

MINUTES

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

December 20, 2011

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

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

ABSENT: Ms. Bobby Jean Leithead-Todd, Director, Planning Department (ex-officio member)
Mr. Warren Lee, Director, Department of Public Works (ex-officio member)

OTHERS PRESENT: Ms. Kathy Garson, Assistant Corporation Counsel
Mrs. Laura Yamamoto
Mr. Ronald Abran, retired Water Plant Electrical/Electronic Equipment Repairer I
Mrs. Valerie Abran
Mr. Keith Kato, Hawai‘i Island Community Development Corporation (HICDC)
Mr. Brian Nishimura

Department of Water Supply Staff
Mr. Quirino Antonio, Jr., Deputy
Mr. Kurt Inaba, Engineering Division Head
Mr. Daryl Ikeda, Chief of Operations
Mr. Keith Okamoto, Engineering Division
Mr. Larry Beck, Engineering Division
Ms. Kanani Aton, Public Information and Education Specialist
Ms. Julie Myhre, Energy Management Analyst
Mr. William Yamamoto, Water Service District Supervisor II, Kohala
Mr. Clyde Young, Operations

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- 1) CALL TO ORDER – Chairperson Mukai called the meeting to order at 10:02 a.m.
 - 2) STATEMENTS FROM THE PUBLIC
None.

3) APPROVAL OF MINUTES

The Chairperson entertained a Motion to approve the Minutes of the November 22, 2011, Water Board meeting.

ACTION: Mr. Meierdiercks moved to approve; seconded by Mr. Greenwell, and carried unanimously by voice vote.

4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA
(Note: Addendum requires Roll Call Vote)

None.

5) SOUTH HILO:

A. **MATERIAL BID NO. 2011-06, FURNISHING AND DELIVERING POWER AMPLIFIERS, DUPLEXERS, AND P25 DIGITAL VHF REPEATERS FOR THE DEPARTMENT OF WATER SUPPLY:**

This project generally consists of furnishing and delivering radio power supplies, power amplifiers and duplexers to the Department.

Bid opening was on December 8, 2011, at 2:30 p.m., and the following are the bid results.

The contract period for all Parts is six months, from January 01, 2012, to June 30, 2012. All Parts are established price agreements for materials on an “As-Needed Basis.”

PART NO.	DESCRIPTION	BIDDER	AMOUNT
1	POWER AMPLIFIERS	Pacific Wireless Communications, LLC	\$2,315.00
2	DUPLEXERS	Pacific Wireless Communications, LLC	\$21,944.25
3	P25 DIGITAL VHF REPEATERS	Pacific Wireless Communications, LLC	\$26,118.00

The Manager-Chief Engineer recommended that the Board award the contract to the above-mentioned bidder for MATERIAL BID NO. 2011-06, FURNISHING AND DELIVERING POWER AMPLIFIERS, DUPLEXERS, AND P25 DIGITAL VHF REPEATERS FOR THE DEPARTMENT OF WATER SUPPLY, on an as-needed basis, as 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 by Corporation Counsel.

Part 1 – Power Amplifiers to Pacific Wireless Communications, LLC

Part 2 – Duplexers to Pacific Wireless Communications, LLC

Part 3 – P25 Digital VHF Repeaters to Pacific Wireless Communications, LLC

MOTION: Mr. Meierdiercks moved to approve; seconded by Mr. Greenwell, and carried unanimously by voice vote.

Mr. Uyeda asked if this was a spread spectrum.

Mr. Young said this is part of the transition to narrow-band radios.

Mr. Taniguchi asked what a power amplifier is.

Mr. Young said it basically takes a signal that is weak and amplifies it over the line.

Mr. Lindsey explained that the amplifier in question takes the existing signal and then runs it through a repeater to regenerate the signal.

Chairperson Mukai thanked Mr. Lindsey for the clarification.

ACTION: Motion carried unanimously by voice vote.

B. WATER AGREEMENT BETWEEN HAWAI'I ISLAND COMMUNITY DEVELOPMENT CORPORATION (HICDC) AND DEPARTMENT OF WATER SUPPLY ON PEPE'EKEO LAND:

The Hawai'i Island Community Development Corporation (HICDC) is the owner of Tax Map Keys 2-8-007:092 and 093, and is proposing a subdivision of up to 40 lots on these parcels located above the existing Kula'imano Subdivision in Pepe'ekeo. As a non-profit organization, HICDC develops residential lots as part of their affordable housing program.

As a requirement to subdivide their said property, HICDC needs to acquire water commitments for each of the proposed developable lots. In order to assist DWS in making more water available for the system, HICDC is proposing to dedicate a 10,000 s.f. lot to DWS for the purpose of installing booster pump facilities that would improve the system servicing their property. In addition, the DWS will only issue the commitments upon awarding the Kula'imano Production Well project, and will not issue any service to the subdivision until the Kula'imano Production Well project has been completed.

The Manager-Chief Engineer recommended that the Water Board approve the Water Agreement between Hawai'i Island Community Development Corporation (HICDC) and the Water Board, and that either the Chairperson or Vice-Chairperson be authorized to execute the Agreement, subject to approval as to form and legality by Corporation Counsel.

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

Ms. Garson thanked the Board for the deferral. Ms. Garson requested the deferral because the details of the agreement had not yet been worked out; the Board had not received copies of the agreement to review.

