

MINUTES

DEPARTMENT OF WATER SUPPLY
COUNTY OF HAWAII
WATER BOARD MEETING

October 26, 2010

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

MEMBERS PRESENT: Mr. Dwayne Mukai, Chairperson
Mr. Robert Meierdiercks, Vice-Chairperson
Mr. David Greenwell
Mr. Kenneth Kaneshiro
Mr. Bryan Lindsey
Mr. Delan Perry
Mr. Joe Reynolds
Mr. Art Taniguchi
Mr. Milton Pavao, Manager, Department of Water Supply
(ex-officio member)

ABSENT: Mr. George Harai, 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. Mark Jernigan
Mr. Bill Brooks
Mr. Norman Verbanic, HELCO
Mr. Jon Arizumi, HELCO

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 Analyst
Mr. Larry Beck, Engineering Division
Mr. Keith Okamoto, Engineering Division
Mr. Earl Fukunaga, Operations Division
Mr. David Mellom, Customer Service Section

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

STATEMENTS FROM THE PUBLIC:

Mr. Mark Jernigan testified regarding Jernigan Road in Kona.

(The following testimony is verbatim.)

MR. JERNIGAN: Good morning, Board. I don't really want to be here today. I didn't realize there was gonna be a Water Board meeting today. I just put this all together at 5:30 this morning. Last time you were in Kona, access to Māmalahoa Highway at the top of the road was blocked while work was

being done on the Palani Road Transmission Line. The good news is the contractor came back and the road isn't blocked, and he's started laying asphalt. The bad news is that it appears to be completely out of the specifications. Out of respect for Larry Beck, he hasn't had enough time to respond; it hasn't been very long. I didn't really prepare a presentation of the details, but I do have some pictures; just one set. When they started to put the pavement in, the section wasn't packed, and also it was not six inches of compacted base course on it. It should be 95 percent compacted. I asked the inspector if it should be six inches of base, and he said yes; he confirmed it should be six inches. He stopped the project. A couple loads of rock have been brought in. The base and sub-base were supposed to go in at roughly a half-inch tolerance. But in fact, the asphalt went in zero to three inches over. It's not gonna last. The reason it's in the specifications is for uniformity. It seemed there was confusion on the job on what the specifications should be. The Board's job is to make sure the contractor is performing to specifications. If it is not built properly, it's not gonna last. The asphalt is not compacted properly as per the specifications. It should be a 10-ton steel-wheeled roller, then a 12-ton rubber-tire roller; they were using a 6,000-pound roller. The core samples will show it's not compacted properly. I spoke to a guy with West Pave, an asphalt consultant firm, and his response was they must've cut every corner in the book. He told me I should take a video of when they do the core samples. As I say, I didn't want to come here today, but I just wanted to get this done and have it down on the record. I appreciate your time.

APPROVAL OF MINUTES:

Chairperson Mukai entertained a Motion to approve the Minutes of the Water Board meeting on September 26, 2010, (includes Minutes of Public Hearing on Final Draft -- Water Use and Development Plan Update: DWS Job 2003-818).

ACTION: Mr. Meierdiercks moved to approve; seconded by Mr. Lindsey. Motion carried unanimously by voice vote.

APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA:

The Manager asked the Board to add a verbal Addendum regarding DWS's water rate study, to provide for discussion and approval.

Ms. Garson said the Addendum would provide additional funds for the current water rate study contract with R.W. Beck, Inc.

The Manager said the amount would be discussed during the Addendum, which could come before the Manager's Report. He noted that the item did not come to light until after the Agenda for today's meeting was already posted.

Ms. Garson said the Item should come after the Chairperson's Report, as Item 7(K).

ACTION: Mr. Meierdiercks moved to approve the Addendum to the Agenda, seconded by Mr. Taniguchi. A roll call vote was taken on the Motion. Motion carried unanimously by eight (8) Ayes: Mr. Greenwell (Aye); Mr. Kaneshiro (Aye); Mr. Lindsey (Aye); Mr. Meierdiercks (Aye); Mr. Mukai (Aye); Mr. Perry (Aye); Mr. Reynolds (Aye) and Mr. Taniguchi (Aye). Zero (0) Nays; one absent: Mr. Harai.

ACTION TO MOVE AGENDA ITEMS:

Chairperson Mukai asked to move up Item 6(A), AMENDMENT OF WATER FACILITIES AGREEMENT – SEASCAPE DEVELOPMENT, LLC, to the top of the Agenda, followed by Item 7(E), ENERGY MANAGEMENT ANALYST UPDATE.

NORTH KONA:

A. **AMENDMENT OF WATER FACILITIES AGREEMENT – SEASCAPE DEVELOPMENT, LLC:**

On October 28, 2008, Seascope Development, LLC (“Seascope”) and the Water Board entered into a Water Facilities Agreement for the development, construction, and installation of certain improvements and other water transmission-related facilities in the vicinity of the Water Board’s existing Kalaoa Well. Seascope was to also complete the engineering and design work, and assign the same, as well as obtain all necessary permits in accordance with DWS requirements within one year of the executed Agreement. The deadline of October 28, 2009, was extended to October 28, 2010, by the Water Board at its meeting of September 22, 2009. The reason was the challenging economy at that time, which made it impossible for Seascope to proceed on schedule.

Seascope is proposing a second amendment to the Water Facilities Agreement to extend such submittal deadline to October 28, 2011. They feel that this new deadline will enable them to meet their obligations in the current economic climate.

Staff has reviewed the Second Amendment of Water Facilities Agreement and finds it acceptable.

The Manager recommended that the Water Board approve the Second Amendment of Water Facilities Agreement, subject to review and approval by Corporation Counsel.

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

The Manager noted that DWS has no objection to this time extension because it does not affect DWS’s operations.

ACTION: Motion carried unanimously by voice vote.

MISCELLANEOUS:

A. **ENERGY MANAGEMENT ANALYST UPDATE:**

Ms. Myhre covered the following areas:

- Lālāmilo Site Clean-up and DLNR Lease Application Status
- DWS’s Green Initiatives
- Draft Energy Policy Statement for DWS

Regarding the DLNR lease application, DWS is hoping the lease application will be on the December 9 agenda for DLNR’s Land Board. She noted that Ms. Garson has the latest draft notice of lease application, which will eventually be circulated to relevant agencies for comment.

