

## MINUTES

### **WATER BOARD PUBLIC HEARING ON PROPOSED OPERATING BUDGET AND CAPITAL IMPROVEMENTS BUDGET FOR THE FISCAL YEAR JULY 1, 2010, TO JUNE 30, 2011.**

Department of Water Supply, Operations Center, Conference Room, Hilo  
March 23, 2010

PRESENT:

- Mr. Dwayne Mukai, Chairperson
- Mr. Robert Meierdiercks, Vice-Chairperson
- Mr. Bryan Lindsey, Board Member
- Mr. Joe Reynolds, Board Member
- Mr. Riley Smith, Board Member
- Mr. Milton Pavao, Manager, Department of Water Supply  
(ex-officio member)
- Mr. Quirino Antonio, Jr., Deputy Manager
- Ms. Kanani Aton, Public Information and Education Specialist
- Mr. Richard Sumada, Waterworks Controller
- Ms. Candace Pua, Assistant Waterworks Controller
- Mr. Daryl Ikeda, Chief of Operations
- Mr. Clyde Young, Operations Division
- Ms. Julie Myhre, Operations Division
- Mr. Kurt Inaba, Engineering Division
- Mr. Larry Beck, Engineering Division
- Ms. Katherine Garson, Deputy Corporation Counsel
- Mr. Keith Okamoto, Engineering Division
- Ms. Nancy Cook Lauer, West Hawai'i Today

CALL TO ORDER: 9:41 a.m.

CHAIRPERSON MUKAI: Good morning. Will the public hearing of the Water Board on the proposed Operating Budget and Capital Improvements Budget for the Department of Water Supply for the Fiscal Year 2010-2011 please come to order. As a reminder, I would like to ask you all to silence your cell phones, and if there is public testimony, I'd like to limit testimony to three minutes.

My name is Dwayne Mukai, Chairman of the Water Board, and the members of the Board and Staff who are here this morning...I'd like to introduce the Board members. To my left we have Riley Smith, Bob Meierdiercks to my right, Joe Reynolds and to the far right, Bryan Lindsey. Would the Staff like to introduce themselves? (Silence)

Mr. Smith: We have a reporter.

CHAIRPERSON MUKAI: The Water Board, under Section 8-2(c) of the Hawai'i County Charter shall adopt the Operating and Capital Improvements Budget for the Department of Water Supply; and under the hearing and advertising provision of Section 10-4, Hawai'i County Charter, did publish public hearing notices in the Hawai'i Tribune-Herald and in the West Hawai'i Today on March 5 and 7, 2010.

We are here this morning to accept testimony on the budgets. Is there anyone in the audience who wishes to testify? For the record, please state your name and organization, if any.

There being none, I would like to entertain a motion that this public hearing be closed.

MR. REYNOLDS: So move.

MR. MEIERDIERCKS: Second.

CHAIRPERSON MUKAI: It has been moved and seconded that the public hearing is closed. All those in favor, say "aye." Opposed, "nay." Motion is carried. Thank you.

(Public Hearing adjourned at 9:43 a.m.)

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Senior Clerk-Stenographer

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

**MINUTES**

**WATER BOARD  
PUBLIC HEARING ON  
PROPOSED AMENDMENT TO FREQUENCY AND METHOD  
OF CALCULATING THE POWER COST CHARGE**

Department of Water Supply, Operations Center, Conference Room, 889 Leilani Street, Hilo  
March 23, 2010

PRESENT: Mr. Dwayne Mukai, Chairperson  
Mr. Robert Meierdiercks, Vice-Chairperson  
Mr. Bryan Lindsey, Board Member  
Mr. Joe Reynolds, Board Member  
Mr. Riley Smith, Board Member  
Mr. Milton Pavao, Manager, Department of Water Supply  
(ex-officio member)  
Mr. Quirino Antonio, Jr., Deputy Manager  
Ms. Kanani Aton, Public Information and Education Specialist

Mr. Richard Sumada, Waterworks Controller  
Ms. Candace Pua, Assistant Waterworks Controller  
Mr. Daryl Ikeda, Chief of Operations  
Mr. Clyde Young, Operations Division  
Ms. Julie Myhre, Operations Division  
Mr. Kurt Inaba, Engineering Division  
Mr. Larry Beck, Engineering Division  
Mr. Keith Okamoto, Engineering Division  
Ms. Kathy Garson, Assistant Corporation Counsel  
Ms. Nancy Cook Lauer, West Hawai'i Today

CALL TO ORDER: 9:45 a.m.

CHAIRPERSON MUKAI: I'd like to call to order the Water Board Public Hearing on the proposed new Cost of Power Adjustment Clause. Will the Public Hearing on the proposed new Cost of Power Adjustment Clause please come to order? The notice of this public hearing was published in the Hawai'i Tribune-Herald and in the West Hawai'i Today on February 28<sup>th</sup> and March 2nd, 2010, respectively.

Good morning. My name is Dwayne Mukai. I'm the Chairperson of the Water Board, and I'll have our Board Members to introduce themselves. To my left...? Riley Smith, Bob Meierdiercks, Joe Reynolds, Bryan Lindsey. I'm going to bypass the Staff here.

The Department of Water Supply is operated and controlled by the Water Board as provided by the Hawai'i County Charter. Section 63 of Part III, Chapter 54, HRS, and it reads as follows:

“The Board of Water Supply may fix and adjust rates and charges for the furnishing of water and for water services so that the revenues derived therefrom shall be sufficient to make the waterworks and water systems self-supporting and to meet all expenditures authorized by this part; the Board may establish variable rates among the several districts of the County, or among the areas served by the individual water systems within the County, for the purpose of establishing charges as closely as possible to the necessary amount required for the maintenance and operation of the particular individual water systems; provided no rates and charges shall be fixed or adjusted prior to the holding by the Board of a public hearing, public notice of which shall have been given not less than twenty days before the date set for the hearing. The notice shall state the time and place for the hearing and the proposed rates and charges to be considered thereat. The time within which the notice shall be given shall be computed by including the first day, and excluding the last day.”

We are here to receive comments or testimony on the proposed amendment to the Power Cost Charge, from \$1.68 to a range between \$1.68 and \$1.80. The Department recommends increasing the Power Cost Charge from \$1.68 to **\$1.77**, based on February calculations of the Power Cost Charge.

As stated in the hearing notice, all comments or testimony were to be filed in writing before the time of the hearing or are to be presented in person at the time of the hearing. We would like to follow this format as closely as possible; however, because there may be some of you who do not have any written statements but would like to testify or comment, we would like to afford you this

opportunity to do so, but would like to limit such presentations to five minutes because of the time limit.

The hearing is now open for comments from the floor. Will you please wait until you are recognized by the Chair; and for the record, could you please step forward, state your name and the organization which you represent, if any.

Is there anyone here to provide oral testimony?

I see there is no one here to testify. There being none, I would like to entertain a Motion that this Public Hearing be closed.

MR. MEIERDIERCKS: So moved.

MR. REYNOLDS: Second.

CHAIRPERSON MUKAI: It has been moved and seconded that the Public Hearing is closed. All those in favor, say "aye." Opposed?

BOARD MEMBERS: Unanimous ayes.

CHAIRPERSON MUKAI: Motion carried. Thank you.

(Public Hearing adjourned at 9:47 a.m.)

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Senior Clerk-Stenographer

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### **MINUTES**

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

March 23, 2010

Department of Water Supply, Operations Center, Conference Room, Hilo

MEMBERS PRESENT: Mr. Dwayne Mukai, Chairperson  
Mr. Robert Meierdiercks, Vice-Chairperson  
Mr. Bryan Lindsey  
Mr. Joe Reynolds  
Mr. Riley Smith  
Mr. Milton Pavao, Manager, Department of Water Supply  
(ex-officio member)

ABSENT: 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. Bob Springer, National Renewable Energy Laboratory  
Mr. Will Rolston, County Energy Coordinator  
Ms. Nancy Cook Lauer, West Hawai'i Today

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. Candace Pua, Assistant Waterworks Controller  
Ms. Julie Myhre, Energy Management Analyst  
Mr. Keith Okamoto, Engineering Division  
Mr. Larry Beck, Engineering Division  
Ms. Kanani Aton, Public Information and Education Specialist  
Mr. Keith Okamoto, Engineering Division  
Ms. Crestita Hudman, Customer Service Supervisor

CALL TO ORDER - Chairperson Mukai called the Meeting to order at 10:00 a.m.

STATEMENTS FROM THE PUBLIC:

Mr. Thomas Goya, former Chairperson of the Water Board, testified regarding the Water Rate Study proposals.

*(The following is Mr. Goya's verbatim testimony.)*

"Thanks for your time, Mr. Chairman. Glad to see friendly faces, as a former member of the Board. I thoroughly understand the responsibilities of being a member and representing your various districts and the community at large. My purpose here this morning is to ask that additional information be provided to the Board from the Department and its consultants, so they can thoroughly review the rate request and explore the various scenarios concerning the uncertainty with our economic future and growth projections the next five, ten years. The other concern I have is with using bond money. As I stated when I was a member of the Board, it's all right to borrow money, but it needs to be repaid, so it means future rate increases. I said the same thing as a Board member with each new employee that was hired. So I'd like for each of you as Board members to consider that it's your fiduciary responsibility to make sure that the rate request is reasonable and responsible. Again, I thank you for your time, and I appreciate the effort that you make in giving full consideration to my request. Thank you. Thank you, Milton.

