

MINUTES

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

May 24, 2011

West Hawai'i Civic Center, 74-5044 Ane Keohokalole Hwy, Bldg G, Kailua-Kona

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

ABSENT: Mr. Joe Reynolds, 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
Ms. Nona Jin
Ms. Carolyn Lucas-Zenk, 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. Larry Beck, Engineering Division
Ms. Kanani Aton, Public Information and Education Specialist
Ms. Julie Myhre, Energy Management Analyst

CALL TO ORDER - Chairperson Mukai called the Meeting to order at 10:03 a.m.

STATEMENTS FROM THE PUBLIC:

None.

APPROVAL OF MINUTES:

The Chairperson entertained a Motion to approve the Minutes of the April 26, 2011, regular Board meeting.

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

APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA:

None.

SOUTH HILO:

A. MATERIAL BID NO. 2011-01, FURNISHING AND DELIVERING WATER METERS, BRASS GOODS, FIRE HYDRANTS, VALVES, CHLORINATORS, PUMPS, PIPES, FITTINGS, SCADA, MOTORS, AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK:

Bids for this project were received and opened on May 12, 2011, at 2:30 p.m. The contract period for all Sections is one year, from July 1, 2011, to June 30, 2012. All Sections are established price agreements for materials on an "As-Needed Basis."

The Manager-Chief Engineer recommended that the Board award the contract to the following bidders for MATERIAL BID NO. 2011-01, FURNISHING AND DELIVERING WATER METER, FIRE HYDRANTS, VALVES, CHLORINATORS, PUMPS, PIPES, SCADA, MOTORS AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK, on an as-needed basis, as listed below, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel. The contract period shall be from July 1, 2011, to June 30, 2012.

PART NO.	DESCRIPTION	BIDDER	AMOUNT
1	DUCTILE IRON PIPES, PUSH-ON TYPE JOINT	Ferguson Enterprises, Inc.	\$71,779.30
2	DUCTILE IRON FITTINGS	Ferguson Enterprises, Inc.	\$26,627.81
3	FLANGE GASKETS	Ferguson Enterprises, Inc.	\$5,104.09
4	COPPER TUBING	Ferguson Enterprises, Inc.	\$132,803.15
5	GALVANIZED PIPES T & C (THREADED & COUPLED)	Central Supply, Inc.	\$4,839.45
6	HIGH DENSITY POLYETHYLENE (HDPE) PIPE	Ferguson Enterprises, Inc.	\$11,025.00
7	INTEGRATED ENCODER AND METER INTERFACE UNIT/AUTOMATIC METER READING	Ferguson Enterprises, Inc.	\$201.67
8	5/8" WATER METERS	Badger Meter, Inc.	\$80,280.00
9	1" – 2" WATER METERS	Badger Meter, Inc.	\$15,640.00
10	METER BOXES AND COVERS	Ferguson Enterprises, Inc.	\$30,933.60
11	COMPOUND WATER METERS	Ferguson Enterprises, Inc.	\$18,010.30
12	TURBINE METERS AND STRAINERS	Ferguson Enterprises, Inc.	\$21,648.51
13	DETECTOR CHECK METERS	Ferguson Enterprises, Inc.	\$5,985.00
14	FIRE SERVICE METERS	Ferguson Enterprises, Inc.	\$31,919.29
15	FIRE HYDRANTS	A.P. Water Supply, Inc.	\$79,948.00
16	AMERICAN DARLING FIRE HYDRANT EXTENSION KIT	Ferguson Enterprises, Inc.	\$6,600.16
17	MUELLER FIRE HYDRANT EXTENSION KIT	A.P. Water Supply, Inc.	\$4,069.00
18	CORPORATION AND CURB STOPS – BALL TYPE	Ferguson Enterprises, Inc.	\$64,527.12

