

MINUTES

DEPARTMENT OF WATER SUPPLY
COUNTY OF HAWAII
WATER BOARD MEETING

December 21, 2010

Department of Water Supply, Operations Center, 889 Leilani Street, Hilo, HI

- MEMBERS PRESENT: Mr. Dwayne Mukai, Chairperson
Mr. Robert Meierdiercks, Vice-Chairperson
Mr. David Greenwell
Mr. George Harai
Mr. Kenneth Kaneshiro
Mr. Delan Perry
Mr. Joe Reynolds
Mr. Art Taniguchi
Mr. Milton Pavao, Manager-Chief Engineer, Department of Water Supply
(ex-officio member)
- ABSENT: Mr. Bryan Lindsey, Water Board member
Ms. Bobby Jean Leithead-Todd, Director, Planning Department (ex-officio member)
Mr. Warren Lee, Director, Department of Public Works (ex-officio member)
- OTHERS PRESENT: Ms. Kathy Garson, Assistant Corporation Counsel
Mrs. Muriel Nishimoto (arrived at 11:00 a.m.)
Mrs. Liz Shouse (arrived at 11:00 a.m.)
Mrs. Emma Sousa (arrived at 11:00 a.m.)
Ms. Nancy Cook Lauer, West Hawai'i Today
- Department of Water Supply Staff
Mr. Quirino Antonio, Jr., Deputy
Mr. Kurt Inaba, Engineering Division Head
Mr. Rick Sumada, Waterworks Controller
Mr. Daryl Ikeda, Operations Chief
Mr. Keith Okamoto, Engineering Division
Mr. Kawika Uyehara, Engineering Division (arrived at 10:12 a.m.)
Mr. Ken Nishimoto, Operations Division (arrived at 11:00 a.m.)
Mr. James Shouse, Operations Division (arrived at 11:00 a.m.)
Mr. Larry Sousa, Operations Division (arrived at 11:00 a.m.)

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

STATEMENTS FROM THE PUBLIC:

None.

APPROVAL OF MINUTES:

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

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

APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA:

None.

ACTION TO MOVE AGENDA ITEMS:

None.

SOUTH HILO:

A. **JOB NO. 2002-802, CONSTRUCTION OF THE PI‘IHONUA RESERVOIR NO. 2 REPLACEMENT:**

The contractor, Isemoto Contracting Co., Ltd., has requested a 315-calendar day time extension. This request consists of additional time to order the Motor Control Center (MCC) equipment, complete the installation, and make the system operational, and then demolish the existing water tank and appurtenances.

Staff has reviewed the request and finds the 315 calendar days are justified.

This is the first time extension request.

Ext #	From (Date)	To (Date)	Days (Calendar)	Reason
1	12/28/2010	11/8/2011	315	Days required to order the MCC, and complete the remainder of the project, including demolition of the existing facilities.
Total Days (including this request)			315	

The Manager-Chief Engineer recommended that the Board approve a contract time extension to Isemoto Contracting Co., Ltd., of three hundred fifteen (315) calendar days from December 28, 2010, to November 8, 2011, for JOB NO. 2002-802, CONSTRUCTION OF THE PI‘IHONUA RESERVOIR NO. 2 REPLACEMENT.

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

The Manager-Chief Engineer, noting that the time extension seemed excessive, asked Mr. Inaba to explain the reasons for the time extension.

Mr. Inaba said the time extension was because DWS personnel did not pick up on the submittal right away, and lost track of the submittal. He said it was the Department’s fault. The submittal needed to be resubmitted, which made matters worse, he said. DWS got a statement from the supplier on the lead time for the actual equipment to come in, once everything is approved. That is basically the schedule that the contractor put together, i.e., their best guess as to when the contractor can complete the rest of the project.

The Manager-Chief Engineer said that the time extension involves the MCC and the pumps. The rest of the project is going forward; the tank, the booster pump, the configurations, etc. are being done.

Mr. Inaba said the reservoir is being constructed, and DWS will start to fill it in January, and will do a leak test on that portion. Once the reservoir is constructed, it is better to keep it full with water; it is better for the concrete.

Mr. Kaneshiro asked if this was a change order. He also asked if the MCC, etc., were part of the original contract, and whether there was an additional cost involved.

Mr. Inaba said no, it was not a change order. This just means a change in the contract time. Mr. Inaba confirmed that the MCC work was part of the original contract, and said there was no additional cost.

Mr. Taniguchi asked Mr. Inaba to explain how the process works.

Mr. Inaba said that the contractor receives submittals from their suppliers. The submittals show that the contractor intends to order the materials for the project. In this case, everything was sent to DWS, and then DWS reviews the submittals and sends them to the consultant, who does their review. The consultant gets the review back to DWS and to the contractor. If the submittal needs to be resubmitted, the contractor goes back to the manufacturer to get the corrections made. The contractor then resubmits the submittal to DWS and to the consultant. That process gets reiterated until the submittal is accepted and approved. The item in this case, the MCC, is not just something that can be bought off the shelf. The MCC has to be custom-built. Mr. Inaba said this explains the long lead time involved.

Mr. Taniguchi asked if the submittal meant a submittal of the specifications.

Mr. Inaba said yes, the submittal included the diagrams, etc., that specify how this particular piece of equipment should be built.

The Manager-Chief Engineer explained that in the plans for the MCC, the electric engineer provides a conceptual Motor Control Center with all of the proper relays and boxes, etc. The MCC is built in conformity with everything that is in the plans; it is built according to the plans (as opposed to being bought off the shelf). He stressed that the MCC (the Motor Control Center) is a piece of equipment. The submittal goes to the contractor, who in turn sends the submittal to the electrical sub-contractor. The electric sub-contractor in turn contacts the factory, he said.

Mr. Inaba said that DWS's project engineer dropped the ball. The Department sat down and made sure that whatever submittals are coming in are processed as soon as possible to minimize any further delays. In this case, it was at the point that the submittal had to be resubmitted; the submittal had not been approved to begin with, he said. DWS is working to make sure that everything can get done on this project as soon as possible. To streamline the process, DWS is suggesting that submittals get sent directly to the contractor and the consultant, as well as to DWS.

Mr. Harai asked if this time extension is impacting any current or future water services.

The Manager-Chief Engineer said no, this piece of equipment (i.e., the MCC) is only to control the booster pump. The equipment entails cabinets with all of the electrical gears, the appropriate size of wire, etc., according to the design done by the electrical engineer. That is why the MCC cannot just be bought off the shelf.

