

MINUTES

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

August 25, 2009

Royal Kona Resort, Resolution Room, Kailua-Kona

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

ABSENT: Mr. George Harai, Water Board Member
Ms. Millie Kim, Water Board Member
Mr. Bryan Lindsey, Water Board Member
Ms. Bobby Jean Leithead-Todd, Director, Planning Department (ex-officio member)
Mr. Warren Lee, Director, Department of Public Works (ex-officio member)

OTHERS PRESENT: Ms. Kathy Garson, Assistant Corporation Counsel
Mr. Eric Willis, Kona Community Hospital

Department of Water Supply Staff

Mr. Quirino Antonio, Jr., Deputy Manager
Mr. Kurt Inaba, Engineering Division Head
Mr. Daryl Ikeda, Chief of Operations
Mr. Rick Sumada, Waterworks Controller
Ms. Kanani Aton, Public Information and Education Specialist
Ms. Julie Myhre, Energy Management Specialist
Mr. Lawrence Beck, Engineering Division

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

STATEMENTS FROM THE PUBLIC:

None.

APPROVAL OF MINUTES:

MOTION: Chairperson Smith entertained a Motion to approve the Minutes of the July 28, 2009, Water Board Meeting. Mr. Meierdiercks so moved; seconded by Mr. Mukai.

Mr. Kuailani asked about the Minutes for the Executive Session; Ms. Garson explained that Executive Session Minutes are private due to attorney-client privilege. Executive Session Minutes are recorded but **not published**, Ms. Garson said.

ACTION: Motion to approve Minutes was carried unanimously by voice vote.

APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA:

None.

SOUTH HILO:

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

The contractor, Ed Higa General Contracting, has requested a 25-calendar day time extension. This request is due to delays beyond the control of the contractor, and consists of 16 rain-out days (22 calendar days), and 3 calendar days for Hawaiian Telcom to troubleshoot and repair the telephone service at the Tank Site.

Note: There is no additional cost associated with this time extension.

Staff has reviewed the request and finds that the 25 calendar days are justified. This is the fifth time extension request.

- 1st time extension – 62 calendar days (due to rain-outs and additional work)
- 2nd time extension – 57 calendar days (due to rain-outs and additional work)
- 3rd time extension – 35 calendar days (due to rain-outs and additional work)
- 4th time extension – 49 calendar days (to repair faulty conductivity equipment)
- **5th time extension –25 calendar days**

The Manager recommended that the Board approve a contract time extension of 25 calendar days to Ed Higa General Contracting for JOB NO. 2007-926, HAKALAU IKI SPRING REMEDIATION. If so approved, the contract completion date will be revised from August 18, 2009 to September 12, 2009.

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

The Manager explained that the reason for the delay was pretty straightforward. Aside from rain-out days, DWS had to wait for Hawaiian Telcom to do their tele-metering work.

Mr. Inaba said that there was trouble-shooting to see why DWS was not getting signals on the SCADA system. It transpired that Hawaiian Telcom had a problem with their line, and DWS had to request that Hawaiian Telcom fix the line. Once the line was fixed, DWS was able to start the required 28-day water quality test. The main reason for the delay was that DWS needed to continuously monitor the water quality, as required by the Department of Health (DOH). DWS completed the monitoring period, but there was a minor glitch of about 10 hours due to a possible power surge. Therefore, DWS is now waiting to hear from DOH whether the water quality data will be accepted. The water quality readings from before and after the glitch were consistent, as they were throughout the 28 days, Mr. Inaba said.

Chairperson Smith asked if this posed a warranty issue or a performance item from the contractor.

Mr. Inaba said it was a warranty issue because the problem basically arose in the programming. There was a power surge or something that interrupted the monitoring, and the system lost data for a brief period.

The Manager noted that it was kind of a de-bugging before final acceptance (of the improvements).

Chairperson Smith said that in fairness to the contractor, if he has performed, then DWS should accept his improvements. After that, there is a warranty period of one year, during which the contractor must make sure that everything is working. He asked that the Department provide **a total number of days** to the Board when the Department has multiple time extensions.

ACTION: Motion carried unanimously by voice vote.

B. JOB NO. 2005-863, HONOMŪ PRODUCTION WELL AND 0.3 MG RESERVOIR:

The contractor, Isemoto Contracting Co., Ltd., requests a time extension. This request is due to modifications to the contract scope requested by the Department (riprap and grass slope areas), as well as delays due to a subcontractor. This is the second time extension request.

Staff has reviewed the request and finds that the request due to delays caused by the subcontractor is not justified. However, 30 calendar days for the additional work, as well as 9 working days for rain-out (confirmed with the Department inspector), are justified.

The original contract completion date was May 14, 2009.

First time extension (approved at April 28, 2009 Water Board Meeting):

- Plus 81 calendar days for permit: August 3, 2009
- Plus 25 working days for rain-out: September 9, 2009

This time extension:

- Plus 30 calendar days for additional work: October 9, 2009
- Plus 9 working days for rain-out: October 22, 2009

The Manager recommended that the Board approve a contract time extension, of thirty (30) calendar days, plus nine (9) working days, from September 9, 2009 to October 22, 2009, to Isemoto Contracting Co., Ltd. for JOB NO. 2005-863, HONOMŪ PRODUCTION WELL AND 0.3 MG RESERVOIR.

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

Mr. Inaba noted that the Department looked at what additional work was needed to stabilize the slopes of the well and tank site. He explained that DWS denied the contractor's request for an extension of 120 calendar days, because the contractor said the delay was due to their tank sub-contractor. That is the reason for the discrepancy between what the contractor is requesting and what DWS is recommending that the Board approve, he said.

Chairperson Smith asked if the new completion date will be October 22, assuming the Board approves the extension recommended by the Department, and asked how close the contractor will be to finishing the project.

Mr. Inaba confirmed that the contractor is very likely to be able to finish the project by that date.

Chairperson Smith asked who the tank sub-contractor is.

Mr. Inaba said DYK Incorporated is the tank sub-contractor.

Chairperson Smith praised the quality of DYK's products, and said that the company was perhaps less than organized when they come to the Big Island to do work, which could involve shipping equipment from the Mainland.

Mr. Inaba noted that the Honomū site was very tight, and the contractor requested the time extension saying that two contractors could not be on site at the same time. DWS denied that request. The contractor is still trying to make the completion date although their schedule is tight. Isemoto Contracting Co., Ltd. is the contractor who bid the job, and their construction plans never changed, he noted. That was basically the reason that DWS denied their extension request, he said.