19	BALL METER VALVES	Ferguson Enterprises, Inc.	\$43,261.00
20	BALL VALVE, PACK JOINT X METER COUPLING/FIP	Ferguson Enterprises, Inc.	\$25,264.74
21	PACK JOINT COUPLING	Ferguson Enterprises, Inc.	\$31,739.95
22	HOSE BIBBS	Ferguson Enterprises, Inc.	\$3,682.40
23	INVERTED MARKING PAINT	Ferguson Enterprises, Inc.	\$8,688.00
24	NUTS, BOLTS, AND THREADED RODS	Ferguson Enterprises, Inc.	\$58,250.52
25	PRESSURE REGULATORS	Central Supply, Inc.	\$1,225.87
26	GATE VALVES – 3” AND LARGER, 125# CLASS	A.P. Water Supply, Inc.	\$26,875.00
27	GATE VALVES – 3” AND LARGER, 250# CLASS	Ferguson Enterprises, Inc.	\$46,516.86
28	AIR RELIEF VALVES	Ferguson Enterprises, Inc.	\$7,000.00
29	BUTTERFLY VALVES	Ferguson Enterprises, Inc.	\$10,878.04
30	BOOSTER AND DEEPWELL PUMP CONTROL BALL VALVES	Ferguson Enterprises, Inc.	\$427,715.48
31	AUTOMATIC CONTROL VALVES	Ferguson Enterprises, Inc.	\$978,143.95
33	ANTI-CAVITATION VALVE	Ferguson Enterprises, Inc.	\$215,327.09
34	INDUSTRIAL ACTUATOR	TK Process Hawaii, LLC	\$9,435.10
35	DIGITAL HIGH-RESOLUTION CONTROLLER	TK Process Hawaii, LLC	\$1,951.94
36	MECHANICAL SEALS	Kaman Industrial Technologies, Inc.	\$101,375.00
37	PUMP SEALS	D&M Industrial Repair Services, Inc.	\$92,455.00
38	REGENERATIVE TURBINE PUMP	D&M Industrial Repair Services, Inc.	\$3,270.00
39	MOTORS	Pacific Liquid & Air Systems	\$1,341,444.15
40	SUBMERSIBLE MOTORS (NEW ONLY)	Beylik Drilling and Pump Service, Inc.	\$4,390,799.00
41	SUBMERSIBLE MOTORS (REFURBISHED AND REWIND ONLY)	Beylik Drilling and Pump Service, Inc.	\$1,944,258.00
42	INDUSTRIAL CONTROL WIRING	Engineered SCADA Solutions, Inc.	\$3,251.25
43	INDUSTRIAL MOTOR LEAD CABLE	TK Process Hawaii, LLC	\$115.79
44	VARIABLE FREQUENCY DRIVES	TK Process Hawaii, LLC	\$5,283,800.18
45	LOW HORSEPOWER VFD (1/4 HP – 15 HP 460 VAC)	TK Process Hawaii, LLC	\$7,492.73
46	SOLID STATE REDUCED VOLTAGE SOFT STARTER & SPARE PARTS	TK Process Hawaii, LLC	\$1,210,044.16
47	3 PHASE MONITOR RELAY	Engineered SCADA Solutions, Inc.	\$768.22
48	SURGE ARRESTORS	TK Process Hawaii, LLC	\$30,639.32

49	POWER MONITORING EQUIPMENT	SCADA & Control Systems, LLC	\$45,308.00
50	GROUNDING EQUIPMENT	TK Process Hawaii, LLC	\$915.59
51	TELECOMMUNICATIONS TOWER	Pacific Wireless Communications, LLC	\$163,772.88
52	LICENSED RADIO EQUIPMENT	Engineered SCADA Solutions, Inc.	\$27,650.00
53	LICENSE-FREE RADIO EQUIPMENT	Engineered SCADA Solutions, Inc.	\$3,146.49
54	COMMUNICATION HARDWARE	Engineered SCADA Solutions, Inc.	\$66,770.64
55	TELEMETRY INSTRUMENTATION AND SERVICES	TK Process Hawaii, LLC	\$35,233.95
56	AUTODIALERS	SCADA & Control Systems, LLC	\$394.00
57	INDUSTRIAL ELECTRONIC COMPONENTS	Engineered SCADA Solutions, Inc.	\$12,733.54
58	AUTOMATION AND CONTROL SYSTEMS	SCADA & Control Systems, LLC	\$18,831.00
59	PROGRAMMING SERVICES	SCADA & Control Systems, LLC	\$760.00
60	ENCLOSURES	Engineered SCADA Solutions, Inc.	\$73,973.84
61	UNINTERRUPTIBLE POWER SUPPLY (UPS)	Engineered SCADA Solutions, Inc.	\$827.08
63	PRESSURE TRANSMITTER	TK Process Hawaii, LLC	\$1,278.64
65	FLOW SWITCH	TK Process Hawaii, LLC	\$948.84
66	MAG METERS	Engineered SCADA Solutions, Inc.	\$170,604.98
68	CIRCULAR CHART RECORDER	SCADA & Control Systems, LLC	\$2,680.00
69	PAPERLESS DIGITAL RECORDER	TK Process Hawaii, LLC	\$6,588.01
73	CHEMICAL FEEDER PUMP	TK Process Hawaii, LLC	\$6,544.49
75	DIGITAL CHLORINE CYLINDER SCALES	TK Process Hawaii, LLC	\$5,460.94
76	WATER QUALITY EQUIPMENT	Hach Company	\$33,951.48
77	LEAK NOISE DATA LOGGERS	TK Process Hawaii, LLC	\$19,760.38
79	LIGHT EMITTING DIODE (LED) LUMINARIES	TK Process Hawaii, LLC	\$3,945.10
80	HIGH POWERED LICENSED RADIO EQUIPMENT	TK Process Hawaii, LLC	\$3,231.45

For the following Sections: 32 (Pressure Regulating Valves), 62 (Pressure Transducer), 64 (Liquid Level Sensor), 67 (Direct Current Mag Meters), 70 (Tablet Chlorinators), 71 (Chlorinators), 72 (Chlorine Gas Feeders), 74 (High Density Polyethylene (HDPE) Discharge Tubing, 78 (Hatch Frames and Covers), no bids were received.

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

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

The Manager-Chief Engineer said this was affectionately known as the “Monster Bid.” It basically allows DWS throughout the contract period to directly order materials from the lowest bidder, on an as-needed basis. Some of the items will never be ordered, but legally, the Monster Bid allows DWS to legally procure listed items right away. This helps DWS a lot, he added.

Chairperson Mukai noted that although the items are bid, DWS will not necessarily be spending this money.

The Manager-Chief Engineer confirmed this. It depends on what DWS needs to procure from the list.

Mr. Perry asked how much on average DWS usually spends from the list, and asked if it came to half of what is being approved.

Mr. Ikeda said it was not even half; the items are only on an as-needed basis. The Monster Bid means that DWS can just go to the lowest bidder for materials on the list. He noted that for several items, nobody bid. For those items, DWS will just get quotes, Mr. Ikeda said.