Mr. Taniguchi asked whether all of this was known up front, and asked whether there was a set end date to complete the project.

The Manager-Chief Engineer confirmed that all of this was in the plans. On the end date, he confirmed that there was a completion date, but it was the Department's fault for not responding fast enough. DWS did not send the submittal for the MCC to the consultant right away. He explained that the electrical sub-contractor will send in a drawing for approval, but will not fabricate anything until DWS has signed the approvals.

ACTION: Motion carried unanimously by voice vote.

B. STEVE SHROPSHIRE HAKALAU AGREEMENT:

At the March 2009 meeting, the Water Board had approved this agreement, subject to Manager-Chief Engineer's recommended changes to the agreement. The developer, Aloha Green, LLC (Steve Shropshire), had sold this property with the condition that the new owner could still have this agreement fully executed.

The Manager-Chief Engineer's recommended changes were incorporated into the agreement, along with the new owner receiving 17 additional units and Shropshire receiving the initial 8 additional units.

The Manager-Chief Engineer recommended that the Water Board approve the revised Water Facilities Agreement and that either the Chairperson or the Vice-Chairperson be authorized to execute the Agreement subject to the review and approval by Corporation Counsel.

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

The Manager-Chief Engineer said this Item is just housekeeping.

Mr. Inaba noted that in March 2009, the Board had agreed to what was a sort of pre-agreement with Mr. Shropshire, the then property owner, that Mr. Shropshire would do certain studies to make sure that the site would be acceptable for a reservoir. Mr. Shropshire did borings to make sure that the sub-surface would be suitable for the tank, and that it would not be too cost-prohibitive for DWS to take on as a project. The site was found to be suitable, and the current agreement formalizes the acceptance of the site, Mr. Inaba said.

The Manager-Chief Engineer noted that since then, the owner has changed. The new owner is Kupaianaha, LLC.

Ms. Garson said that in March 2009, the agreement was between two parties: Mr. Shropshire and the Water Board. Conceptually, the Board at the March 2009 meeting had agreed to the terms of that agreement. However, Mr. Shropshire was then in the process of selling, or had sold, or was closing, with the new owner. At that point, DWS decided that it did not make sense to execute with Mr. Shropshire, because he was going to sell the property. The Water Board needed to have an agreement with the new owner, Ms. Garson said. The current agreement is basically a tri-party agreement, which includes the new owner, Mr. Shropshire and the Water Board. This agreement adds a third party, the new owner, she said.

The Manager-Chief Engineer said that the main benefit from the agreement is that it will provide for DWS a reservoir site to replace the small 20,000-gallon reservoir that is at the top of Chin Chuck Road now. He noted that DWS had had a difficult time finding a tank site on Chin Chuck Road.

Ms. Garson said that the current agreement differs from the previous agreement because the current version incorporates things about the new owner and where the responsibility lies. The essential terms are not changed, but the language has changed, she said.

Mr. Taniguchi pointed out language in the new version on Page 3 (d) and (f) that seemed to Mr. Taniguchi to be open-ended. Mr. Taniguchi asked for clarification of the term "timely" in paragraph (d).

Ms. Garson said that looking back at paragraphs (b) and (c), the developer is to dedicate the property within 60 days of the later of subdivision approval or appraisal of the property. She said that the word "timely" refers to the 60 days after either the subdivision or the appraisal of the property. Those dates are not set in stone, and that is why it is within 60 days of either subdivision or appraisal that the dedication is supposed to take place, Ms. Garson said.

Mr. Taniguchi said the wording in paragraph (d) was “timely dedicate”; it did not say within 60 days.

The Manager-Chief Engineer said that wording could be changed to make it clearer.

Mr. Taniguchi asked about the wording in paragraph (f). He asked whether, if either party does not comply with any of its obligations, this agreement can be terminated with no right or obligation of any party.

Ms. Garson started to answer in the affirmative.

Mr. Taniguchi asked if, for example, DWS has spent money already and the other parties are supposed to reimburse DWS, the other parties can say they do not have to reimburse DWS. He asked if that is what it means.

The Manager-Chief Engineer said that DWS would not be spending any money.

Chairperson Mukai said his understanding is that the agreement involves the dedication of the property, which now can go forward. The agreement involves what goes *before* the property comes under DWS’s control. His understanding is that once the property comes under DWS’s control, then becomes DWS’s property.

The Manager-Chief Engineer said DWS would not lose anything if it terminates the agreement, because that would mean that the property was not dedicated to DWS anyway.

Chairperson Mukai said basically, DWS is looking to have the developer dedicate the property to DWS.

The Deputy said that in return for the developer dedicating the property, DWS will grant the developer a certain amount of water commitments so that the developer can subdivide a piece of property within the same service area. If the developer does not dedicate the property, the developer will not get the water. In other words, DWS will not lose anything, he said.

Ms. Garson said that DWS would be purchasing at the appraised value.

Mr. Taniguchi said he was scared by the wording in paragraph (b) on Page 4, saying that “DWS shall bear all costs and expenses of this subdivision.”

The Deputy clarified that the subdivision in question was for DWS’s (one-acre) parcel for the tank site.

Mr. Taniguchi said the wording made it seem as if DWS were responsible for the entire subdivision.

Ms. Garson said, no, it only involved DWS’s lot.

Mr. Inaba said that DWS would not have any other subdivision tied in here. He noted that the developer cannot get the water to subdivide until other improvements are done on this particular (one-acre) property.

The Manager-Chief Engineer said that besides, the developer could not subdivide the same lot that the tank is going into, because to do so would not fall within the service requirements.

Mr. Greenwell asked whether there was a possibility that the one-acre parcel might not be subdivided in the near future, amid the property changing owners. He asked whether this might delay DWS from getting the tank site, which DWS considers crucial to the Department.

The Manager-Chief Engineer said that the new tank would replace the one that DWS already has in service, which is much too small.

Mr. Greenwell asked if it was crucial that DWS gets the tank site immediately.

The Manager-Chief Engineer said no, DWS can wait.

Ms. Garson, addressing Mr. Taniguchi, said she thought his concern with Page 4, paragraph (b), was with the wording that refers to the subdivision of “The Property.” She clarified that “The Property” refers to the one-acre tank site. She suggested that the wording could be revised to say: “DWS shall bear all costs and expenses of the subdivision of The Property.” That would make clear that this is the subdivision referred to in paragraph (a), i.e., the one-acre parcel referred to on the first page of the agreement.