The Manager said that Isemoto cannot use a conflict between them and their sub-contractor to justify an extension.

Chairperson Smith asked what the liquidated damages would be if Isemoto did not complete the project by October 22.

Mr. Inaba said the Department's maximum is \$500.

ACTION: Motion carried unanimously by voice vote.

HĀMĀKUA:

A. **JOB NO. 95-621, CONSTRUCTION OF THE PŌHĀKEA WATER SYSTEM IMPROVEMENTS, HĀMĀKUA, HAWAI'I, COUNTY OF HAWAI'I, STATE OF HAWAI'I:**

The contractor, Willocks Construction Corporation, has requested a 93-calendar day time extension. This request is due to delays beyond the control of the contractor, and consists of 2 rain-out days and 91 calendar days for pump replacement at Station "B" and Station "C".

The pump replacement at Station "B" is due to an unanticipated problem with the water system hydraulics when the pumps are in operation. These pumps are being supplied by the 50,000-gallon Ka'āpahu Tank about 2.6 miles away. The water is then pumped to the 0.10-MG Pōhākea Tank, which is about a mile away. During the initial pump startup on June 15, 2009, the pressure in the waterline between Ka'āpahu Tank and Station "B" dropped

more than anticipated. The flow meters showed that more water was being pumped than anticipated, which explained the larger-than-expected pressure drop. This is not believed to be a design error, but rather because the “C” Factor from the Water System Standards used to determine friction losses does not match the actual field conditions. To rectify this problem and to improve the overall efficiency of the water system, DWS staff have decided to replace these pumps with *smaller* pumps. An alternate high pressure bypass was looked into, but the cost of this bypass would be approximately \$40,000. Funds for replacing these pumps will come from the project’s available contingency.

Note: The Department is awaiting a cost proposal from the contractor. The initial estimate for removing the existing pumps, as well as furnishing, installing, and testing the two replacement pumps, will be approximately \$19,000.

The pumps at Station “C” (at the Pōhākea Tank Site) have abnormally high amperage readings that may be due to moisture in the motor housing. To verify this, the pumps would have to be removed and shipped to the pump supplier for bench testing. The cost to bench test and replace the motors (approximately \$16,000) approaches the cost for new pumps. For reliability and safety reasons, the contractor decided to replace these pumps. Payment for replacing these two pumps will be made by the contractor. The cost for this pump replacement will be approximately \$19,000.

Staff has reviewed the request and finds the 93 calendar days are justified. This is the eighth time extension request. The breakdown is as follows:

- 1st time extension – 225 calendar days for additional excavation beneath both reservoirs as required by soils engineer
- 2nd time extension – 153 calendar days for redesign of electrical installation (underground installation in lieu of overhead installation)
- 3rd time extension – 152 calendar days for HELCO easement issue
- 4th time extension – 91 calendar days for HELCO easement issue
- 5th time extension – 92 calendar days for HELCO easement issue
- 6th time extension – 1,704 calendar days (due to the delays for HELCO to obtain the easement to Mahuna Tank, and because of the 2006 earthquake and subsequent tank upgrade)
- 7th time extension – 45 calendar days (due to the delays to obtain Department of Public Works approval to cross Bridge 45-3)
- **8th time extension – 93 calendar days**

The Manager recommended that the Board approve the contract time extension of 93 calendar days to Willocks Construction Corporation for JOB NO. 95-621, CONSTRUCTION OF THE PŌHĀKEA WATER SYSTEM IMPROVEMENTS, HĀMĀKUA, HAWAI‘I, COUNTY OF HAWAI‘I, STATE OF HAWAI‘I. If so approved, the contract completion date will be extended from August 14, 2009 to November 15, 2009.

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

The Manager noted that these are in-line pumps and not vertical boosters. The pumps have been in place for approximately four years. The pumps have been in the pipe, lined horizontally for the past four years without being used. DWS had strong suspicions that the

pumps would be unable to perform because they were just sitting there. The Manager said that the motor windings are probably full of moisture, and it is anybody's guess what will happen when the electricity is turned on. DWS has anticipated problems with these pumps because of the long delay. In the first case, according to the Agenda write-up, it appears that when the design was made, the "C" Factor was over-estimated and therefore the pump ended up pumping substantially more than the pump was supposed to. In the second case, it appears that the problems arose due to moisture. In both situations, it would be in the Department's best interests to replace the pumps. The pumps have been lying in the pipe full of water for about four years without being started up, and the factory warranty has already expired. The Manager said he believed DWS could make a legal case for the contractor to give DWS his own warranty (i.e., the normal one-year warranty).

Mr. Inaba noted that there are two sets of pumps: one at Station B and one Station C. At Station B, the pumps that were brought in did not work (because of the effect on the system, the pumps draw too much water and because not only are they in-line, they are not drawing from a tank and instead are drawing directly from the system.) The pumps are taking too much water; the service is below DWS's normal "service zone" (i.e. the typical 40-psi, or pounds per square inch, pressure). DWS does not want to use these pumps because it means throttling the valve, which DWS does not want to do. In this case (at Station B), DWS is basically asking to get a pump with less head, and therefore DWS is going to change the pumps out. At Station C, DWS has brought it up to the contractor that there were abnormal readings with which DWS was not comfortable. The contractor is going to replace the Station C pump because they still have the one-year warranty with DWS. Once the contractor replaces the pump, the contractor will have the one-year warranty from the manufacturer. He noted that DWS's own warranty from the manufacturer has expired.

The Manager said that he is looking forward to finishing this project. He noted that for the past seven years, the project has been plagued with problems (contractor problems, the October 2006 earthquake, the bridge problems and problems getting easements from landowners). Initially, the landowners had no problem with giving easements, but when the time came, the owners would not give DWS easements. DWS was obliged to change the project design because the landowners would not give easements to HELCO and Hawaiian Telcom.

Mr. Inaba said that the landowners eventually gave DWS the easement, but not to HELCO or Hawaiian Telcom.

Chairperson Smith said that normally when someone does a project, they go through a construction right-of-entry, followed by a permanent easement. If the landowner signs a construction right-of-entry, as long as everything is built according to what is identified in the construction right-of-entry, it automatically leads to an easement.

The Manager said that the landowner gave DWS the easement for the pipeline, so DWS was thereby given a right to be there. However, when HELCO and Hawaiian Telcom asked for the same right to be there, the landowner refused to grant it.