Mr. Taniguchi asked if the items were all budgeted for.

Mr. Ikeda confirmed this.

ACTION: Motion carried unanimously by voice vote.

NORTH KONA:

A. MAINTENANCE BID NO. 2011-04, REPAIR AND MAINTENANCE OF KAHALU‘U SHAFT HIL-A-VATOR, KONA:

Bid opening was on May 12, 2011, at 1:30 p.m., and the following are the bid results.

Kone, Inc., bid \$1,367.00/month to perform the repair and maintenance on the hil-a-vator for two years, with a call-out cost of \$238.71/hour.

1. Cost of contract for two years (\$1,367.00 x 24 months)	\$32,808.00
2. Contingency	<u>5,000.00</u>
TOTAL:	\$37,808.00

The last contract price was for \$1,625.00/month, with a call-out cost of \$245.00/hour.

The Manager-Chief Engineer recommended that the Board award the contract for MAINTENANCE BID NO. 2011-04, REPAIR AND MAINTENANCE OF KAHALU‘U SHAFT HIL-A-VATOR, KONA, to KONE, Inc., for their bid amount of \$32,808.00, plus \$5,000.00 in contingency, for a total contract price of \$37,808.00, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality of the contract by Corporation Counsel. The contract period shall be from July 1, 2011, to June 30, 2013.

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

The Manager-Chief Engineer explained that the purpose of this bid is to keep the hil-a-vator in good working order. The hil-a-vator is the elevator car that goes down at a 30-degree angle into the Kahalu‘u Shaft. The total run is about 1,200 feet, and the elevator car carries six to seven people. The Manager-Chief Engineer noted that this maintenance contract is very necessary, because the hil-a-vator has a lot of problems.

Chairperson Mukai asked if this was the sole bid that came in.

The Manager-Chief Engineer confirmed this, saying it has been pretty much one bidder every time. KONE, Inc. is the only vendor that is willing to do this kind of work, he added.

Mr. Ikeda said this kind of work requires an elevator license, and few people have them. The other vendors figure this kind of work is not worth their time, he said.

Chairperson Mukai said the good thing about this bid is that it is \$6,000.00 lower than last year.

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. AMENDMENT OF NON-EXCLUSIVE EASEMENT AND BILL OF SALE

(Note: This item was deferred from the April 26, 2011, Board meeting.)

Grantor/Seller: State of Hawai'i, Department of Transportation (DOT)

FAA-Control Tower, Kona International Airport at Keāhole

Tax Map Key: (3)7-3-043: 003 and 032

E.W.O.: 2011-002

Facilities Charge: \$27,500.00 Date Paid: *To be paid before the meeting*

Final Inspection Date: *Report to be made at the meeting*

Water System Cost: *Report to be made at the meeting*

The Manager-Chief Engineer recommended that the Water Board accepts these documents subject to the approval of 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. Perry.

Mr. Inaba said that he was informed yesterday that the Facilities Charge of \$27,500.00 had still not arrived from DOT.

Ms. Garson said that the Board could approve it, subject to DOT making the required payment.

Mr. Inaba said that DOT had had a problem with paying on the *letter* stating what DOT owes to DWS. Therefore, Finance made an invoice and sent it out to DOT. Yesterday, someone from DOT called to say that the check should now be on its way.

Ms. Garson suggested that the Board should make an Amendment to the Main Motion that says that approval is subject to payment of the Facilities Charge.

AMENDMENT TO THE MAIN MOTION: Mr. Meierdiercks moved to make an Amendment to the Main Motion, pending receipt of the Facilities Charge of \$27,500.00; seconded by Mr. Lindsey. Motion carried unanimously by voice vote.

MAIN MOTION AS AMENDED: Main Motion as Amended carried unanimously by voice vote.

B. MATERIAL BID NO. 2011-03, FURNISH BASE COURSE, SAND, COLD MIX, HOT MIX, PORTLAND CEMENT AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY:

Bids were opened on May 12, 2011, at 2:00 p.m., and the following are the bid results:

		Jas. W. Glover, Ltd.	Yamada & Sons, Inc.	Grace Pacific Corporation	WHC Ltd. dba West Hawai'i Concrete
	DISTRICT I:				
A.	3/4-Inch Base Course (Cost per ton)	\$31.00	\$15.10	NO BID	NO BID
B.	1½-Inch Base Course (Cost per ton)	\$29.00	\$14.05	NO BID	NO BID
C.	No. 3F Rock (Cost per ton)	\$39.00	\$24.75	NO BID	NO BID
D.	#4 Sand (Cost per ton)	\$37.00	\$50.00	NO BID	NO BID
E.	Mortar Sand - ASTM C144 (Cost per ton)	\$61.00	NO BID	NO BID	NO BID
F.	Portland Cement 94 lb. bags (Cost per bag)	\$32.00	NO BID	NO BID	NO BID
G.	Cold Mix- ASTM D4215-87 (Cost per ton)	\$135.00	\$125.00	NO BID	NO BID
H.	Blended Material 60% #4 Sand and 40% No. 3F Rock (Cost per ton)	\$50.00	NO BID	NO BID	NO BID
I.	Hot Mix – County Mix IV	\$134.00	\$114.60	NO BID	NO BID
	DISTRICT II:				
A.	3/4-Inch Base Course (Cost per ton)	NO BID	NO BID	NO BID	\$11.28
B.	1½-Inch Base Course (Cost per ton)	NO BID	NO BID	NO BID	\$10.21
C.	No. 3F Rock (Cost per ton)	NO BID	NO BID	NO BID	\$15.69
D.	#4 Sand (Cost per ton)	NO BID	NO BID	NO BID	\$19.71
E.	Mortar Sand - ASTM C144 (Cost per ton)	NO BID	NO BID	NO BID	\$37.42
F.	Portland Cement 94 lb. bags (Cost per bag)	NO BID	NO BID	NO BID	NO BID
G.	Cold Mix- ASTM D4215-87 (Cost per ton)	NO BID	NO BID	NO BID	NO BID