Chairperson Mukai said he appreciated that Mr. Taniguchi had taken the time to go through the agreement line-by-line.

Ms. Garson expressed her appreciation as well, saying that the clarifications would make it understandable to anyone reading the agreement.

The Manager-Chief Engineer agreed, saying that the Department will make sure that future agreements will be written clearly to alleviate any such confusion.

Ms. Garson asked the Board to approve the two changes that were made to the agreement:

Page 3, paragraph 1(d):

“If for any reason Kupaianaha and Shropshire do not ~~timely~~ dedicate the Property and all necessary easements, **in accordance with paragraphs 1(b) and 1(c) above**, said failure will be considered a material breach of this Agreement, and this Agreement will be terminated with no further right or obligation on the part of either party.”

Page 4, paragraph 2(b):

“DWS shall bear all costs and expenses of ~~this the~~ subdivision **of The Property**, provided that if for any reason, Kupaianaha does not dedicate said parcel, Kupaianaha shall reimburse DWS all costs and fees associated with said subdivision.”

AMENDMENT TO MAIN MOTION: Mr. Taniguchi moved to approve the Amendment to the Main Motion; seconded by Mr. Reynolds.

Mr. Reynolds asked whether all that the Board was talking about involved plus or minus one acre.

Ms. Garson confirmed this.

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

Chairperson Mukai asked if there was any further discussion on the Main Motion as Amended.

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

HĀMĀKUA:

A. DRINKING WATER STATE REVOLVING FUND RESOLUTION NO. 2010-01:

(Note: Resolution requires roll call vote)

Resolution No. 2010-01 is for the project which DWS has submitted a loan application, under the Drinking Water State Revolving Fund (DWSRF). One of the prerequisites for the loan is a Resolution approved by the Water Board. This Resolution is specifically identified for the following project: JOB NO. 2009-952, KUKUIHAELE PRODUCTION WELL AND SUPPORTING FACILITIES, and

authorizes the Manager-Chief Engineer or Deputy to execute loans and/or grants with the State Department of Health for up to \$1,750,000.00.

The Manager-Chief Engineer recommended that the Water Board adopt Resolution No. 2010-01 subject to the approval of Corporation Counsel.

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

The Manager-Chief Engineer noted that this Resolution was being done to fulfill the requirements of the DWSRF. This involves a low-interest loan funded by the U.S. Environmental Protection Agency (EPA), through the State's Department of Health. This production well will supplement the well that DWS previously drilled in Kukuihaele.

Chairperson Mukai asked if DWS would pursue funding elsewhere if DWS does not get the loan.

The Manager-Chief Engineer said yes, DWS would then try to go through regular C.I.P. monies or whatever monies DWS can get to do the well. He noted that several years ago, DWS drilled a well in Kukuihaele that proved to be salty. This new production well is important to DWS because currently the Department must haul water to the area at great expense to DWS.

Mr. Taniguchi asked what the interest rate for the loan was, and for how long.

Mr. Sumada said it would be 4 to 5 percent interest, for 20-25 years.

ACTION: A roll call vote was taken. Motion carried unanimously by eight (8) Ayes: Mr. Kaneshiro (Aye); Mr. Greenwell (Aye); Mr. Harai (Aye); Mr. Taniguchi (Aye); Mr. Meierdiercks (Aye); Mr. Perry (Aye); Mr. Reynolds (Aye); and Chairperson Mukai (Aye). Zero (0) Nays; one (1) absent: Mr. Lindsey.

SOUTH KOHALA:

A. **INTER-GOVERNMENTAL AGREEMENT BETWEEN THE STATE OF HAWAII – DEPARTMENT OF LAND AND NATURAL RESOURCES AND THE COUNTY OF HAWAII – DEPARTMENT OF WATER SUPPLY: REGARDING DEDICATION OF WAIMEA EXPLORATORY WELL:**

The Water Board approved an inter-governmental agreement between the Department of Land and Natural Resources (DLNR) and the Department of Water Supply at the September 28, 2010, Water Board meeting. However, the State is requesting changes to subject agreement.

(This Item was deferred from the November 23, 2010, Water Board meeting.)

Ms. Garson asked that the Item be deferred again, to the January Board meeting, because she is still negotiating the terms with the State.

ACTION: Mr. Meierdiercks moved to defer; seconded by Mr. Greenwell. Motion carried unanimously by voice vote.

B. **WAIKOLOA RESERVOIR NO. 1 EARTHQUAKE REPAIRS:**

The Waikoloa Reservoir No. 2 project is complete, and the reservoir will be filled and tested as soon as the State Department of Land and Natural Resources (DLNR) approves the first filling plan. Once this reservoir is full and in use, DWS will be able to drain Reservoir No. 1 and fully assess the damages, as well as design the repairs. It is anticipated that the fill plan for Waikoloa Reservoir No. 2 will be approved, and that the reservoir will be put into use by the end of February 2011.

The current FEMA project worksheet is for only \$8,650.00; however, the estimate will be revised once the Department is able to determine the extent of the damage. It is anticipated that the cost will be close to \$2,500,000.00, if the repairs are similar to Reservoir No. 2. A time extension for the repairs was approved by FEMA until March 31, 2012, and thus the Department anticipates that DWS will be reimbursed approximately 40 percent of the actual bid prices based on the Reservoir No. 2 project.

The Manager-Chief Engineer recommended that the Board approve the addition of the Waikoloa Reservoir No. 1 Earthquake Repairs project to DWS's C.I.P. list for 2011.

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

The Manager-Chief Engineer said this Item was on the Agenda so that the Board could approve having the Reservoir No. 1 repairs put on the C.I.P. list. He explained that Reservoir No. 2 was fixed first, following the earthquake in 2006. The reason that DWS scheduled repairs for one reservoir at a time was because the Department did not want to give up storage; currently, Reservoir No. 1 is half-filled, along with Reservoir No. 3. DWS currently has about 85 million gallons of storage. Now that repairs on Reservoir No. 2 are complete, the Department can start repairs on Reservoir No. 1. About 40 percent of the repair work costs are reimbursable by FEMA, the Manager-Chief Engineer said.

Chairperson Mukai asked where the other 60 percent would come from.