Chairperson Mukai thanked Mr. Goya.

APPROVAL OF MINUTES:

Chairperson Mukai entertained a Motion to approve the Minutes of the February 23, 2010, Water Board meeting.

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

Ms. Garson interjected to ask if the Chairperson first wanted to make sure that the Board had received copies of the written testimony provided by members of the community.

Chairperson Mukai confirmed that the Board all got their copies of the five testimonies submitted regarding the Water Rate Study, listed on the Agenda as Item 7(G).

ACTION: Motion carried unanimously by voice vote.

APPROVAL OF SUPPLEMENTAL AGENDA AND ACTION TO MOVE AGENDA ITEMS:

None.

SOUTH HILO:

A. **JOB NO. 2009-960, PANA'EWA WELL NO. 2 REPAIR:**

Bid opening was on March 11, 2010, at 2:00 p.m., and the following are the bid results.

<b>Bidder</b>	<b>Bid Amount</b>
Water Resources International, Inc.	\$78,798.28
Derrick's Well Drilling & Pump Service, LLC	\$97,896.93
Beylik Drilling & Pump Service, Inc	\$110,022.00

Project Scope: This project generally consists of the replacement of the existing deep well pump, column pipe, line shafts and appurtenances.

Project Cost:

1) Low Bidder (Water Resources International, Inc.)	\$78,798.28
2) Construction Contingency (10%)	<u>\$ 7,879.83</u>
<b>Total Construction Cost:</b>	<u><b>\$86,678.11</b></u>

Funding for this project will be from DWS's CIP budget under Deepwell Pump Replacement. The contractor will have 360 calendar days to complete this project.

RECOMMENDATION: It is recommended that the Board award the contract for JOB NO. 2009-960, PANA'EWA WELL NO. 2 REPAIR, to the lowest responsible bidder, Water Resources International, Inc., for their bid amount of \$78,798.28, plus \$7,879.83 in construction contingency for a total contract amount of \$86,678.11. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality of the contract by Corporation Counsel.

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

The Manager noted that the well is located about three miles south of Hilo at the 205-foot elevation, adding that this is not very deep. The project is part of an ongoing program to repair and replace problematic pumps. The pump serves the southeast part of Hilo, in conjunction with the pump at Carvalho Park, which serves the other half of Hilo.

Mr. Smith compared this Item with a similar one, Item 6(A), which he said should have the same kind of wording. Item 5(A) involves a deep well pump in Pana'ewa, and Item 6(A) involves a submersible pump in Pāhala, he noted. He asked for clarification why the Pana'ewa project calls for 360 days yet costs only \$78,000 (\$78,798.28, plus 10% contingency), while the Pāhala project calls for 240 days and yet costs much more.

Mr. Young clarified that the Pana'ewa project involves a large pump (14 inches), with most of its parts needing to be custom-manufactured. A large pump such as this takes a longer time to manufacture, he said.

The Manager said that the Pāhala well is four times deeper than the one in Pana'ewa, which makes a big difference in terms of cost.

Mr. Smith said he wanted to make sure that DWS allows enough time to complete a project so that it is fair to all bidders.

ACTION: Motion carried unanimously by voice vote.

KA'U:

A. **JOB NO. 2009-959, PĀHALA WELL #1 REPAIR:**

Bid opening was on March 11, 2010, at 2:30 p.m., and the following are the bid results.

<b>Bidder</b>	<b>Amount</b>
Beylik Drilling and Pumping Service	\$162,143.00
Derrick's Well Drilling and Pump Service	\$136,223.31

Project Scope: This project generally consists of the removal and replacement of the existing deep well submersible motor, pump, power cable, column pipe and appurtenances.

Project Cost:

1) Low Bidder (Derrick's Well Drilling & Pump Services, LLC)	\$136,223.31
2) Construction Contingency (10%)	<u>13,622.33</u>
<b>Total Construction Cost:</b>	<b><u>\$149,845.64</u></b>

Funding for this project will be from DWS's CIP Budget under Deepwell Pump Replacement. The contractor will have 240 calendar days to complete this project.

RECOMMENDATION: It is recommended that the Board award the contract for JOB NO. 2009-959, PĀHALA WELL #1 REPAIR, to the lowest responsible bidder, Derrick's Well Drilling & Pump Services, LLC, for their bid amount of \$136,223.31, plus \$13,622.33 in construction contingency, for a total contract amount of \$149,845.64. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality by Corporation Counsel.

The Manager asked that this Item be deferred to the next Board meeting.

MOTION: Mr. Meierdiercks so moved; seconded by Mr. Reynolds.

The Manager said that there were some unresolved issues, adding that the Board would be fully apprised of the issues at the next Board meeting.

Mr. Reynolds asked if there was a conflict with some other contractor.

The Manager said no, it was a procurement issue that the Department is investigating.

ACTION: Motion carried unanimously by voice vote.

MISCELLANEOUS:

A. **DEPARTMENT OF WATER SUPPLY PROPOSED OPERATIONS AND CAPITAL IMPROVEMENT BUDGETS FOR FISCAL YEAR 2011:**

Fiscal Year 2011 Operating and C.I.P. Budgets for approval. A Public Hearing was held to receive testimony on the Department's proposed budgets for FY2011 on March 23, 2010 at 9:30 a.m., before the Board meeting.

Chairperson Mukai noted that no one testified at the Public Hearing.

Mr. Smith asked if this was an action item.

Ms. Garson said this Item will be on next month's Agenda, when the Board would give its final approval. Today's meeting is an opportunity to make any amendments or adjustments to the Budgets, she said.

Mr. Smith said that board member Mr. Art Taniguchi, who was unable to attend today's meeting, asked Mr. Smith to read an email of recommendations at today's meeting.

*(The verbatim text of Mr. Taniguchi's email follows:)*

"I reviewed the budget and would like you to address the following:

Power Cost: Monthly income (February)	\$1.169 million
Expense	\$1.403 million
Deficit	(\$234,000)

I would recommend increasing the power charge since we did the public hearing already. We need to ensure that we keep ahead of the game on this.

Investments:

The explanation is that we were transferring to the cash account to reduce fees; however, our balances in investments have declined significantly. It's a combination of the interest rate environment and the fact that we have not 'reserved' for capital projects over the past few years. I think we need to really look at a viable budget, not a 'bare bones' one and make sure that the assumptions are real. Since we probably will have to raise rates, we need to raise them to sufficiently cover any additional projects we may have to do in the future."

*(End of text regarding the Budget in Mr. Taniguchi's email.)*

**B. REPORT OF AD HOC FINANCE COMMITTEE:**

The Water Board's Ad Hoc Finance Committee Chairperson, Mr. Art Taniguchi, has been investigating the three focus areas (DWS's policies on credit card use, cash control and vehicle take-home) which encompass the scope of the Committee's work.

Mr. Taniguchi, who was scheduled to report on the committee's review of DWS's vehicle take-home policy, was unable to attend today's meeting.

Mr. Reynolds asked about the current policy, and how many vehicles are involved and who has the take-home vehicles.

The Manager said that the staff members who have take-home vehicles include himself, the deputy manager, division heads, district heads, and other staff who are first responders such as electricians. He estimated that there were between 11-15 take-home vehicles in the Department.

Mr. Reynolds asked what the concern was, and asked whether the concern was liability.

The Manager said no, it stemmed from when the County first entered the economic downturn, and Council member Mr. Dominic Yagong voiced concerns about wastefulness involved in taking home cars. In the Department's case, the take-home vehicles are used by first responders or staff on standby to handle emergencies or to report to trouble spots.

Mr. Reynolds asked whether an analysis had been done on what it costs to take vehicles home versus driving one's own car.

Ms. Garson explained that that was why the Board set up the Ad Hoc Committee to investigate the current policy. She said that the Board was awaiting the report on the policy by Mr. Taniguchi and his committee.

Mr. Reynolds said it would make sense to look into the policy now when everyone is concerned about the economy, especially if there would be a huge savings involved. However, he expressed doubts in the event that the analysis showed very little or no savings.

The Manager said that the thing that one could not put a price on is response, such as in the event of an earthquake or tsunami. Certain DWS staff are charged with responding to Civil Defense.

Mr. Reynolds asked whether the take-home vehicles are equipped with radios and other equipment that DWS needs to respond.

The Manager confirmed that the vehicles all have radios. He noted that responding in emergencies does not occur often, but responding to customer emergencies is a major consideration. When a customer is without water, there is a need for DWS to respond as soon as possible. It makes a big difference, and so sometimes the cost is outweighed by the convenience to the customer, he said.

C. **ENERGY MANAGEMENT ANALYST UPDATE ON LĀLĀMILO WINDFARM:**

Ms. Myhre covered the following areas:

- Lālāmilo Update
  - a. Progress on clean-up;
  - b. Communications with Department of Land and Natural Resources (DLNR) and Public Utilities Commission (PUC) regarding the lease;
  - c. Report by County Energy Coordinator Will Rolston and Bob Springer of National Renewable Energy Laboratory (NREL), on project development and partnerships regarding Lālāmilo site;

d. Discussion on possible renewal of the lease.

Mr. Beck displayed a map of the Lālāmilo windfarm site on the screen.