	DISTRICT III:	Jas. W. Glover, Ltd.	Yamada & Sons, Inc.	Grace Pacific Corporation	WHC Ltd. dba West Hawai'i Concrete
A.	3/4-Inch Base Course (Cost per ton)	NO BID	NO BID	NO BID	\$16.16
B.	1½-Inch Base Course (Cost per ton)	NO BID	NO BID	NO BID	\$14.89
C.	No. 3F Rock (Cost per ton)	\$58.00	NO BID	NO BID	\$21.40
D.	#4 Sand (Cost per ton)	\$53.00	NO BID	NO BID	\$26.16
E.	Mortar Sand - ASTM C144 (Cost per ton)	NO BID	NO BID	NO BID	\$48.48
F.	Portland Cement 94 lb. bags (Cost per bag)	NO BID	NO BID	NO BID	NO BID
G.	Cold Mix–ASTM D4215-87 (Cost per ton)	NO BID	NO BID	\$132.00	NO BID
H.	Hot Mix - County Mix IV (Cost per ton)	NO BID	NO BID	\$131.75	NO BID

The Manager-Chief Engineer recommended that the Board award the contract for MATERIAL BID NO. 2011-03, FURNISH BASE COURSE, SAND, COLD MIX, HOT MIX, PORTLAND CEMENT, AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY, by Parts to the following for the amounts shown above, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel.

**District I – Parts A, B, C, G and I to Yamada & Sons, Inc.
Parts D, E, F and H to Jas. W. Glover, Ltd.**
District II – Parts A, B, C, D and E to WHC Ltd. dba West Hawai'i Concrete
District III – Parts A, B, C, D, and E to WHC Ltd. dba West Hawai'i Concrete
Parts G and H to Grace Pacific Corporation

For the Parts where no bids were received, staff shall obtain quotations in the best interest of the Department. The contract period shall be from July 1, 2011, to June 30, 2012.

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

The Manager-Chief Engineer said that this is another one of the bids that DWS does yearly; this enables DWS to get prices and then buy items as needed. He noted that the bid is distributed among the three districts (and three different baseyards). At each baseyard, DWS tries to stock materials so that necessary repairs, etc., can be done.

Mr. Meierdiercks asked for clarification on the districts.

Mr. Ikeda said that District I is Hilo, District II is Waimea, and District III is Kona.

The Manager-Chief Engineer said Ka'u is not listed separately because it gets materials from Hilo, and Ka'u benefits from a good working relationship with the Department of Public Works's Ka'u crew.

Chairperson Mukai noted that it is to the Department's advantage when there are no bids, because when such items are needed, DWS can go out and get the lowest bid. He said that a lot of times, with items that get bids, the prices are significantly higher than the going rate. Therefore, having no bids on some items could be advantageous to DWS.

ACTION: Motion carried unanimously by voice vote.

C. REPORT OF AD HOC FINANCE COMMITTEE:

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

- **Discussion/action** on vehicle take-home policy, including condensed wording of Amendment to DWS Vehicle Policy.
- Discussion of DWS's cash handling procedures and proposed changes.

Mr. Taniguchi said that his Committee met with the Manager-Chief Engineer and Mr. Sumada. He said that Mr. Sumada would cover the matter of billing later in the Agenda.

On the vehicle take-home policy, Mr. Taniguchi asked whether today was the report phase or the discussion phase.

Ms. Garson said the report was made last month, so today was the phase for discussion/deliberation.

Mr. Taniguchi said there was one minor correction on Item 18, Page 5, under Driver Responsibilities. The wording currently says: "Employee is responsible for keeping the interior of the company vehicle clean." He said that it should have said: "the interior *and exterior*" of the company vehicle.

Mr. Taniguchi suggested that if the Board had any other suggestions that they could either email him or the Secretary.

Ms. Garson said no, they could not email Mr. Taniguchi (due to the Sunshine Law.) Ms. Garson said that if there were any suggestions, now is the time to bring them up.

Mr. Greenwell pointed out that the same minor correction (i.e., “interior and exterior”) would apply to Item 3.7 on Page 2.

MOTION: Mr. Meierdiercks moved to approve the vehicle policy; seconded by Mr. Perry.

Mr. Perry asked what the status was on Ms. Myhre’s suggested amendment regarding on-board vehicle monitoring.

The Manager-Chief Engineer said the amendment was incorporated in the policy. He noted that once the Board approves the vehicle policy, DWS will take the policy to the union for comment.

Mr. Meierdiercks said this is the Department’s policy, and the Manager-Chief Engineer is in charge of the Department. He asked whether an amendment was needed to give the Manager-Chief Engineer the authorization to change the policy.

The Manager-Chief Engineer said this is an administrative policy, which will have the Manager-Chief Engineer’s signature on it. However, if there is any change, DWS will certainly bring it back to the Board for the Board’s information.