Chairperson Smith asked why DWS did not ask the landowner to give easements to the other utilities when DWS asked for the construction right-of-entry.

The Manager said that as a normal practice, DWS does not make such requests for other utilities, and has assumed that when DWS is granted an easement that the owner will give easements to HELCO and Hawaiian Telcom, too.

Mr. Inaba said that such agreements are typically executed between the utility and the owner; the agreements are recorded separately from DWS.

The Manager said that in future, DWS would request that, along with DWS, that the owner would also allow HELCO and Hawaiian Telcom to have the same type of easements. He noted, however, that not all pipeline easements require HELCO or Hawaiian Telcom.

Mr. Inaba said that part of the problem was that the landowner changed his mind. At first the owner was okay with overhead lines, but once construction started he did not want anything like that, and said that the lines would have to be underground.

Chairperson Smith noted that while DWS is asking for a time extension today, the Department is anticipating a contract cost increase proposal from the contractor, in the neighborhood of \$19,000.

Mr. Inaba confirmed that DWS had received the contractor's cost proposal, which is approximately \$19,700. He said that DWS is not proposing that to the Board today because the Department has enough contingency funds.

The Manager said the contractor is going to absorb the \$19,000 (for Station C, at *the top of Page 3 of the Agenda.*)

Mr. Inaba said that the amount was almost identical to the cost for pump replacement.

Chairperson Smith summarized that the \$19,000 listed *at the bottom of Page 2* of the Agenda (for Station B) is going to be a DWS cost; and that the \$19,000 on *Page 3* (for Station C) will be absorbed by the contractor, Willocks. On the subject of the "C" Factor, he noted that the estimate that the design engineer did was *off*. The engineer also designed an in-line booster which DWS continually told the Board was not optimal.

Mr. Inaba said that this was basically the scope of improvements that was given to the consultant.

The Manager said the bottom line is that, 20 years or so ago, this was all approved by DWS. Therefore, the Department really has no recourse. He said that this type of in-line pumps should never have been put in for that application.

Chairperson Smith said that going forward, DWS does not want to put in anything substandard; and will learn from past mistakes.

Mr. Inaba said that today the job is to update substandard systems, in an effort to bring them as close as possible to meeting the Department's minimum requirements. To do that, DWS would probably have to add one more tank and one more booster. To get water into that tank, DWS would probably need a small booster station that would be in-line, too – to keep the tank filled.

Chairperson Smith said that when he added up all of the extensions on this project, he got a total of 2,555 days. He asked that in future write-ups that the Department give the total number of days in time extensions.

ACTION: Motion carried unanimously by voice vote.

NORTH KONA:

A. **KONA COMMUNITY HOSPITAL – HALEKI'I WELL GENERATOR UPDATE**

The Department provided information and an update on the emergency generator at Haleki'i Well.

Chairperson Smith invited Mr. Willis, a hospital administrator at Kona Community Hospital, to address the Board.

Mr. Willis asked if the new generator at the Haleki'i Well is operational, and expressed concern about water service to the hospital in case of an emergency. He noted a series of tropical storms that have approached the Big Island in recent days, and sought assurance that the hospital would have water in such events.

The Manager confirmed that the generator has been installed.

Ms. Myhre reported that a few weeks ago, there was a power outage and the new generator worked perfectly. DWS staff went to the well site and manually flipped the generator switch and the water came on, she said. The generator is 100% operational, and it is exercised every week. There is a full plan whereby the generator is maintained quarterly, then annually, then on a three-year schedule, Ms. Myhre said. This is the only generator in the DWS system that is connected directly to DWS wells; all of the rest (for the time being) need to be manually connected or rigged in case of an emergency. DWS has 8-10 hours of fuel available, so if the generator had to run 100% of the time, it would run for 8-10 hours. This would give DWS enough time to refuel the generator.

The Manager offered to have DWS Kona staff show Mr. Willis around the Haleki'i facility.

Mr. Willis said that due to scheduling conflicts, he and his hospital staff had not been able to tour the facility.

The Manager urged Mr. Willis to coordinate with Ms. Myhre to make arrangements to tour the facility. He asked Mr. Willis if the hospital had ever considered putting in its own temporary storage.

Mr. Willis noted that Hawai'i Hospital System Corp. (HHSC) is in a financial crisis, and therefore temporary storage is on the back burner for the foreseeable future. He acknowledged that the hospital needs its own storage capability. Mr. Willis said he was glad to hear that the generator runs.

The Manager said that the only outstanding problem is that due to where the hospital is located, the hospital's water pressure will never increase.

Mr. Willis said he was working to get booster pumps and also redundant backflow devices.

Mr. Mukai asked what the timeline is between when the power goes off and the staff flips the switch on the generator. He asked how long is it until the water stops flowing to the hospital.

The Manager said the tank has about a 20-foot overflow; the minute the tank drops two feet, it triggers the controls to start the pump up again, so DWS's standard tank never goes lower than two feet because the pump will come on. In an outage, the water may go below two feet, but the Kona DWS crew will know that there is an outage and send someone out to start the generator.

Ms. Myhre confirmed that it is a manual switch; it is not automatic.

Chairperson Smith asked why DWS did not design an auto-transfer switch.

The Manager said the reasons were cost and because the Kona Baseyard is nearby, and also because of the size of the tank. The Haleki'i tank is large enough that there is sufficient storage. He explained that if there is a power outage in the middle of the night, there is an automatic alarm on the tank that sends a signal to the answering service, that in turn calls the DWS staff person on duty. That staff member goes out to the facility and flips the generator switch. The Manager said that there is an auto-dialer with battery back-up that calls the answering service. The answering service continues to call the DWS employee until he responds.

Chairperson Smith asked if the 8-10 hours of running time for the generator is at full load or idling.

Ms. Myhre said it was 8-10 hours with the well pumping; it is not full load because it does not draw full load on the generator. It is for the load of the pump, so it is maybe a half-load on the generator to operate the pump. Therefore, if DWS were to operate the generator for 8 hours, it would be continuously pumping for 8 hours.

The Manager noted that in case of a major disaster, the whole DWS plant section comes out to respond, not just one person on duty. He said that the generator was purchased by the County when Mayor Kim allocated \$2 million to buy emergency generators. This generator was funded by the County, but the connections to make it operable were funded by DWS.