Ms. Myhre noted that the windfarm was built in 1984, but is no longer in use. DWS has a power purchase agreement with HELCO, and DWS's lease with DLNR expires in December 2010. DWS asked HELCO in writing, via two letters, to clean up the site by December 1, 2010. DWS received a response from HELCO dated March 19, 2010. The gist of the letter is, based on the estimates of what it would take to clean up the site, "adequate funds are allocated and enough time is available to complete the restoration work by DWS's desired date of December 1, 2010." Ms. Myhre said yesterday she asked Mr. Willard Dill, the person at the site, how the cleanup was going. The Environmental Assessment visit was completed and a report is being written, she said. As expected, the inspector did not find any contamination. The contractors are coming on site this Thursday to give bids on taking down the towers and cleaning up the site, she said. The contract is expected to be awarded in early April, and the cleanup is expected to be completed in early November, according to a first-hand account from Mr. Dill.

Mr. Reynolds asked what kind of coordination there was between the cleanup group and DLNR, as to exactly what restoring the site means. He also asked about the possibility of oil seepage into the ground.

Ms. Myhre said regarding the oil, there was one site where there had been a wash-down structure, and HELCO had that site cleaned up at the time a leak was discovered. Although each one of the wind generators contains 1 ½ gallons of oil, DWS is not anticipating any contamination from them. DWS will find out for sure when the Phase 1 Environmental Site Assessment comes out. Meanwhile, HELCO is required to clean up the site to federal and state standards. Turning to item b), regarding communications with DLNR and the PUC, Ms. Myhre said she and Mr. Rolston had met with Mr. Kevin Moore, DLNR's Hawai'i Island manager, on March 11. The three discussed their concerns with the site. Ms. Myhre told Mr. Moore about HELCO's requirement to take down all but two of the towers and keep the shop and the office building on the site. She noted that DLNR does not want to assume any liability of infrastructure left on a site once the lease expires. Ms. Myhre said that she and Mr. Rolston discussed with Mr. Moore the possibility of extending the existing lease or establishing a new lease of the site. Ms. Myhre, Mr. Rolston and Mr. Springer are going to continue the discussions with DLNR this afternoon that will include the status of the site clean-up. Turning to communications with the PUC, Ms. Myhre said that she and Mr. Rolston had a conversation with Ms. Ka'iulani Shinsato, a PUC attorney, on March 8. Ms. Myhre and Mr. Rolston explored how the PUC would look at a project on the Lālāmilo site that would be used to power part of the wells on the site, and how the PUC would look at the project. What Ms. Myhre and Rolston learned is that the PUC does not regulate DWS, and the PUC would only get involved if the project requires a power purchase agreement whereby power is being sold to HELCO. The PUC would then review the project for the power quality, to ensure that the power quality meets HELCO standards. PUC would also be involved in approving any Power Purchase Agreement. DWS, according to the Department's contract with HELCO, has ownership of the power poles and power lines at the site. If DWS generates electricity on site, and runs the power down the power lines owned by DWS to the Department's wells, the PUC would not be involved, Ms. Shinsato told Ms. Myhre and Mr. Rolston. However, once power gets sent to the HELCO grid, then the PUC gets involved.

Mr. Meierdiercks asked how much power DWS can use in the Lālāmilo well area.

Ms. Myhre said it would be 10,000 megawatt-hours a year.

Mr. Rolston put it at 2.4 megawatts peak.

Mr. Smith noted that Mr. Jose Dizon of HELCO had sent him, for advance review, a copy of the March 19, 2010 letter that was sent to the Manager. Mr. Smith asked whether the consultant that HELCO hired for the Phase One Environmental Site Assessment (ESA) has professional liability insurance, and suggested that DWS get a copy of the professional liability insurance policy, in case the consultant fouls up. The letter into which Mr. Dizon copied Mr. Smith says that a preliminary analysis of the site was done on March 15, 2010. The actual results are not yet available. However, the cursory review on March 15 did not find anything significant. The Phase One ESA may show some significant issues to mitigate, but HELCO President Mr. Jay Ignacio's letter to the Manager says that HELCO will take responsibility to clean the site up by December 1, 2010. Regarding the meeting with DLNR's Mr. Moore, Mr. Smith said that Ms. Myhre should get DLNR to put into writing that DLNR has no problem with leaving two of the towers and the building at the windfarm site. Regarding the HELCO grid interconnect, Mr. Smith said that there is no way that DWS can design and construct an alternative energy system that could generate enough power to completely energize all of the equipment that DWS owns at the site – replacing HELCO. He said that DWS will have to have a grid interconnect with HELCO, and the PUC will be involved.

Mr. Rolston agreed that there will be an interconnect agreement with HELCO, but the PUC does not get involved with the interconnect agreement, which would be between HELCO and DWS. If DWS *were* sending power back to the grid to be consumed by consumers, the PUC would review and approve the Power Purchase Agreement.

Mr. Smith said that DWS should find out whether DWS can transfer higher than the 50-kilowatt limit allowed under the state's net metering law.

Ms. Myhre said that DWS is not at that point yet.

Mr. Smith said that DWS should get an answer in writing as to whether DWS can transfer higher than the 50-kilowatt limit allowed under the state's net metering law.

Mr. Rolston promised that he and Ms. Myhre would get an answer in writing and convey it to the Board.

At this point Ms. Myhre introduced Mr. Springer of NREL, who has been working with DWS since November 2009 on the Hawai'i Clean Energy Initiative.

Mr. Springer explained that NREL is the only Department of Energy laboratory whose primary focus is renewable energy research. In recent years, there has been heightened interest in deployment of renewable energy resources. Mr. Springer's division is technology-neutral, i.e., it does not have a primary focus on any one type of renewable energy source (sun, wind, biomass, etc.) and instead takes an *integrated* approach. The Project Development and Finance Group that Mr. Springer belongs to is focused on project development and getting a project off the ground, along with the options for financing projects. What NREL has done in cooperation with DWS is a preliminary feasibility study of matching the resources available at the Lālāmilo site with the pumping demand there. NREL took a model of that, and studied

how much wind power could be put on site to match with the pumping demand, without overburdening the system with renewables. Instead the aim is to have a good, reliable and manageable system. NREL has done a first-round engineering analysis. Through the Hawai'i Clean Energy Initiative, the U.S. Department of Energy is heavily involved in the State of Hawai'i, he said. Mr. Springer said that Hawai'i is cutting edge on renewable energy. NREL will provide the Board with more concrete findings, through Ms. Myhre.

Mr. Rolston said that at the end of the day, there will be significant energy savings and efficiencies in DWS's water systems, which could be translated into reductions in water rates.

Mr. Smith said that HEI recently testified to the Legislature about saturation on the different islands' grids, and that alternative energy systems were overtaxing the grid. Due to their unstable nature (with wind variations and cloud cover, etc.), alternative energy systems affect HEI's ability to allow more alternative energy sources to come on line to connect to the grid, thus forestalling Hawai'i's independence from fossil fuels. He suggested that NREL testify to the PUC and the Legislature, and help find solutions to the saturation of the grid. Changing the subject, Mr. Smith asked Mr. Springer's assessment of how much power could be generated at a site as small as Lālāmilo. He asked how many acres the site had.

Ms. Myhre said it was 78 acres.

Mr. Smith asked how many megawatts DWS could generate at a 78-acre site.

Mr. Rolston said that a few years ago, General Electric and HEI determined that the Lālāmilo site could generate 22 megawatts of wind energy.

Mr. Smith said that when he was employed by Parker Ranch, a joint venture was being considered with Shell Wind Energy, who wanted a 4,000-acre site to generate 30 megawatts on the other side of the rock wall adjacent to the Lālāmilo wells. Due to turbulence created by the wind turbines, Shell had three rows of turbines, with six or seven turbines per row, spaced about 2,000 feet apart from each other. He noted the windfarm in Hāwi, near Upolu Airport, which has 16 wind turbines spaced 1,000 feet apart from each other. He doubted that on a 78-acre site that any more than one megawatt or a half-megawatt could be generated. He thought that on such a small site, DWS might be limited by the turbulence created by one wind turbine on the one closest to it.

Mr. Springer touched on HEI's testimony regarding saturation of the grid and questions of reliability with alternative energy systems. He said that the most recent activity on that front was a suggestion to form a working group, in which NREL would participate, to examine from an engineering basis how a balance could be found to deploy more alternative energy systems, without affecting reliability. How Hawai'i handles this issue will be looked to by states on the Mainland, he said. Mr. Springer said he had met with Mr. Dizon at HELCO to discuss these issues, and HELCO is acutely aware of the issues. Mr. Springer may be at the PUC on May 6 to discuss some of these issues. Regarding the Lālāmilo site, he agreed that Shell was right not to stack the wind turbines too close to each other. He said he was familiar with the study on the Lālāmilo site that Mr. Rolston referred to, and confirmed that the number that the study cited, regarding the ability to generate 22 megawatts of wind energy at the site, was correct. What NREL is looking at is using a different profile of wind turbine than the large turbines that can generate upwards of 2.4 megawatts each. Instead, NREL is considering smaller wind turbines along the lines of 400 kilowatts, known as "community-scale turbines," which are not as tall, not as large and which do not create as much of a disruption. On the Lālāmilo site, the

idea was to have four to six of these units as a starting point. He said these would seem to be very reasonable, and would match up with the demand that DWS has at the site, along with the cost and the type of location. That is where NREL has gotten to in terms of laying out a site plan. NREL has several wind groups that have been involved in deployment for decades, who could provide the technical expertise to ensure that DWS goes in the right direction.