Ms. Myhre announced that there would be E-waste collection events at Kealakehe High School and at UH-Hilo. Government and business E-waste would be accepted on Thursday, October 28, from 9:00 a.m. to 3:00 p.m., and household E-waste would be accepted on Saturday, October 30, from 9:00 a.m. to 3:00 p.m. E-waste includes computers, cell phones, old monitors, etc., she noted. Businesses need to pre-register, she added. More information is available at www.hawaiizerowaste.org.

Mr. Reynolds asked what the organizers of the event are doing with cell phones, noting a big move to donate recycled cell phones to the troops.

Ms. Myhre said she did not know what they planned to do with the cell phones collected.

Ms. Myhre reported that she had met earlier this month with the Manager regarding the options for installing solar photovoltaic arrays at DWS's baseyards and the main office. DWS is looking at different ways of funding it, and is exploring what grants may be available.

Ms. Myhre raised the question of DWS's draft Energy Policy Statement, and suggested that the Board might want to combine its comments, and send them to the Manager.

Mr. Reynolds asked if the Energy Advisory Commission meeting slated for October 20 took place.

Ms. Myhre confirmed this, saying that virtually the whole meeting was taken up by Hawai'i Energy, the company that is doing the rebate program for energy efficiencies.

Ms. Myhre asked the Chairperson how the Board would like to handle the Energy Policy Statement, and asked whether the Board would like to collect its comments and report them.

Ms. Garson said no, the Board cannot collect comments; the Board can discuss the Energy Policy Statement in its entirety at a Board meeting.

Chairperson Mukai said that it could be discussed as a separate Agenda item at a future meeting. He asked Ms. Myhre if there was a time restraint regarding the Energy Policy Statement.

Ms. Myhre said there was no time restraint, but having an Energy Policy Statement would help when DWS plans projects and seeks funding. DWS could point to the Energy Policy Statement to show what DWS's energy plans are and what DWS wants to do regarding its energy program.

Chairperson Mukai asked that the Energy Policy Statement be put on the December 21, 2010, Agenda.

Ms. Myhre again asked if the Manager could collect the Board's comments.

Ms. Garson said no, the Board needs to discuss the Energy Policy Statement at a Board meeting.

Ms. Myhre introduced HELCO staffers Mr. Jon Arizumi and Mr. Norman Verbanic, who came to give a presentation on the Lālāmilo site clean-up. She explained that Mr. Arizumi, HELCO's commercial account manager, is her point of contact at HELCO. Mr. Verbanic is HELCO's production manager. The two gentlemen were on hand to make a brief presentation about the Lālāmilo site clean-up. Mr. Arizumi has been the project manager, and Mr. Verbanic has been responsible for making sure that everything is cleaned up appropriately, Ms. Myhre said.

Mr. Arizumi said that one of his key responsibilities is making sure that HELCO communicates with DWS, and provides proper service. He introduced Mr. Verbanic, who also is the project manager for the Lālāmilo Decommissioning Project.

Mr. Verbanic noted that it is exceedingly rare for HELCO or parent company Hawaiian Electric Industries, Inc. (HEI) to decommission and dismantle a power plant, but that is what happened in this instance. The power plant was productive in its time, but it had what is now outdated technology. To illustrate the point, he said that two wind turbines in use today at South Point produce three (3) megawatts of power. By contrast, Lālāmilo's 120 machines together produced only 2.4 megawatts, he said. Lālāmilo's days as a power plant using superannuated technology were over, he said.

Mr. Verbanic said that DWS wrote to HEI on February 2, 2010, to ask what could be done with the Lālāmilo facility, if anything. DWS also wrote to HEI, which owned and operated the wind farm, to request a clean-up of the wind farm because the facility simply was not performing anymore, he said. On March 4, 2010, a letter from DWS to HELCO clarified what things DWS wanted to remain at the site, whereupon HELCO went ahead and solicited four bids for the wind farm decommissioning. The bids ranged from a high of over \$3 million to a low of \$1.7 million. HELCO selected Reef Development of Maui to perform the clean-up, which they started on August 26, 2010, and

completed on October 15, 2010. In the middle of the clean-up, Ms. Myhre and Mr. Kevin Moore of DLNR visited the site, and were able to view one area that was already cleaned up. This served as an example of what to expect from the rest of the site. Oahu-based North Shore Consultants is the environmental assessor that HELCO hired, and their Phase I Environmental Assessment (EA) was carried out in April. The assessors identified a couple of environmental conditions at the site. One was a cesspool where waste was improperly disposed of, and the other was the "bone yard," which was a huge scrap pile covering a half-acre. A slide showed the "bone yard" being cleaned up and re-sampled. The sampling was done in mid-October, and since then, a re-sampling was done. Mr. Verbanic explained that anywhere there was contamination, the soil was scooped up and placed in a barrel for future disposal. Any petroleum products were sampled and put in drums. HELCO is going to recover the energy from the petroleum products. It will be transported to HELCO's Puna power plant, where the waste oil will be recycled. The cesspool was inspected, but it turned out to be dry and entirely empty. During the dismantling of the wind farm, the original plan was to use a crane, but each of the 120-foot towers was hinged at the base on two of the tower's three legs. The plan was to lower the towers with the crane, but this proved to be very dangerous. Instead, after the towers were unbolted, an extendable forklift was used to topple the towers. He noted that some of the gearboxes in the towers cracked and spilled oil, but the oil was immediately scooped up and collected. The soil was removed from the site as well. Minimal contamination occurred during this operation, he said. North Shore Consultants followed up and performed the Phase II Environmental Assessment on October 12 and 13, 2010. Once these reports are available, HELCO will share them with DWS. DWS requested that HELCO retain the maintenance building that was on the site, along with the water catchment and the cesspool. In addition, two towers immediately adjacent to the building were left standing. These towers have gauges that measure wind speed and other weather data. All of the other wind turbines, foundations and various buildings were removed. The site was graded to restore the contours. Poles, wiring, and meters that act as a redundant system that feeds DWS's pumps, along with the system that feeds up to maintenance building, were retained, per DWS's request. Inside the maintenance building, several chairs, filing cabinets, shelving and a refrigerator were left for DWS. Most of the material was recycled, including 620 tons of steel from the towers and the rebar, plus copper and aluminum. Six thousand tons of foundation concrete was jack-hammered out of the ground for use as construction fill in West Hawai'i. Only about 50 tons of debris, or less than one percent of the total material removed, could not be recycled. The unrecyclable material, which was taken to the landfill, was mainly wood from old blades and inverter buildings. The refrigerant from 30 air conditioners was recovered and recycled. Mr. Verbanic noted that each of the towers weighed about 4,000 tons, amounting to about 240 tons of material removed.

