONA:

A. MAINTENANCE BID NO. 2009-04, REPAIR AND MAINTENANCE OF KAHALU‘U SHAFT HIL-A-VATOR, KONA:

Bids were opened on May 15, 2009, at 2:30 p.m.; and following are the bid results:

KONE, Inc., bid \$1,625.00/month to perform the repair and maintenance on the hil-a-vator for two years with a call-out cost of \$245.00/hour.

1. Cost of contract for two years (\$1,625.00 x 24 months)	\$39,000.00
2. Contingency	<u>6,000.00</u>
TOTAL	<u>\$45,000.00</u>

The last contract price was for \$1,750.00/month with a call-out cost of \$238.71/hour.

The Manager recommended that the Board award the contract for MAINTENANCE BID NO. 2009-04, REPAIR AND MAINTENANCE OF KAHALU‘U SHAFT HIL-A-VATOR, KONA, to KONE, Inc., for their bid amount of \$39,000.00, plus \$6,000.00 in contingency, for a total contract price of \$45,000.00, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality of the contract by Corporation Counsel. The contract period shall be from July 1, 2009, to June 30, 2011.

MOTION: Mr. Mukai moved to approve; seconded by Mr. Kuailani.

Mr. Ikeda said that every two years, the Department puts out this contract for service, repair and routine maintenance. DWS is required to have someone inspect the hil-a-vator. If the contractor finds some major problem, it becomes a separate issue.

The Manager noted that one of the key things the contractor does is a “runaway” test, to test the centrifugal brakes to make sure they grab the rails. This test ensures that the hil-a-vator is operating safely.

Mr. Ikeda said that the load test that the contractor does is a requirement.

ACTION: Motion carried unanimously by voice vote.

B. JOB NO. 2003-834 (REVISED), CONSTRUCTION OF THE KONA BASEYARD FACILITY IMPROVEMENTS:

A letter dated May 1, 2009, from Central Construction, Inc., requested an extension of contract time.

This is the contractor’s seventh time extension request to allow the Department of Water Supply additional time to secure the necessary building permit for the project. Additional time is needed to fulfill the Department of Public Works Building Code requirements to convert the

existing open garage building to office and workshop spaces under the scope of this project. Staff has evaluated this request and finds that the 90-calendar day extension is justified.

Previously approved time extensions by the Water Board:

- First time extension 64-calendar days (May 11, 2007 to July 14, 2007)
- Second time extension 60-calendar days (July 14, 2007 to September 12, 2007)
- Third time extension 60-calendar days (September 12, 2007 to November 11, 2007)
- Fourth time extension 65-calendar days (November 11, 2007 to January 15, 2008)
- Fifth time extension 417-calendar days (January 15, 2008 to March 2, 2009) with \$22,348.60 contract price escalation to compensate for the time delay.
- Sixth time extension 90-calendar days (March 2, 2009 to May 31, 2009) with no contract price increase.

Original Contract Amount	= \$192,513.40
Previous Contract Change Order	= <u>22,348.60</u> (Contract Price escalation)
Current Contract Amount	= \$214,862.00

The Manager recommended that the Board grant Central Construction, Incorporated, a 90-calendar day extension to the contract completion date from May 31, 2009 to August 29, 2009, for JOB NO. 2003-834 (REVISED), CONSTRUCTION OF THE KONA BASEYARD FACILITY IMPROVEMENTS.

MOTION: Mr. Mukai moved to approve; seconded by Mr. Kuailani.

Mr. Inaba said he is receiving weekly updates from DWS's project engineer, the consultant and the Building Division. The latest update came last week, with the consultant submitting what he thinks is his final submission to Building Division. Each time a submission goes in, the Department believes it has taken care of Building Division's concerns, but something always pops up. He noted that the consultant is architect Mr. Jerry Watanabe. The most recent explanation is to clarify to Building Division that welding was not going to be done inside the facility.

The Manager expressed frustration over the delays, especially on behalf of the Kona personnel.

Chairperson Smith said he had added up the total of extension days, including this latest extension of 90 days. The total comes to 846 days, or the equivalent of 2 ½ years. He encouraged the Department to keep working at it.

ACTION: Motion carried unanimously by voice vote.

C. JOB NO. 2004-839, KEŌPŪ-PU'UHONUA PRODUCTION WELL AND 1.0 MG RESERVOIR:

The contractor, Isemoto Contracting Co., Ltd., requests a 37 calendar-day time extension. This request is due to the Department's request to video and subsequent cleaning and bailing of the well. The drilling of the well was completed in 1993, and the well has been sitting

unused until now. The video showed scaling and buildup on the casing which needed to be removed before installing the new pump and motor.

Staff has reviewed the request and finds that the 37 calendar days are justified.

This is the third extension request. The first time extension granted at the April 22, 2008 Water Board Meeting was for 91 calendar days from August 19, 2008, to November 18, 2008. The second time extension granted at the November 25, 2008 Water Board Meeting was for 197 calendar days from November 18, 2008, to June 3, 2009.