Mr. Smith suggested that DWS try to get a cooperative agreement with rancher Freddy Rice, whose 1,000 acres of leased state land is adjacent to the Lālāmilo wells, where the turbines could be in place while the livestock grazes below. He also suggested going to DLNR and asking for more land, rather than take the same 78-acre site it has now.

Mr. Rolston noted that Act 22 involves the aggregation of agricultural lands to do just what Mr. Smith is suggesting.

Chairperson Mukai asked what amount of energy is needed to run the Lālāmilo wells.

Mr. Rolston said the idea is usually to design to hit peak, but the design that NREL is talking about is 50 percent of peak to start with. Peak in this case is 2.4 megawatts.

Mr. Springer confirmed that NREL was looking at 50 percent of annual usage.

Mr. Rolston said that if there was a good grid interconnection, NREL is estimating about 2 megawatts of wind would provide 50 percent of the annual kilowatt-hours for the Lālāmilo facility.

Mr. Springer said this would translate into six to eight towers – a very small footprint.

Chairperson Mukai thanked Mr. Springer and Mr. Rolston for speaking with the Board. He then asked Ms. Myhre to put the Department’s green initiatives on the Agenda every month from now on.

Ms. Myhre asked if the Chairperson wanted a written report, or a standing Agenda item.

Chairperson Mukai said he preferred a standing Agenda item.

Mr. Smith said there should also be a written fact sheet as well, so that the Board has the facts at its fingertips.

Ms. Myhre confirmed that she would do a fact sheet as well.

**D. MONTHLY PROGRESS REPORT:**

No discussion.

**E. REVIEW OF MONTHLY FINANCIAL STATEMENTS:**

Chairperson Mukai asked about vacant positions listed on the Financial Statement; he was not clear whether the positions listed were actually vacant or funded.

Mr. Sumada confirmed that currently there are only a couple of positions that are vacant: the Waimea Treatment Plant Electrician-Mechanic and Kona Groundskeeper positions.

The Manager noted there were also vacant positions that DWS has completely deleted.

Regarding upcoming furloughs beginning July 1, Mr. Smith confirmed that DWS was going along with the bargaining units in furloughing employees.

The Manager said that DWS division heads had met twice so far to work on a furlough plan, at the request of the County Department of Human Resources. Human Resources wanted to know if DWS was making any exceptions to the furloughs. The Mayor intends to have all County facilities closed at the same time, the Manager said. DWS does have exceptions which it is sending to Human Resources. The exceptions include staff at DWS's Microlab, inspectors, people who do standby services, staff at the Waimea Treatment Plant and DWS's information technology (I.T.) staff. While DWS is concurring with the County's general furlough plan, there are a number of exceptions that DWS must make in order to continue serving the public, the Manager said.

Mr. Smith said he envisaged work piling up at DWS as furloughs are introduced, in the same way that work is already piling up in the state courts and Bureau of Conveyances, etc. Mr. Smith said he thought DWS was handling things correctly, and needed to ensure that DWS provides the bare minimum of service, while at the same time showing the impact of decreased levels of service and deferred maintenance due to the furloughs.

The Manager said the plan on furlough days is to provide emergency services as always, while not providing everyday services.

Chairperson Mukai asked whether DWS's I.T. staff could see how the County's Data Systems people are handling the furloughs.

The Manager explained that DWS's I.T. people have to come in to do periodic updates and maintenance, which cannot be done while the staff is using the computer system. The I.T. people do these tasks during off-hours, so during the furlough days they may have to come in and do maintenance. He noted that DWS's I.T. operations are completely separate from the County's Data Systems – it is a completely separate system.

Mr. Smith suggested that the Manager add something to his Manager's Report every month that shows the impact that furloughs have on DWS.

Chairperson Mukai agreed that this would be a good thing to do, once the furloughs have started.

Mr. Smith suggested that what the Manager could do *now* is to document what steps DWS is implementing ahead of the furloughs, and suggested that Ms. Garson review the line item that will be included in his Manager's Report.

The Manager noted that the Board should consider the fact that all of DWS's existing construction contracts pose a major area of concern vis a vis the furloughs. DWS can write provisions into the contract specifications after July 1, stipulating that crews only work four days a week. In current contracts, DWS cannot stop the contractors from working, so inspectors will need to be rotated to the various projects to make sure the projects are being handled correctly. Currently, DWS assigns one inspector per project, but with the furloughs, DWS may have to rotate or change the method of providing inspections.

Mr. Smith suggested that inspectors be designated as essential workers, exempt from the furloughs. He cited the project in Āhualoa, where a reservoir is under construction. If DWS

cannot inspect the work due to the furloughs, some 20 workers up there will be unable to work as well, he said.

The Manager said that the contractor would not stand for that.

Chairperson Mukai agreed that inspectors should be deemed essential.

The Manager said in the absence of details on the furlough plan, he was not sure whether essential workers would be a component of the furlough plan. He said he doubted it, but DWS needs to check.

Ms. Garson said DWS is supposed to come up with essential workers, and noted that the furlough plan was still a work in progress. She said the Department of Public Works is undoubtedly facing the same kinds of issues that DWS faces.

Mr. Smith noted that during the strike in 1994 when Hawai'i Government Employees Association (HGEA) employees, the County was doing a federally-funded project involving traffic improvements at the corner of Kekūanaō'a and Manono Streets. The project had a fixed deadline, so Corporation Counsel approved hiring outside consultants to do the inspections so that the federally-funded jobs could continue. Mr. Smith said it was unacceptable that having one inspector on furlough could sideline 20 or 30 construction workers. Projects like Āhualoa are funded by stimulus money, which is helping the local economy. DWS must look at alternatives, and the contractor on a project may have to bite the bullet and pay for the inspectors to come in on overtime to do the inspections, he said.

The Manager said he did not think the furloughs were conducive to spurring an economic recovery.

Mr. Smith said that if it does not work to get the inspectors exempted from furloughs as essential workers, DWS should give the contractors the option to pay for the additional inspection costs.

Mr. Ikeda said that as he understood it, the inspectors can go to work on a furlough Friday, but they have to take another furlough day off; they cannot just work the full 40-hour week.

The Manager said that was the reason he was talking about rotating the inspectors on different days so that all of DWS's projects can be covered. The alternative is to work with the contractor to get him to do things on a furlough day that do not require inspection.

Mr. Inaba confirmed what Mr. Ikeda said: DWS workers will only get paid for 32 hours a week during furloughs, i.e., they will be furloughed two days a month.

Mr. Lindsey, noting the Department's semi-autonomous status, asked what bearing the DWS employee furloughs would have on the County's budget.

Ms. Garson said the furloughs were being imposed because DWS employees belong to the same bargaining units as the County employees.

Mr. Lindsey confirmed that it was a union issue, and not a matter of helping offset the County's financial deficits.

The Manager agreed that DWS's actions do not factor in to the County's financial issues; what is involved is that all of DWS's belong to the same bargaining units as County workers.

F. **POWER COST CHARGE:**

A Public Hearing was held to receive testimony on the Power Cost Adjustment on March 23, 2010 at 9:45 a.m., before the Board meeting.

The Department recommended increasing the Power Cost Charge from \$1.68 to **\$1.77**, based on February 2010 calculations of the Power Cost Charge.

MOTION: Mr. Meierdiercks moved to increase the Power Cost Charge from \$1.68 to \$1.77, based on February 2010 calculations of the Power Cost Charge; seconded by Mr. Smith.

Mr. Meierdiercks said that in light of power cost increases across the board, the Board might again hold a Public Hearing on the Power Cost Charge two months from now (in May). He said that the Board ought to make a determination now to hold a Public Hearing two months from now, whether or not the Board will actually increase the Power Cost Charge. He asked if the Item could be put on the next Agenda.

The Manager said the main issue was timing.

Mr. Meierdiercks said the Board wants to keep on top of rising power costs, and the Board is still catching up now. Therefore, he suggested that the Board authorizes DWS to have that Public Hearing, whether the power cost is up or down.

The Manager said it would be very helpful if the Board gave DWS the authority to publish the Notice of Public Hearing, based on the Department's determination of the severity of the increase or decrease. DWS would just go ahead and plan to hold the Public Hearing, and bring it back to the Board for final approval. The Board has the final say, he noted.

Chaiperson Mukai asked what the time frame was for *cancelling* a Public Hearing, in the event that a Notice of Public Hearing is published but in the meantime the Board determines that it does not need to hold a Public Hearing.

Mr. Meierdiercks said the Board could have a Public Hearing, but the Board could decide not to raise or lower the Power Cost Charge, but by having the Notice of Public Hearing in place, the Board could be ahead of the curve. The Board is still behind the curve as it stands now, and the Board wants to be up as close as it can, he said.

The Manager noted that there was one month when the Board could not hold a Public Hearing.

Mr. Meierdiercks said that was correct, so if the Board gives DWS authorization to publish a Notice of Public Hearing, the Board still has the final vote on whether to change the Power Cost Charge. This would mean that the Board would give DWS the authority, rather than having the Board have to make that determination all of the time.

The Manager said this would give DWS a lot more flexibility.

Mr. Smith said he thought the Board had already given DWS the authority to go ahead, as long as there was a five cent-threshold up or down.

The Manager said no, although it was discussed, there was never a Motion to give DWS the authority. He assured the Board that if the Board gives DWS the authority, DWS will make sure that the Public Hearing is warranted.

Chairperson Mukai said that the discussion had strayed from the original Motion.