Mr. Keith Kato, the executive director of the HICDC, told the Board that he had no objections to the deferral. The reasons for deferral are reasonable, he added. He explained that HICDC does affordable housing, self-help housing and elderly housing island-wide. HICDC acquired the property in Pepe'ekeo a couple of years ago, with the understanding that water was not available. HICDC understood that a well would have to be developed; progress has been made with the well developer, Mr. Kato said. HICDC had been anxious to move forward and the agreement was sort of last-minute in nature. Ms. Garson indicated to HICDC that some minor technical changes would need to be made to the agreement, and HICDC has no problem with the deferral, Mr. Kato said. This project involves the development of 35-40 self-help housing units for low-income families. HICDC will give DWS a 10,000 sq. ft. lot for the booster station. The booster will push the water from the tank that is right next to the subdivision, up to the upper tank, which will service the property.

Chairperson Mukai commended what HICDC does, regarding affordable housing.

Mr. Kato thanked DWS for its ongoing cooperation with HICDC.

ACTION: Motion to defer carried unanimously by voice vote.

Chairperson Mukai confirmed that the Item will be deferred to the Board's January meeting.

6) HĀMĀKUA:

A. **JOB NO. 2008-945, CONSTRUCTION OF THE ĀHUALOA-HONOKA‘A TRANSMISSION WATERLINE – PHASE 1, DISTRICT OF HĀMĀKUA, COUNTY OF HAWAI‘I, STATE OF HAWAI‘I:**

This project involves the installation of approximately 19,210 linear feet of 12-inch ductile iron waterline along Old Māmalahoa Highway from the Department's Āhualoa well, with final connection at the Department's De Silva tank site located above Honoka‘a town. Tank inlet control valves, a pressure reducing valve station, and miscellaneous electrical work at various tank sites are also part of the scope of work.

Bids for this project were opened on December 15, 2011, at 2:00 p.m.

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

Ms. Garson said the Item was deferred because there are some unresolved issues with the bids. Therefore, DWS is not yet ready to award, she added.

Mr. Uyeda, who recently joined the Board, asked for background on what kind of contracts the Board enters into with the contractor. He asked if it was a stipulated sum or cost-plus, or something else. He also asked if there were liquidated damages if the contractor fails to complete the contract in the allotted time.

The Manager-Chief Engineer said that it is a lump-sum bid, with contingency, with time of completion, and with liquidated damages. He noted that DWS does not set the liquidated damages; DWS follows a table contained in the General Requirements and Covenants. The table goes according to the total contract price, he said. Therefore, liquidated damages are known well ahead of time, and are based on the contract price. Regarding the contingency, DWS normally has the contingency at anywhere between 8 to 10 percent. This project involves many bridges and narrow lanes, and the biggest concern is going to be regarding traffic control. Therefore, the contingency for this project is likely to be 10 percent or slightly more.

ACTION: Motion to defer carried unanimously by voice vote.

7) NORTH KOHALA:

A. **DRINKING WATER STATE REVOLVING FUND RESOLUTION NO. 2011-04:**

(Note: Resolution requires roll call vote)

Resolution No. 2011-04 is for the project for 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. 2008-950, KYNNEERSLEY NO. 1 – 0.3 MG RESERVOIR REPLACEMENT, and authorizes the Manager-Chief Engineer or Deputy to execute loans and/or grants with the State Department of Health for up to \$3,000,000.00.

The Manager-Chief Engineer recommended that the Water Board adopt DRINKING WATER STATE REVOLVING FUND RESOLUTION NO. 2011-04, subject to the approval of Corporation Counsel.

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

Mr. Taniguchi asked whether DWS fronts the money for this project.

Mr. Okamoto said that in the past, DWS used to front the whole thing, but in recent years, DWS asks for reimbursement from the State on a more frequent basis. As payments are made, Finance Division requests reimbursement from the State.

Mr. Inaba said that it involves fronting a smaller portion; DWS does not front the entire project.

The Manager-Chief Engineer said that DWS would be fronting the monthly progress payments. The actual amount would depend on how much work the contractor does in a month; DWS pays monthly and then requests reimbursement from the State, he said.

Mr. Inaba said he was not sure how quickly the State would reimburse DWS.

Mr. Taniguchi asked if this project was budgeted.

Mr. Sumada confirmed that it is included in the Budget.

Mr. Greenwell said he did not want to second-guess Engineering, but he asked why DWS would not be upgrading this tank. He asked whether the piece of property on which it is located is a small parcel.

The Manager-Chief Engineer confirmed that the property is small, and the tank is an intermediate one. He said that the number of services that come off the tank do not warrant anything bigger than a 300,000-gallon tank.

Mr. Okamoto noted that DWS was actually upsizing the tank, which had been an old 100,000-gallon steel tank that was in a state of disrepair. DWS was upsizing the tank to 300,000 gallons, because the bottom of Kynnersley Road is a commercial area.

The Manager-Chief Engineer said that DWS does not need anything bigger to serve that area.

ACTION: A roll call vote was taken. Messrs. Uyeda, Robinson, Kaneshiro, Greenwell, Meierdiercks, Lindsey, Taniguchi, Perry and Chairperson Mukai voted Aye. Motion carried unanimously with nine (9) Ayes, zero (0) Nays.