The Manager recommended that the Board approve a contract time extension to Isemoto Contracting Co., Ltd., of thirty-seven (37) calendar days from June 3, 2009 to July 10, 2009, for JOB NO. 2004-839, KEŌPŪ-PU'UHONUA PRODUCTION WELL AND 1.0 MG RESERVOIR.

MOTION: Mr. Mukai moved to approve; seconded by Mr. Kuailani.

The Manager explained that in this case, DWS required additional work not covered by the contract documents, hence the request for additional time to carry out the extra work. The extra work involves doing a video and cleaning the well. The cleaning involves periodically pumping the well or bringing up the well water to take up all of the cuttings and debris that should not be in the well. The staff believes that the extension request is justified.

Mr. Okamoto said the well was drilled some 16 years ago. Before putting down a brand new pump and motor into the well, the Department as a precaution wanted to do a video of the inside of the well. There was some scaling that built up on the casing, along with some gravel pack material that got to the bottom of the well. The Department wanted to make sure that the well was all cleaned up before staff dropped in the new pump and motor. He noted that as a heads-up, the Department is likely to come back for another time extension because DWS is still waiting for HELCO to provide power, to enable the well to be up and running. Unfortunately, DWS does not have a time frame from HELCO.

Mr. Taniguchi asked if the cleaning was necessary because the well is 16 years old, and asked whether it could be done on a more timely basis.

The Manager said that the age of the well contributed to the scaling on the casing. DWS staff had a hunch that it would be good to have a better look at the inside of the well, and videoing the well provides a complete view of everything. As for the release of the gravel pack material into the bottom of the well, it could be due to various reasons, including the earthquake or a leakage in the bailing basket. The age of the well is probably what triggered the scaling, he said.

Chairperson Smith commented that the Department can probably anticipate things like videoing the well, and said that it would probably be less expensive if DWS includes such work in the original bid or as an addendum.

ACTION: Motion carried unanimously by voice vote.

D. JOB NO. 2002-806, MĀMALAHOA HIGHWAY WATERLINE IMPROVEMENTS – PHASE 2:

The contractor, Isemoto Contracting Co., Ltd., has requested a contract time extension of 60 calendar days. The contractor was granted a contract time extension of 27 calendar days at the April 29, 2009 Water Board Meeting to extend the completion date to May 31, 2009, so that the contractor could coordinate with a previous contractor's warranty repairs to the Kona SCADA system.

The contractor has been working diligently to prepare the Kona SCADA system for testing of the improvements installed with this project. However, there is a contract provision that requires 60 days of continuous operation of the system by the contractor to ensure that the system is working properly. Therefore, the contractor has requested a contract time extension of 60 days to allow for the testing of the system.

This would be the eighth time extension to the contract. The previously approved time extensions are listed below:

- Time Extension #1: Project extended 180 calendar days to allow for revisions to the plans and specifications.
- Time Extension #2: Project extended 180 calendar days due to change in scope of work, project scheduling, and revisions to the plans.
- Time Extension #3: Project extended 90 days due to unforeseen site conditions at Hōlualoa Well and Reservoir site, requiring redesign.
- Time Extension #4: Project extended 90 days due to valve control additions that were not shown on the plans, and the installation of an additional valve at the Hōlualoa Well site, also not shown on the plans.
- Time Extension #5: Project extended 180 days due to unexpected problems involving interfacing with the Kona SCADA system.
- Time Extension #6: Project extended 130 days due to ongoing SCADA problems. Contractor was instructed to suspend SCADA work until upgrades to the existing SCADA system were completed.
- Time Extension #7: Project extended 27 days to allow contractor to coordinate with previous contractor's warranty repairs and replace defective equipment.

The Manager recommended that the Water Board grant this contract time extension of 60 calendar days to Isemoto Contracting Co., Ltd., for JOB NO. 2002-806, Māmalahoa Highway Waterline Improvements – Phase 2. If approved, the contract completion date will be extended from May 31, 2009 to July 30, 2009.

MOTION: Mr. Mukai moved to approve; seconded by Mr. Kuailani.

Mr. Inaba noted that the SCADA issue was basically resolved, with the item under warranty just now coming back from the Mainland. There is a provision in the contract for a 60-day test period for the SCADA system.

Chairperson Smith noted that with the 60-day extension, the total time for this project is 933 days.

ACTION: Motion carried unanimously by voice vote.

The Manager said that with SCADA systems, compatibility between different computer systems is the key problem. Another problem is the lack of competition in the SCADA market.

Mr. Okamoto said that DWS Operations is working on a SCADA master plan, aiming for more uniformity across the system.

KA'U:

A. **JOB NO. 2002-809, PĀHALA PRODUCTION WELL AND SUPPORTING FACILITIES:**

The contractor, Isemoto Contracting Co., Ltd., requests a 38-calendar day, no-cost time extension for the additional time required for Hawaiian Electric Light Company (HELCO) to schedule and install their new service lines.