Mr. Meierdiercks acknowledged this, but said that the Board was just trying to take care of the issue of changing rates going forward, because it is affecting DWS now and will be affecting DWS in the future. The Board wants to take care of things ahead of time. He suggested dealing with the original Motion, and deal with the authority issue in a second Motion.

Chairperson Smith said he liked it that way; he preferred to vote on the original Motion first, and then bring up another Motion. It would be cleaner that way, he added.

Ms. Garson suggested that for the April meeting, that a Resolution could be drafted to delegate authority to DWS on publishing the Notice of Public Hearing.

Chairperson said that was a good suggestion.

Mr. Meierdiercks said okay, by giving the authorization to DWS, the Board would not have to do everything, and DWS would be allowed to do what it is supposed to do.

ACTION: Motion to increase the Power Cost Charge from \$1.68 to \$1.77 carried unanimously, by voice vote.

**G. WATER RATE STUDY:**

Consultant RW Beck provided a Power Point presentation on the general and agriculture use water rates update for Board approval. Approved water rates will be presented at Public Hearings in Hilo on Tuesday, May 4, 2010, at 6:00 p.m. at the Aupuni Center, and in Kona on Wednesday, May 5, 2010, at 6:00 p.m. at King Kamehameha's Kona Beach Hotel.

The Manager offered to answer any questions the Board had regarding the information in the Power Point presentation.

Mr. Reynolds noted an email from Mr. Alan Gottlieb of the Hawai'i Cattlemen's Council, Inc. with the subject line: "URGENT!! Testimony in Opposition to Agenda Item 7.G (Deletion of AG Subsidy Rate)." Mr. Reynolds said he did not see wording in the Agenda Item itself regarding any subsidy; it did not match up.

Mr. Meierdiercks explained that the subsidy rate is for the Agricultural Use Rate; what DWS has been doing is having agricultural users pay a lower rate than DWS's regular customers. The agricultural users have not been meeting their cost of the supply of water, and what this proposal from RW Beck is doing is to bring the agricultural users, within a five-year span, up to the same rate as all of DWS's other customers, he said.

*The Board had earlier received copies of five testimonies from people in opposition to raising the agricultural use rate (also known as the "ag rate").*

Mr. Reynolds noted that all five testimonies called for the ag rates to be kept as-is.

Mr. Smith said he would like to make a Motion, noting that the Agenda Item directs the Board to "General use and agricultural use water rates update from RW Beck for approval." Mr. Smith said that in discussions with Ms. Garson, what the Department is looking for is the Board's comments on what RW Beck proposed, which was included in the Power Point presentation, and also an attachment, a five-page Water Board, County of Hawai'i Notice of Public Hearings, which the Secretary had sent to the Board. That Notice of Public Hearings

was the intent of what would go out to the May 4 (and May 5) Public Hearings on the water rates.

MOTION: Mr. Smith moved to amend this Notice of Public Hearing information, and amend the proposed Agricultural Use Rates to maintain them at the subsidized rate of 85 cents per 1,000 gallons, irrespective of usage, as it exists within the current rate structure that the Department has. Mr. Lindsey seconded.

Mr. Smith stated that he is employed by Lanihau Properties. He said that he consulted with Ms. Garson. Mr. Smith said his employer also owns Palani Ranch. He said that he wanted to disclose that there might be the perception of a conflict of interest. However, Mr. Smith said he consulted Ms. Garson and Chairperson Mukai about this. The feeling was that because Mr. Smith does not have a controlling or principal interest in Palani Ranch, that there is no conflict on Mr. Smith's ability to discuss this Item or participate in any vote, Mr. Smith said. He noted that newspaper articles appeared in Saturday's edition of West Hawai'i Today and the Hawai'i Tribune-Herald, which quoted Mr. Smith as saying at the December 2009 Board meeting that agricultural users should pay the same rates as other Water Supply customers. Since the articles appeared, Mr. Smith received a lot of feedback, including phone calls and emails, including many from the same people who emailed the Manager earlier this week. The feedback also came from many of the farmers in Lālāmilo, including former Water Board member Raymond Kawamata, Earl Yamamoto, Roger Hirako and Leslie Hall. He noted that Lālāmilo is on the State of Hawai'i ag water system, and many of the Lālāmilo farmers also have farms located in other areas of Waimea that rely on Department of Agriculture water. The people who gave feedback stressed to Mr. Smith that the ranching industry and the farming business are highly energy-dependent; they need to irrigate their crops and depend on electrical power pumping for their water. Everything that the farmers do is energy-dependent, and like the ranching operations, additional cost burdens in these tough economic times will put them one step closer to going out of business. Mr. Smith said that his constituents in the South Kohala district are saying that having them pay the full burden of the cost of water that they use, although it would be intuitively fair, would put an undue burden on them. Doing so would put the State of Hawai'i further away from food sustainability and the state's ability to provide locally-grown crops and locally-raised beef to the customers of Hawai'i, Mr. Smith said. The bottom line is that Mr. Smith has reconsidered the statements he made at the Board meeting in December when RW Beck's representative was present, and now he is in support of maintaining the ag rates the way they are.

The Manager said that he would like to speak against this. He believed that the rates should be the same, that is, the rates should be as proposed by RW Beck. He added that the ag rates should eventually be phased out. The Manager said that he recognizes the importance of agriculture in the State of Hawai'i, but he did not think that the Department of Water Supply should be subsidizing the agricultural users. If everybody believes that the agricultural industry is so important, why does HELCO not subsidize the agricultural industry, or for that matter the gas stations or people who sell fuel to the agricultural users, he asked. He asked why the Department of Agriculture does not subsidize the farmers on their water use, and pay DWS the difference in water costs? The Department's customer base does not comprise the entire island, and so why should DWS's customers subsidize one particular industry, he wondered. No matter how important it is, agriculture is just one segment of the total economy. Taking the logic further, the Manager asked why DWS is not subsidizing the gas stations or

supermarkets – they are important, too. He did not believe it was fair to 97 percent of DWS’s customers to subsidize three percent of DWS’s customers, i.e., the agricultural users.

Chairperson Mukai noted that it would be DWS’s consumers, rather than the Department of Water Supply, who are doing the subsidizing.

The Manager agreed, and asked why DWS’s consumers should subsidize agriculture. He believed that somebody beyond DWS and its consumers should be subsidizing the farmers.

Mr. Reynolds clarified that the current ag rate is 85 cents per 1,000 gallons, and that the proposed ag rate for this coming fiscal year is 92 cents per 1,000 gallons.

The Manager said that the proposal includes eventually phasing out the ag subsidy.

Mr. Reynolds said that he agreed that a line had to be drawn somewhere. He recalled going through deliberations regarding real property tax rates while he was a Council member. At that time, a lot of non-ag people were upset about the inequity between the property tax rate for agricultural land versus residential and other property classes. He believed that the Manager was viewing the current issue as a necessary increase, and not as something that will create a profit.

The Manager reiterated that the Department of Agriculture should subsidize the farmers. He noted that ag users pay something like 38 cents a gallon or thereabouts for water from Department of Agriculture irrigation systems in Waimea and elsewhere in the state. If the Department of Agriculture is so concerned with agriculture, they should step up to the plate and subsidize farmers on *County* water systems, paying the difference between DWS’s rates and the rates that the Department of Agriculture charges the farmers in Waimea. He said that the Department of Agriculture is not doing anything to help the farmers, except the farmers near their Department of Agriculture water systems. If anyone should be talked to, it is the Department of Agriculture, not DWS. DWS is not the proper agency to be subsidizing the farmers, he said.

Mr. Smith said he agreed 100 percent with the Manager. He noted how the ditch that provided water to the state’s system at Lālāmilo got blocked after the 2006 earthquake. He noted that DWS employees like Norris Gonsalves and others pitched in to fix the ditch. Sandra Kunimoto of the Department of Agriculture could have turned on the well at the 60-million gallon reservoir at the end of White Road (in Waimea), but she said she did not have the money in her budget to pump the water. She dropped the ball, and she does not care about the farmers, Mr. Smith said. He suggested deferring the ag rate increase for now, possibly working with Department of Agriculture to get them to protect the farmers, and then DWS would introduce an rate increase in a couple of years. Mr. Smith said in these tough economic times, he wanted to acknowledge the challenges that the farmers are going through. He cited hard-working Waimea strawberry farmer Louis Rincon, whose five children help out on the farm before and after going to school at Hawai‘i Preparatory Academy.

Chairperson Mukai said that he agreed that he believed everyone should be on an even keel, and nobody should be subsidizing. However, in these tough economic times, he was inclined to agree with Mr. Smith, and was in favor of postponing an ag rate increase for a year or two, until the financial situation improves, or for spreading out the phase-in from five years to seven years.

The Manager said no time is a good time for a rate increase. He believed there will always be a reason not to raise rates, but the Board has to bite the bullet. DWS's customers should not be subsidizing people. He wondered why DWS did not subsidize the fishing industry, giving fishermen a break on the water they use to clean their boats. The Manager said that maybe the farmers will be spurred to get the Department of Agriculture to do something to help them, whereas right now the Department of Agriculture is not doing anything. In the meantime, DWS's customers are paying the cost of service to the farmers, and it is not fair.

Chairperson Mukai asked what the other counties are doing on ag rates.

Mr. Sumada noted that there is a comparison of water bills for ag users in the other counties on page 10 of the RW Beck Power Point presentation.

Mr. Smith asked Ms. Garson whether whatever the Board decides today is feedback that goes back to RW Beck, who then prepare their presentation that would be used at the Public Hearings in May.