8) SOUTH KOHALA:

A. DRINKING WATER STATE REVOLVING FUND RESOLUTION NO. 2011-05:

(Note: Resolution requires roll call vote)

Resolution No. 2011-05 is for the project for 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. 2010-964, WAIMEA WATER TREATMENT PLANT COMPLIANCE UPGRADES PHASE II, and authorizes the Manager-Chief Engineer or Deputy to execute loans and/or grants with the State Department of Health for up to \$10,000,000.00.

The Manager-Chief Engineer recommended that the Water Board adopt DRINKING WATER STATE REVOLVING FUND RESOLUTION NO. 2011-05, subject to the approval of Corporation Counsel.

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

Mr. Young said that this project involves a major upgrade to the improvements of the Treatment Plant. He noted that maintaining the Treatment Plant has been a problem area for years.

Mr. Greenwell asked whether the reason that maintenance was a problem was due to the Treatment Plant's age or how the facilities were made.

The Manager-Chief Engineer confirmed that both the age of the Treatment Plant and how the facilities were made were the reasons.

Mr. Young cited old equipment at the Treatment Plant, and specifically cited reliance on mechanical, non-automated processes. This opened up the potential for error, he said. While the equipment was not in disrepair, it was really difficult to stay on top of the repair process.

The Manager-Chief Engineer noted that the Treatment Plant started out as a conventional, sand filtration plant. Over the years, DWS has tried to introduce modern technology while using the same footprint (i.e., the same location). That created problems in itself, he said. It would probably have been much cheaper if DWS had started anew 20 or 30 years ago – instead of modifying the existing Treatment Plant at great expense. This is one of the reasons why DWS has been on an active mission to replace sources with wells. DWS did the State well in Waimea and a well on Church Row, and is currently working with Mr. Andy Anderson to acquire the Waimea Country Club well. Although Mr. Anderson's well does not currently fit into DWS's system hydraulically, it can be made to, he said. Over the years, DWS has realized that its best bet was to find sources to replace the existing Treatment Plant, the Manager-Chief Engineer said. He noted that the Treatment Plant's current capacity is about 2.8 million gallons, and could probably go up to 3 million gallons.

Mr. Inaba said that these improvements will potentially increase the capacity.

Mr. Okamoto said the main component of this project is to convert the Treatment Plant from a conventional treatment plant to a micro-filtration plant. He noted that much of the regulations involve conventional treatment plants, so changing to a micro-filtration plant will get DWS away from a lot of the regulations, and will reduce the requirements for manpower, too.

The Manager-Chief Engineer said in the meantime, DWS is pursuing sources that can eventually take over what the Treatment Plant is doing.

Mr. Robinson asked about the terms of the loan, i.e., the interest rate, etc.

Mr. Sumada explained that the State Revolving Loan program is offered to all of Hawai'i's water departments. Once the State approves, DWS gets charged a low-interest administrative fee and a low interest rate, on top of the principal. In total, the loan is at a cost that is comparable to, or better than, general obligation bonds. The State usually gives DWS 20 or 30 years to pay off, with a standard semi-annual debt service payment. DWS has about 10 of these loans on the books right now, for various projects.

Mr. Robinson asked what the administrative fee and estimated interest rate would be.

Mr. Sumada said the administrative fee is about 3 percent, and the interest rates right now are running about one percent or less. DWS does have older loans that are at 2 percent or so, so DWS adds those two rates together to come up with the real cost of the loan. In general, the rates are favorable. Whatever DWS pays back, the State loans out to another water department, or to DWS for other projects. That explains the meaning of "revolving funds."

The Manager-Chief Engineer said that only projects that involve making the water safe to drink can qualify for these loans. He cited as examples such qualifying projects as replacement reservoirs, additional sources, etc.

Mr. Taniguchi asked Mr. Sumada if this project was budgeted as well.

Mr. Sumada confirmed this.

Mr. Perry asked for other examples of projects that qualify for the revolving funds.

The Manager-Chief Engineer cited the Waimea Treatment Plant, sources to replace spring sources, upgrading old, outdated pipeline, etc. He said that installing a new pipeline would not qualify.

ACTION: A roll call vote was taken. Messrs. Uyeda, Robinson, Kaneshiro, Greenwell, Meierdiercks, Lindsey, Taniguchi, Perry and Chairperson Mukai voted Aye. Motion carried unanimously with nine (9) Ayes, zero (0) Nays.

9) 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. 2011-001106

No. of Lots: 2

Zoning: A-5a

Facilities Charge: \$11,000.00 Date Paid: 12/5/2011

Grantor/Seller: 327 KONA LLC (Kona View Country Estates Subdivision)

Tax Map Key: (3) 7-4-008: 047 portion

Construction Completion Date: TBA

Water System Cost: TBA

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

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

Mr. Inaba noted that the final inspection date (i.e., the completion date), was December 16, 2011, and the cost was \$8,949.00. It was a really small project, involving a two-lot subdivision, he added.

Mr. Uyeda asked if facilities like this are always dedicated to Water Supply.

The Manager-Chief Engineer confirmed this.

Mr. Uyeda asked whether a tax event occurs when a dedication takes place.

The Manager-Chief Engineer said that no tax event per se takes place; the improvements are just turned over to DWS to perpetually maintain and operate. There is no general excise tax or income tax involved.

Mr. Robinson asked whether the donor gets a tax write-off for giving assets to a governmental entity (i.e., DWS).