This is the third time extension request. The previously approved time extensions are listed below:

- Time Extension #1: Project extended 97 calendar days to allow for additional time required to obtain the County Building permit.
- Time Extension #2: Project extended 42 calendar days to allow for additional time required to return the undersized pump power cable to the Mainland and ship the required pump power cable to the project site.

Engineering staff has reviewed this time extension request and finds that the additional 38 calendar days are justified.

The Manager recommended that the Water Board approve a contract time extension to Isemoto Contracting Co., Ltd. of 38 calendar days from May 22, 2009 to June 29, 2009, for JOB No. 2002-809, PĀHALA PRODUCTION WELL AND SUPPORTING FACILITIES.

MOTION: Mr. Taniguchi moved to approve; seconded by Mr. Mukai.

The Manager explained that the time extension was due to HELCO not having completed the work. Although DWS had made its request to HELCO way ahead of time, HELCO still did not schedule the work until a certain point in the construction, and even with that schedule, it gets delayed.

Chairperson Smith noted that HELCO does not order a transformer until DWS is ready to commit to the transformer, and the lead time is six months. He suggested that the time to order from HELCO should be when DWS applies for a building permit, because it also takes

six months to process a building permit. In the meantime, HELCO could be ordering the transformer.

The Manager said that this what the contractor normally does, because DWS signs the agreements way ahead of time. Despite that, there are still delays, he said.

Mr. Inaba said the additional effect is that the contractor's electrical sub-contractor, who will have made prior commitments, is affected by the delay.

ACTION: Motion carried unanimously by voice vote.

B. JOB NO. 2007-922, HAWAIIAN OCEAN VIEW ESTATES WATER FACILITIES PROJECT:

The Manager gave an update on the status of the project. He noted that area resident Mr. Don Nitsche had requested to address the Water Board, but he did not attend today's meeting. The Manager said he had gone to several community meetings in Hawaiian Ocean View Estates (HOVE), and at the most recent meeting, the Manager was there with Council Member Guy Enriques. The Manager said there are a few very unhappy people in HOVE because of the size of the tank, which is 100,000 gallons. The reason for the size of the tank is that it is all that the money available can buy. Some residents wanted DWS to change its standard, which is for concrete tanks, to glass-lined steel tanks. Their rationale was that if DWS changes its standards to glass-lined steel for the same amount of money, they can get a bigger tank. The Department said no, because steel tanks are not DWS standard. The Manager said the Department sought ways to satisfy the unhappy residents. One possible way was, once the system is built, to have the County give the system to a nonprofit organization in the area for them to operate and maintain. In such a case, DWS would not operate and maintain the system, and therefore the system would not have to be to DWS standards. Ms. Garson, Mr. Antonio and the Manager went to consult Mayor Billy Kenoi on the matter. The consensus was that government should take the system over, because if it were turned over to a nonprofit or community association, it would prove difficult to do. Running a water system involves all kinds of certification, compliance with myriad rules and regulations. In short, serving potable water to the public is no simple matter. The Manager said that the Mayor and the DWS contingent felt that at some point in time, the HOVE community might want to force the County to take it back because it will have proved too hard for them to run the system. The consensus was that the system has to be built to DWS standards, meaning that the tank will be 100,000 gallons and made of concrete, and not a 250,000 gallon steel tank. The decision made at the Mayor's Office was for DWS to continue administering the project, and to build it to DWS standards.

Chairperson Smith confirmed that State money was allotted to have DWS administer the construction contract, which already dictated what was going into the project.

The Manager clarified that it was State money that was given to the County; it is not DWS's money. At some point, the County will have to dedicate the system to the Water Board, and the Water Board will need to act on it because the money is with the County, not DWS. DWS agreed to administer the project as a favor to then-Mayor Harry Kim, and because the

Department has the expertise in water facility construction. The Manager noted that all of the work that DWS is doing to administer the project is being done by the Department for free.

Mr. Mukai said that the HOVE community has known what was going on all this time, and so he wondered how they could raise concerns long after the fact.

Mr. Kuailani said that during the recent state water convention, he learned about the big problems that small Big Island water companies have. Hearing from the water companies in Hawaiian Beaches and Ka'u, he became convinced that HOVE cannot do a water system themselves. He asked what Council Member Enriques said at the meeting in HOVE.

The Manager said that Mr. Enriques diplomatically spelled out the options to the community: Option No. 1 is HOVE gets the 100,000 gallon concrete tank and the County takes it over; Option No. 2 is that HOVE gets its 250,000 gallon steel tank and HOVE takes it over.

Chairperson Smith said the State funds for this project had to be encumbered by a certain time, and if the funds had not been encumbered by that date, the funds would have gone somewhere else. There was a lot of public input, and the Chairperson said it really boils down to: take it or leave it. He called on DWS to get the project done.

MISCELLANEOUS:

A. ENERGY PERFORMANCE CONTRACT:

Ms. Myhre provided information on the status of the Energy Performance Contract. Since her last presentation two months ago, she has taken the Water Board's recommendation and dialed back her efforts. Ms. Myhre said she has narrowed down the projects DWS would do, and is looking at a pilot project and possibly an Energy Performance Contract. Ms. Myhre said that the Department placed an Energy Specialist on DWS's Professional Services announcement that goes out on June 1, and will be negotiating a contract with an Energy Specialist for a one- or two-year project. This person would support Ms. Myhre's efforts in going through this process. Ms. Myhre is now focusing on projects that will get the best energy savings for the Department.