A lengthy discussion ensued to summarize what happens in the case of an outage. The Manager said that when an outage takes place, the deep-well motor will be off. The

emergency generator supplies electricity to the deep-well motor, and it will keep the motor going. DWS staff will need to physically be there to switch from generator to HELCO power when the outage is over. Once a staff member goes to the scene to switch the generator on, it stays on. A DWS staffer remains on site to monitor the system. The Manager noted that during an outage, not only is the hospital tank affected; other tanks will be affected as well. When a staffer is called out, the person goes to flip the switch and continues monitoring the system to make sure everything is okay. The staffer may have to adjust valves to fill certain tanks or let certain tanks drain down. In any case, the duty person does not just flip the switch and go home, and if the emergency is big enough, there will be other DWS electricians responding as well.

Chairperson Smith asked what provisions the Department has for refueling a generator after hours (i.e., after the 8-10 hours' running time).

The Manager said that the Kona Baseyard staff has contacts for tankers that can deliver diesel. He said that DWS does not have its own tankers.

Mr. Ikeda said that Kona Baseyard has an above-ground storage vault with two chambers: one that holds 500 gallons of diesel and one that holds 1,500 gallons of gasoline. DWS can pump fuel out from there.

Chairperson Smith said he wanted to make sure the DWS has the means of getting fuel into the generator.

The Manager said he would get details from Mr. Bob Ravenscraft at the Kona Baseyard.

Mr. Ikeda confirmed that DWS has a contract for diesel with a tanker company.

Mr. Taniguchi asked whether the answering service has a generator back-up, and suggested double-checking on it.

Chairperson Smith asked the Department to follow up on all of the issues raised about emergency plans, and to report back to the Board at future meetings.

Mr. Mukai suggested that DWS invest in 55-gallon diesel-carrying drums that a pickup truck could carry to a disaster area.

Chairperson Smith suggested putting contractors on a call-out list to assist in carrying fuel for DWS.

Mr. Willis asked what kind of lightning protection (such as lightning rods) DWS has in place.

Chairperson Smith asked DWS to check if it has good ground under its equipment.

Mr. Willis requested DWS to give him the routine maintenance schedule for the generator, and Ms. Myhre confirmed that she would do so.

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

The contractor, Isemoto Contracting Co., Ltd., requested a contract time extension of 153 calendar days, which includes 60 days of continuous testing of the system, as required per the project specifications.

During initial testing of the system, it was discovered that modifications must be made to the new pressure regulating and tank inlet control valves, so that the system can operate properly. In addition, due to ongoing communication errors between the Kona Baseyard SCADA system and project sites, modifications must be made to the radio telemetry system to allow direct communication between the project sites.

Engineering Division has reviewed the request and finds that the time extension is justified. This would be the ninth 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, necessitating 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 of 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.
- Time Extension #8: Project extended 60 days to allow for continuous testing of the new system, as required per project specifications.

The Manager recommended that the Board grant this contract time extension of 153 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 July 30, 2009 to December 30, 2009.

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

Mr. Inaba explained that previously, the SCADA contractor had to first fix existing problems with the existing SCADA system in order to complete their work. The contractor discovered communications errors (dropped signals) that were recorded in the SCADA as a “comm. failure.” The contractor needed to develop a better link for the SCADA system; they needed to make modifications to the site to ensure uninterrupted communications. The interruptions are just a slight drop-off, similar to a dropped call on a cellphone. However, if the SCADA is

programmed to request information at a time that the signal is not there, it will be recorded as a “comm. failure,” and it will set off alarms on the SCADA system. The work will either involve rebuilding the actual communications, or reprogramming the SCADA to give a longer delay or allow a second attempt first before there is a “comm. failure” report. Mr. Inaba said this is an existing SCADA system problem, beyond the contractor’s scope. The current SCADA contractor cannot do *his* SCADA work until this problem is solved.

Chairperson Smith asked what the solution is to the problems with SCADA that everybody seems to have.

Mr. Inaba said that the SCADA people are saying that DWS is using a radio system, and so a radio path study is needed. Mr. Inaba said he was not sure what that entailed. DWS is trying to go wireless to keep the monthly cost down.

The Manager noted that while the SCADA equipment is very sophisticated, the vendors in Hawai‘i lack the expertise to completely understand the capabilities of what they are selling. When it comes to service, the vendors often do not know how. The other problem with SCADA is the interference that prevails, amid the kind of communications systems here in Hawai‘i.

Mr. Inaba said one cost reason to use radio is that the monthly cost for dedicated land lines is very high, citing one system that DWS had that ran \$1,500 a month for the dedicated land lines used to get data from the site to the baseyard.

The Manager said that Oahu alone has a central control system that controls the entire island, but they still have problems with their SCADA. DWS is trying to have district-wide SCADA.

ACTION: Motion carried unanimously by voice vote.

Chairperson Smith noted that the total number of days for this project stands at 820 days, including the latest extension. He reiterated his request for a total number of days whenever a time extension is requested.

KA‘U:

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

The contractor, Isemoto Contracting Co., Ltd., requests a 25-calendar day, no-cost time extension for the additional time required for Hawaiian Telcom to remove their old phone lines from the existing CMU (concrete masonry unit) building that needed to be demolished to complete the access road and driveway.

This is the fifth 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.
- Time Extension #3: Project extended 38 calendar days to allow additional time for HELCO to install the new electric service lines.
- Time Extension #4: Project extended 51 calendar days to allow additional time for HELCO to remove the existing transformers and two days of delay due to inclement weather.

This is a no-cost time extension. Engineering staff has reviewed this time extension request, and finds that the additional 25 calendar days are justified. However, the 25-calendar day extension causes the completion date to fall on a Sunday (September 13, 2009). For that reason, the Engineering staff is recommending that the completion date be set for a weekday, i.e., Monday, September 14, 2009.

The Manager recommended that the Water Board approve a contract time extension to Isemoto Contracting Co., Ltd. of 26 calendar days from August 19, 2009 to September 14, 2009, for JOB NO. 2002-809, PĀHALA PRODUCTION WELL AND SUPPORTING FACILITIES.

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

The Manager explained that this was a no-cost extension request. The contractor needs to do work they could not do until they had progressed to this point. Therefore, the contractor needs the extra days to complete the project, the Manager said.

Mr. Inaba said that the work of installing new equipment is complete, and the Department of Health has been notified that DWS will physically disconnect the connection with Alili Tunnel, which is the entire reason for the project. The upshot is that DWS will no longer need to send out violation letters. The Department will disconnect the connection with Alili Tunnel this week, he added.