The Manager-Chief Engineer said no, it does not work like that; this is just a transfer to DWS, and DWS does not provide anything to the grantor for tax reporting purposes.

Mr. Uyeda asked if DWS can depreciate the property if it is a depreciable asset.

The Manager-Chief Engineer confirmed that DWS does that.

ACTION: Motion carried unanimously by voice vote.

B. REPORT OF AD HOC FINANCE COMMITTEE:

No report this meeting; Committee to report at the January Board meeting.

C. REPORT OF AD HOC COMMITTEE TO REVISE THE MANAGER-CHIEF ENGINEER'S EVALUATION FORM:

Mr. Kaneshiro said the Committee had put out a preliminary draft, which was sent to all of the Committee members. He said it was really good that the Board had had a chance to listen to what the applicants for the new Manager-Chief Engineer were thinking about, because that can be incorporated into the Evaluation Form. Mr. Kaneshiro said that hopefully, the evaluation form can be done by the end of January. He said that the Committee still needs to talk to Human Resources about the evaluation form, to make sure that everything is okay.

D. ENERGY MANAGEMENT ANALYST UPDATE:

Ms. Myhre noted in her Green Initiatives report that the price of electricity was at its highest level since 2004, at 38 cents per kilowatt. On page two of the report, Ms. Myhre reported that the Waimea Treatment Plant is generating the most electricity it ever generated, thanks to the increased amount of water coming down from the reservoirs to the Treatment Plant. The generator there is holding its own, paying for about \$3,000.00 a month of electricity at the Waimea Treatment Plant alone.

Regarding leak detection, the rate of leaks is decreasing, Ms. Myhre said. Ms. Myhre thought this could be due to an increase of consumption over the past several months.

Mr. Sumada said that actually consumption was going down on a year-over-year comparison.

Ms. Myhre said she needs to evaluate the data a bit more.

Ms. Myhre reported on the various meetings she attended in December. On December 8, Ms. Myhre substituted for Mr. Will Rolston, the County's energy coordinator, at the Hawai'i Clean Initiative Meeting in Honolulu. The meeting was attended by energy managers from all over the state. On December 12, Ms. Myhre attended a meeting of the Hawai'i Energy Advisory Commission, which advises Mayor Billy Kenoi on energy initiatives. Ms. Myhre noted that the Kohala Center has graduate students working to revise the Hawai'i Energy Sustainability Plan. The Kohala Center is planning a series of public outreach meetings in conjunction with the Hawai'i Energy Advisory Commission, starting in February. The Public Utilities Commission (PUC) will be coming to the Big Island for those public meetings, and DWS will be participating as well. On December 15, Ms. Myhre participated in a water pumping seminar hosted by HELCO. The seminar, aimed only at water pumping customers around the island, dealt with different rates and efficient motors. Ms. Myhre said her takeaway from the meeting was to revisit her Green Initiatives report and drill down to a bit more detail on DWS's leak rates. She noted that DWS looks at monthly rates, and the HELCO monthly dates do not coincide with DWS's dates. DWS goes on calendar dates and HELCO reads meters on different dates. She said she also met with HELCO on December 7 to discuss the Rider M contracts. DWS has several motors undergoing repairs, and DWS currently has four Rider M contracts on hold until DWS gets its motors repaired.

Ms. Myhre reported that she had completed a year-long webinar series aimed at reducing DWS's fuel use, through its SCADA system. The Environmental Protection Agency (EPA) will be posting DWS's report on its Region 9 website in January, she said.

Mr. Greenwell asked if the water pumping seminar hosted by HELCO primarily focused on DWS. He asked if private enterprises were involved as well.

Ms. Myhre said there were about 30 people in attendance, basically all of them major water pumping customers such as the Natural Energy Laboratory of Hawai'i Authority (NELHA) and the Waikoloa Water Company. The meeting was technical in nature, dealing with water pumping and how to be more energy-efficient, etc.

Mr. Robinson, referring to page 1 of the Green Initiatives report, asked how Ms. Myhre arrived at the figure of 38 cents per kilowatt.

Ms. Myhre said that she takes the entire HELCO charge, which includes demand charges and stand-by charges for all of DWS's hundreds of sites, and divides it by the cost. The figure is basically the energy divided by the cost; it is a gross rate.

Mr. Perry asked the status of the Lālāmilo project.

Ms. Myhre said she is preparing a Request for Qualifications (RFQ), which will weed out people who do not have financing, etc. The RFQs will hopefully go out in the beginning of 2012. Ms. Myhre said she is also writing the Request for Proposal (RFP), the document that must be completed to set out exactly what DWS wants to do, i.e., to power eight wells on the Lālāmilo-Parker system, with the opportunity to put in two more wells on that site. Ms. Myhre said the hope is that the Lālāmilo Windfarm will generate enough power to supply 50 percent of the electricity to the wells, noting that at some point it costs more to use renewable energy than it does to use power from HELCO. DWS wants to keep its costs low, and the Department figures that about 50 percent of the energy to the wells will come from renewable energy.

Mr. Taniguchi asked about the leak detection graph on page three of the Green Initiatives report. He asked whether the numbers were percentages, or the averages for the year, i.e., 21 percent on the total billable amount.

Ms. Myhre said that was exactly right.

Mr. Taniguchi asked whether it meant that DWS was running at about 16 percent of the Budget.