The funding options include:

- A general obligation bond, together with the County by early next year;
- An Energy Performance Contract, that entails having an energy service company financing the project and in return the company profits from the energy savings; and/or
- A Power Purchase Agreement, that entails a separate company owning the equipment (such as solar panels or wind generator), allowing the company to sell DWS the energy at a rate lower than HELCO.

Mr. Kuailani said he was impressed by the Department's hydro-generator in Waimea, which the Water Board visited in March.

Ms. Myhre said she was looking at three new hydro-generators: one in Parker/Lālāmilo area; one to be installed with the Palani Road project; and possibly one on Hinalani Road further

makai from the generator that is already there. She noted that the new generators may be of a different design than the existing DWS generators, but did not elaborate. She said that DWS has applied for a grant for the Parker generator. If the grant money comes through, the Parker generator would be constructed separately from the Energy Contract.

The Manager said that the Department is very selective in choosing locations for hydro-generators. He noted that constant water flow is necessary to operate a hydro-generator, and there are limited instances where there is this kind of constant flow. He noted that the constant flow at the Waimea Treatment Plant's hydro-generator means that DWS gets the maximum use of it. DWS sells back about \$2,000 worth of excess energy per month to HELCO.

The Chairperson asked about Ms. Myhre's contacts with other counties on their experiences with energy savings projects.

Ms. Myhre said she had attempted contacting Maui County's water department, but was unsuccessful in reaching the deputy director. DWS has had contact with Honolulu's water department on leak detection projects, she said.

Chairperson Smith asked about the County's Green Team, to which Ms. Myhre belongs.

Ms. Myhre said the Green Team, which is made up of 11 individuals in various County departments, recently enlisted the Mayor to support the team's sustainability efforts. Energy, transportation and waste disposal are being focused on, in an effort to make the County more efficient. Ms. Myhre has been asked to be the liaison between the newly-revived Energy Commission and the Green Team. On June 1, the Green Team will meet with the Mayor's Cabinet to seek their support and to get others involved in the Mayor's Green Team.

B. 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.

(These items were deferred from the 4/28/09 Water Board Meeting.)

1. PURSUANT TO THE TRI-PARTY AGREEMENT BETWEEN MAUNA LANI SERVICES, INC, (MLS), MAUNA KEA PROPERTIES (MKP), AND DEPARTMENT OF WATER SUPPLY. APPROVED BY THE WATER BOARD AT ITS MEETING ON FEBRUARY 28, 2006. THE FOLLOWING DOCUMENTS ARE HEREBY PRESENTED FOR ACTION BY THE WATER BOARD:

A. GRANT OF EASEMENT

Grantor: Waikoloa Village Association
TMK: (3) 6-8-002:019

B. ASSIGNMENT OF EASEMENT

Grantor Mauna Lani Service, Inc.

TMK: (3) 6-8-001:001

C. BILL OF SALE

Seller: Mauna Lani Service, Inc.
TMK: (3) 6-8-001 and (3) 6-8-002
Final Inspection Date: Pending
Water System Cost: Pending

D. DEED (Well Site 5 and Well Site 8)

Grantor: Mauna Lani Service, Inc.
TMK: (3) 6-8-001: 044 and 047

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

Ms. Garson confirmed that A, B, C and D (above) could be approved as a group, and that the recommendation is that the approval is contingent upon the Use and Occupancy Agreement being executed by the Department of Transportation (DOT) and upon the assignments also being approved by DOT.

ACTION: Mr. Kuailani moved to approve; seconded by Mr. Mukai, and carried unanimously by voice vote.

C. MATERIAL BID NO. 2009-03, FURNISH BASE COURSE, SAND, COLD MIX, HOT MIX, PORTLAND CEMENT, AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY:

Bids were opened on May 15, 2009 at 2:00 p.m., and the following are the bid results:

		Jas. W. Glover, Ltd.	Yamada & Sons, Inc.	Grace Pacific Corp.
	DISTRICT I:			
A.	3/4-Inch Base Course (Cost per ton)	\$19.79	\$18.23	NO BID
B.	1½-Inch Base Course (Cost per ton)	\$16.67	\$17.71	NO BID
C.	No. 3F Rock (Cost per ton)	\$31.25	\$20.31	NO BID
D.	#4 Sand (Cost per ton)	\$39.58	\$41.66	NO BID
E.	Mortar Sand - ASTM C144 (Cost per ton)	\$56.25	NO BID	NO BID
F.	Portland Cement 94 lb. bags (Cost per bag)	\$20.83	NO BID	NO BID
G.	Cold Mix- ASTM D4215-87 (Cost per ton)	\$122.92	\$133.85	NO BID
H.	Blended Material (Cost per ton)	\$48.96	\$52.04	NO BID
I.	Hot Mix – County Mix IV	\$122.92	\$123.95	NO BID