Mr. Meierdiercks said okay, if some kind of emergency came up, the Manager-Chief Engineer would have the authority to change the policy on a discretionary basis.

The Manager-Chief Engineer confirmed this, and said that if the policy comes back from the union with comments, DWS will bring those comments to the Board for the Board’s information.

Mr. Greenwell asked if there was anything in the policy that stipulates that a driver who loses his license must notify his supervisor.

The Manager-Chief Engineer said no, there is nothing in the policy that stipulates that. If an employee loses his license and that license is part of his job description, if the employee does not have enough vacation time to cover the license suspension period, the employee is terminated. Regarding the matter of notifying the supervisor in the event that an employee loses his license, it would be a matter of honesty for the employee to let the supervisor know.

Mr. Taniguchi said maybe this should be added to the policy.

Mr. Meierdiercks noted that there are all kinds of different licenses, depending on the type of vehicle being driven, and maybe some kind of amendment to the policy is needed.

Ms. Garson asked if the Board wanted to add an Item 19 to Part 5.1.

Mr. Greenwell said that he may have spoken too soon, because Item 16 on Page 4 talks about having a valid driver’s license.

Mr. Meierdiercks confirmed that the requirement to have a valid license was indeed in the policy already.

Chairperson Mukai asked if DWS requires its drivers to get traffic abstracts.

The Manager-Chief Engineer said that he believed this was required of CDL drivers, but not for regular license holders.

ACTION: Motion carried unanimously by voice vote.

The Manager-Chief Engineer asked whether the policy was “approved as noted,” meaning that it included the changes made today.

Chairperson Mukai confirmed this, saying that the two changes involved the “interior and exterior” language.

D. POWER COST CHARGE:

A Public Hearing was held before the Board meeting today, to receive testimony on the Power Cost Adjustment. Currently, the Power Cost Charge is \$1.89 per 1,000 gallons. The Power Cost Charge for April, the most recent available figure, was \$2.23. The Manager-Chief Engineer recommended that the Board approve an increase of the Power Cost Charge from \$1.89 to **\$2.23**, effective June 1, 2011.

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

Mr. Meierdiercks asked if the \$2.23 is the most recent figure available.

Mr. Sumada confirmed this.

The Manager-Chief Engineer suggested that Mr. Sumada explain why there is a lag in the calculations.

Mr. Sumada explained that when DWS prepares its Recommendation for the Board, the lag is due to the statutory requirement of 20 days’ Public Notice period ahead of the Public Hearing. By the time that the Public Hearing is held, DWS has information for the following month. In the current case, DWS had April power cost information available in time for the Public Hearing.

Mr. Meierdiercks said that in other words, DWS is anticipating an increase in the power cost and therefore DWS calls for the Public Hearing, but it is within DWS’s parameters to pick the closest number at the current time, he said.

Ms. Garson confirmed this; this is why the Public Hearing Notice gives a *range*. In the current case, the high figure of the range was \$2.25. Therefore, the April figure of \$2.23 fell within that range.

Chairperson Mukai said that he gathered that DWS was currently behind with regards to its utility bill.

Mr. Sumada confirmed that for Fiscal Year 2011, DWS is \$800,000.00 behind. DWS incurred actual power costs of \$14.1 million, and has recovered about \$13.3 million.

Chairperson Mukai said that necessitated the increase in the Power Cost Charge.

Mr. Perry asked how DWS makes up for that \$800,000.00.

Ms. Garson said it makes up for it through the adjustment of the Power Cost Charge.

Mr. Perry said that there will be a lag when the power cost goes down.

Mr. Sumada said yes, effective June 1st, the rate will be higher, and hopefully that will generate some of the amount that DWS is behind. At some point, the power cost will go down, but the higher rate (i.e., the Power Cost Charge) will still be in effect, to cover.

Ms. Garson said yes, basically, there will be a two-month lag, just because of the Public Notice period and the Public Hearing process.

Mr. Perry said that in that case, it works if the power prices drop.

Mr. Sumada said that is how DWS makes up the deficit.

Mr. Meierdiercks said that DWS could not lower the Power Cost Charge during the June-July period, and August would be the earliest that DWS could lower the Power Cost Charge (*or raise it*), if there is a change.

Mr. Sumada confirmed this.

ACTION: Motion carried unanimously by voice vote.

E. **ENERGY MANAGEMENT ANALYST UPDATE:**

Ms. Myhre noted that the County had installed a 250-kilowatt photovoltaic (PV) array on the roof of the parking structure in the West Hawai'i Civic Center complex. The system, once fully operational, will supply about 50 percent of the building's energy load. This system is the first feed-in tariff that was approved on the Big Island, and the first parking structure PV array on the island. The system, which is still being tested, was started up on May 18, 2011.

Mr. Perry asked what a feed-in tariff was, and how it works.

Ms. Myhre explained that in Kona the sun shines almost every day and the West Hawai'i Civic Center complex's electrical demand is only Monday through Friday, and any excess power that is generated on the weekend or after hours gets sold back to HELCO at a certain rate. The feed-in tariff rates vary depending on the kind of PV system and the size of the system. She said this was different from how DWS is paid for power generated by its hydro-generators. The feed-in tariff is a way of HELCO buying energy from energy producers (like the County, in this case), she said.