Ms. Myhre said no, the 16 percent involves the volume of water that is pumped from all of DWS's wells and the Treatment Plant, and any surface sources – minus what is sold to water customers. So the 16 percent is a percentage of the difference, divided by the total water pumped. She noted that the national average was 15 percent.

Mr. Taniguchi asked if Ms. Myhre could drill down on as to where the leaks are coming from.

Ms. Myhre said it is complicated. She cited the example of the Hāmākua Coast, where the geographic area of the wells does not exactly overlap with the geographic area of DWS's billing system. When Ms. Myhre calculates DWS's water consumption and divides it by pumpage, she needs to consolidate bills of the geographic area of the water customers that are served from multiple water sources. She said it really is very complicated.

Mr. Taniguchi said that DWS must know which pump the water is coming from, when DWS does its billing.

The Manager-Chief Engineer said it was not that simple.

Mr. Meierdiercks said DWS is inter-connected; it is not just the one system.

Mr. Taniguchi said the 16 percent leak rate is actually a large dollar amount.

The Manager-Chief Engineer noted that for every leak that DWS finds in Kona, the Department saves a lot of money because it costs DWS so much more to deliver its water in Kona than it does anywhere else, due to the depth of the wells in Kona.

Mr. Uyeda asked whether this was basically a calculation of pumped versus metered water.

Ms. Myhre said that was correct.

Mr. Uyeda asked whether there was an opportunity to reduce the percentage of loss if DWS gets more efficient meters.

Ms. Myhre said that was true.

The Manager-Chief Engineer cautioned that not all unaccounted water is leaks. He gave as an example the large amount of water wasted during the first three or four minutes of pumpage to purge a well whenever a well is first started up, or when it is shut down. This water is not a leak, and the purging has to be done, he added. The water is unaccounted water, but it is not a leak. Therefore the percentage (in this case, the 16 percent), includes everything; it is not an accurate indication of what is leaking in the system. The number is really close, but it is not precisely accurate.

Mr. Greenwell asked whether DWS comes across theft of water.

The Manager-Chief Engineer said DWS comes across tapping by contractors or individuals all the time. Sometimes DWS catches the perpetrators and reports them to the police, but sometimes DWS does not know who is stealing the water so DWS just cuts off the source.

E. MONTHLY PROGRESS REPORT:

Chairperson Mukai noted to the Board that if Board members have any questions to ask the Department, the protocol is to contact the Manager-Chief Engineer, and not the divisions directly.

F. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

No discussion.

G. MANAGER-CHIEF ENGINEER'S REPORT:

The Manager-Chief Engineer will provide an update or status on the following:

- 1) Palani Road Transmission Waterline Project – Mr. Inaba reported that the contractor had gone back to repair damage that occurred, prior to the last Board meeting. The contractor discovered bones on the site, which is going to cause further delay to the project. DWS is working with an archaeologist, who has to submit a plan to the State. The bones were discovered in an embankment; DWS plans to leave the bones in place, Mr. Inaba said. According to the archaeologist, it should not take too long to get approval for the plan to protect the bones in place. Mr. Uyeda asked if the State had notified the lineal descendants. Mr. Inaba confirmed that the archaeologist had identified the pertinent Burial Council person to contact, as well as a descendant representative.
- 2) Hawaiian Ocean View Estates Project – The Manager-Chief Engineer, Ms. Aton and Mr. Inaba went to a public meeting in Ocean View on Wednesday night to update the residents about the

- 3) Pu'ukala/Kona Ocean View Properties Subdivision Improvement District Update – Construction plans are being done, and DWS is pretty close to advertising the project.
- 4) Public Information and Education Specialist Update – Ms. Aton reported that Mr. Rosey Rosenthal on December 8 had filmed for public access television Messrs. Finn McCall and Dave Thomas at the Waikoloa Reservoir 2, discussing the now-completed repairs to the reservoir, etc. Ms. Aton also arranged a field trip to the Pana'ewa well field for a group of high school students from Connections Public Charter School. County Human Resources personnel joined the field trip as part of a county-wide audit of the position of Public Information and Education Specialist. Ms. Aton reported that DWS's 2012 calendar is ready for distribution. Ms. Aton also reported about two community meetings that she attended in Ocean View, on December 12 and 14. The December 12 meeting was at the request of Council Member Brittney Smart. At the December 14 meeting, Ocean View residents posed questions about the status of the Ocean View well and fill station project, as well as the gate agreement and the standstill in work due to the HELCO power issue. Ms. Aton said that DWS explained to the residents that the Budget allowed for the main objective: to provide access to potable drinking water. Residents who wished for further improvements after this project is completed were encouraged to engage the legislative process with their community representatives. DWS discussed account sign-up with the community, many of whom were anxious to sign up for the limited number of meters. DWS explained to the community that signing up for a meter requires funds; until the current standstill in work is resolved, DWS will not sign people up for meters at the Ocean View facility. Customer Service will keep the community posted when the time is right to sign up, and will put notices in the newspapers, on the DWS website, via e-mail and flyers, etc. Regarding the selection of Mr. Antonio as the new Manager-Chief Engineer, Ms. Aton issued a press release and notified two reporters that the decision was imminent. Regarding the Water Use and Development Plan (WUDP), a letter of support went to the Commission of Water Resource Management (CWRM) yesterday. The Manager-Chief Engineer said CWRM has the plan on their Agenda for adoption tomorrow. He noted that the National Parks Services (NPS) had opposed the plan, saying that the Kona aquifer could not sustain any more wells being put in; the NPS has claimed that further well development would have an adverse effect on the water quality in the park's anchiline ponds. DWS has put a lot of energy and effort in showing the science that disproves NPS's claims, in the hopes of getting the WUDP adopted tomorrow. Mr. Larry Beck will be attending the CWRM meeting in Honolulu, taking with him all of the documentation that backs up the plan. Ms. Aton said that the NPS has even approached the Office of Hawaiian Affairs (OHA) using cultural grounds to back up their stance against developing further wells in the area. Ms. Aton said that the Department of Hawaiian Home Lands (DHHL) is developing its own water policy as they develop their lands for housing. DHHL asked the Manager-Chief Engineer to share his wisdom regarding what worked in the years of cooperation with DHHL. Going forward, Ms. Aton and Mr. Antonio will be attending baseyard meetings. Ms. Aton noted that flyers