The Manager-Chief Engineer said the funds would come from DWS.

Chairperson Mukai asked whether that was currently being funded, but then he noted that the Board had not yet addressed the funding for Reservoir No. 1 repairs.

The Manager-Chief Engineer said DWS needs to budget for it. It is a future project, so that is why DWS is asking the Board to put it on the C.I.P. schedule.

Mr. Inaba explained that the extent of the damages to Reservoir No. 1 is unknown, until the reservoir is drained. The consultant will then go in and investigate, he said. From initial observation by DWS's consultant and the State, it is assumed that the damages to Reservoir No. 1 are not as serious as the damages to Reservoir No. 2. DWS is hoping that the cost to repair Reservoir No. 1 will be a lot less, he said, noting that DWS got extremely good bids for the repairs to Reservoir No. 2.

Mr. Greenwell asked about Mr. Inaba's statement that the damages to Reservoir No. 1 did not seem as bad as the damages to Reservoir No. 2.

Mr. Inaba said that this assumption was based on visual observation of the reservoir, which had no visible leaks on its exterior. The assumption is that some of the cracks in the reservoir may have occurred from a certain level up. There were "boils" observed at the base of the slope, when the water level exceeded a certain height. The water was lowered to levels where cracks in the panels could be seen, and DWS did some patching to allow the water to be brought up a little bit. Mr. Inaba said that is why the reservoir is slightly more than halfway full, with no visible "boils" coming out of the slope.

The Manager-Chief Engineer said the extent of the damage will only be known once work on the reservoir starts.

Mr. Inaba agreed that it would be very difficult to determine, until DWS can get in there with ground-penetrating radar equipment on the slopes.

The Manager-Chief Engineer noted that Reservoir No. 2 (the recently repaired reservoir) was in bad shape even before the earthquake.

ACTION: Motion carried unanimously by voice vote.

MISCELLANEOUS:

A. DEDICATION OF WATER SYSTEMS:

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

1. GRANT OF EASEMENT AND BILL OF SALE

Subdivision Application No. 2004-238
Kaloko Light Industrial Subdivision, Phase 3
Grantor/Seller: TSA, LLC
Tax Map Key: (3) 7-3-051: 060
E.W.O.: 2008-025
No. of Lots: 31 and Remainder Lot Zoning: MCX-1a
Facilities Charge: \$ 453,750.00 Date Paid: 01/09/2009
Final Inspection Date: 09/14/2010
Water System Cost: \$406,927.00

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

ACTION: Mr. Kaneshiro moved to approve; seconded by Mr. Perry. Motion carried unanimously by voice vote.

B. REPORT OF AD HOC FINANCE COMMITTEE:

The Water Board's Ad Hoc Finance Committee Chairperson, Mr. 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 there was no report because the Committee was unable to meet due to scheduling conflicts. He said he expected to have a report at the January meeting.

C. PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW, DECISION AND ORDER FOR 11-23-10 CONTESTED CASE HEARING REGARDING WATER SERVICE ACCOUNT NUMBER 85795490 (TMK: 7-5-022:020) (IN THE MATTER OF THE APPEAL OF PAMELA MCLAUGHLIN):

The above Contested Case Hearing took place on November 23, 2010, 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.

Review and adopt the Proposed Findings of Fact, Conclusions of Law and Decision and Order.

ACTION: Mr. Meierdiercks moved to adopt; seconded by Mr. Taniguchi. Motion carried unanimously by voice vote.

D. ENERGY MANAGEMENT ANALYST UPDATE:

(To be deferred to January 25, 2011, Water Board meeting.)

ACTION: Mr. Meierdiercks moved to defer; seconded by Mr. Perry. Motion carried unanimously by voice vote.

E. MONTHLY PROGRESS REPORT:

The Manager-Chief Engineer noted that construction in general has been really slow on the Big Island, with even the private subdivisions down, so DWS's inspectors are devoting their attention to the Department's projects.

Mr. Taniguchi asked about the Keōpū-Pu'uhonua Production Well and 1.0 MG Reservoir project in North Kona, which he noted was 99.9 percent completed. He noted that the Monthly Progress Report shows that DWS paid out \$4.9 million on the project, and asked whether DWS anticipated paying much more on it.

Mr. Okamoto said any other spending would be the retainage, which is basically 2.5 percent of the project cost.

Mr. Taniguchi said that was good because the project, for which DWS paid \$4.9 million, came in way below the total allotted amount (\$5,390,000.00).

The Manager-Chief Engineer explained that retainage is money withheld from a project, in accordance with the General Requirements and Covenants. In the end, the retainage comes to about 2.5 percent, he said.

F. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

Mr. Taniguchi asked whether the money that DWS gets back from the Federal government goes into interest income.

Mr. Sumada said yes, the general obligation bond subsidy does, adding that it is counted in as revenue.

Mr. Taniguchi noted that the Accounts Receivable Aging Summary shows two months of information. The total receivables rose by about \$500,000.00, compared with the previous report. He asked whether that was a timing issue.

Mr. Sumada said it was a function of the billings that DWS processed during that month, compared with last month. He noted that it takes two months in order to get through all of the routes, and that maybe the third and fourth month would be good months to compare to the first two months.

Mr. Taniguchi asked about the different cycles listed on the report.

Mr. Sumada said that the cycles refer to the nine districts on the island; Cycles 1 through 9 correspond to the nine districts. The Cycles 91 and above relate to the monthly billings, i.e., accounts that DWS generates every month.

G. POWER COST CHARGE:

A Public Hearing on December 21, 2010 at 9:45 a.m., immediately preceding this regular Water Board meeting, took testimony on raising the Power Cost Adjustment to **\$1.75** from the current Power Cost Charge of \$1.66. The approved rate will be effective on the first day of the month after the establishment of the rate by the Water Board.

ACTION: Mr. Meierdiercks moved to approve the adjustment of the Power Cost Charge to \$1.75, from the current \$1.66; seconded by Mr. Taniguchi. Motion carried unanimously by voice vote.

H. WATER RATE STUDY:

Update on the status of R.W. Beck's revision of water rates for the years Fiscal Year 2012 through Fiscal Year 2015, adjusted for the inclusion of additional funding, primarily for medical premium contributions to the State's Employer Union Trust Fund (EUTF) for future retirees, and for CIP Reserves.

Funding for this analysis was approved at the Board's October 26, 2010, meeting.

