

MINUTES

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

February 28, 2012

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

MEMBERS PRESENT: Mr. Robert Meierdiercks, Chairperson
Mr. Art Taniguchi, Vice-Chairperson
Mr. David Greenwell
Mr. Kenneth Kaneshiro
Ms. Susan Lee Loy
Mr. Bryan Lindsey
Mr. Delan Perry
Mr. Rick Robinson
Mr. Jay Uyeda
Mr. Quirino Antonio, Jr., 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
Ms. Carmen J. Colley, UH nursing student

Department of Water Supply Staff
Mr. Keith Okamoto, Deputy
Mr. Kurt Inaba, Engineering Division Head
Mr. Daryl Ikeda, Chief of Operations
Mr. Rick Sumada, Waterworks Controller
Mr. Kawika Uyehara, Engineering Division
Mr. Larry Beck, Engineering Division
Ms. Kanani Aton, Public Information and Education Specialist
Ms. Julie Myhre, Energy Management Analyst
Mr. Calvin Uemura, Assistant Customer Service Supervisor
Mr. David Mellom, Credit and Collection Clerk
Mr. Eric Takamoto, Operations Division

1) CALL TO ORDER – Chairperson Meierdiercks called the meeting to order at 10:03 a.m.

2) STATEMENTS FROM THE PUBLIC

None.

3) APPROVAL OF MINUTES

The Chairperson entertained a Motion to approve the Minutes of the January 24, 2012, Water Board meeting.

ACTION: Mr. Taniguchi 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)

Chairperson Meierdiercks entertained a Motion to add Item 6 B (1), JOB NO. 2011-975, PANA‘EWA BOOSTER #1 REPAIR, to the Agenda.

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

A Roll Call Vote was taken: Messrs. Greenwell, Kaneshiro, Ms. Lee Loy, and Messrs. Lindsey, Perry, Robinson, Taniguchi, Uyeda and Chairperson Meierdiercks voted Aye.

ACTION: Motion carried unanimously with nine (9) Ayes, zero (0) Nays.

5) PUNA:

A. **JOB NO. 2006-899, CONSTRUCTION OF THE ‘ŌLA‘A NO. 6 PRODUCTION WELL AND 1.0 MG RESERVOIR:**

The contractor, Isemoto Contracting Company, Ltd., requested a contract time extension of 41 calendar days. This is the fourth time extension request for this project.

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	5/26/11	11/25/11	183	Delays in receiving approval of the Medium Voltage switchgear submittal from HELCO.
2	11/25/11	12/16/11	21	Delay in receiving test electrical power from HELCO.
3	12/16/11	1/30/12	45	Additional work required by Post-Contract Documents (PCD) #8 and #9.
4	1/30/12	3/11/12	41	Weather related delays and completion of telemetering phone line by Hawaiian Telcom between the new ‘Ōla‘a #6 tank and Pacific Paradise Gardens tank.
Total Days (including this request)			290	

The project completion date must be extended due to weather-related delays (22 calendar days) experienced on the project, and the delay (19 calendar days) in completion of the new telemetering phone line between the new ‘Ōla‘a #6 tank and the Pacific Paradise Gardens tank.

Staff has reviewed the request, and finds that the extension of an additional 41 days is justified.

The Manager-Chief Engineer recommended that the Board grant this contract time extension of 41 calendar days to Isemoto Contracting Company, Ltd., for JOB NO. 2006-899, ‘ŌLA‘A NO. 6 PRODUCTION WELL AND 1.0 MG RESERVOIR. If approved, the contract completion date will be extended from January 30, 2012 to March 11, 2012.

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

Mr. Uyehara, the project engineer, explained that the telemetering line was actually put in at the end of last year, but by the time DWS tested it at the beginning of this year, it was discovered that the telemetering lines were not communicating with each other. As a result, a technician was called in by the contractor to fix the problem. Mr. Uyehara noted that the contractor had actually requested a 40-day

extension just to fix the telemetering problem, but DWS pared it down to 19 days, which was considered a reasonable time extension to resolve the issue.

ACTION: Motion carried unanimously by voice vote.

6) SOUTH HILO:

A. **JOB NO. 2008-940, CONSTRUCTION OF THE KULA‘IMANO PRODUCTION WELL AND SUPPORTING FACILITIES PROJECT:**

This project involves outfitting the Kula‘imano Well exploratory well into a production well, site grading, motor control/chlorination building, drainage improvements, on-site and off-site electrical improvements, asphalt concrete pavement, and site fencing.