The Manager said that the Department will no longer need to publish violation letters in the newspapers for this particular location.

Mr. Kuailani asked if there were sufficient contingency funds in case they were needed, and Mr. Inaba confirmed this.

ACTION: Motion carried unanimously by voice vote.

MISCELLANEOUS:

A. **VEHICLE BID NO. 2008-11, FURNISHING AND DELIVERING VEHICLES TO THE DEPARTMENT OF WATER SUPPLY:**

The contractor, Inter Pacific Motors, Inc., dba Orchid Isle Auto Center, has requested a time extension for the delivery of two (2) mini cargo vans for Part "A" of the subject project. A specific time extension request cannot be made at this time because the mini cargo vans are

assembled in Turkey, and the contractor is unable to track the vehicles until they reach U.S. soil.

The Manager recommended that the Board approve the contract time extension request for VEHICLE BID NO. 2008-11, FURNISHING AND DELIVERING VEHICLES TO THE DEPARTMENT OF WATER SUPPLY, Part "A" to Inter Pacific Motors, Inc., dba Orchid Isle Auto Center. The length of time for this request will be presented to the Board once the contractor is able to track the location of the vehicles.

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

The Manager explained that Mr. Ikeda had called the vendor to get the latest information, but the vendor still does not know where in transit the vehicles are, nor does the vendor know when the vehicles will arrive in Hawai'i.

Mr. Ikeda said that it is certain that the vans were assembled in Turkey, and they have Vehicle Identification Numbers (VINs), etc. but the vendor is unable to track the shipment until it reaches U.S. soil. For that reason, DWS was unable to give a specific number of days in the request for a time extension. Once DWS gets a better handle on the vehicles' estimated time of arrival, they will come back to the Board with a specific number of days, he said.

Chairperson Smith asked if the Department today was asking to approve an indefinite time extension.

Mr. Ikeda said the contract with the vendor expired on August 22, 2009, and so the Department was asking the Board to approve a time extension. Hopefully, the Department will be able to nail down the specific time frame next week, he added.

The Manager confirmed that the vendor cannot tell DWS the number of days needed.

Chairperson Smith asked why the Board should approve anything today.

The Manager said the reason was because the vendor would be violating the contract.

Chairperson Smith said the vendor already did violate the contract; the vendor has defaulted on the contract. The deadline was August 22, 2009 and the vendor had not performed and cannot tell DWS when they will perform, he said.

Mr. Ikeda said that once the vendor locates the shipment on the East Coast or Michigan, delivery could take about a month.

Chairperson Smith, addressing Ms. Garson, said that he did not believe the Board could approve an indefinite time extension; the Board can only approve something specific. He asked if DWS gave the vendor a deposit on the order.

The Manager said no, there was no deposit.

Chairperson Smith asked if there were liquidated damages if the vendor failed to perform.

The Manager said it was part of the Department's General Requirements and Covenants.

Chairperson Smith asked what the liquidated damages were.

Mr. Garson said that for this kind of services contract, it was unlikely that liquidated damages will have been set. She would have to look at the contract, but was not sure whether this contract will have had a provision for liquidated damages.

Mr. Taniguchi asked if there was a dire need for the vans.

Mr. Ikeda said yes, the two vans currently in use are falling apart. He noted that there were a couple of other bidders.

Mr. Meierdiercks suggested amending the Motion, to approve a time extension until the next Water Board meeting (on September 22, 2009), when DWS will have a more definite time frame for the Board. He offered to make such a Motion, to enable the Board to approve a specific time extension, instead of an indefinite time extension.

The Manager suggested that the Board approve a 45-day contract extension that would take it to beyond the next Board meeting.

Mr. Ikeda said that DWS would have more information at the next meeting.

Mr. Mukai said that if the Motion is approved, he would like to see if DWS could contact the second lowest bidder.

Ms. Garson said that at this time, there is no second lowest bidder. DWS would have to **re-bid** it. There is no obligation for the second lowest bidder to hold his price.

The Manager said he was certain that even if DWS went to the second lowest bidder, for that vendor to initiate the entire process would take substantially longer than what the current contract would take. He expressed frustration that DWS cannot get an answer on when the vans will arrive.

Chairperson Smith expressed misgivings that the second lowest bidder might say he could have performed. He asked that DWS in the future includes liquidated damages in its vehicle bid contracts that penalizes a non-performing vendor. In the meantime, he acknowledged that this time around, the Department's options for recourse were limited. He approved of Mr. Meierdiercks's idea of a definite time extension of 45 days. The Chairperson suggested to Mr. Mukai that he amend his Motion.

AMENDED MOTION: Mr. Mukai amended his original Motion to include a 45-day extension from August 22, 2009; Mr. Kuailani seconded.

Mr. Kuailani asked if the contract would be void if the vans fail to reach the United States.

Mr. Ikeda said that the vans were on the way.

Mr. Kuailani said that DWS cannot be making contracts with foreign countries.

The Manager clarified that the contract was with Orchid Isle (a local vendor).

Mr. Taniguchi, referring to his experience at Bank of Hawai'i, said that dealers are supposed to research available inventory from the factory (when the vehicle will be delivered, etc.) He said that for a dealer not to know such details is a weak excuse.

Mr. Ikeda noted that this is a new type of mini cargo van, and the Department really liked it. He said that the vendor set the August 22, 2009 date by working off of a production schedule. The new type of vehicle proved to be really popular and the first batch sold out, and for some reason the vendor's allocation was in the *second* batch.

Chairperson Smith noted that there was a Motion before the Board.

Mr. Mukai said there was an *amendment* to the original Motion.

Chairperson Smith suggested voting on the amendment first.

ACTION: Amendment to the original Motion carried unanimously by voice vote. Amended Motion carried unanimously by voice vote.

Chairperson Smith asked that in future bids, the DWS should have wording in the contract that includes consequences for non-performance.

Ms. Garson noted for the Board's information that DWS is not allowed to *penalize* for non-performance. If there is a breach, DWS can sue for breach of contract. However, for the record, DWS would not be *penalizing* for non-performance.

Mr. Meierdiercks suggested that the Department should start dealing with dealers in Honolulu and even on the Mainland in hopes of getting vehicles sooner.

The Manager said that this subject has arisen numerous times over the years. The Department's obligation is to publish requests for bids in the local newspapers. To accomplish what Mr. Meierdiercks is suggesting would mean publishing in Honolulu and Mainland newspapers, which would mean a cost factor.