Mr. Sumada referred to the handout regarding the proposed water rate increases distributed to the Board today. With the new information regarding additional expenses that DWS provided to R.W. Beck, the consultant anticipates that DWS will need to revise its water rate increases in Fiscal Year 2012, from the originally approved rate increase of 3.7 percent to a revised rate increase of 6.8 percent. R.W. Beck also anticipates that DWS will need to revise its water rate increases in Fiscal Year 2013, from the originally approved rate increase of 2.2 percent to a revised rate increase of 4.2 percent. (All of the other fiscal years in the five-year period of the Water Rate Study are unchanged as follows: In Fiscal Year 2011, the approved rate increase is for 5.8 percent; for Fiscal Year 2014, the approved rate increase is for 4.3 percent; and for Fiscal Year 2015, the approved rate increase is for 2.7 percent.) Summing up, R.W. Beck saw the need to change what had already been approved for only two fiscal years, FY12 and FY13. Mr. Sumada said that he did not have the actual rates that correspond to these increases, but will bring them to the Board when they are available.

Chairperson Mukai asked Mr. Sumada to explain the reason for the revised rate increases, vis a vis the situation with DWS's current employees' medical benefits.

Mr. Sumada explained that about three years ago, accounting rules changed for funding medical benefits for retirees. Before then, DWS just paid those costs every month as they were incurred by retirees. The new accounting rule that came into effect three years ago forced employers to start funding retirement costs for medical benefits for **current** employees now. In other words, retirement costs for employees who are *still* working, need to be paid to the EUTF now instead of waiting till they retire. The State of Hawai'i hired an actuary to forecast the amounts over the next 30 years.

The Manager-Chief Engineer said that public hearings will need to be held regarding the revised rate increases.

Mr. Perry asked how much this pre-funding adds to DWS's medical costs.

Mr. Sumada said in each of the first three years since the new rule came into effect, DWS was paying about \$1 million into the EUTF. However, just recently, the actuary's report doubled the amount that DWS will need to pay annually, to \$2 million. He explained that it was based on a discount rate that dropped from 8 percent, to 7 percent, which created that increase. That changed dramatically the amount that DWS needed to put into the EUTF every year.

Mr. Perry asked if that was just to comply with the new rule.

Mr. Sumada said yes, the amount is \$2 million a year, ongoing.

Chairperson Mukai said the Board would look forward to seeing the hard numbers as they become available.

I. MANAGER-CHIEF ENGINEER'S REPORT:

Before launching into the agenda items for this Item, the Manager-Chief Engineer said that the Chairperson had asked the Department to report on a news article regarding a study of 35 cities whose water supplies were tested for hexavalent chromium (aka Chromium 6). In the article, Honolulu's water

supply tested third highest among the cities in the study for hexavalent chromium. This contaminant was at the center of the celebrated Eric Brockovich lawsuit on behalf of the citizens of Hinckley, CA.

Mr. Okamoto, in charge of DWS's Water Quality branch, noted that hexavalent chromium is not on the EPA list of contaminants to test for; it is *part of a group* that DWS does test for. Hexavalent chromium is a compound that is contained in Total chromium, which DWS does test for. He reported that DWS has never had any problems with Total chromium, with any traces found being well below the MCL (maximum contaminant level.) The MCL for chromium is 100 parts per billion, and DWS has only ever seen single-digit hits of chromium, along the order of 1 to 8 parts per billion. This is well below the MCL for chromium, he said.

Chairperson Mukai asked Mr. Okamoto to explain MCL.

Mr. Okamoto said the MCL is the maximum contaminant level that the EPA establishes among a long list of contaminants, based on scientific analysis. EPA also weighs in on associated risks based on exposure to these individual contaminants, he said. DWS faithfully complies with EPA's guidelines, he said.

Chairperson Mukai noted that of the 35 cities tested for hexavalent chromium, only three cities tested were below the MCL.

(The agendized topics for this Item are as follows:)

- 1) Palani Road Transmission Waterline Project – Mr. Inaba reported on the areas of concern raised by the residents at the November Board meeting, based on the meeting's Minutes. The first area Mr. Inaba covered was **Mr. Teruo Matsumoto's driveway**. DWS inspected the area in question and the contractor was asked to verify the location of the drywell installation. It was verified that the drywell was in the location as specified on the plans. A change order is being proposed to widen the driveway by either re-grading the entrance or building a retaining wall closer to the drywell. DWS personnel went to the site and found that the water line was not in the location specified in the plans. That connection must be redesigned, Mr. Inaba said. DWS is going to have to do extra work to push the line further into the Māmalahoa Highway so that the pressure reducing valve (PRV) can be put at that location. As it stands now, the embankment there is really steep at the top; there is a drop-off that presents a hazardous situation. Therefore, there is not much room for the PRV to be moved further makai, so some changes must be made to that location, he said. DWS is asking the contractor if he can backfill it for now, and temporarily attach there so that DWS can have access to the site again. DWS is asking the contractor for a sketch of what is out there, to enable DWS to tell the contractor what work has to be done. Mr. Inaba said that DWS has some responsibility to maintain the grading within the easement, where it affects individual access. Mr. Greenwell asked if there was a power pole/guy wire that presented problems. Mr. Inaba said DWS is not touching the power pole or the guy wire that were there before DWS got there. The power pole/guy wire are not part of DWS's project. The problem is that once DWS put in the drywell, the trucks accessing the property could not access the property as they used to, using the mauka shoulder of Mr. Matsumoto's driveway. The driveway is not wide enough for the big trucks hauling coconut trees, etc., from Mr. Matsumoto's property. Mr. Inaba said that the elevation was correct, as verified by DWS's inspector. The drywell was installed with DWS's project to catch some of the run-off within the Jernigans' easement road. Regarding **Mr. Matsumoto's complaint about the road restoration (of Kuni Road)**, the portion of the road in question is under the jurisdiction of the County, Mr. Inaba said. It is DWS's understanding that the contractor will be re-paving this section of the roadway (i.e., removing what was already installed). DWS's inspection of these pavement repairs found that the surface appeared to be the Asphalt Treated Base (ATB) material that was in question on Kuni Road and

Mr. Jernigan's driveway. The surface was smooth and it was *not* unraveling or eroding. The runoff appeared to be from the basecourse material on the *shoulder* of the road, which was noticeably eroded, and will have to be addressed by DWS and/or the contractor. DWS will look at putting bigger material in, to prevent erosion. At this point, Chairperson Mukai asked that Mr. Inaba pause in his presentation to allow for the Recognition of Service Retirements.