Ms. Garson said she did not think that RW Beck would necessarily do a presentation at the Public Hearings.

Mr. Smith asked if the Power Point presentation in hand was *it*.

Ms. Garson said that her impression had been that the Water Board was just going to decide what the rates were, but then, the Board would not be able to decide on the rates until after the Public Hearings. The progression was that the Board goes to Public Hearings, gets input from the public, and then the Water Board has a discussion with RW Beck taking into account the public input. Then the Water Board makes a decision on the rates, she said. She said that if, right now the Board is talking about a change to the Water Rate Study, or leaving ag rates the way they are, it is contrary to the direction that the Board gave to RW Beck back in December. Ms. Garson said she believed that changes the whole Water Rate Study; that means that RW Beck will have to go back and redo the study. If that is the direction to RW Beck, then that is the direction, Ms. Garson said. If the Board wants different alternatives for RW Beck to come up with, despite their having presented the current proposal based on the Board's previous direction, then RW Beck will need to redo the study or else the numbers will be off. The Board cannot just change just the part involving ag rates, without changing something somewhere else in the study, she said.

Mr. Meierdiercks agreed that the numbers have to balance.

Ms. Garson said that she believed the Motion was to amend the ag rates in the study, to keep them at 85 cents. However, to do so affects the whole study, so maybe the Motion is more of a direction to give some parameters to RW Beck to come back with various alternatives.

Chairperson Mukai thanked Ms. Garson for the clarification. He said that all that the Board is doing is talking about the guidelines that the Board wants to give to RW Beck. Last month, the Board told RW Beck to do one projection of phasing in the ag rate to bring it up to snuff with the residential rate.

The Manager said he also believed that the wording in the Item, "approved," meant that the Board would be okay with the proposal, because the Board needs to approve whatever goes out to the Public Hearing.

Mr. Meierdiercks clarified that the Board is not doing a final approval of the proposal today; the approval is just for purposes of the Public Hearing, and then after that, the Board can amend, change, etc., and give the changes back to RW Beck, perhaps taking out the ag rate increases and adding it to everybody else's increases to balance it out. He noted that he is in the construction industry, which currently is doing very poorly, as are other industries. And yet, the people doing construction and other industries are having to deal with rate increases. He noted that a Council member recently contacted him regarding the County water spigots, which are subsidized and whose cost is taken care of by the County.

The Manager said the County water spigots are not being subsidized by DWS; the County is subsidizing the spigots for the general welfare of the people. DWS does not collect real property taxes, unlike the County, and does not give out free water.

Chairperson Mukai said that all the Board is doing is talking about parameters which RW Beck is going to use to do the water rate study.

Mr. Meierdiercks said RW Beck has already done the water rate study.

Ms. Garson said now the Board is talking about parameters; RW Beck has already done the study, going with the previous direction that the Board gave RW Beck to come up with rates. However, what Mr. Smith is saying is that he wants to go back and ask RW Beck to have another look at the rates.

Chairperson Mukai wondered how difficult it would be for RW Beck to do another option without an ag increase. After all, the data is all in their computer, he added.

Mr. Sumada said it was hard to say whether it would be difficult.

Chairperson Mukai agreed it would be hard to say, but as a layperson, it did not seem like it would be that cumbersome for RW Beck to do. The Board wants the public to know how their rates would be affected if there was an ag rate increase, or if there were not an ag rate increase, he said. He added that it would be very critical to have that information in the Public Hearings.

Mr. Smith said that one option would be that, assuming that this is approved, that Mr. Sumada asks RW Beck to do another iteration, and move the Public Hearings scheduled for May 4 and May 5 to the end of May or thereabouts. He sketched out a scenario where in the next two-week period, RW Beck would modify their proposal and present it to the Water Board at the April meeting. If the Water Board concurs at that time, the Public Hearings could be set for the end of May. The Board will have had an opportunity to look at any revisions to the rates, and then the Board can have the Public Hearings. Then, at the June Water Board meeting, if the Board is all in agreement, the rates would be approved and then Mr. Sumada can implement the rates as of July 1, 2010, Mr. Smith said.

The Manager said that the other scenario is because the study has already been done and since the Public Hearings are already scheduled for May 4 and 5, the Board has the ultimate say. The Board would go to the Public Hearings and listen to the testimony, and if at that point in time the Board decides that something needs to be drastically changed, then RW Beck can be notified of the changes.

Ms. Garson said that just to be clear, the only thing about that scenario is that the timetable will be off, because the Board will lose all of April, with the hearings in May, when the Board

gets input from the public. After the Public Hearings, the Board would come back and send RW Beck out again to redo the study. That was her only concern, Ms. Garson said.

The Manager said that no, at the Public Hearings, the Board listens to the testimony, and if the testimony shows that changes to the rates are needed, then at that point, RW Beck can do the rates and still be in time for the effective date on July 1.

Mr. Smith said the Board needs to vote on the amended rates.

The Manager said that the Board has to vote on what feedback the Board gets from the public after the Public Hearings. That is the Board's role – to take into consideration all of the testimony and make adjustments which the Board feels are in the best interests of the public.

Mr. Meierdiercks said that then, even once the Board makes those changes, the Board will still have to go back to Public Hearings because it will be a change.

The Manager asked Ms. Garson if the Board would have to go back out to Public Hearings if changes were made.

Ms. Garson said it depended on how drastic the amendments are.

Mr. Reynolds said he did not understand why this case is so different. His understanding was that the Board goes to Public Hearings first, and the vote comes second. It would not be the other way around, otherwise, there would be no sense having a Public Hearing if the Board has already decided.

The Manager said he believed it was as he said earlier; the Board would be approving this to go to Public Hearing, not approving the rates.

Mr. Reynolds said that all the Board has to do is approve the Public Hearing, and then give the public the data.

The Manager said yes, the Board is not approving the final rates; the Board is just approving the information packet from RW Beck.

Mr. Reynolds wondered why the Board was spending so much time on this, if the Board is not approving anything.

Mr. Meierdiercks noted that the Motion is to freeze the ag rates.

Mr. Reynolds said okay, call for the question and vote on that.

Chairperson Mukai said okay, call for the question, and asked if there were any objections.

Mr. Smith said the point Ms. Garson made is that if the Board changes something on the revenue side, if RW Beck is responsible for providing the Board with a balanced rate structure, then something else has to change. If the Board takes away some revenue, either the Board has to decrease some costs or increase revenue from another source. He said if the Board goes to Public Hearing and the Board amends the proposal at that point, the study will be unbalanced.

The Deputy Manager said that the Board did direct RW Beck to come up with these rates. He thought that to call RW Beck back to redo the study would cost DWS additional monies. It

would be a change order to RW Beck, and would mean additional time. The Deputy Manager noted that DWS's Fiscal Year 2011 Budget is based on the new rates that RW Beck came up with, and it would pose a problem for Mr. Sumada, who would need to come up with another balanced Budget. He thought that if there are delays, that the Department will not be able to have new rates in place effective July 1. It might not be until August or September, he added.

Chairperson Mukai reiterated that if it is not too cumbersome or cost-prohibitive, RW Beck can do the numbers where there is no ag rate increase, along with what other numbers it would affect. In any case, the net result to the Department will be the same because revenues will be protected no matter what. It is just a matter of who pays what, he said. As a consumer going to the Public Hearings, he would want to know how much he is subsidizing the agricultural people if the ag rates do not increase, and what the additional cost to the consumer would be. That information would be critical in the decision-making process, the Chairperson said.

The Manager said the Chairperson was absolutely correct; the Budget will be the Budget no matter what. The Chairperson was saying that it depends on the degree of the subsidy, i.e., how much it is going to cost the regular customer to give the ag folks the subsidy, he said. The Manager said the Board should look not so much at the difference in cost; they should look at the principle instead. The question is whether DWS and its customers are the people who should provide the subsidy. In reality, the ag subsidy is very small in relation to the Department's total Budget. It is more the principle than the money, he said.

Chairperson Mukai said that will come to the Public Hearing.

The Manager noted that at the Public Hearing, about 90 percent of the people there will be farmers.

Chairperson Mukai said that is the process; it will all come up at the Public Hearing.

Mr. Meierdiercks called a point of order, saying that Mr. Reynolds had called for the question.

Chairperson Mukai said he understood, but there was still discussion.

Mr. Reynolds said that there can be no discussion after a call for the question.

Ms. Garson said okay, she needed to make sure she had the question correct. The Motion is to keep the ag rates at 85 cents, at the existing rate, which would require RW Beck to redo the study, she said.

Chairperson Mukai confirmed this. Regarding parliamentary procedure, he asked if a question is called, before the Board actually does a vote, the Board needs to vote on the question.

Ms. Garson said the Board needs to vote on whether or not the Board wants to call for the question.

Mr. Reynolds said the call for the question means that the Board is voting on whether to stop the debate.

Chairperson Mukai confirmed that the Board needs to vote on the call for the question.

Mr. Reynolds said yes.

Chairperson Mukai said a call for the question has been raised, and asked for all in favor of ending the debate to say Aye.

ACTION: The call for the question passed unanimously by voice vote.

Chairperson Mukai said that the discussion had thus ceased, and now the Board would be voting on the original Motion. He asked the Secretary to read the original Motion.

The Secretary read: "To amend the Notice of Public Hearings information and amend the proposed agricultural use rates to maintain them at the subsidized rate of 85 cents per 1,000 gallons, irrespective of usage, as shown in the current rate structure."