Mr. Mukai noted that DWS also posts bids on the Department's website.

B. ENERGY PERFORMANCE PROJECT:

Ms. Myhre reported that DWS is working with the National Renewable Energy Laboratory (NREL) with support from the County, in efforts to control the Department's overhead expenses and fuel use. DWS is collecting data on its vehicle fleet, including miles per gallon. NREL is analyzing the data and making suggestions. The most recent meeting with NREL,

which is funded by the U.S. Environmental Protection Agency, will be on Friday, she noted. Their personnel come to the Big Island about once a month. Turning to the subject of the Department's energy management at the Lāāmilo Wind Farm, Ms. Myhre said that DWS is considering whether to renew the lease it has from the state for the land, where HELCO has wind generators. The lease expires in December 2010. The Manager met in early August with HELCO President Jay Ignacio to discuss DWS's position, which is that currently DWS gets no benefit from this wind farm. DWS would like to find a way to make it worth the Department's while to renew its arrangement with HELCO there, which would mean renewing DWS's lease with the state. HELCO's project on the books and in their budget is 2.4 megawatts; HELCO is making plans to re-energize their wind farm with new wind generators. The two utilities brainstormed on consolidating meters so that DWS can take advantage of off-peak rates, and/or to establish more of a discount from HELCO's Rider program. Ms. Myhre said that she looked into the Public Utilities Commission's regulations, and found that HELCO cannot give special rates or special treatment to any given customer. Therefore, HELCO cannot give DWS a discount, and for that reason HELCO established a road maintenance fund. DWS would like to get control of that money, but currently it has no control over those funds. Ms. Myhre and Mr. Clyde Young of DWS Operations will be meeting with two or three operations people from HELCO to continue discussing incentives for DWS, to make it acceptable to renew the state lease.

Ms. Myhre said that next month she would report to the Board on the status of the discussions with HELCO. In any event, DWS will have an idea by year-end whether it is worthwhile to renew the state lease. December will make it one year before the lease's expiration.

Chairperson Smith asked Ms. Myhre to remind HELCO that if the lease is not renewed, it is HELCO's responsibility to remove all of the old wind generators from the site.

The Manager said that in the contract, DWS actually is obliged to remove the transmission lines and switch gear boxes.

The Manager said that DWS made very clear that it would not renew the lease if there is no perceived benefit for the Department.

C. 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.

(This item was deferred at the 7-28-09 Water Board meeting.)

1. FIRST AMENDMENT TO LICENSE EASEMENT NO. 722

Subdivision Application No. 2004-0217B

Lālāmilo Housing Phase I East Subdivision

TMK: (3) 6-6-004:012

EWO NO.: 2007-005 (East)

Owner/Licensor: State of Hawai'i, Department of Hawaiian Home Lands

No. of Lots: 18

Zoning: RS-10

Final Inspection Date:

(TBA)

Facilities Charge: \$73,440.00

Date Paid: 7/15/09

Water System Cost:

(TBA)

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

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

Mr. Inaba reported that the Final Inspection Date was August 18, 2009, and the Water System Cost was \$248,191.

ACTION: Motion carried unanimously by voice vote.

D. MONTHLY PROGRESS REPORT:

No discussion.

E. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

No discussion.

F. POWER COST CHARGE UPDATE:

The Manager noted that the Power Cost Charge for July 2009 was **\$1.59**, compared with \$1.83 in June 2009. However, gas prices are rising steadily, so the Manager expected the \$1.59 to be short-lived. The Department was asked at the last meeting to present the Power Cost Charge to the Board every month, so that the Board can decide what to do.

Chairperson Smith suggested that the Board hold a Public Hearing next month (on September 22 prior to the regular Board Meeting in Waimea.) At that time, DWS will be able to provide the Board with the updated rate cost from HELCO, even if it is off-cycle in the billing.

The Manager said DWS had the Public Hearing Notice ready to send to the newspapers, with the figure(s) that the Board decides to publish to be inserted today.

Chairperson Smith asked how the Board could best set the rate to provide a lot of latitude, in order to hit *close to* the rate that will be known by next month's Public Hearing.

Mr. Meierdiercks suggested putting it at a range of \$1.59 and \$1.83.

The Manager said the rate might be higher than \$1.83, based on current gas prices. He noted that the previous time that the Board published a Public Hearing Notice regarding a proposed change of the Power Cost Charge, the notice gave a range.

Chairperson Smith suggested a range of \$1.00 and \$2.00.

Ms. Garson said that because it is a matter of giving the public the notice; to publish as unrealistically low a figure as \$1.00 would be misleading. The public could be misled into thinking the rate could go down as low as \$1.00, she added.

Mr. Mukai suggested a range of \$1.59 and \$2.00.

Mr. Taniguchi asked Mr. Sumada if he had a handle on what the August figure might be.

Mr. Sumada said he had no idea.

Mr. Taniguchi noted that DWS had a big surplus in July.

Ms. Myhre said that the Power Cost Charge is going up, and thought that the range of \$1.59 and \$2.00 is safe.

Chairperson Smith asked the Board if everyone could agree to a range of \$1.59 and \$2.00. He asked if the Public Hearing could be held at 9:50 a.m., followed by the regular Water Board meeting at the usual time of 10:00 a.m.

MOTION: Mr. Meierdiercks moved to have a range of \$1.59 and \$2.00, and Mr. Taniguchi seconded.

Ms. Garson said that actually the Board would be approving the holding of a Public Hearing with that range of figures.

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

G. **WATER RATE STUDY:**

No discussion.

H. **BUDGET STATUS AND PROPOSED ACTIONS:**

The Manager said he recently discussed with Mr. Sumada an anticipated budget shortfall, due basically to a drop in water consumption, increases in medical premiums, along with two vehicles that were budgeted for last year but which DWS is going to pay for this fiscal year, along with miscellaneous other items. DWS anticipates a shortfall of approximately \$500,000, based on projections as of now. A staff meeting was held, and the Department implemented several measures. DWS is freezing hiring from outside the Department; if anything, there will be internal promotions. This measure should save DWS money. The Department is cutting back all overtime, unless it is absolutely necessary (such as for field crews responding to emergencies, etc.) Overtime is necessary when there are community meetings, for instance, when DWS is invited to speak to groups. In these situations, DWS is encouraging the staff members to take time off instead of overtime pay, and to take the time off as soon as possible. DWS has also substantially cut back on equipment, which significantly affects Operations and Engineering. Administration has decided not to purchase a document imaging system. The Department has also cut back on travel and workshops. The Department is being very selective in what training and workshops that staff members attend. The biggest cutbacks are in overtime and equipment, and the aim is to accommodate the Department's anticipated budget shortfall.