- 2) Recognition of Service Retirements – All three of the employees retiring at the end of the year belong to the Operations Division, so Operations Chief Mr. Ikeda did the introductions.

Mr. Ken Nishimoto, Lead Water Meter Mechanic, started out in 1978 as a meter reader in Hilo. He worked his way up to Water Works Helper, then to Meter Room and ultimately to his current position. He leads a three-man crew that takes care of all of the fire hydrants and large meters on the island. **Mr. James Shouse** started with DWS in 2002 in Kona as a Water Works Helper. He transferred closer to home, Waimea, where he first worked as a Building Maintenance Helper, up to his current position as Water Plant Operator. He has covered a wide swath of territory, ranging from Laupāhoehoe to North Kohala to Lālāmilo. Mr. Shouse makes sure every day that the system is working and that everybody has safe water to drink. **Mr. Larry Sousa** started with DWS in 2002 as a Mechanical Engineer I, working his way up to his current position as Mechanical Engineer III. When a well goes down, Mr. Sousa is on it. He does the specifications and chases the contractors to get the pumps up and running as soon as possible. All three of these gentlemen will be sorely missed, Mr. Ikeda said. Chairperson Mukai thanked the soon-to-be retired DWS staff for their dedicated service and expertise.

Mr. Inaba resumed his report on Palani Road concerns. Regarding **Mr. Mark Jernigan's driveway access to Māmalahoa Highway**, the contractor, in an effort to complete this section, discovered last week that the existing 16" waterline in the highway is located closer to the right-of-way than was specified in the plans. This will affect the tie-in and will have to be redesigned as the PRV will not fit in the location as specified in the plans. This is being addressed by DWS. In the meantime, DWS will work with the contractor to possibly temporarily backfill the area to allow access, and then go back when the redesign is complete to proceed with the contractor's work on Māmalahoa Highway.

Concerning **Mr. Jernigan's Driveway quality concerns**, DWS concurs with Mr. Jernigan regarding the material used for the driveway, and will require the contractor to correct it. However, DWS did inspect the driveway after the Board Meeting on November 23, 2010, and did not find that the pavement was unraveling or in bad condition. If the pavement was done with the proper material, it would have appeared to meet the contract specifications. The *shoulder* of the driveway had noticeable erosion, and that is going to be addressed by DWS and/or the contractor.

Regarding **Mr. Jernigan's driveway drainage concerns**, Mr. Inaba said that the runoff from Mr. Jernigan's property, that used to cross his driveway and flow down to Kuni Road, and which is now headed straight for Mr. Fred Housel's property, is being looked at in the field to determine where/how to get the water to the north side where the drywell was installed. Without observing conditions while it rains, it is very difficult to determine exactly where the road should be re-graded to make the water go back across, Mr. Inaba said.

Regarding **Mr. Jernigan's request for compensation vis a vis the easement over his driveway**, DWS is going to meet with Corporation Counsel on this matter. A report to the Board will be made on the findings. A date has not been set for this meeting yet, Mr. Inaba said.

Turning to **Mr. Housel's concern with the condition of Kuni Road**, Mr. Inaba noted that he had covered the condition of Kuni Road earlier.

Regarding **Mr. Housel's concern about the 4'x3' hole in the center of Tomi Tomi Drive**, DWS will work with the contractor to temporarily fill this hole with cold mix until the contractor redoes the entire road, Mr. Inaba said. The contractor intended to complete this with the repaving of Kuni Road and Mr.

Jernigan's driveway. However, that may be delayed due to the redesign requirement at the Māmalahoa Highway, he said.

Regarding **Mr. Housel's concern that rock wall along Tomi Tomi Drive from the stop sign south, has not been replaced**, DWS will make sure that this is replaced upon completion of the project. The contractor has mentioned that there are certain rock walls that were removed and have not been replaced, due to the likelihood of the rock walls being damaged by construction activity. DWS went out and it appears that the rock wall in question has been replaced, and the contractor said that he replaced it. However, it is not known at this time whether the rock wall met with Mr. Housel's or the community's approval, Mr. Inaba said.

Regarding **Mr. Housel's concern about the temporary hoses installed for construction**, the contractor has stated that those hoses are still needed for construction purposes. Mr. Inaba said the temporary hoses will be removed once they are no longer needed.

Regarding **Mr. Housel's concern about Mr. Matsumoto's driveway entrance**, DWS is working on a proposal to improve the situation as Mr. Inaba mentioned earlier.

Regarding **Mr. Housel's concern of the south end of Tomi Tomi Drive not being paved and being a source of dust**, the contractor has been reminded that this situation still exists in this location, and that dust control is their responsibility. Mr. Inaba noted that no dust complaints have come in recently, possibly due to recent rainfall in the area.

Regarding **Mr. Housel's rock wall at the mauka end of Kuni Road**, DWS will confirm with the contractor that the contractor needs to correct this condition, if the contractor has not already done so. The inspector has been asked to take a picture of that rock wall, and confirm with photos taken previously whether that was an existing condition. The inspector says he believes that it *is* an existing condition. DWS is trying to see if there are previous photos to verify this, Mr. Inaba said. The Manager-Chief Engineer said that DWS does have pictures taken prior to the signing of the contract; the photos were taken in anticipation of this kind of problem. Mr. Inaba said the section in question was a small section, and he was unsure whether the contractor had made any agreement to replace it.

On **Mr. Housel's concern regarding Kuni Road, run-off and the need for a drywell**, DWS will look into diverting storm water to the drywell above Mr. Matsumoto's driveway, Mr. Inaba said. As for the condition below Mr. Matsumoto's driveway as stated by Mr. Jernigan, this was an existing condition. However, DWS will look into what improvements that the contractor should do as a change order, to minimize the runoff caused by the waterline project. There is not much room on Kuni Road, and there is no room on the shoulders for a drywell, Mr. Inaba noted.

Regarding **Mr. and Mrs. Larry McCabe's concern that CTS will resurface their driveway**, DWS will check into this. However, it is not DWS's kuleana to enforce this. This was an agreement worked out between the homeowner and the contractor, and it is beyond the scope of the contract between DWS and the contractor. He noted that this agreement came about amid the constant clearing of debris that the McCabes had to do, as well as the fact that the driveway was not as nice as it used to be. Chairperson Mukai asked about what he thought was a tongue-in-cheek request to power-wash the McCabes' home. Mr. Inaba said that the McCabes told him that all they really wanted was for CTS to resurface their driveway.