As for next steps, Mr. Verbanic said HEI's legal department is drafting a document for DWS's review to document the turnover of the site and to finalize the closure of the Power Purchase Agreement (PPA) that exists. In addition, the document will show what HELCO is turning over, along with the environmental findings that are now being drafted. HELCO has scheduled a site visit with DWS and DLNR, to show them the final product of the clean-up, and to address anything before HELCO turns over the site. HELCO aims to return the site by December 1, 2010, about two weeks ahead of the termination date of the lease (December 13, 2010). The site is basically wiped clean. He said that after the towers were toppled, a large excavator smashed the towers flat and crunched them into a bundle. The bundles were fed into a shear which reduced the metal to tiny pieces, which were scooped up and taken away. The clean-up crew has spent this month gleaning any remaining nuts and bolts or other trash.

Ms. Myhre noted that there will be a meeting on Thursday, October 28, 2010, to discuss the document described by Mr. Verbanic.

Mr. Verbanic said that the meeting would also discuss how HELCO will handle the power supply for the maintenance building before handing the site over.

Chairperson Mukai asked if the final environmental study would be done before December 1.

Mr. Verbanic said he expects to get the results of all of the sampling that was done this week either tomorrow (October 27) or Thursday (October 28). The Phase II EA should be available in the package that HELCO sends to DWS, he said.

Chairperson Mukai commended the good work on the clean-up, noting that he had doubted it could be accomplished by the end of this year.

Mr. Verbanic noted the vetting that HELCO did on the contractor, saying that it helped that the contractor was from Maui, with a West Hawai'i office. He said they were very good and he recommended them. He said there was one injury on-site, but it was not a serious injury. There were issues with shipping scrap metal out, due to limits on the quantity of material that can be put on the Young Brothers barges. There was a back-up of a week or two, but in the end, all of the material was shipped out, he said.

Chairperson Mukai and the Board thanked Mr. Verbanic for the terrific job.

SOUTH KOHALA:

A. **JOB NO. 2007-043, CONSTRUCTION OF THE WAIKOLOA RESERVOIR NO. 2 EARTHQUAKE REPAIRS, COUNTY OF HAWAI'I, STATE OF HAWAI'I, FEMA-1644-DR-HI, FIPS NO. 001-UVKJ8-00, PW NO. 638:**

The contractor, Goodfellow Bros., Inc. (GBI), has requested a 30 working-day time extension. This request consists of additional time required to install the geotextile fabric, based on the actual arrival of the additional material.

DWS personnel and GBI evaluated the remaining work items and weather permitting, it is anticipated that the remaining work should be completed in 19 working days (or 32 *calendar* days) from the current contract completion date of October 29, 2010. The 30 working-day request was for the remaining work to be done from October 14, 2010. If approved, the new completion date would be November 30, 2010.

Staff has reviewed the request and finds that the 32 calendar days are justified.

This is the fifth time extension request.

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	11/9/2009	1/30/2010	82	Rainout days and Hypalon polymer supply issues.
2	1/30/2010	2/25/2010	26	Additional cleanout installation work and rainout days.
3	2/25/2010	5/9/2010	73	Additional work for Change Order Nos. 3, 4, and 5; and rainout days.
4	5/9/2010	6/4/2010	26	Additional work for Change Order Nos. 6 and 7; and rainout days.
5	6/4/2010	8/16/2010	73	Additional work for Change Order No. 9; and rainout days.
6	8/16/2010	10/29/2010	74	Additional work for Change Proposal 10 for the second layer of 16 oz geotextile material.

7	10/29/2010	11/30/2010	30	<i>Based on actual arrival of second layer of 16 oz geotextile material.</i>
Total Days (including this request)			354	

The Manager recommended that the Board approve a contract time extension to Goodfellow Bros., Inc. of thirty-two (32) calendar days from October 29, 2010 to November 30, 2010, for JOB NO. 2007-043, CONSTRUCTION OF THE WAIKOLOA RESERVOIR NO. 2 EARTHQUAKE REPAIRS, COUNTY OF HAWAI'I, STATE OF HAWAI'I, FEMA-1644-DR-HI, FIPS NO. 001-UVKJ8-00, PW NO. 638.

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

Mr. Inaba explained that DWS needed to order a second layer of padding before putting down the liner for the slope. This request is based on the actual shipping date from the Mainland. Based on the shipping date, the work is estimated to take 30 working days to complete, he said. He acknowledged that the explanation gets confusing, but the 30 working days was from the date the contractor anticipated that he could start work.

The Manager said that after the restoration of Reservoir 2 is done, DWS plans to undertake the restoration of Reservoir 1. Thanks to the experience gained while restoring Reservoir 2, the work on Reservoir 1 is expected to go much more smoothly. He noted that Reservoir 3 was not affected by the earthquake. Currently, DWS is only able to store about 85 million gallons, versus a total of 150 million gallons of potential storage capacity. DWS keeps Reservoir 1 about half-full and Reservoir 3 is completely full, he said.

ACTION: Motion carried unanimously by voice vote.

NORTH KONA:

A. **AMENDMENT OF WATER FACILITIES AGREEMENT – SEASCAPE DEVELOPMENT, LLC:**

(Item covered earlier in the meeting.)

B. **MEMORANDUM OF UNDERSTANDING FOR: QUEEN KA'AHUMANU HIGHWAY WIDENING – KEALAKEHE TO KEAHOLE 16" WATERLINE INSTALLATION – STATE HIGHWAY PROJECT (QUEEN K HIGHWAY WIDENING, PHASE 2):**

The Water Board at its September 28, 2010 meeting approved a form of Memorandum of Understanding (MOU) with the State. The State has requested some changes to MOU in sections 3 and 10.

MOTION: Mr. Meierdiercks moved to hear the Department's recommendation; seconded by Mr. Perry.

Ms. Garson said the recommendation is to reject the State's proposed changes.

Mr. Meierdiercks then tried to move to approve the recommendation.

Mr. Reynolds said the Board first had to vote on the first Motion (to hear the recommendation); he said the first Motion could not be just left hanging.

ACTION: Motion to hear the recommendation passed unanimously by voice vote.

MOTION: Mr. Meierdiercks moved to approve the staff's recommendation to reject the state's proposed changes; seconded by Mr. Lindsey.