	DISTRICT II:			
A.	3/4-Inch Base Course (Cost per ton)	\$59.37	NO BID	NO BID
B.	1½-Inch Base Course (Cost per ton)	\$56.25	NO BID	NO BID
C.	No. 3F Rock (Cost per ton)	\$70.83	NO BID	NO BID
D.	#4 Sand (Cost per ton)	\$79.17	NO BID	NO BID
E.	Mortar Sand - ASTM C144 (Cost per ton)	\$95.83	NO BID	NO BID
F.	Portland Cement 94 lb. bags (Cost per bag)	\$60.42	NO BID	NO BID
G.	Cold Mix- ASTM D4215-87 (Cost per ton)	\$162.50	NO BID	\$166.06
	DISTRICT III:			
A.	3/4-Inch Base Course (Cost per ton)	\$79.17	NO BID	NO BID
B.	1½-Inch Base Course (Cost per ton)	\$76.04	NO BID	NO BID
C.	No. 3F Rock (Cost per ton)	\$90.62	NO BID	NO BID
D.	#4 Sand (Cost per ton)	\$98.96	NO BID	NO BID
E.	Mortar Sand - ASTM C144 (Cost per ton)	\$115.62	NO BID	NO BID
F.	Portland Cement 94 lb. bags (Cost per bag)	\$80.21	NO BID	NO BID
G.	Cold Mix-ASTM D4215-87 (Cost per ton)	\$182.29	NO BID	\$157.25
H.	Hot Mix - County Mix IV (Cost per ton)	\$182.29	NO BID	\$139.75

The Manager recommended that the Board award the contract for MATERIAL BID NO. 2009-03, FURNISH BASE COURSE, SAND, COLD MIX, PORTLAND CEMENT, QUIKRETE, AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY, by Parts to the following for the amounts shown above, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel.

District I	Parts B, D, E, F, G, H and I to: Parts A and C to:	Jas. W. Glover, Ltd. Yamada & Sons, Inc.
District II	Parts A, B, C, D, E, F and G to:	Jas. W. Glover, Ltd.
District III	Parts A, B, C, D, E and F to: Parts G and H to:	Jas. W. Glover, Ltd. Grace Pacific Corporation

The contract period shall be from July 1, 2009, to June 30, 2010.

ACTION: Mr. Mukai moved to approve; seconded by Mr. Kuailani, and carried unanimously by voice vote.

**D. JOB NO. 2008-947, AGREEMENT FOR SALE AND INSTALLATION OF
AUTOMATIC METER READING SYSTEM AND REPLACEMENT OF METERS,
CHANGE ORDER NO. 1 AND REQUEST FOR ADDITIONAL FUNDS:**

This request for additional funds, pursuant to Article V, Terms and Conditions for Sale of Neptune products, allows the Department to purchase additional meters by a maximum of ten percent. The original contract was to purchase and install 5,000 meters and therefore, we are requesting to purchase an additional 500 meters through this contract. This additional purchase is conditional on the unit price remaining the same, and that the Manager determines that the purchase will be more economical than awarding another contract. The additional meters are needed because currently, the Department does not have spare AMR meters for replacements or new installations that would fall within existing AMR meter routes. Installing non-AMR meters within AMR routes would be inefficient and time consuming compared to having the entire route serviced by AMR meters. The original amount approved by the Board in the FY 09 CIP Budget was \$2,000,000.00.

Current cost of contract	\$1,608,600.00
<u>Cost for an additional 500 AMR meters</u>	<u>\$ 111,800.00</u>
Total Cost	\$1,720,400.00

The Manager recommended that the Board approve this request for an additional \$111,800.00 to be added to the contract funding, for a total of \$1,720,400.00 and that either the Chairperson or the Vice-Chairperson be authorized to sign the change order for said services subject to the approval of Corporation Counsel.

MOTION: Mr. Mukai moved to approve; seconded by Mr. Kuailani.

The Manager noted that this is a request for additional funds to purchase 500 additional meters to use as spares. All 5,000 of the originally purchased meters will be going into the ground, and these 500 meters will be spares.

The Manager said the warranty specified in the contract is a standard warranty. The vendor, Neptune, has been very good in assisting DWS with the computer operations that get the accounts to jibe with the readings, (i.e. matching the signals with *who* the signal belongs to).

Mr. Mukai noted that the amount being requested in the Motion for the additional 500 motors still falls within original total of \$2 million previously approved by the Water Board. He agreed that Neptune is a very reputable vendor with a good product.

Chairperson Smith noted that the cost for the original 5,000 meters, which included installation, came to about \$300 per meter, whereas the cost for the additional 500 meters came to about \$200 each because there was no installation included.

The Manager said that the 500 meters were cheaper because they would just be shipped to DWS and would be put on the shelf for future use, without a Neptune representative doing installation.

A lengthy discussion ensued about how DWS would bid out the *next* batch of meters destined for installation. Chairperson Smith asked how DWS would bid so that the Department does not have to deal with a product that is incompatible.