Mr. Perry, noting that he went with Mr. Inaba on the site visit following the November meeting, asked what the final decision was on the material to be used on Kuni Road. Mr. Inaba said that the section within Kuni Road that ties into Tomi Tomi Drive is the County section of the road, and must be taken out (as opposed to being overlaid), because the finished grade has to blend in with the rest of the County road. It is certain that the County section of the road is going to be taken out and resurfaced; the County will lay down its regular County asphalt mix.

Mr. Taniguchi asked whether the same people would be affected by the fact that the contractor may have to dig up additional areas because the water lines were not tied in properly. Mr. Inaba said the contractor will have to close off that access while working at the County's Māmalahoa Highway (the mauka road). The contractor is anticipating that it will take some time to get the design done. DWS needs to make sure that everything is in place and that the work is ready to go ahead before the access is blocked off again, Mr. Inaba said.

Mr. Taniguchi asked whether DWS would make a site visit when the residents are present. Mr. Inaba said that he has met with the residents, and will again meet with them to make sure all of the concerns are made clear so that the contractor may address them. Mr. Taniguchi said he hopes this can happen by the time of the Board's next meeting in Kona (in February).

Mr. Meierdiercks urged the Department to carefully preserve for the record all of photos of any site visits.

Mr. Inaba noted that he had taken the photos the previous afternoon, following a torrential rain. The photos show that there are ruts in the shoulder that the contractor needs to take care of, he said.

Mr. Harai suggested that the photos should have captions to identify the locations and property owners.

- 3) Hawaiian Ocean View Estates Project – All of the permits, including one pending from the Department of Health, will be in hand very soon, and the contractor will start construction work on the fill station in January. The pipeline between the tank site and the fill station has been installed.
- 4) Haina Well Update – The well is back in service, so DWS can stop using the state well located above the Hospital.
- 5) County of Hawai'i's Water Spigots Project – DWS met last week with the County to settle some issues. This project involves multiple funding; funding is with the County and with DWS. It was agreed that the County will administer the contract, and DWS will provide the inspection and all of the administration. DWS will certify the funds that DWS has to go into the County contract. He stressed that the contract is a County contract; the Mayor will sign it instead of the Board.

Chairperson Mukai mentioned a letter to the Manager-Chief Engineer dated December 7, 2010, from State Representative Bob Herkes, into which the Chairperson was cc'ed. Chairperson Mukai asked if the questions in the letter had been addressed.

The Manager-Chief Engineer confirmed that DWS was in the process of answering Mr. Herkes's questions. The response letter has been drafted and is in the process of being typed up. The Manager-Chief Engineer offered to forward copies of DWS's response to each of the Board members.

Chairperson Mukai said that Mr. Herkes's letter asked for information; nothing in the letter is earth-shattering.

Mr. Inaba said that a lot of the questions were in DWS's original submittal to Mr. Herkes (sent several months ago).

The Manager-Chief Engineer said that much of Mr. Herkes's letter questions DWS's standards.

J. BOARD MEMBERS' SERVICE:

Section 13-4(d) of the County Charter allows a Board Member whose term has expired to serve an additional 90 days or until a successor is appointed and confirmed, whichever comes first.

Pursuant to Section 13-4(d) of the County Charter, expired term Board Members will be allowed to serve an additional 90 days or until their successor is appointed and confirmed, whichever comes first, if so desired.

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

Ms. Garson noted that only Mr. Harai's term expires at the end of the year.

The Manager-Chief Engineer said that Mr. Harai, if he so desires, has the right to serve an additional 90 days.

Mr. Harai quipped that he would do it for the "per diem".

ACTION: Motion carried unanimously by voice vote.

K. ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON FOR 2011:

Chairperson Mukai noted that it has been his pleasure to serve as Chairperson in 2010, and he had no problem continuing in 2011 as Chairperson if the Board approved.

MOTION: Mr. Meierdiercks moved to nominate Chairperson Mukai as Chairperson for 2011; seconded by Mr. Taniguchi.

Chairperson Mukai asked if there were other nominations.

MOTION: Mr. Taniguchi moved that the nominations for Chairperson be closed; seconded by Mr. Meierdiercks.

ACTION: Motion carried unanimously by voice vote.

Chairperson Mukai thanked the Board for its support. He noted that there was a nomination for Vice-Chairperson for 2011, Mr. Meierdiercks. Chairperson Mukai noted that Mr. Meierdiercks had served admirably as Vice-Chairperson this year, and had served as Chairperson in the past.

MOTION: Mr. Taniguchi moved to approve the nomination of Mr. Meierdiercks to serve as Vice-Chairperson in 2011; seconded by Mr. Perry.

Chairperson Mukai asked if there were any further nominations from the floor.

ACTION: Motion carried unanimously by voice vote.

Chairperson Mukai noted that 2011 would be his final year on the Board, while Mr. Meierdiercks has two more years on the Board.

L. EXECUTIVE SESSION:

The Manager-Chief Engineer waived his right to an Executive Session, electing to have an open session to discuss the evaluation of the Manager-Chief Engineer, as authorized by Hawai'i Revised Statutes, Sections 92-4 and 92-5(a)(2).

Ms. Garson noted that because the Manager-Chief Engineer elected to have an open session, the Board now could move to the next Item, 8(M), MANAGER-CHIEF ENGINEER'S EVALUATION.

M. MANAGER-CHIEF ENGINEER'S EVALUATION:

Chairperson Mukai noted that the Evaluation Form listed eight criteria upon which the Board evaluated the Manager-Chief Engineer. The Chairperson said that in his summary, he listed the ratings on each member's evaluation form, in no particular order, along with any comments from the members. The ratings shown were for the years 2006 through 2010. On the bottom of the second page of the summary done by the Chairperson, there is an overall evaluation grade for 2010 which is basically an average of all of the scores. On the final page, the Chairperson commented that the scoring trends are something to look at, but not something to give too much weight to, because the composition of the Board changes year to year. The way the ratings are done can vary greatly depending on the individual member.

The Chairperson noted that one Board member elected not to complete the evaluation, saying that he would go along with the recommendation of the Board.