Ms. Garson said that with that Motion has to be a corresponding direction to RW Beck.

The Manager said it should also mention a subsequent increase in costs.

*Chairperson Mukai took a voice vote, but there was at least one nay vote, so a roll call vote was required.*

ACTION: A roll call vote on the original Motion (listed above) was taken: Motion failed: Ayes: 2 – Mr. Smith and Chairperson Mukai; Nays: 3 – Mr. Lindsey, Mr. Reynolds and Mr. Meierdiercks.

Chairperson Mukai noted that the original Motion was defeated.

Mr. Smith asked if a majority of the nine Board members was needed, or a majority of the members present.

Ms. Garson said a majority of the nine Board members was needed.

Mr. Smith said okay, then the Motion was defeated.

The Manager asked if somebody could explain what just happened.

Ms. Garson said nothing was done.

The Manager he was confused by the vote. He asked if it means that the rates stay the same as proposed.

Mr. Reynolds said that the Board now needs a Motion to approve the proposal.

Mr. Meierdiercks said that the original Motion was to amend the rates, and that was defeated. Therefore, the Board was now back to the main purpose.

Ms. Garson said yes, and she assumed that the issue now is that the Board is going to be willing to go out to Public Hearing with the rates as proposed, hear the testimony about the proposal, and then alterations can be made after that, at the following Water Board meeting.

Mr. Reynolds said yes, the Board needs a Motion to go with this proposal from RW Beck to Public Hearing.

ACTION: Mr. Reynolds so moved; seconded by Mr. Meierdiercks. A voice vote was taken with one nay, by Mr. Smith.

Mr. Meierdiercks noted that the Motion to take the proposal to Public Hearing hereby fails.

Mr. Reynolds agreed, saying that the Motion fails, because to pass it requires all five members to vote Aye. This means that the Board cannot go to Public Hearing.

Ms. Garson said that basically, the Board has not decided what the Board is going to go to Public Hearing for.

Mr. Reynolds disagreed, saying that the Motion was to take the proposal from RW Beck to the Public Hearing.

Ms. Garson said no, and asked what the Board wanted to do.

Mr. Reynolds said the Board needs to decide whether it wants to go to Public Hearing with no proposal – either the Board has a proposal or it does not.

Ms. Garson said that in order to have any rate adjustment, the Board needs to go to Public Hearing before it changes the rates. The Board would say that the rates are going to go from here to here, she said.

Mr. Meierdiercks said at this point, the Board has no proposal.

Mr. Reynolds agreed, saying right now, the Board has nothing to take to the Public Hearing.

Ms. Garson said that was exactly right.

Chairperson Mukai said then, there would be no Public Hearing.

Mr. Smith suggested that there could be another Motion that all five members could live with, with which the Board could go to Public Hearing.

Ms. Garson agreed.

The Manager asked what was wrong with going to Public Hearing with what is here, listening to the public, and making changes thereafter, whatever the Board decides on. He suggested that the Board re-vote, and bring it up again.

Mr. Reynolds said it would be only okay if the person who voted against the Motion asked to reconsider.

Chairperson Mukai suggested that maybe a new Motion could come from another member of the Board.

Mr. Reynolds said it was not proper to keep making the same Motion till you get it right.

At this point, Mr. Meierdiercks called for a 10-minute recess.

*(Meeting recessed at 11:53 a.m., and reconvened at 12:04 p.m.)*

The Manager said that as an ex-officio member of the Board, he has a right to make a Motion, although he does not have the right to vote.

Ms. Garson confirmed this.

Mr. Reynolds said that was not normally true, and asked where the Manager got the right to make a Motion.

The Manager said he did have a right to make a Motion.

MOTION: The Manager moved that the Board go to a Public Hearing with the packet provided to the Board by RW Beck, that shall be considered a tentative water rate increase, and that the Board will listen to testimony and, upon completion of testimony, the Board will make a decision on whether the Board wants to go with the tentative rate increase, or wants to make changes to the proposal and then direct them to RW Beck to make changes.

The Manager said that way, the Board will keep with the schedule, keep things going and possibly have the new rates effective July 1.

Chairperson Mukai asked if, first of all, the Manager is allowed to make the Motion.

Ms. Garson said yes, the Manager can do so.

Mr. Reynolds said he did not think so, and an ex-officio cannot make Motions. He said that Robert's Rules of Order does not allow ex-officios to make Motions.

Ms. Garson consulted her copy of Robert's Rules of Order, and read a passage: "There is no distinction between an ex-officio member and another Board member. The only qualification is that (the ex-officio) cannot vote." Therefore, the Manager can make a Motion; he just cannot *vote*. She said her problem was that the Manager's Motion was the same as the one before.

The Manager said no, his Motion did not talk of an "approved" water rate increase; it is just a tentative one.

Ms. Garson said that the Board would not have been approving the rate increase anyway; the Board would be approving it to go to Public Hearing.

The Manager said he only changed the word "approved" to "tentative." The Board gets the right to make changes.

Chairperson Mukai asked if it was the same Motion.

Ms. Garson said it was the same Motion.

Mr. Reynolds said no, it is not the same Motion, because Mr. Reynolds's Motion was to go with this proposal approved by the Board, while the Manager's Motion is using the word "tentative," which is not the same as "approved."

The Manager said the Board always has the right to make changes after hearing the testimony at the Public Hearing.

Chairperson Mukai said that he would side with whatever Ms. Garson said. He asked what Ms. Garson was stating; he could not read her mind.

Ms. Garson said that regardless of whether the Manager said "approved" or not, technically, the Board would not be approving the rate. The Manager is trying to make a distinction that the Board is just putting the proposal out there. She said it was a decision.

The Manager said he was trying to make a distinction that the Board members have not approved the proposal; the Board does not agree with it; they do not approve. However, since

the Board has the proposal, it is taking it to Public Hearing, where the Board will listen to public testimony. After that, the Board will make a decision.

Mr. Reynolds said that the only other thing the Board can do is to table the matter, and that means the Board does nothing until next month's Board meeting.

Chairperson Mukai noted that a Motion had been made. He asked if there was a second.

Mr. Meierdiercks seconded the Motion by the Manager.

Ms. Garson said she wanted a little more clarification, because she did not see the distinction.

The Manager said that the distinction is that the Board is not approving the rates as listed in the proposal; the Board has agreed to take the proposal to Public Hearing to listen to what the public has to say about it, and then the Board will make a decision based on the testimony. The Board is not approving the proposal; the proposal is not going to Public Hearing with the backing of the Board.

Chairperson Mukai said that was the same thing said in the first Motion.

The Manager said that in this case, the Board was not approving the proposal, and the Board is not saying that it agrees with the proposal.

Ms. Garson said yes, but the agreement is really that the Board is going out to Public Hearing with X, and that is still the same Motion; that the Board is going to Public Hearing with X, but the Board cannot agree with what X is. Therefore, to Ms. Garson, it is the same Motion.

Mr. Reynolds said he had never been in a Public Hearing where the Board already voted before the Public Hearing. In a sense, with this proposal, if the Board approves it in *any* way, the question is why bother with the Public Hearing, he said. He said he believed the Manager's Motion was correct in that the Board should be going into the Public Hearing with nothing more than an informational sheet, saying to the public, "Here are some possibilities, now tell us what you want." The Board should not be making up its mind to anything until the Board hears from the public. Otherwise, there is no need for a Public Hearing.

Ms. Garson said this was right.

Chairperson Mukai asked if parliamentary procedure permitted him, the Chairperson, to make a Motion.

Ms. Garson said technically, no.

Mr. Reynolds said that the Chairperson could entertain a Motion, and one of the Board could make the Motion for him.

Chairperson Mukai said hopefully the Board will agree with him. He proceeded to say that the Chair would entertain a Motion that the Board direct RW Beck to provide the Board with numbers in the event that there is no increase in the ag rates.

Ms. Garson asked if the Chairperson was trying to amend the Manager's Motion. She corrected herself, saying the Chairperson would actually be asking someone else on the Board to make a Motion.

Chairperson Mukai started to say that he would entertain a Motion.

Mr. Reynolds asked the Chairperson to hold it, because before that, there was a Motion on the floor already. The Chairperson could not entertain another Motion until the Board disposes of the Manager's Motion, unless the Chairperson wants to amend the Manager's Motion.

Chairperson Mukai said that was what he was trying to do. He said his comment was that the Chair would like to entertain an amendment to the Motion, to direct RW Beck to provide the Board with numbers that would show the numbers without an ag rate increase, to be available at the time of the Public Hearing.

MOTION: Mr. Reynolds so moved; seconded by Mr. Smith.

Mr. Smith said that maybe as a refinement to what Mr. Reynolds just moved, there would be one option, which is to have the rates proposed by RW Beck for the Public Hearing, and ask RW Beck to provide an Option B, of keeping the ag rates the same, and show where else in the revenue that it changes – to make up for the income DWS is not going to get from an ag rate increase. In other words, he proposed going to Public Hearing with two proposed rate structures. After listening to all of the people at the Public Hearing, the Board can take that input and decide. Mr. Smith said that was what he was seconding, and he assumed that was what Mr. Reynolds meant.

Mr. Reynolds said okay, now the Board needs to vote on the amendment to the main Motion.

Chairperson called a vote on the amendment to the main Motion.

ACTION: Amendment to the main Motion passed unanimously by voice vote.