The Manager said that in such a case, DWS could resort to the Sole Source Procurement provision in the procurement code. Under this provision, the Department could justify going Sole Source because all of the computers and receivers that DWS is using to accept the signal from Neptune. It would be in DWS's best interests to use Neptune's product; that would be how DWS justifies Sole Source Procurement in this case.

Ms. Garson said that a Request for Exemption would be another option.

Chairperson Smith asked how Neptune would bid competitively on a Sole Source Procurement.

At this point, Ms. Garson asked for a recess, because one of the five Board Members required for a quorum left the room briefly.

RECESS: 11:25 a.m. The Meeting resumed at 11:32 a.m.

The Manager explained how DWS gets the best deal it can in the case of Sole Source Procurement. DWS negotiates, and checks with other vendors to ensure that the price offered by the Sole Source vendor is reasonable.

Mr. Mukai asked if DWS staff would do the installation of the 500 meters as the need for the meters arose.

The Manager confirmed that DWS staff would install them as needed, at a rate of perhaps one meter per day as part of the staff's normal duties.

Mr. Mukai asked what number of meters slated for installation might be purchased in the next batch.

The Manager said he expected it would be 5,000 meters, but at this time DWS does not have the funds appropriated for that. DWS had been looking into going into a general obligation bond with the County, but it appears that there are problems with the County's timing on when they are going out with the next general obligation bond. One option is for DWS to go out separately for a general obligation bond; another option is for DWS to go with a revenue bond. The decision has not been made yet.

ACTION: Motion carried unanimously by voice vote.

E. POWER COST ADJUSTMENT CLAUSE:

The Department's new power cost charge (PCC) formula allows updating of the PCC as often as every two months. The PCC was changed to its present \$2.38 per 1,000 gallons effective January 1, 2009, and has allowed the Department to recover 93% of the actual power costs paid to HELCO since July 2008.

As the Department's power costs have been decreasing, it is appropriate to lower the PCC to more closely reflect the Department's actual power costs. As of April 2009, the PCC computes to \$2.11 per 1,000 gallons (\$16,184,159 / 7,652,441 gallons).

	<u>Actual Power Costs</u>	<u>Actual Consumption ('000 gallons)</u>	<u>PCC in effect</u>	<u>Power Costs Recovered</u>	<u>Power Cost Gains (Losses)</u>	<u>PCC</u>
Apr 2009	\$1,111,681.66	619,062	\$2.38	\$1,473,367.56	\$361,685.90	\$2.11
Mar 2009	\$1,121,229.10	777,673	\$2.38	\$1,850,861.74	\$729,632.64	\$2.14
Feb 2009	\$1,221,542.07	642,691	\$2.38	\$1,529,604.58	\$308,062.51	\$2.23
Jan 2009	\$1,529,358.00	873,257	\$2.38	\$2,078,351.66	\$548,993.66	\$2.27
Dec 2008	\$1,742,735.95	655,360	\$1.70	\$1,114,112.00	(\$628,623.95)	\$2.36
Nov 2008	\$1,922,422.74	913,896	\$1.70	\$1,553,623.20	(\$368,799.54)	\$2.32
Oct 2008	\$1,944,282.50	665,552	\$1.70	\$1,131,438.40	(\$812,844.10)	\$2.38
Sep 2008	\$2,051,402.72	927,274	\$1.70	\$1,576,365.80	(\$475,036.92)	\$2.23
Aug 2008	\$1,812,068.10	693,493	\$1.70	\$1,178,938.10	(\$633,130.00)	\$2.24
Jul 2008	\$1,727,435.85	884,183	\$1.70	\$1,503,111.10	(\$224,324.75)	\$1.95
	<u>\$16,184,158.69</u>	<u>7,652,441</u>		<u>\$14,989,774.14</u>	<u>(\$1,194,384.55)</u>	

The Department recommended decreasing the PCC rate from \$2.38 per 1,000 gallons to April's PCC of \$2.11 per 1,000 gallons effective the first day of the month after the PCC rate is established by the Water Board.

The typical family of 4 consuming 24,000 gallons over a two-month period, will see their water bill drop \$6.48 from \$110.32 to \$103.84 as a result of the lower PCC.

	<u>PCC @ \$2.38</u>	<u>PCC @ \$2.11</u>
Consumption	\$29.20	\$29.20
Standby	\$24.00	\$24.00
Power Cost Charge	\$57.12	\$50.64
Total Water Bill	<u>\$110.32</u>	<u>\$103.84</u>

Chairperson Smith noted that the Department was looking at reducing the PCC to \$1.93 per thousand gallons, instead of \$2.11 per thousand gallons.

Mr. Sumada explained that the current PCC of \$2.38 is a calculation of costs and consumption from July 2008 to October 2008, and the \$1.93 is the calculation from November 2008 to April 2009.