Chairperson Smith asked if the Department would have a formal amendment to the budget for the Board to review at next month's meeting.

The Manager said no, that was not the intent; the intent was to cut back spending so that those budget items can be taken care of. There is no formal amendment to the budget, he said.

Chairperson Smith asked DWS to give the Board something in writing, to show the measures DWS is taking; for example, to show a dollar amount for the overtime frozen.

Mr. Mukai asked if these measures would balance the budget if there is a \$500,000 shortfall.

The Manager said it would be hard to use the word "balanced" at this point because DWS does not really know; the \$500,000 is *projected*. The Manager noted that DWS may save some money because the current negotiations with the union may result in a pay decrease. That was not factored in because no one knows what will happen. The other factor is that DWS anticipates an increase in medical premiums, but no one knows what that will be, either. He credited Mr. Sumada with bringing the anticipated shortfall to management's attention. Dropping consumption is probably due to the hotels and big businesses curtailing water use. The drop in consumption is really having an impact on DWS's bottom line, he said.

Chairperson Smith acknowledged that there were many factors over which DWS has no control. He reiterated his request for something in writing about the cost-cutting measures DWS is taking.

I. **MANAGER'S REPORT:**

The Manager provided an update on the following:

1. Update on use agreement on KIC wells -- Nothing to report at this time.

2. Palani Road Transmission Project -- Department has awarded and is in the process of executing the contract. Manager asked Mr. Beck to arrange a ground-breaking ceremony.
3. Sustainability/Energy/Green Team update -- Ms. Myhre said that the Energy Advisory Commission is still exploring how it will act as a group. On the Green Team, Ms. Myhre reported that earth composting machines are available at the Waimea and Hilo baseyards, and offered the machines to each of the Board members.
4. Hawai'i Water Works Association (HWWA) '09 conference update -- DWS is progressing with the arrangements. Manager asked Board members to contact the Board Secretary with their registration requirements.
5. Proposed County Charter amendment -- The amendment in question is to change the Manager's official title to "Manager-Chief Engineer" to be consistent with the water departments on Oahu and Kauai.

Chairperson Smith asked the Manager to add two items to next month's Manager's Report:

1. Manager's perspective on the use of lobbyists by the City and County of Honolulu's water department, as recently reported in the Honolulu Advertiser. Chairperson Smith said he believed DWS did not use lobbyists.
2. Manager's comments on DWS's financial daily receipts procedures.

Mr. Kuailani asked the Manager to add one more item to next month's report, regarding the status of filling vacant Water Board positions.

Chairperson Smith asked whether a letter to the Mayor signed by the Chairperson would help, or perhaps a phone call to Managing Director Mr. Bill Takaba.

The Manager said it certainly would not hurt. He said that the Mayor makes the decision on Water Board appointments, adding that he (the Manager) had been in contact with Mr. Takaba many times regarding the vacancies, as had Ms. Garson.

Ms. Garson said that she would follow up.

J. CHAIRPERSON'S REPORT:

Chairperson provided comments and/or information relating to the following matters of concern to the Water Board:

1. Discussion/Action regarding establishing an Ad Hoc Finance Committee -- Discussion/action included the scope of the matters to be investigated by the committee, the number of the members (between 2-4 members) who will be on the committee, and the scope of authority of each member of the committee, should the Board decide to create such a committee.

Chairperson Smith said he would like to put on next month's Agenda that the Board create an Ad Hoc Finance Committee that could work outside of regular Board meetings to provide feedback and input to the Department. He noted that the Sunshine Law allows such an ad hoc committee to have four members or less (i.e. less than a quorum of five.) Such an ad hoc committee would be allowed to talk among themselves and interact with the Department, and come forth with recommendations that would be discussed and action taken at a Board meeting, he said. It would require a

specific purpose, such as a review of current financial procedures within the Department. Such a review would be done to ensure that feedback is provided to the Department to make sure it continues to be a solid organization. He asked Ms. Garson if the Board needed to take a Motion.

Ms. Garson asked if the Board would be creating an Ad Hoc Finance Committee right now, or was the Chairperson asking for it to be put on the Agenda next month.

Chairperson Smith said he thought Ms. Garson was saying that a decision to create the committee could not be taken today, because the Board needs to discuss it first.

Ms. Garson clarified that it had been put on today's Agenda as "Discussion/Action," so therefore the Board can create the committee today, but its purpose needs to be made finite and the Board needs to articulate the exact purpose of the committee.

Mr. Taniguchi said he thought the committee would be at the direction of the Chairperson.

Chairperson Smith said Ms. Garson was saying that the Board needs to define the committee's scope.

Mr. Mukai moved to have Mr. Taniguchi look into the creation of the Ad Hoc Finance Committee for the Board.

Ms. Garson said that because it is an *ad hoc* committee, the Board needs to create it saying it is an Ad Hoc Finance Committee to do X (a specific task). In the case of a *standing* committee, the committee takes up things as they are referred to them by the Chairperson. However, the Board does not have a provision for a standing committee in its rules. Therefore, rather than amending the Board's rules, it is easier to create an ad hoc committee for a specific purpose.

Chairperson Smith said that the committee's purpose could be to review the practices and procedures of the Department.

Ms. Garson noted that KPMG, the department's outside auditor, recently sent their annual audit letter to DWS and has begun their audit.

Mr. Sumada said that KPMG is going to start their field work next month.

The Manager, returning to the subject of the ad hoc committee, noted that all that the Board needs to do is state what they want the committee to do, and appoint the members.

Chairperson Smith said because the scope must be defined, the scope would be to "review the financial practices and procedures of the Department."

Mr. Taniguchi added the words "as deemed necessary."

The Manager said that with that definition, the Chairperson can select the committee members.

Chairperson Smith said he would appoint Mr. Taniguchi to chair the Ad Hoc Finance Committee, and would ask him to appoint to the committee any three other Board members, excluding himself (the Chairperson).

The Manager said he thought Mr. Taniguchi should select his committee now.

Chairperson Smith said that today, there were only three other Board members in attendance and suggested that they serve.

Mr. Kuaailani, Mr. Mukai and Mr. Meierdiercks each said they would serve on the committee.