Chairperson Mukai said now the Board was going back to the main Motion as amended, which is to provide the information to RW Beck with the ag rates per the proposal, and also request RW Beck to have numbers available at the Public Hearing without the ag rate increase.

The Deputy Manager said that the Board is redirecting RW Beck to redo the study, which will require a change order.

Mr. Sumada said he was not sure.

The Deputy Manager said he was pretty sure that DWS does not have funds in the existing contract with RW Beck to do a change order, which poses a problem.

The Manager said yes, the Department would have to come back to the Board to have the Board authorize additional funds for the contract.

The Deputy Manager said that RW Beck will charge for the redoing the study.

The Manager said that can be done.

Chairperson Mukai said that the Motion that is on the floor is a request, so if RW Beck is unable to provide the numbers, then they are unable to provide the numbers.

Mr. Reynolds said that is a separate issue; the Board needs to vote on the main Motion as amended.

Chairperson Mukai called a vote on the main Motion as amended.

ACTION: Main Motion as amended passed unanimously by voice vote.

MOTION: Mr. Meierdiercks moved to approve any additional funding that RW Beck will request to redo the study; if RW Beck does require additional funding, he moved to approve the funding. Mr. Smith seconded.

Chairperson Mukai asked Ms. Garson if the Board could approve additional funding without setting a number amount.

The Manager said that the Board could set a percentage.

Mr. Reynolds agreed that the amount should be up to a certain amount; not just give RW Beck a blank check.

Mr. Meierdiercks said that was why the Board needed to have something on the floor. He asked what the contract amount was.

Mr. Sumada said \$94,500.

Mr. Smith asked if a reasonable contingency would be \$5,000 or \$10,000, maybe capped at \$15,000.

The Manager said a cap of \$15,000 would be safe. He suggested amending the Motion to say “up to \$15,000.”

Mr. Meierdiercks amended the Motion to increase additional funding to up to 15 percent of the original contract, noting that the cap would be around \$14,000.

Chairperson Mukai confirmed that the amendment to the Motion is to cap it at 15 percent of the original contract price. He asked if there was a second to the amendment to the Motion.

Mr. Reynolds seconded.

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

Chairperson Mukai asked if there was any further discussion on the main Motion as amended.

ACTION: Main Motion as amended carried unanimously by voice vote.

#### H. **MANAGER’S REPORT:**

The Manager noted that DWS was meeting on Thursday with an alternative energy provider, Genex, in light of the Lālāmilo windfarm.

The Manager provided an update or status on the following:

- a. Update on use agreement on KIC wells -- Last week, DWS met with two KIC board members who agreed that it is mutually beneficial to have some kind of partnership on the KIC wells. It was agreed that this is a good time to start talking about a partnership so that DWS can look at funding proposals when times improve.
- b. Palani Road Transmission Waterline Project -- Mr. Beck reported that work is proceeding in the Jernigan easement. The foundations of the tanks are essentially done, and the tank builder should be moving in toward the end of this month. There had been problems with trespassing, but they have been addressed.

- c. Legislative Audit update – Mr. Sumada reported that the auditors have finished their field work, and are doing a draft report which should be finished by May 1. He assumed that DWS would be able to review and comment on the draft report before a final report is done.
- d. H.O.V.E. project update -- The plans have been in the DWS office for review. Actual construction has not yet started. The contractor is planning to install pipeline, and the project is going well. DWS has provided a lot of information to the Council member who represents Ka‘u.

The Manager asked Ms. Aton to report on the recent Water Education for Teachers (W.E.T.) workshop held at the Hilo baseyard. Ms. Aton reported that the day-long workshop, held in conjunction with Ms. Aton’s counterpart at the Kauai Department of Water Supply, involved some 15 teachers from around the Big Island. The teachers finished the day certified to teach water education as part of the K-12 curriculum. The teachers were also certified as facilitators for future workshops. Ms. Aton reported that the Department took part in a TV segment with Mr. Rosey Rosenthal regarding DWS’s projects in North Kona, explaining DWS’s investment in the North Kona water system over the past 15 years. Ms. Aton, Mr. Inaba and Mr. Bob Ravenscraft of DWS in Kona appeared in one segment, and the Manager appeared in another segment in an interview with Mr. Rosenthal. Ms. Aton noted that in her segment, the amount of investment in the North Kona water system was erroneously given as \$35 million, but the correct figure is \$45 million. Ms. Aton said she recently represented DWS at the Kona-Kohala Chamber of Commerce’s Business Expo.

Chairperson Mukai asked that copies of the DVD be made available to Board members.

Mr. Smith asked about the subject of professional design liability raised at the February Board meeting.

The Manager said that since last month, DWS’s engineers had looked into it.

Mr. Inaba said that regarding the Waimea Sludge item on last month’s Agenda, the main research that the engineers did was with the project consultant, RM Towill. The consultant specified a product, which the contractor was to purchase. The manufacturer has their own design that has to be stamped by their own structural engineer, in order to have someone responsible for the design.

Mr. Okamoto clarified that consultant RM Towill is not covering the structure involved. Parkson is the manufacturer, and they have their own structural engineer who stamps the design.

Chairperson Mukai asked if that structural engineer is providing proof of liability insurance.

Mr. Okamoto said they had not requested it.

The Manager said that DWS should try to provide some legal language that requires it. He noted that with any stamp, whether it is structural, architectural or civil, once someone stamps it, that person is liable for the duration of the project. The danger is that at some point in time, that entity or structural engineer might not be around. For that reason, DWS is going to do what Mr. Smith suggested, and put in an amendment so that the general contractor is responsible. This would take away the indemnity from DWS, he said.

Mr. Smith said this was the proper course of action. He said that in the bid documents, DWS addresses two issues:

1. The fabricator provides professional liability insurance covering their design professional for any errors he makes;
2. DWS gets the general contractor to provide an indemnification clause so that if a project runs into problems, DWS can just go to the general contractor to tell him to solve the problem, (and not go after the general contractor's supplier, with whom DWS has no contract).

I. **CHAIRPERSON'S REPORT:**

Chairperson Mukai suggested continuing to hold meetings in Hilo and Kona, and skip Kamuela unless there is a specific reason to meet there.

Mr. Reynolds suggested holding Kona meetings at the Old Airport Pavilion.

Chairperson Mukai said that was a good point; other venues for Kona could be looked at. He suggested having every third meeting in Kona.

Mr. Meierdiercks said he thought the meeting should be in Hilo, unless a specific issue related to Kona calls for meeting in Kona.

Ms. Garson said that the Board was looking at where to hold the May 25 Board meeting.

The Secretary said that based on having every third meeting in Kona, Kona would be the venue in May, August and November.

Ms. Aton suggested that meetings in Kamuela might be called for at some point.

Chairperson Mukai said he thought that because of the East-West divide, that the Board should meet in Kona as well as Hilo, and he prefers to have the Kona meeting every third or fourth meeting. He suggested meeting in Kona on May 25, again in Kona in August, etc. It can always be changed, he said. He wanted to ensure that West Hawai'i people have a venue in Kona.

The Manager suggested holding a Water Board meeting in Ocean View, once the project there is underway.

Before going to the Announcements, Chairperson Mukai thanked outgoing Board member Mr. Smith for his years of service on the Water Board. Today was Mr. Smith's last meeting as a Board member.

**ANNOUNCEMENTS:**

1. **Next Meeting:**

The next meeting of the Water Board will be held on April 27, 2010, at 10:00 a.m. at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo.

2. **Following Meeting:**

The following meeting of the Water Board will be held on May 25, 2010, at 10:00 a.m. in Kona, at a venue to be announced.

The Manager noted that Public Hearings on the Water Rates would be held on May 4 in Hilo and May 5 in Kona.

Mr. Reynolds suggested holding the Kona Public Hearing on the same day as the May Water Board meeting, and suggested changing the meeting date to somewhere around May 15.

Mr. Smith noted that these Public Hearings are to be held at night.

Mr. Reynolds asked if there was any reason that the Board needed to hold the Public Hearings on May 4 and May 5.

The Manager agreed that the Kona Public Hearing could coincide with the May Water Board meeting.

Chairperson Mukai asked whether scheduling the Public Hearings around the May 25 Water Board meeting would be a problem.

Mr. Smith noted that the Oahu water conference would be taking place around that date.

The Manager said that Mr. Okamoto made a good point that the Public Hearings need to take place *before* the Water Board meeting.

Ms. Garson said that in that case, the Public Hearing would have to be on May 24, as opposed to the same day as the Water Board meeting, May 25.

The Manager agreed, saying that the Board would want to have the input from the Public Hearing to take to the Water Board meeting.

Mr. Reynolds said it would not matter unless the Board was going to vote on the water rates in May. The Board could vote on the water rates at the June Water Board meeting instead, he added.

Chairperson Mukai suggested that maybe the May 25 Water Board meeting could be in the afternoon.

The Manager asked for time to research the matter.

Mr. Sumada noted that Ann Hajnosz, the RW Beck consultant who did the Water Rate Study, was scheduled to come to the May 4 and May 5 Public Hearings.

Mr. Reynolds asked the Department to look into using the Old Airport Pavilion or Hale Halawai for the Kona meeting.

#### STATEMENTS FROM THE PUBLIC:

None.

#### ADJOURNMENT:

Chairperson Mukai called for a Motion to adjourn. Mr. Reynolds so moved; seconded by Mr. Lindsey, and approved unanimously by voice vote. The Meeting adjourned at 12:45 p.m.

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## 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 Shirota, 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.*