Ms. Garson explained that the State withdrew their proposal to make the changes to Paragraphs 10 and 3 of the MOU. The State withdrew its proposal after Ms. Garson told the State that she was going to recommend that the Board reject the proposed changes. One of the proposed changes was that DWS would pay interest if one of the invoices was going to be late. Ms. Garson told the State that this was unreasonable, given the fact that the State had the use of DWS's money for all of this time. She said the State had rejected Ms. Garson's proposal, made by the Board at last month's meeting, to ask that the money be put in an interest-bearing account. The other proposal that the State made involved having the Board agree to a use-and-occupancy agreement on the finished product that the Board has never seen. Ms. Garson told the State that she would recommend that the Board refuse to sign any document whose contents were unknown to the Board. The State also inserted an indemnification clause, under which DWS would be indemnified for things that the State may have done wrong. Ms. Garson said that typically, DWS holds that if DWS employees or DWS's actions cause some harm and the State gets sued, DWS will indemnify the State. Conversely, if the State's employees do something wrong, the State should take care of it. However, the State inserted a clause that had DWS indemnifying the State if the State did something wrong. Ms. Garson sent a very strongly-worded email to the State saying that she was going to put the proposed changes on the Agenda, but that her recommendation would be to reject them. The State emailed back to Ms. Garson this morning to say that the State would send the agreement, minus that clause. The proposed changes are on today's Agenda, with Ms. Garson's recommendation to reject the proposed changes, and to have the MOU go forward in its unchanged form.

Mr. Perry asked whether this MOU was the same one that the Board approved last month.

Ms. Garson confirmed this, and explained that she had needed to present the proposed changes to the Board as an *agendized* item for the Board's consideration.

Chairperson Mukai called for a vote on the Motion to reject the changes as provided by the State.

ACTION: Motion carried unanimously by voice vote.

MISCELLANEOUS:

A. DEDICATION OF WATER SYSTEMS:

The Department has received the following documents for action by the Water Board. The water systems have been constructed in accordance with the Department's standards and are in acceptable condition for dedication.

1. **GRANT OF EASEMENT (For Water Facility Purposes)**
Subdivision Application No. 98-084, 2004-0072
Grantor: RELO KONA, LLC
Tax Map Key: (3) 7-5-004: portion
E.W.O. 2008-029
Facilities Charge: *Not applicable*
Final Inspection Date: 10/08/2010
Water System Cost: \$22,225.00
2. **DEED (Tank Site)**
Grantor: D.R. HORTON, LLC dba D.R. Horton-Schuler Division
Tax Map Key: (3) 7-5-043:121
E.W.O. 2004-027

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

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

Mr. Inaba explained that with the first dedication, the Facilities Charge is listed as “Not Applicable.” This was paid with the previous portion of the development, he said. On the second dedication, the tank there has been in service for a while under an easement. The development was done in phases; the developer had to grant DWS an easement of the tank site because it was put into a second phase, where the lots were not created yet. Therefore, DWS had a grant of easement document covering the tank site and the transmission line down to Phase 1, Pualani Estates. The developer recently discovered that they had not actually turned the tank site over to DWS after completion of Phase 2, when the lots were created. Therefore, this is just following through, handing the tank site over to DWS in the form of a deed. Mr. Inaba noted that the improvements and the bill of sale had already been accepted with Phase 1.

Mr. Meierdiercks asked how many lots were involved in the first dedication.

Mr. Inaba said it was a three-lot subdivision.

ACTION: Motion carried unanimously by voice vote.

B. REPORT ON DELINQUENCIES:

(This Item was deferred from the 9-28-10 Water Board meeting.)

Mr. David Mellom, the Department’s Credit and Collection Clerk, gave a brief overview of how delinquencies are managed by DWS. First, five days after a customer fails to pay by the due date, the account is reviewed. If the account is delinquent five days after, the customer is sent a reminder letter, which is DWS’s initial contact. The reminder letter gives a week in which to make payment. Roughly half of customers who have received a reminder notice pay, Mr. Mellom said. For those who have not paid yet, the next step is a second notice, which is a shut-off notice. The shut-off notice gives 15 days under DWS rules to make payment, or the customer faces the possibility of disconnection. A good majority of customers do pay within this time frame, Mr. Mellom said. Those who still do not pay have their accounts reviewed a third time, and they fall into the area of possible disconnection.

Mr. Mellom noted that as of this morning, he calculated that in the last billing cycle, DWS had 41,900 water service accounts. The September 30 report that he generated showed 101 accounts with a past-due balance of \$1,000.00 or more. Every one of those accounts is either pending an adjustment for leakage or some other reason, or they are on a payment plan, he said. With every one of those accounts, there is an expectation of bringing the account current, and that the bill will be paid.

Mr. Greenwell asked whether there was a penalty fee associated with having DWS people go out to shut the water off.

Mr. Mellom said there is a reconnection fee of \$75.00 for a standard 5/8-inch meter, and the customer might face a cash deposit of \$50.00. There is no fee for having the Department shut the water off.

The Manager noted that in cases where the customer asks DWS to turn the water back on after hours or on a weekend, the \$75.00 reconnection fee is multiplied by time and a half, or one and a half times. There is no other fee aside from the reconnection fee, he added.

Mr. Reynolds asked whether the word “disconnect” meant removing the meter.

Mr. Mellom said that generally it means removing the meter, but if the meter is enclosed or if it involves galvanized pipe that makes it impractical to remove the meter, the meter is locked instead. Therefore, disconnection means that either the meter is removed *or* locked.

Mr. Reynolds asked if the customer is notified of the reconnection charge at the time that the water is shut off.

Mr. Mellom was not sure whether the shut-off notice included verbiage regarding the \$75.00 reconnection fee.

Mr. Reynolds said that language should be included.

The Deputy Manager noted that once a customer's water is shut off, the customer must pay back all delinquent bills before the water can be hooked back up.

Mr. Mellom confirmed that the customer either had to pay in full or set up a payment plan, in which case the customer would have to pay the reconnection fee and a large chunk of the past-due balance.

Mr. Reynolds commented that when dealing with families with children, shutting off the water becomes a health and safety issue. He asked if DWS can legally shut off water if it places people in jeopardy.

Ms. Garson said the customers are paying for a service. When a customer signs the application for water service, it is a contract, and part of that contract is that the customer either pays for that service or the service may be terminated. Therefore, legally, water service can be terminated.

Mr. Reynolds said DWS creates alternatives like payment plans or works out a way to keep the water going.