On the Green Team, Ms. Myhre said that the team is preparing a 2015 Plan which will identify sustainability ideas and goals into the Year 2015. The plan will be unveiled to the County directors, and Ms. Myhre said that next month she will prepare a brief presentation on the plan (or ask somebody to do it in case she cannot attend).

The Energy Advisory Commission has been very active recently. The Commission prepared a letter of support to the Mayor on the 2015 Plan. The letter will be a cover letter to the plan itself. The Commission also wrote a letter to the Public Utilities Commission (PUC), explaining how the Commission would like Hawai'i Energy to better manage the Public Benefit Fund, which is a line item on everybody's HELCO bill. That fund provides rebate money for people doing energy-efficiency projects. There is a lack of equity in disbursing the funds between Oahu and the Big Island (and Maui); the Energy Advisory Commission wrote in its letter that the Big Island needed to have more money from the fund paid out to the Big Island. The letter also called for two full-time Hawai'i Energy staff, with one person for East Hawai'i and one person for West Hawai'i.

Chairperson Mukai commented that DWS was ahead of the curve on the 2015 goals.

Ms. Myhre said DWS is on track with the goals, but not necessarily ahead.

Regarding the Green Team's call for two staff positions for Hawai'i Energy, Mr. Taniguchi asked what their jobs would be.

Ms. Myhre explained that Hawai'i Energy is the company responsible for trying to improve energy efficiency on the island, such as changing out light bulbs to more energy-efficient ones. Hawai'i Energy is not involved in installing PV or other energy generation projects. Their job is to work more closely with people and businesses, to identify ways to become more energy-efficient. It is a more hands-on approach, with Hawai'i Energy staff right there to help make energy efficiency happen.

Mr. Taniguchi asked where the funding would come from.

Ms. Myhre said the funding would come from the Public Benefit Fund, through Hawai'i Energy.

Mr. Taniguchi asked if there would be enough money to fund the positions.

Ms. Myhre said yes, there would be. The Big Island is at a deficit of more than \$1 million, (i.e., in funds that the Public Benefit Fund has not paid out to the Big Island). She was not sure of the exact figure, but it is more than \$1 million. The two staff members in question would be employed by Hawai'i Energy.

Mr. Perry commented that the state director for Hawai'i Energy did a great presentation at the AWWA-Hawai'i Section conference in Honolulu earlier this month. Much of the presentation was admittedly over most people's heads, but Mr. Perry said it would be really good to have somebody actually going out to businesses to help them save electricity, etc. He said that the Board might want to hear his presentation at some point.

Ms. Myhre turned to the subject of the County's recent bond float for projects, in which the County designated about \$4 million for energy projects. DWS can expect ongoing support from the County's Energy Coordinator, Mr. Will Rolston, who works closely with Ms. Myhre. Ms. Myhre said that she continues to meet regularly with HELCO on DWS's Rider M projects and contracts, with the aim of ensuring that DWS gets the correct rate for DWS's sites and meters. Ms. Myhre is working to make sure that DWS is paying at the correct rate schedule for power. The most recent meeting with the HELCO representative was on April 29, 2011.

F. **MONTHLY PROGRESS REPORT:**

No discussion.

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

Mr. Taniguchi asked Mr. Sumada about the decrease in the purification operating expenses.

Mr. Sumada said those expenses are declining because there are vacancies in positions involved in purification. Operations Division has some Water Plant Operator positions that they are trying to fill, as well as vacancies at the Microlab, where there have been some retirements.

Mr. Greenwell asked how Collections are going.

Mr. Sumada said he had spoken with the Collections Clerk, and he appears to be on top of the accounts that he needs to follow up on. The Collections Clerk has a system in which a report is issued every billing cycle, and letters about delinquencies are sent out. The Collections Clerk follows up on all accounts that do not come through with payments. Mr. Sumada said the clerk keeps on top of it every month. Mr. Sumada does not see really large amounts going delinquent or being written off, although there are write-offs that come in every month from the collection agencies. The Collections Clerk is maintaining the procedures that are in place (i.e., shutting off accounts at certain points in the month, setting up payment plans, etc.) Mr. Sumada noted that the larger accounts that are delinquent are the hospitals (that are 3-4 months behind), and some of the larger hotels. They may be delinquent, but they *do* pay, albeit late.

Turning to the billing system on Oahu that DWS is looking at, Mr. Sumada said that DWS would have to change our billing cycle from a bi-monthly to a **monthly** cycle in order to switch over to the Oahu system. Changing to a monthly billing cycle would be a pretty drastic change for DWS, he said. It would double DWS's postage, and since DWS is not able to read every meter every month, it would involve estimating on off-months.

The Manager-Chief Engineer said that DWS needs to look at the issue from a financial point of view, in terms of what it would cost extra to go with Oahu, versus what it would cost to stay with the existing system that DWS has. DWS has not decided what is more financially beneficial for the Department, he said. Either way has ramifications for the Department, and Mr. Sumada is working to determine what is of greatest benefit to DWS. He noted that DWS does not have enough staff to read every meter every month. DWS would have to make an estimate every other month, and then catch up with a meter reading the following month. That scenario may not be something the customers want, so that has to be weighed as well. On another topic, the Manager-Chief Engineer said DEM is asking for assistance on *their* billing. It depends on whether DWS stays with its current billing system or goes with Oahu's billing system. With so many variables, DWS needs to take a good, hard look at what is most beneficial to the Department.