Chairperson Smith noted that in the past, DWS was only able to adjust the PCC once a year, but has since undergone a rule-making change that allows the Department to revisit the PCC every two months, and adjust the PCC either up or down. Since the last time rates were increased to \$2.38, fuel costs have dropped, and DWS is now able to reduce the PCC by 45 cents to \$1.93. He asked Ms. Aton to be sure to inform the public that DWS is sensitive to the community's situation and is lowering the PCC as fuel costs go down.

The Manager asked if, in the Motion, the Water Board could authorize DWS to conduct a Public Hearing, and noted that the Department has a Notice ready to send to the newspapers.

MOTION: Mr. Mukai moved to amend the Motion; seconded by Mr. Kuailani.

Mr. Taniguchi noted that Ms. Garson had said that if the Water Board goes to the Public Hearing, it has the option of *not* approving the decrease if fuel costs go up.

Ms. Garson confirmed that after the Public Hearing, the Water Board has to approve or not approve.

Chairperson Smith asked for Mr. Sumada to be given some flexibility, to allow him to insert whatever the current number is at the date of the Public Hearing.

Ms. Garson said the Public Hearing Notice is going to post the new amount at \$1.93.

Chairperson Smith asked if the Notice could not say, "The rates will be disclosed at the Meeting."

The Manager said that the statutes say that DWS must hold a Public Hearing whenever the Department does a rate change. However, the Public Hearing Notice does not have to specify the change.

Ms. Garson said that in fairness to the public, she would want to specify the change.

Mr. Taniguchi suggested the Notice have wording along the lines of Mr. Sumada's formula, with approximately the average of the last so many months.

The Manager suggested the wording say \$2.11 or that rate at the time of the Public Hearing, whichever is greater.

Ms. Garson said she did not think DWS should cap it, and suggested having it in a range of between \$1.93 and \$2.38.

The Manager said that the wording could be crafted so there would not be a cap, while allowing it to be variable so that the PCC can be determined on the date of the Public Hearing.

Chairperson Smith clarified that the amended Motion is not a specific dollar amount, and instead is an amount to be determined at the Public Hearing date.

The Manager said the date of the Public Hearing is June 30, 2009, noting that it comes just before the regular Water Board Meeting. (The Meeting date had originally been June 23, but was pushed back a week due to an anticipated lack of quorum.)

Chairperson Smith noted that the amended Motion is to adjust the PCC to between \$1.93 and \$2.38, and it will not go further down by the date of the Public Hearing.

Mr. Mukai sought to clarify procedure, noting that he had made a Motion, made an amended Motion, and asked if the Water Board needed to go to an amendment before considering another amendment.

Ms. Garson said technically that was correct, or the amendment could be withdrawn. She noted that the only additional information the Water Board would get is the May consumption data, and the Board would want to include the May data.

Ms. Garson said the May consumption data was going to be lower.

Mr. Mukai withdrew his amended Motion, and Mr. Kuailani withdrew his second.

MOTION: Mr. Mukai moved to amend the original Motion to include a Public Hearing Notice and to allow the correct verbiage as determined by Corporation Counsel; seconded by Mr. Kuailani.

ACTION: Motion carried unanimously by voice vote.

Mr. Mukai noted that now the Board must vote on the amended Motion.

ACTION: Motion carried unanimously by voice vote.

F. MONTHLY PROGRESS REPORT:

The Department prepared the latest edition of the Monthly Progress Report, using a simplified format as a trial run. The Manager thanked Mr. Taniguchi for his collaboration with the Department to simplify the format of the Monthly Progress Report. He also thanked Mr. Okamoto, who every month prepares the Monthly Progress Report.

Mr. Taniguchi said he wanted to go on the record as thanking the Department for making the new version so much easier to read, with projects listed by area. With the new version, he said, the Water Board knows exactly how things stand.

G. MANAGER'S SALARY:

Reference is made to the Manager's letter dated May 14, 2009, to the Chairperson and Members, requesting postponement of scheduled July 1, 2009 salary increase for Manager and Deputy Manager.

RECOMMENDATION: It is recommended that the Water Board postpone the scheduled July 1, 2009 salary increase for the Manager and Deputy Manager until is deemed appropriate by the Water Board.

The Manager noted that Water Board approved the 2 percent raise effective July 1. However, based on the state of the economy, the Manager believed that he needed to do his part, to show solidarity with the other County departments. Therefore, he wrote a letter to the Water Board to request that the scheduled raises for the Manager and Deputy Manager be postponed.

Chairperson Smith asked the Deputy Manager if he was okay with postponing the raises, and the Deputy Manager said he was in agreement.

MOTION: Mr. Mukai moved to approve; seconded by Mr. Kuailani.

Mr. Kuailani noted that the salary raises had already been budgeted for, and asked if, later on, the Water Board approved the raise, if it would be retroactive to July.

The Manager said he did not think any raise would be retroactive, unless the Water Board so rules.

Chairperson Smith asked if the Mayor's Cabinet had taken pay cuts.

Ms. Garson said that only the Mayor's Office appointees had taken a one day a month furlough.