Mr. Mellom confirmed this. He noted that since the fiscal year started in July, DWS has removed 90 meters on delinquent accounts island-wide. Of those 90 meters removed, 47 meters have been reconnected. A lot of the people whose meters were removed simply bolted without letting DWS know they were leaving. In those cases, the account goes delinquent, and DWS only realizes the people are gone after the bills are mailed and returned stamped "Moved, No Forwarding Address." Roughly 50 percent of meters removed are on vacant accounts. Mr. Mellom said that generally, when the people are there, they need water and will pay for it. The people may fall behind, but DWS does not just run out and disconnect their service. DWS makes a courtesy call, and if there is contact, things get worked out. The removals generally come when there is no contact and the customer makes no effort to respond to DWS by mail or phone. On nearly every delinquent account, the customer has four chances, or several weeks, to take care of the delinquency before DWS goes out to remove the meter.

The Manager agreed that DWS bends over backwards to try to accommodate the customer, so that the water service does not get shut off. DWS affords the customer every possible avenue to either try to keep current or to make a payment plan. DWS's termination procedures are four months down the road, so DWS does not just go out and cut customers off if they do not pay. DWS works with the customer to collect whatever is due to DWS, without putting an undue burden on the customer or their families. He agreed that in cases involving small children in the house, it is awfully hard to shut off the water.

Mr. Reynolds asked how DWS treats squatters, i.e., people occupying a property with no legal status as tenant or owner.

Mr. Mellom said DWS would not necessarily know that the people occupying a property were squatters.

Mr. Reynolds asked whether DWS requires applicants for water service to show proof of ownership or a rental agreement.

Mr. Mellom said DWS signs customers up as long as they have identification.

Ms. Garson said that DWS has required leases and other documents when there had been notification that the person was a squatter.

Mr. Reynolds said that there are squatters living right next door to him right now, and the police appear not to want to do anything about it. He noted that HELCO turns on the electricity as long as the customer pays the deposit; they do not care if the person has a legal right to be there. He said this kind of situation is happening more and more, amid all of the foreclosures.

Mr. Mellom said that in many cases, DWS goes to remove a meter and there is a For Sale or For Rent sign on a vacant property.

Mr. Taniguchi asked what kind of dollar amounts or percentage of delinquencies there are.

Mr. Mellom reiterated that there are roughly 100 delinquent accounts that have a past-due balance of \$1,000.00 or more. The delinquency report is skewed by the number of accounts pending adjustments. There are no accounts where people are allowed to pay nothing at all. A customer might go one or two bills in arrears, but by the third bill, that meter will be coming out.

Mr. Taniguchi asked whether DWS tracks what people owe the Department, and asked what percentage of receivables are delinquencies. He asked whether the number of delinquencies is larger than previously, in light of how the economy is going. He said that looking at "\$1,000.00 or more" is kind of vague, because it could mean \$100,000.00 or \$1,001.00

Mr. Mellom said that the report had a total number of delinquencies at about \$300,000.00. Each one of those accounts is pending adjustment or is on a payment plan. While money is due to the Department, there is the expectation that the money is going to be paid, he said. To answer Mr. Taniguchi's question, Mr. Mellom said he did an analysis six or eight months ago of all current accounts within one billing cycle, where he subtracted every account that was pending adjustment. For roughly that billing cycle, the delinquent amount total was \$150,000.00 at that point in time, but a week later, half of those accounts would have been paid.

Mr. Taniguchi said then, the Department does not track by billing cycle and there is no running total. He said that if a customer does not pay in full, even if the customer is on a payment plan, technically, the customer is delinquent. He said his question was what the dollar amount was, and whether DWS tracks it. He asked if there was a trend, and asked whether the number of delinquencies were getting bigger or smaller.

The Manager said he understood what Mr. Taniguchi was asking, but it is not something that DWS tracks.

Mr. Mellom said that he does not track it; he said he just looks at each customer and makes sure that they pay within DWS's standards. He said he does see a lot more partial payments; If a customer makes a half-bill payment and then the customer goes into arrears with more than one bill past due, the customer will start to receive letters from DWS, with the potential of a disconnection.

Mr. Greenwell said that the delinquencies that are over \$1,000.00 are probably from businesses, because it is very hard for a residential customer to run up such arrears in two or three months. He asked what happens to DWS when a business owner protected by its LLC or similar status walks away from paying his water bill.

The Manager said it would basically be a write-off, which DWS reports annually.

Mr. Mellom said he would go after them by whatever legal means, either to turn the accounts over to Corporation Counsel or to a collection agency.

The Manager said that some of these delinquent customers declare bankruptcy, and then DWS goes on the list of creditors.

Mr. Greenwell noted that DWS then gets 10 cents on the dollar for the money owed.

Mr. Meierdiercks said the delinquencies update should be an ongoing Agenda item, and he requested the Department to provide numbers over a period of time to give the Board some idea of how delinquencies are running. The Board needs to know if there is a growing trend in delinquencies. If so, the Board needs to determine how to deal with it.

The Manager noted that during the recent Hawai'i Water Works Association (HWWA) conference, Mr. Mukai took part in a discussion with Oahu water supply people regarding the possibility of billing every month instead of every two months, to make it easier for customers to budget for payments. For DWS, switching to a monthly billing would be very expensive. However, it might be a consideration in an effort to reduce delinquencies.

Mr. Meierdiercks said that to address that question, the Board needs numbers to determine how DWS stands, and how the economy is going.

The Manager said he was afraid that the extra expense of doing monthly billing would outweigh the benefit of collecting any extra money.

Ms. Garson, returning to Mr. Reynolds's question about the legality of shutting off water, noted that anytime the Department sends a shut-off notice, the customer has the right to a contested case hearing to determine whether or not the customer owes the money. She noted that there is a contested case hearing coming up, requested by a customer.

Chairperson Mukai asked the Department to see if verbiage regarding the \$75.00 reconnection fee can be incorporated into the shut-off notices.

Mr. Sumada, noting that Mr. Meierdiercks requested that a delinquencies update be an ongoing Agenda item, said that he would prefer that it *not* be a monthly Agenda item that required Mr. Mellom to attend every Board meeting. He suggested that the item appear on the Agenda on a quarterly basis.

Chairperson Mukai said that Mr. Mellom would not need to attend the meeting; the Board only needed to have the numbers on delinquencies.

Mr. Taniguchi said the numbers reported would be a dollar or percentage.

Mr. Sumada said that the billing system does generate an *aging summary*, but the amounts in the "buckets" that are presented are large numbers that are not adjusted for payment plans or leak adjustments pending. Therefore, the numbers presented are not realistic numbers; they are not cleaned up. Mr. Sumada said he can offer them to the Board, but he cautioned that the Board needs to understand what the numbers represent.

Mr. Meierdiercks said the main thing is that they are real numbers, no matter what period of time the numbers were taken in. The main thing is that the numbers are consistent down the line, so that the Board can see whether the delinquency trend is going up or down.