- 5) Recognition of Service Retirement – Mr. William Yamamoto – Mr. Ikeda first introduced Mr. Ronald Abran, who retired last month as an electrician at the Waimea Baseyard after 24 years of service. Mr. Yamamoto stepped in to give background on his old friend and colleague Mr. Abran, with whom he very much enjoyed working all these years. Mr. Yamamoto said that DWS was one of the best places to work, with good bosses and top-notch employees. Mr. Yamamoto said that he and Mr. Abran were thinking of applying to the Water Board. Mr. Ikeda introduced Mr. Yamamoto, the South Kohala District Supervisor II, who has served in DWS for nearly 41 years. He said Mr. Yamamoto will be really hard to replace, and will be very much missed. Mr. Ikeda noted that Mr. Yamamoto was joined today by his wife Laura, and Mr. Abran was joined by his wife Valerie. Chairperson Mukai thanked Mr. Yamamoto for his years of devoted service.

The Manager-Chief Engineer read from a written statement he had prepared. *The following is the verbatim transcript:*

“During 17 years as Manager of the Department of Water Supply, I have served under many combinations of Water Board members. These past couple of combinations of members have been one of the best combinations I have ever served under. The genuine concern for the good of the Department, and your recognition of the importance of our semi-autonomy, was always evident and greatly appreciated. At times, you have asked hard questions, rightfully so. I just hope that we have given you the answers that satisfied your concerns. During my tenure here, I have made a lot of mistakes, and hopefully learned from it. The one thing I am proud of is that our management team has always treated everyone fairly and with respect. We have always tried to satisfy our customers’ concerns, while maintaining our standards and principles. Sometimes that was very hard to do. Our Department is blessed with very many hard-working, intelligent and competent employees. Our sense of fairness and respect spreads throughout our Divisions. I am sure this sounds prejudiced. As Billy (Yamamoto) said, I truly believe we have the best Department, the best and the most efficient Department, in the County. I also believe we have the most caring and supportive Board. I really believe that. Over the past couple of months, you have all worked hard and tirelessly in selecting a new Manager-Chief Engineer. In my opinion, you have made the best choice, and I applaud you for it. As I have said many times, history and knowledge of the Department are very important. Quirino has both, plus he has proven to be an intelligent and caring person. I am sure he will lead the Department in the direction that will make all of us proud. Personally, I’ve had a great and rewarding career at the Department of Water Supply. I leave this Department with mixed feelings. On one hand, I feel it is time for me to retire and pass the leadership on to Quirino. On the other hand, I will surely miss my fellow employees, which I have grown to admire and respect, and consider my extended family. As I said, I’ve made a lot of mistakes, but I am thankful that there were people to correct me and keep me out of trouble. A very special thanks to Doreen, Wanda, Kurt, Larry, Daryl, Rick, Kanani and Kathy. You all made me look smart, which is not really easy to do. I really appreciate it. Although I will be retired, I will still be around. If there’s any way I can help the Department or the Board, just give me a call. And again, a very special thanks to all of you on the Water Board. You guys are great. Keep it up. Thank you.”

H. 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.

Ms. Garson said that no Motion or other action needs to be taken by the Board on this matter. Chairperson Mukai, whose term on the Board expires on December 31, 2012, can hold over as a Board member for the 90 days if he wishes, and assuming that the Mayor and County Council do not fill his position during that 90-day period, she said.

Chairperson Mukai said that if the Mayor and the County Council allow, he would gladly stay on the Board for the 90 days to help out Mr. Kaneshiro's committee, which is working on a new evaluation form for the Manager-Chief Engineer.

Mr. Kaneshiro said that if Mr. Mukai could stay on the Board one more month it would be really helpful in getting the work done on the evaluation form. Mr. Kaneshiro said it was very fortunate that the Board was able to listen to all of the candidates for the Manager-Chief Engineer position; their comments contributed valuable ideas for inclusion in the new evaluation form. Mr. Kaneshiro said he hoped to get the outgoing Manager-Chief Engineer's input on the evaluation form, as well as to get input from DWS's Human Resources staff. He said it was very important to continue to have Mr. Mukai on the Committee, and he strongly recommended that the Board take its time filling the position.

Chairperson Mukai said that as a point of information, it is not a choice that the Board can make. A Board member's extended tenure of 90 days is purely at the pleasure of the Mayor and the County Council, which could fill the position during that time.