Chairperson Smith commended the Manager and Deputy Manager for taking this voluntary move, in the spirit of cooperation and leading by example. This voluntary move shows

leadership, amid the current economic situation. He suggested that Ms. Aton should do a press release that touches on the positive leadership this move represents.

Mr. Taniguchi noted that the Department had also chosen not to fund a number of positions, in response to the economic situation. That, he believed, might instead be the kind of information that the Department would want to publicize.

The Manager said that Ms. Aton was working on a press release to highlight all of the things that the Department has done to address the economic situation.

Chairperson Smith asked Ms. Aton her thoughts.

Ms. Aton said that she thought that the Department newsletter would be the place to let the employees know how leadership was being shown within the department in response to the economic situation that everyone is experiencing. She believed it would be most effective to show DWS employees about the voluntary deferral of the salary raises.

Mr. Mukai said that it would be good to have a press release ready if asked what the Department is doing to address the economy, but he felt it might be better to not go into detail on the deferral of the raises.

ACTION: Motion carried unanimously by voice vote.

H. DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING AND CAPITAL IMPROVEMENT BUDGETS FOR FISCAL YEAR 2010:

The first reading of the Budgets took place at the Water Board Meeting on March 24, 2009 and the second reading was at the meeting on April 24, 2009. The proposed budgets were approved at the April 24, 2009 meeting.

The Manager recommended that the Water Board approve the proposed Fiscal Year 2009-2010 Operating and Capital Improvement Budgets.

MOTION: Mr. Mukai moved to approve; seconded by Mr. Taniguchi.

Mr. Taniguchi thanked Mr. Sumada and the Manager for working with him on the budget, noting that although they did not manage to arrive at a flat budget, they did trim nine funded positions. While the Department is still showing a sizeable increase in salary expenses, the cutback in positions was a positive move. He noted that they had done an adjustment regarding the lack of rental income while DWS seeks a tenant for the vacant space at Waiākea Office Plaza. However, the adjustment would have mandated that a Public Hearing be held, so the adjustment was left out.

The Manager said that he is talking with various County departments and agencies, and the Mass Transit Agency has expressed interest in possibly occupying some office space.

Mr. Taniguchi noted that regarding the 2010 budget going forward, Mr. Sumada is going to look at itemizing the power cost revenue separately. That will show the Water Board how the Department is doing on a monthly basis, and will allow the Board to adjust rates more quickly, as needed.

Ms. Garson noted that at the April 28, 2009 Water Board Meeting, the Water Board had already approved the proposed Operating and Capital Improvement Budgets, so that what was under discussion today was an amendment.

The Manager said that the bottom line has not changed; it is just some line items that have changed.

Ms. Garson suggested a Motion to approve the amended Operating and Capital Improvement Budgets.

The Manager agreed that the discussion at the April 28, 2009 Water Board Meeting was on an amended budget. He apologized for not having had the word "amended" be put in the current recommendation.

Mr. Mukai then withdrew his original Motion; Mr. Taniguchi withdrew his second.

MOTION: Mr. Mukai moved to amend the Operating and Capital Improvement Budgets; seconded by Mr. Taniguchi.

ACTION: Motion carried unanimously by voice vote.

I. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

No discussion.

J. WATER RATE STUDY:

No discussion.

K. MANAGER'S REPORT:

The Manager provided an update on the following:

- 1) Update on use agreement on KIC wells: The Department is still waiting to hear from Kamehameha Investment Corporation.
- 2) Palani Road Transmission Project: This major project will be advertised in the next two weeks, as soon as the contract documents are ready.
- 3) AWWA ACE 09 (National Conference): The Secretary distributed various materials related to the June 14-18, 2009 conference in San Diego.
- 4) Waimea Tapping Team's victory on Oahu: The Manager said that the Waimea team's victory means they will be competing at next year's national conference in Chicago. Chairperson Smith said he wished that the team had been allowed to stay for the entire Honolulu conference. The Manager said that the decision to bring

them back after the Wednesday luncheon was a conscious effort to reduce costs. The Manager said that if the Water Board supports it in future, the tapping team can be made full conferees, attending classes during the entire conference.

L. CHAIRPERSON'S REPORT:

Chairperson Smith asked all Water Board Members who attended the local AWWA conference in Honolulu to submit their trip reports. (The Secretary indicated that they were all turned in and are on file.)

ANNOUNCEMENTS:

1. Next Meeting:

The next Meeting of the Water Board will be held on June 30, 10:00 a.m., at the Waimea Community Center, 65-1260 Kawaihae Road, Kamuela. The Meeting will be preceded at 9:30 a.m. by a Public Hearing on the Cost of Power Charge.

2. Following Meeting:

The following meeting of the Water Board will be held on July 28, 2009 at the Department of Water Supply Operations Center, 889 Leilani Street, Hilo.

STATEMENTS FROM THE PUBLIC:

None.

ADJOURNMENT:

ACTION: Chairperson Smith called for the Meeting to be adjourned. Mr. Kuailani so moved; seconded by Mr. Taniguchi, and carried unanimously by voice vote. Meeting adjourned at 12:15 p.m.

Senior Clerk-Stenographer

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