The Manager said that although the numbers may not exact, they are an indication.

C. **LEAK DETECTION PROGRAM:**

Mr. Earl Fukunaga, Supervising Water Service Investigator, reported on the Department's leak detection program, officially known as the Non-Revenue Water Loss Identification Program.

Inaugurated in 2000, the program investigates survey areas where there are leaks, he said. Many of the leaks are sub-surface leaks which are not visible, and much water is lost through these leaks. Since 2004, DWS has been using a device known as a Perma-Log, which is a computer that monitors the system. Placed on a valve, main valve, hydrant or service lateral, the Perma-Log's signals are relayed via a reader to a personal digital assistant (PDA). The PDA registers a leak mode or a non-leak mode, to show whether or not there is a leak or some other problem within that parameter.

Mr. Fukunaga explained that water loss may be defined as water, obtained from a source (a Deep Well or Surface Source) and put into a supply (a Reservoir) and distribution or transmission system, that is lost via leaks or is allowed to escape or is taken there from for no useful purpose (such as theft, subsurface main pipeline breaks, hydrant flushing, Fire Department usage, etc.) Water loss is the quantity of water put into the DWS system, minus non-domestic use, plus domestic consumption). This is referred to as "unaccounted-for water," Mr. Fukunaga said.

Before the program started, DWS losses ran about **64 percent**; that is, 64 percent of the water pumped went back into the ground. This was potential revenue that was lost to the Department, Mr. Fukunaga said. In 2003 or 2004, DWS and R.W. Beck, Inc. looked into the percentage of water lost *after* the program started. R.W. Beck came up with 47 percent, and DWS came up with 49 percent. This meant that whatever DWS pumped up from its deep wells, 49 percent went back into the ground. This meant not only revenue that is lost; it was also wear and tear on the motors and pumps because the equipment needed to pump longer hours to keep up with demand, Mr. Fukunaga said.

DWS is using a newer model of logger called the Metro Logger up in Kukuihaele. This device, placed on a valve, hydrant or service lateral, gives a level and a frequency, and whenever there is a reading of 100 or more, it signals Red. This indicates that there is a major leak. Then, Mr. Fukunaga goes out with a **correlator** to pinpoint exactly where the leak is.

Mr. Reynolds asked if the leaks Mr. Fukunaga looks for are on the Department's side of the meters.

Mr. Fukunaga confirmed this. None of the leaks that he tracks are on the consumer's side of the meters. He explained that with the Metro Loggers, DWS also has a GPS navigational system that maps exactly where the loggers are positioned. Mr. Fukunaga goes out and patrols the areas where the loggers are deployed. He then analyses the data from the loggers, and determines whether there is a leak or not. Once it is determined that there is a leak, Mr. Fukunaga goes with the correlator to pinpoint the exact position of the leak. He showed a slide of a Digicorr device, a correlator which he said is very accurate. It can pinpoint to within three inches to three feet of a leak. Mr. Fukunaga described its ability to find a leak as very acute. The device pays for itself because it helps cut down on losses. He cited the example of a leak that involved 221 gallons per minute (GPM) lost. The leak was sub-surface, under a eucalyptus tree in a remote forest above Āhualoa, and the area was dry. The Perma-Log found the leak, and repairs were done. The energy savings after making the repair came to an estimated \$19,514.48 per year.

The program has been conducted in different phases, starting with Phase 1 in South Hilo where 625 loggers are in place. South Hilo has a lot of old pipelines and there are a lot of breaks, Mr. Fukunaga said. Phase 2 is in South Kohala/North Kohala, Phase 3 is in South Kona, Phase 4 is in Ka'u, and Phase 5 has not been designated yet. Phase 1, begun in 2005, involved an estimated 376 leaks repaired, with \$934,580.24 in energy savings to date.

Mr. Fukunaga said that the economic situation has led to an increase in water theft. People steal water through direct connections, where there is no meter to account for the water taken. Thieves fabricate parts to connect to hydrants or water lines so that they can service their homes or businesses. All of the thefts are from DWS's side of the meter. Thieves have their own hydrant wrenches and hoses that they use to direct-connect and take water.

The Manager said the danger posed by these thefts is that there is no backflow preventer. This poses a serious health hazard. He said the Department's policy is that there must always be a meter to account for DWS's water.

Chairperson Mukai said he has seen a lot of people hooking up to hydrants, but he could not tell whether or not they were doing it legitimately.

The Manager asked the Board to call DWS whenever they see somebody using a water line or hydrant that does not have a meter.

Someone on the Board mentioned the Fire Department's use of hydrants.

Mr. Fukunaga said that the good thing with the Fire Department is that they send a monthly log of how many gallons they used and what they did with the water (i.e., practices, etc.). That log helps Mr. Fukunaga keep track because he can audit and obtain production numbers from Finance or Operations. He said he does not know how much is lost to theft.

The Manager noted that the unaccounted-for water includes unauthorized usage as well as leaks. It is all water that DWS cannot account for and does not get paid for.

Mr. Fukunaga said that the Perma-Log system, together with the correlator, makes it much faster and less labor-intensive to find leaks.

Mr. Greenwell asked if DWS has a working arrangement with the Department of Public Works (DPW) on logging water usage.

The Manager said DPW has DWS meters that they use. DWS is in the process of re-writing its policy for that type of use, which involves DPW, the Department of Environmental Management and other agencies that use DWS meters and hydrants. The only department that does not have meters is the Fire Department, and they use the hydrants for practice, etc.

Mr. Greenwell said that he knew for a fact that DPW was hooking up to a hydrant without a meter.

The Manager asked Mr. Greenwell to please call DWS, because DPW is not supposed to hook up to hydrants without a meter.

Returning to his slide presentation, Mr. Fukunaga cited the example of a water leak in the Pi'ihonua water system. A single leak cost DWS \$13,296.69 per year in energy savings, at about \$1,100.00 per month. Fixing just one leak makes a difference, he said. Leak repairs help the Department because it does not need to build more tanks to meet rising demand on the system. The Perma-Log determines at a site whether the increased demand is due to an actual population increase -- or a leak. Mr. Fukunaga said that Ms. Myhre keeps track of invoices from HELCO, and she notifies Mr. Fukunaga when there is a spike in the amount of charges. Mr. Fukunaga then goes on patrol to look for a probable leak. Once a leak is found and repaired, the charge on the next billing drops dramatically. Mr. Fukunaga said that from January 2009 through June 2010, the average of un-metered water had dropped to **19 percent** of the total volume of water pumped. This was a dramatic improvement since 2000, when the average of un-metered water was 64 percent of the volume pumped, and since 2004, when the average lost water was 49 percent of the volume of water pumped.