I. **ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON FOR 2012:**

Chairperson Mukai entertained nominations for the offices of Chairperson and Vice-Chairperson for 2012. He said that he wanted the election done as a slate. He noted that he had spoken to Mr. Meierdiercks, who indicated that he was interested in serving as Chairperson. Likewise, Mr. Taniguchi had indicated that he was interested in serving as Vice-Chairperson.

MOTION: Mr. Kaneshiro moved to have Mr. Meierdiercks as Chairperson, and Mr. Taniguchi as Vice-Chairperson; seconded by Mr. Greenwell.

Chairperson Mukai then entertained a Motion to close the nominations.

ACTION: Mr. Lindsey moved to close the nominations; seconded by Mr. Perry, and carried unanimously by voice vote.

Chairperson Mukai said that the slate is Mr. Meierdiercks for Chairperson and Mr. Taniguchi for Vice-Chairperson.

ACTION: Motion to have Mr. Meierdiercks as Chairperson and Mr. Taniguchi as Vice-Chairperson was carried unanimously by voice vote.

Chairperson Mukai congratulated the incoming Chairperson and Vice-Chairperson.

J. **CHAIRPERSON'S REPORT:**

Chairperson Mukai said it has been an honor and a pleasure to serve on the Board the past five years. He said that the Board has accomplished a lot over the past three years in particular: on financial reporting, communications, etc. The Chairperson said he was glad that the Board vacancies had finally been filled, and that Board members with development expertise had come on board. He said that he learned a great deal from attending conferences, especially his first ACE conference. Attendance by Board members of

such conferences was crucial to learning about water-related matters, and attendance by DWS staff was extremely important as well. Travel has been cut back amid the current financial straits, but the Chairperson hoped that things would improve so that Board members and staff could participate in conferences as in the past.

Turning to the 2012 Board meeting schedule, Mr. Meierdiercks suggested that the Board meet in Hilo for both of the January and February meetings, and decide at the January meeting on venues for meetings in March onwards.

Mr. Taniguchi suggested that the West Hawai'i members should be consulted about their preferences, and said that maybe they would want to meet in Kona in February.

Chairperson Mukai said that in the past, when Mr. Meierdiercks was the only West Hawai'i member, he had graciously offered to travel to Hilo for meetings. The Chairperson asked the two new members from West Hawai'i whether they were okay with meeting in Hilo in both January and February. He noted that the Board used to travel to Kona every third Board meeting.

Mr. Meierdiercks said that with the Palani Road transmission project winding down, there was no community participation at the Board's recent Kona meetings. He said that going to Kona means uprooting everybody from Hilo, taking away DWS staff from their work for a full day, whereas meeting in Hilo means being away from their desks for just a half-day. Mr. Meierdiercks said his commitment is to the Board, regardless of where it meets, but he just wanted to state the practical reality of having meetings in Kona.

The Manager-Chief Engineer said he appreciated Mr. Meierdiercks raising this issue, noting that in the past, DWS had presented to the Board what it cost the Department to go to Kona for Board meetings. It is quite expensive, the Manager-Chief Engineer said.

Mr. Meierdiercks repeated his suggestion about meeting in Hilo in January and February, and suggested that the Board discuss at the January meeting whether the Board wants to meet in Kona in March. If there are specific projects in Kona which might elicit input from the public, it would be reasonable to meet in Kona. He noted that in the past, the Board had occasionally met in Waimea, but got no public participation from the people in Waimea. He said that it costs DWS for the Board to get up and move to Kona, Waimea or Ocean View for meetings. He suggested that the Board might want to meet in Ocean View when the project is ready for dedication; to do so would signal respect for the Ocean View community and would be an opportunity for the Ocean View community to meet the Board.

Mr. Greenwell said that because he was driving in from Waimea, he agreed with Mr. Meierdiercks about holding meetings in Hilo.

Mr. Meierdiercks said his dedication is to the service of the Department, regardless of where Board meetings are held, but he thought it was an expensive proposition to uproot the DWS staff for a meeting, especially if nobody from the local community shows up to testify or talk to the Board.

Chairperson Mukai, in summary, said that it appeared that the Board was okay with meeting in Hilo in January and February, with a decision pending on venues from March onward.

Moving on to the recognition of the Manager-Chief Engineer's retirement, Mr. Taniguchi thanked Mr. Pavao on behalf of himself and his Ad Hoc Finance Committee for consistently prompt and conscientious cooperation from Mr. Pavao and his team.

Chairperson Mukai commended Mr. Pavao for his open door policy, which made the Board's job infinitely easier. He also commended the Manager-Chief Engineer's managerial style and his willingness to take fire from the public.

Mr. Kaneshiro asked whether there is a policy for an outgoing Manager-Chief Engineer to write an exit report regarding projects that are not yet completed, etc., to give the Board an idea of the direction in which the Department was moving.

The Manager-Chief Engineer said he could do such a report, but said that the incoming Manager-Chief Engineer, Mr. Antonio, is extremely well-versed in everything that is going on at DWS.

Chairperson Mukai said that he would suggest that Mr. Pavao just do a really broad sort of report, regarding the projects that DWS has open, and what Mr. Pavao would like to see accomplished.

The Manager-Chief Engineer said he would get the report to the Board by next year.