Chairperson Mukai asked Mr. Sumada to explain the current system and the problems DWS has had with it, for the benefit of the newer Board members.

Mr. Sumada said the current system's software is supported by a company in eastern Canada, which means a six-hour time difference in working hours. That presents problems right off the bat, he said. The system itself is difficult to understand, he said. DWS needs a lot of support from the vendor in Canada to get things to work right, Mr. Sumada said. He gave as an example the fact that DWS's water bill has the remittance portion located on the top part of the bill. When a customer sends in his payment with a check, the customer rips off the top part and sends it with the check. This payment gets processed by a cashier. If DWS wants to implement a lock box-type of cash receiving system, the perforation on the bill creates problems for the bank's sensors. The sensors need a flat, straight edge in order for the remittance stub to go through and read everything properly. In order to fix that with DWS's current vendor, DWS needs to get the vendor to reprogram the water bill to have the remittance portion on the bottom. That kind of change would require paying the vendor to do it, Mr. Sumada said. The Oahu billing system already has the remittance portion on the bottom of the bill.

Mr. Perry asked if there were other alternative vendors aside from Oahu and the Canadian vendor.

Mr. Sumada said he was sure there were lots of other vendors. The Oahu system has been doing the billing for Maui and Kauai for some time now; Oahu is doing everybody's water billing except DWS's billing. Oahu is currently upgrading to a newer system, an improvement over what they have had, he said. The technical support from Oahu would be more timely for DWS. Oahu has a more sophisticated information technology (IT) environment, and people to work on the system that DWS does not have. These are the reasons that DWS is looking at Oahu's system in particular, he said.

Mr. Taniguchi observed that the Ad Hoc Committee is working closely with Finance Division on the cash handling procedures, etc., following the legislative audit that brought up security measures. The idea of going to a lock box system was brought into the picture at that time, he said. Looking at the Oahu system makes sense because there is no need here to reinvent the wheel. There are a lot of factors that go into it, both on the financial side and on the security side. That is why there is no black and white answer, Mr. Taniguchi said. All of the other islands bill monthly and DWS is the sole exception that bills bi-monthly. Mr. Taniguchi said he thinks that in the future, monthly billing will come to be a more accepted type of billing system. Oahu made it clear to DWS that DWS will have to go to a monthly billing system if it wants Oahu to handle its billing, he said.

Mr. Perry asked if Oahu, Maui and Kauai are all reading every meter every month.

Mr. Sumada said yes, they are. All of them have automatic meter reading (AMR) systems in place that allow them to read every meter every month, with the personnel that they have. He noted that DWS has only about 5,000 AMRs out of a total 41,000 meters, and so DWS has a long way to go to get the technology islandwide.

The Manager-Chief Engineer said that DWS was in the process of incrementally implementing AMRs into the system, when the bad economic situation struck. It had been DWS's intention to slowly bring AMRs to the entire island. DWS did a first, trial phase with 2,000 AMRs, and in the second phase, DWS put in 3,000 more AMRs. The intention was to add 5,000 AMRs every year, the Manager-Chief Engineer said. One AMR unit alone costs about \$179.00, while a regular meter costs only about \$20.00; there is a huge cost in putting in these AMRs with their antennas, etc. DWS was incrementally providing for the introduction of the AMRs, but the CIP monies ran out. One alternative that was discussed at the Ad Hoc Committee meeting was to borrow money and pay back the debt service on a loan or a bond float – and install AMRs for the whole island. This is basically what Maui and Kauai did, he said. The Manager-Chief Engineer was not sure whether that was the right thing to do, because it would be a lot of money to borrow and would dramatically increase DWS's debt ratio. That would take away from DWS's ability to do regular CIP projects like waterlines, tanks, pumps or boosters, he said. Meanwhile, the 5,000 AMRs already in place are working great. DWS experimented by doing the Ka'u district 100 percent AMRs, and all that the meter readers need to do is drive around and pick up all of the readings. DWS also put AMRs in locations that were most hazardous for the meter readers such as Kaūmana and Kea'au-Pāhoa Highway. The AMRs work great but they are expensive, the Manager-Chief Engineer said.

H **MANAGER-CHIEF ENGINEER'S REPORT:**

The Manager-Chief Engineer provided an update on the following:

- 1) Palani Road Transmission Waterline Project –
- 2) Mr. Beck reported that he had recently gone out to the project site to review the project construction with Operations staff including Mr. Bob Ravenscraft. Staff was able to provide input on a number of field issues regarding the project including some of the access gate locations. It was good to touch bases with them early to ensure that the Kona Operations staff was happy with what was being done, rather than wait until the project was finished to get their input, he said. A few design adjustments were made as a result of the visit, per staff requests. CTS (the contractor) managed to put in some 2 ½-inch rock along both sides of Kuni Road prior to a recent storm on May 6, where there had previously been storm runoff issues that caused problems for a number of residents. The 2 1/2-inch rock withstood the latest storm event and there was no debris on the road when Mr. Beck visited the area on May 11, nor were there any calls from residents living on Kuni Road. Mr. Beck did receive an email from Mr. Mark Jernigan dated May 6 (which was a furlough day), but Mr. Beck only saw the email on Monday, May 9. Mr. Beck went to see Mr. Jernigan with Mr. Christian Twigg-Smith of CTS on Wednesday, May 11. This visit, soon after the storm, helped DWS find out where the runoff problems were located along this section of the pipeline. DWS and CTS came up with some solutions involving putting trench drains across the driveway, with some basins on the south side that will collect the water and force the water to go through the trench drains to reach the drywells on the north side of the driveway. The tops of the trench drains are flush with the driveway itself, and are slotted. The trench drains are about six inches deep. The trench drains will conduct the water to the dry wells, Mr. Beck said. Mr. Jernigan agreed with that as being a workable solution. Mr. Beck also met with Mr. Teruo Matsumoto at the same time, and let him know about the rockwall by the lower dry well (near the entry to his property), and when that would be completed. A lot of bases were touched that day, Mr. Beck said. Chairperson Mukai thanked Mr. Beck for doing a good job for the Department.
- 3) Hawaiian Ocean View Estates Project – The Manager-Chief Engineer said that the fill station work is going well, although the road going into the fill station seems almost like a build-up. He guessed that was to prevent water runoff, but he foresees some negative comments about its appearance. The electrical connections have not yet been made, but the Manager-Chief