Mr. Fukunaga summarized the benefits of the Non-Revenue Water Loss Identification Program:

- Reduced energy costs because DWS needs to pump less;
- Less wear and tear on motors and pumps;
- Helps delay well and infrastructure development;
- Savings can be reinvested in future projects;
- Increased energy and water sustainability.

Mr. Taniguchi asked how Mr. Fukunaga knows where to patrol for leaks.

Mr. Fukunaga said that he does random checks where the loggers are in place. When a logger isolates an area and blinks red to indicate a major leak, Mr. Fukunaga goes out with the correlator to pinpoint exactly where the leak is. He noted that about 70 percent of such leaks are under ground and are not visible.

Mr. Perry asked if Mr. Fukunaga had numbers on the Fire Department's water usage, and asked how much of their usage was included in the 19 percent unaccounted-for water.

Mr. Fukunaga said it was difficult to come up with a precise number, but he figured it would range from two to six percent, but that would combine with the estimated theft.

The Manager said that a lot of times, the thefts are done by building contractors, who take water right off of curb stops.

Chairperson Mukai said he thought that while water loss is an issue, an even greater issue is the threat of contamination posed by the absence of backflow preventers.

D. REPORT ON 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. At this meeting, the Committee may do the following:

- Discussion/action on vehicle take-home policy.
- Discussion of DWS's cash handling procedures and proposed changes.

Mr. Taniguchi said Committee members Messrs. Lindsey, Mukai and Taniguchi met with the Manager and Mr. Sumada on October 21, 2010, regarding the take-home vehicle policy. The policy, which is in the final stages of review, will be presented to the Board very shortly, Mr. Taniguchi said.

Regarding the Legislative Auditor's Report, the focus at the meeting was on information obtained at the recent HWWA conference on Kauai pertaining the Honolulu Board of Water Supply's billing system. There is a strong possibility that DWS will be able to utilize the Honolulu Board of Water Supply's system for DWS's billing in the near future, which would translate into an overall cost savings to DWS.

E. ENERGY MANAGEMENT ANALYST UPDATE:

(Item covered earlier in the meeting.)

F. MONTHLY PROGRESS REPORT:

No discussion.

G. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

No discussion.

H. MANAGER'S EVALUATION:

The Board received in their packets copies of an evaluation form for Appointees/Managers, used by the Water Board for the yearly evaluation of the Manager.

Chairperson Mukai asked the Board to complete the evaluation forms and forward the forms to the Secretary by the next Board meeting in November. (*Board members may also bring the completed forms to the November Board meeting and give them to the Secretary then.*)

The Chairperson said he would summarize the evaluations and make a report at the December Board meeting.

I. MANAGER'S REPORT:

The Manager provided an update or status on the following:

1. Palani Road Transmission Waterline Project – The Manager said he was surprised by Mr. Jernigan's statement earlier, and said that Mr. Beck would contact the project's inspector. The Manager said that if the allegations were true, that is not the way things should be done. He reiterated that Mr. Beck would follow up.
2. Hawaiian Ocean View Estates Project – The Manager reported that the pipeline from the tank site to the pump station is complete. The fill station design is also complete and is being reviewed. Mr. Meierdiercks asked about pricing for the fencing and the gate for the fill station. Mr. Inaba said that it will cost \$57,000.00 to fence the fill station. The Manager said that DWS must now find the funds. Mr. Inaba said that DWS is negotiating with the contractor. The Manager noted that the Environmental Assessment said the fill station area was going to be fenced, but when the contractor did the design/build based on available funds, the fence was taken out of the plans. The fence needs to go back in, the Manager said. All in all, the project is proceeding smoothly, he said.
3. Haina Well update – After the well went down, DWS has been temporarily using the State's well above the hospital in Honoka'a. Mr. Okamoto is handling water quality issues there with the Department of Health. The water is slightly more turbid than regular ground water, and it is not clear why. However, DWS has obtained permission to use the water, and it is meeting all of the criteria and requirements, the Manager said. Meanwhile, DWS is pursuing an aggressive public relations campaign to inform the Honoka'a community.
4. National Parks Service issue – The Manager mentioned the Kona Water Roundtable events, which evolved after the National Parks Service (NPS) had concerns about its water quality, etc. The Kona Water Roundtable provides a good forum for people to come and express their concerns and ideas, and to obtain good scientific information. Mr. Meierdiercks noted that past Roundtables have dealt a lot with NPS's issues regarding the effects of subdivision development and infrastructure improvements on their water, in terms of brackishness, etc. He said that every time NPS blames somebody else, it comes back to NPS because everything (i.e., tides, rainfall, etc.) affects surface water and near-ocean surface water in the national park. The Manager said that some of NPS's claims have been unfounded, as proven by scientific facts. The Kona Water Roundtable provides a lot of valuable scientific information, he added.

The Manager reported that DWS made a clean sweep of awards at the recent HWWA meeting. Ms. Aton won the William Y. Thompson Award, and Hakalau Iki Spring won the 'Ono Water Contest. In addition, DWS agreed to take on next year's HWWA conference even though it is not DWS's turn. Oahu was scheduled to host next year's event, followed by Maui. However, due to various circumstances, DWS has agreed to hold the HWWA conference next year.