10) **ANNOUNCEMENT OF NEW MANAGER-CHIEF ENGINEER:**

Chairperson Mukai commended the Board for doing a great job in ensuring transparency throughout the selection process. The Board went over the interview questions during three or four meetings, he noted. The recruitment notice was published in all of Hawai'i's major newspapers and on the Internet. The Chairperson also commended all of the applicants: Messrs. Quirino Antonio, Keith Okamoto, Clyde Young, Owen Nishioka and from Kauai, Donald Fujimoto. As it turned out, Mr. Fujimoto withdrew his application, leaving four fine applicants. The Chairperson said the applicants' willingness to step up to such a challenging position was a testament to the applicants' character.

The Manager-Chief Engineer said the public owes the Board a deep debt of gratitude for working so hard and with such transparency to ensure the selection was done properly. He said he is sure that the entire Department appreciates the hard work of the Board in this selection process.

Chairperson Mukai commended the two new Board members from West Hawai'i for driving back and forth across the island for two consecutive days of candidate interviews (on December 14 and 15). He then announced the Board's selection of Mr. Quirino Antonio as the new Manager-Chief Engineer.

Mr. Antonio expressed his deepest thanks to the Board for the hard work they devoted to the selection process, amid very good applicants. Mr. Antonio vowed to continue Mr. Pavao's open door policy, which extends to DWS's employees; his door will always be open to the Department's employees for whatever issues that they might want to discuss with him. Mr. Antonio said the Board should always feel free to call him at home or at work; his home phone is listed in the phone book. He said he only wished that there might have been a couple more weeks or months for the Board to go through the selection process; it takes a while for things to sink in. There are many things that need to be done as Mr. Antonio goes into this new position, including the selection of a Deputy and a secretary. He expressed hopes that he will be able to come up with names in the next few weeks, for the Board to consider. Mr. Antonio said he was grateful for the support of all of the DWS employees and of the public; he said he had nothing but very good comments from people who congratulated him, for which is most appreciative.

11) **EXECUTIVE SESSION RE: DISCUSSION REGARDING SALARY OF NEW MANAGER-CHIEF ENGINEER OF THE DEPARTMENT OF WATER SUPPLY:**

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

Ms. Garson said that the Board should discuss the salary as part of Item 10, ANNOUNCEMENT OF NEW MANAGER-CHIEF ENGINEER, but suggested that somebody on the Board might want to move to go into Executive Session.

MOTION: Mr. Taniguchi moved to go into Executive Session; seconded by Mr. Lindsey, and carried unanimously by voice vote.

(The Board went into Executive Session at 11:46 a.m., and ended the Executive Session at 12:03 p.m.)

The Board returned to Item 10, ANNOUNCEMENT OF NEW MANAGER-CHIEF ENGINEER, to discuss and set the salary of the new Manager-Chief Engineer.

MOTION: Mr. Meierdiercks moved to set the starting point for discussion purposes of the salary for the Manager-Chief Engineer at \$115,000.00; seconded by Mr. Kaneshiro.

Mr. Meierdiercks said the \$115,000.00 was just a starting point; it is more than the salary that Mr. Antonio is currently getting, which has been frozen for a number of years. This is a new position for Mr. Antonio, and this amount is just a starting point for discussion.

Mr. Taniguchi suggested that the Board consider an increase of at least three percent, in light of the ongoing furloughs. Normally, the Board would not give such a small increase, but this is a change in responsibility for Mr. Antonio. With the three percent increase, the dollar amount would come to \$116,963.00. Given the fact that the Manager-Chief Engineer and the Deputy have not had a raise in the last couple of years, it is still indicative of what is happening out in the private sector as well, Mr. Taniguchi said. He said he believed that a three percent increase at this time would be fair.

Mr. Lindsey thought that the amount that Mr. Taniguchi proposed was acceptable.

Mr. Robinson agreed that he believed that the amount was fair; he was in support of that amount.

Mr. Meierdiercks asked to amend his Motion.

AMENDMENT TO THE MAIN MOTION: Mr. Meierdiercks amended his Motion to make the salary a round sum of \$117,000.00; seconded by Mr. Taniguchi, and carried unanimously by voice vote.

ACTION: The Main Motion as Amended, to set the salary of the new Manager-Chief Engineer at \$117,000.00, carried unanimously by voice vote.

12) **NEW MANAGER-CHIEF ENGINEER – RECOMMENDATION ON CHOICE OF DEPUTY:**

Mr. Antonio told the Board that he would like to defer announcing his choice of Deputy; he will make the announcement in a letter to the Board in the next couple of weeks, before the next Board meeting. He said he understood that the Board would need to confirm his choice, as the Board's prerogative. In the same letter, Mr. Antonio intends to announce his choice of Private Secretary.

13) ANNOUNCEMENTS:

1. **Next Regular Meeting:**

The next meeting of the Water Board will be held on January 24, 2012, at the Department of Water Supply, Operations Conference Room, 889 Leilani Street, Hilo, HI.

2. **Following Meeting:**

The following meeting of the Water Board will be held on February 28, 2012, at the Department of Water Supply, Operations Conference Room, 889 Leilani Street, Hilo, HI.

14) ADJOURNMENT

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

Chairperson Mukai adjourned the meeting at 12:12 p.m.

Acting Secretary-Administrative Assistant

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.*