Before going to the Public Relations and Education Specialist Update, the Manager-Chief Engineer reported that this morning before the Board meeting, he and Ms. Aton had attended the Deputy Managing Director's meeting at the West Hawai'i Civic Center complex. That meeting used to be held on the third Tuesday of every month, and the Manager-Chief Engineer and Ms. Aton would come to Kona to attend the meeting. Now that the Kona Mayor's Office has moved to its new location, the monthly Deputy Managing Director's meeting is being reactivated. The meeting presents a good opportunity for DWS to let the people in West Hawai'i know what DWS is doing in West Hawai'i.

The Manager-Chief Engineer also reported that tomorrow (May 25th) he, Chairperson Mukai and Mr. Sumada would attend the board meeting of the Department of Environmental Management (DEM) to do a presentation on DWS's billing system. As mentioned earlier, DEM wants DWS to assist them in sending out DEM's billing along with DWS's billing.

- 4) Public Relations and Education Specialist Update – Ms. Aton introduced West Hawai'i Today reporter Carolyn Lucas-Zenk, who wrote a story published in early May about DWS's leak detection program. DWS pulled together information and pictures to assist in producing the article. Ms. Aton reported that she attended a conservation advisory group effort at the Commission on Water Resource Management (CWRM), along with an array of public and private entities that are large water users. Over the next year and a half, the group will be working to put together a water conservation plan for the state.
- 5) Upcoming HWWA conference -- Ms. Aton attended the AWWA-Hawai'i Section conference earlier this month, where she got lots of ideas for speakers for the HWWA Conference which DWS will host in October. The HWWA Save the Date postcards and emails have gone out, and Ms. Aton is working on the registration packets, etc. Progress on putting the conference together is following basically the same timeline as last year, Ms. Aton said.

I. CHAIRPERSON'S REPORT:

Chairperson Mukai thanked Mr. Perry for bringing a box of longans from his farm in Puna.

ANNOUNCEMENTS:

1. Next Regular Meeting:

The next meeting of the Water Board will be held on June 28, 2011, at 10:00 a.m. at the Department of Water Supply, Operations Conference Room, 889 Leilani Street, Hilo, HI. *Demonstration of water meter test to follow immediately after the meeting.*

Chairperson Mukai said that the demonstration would be incorporated **into the regular meeting**. He noted that the water meter demonstration was something he had requested because of issues raised by some customers in the past regarding irregular meter readings. He said that he wanted to see how an actual water meter works, through a bench test. It would be good for the Board to see how the mechanism works. A demonstration would help Board members be properly educated as to how the meters work. In the event of a customer dispute over meter readings, the Board can make a better determination in a contested case, Chairperson Mukai said.

Mr. Meierdiercks noted that if there were any problems with a meter, the meter will read slower, rather than faster. He suggested that the demonstration include a couple of bad meters to show what can happen, alongside a good meter that shows the actual flow rate. This will illustrate the differential between a good meter reading and a bad meter reading.

Ms. Garson said the Board's intention is to be able to ask questions and have an interaction during the water meter demonstration, and more than two Board members will want to be there. Therefore, the demonstration should be put on the Agenda as an Agenda item, to be conducted during the regular meeting. She suggested that it take place toward the end of the meeting.

Mr. Perry suggested that one of the AMRs be included in the demonstration.

Mr. Taniguchi said he wanted to see the process that takes place in the event of a dispute over a meter reading.

Mr. Ikeda confirmed that he understood that the demonstration would show what DWS does when somebody brings a meter in for a test.

Mr. Taniguchi said that it would be helpful for the Board to know what process DWS goes through to test a meter, following a report of an irregular reading.

Mr. Ikeda suggested having about 10 water meters in a line to show the Board.

The Manager-Chief Engineer suggested having one meter that is completely taken apart, so that the Board can see all of the gears. He noted that the water meters work on what is called a "nutating disk." He said it is really interesting to see how water makes the nutating disk turn, and how it turns the shaft. He suggested showing that with a cutoff, so that the Board can see how it turns all of the gears.

2. **Following Meeting:**

The following meeting of the Water Board will be held on July 26, 2011, at 10:00 a.m. at the Department of Water Supply, Operations Conference Room, 889 Leilani Street, Hilo, HI.

STATEMENTS FROM THE PUBLIC:

None.

ADJOURNMENT

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

Chairperson Mukai adjourned the meeting at 11:10 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 Shirota, Secretary, at 961-8050 as soon as possible, but no later than five days before the scheduled meeting.

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

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