Chairperson Mukai said that the Manager-Chief Engineer's overall rating among the eight categories came to a total of 4.11. He explained that a rating of 1 equals Unsatisfactory; a rating of 2 equals Needs Improvement; a rating of 3 equals Commendable; a rating of 4 is Excellent; and a rating of 5 is Superior. On the line item regarding the Manager-Chief Engineer's performance, listing Improving, Same, or Declining, the Chairperson said that five of the nine members made comments. Summing up, it was a very good rating for the Manager-Chief Engineer, the Chairperson said. The rating falls within the lower spectrum of Excellent, he noted.

Mr. Reynolds said that he was the member who said he would go along with the Board's recommendation. He asked who drew up the evaluation form and asked where the evaluation form came from.

Chairperson Mukai said that the evaluation form was created a few years ago by then Board member Millie Kim.

Mr. Reynolds said the format was very poor insofar as many of the questions required a Board member to be with the Manager-Chief Engineer day in and day out in order to answer intelligently. Mr. Reynolds said all that he himself had to go on were his dealings with the Manager-Chief Engineer during Board meetings. Mr. Reynolds said he did not know what the Manager-Chief Engineer was doing with the public or with staff members. He suggested that the Board consider having a more realistic, better evaluation form. Mr. Reynolds said the form is too wordy and full of window dressing. The basic things that the Board really needs to know with any leader is whether the leader is competent and whether the leader cares about what is going on. He said that for example, he as a former Council member would not feel comfortable rating the Mayor; it was the same idea. Mr. Reynolds said that perhaps members living on the East side might have more opportunities to interact with the Manager-Chief Engineer than he, Mr. Reynolds, does.

The Manager-Chief Engineer clarified that the basic structure for the form came from the Department of Water Supply on Kauai many years ago. Ms. Kim made some changes to that initial form, but the Board has every right to revise the form, and to put it into any format the members desire.

Mr. Greenwell said that he was one of the members who did not fill out the trend line item (the Improving, Same or Declining item). He said he did not have enough time on the Board to make such a determination.

Mr. Kaneshiro said the form needs some work. He said that he had not heard what goals the Manager-Chief Engineer wanted to achieve, especially regarding working with the public, etc. He noted the number of complaints and concerns that the Department gets. Mr. Kaneshiro said he was another one

who did not fill out the trend line item because he is new to the Board. He suggested that the Board should look at the so-called “KSAs” (Knowledge, Skills and Abilities), and said it would be much easier for the Board to look at the KSAs if there are goals which have been set.

The Manager-Chief Engineer suggested that the Board might form an Ad Hoc Committee to redo the evaluation form to make it more amenable to the Board.

Mr. Reynolds agreed that the Board should do this.

Chairperson Mukai said that this was a far from perfect evaluation form, but it is a big improvement over the previous version. He said that the Board could look into redoing the form, but he hates to form committees. Instead, the Chairperson suggested that a Board member volunteer to look at redoing the form.

The Manager-Chief Engineer said that he did have two immediate goals: to finish the Palani Road project and the Hawaiian Ocean View project.

Mr. Reynolds asked whether the Manager-Chief Engineer had a job description.

The Manager-Chief Engineer said the job description was pretty much what is in the County Charter.

Mr. Reynolds said he believed that is what the Board should be rating, looking at the Manager-Chief Engineer’s performance vis a vis what the job description calls for.

The Manager-Chief Engineer agreed, and said that he would invite the Board to change the form to whatever the Board wants.

Chairperson Mukai said that based on what the Board had to work with, it is safe to say that the Manager-Chief Engineer is going to be retained.

(Several members expressed their assent.)

Chairperson Mukai asked Ms. Garson what other decisions the Board needed to make today.

Ms. Garson said that while the Board does not have to decide today, generally, the Board would discuss the Manager-Chief Engineer’s compensation. The Board sets the compensation for the Manager-Chief Engineer, as well as the Deputy, she said.

Chairperson Mukai suggested deferring a discussion of compensation to the January Board meeting. He noted that that the Board oversees the Manager-Chief Engineer, and also proposes any adjustments to his compensation. The Chairperson asked the Board to keep that in mind, and the Board will take the compensation up for discussion at the next Board meeting.

The Manager-Chief Engineer thanked the Board for taking the time to do the evaluation, which is always very helpful. He said he very much appreciated the comments, and appreciated the Board for being goal-oriented and focused.

Ms. Garson confirmed that the Board’s Rules stipulate that the Board fix the annual salaries of the Manager-Chief Engineer and the Deputy. She confirmed that for now, the Board is deferring the matter.

N. CHAIRPERSON’S REPORT:

Chairperson Mukai thanked the Board for their vote of confidence in re-electing him.

He noted that he planned to continue to condense the reading of the Agenda items to the basics during Board meeting, to save time.

Chairperson Mukai gently reminded Board members to wait to be recognized before speaking, for the benefit of the Minutes recorders.

Chairperson Mukai asked that all items which are to be put on the Agenda go through the Chairperson first, so that Board meetings can run smoothly. If the Chairperson is unavailable, any submissions of Agenda items may go through the Vice-Chairperson.

Chairperson Mukai requested the Department to arrange a demonstration of how a water meter works, in light of disputes with customers over the accuracy of the water meters.

The Manager-Chief Engineer suggested that the Board could watch a bench test of the water meters, which would be scheduled when the Board meets at the Hilo Baseyard. The meter shop where the bench tests occur is right outside of the conference room, he noted.

Chairperson Mukai asked that a demonstration should be arranged for a future Board meeting.

Turning to the 2011 Board meeting schedule, Chairperson Mukai said that the schedule has been set and circulated to all of the Board members last month. The schedule for 2011 is as circulated, he said.

ANNOUNCEMENTS:

1. **Next Meeting:**

The next meeting of the Water Board will be held on January 25, 2011, at 10:00 a.m. at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI.

2. **Following Meeting:**

The following meeting of the Water Board will be held on February 22, 2011, at 10:00 a.m. at the Royal Kona Resort, Resolution Room, 75-5852 Ali'i Drive, Kailua-Kona, HI.

STATEMENTS FROM THE PUBLIC:

None.

ADJOURNMENT

Chairperson Mukai adjourned the meeting at 11:48 a.m.

Senior Clerk-Stenographer

Anyone who requires an auxiliary aid or service for effective communication or a modification of policies or procedures to participate in this Water Board Meeting should contact Doreen Jollimore, 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.