5. Public Information and Education update – Ms. Aton reported that the Manager was warmly received at the most recent Oceanview community meeting, facilitated by Council member Mr. Guy Enriques. Ms. Aton gave a presentation at the HWWA conference entitled “Taking Care of Our Water, a Communications Perspective.” She noted that the Honoka‘a emergency coincided with the conference, and the Deputy Manager and Mr. Okamoto helped coordinate efforts to get information to the community, the Cabinet, County Council. Ms. Aton attended a Water Education for Teachers (W.E.T.) training on Oahu. Through Human Resources, DWS had a presence at the recent Construction Careers Day event. Yesterday, Ms. Aton and a clerk from Administration distributed flyers regarding water quality assurance to the Honoka‘a community. The information was also posted to the DWS website. Tomorrow there is field trip by Hualālai Academy students to the Kahalu‘u Shaft. The students, who will not go into the Shaft, will also see the hydro-generator and learn about the water source for their area. They will also go to Keauhou Beach Resort for a presentation on ocean water by the specialist there, as well as a Power Point presentation by Ms. Aton regarding what DWS does. Senator Dwight Takamine has asked DWS for updates on DWS’s C.I.P. projects in his district, with DWS’s Engineering and project engineers. On Saturday, November 6, 2010, from 8:00 a.m. to 3:00 p.m., there will be another W.E.T. training. DWS will again be putting out a calendar at Christmas time. The next Kona Water Roundtable is being planned, probably at the new West Hawai‘i Civic Center. Budget projections are being drafted now, at Mr. Sumada’s request. DWS is doing a statewide conservation coordination effort with Mr. Neal Fujii of the State Commission on Water Resource Management.
6. Employee of the Quarter – Mr. Young introduced the Employee of the Quarter, Ms. Myhre, who joined DWS in 2007. Over the past three years, Ms. Myhre has worked on the Waimea Treatment Plant hydro-generator upgrade and the completion of the Kaloko and Kahalu‘u hydro-generators. She has brought DWS into the County recycling program, and is involved in the fleet vehicle fuel management, the Rider M program whereby DWS receives rebates for off-peak energy use, and the Lālāmilo Windfarm. Assuming that the State grants DWS a new lease, the facility is potentially a one-megawatt renewable energy source for DWS’s eight large wells in the area. Mr. Young testified that Ms. Myhre loves her job, and is pleased to be paid to do something she loves. Ms. Myhre quipped that she is happy to have outlasted her three predecessors in this position; she is now the Department’s longest-serving Energy Management Analyst. She thanked the Department for honoring her with this award.

J. CHAIRPERSON’S REPORT:

Chairperson Mukai said he learned a lot at the HWWA conference, particularly regarding backflow and the critical problems it presents to DWS. He said that the Honolulu Board of Water Supply’s presentation on its billing system was timely in light of the strong possibility that DWS will tie in with Honolulu on its billing system.

At this point, Chairperson Mukai passed the gavel to Vice-Chairperson Meierdiercks, saying he had an appointment at 11:30 a.m.

K. VERBAL ADDENDUM FOR WATER RATE STUDY – ADDITIONAL FUNDS:

By verbal addendum, the Board added this Item earlier upon the Manager’s recommendation.

The Manager requested that the Board authorize the inclusion of \$6,100.00 to the current Water Rate Study contract with R.W. Beck, Inc. DWS needs R.W. Beck to look at next year’s proposed rate increase, based on unexpected medical premium expenses. Under the circumstances, DWS is not going to meet the requirement necessary, with the scheduled 2.6 percent increase.

Mr. Sumada corrected it to be a 3.7 percent increase.

The Manager said DWS asked R.W. Beck to take a second look at the proposed rate increase, to meet DWS's expected expenditures, with an eye to a different percentage of rate increase for next year. R.W. Beck's fees came in high, so DWS cut back on the consultant's trips to Hawai'i and the consultant's meetings with the Board. DWS believes its own staff can provide the necessary information to the Board instead. As a result, the total change order came to \$13,000.00, and there are still some funds in the contract, so DWS needs \$6,100.00 in additional funds. DWS is now requesting that the Board approve the \$6,100.00 for the existing Water Rate Study contract with R.W. Beck, the Manager said.

Vice-Chairperson Meirdiercks called for a Motion.

Mr. Reynolds on a point of order asked if it were okay to vote on this appropriation, which was not on the Agenda.

Ms. Garson reminded the Board that the item was added to the Agenda as an Addendum.

Mr. Reynolds said that the public would not know that.

Ms. Garson said that it is an item that is not of significant interest or import to the majority of the public. She noted that the issue is that DWS's contract with R.W. Beck is currently open, and this is an appropriation of \$6,100.00 for a change order to that contract.

MOTION: Mr. Reynolds moved to approve the appropriation of \$6,100.00; seconded by Mr. Kaneshiro.

Mr. Taniguchi suggested that instead, the Board should approve an amount no greater than \$7,000.00, in case the amount comes in a little bit higher. He feared that if the amount came in higher than \$6,100.00, DWS would have to come back to the Board all over again.

The Manager said it was safe to go with \$7,000.00.

Ms. Garson noted that the public record will show that DWS had done a very good job of negotiating the contract down.

The Manager agreed, saying the initial amount proposed by R.W. Beck was \$41,000.00.

Mr. Taniguchi reiterated that if the amount comes in \$50.00 or \$100.00 off, it would be silly to have to come back to the Board.

Vice-Chairperson Meierdiercks agreed, saying it would be added to the contingency fund for additional work. He noted that the \$7,000.00 was just an additional amount, and R.W. Beck has said it was happy with \$6,100.00. He asked if the Board wanted to make a Motion to Amend the Motion.

MOTION WITHDRAWN: Mr. Reynolds withdrew his Motion to approve the appropriation of \$6,100.00; Mr. Kaneshiro withdrew his second.

AMENDED MOTION: Mr. Reynolds moved to amend the appropriation to not more than \$7,000.00; seconded by Mr. Kaneshiro.

Ms. Garson said that the Chairperson or the Vice-Chairperson would be authorizing this change order.

ACTION: Amended Motion carried unanimously by voice vote.

ANNOUNCEMENTS:

1. Next Meeting:

The next meeting of the Water Board will be held on November 23, 2010, at 10:00 a.m. at the Royal Kona Resort, Resolution Room, 75-5852 Ali'i Drive, Kailua-Kona, Hilo, HI.

2. Following Meeting:

The following meeting of the Water Board will be held on December 21, 2010, at 10:00 a.m. at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI.

STATEMENTS FROM THE PUBLIC:

None.

CONTESTED CASE HEARING (NOTICED FOR 11:30 A.M.):

A. WATER SERVICE ACCOUNT NO. 85795490-10 (TMK 7-5-022:020):

The above Contested Case Hearing is to take place in accordance with Chapter 91 of the Hawai'i Revised Statutes and Rule 2-5 of the Rules and Regulations of the Department of Water Supply.

The issues involved in the above-referenced hearing will be Ms. Pamela McLaughlin's appeal of the amounts shown due and owing on account #85795490-10 and consequently, the appeal of the shut-off notice dated September 13, 2010, for failure to pay said amount.

This hearing is being set pursuant to Ms. McLaughlin's verbal request of September 16, 2010.

Ms. Garson asked that this item be deferred to the November 23, 2010, Water Board meeting in Kona, at the request of the customer, Ms. McLaughlin, who lives in Kona.

ACTION: Mr. Reynolds moved to approve deferring the item; seconded by Mr. Taniguchi, and carried unanimously by voice vote.

ADJOURNMENT

Vice-Chairperson Meierdiercks adjourned the meeting at 12:06 p.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.*