Chairperson Smith noted that the goal of the committee would be to provide feedback to the Department, to ensure that its practices and procedures are sound, to avoid excess scrutiny from outside the Department, and to make clear to the Waterworks Controller and his staff what the Board's expectations are.

Ms. Garson clarified that the committee would come up with future guidelines.

Mr. Taniguchi asked if the Board should define the scope now, or come up with a scope and present it to the Board later.

The Manager asked if the committee had a scope now, or maybe it should be decided at the next Board meeting.

Chairperson Smith asked Ms. Garson her opinion on whether the scope needed to be decided now.

Ms. Garson said that normally an ad hoc committee is for a specific purpose. Therefore, if, for example, the committee calls a meeting on the budget, there would be a defined period of time and a specific scope. She suggested that the committee make its purpose a little bit more defined so that everyone is clear on what the committee will do. The Chairperson could also appoint an ad hoc committee to come up with recommendations for things that a *future* committee could do.

Chairperson Smith suggested that Mr. Taniguchi formulate what the scope of the committee should be, and decide on it at next month's meeting. In the meantime, Mr. Taniguchi could speak individually with individual Board members to see if they are willing to serve on the ad hoc committee and define the scope, etc.

Ms. Garson cautioned that speaking to one member after another in this way would constitute serial communication, and would violate the Sunshine Law.

Chairperson Smith thought it was okay as long as he talks to one member at a time, and the members do not talk to each other.

Ms. Garson said no, that would be serial communication.

The Manager suggested that Mr. Taniguchi defines the scope and reports back to the Board.

Mr. Taniguchi suggested speaking only to the Chairperson on the matter.

Chairperson Smith cautioned Mr. Taniguchi not to copy in the Manager, since he is an ex-officio member.

Mr. Meierdiercks asked if the Board could create the ad hoc committee now, but determine the committee's scope next month.

Ms. Garson and Chairperson Smith said that no, the committee needed to be created and its scope defined at the same time.

The Manager suggested that because the Board is uncertain, Mr. Taniguchi might take time to think about the scope he wants, report back to the Board next month with a defined scope. At that time, the Chairperson could appoint the committee members.

Chairperson Smith asked that this be listed as an item in next month's Water Board Agenda, under Chairperson's Report.

2. Discussion regarding Proposal CA-4 from Michael Ben, Director of Human Resources, to the County of Hawai'i Charter Commission, regarding Section 8-3 of the Hawai'i County Charter, relating to removal of certain administrative heads appointed by Boards/Commissions.

Chairperson Smith asked Ms. Garson for an update.

Ms. Garson said it was placed on the Agenda for information only because it affects the Board. The Charter Commission has improved a change in language to stipulate a hearing in the case of termination of a Commission-appointed department head. This change in language is now going to Public Hearings around the island, as mandated by the County Charter, she said. She said if the Board took a position on the matter, the Board would need to authorize someone to write a letter and decide what the letter would say, etc.

Chairperson Smith asked that Ms. Garson continue to monitor it.

Ms. Garson, summing up, confirmed that the Board would take no position.

Mr. Taniguchi thought that it was not necessary to take a position, and asked how the new language changed things.

Ms. Garson said that the new language would give rights to Commission-appointed department heads (i.e., the department heads of Human Resources, Water Supply, Liquor Control, Fire and Police.)

Chairperson Smith noted that it would put in some additional procedures *prior to* terminating a Commission-appointed department head.

Mr. Mukai said that what is being proposed is a slightly lengthier process to terminate a Commission-appointed department head.

Mr. Taniguchi noted that it was matter of fairness to the department head.

Chairperson Smith reiterated his request that Ms. Garson monitor the issue.

K. REFERRALS FOR EXECUTIVE SESSION:

1. **KAWAILANI 1.0-MILLION GALLON RESERVOIR:**

The Water Board anticipates convening an executive meeting, closed to the public, regarding the foregoing matter, pursuant to Hawai'i Revised Statutes (HRS) Sections 92-4 and 92-5(a)(4), for the purpose of consulting with Water Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities.

2. **WATER BOARD OF THE COUNTY OF HAWAII v. MARK G. JERNIGAN, ET AL., CIV. NO. 09-1-155K (CIRCUIT COURT OF THE THIRD CIRCUIT STATE OF HAWAII):**

The Water Board anticipates convening an executive meeting, closed to the public, regarding the foregoing matter, pursuant to HRS Sections 92-4 and 92-5(a)(4), for the purpose of consulting with Water Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities.

Ms. Garson said the Chairperson should seek a Motion to go to Executive Session on each of the two items above.

MOTION: Mr. Taniguchi so moved; seconded by Mr. Mukai; and carried unanimously by voice vote.

At this point, the room was cleared of all but the Board, the Manager and the Secretary.

The Executive Session began at 11:45 a.m., and ended at 11:53 a.m. (*Note: Executive Session Minutes are private, due to attorney-client privilege. Therefore, Executive Session Minutes are not published.*)

Chairperson Smith entertained a Motion to approve Corporation Counsel's recommendation on Item #1 (KAWAILANI 1.0-MILLION GALLON RESERVOIR) as discussed in Executive Session.

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

ANNOUNCEMENTS:

1. **Next Meeting:**

The next Meeting of the Water Board will be held on September 22, 2009 at Waimea Community Center, 65-1260 Kawaihae Road, Kamuela, HI. The Public Hearing will begin at **9:50 a.m.**, followed immediately afterward by the regular Water Board Meeting at 10:00 a.m.

2. **Following Meeting:**

The following meeting of the Water Board will be held on October 27, 2009, at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo.

STATEMENTS FROM THE PUBLIC:

None.

ADJOURNMENT:

Chairperson Smith called for a voice vote to adjourn the Meeting at 11:55 a.m.

Senior Clerk-Stenographer

Anyone who requires an auxiliary aid or service for effective communication or a modification of policies or procedures to participate in this Water Board Meeting should contact Doreen Shiota, Secretary, at 961-8050 as soon as possible, but no later than five days before the scheduled meeting.

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

Notice to Lobbyists: If you are a lobbyist, you must register with the Hawai'i County Clerk within five days of becoming a lobbyist. {Article 15, Section 2-91.3(b), Hawai'i County Code} A lobbyist means "any individual engaged for pay or other consideration who spends more than five hours in any month or \$275 in any six-month period for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials." {Article 15, Section 2-91.3(a)(6), Hawai'i County Code} Registration forms and expenditure report documents are available at the Office of the County Clerk-Council, Hilo, Hawai'i.