Bids for this project were opened on February 9, 2012, at 2:00 p.m., and the following are the bid results:

Bidder	Base Bid Amount	Corrected Bid Amount*	Adjusted Bid Amount* (for purposes of bid award)
Isemoto Contracting Co., Ltd.	\$1,905,564.00	\$1,155,564.00	\$1,095,504.80
Site Engineering, Inc.	\$1,261,900.00		\$1,194,587.37
Koga Engineering and Construction, Inc.	\$2,024,400.00	\$1,274,400.00	\$1,208,204.10
Yamada Paint Contracting, Inc. DBA GW Construction.	\$1,339,105.00		\$1,271,609.75

*Bids were adjusted (for the purposes of award) to provide credits for use of Hawaii Products, participation in the State Apprenticeship Program, and were allowed to be corrected because of an obvious mistake, all in accordance with DWS General Requirements and Covenants and the Hawaii Administrative Rules.

Project Costs:

1) Low Bidder (Isemoto Contracting Co. Ltd.)	\$ 1,155,564.00
2) Construction Contingency (9.9%)	\$ 114,436.00
Total Cost:	<u>\$ 1,270,000.00</u>

Funding for this project will be from DWS’s C.I.P. Budget and then reimbursed through a Drinking Water State Revolving Fund loan. The contractor will have 360 calendar days to complete this project.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2008-940, CONSTRUCTION OF THE KULAIMANO PRODUCTION WELL AND SUPPORTING FACILITIES PROJECT, to the lowest responsible bidder, Isemoto Contracting Co., Ltd., for their bid amount of \$1,155,564.00, plus \$114,436.00 for construction contingency, for a total contract amount of \$1,270,000.00. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality of the contract by Corporation Counsel.

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

Mr. Uyehara explained that there was a sentence in the electrical specifications that told the contractors to include a \$750,000.00 utility allowance, which was not deleted from the bid specifications. Although the deletion of that sentence may have been discussed at the pre-bid meeting, it was never clarified with an official Addendum from the Department, Mr. Uyehara said. When the bids were opened, two of the four contractors included that utility allowance, and two contractors did not include it. The contractors do not need to pay the utility allowance, because DWS is taking the responsibility to work with HELCO and Hawaiian Telcom regarding the power and the phone costs. Corporation Counsel advised DWS that there are HRS sections that allow the Department, when it sees an obvious mistake such as this in a bidder's bid, to adjust it in favor of the purchasing agency, Mr. Uyehara said. He noted the middle column (in the table above), listed as Corrected Bid, along with the column to the right listed as Adjusted Bid Amount, based on the preferences for Hawai'i products and the Apprenticeship program. After doing the math, Isemoto Contracting Co., Ltd. emerged as the low bidder, Mr. Uyehara said.

Mr. Robinson asked if the 360 days listed to complete the project makes any allowances for time extension requests.

The Manager-Chief Engineer said the Department does allow for delays involving the utility companies, when setting the completion date for contracts.

Mr. Robinson asked whether the contract will require a penalty if the contract goes over 360 days.

The Manager-Chief Engineer said DWS will make clear to the general contractor and the utility company that the project needs to be completed in 360 days.

Mr. Uyehara said that HELCO has already been at the well site, digging holes for the new power poles.

The Manager-Chief Engineer said that DWS had signed an agreement with HELCO to proceed, even before the project went out to bid.

Mr. Inaba said that DWS was not eager to give the contractor more time than is needed; the time estimate for this project is a good estimate. However, there may be unforeseen delays, such as weather delays or utility delays. Other government agencies have the same issues with the utilities that DWS has, Mr. Inaba observed. Typically, DWS has no control over the utilities' schedules, although DWS tells them when the Department wants the utilities to come in. It is a moving target among other variables like lengthy periods of rain, etc. that may force the utilities to reschedule their installations. Meanwhile, DWS is actively working to improve communications with the utilities, to make sure the timing is right. Communications with HELCO have improved dramatically in the last several months, Mr. Inaba said.

The Manager-Chief Engineer said that DWS has had several meetings with HELCO recently, including one meeting with the president of HELCO regarding the time extension issue. DWS came away from that meeting with the impression that communications had markedly improved regarding issues like time extensions – and that HELCO values DWS as a good customer.

Mr. Uyehara said that he wanted to invite HELCO and Hawaiian Telcom to DWS's pre-construction meetings, to ensure that everybody is on the same page (and the same schedule) from the start.

Mr. Greenwell said that he knew of a private well system where the contractor is being held firmly to the date of completion; the contractor's feet are being held to the fire and the contractor is going to end up paying liquidated damages. This well system is a private one which will eventually be turned over to DWS. Mr. Greenwell said that by contrast, it seems that with DWS projects, contractors always get time extensions and nobody is held accountable. He quipped that it was almost like the contractors have a form letter in their offices that they pull out and hand to DWS. Mr. Greenwell asked why there are so

many time extensions with DWS, while contractors doing private projects like the one he knows may be required to pay liquidated damages.

The Manager-Chief Engineer said that DWS is working to make sure that any time extension requests are justified, and the Department will hold contractors' feet to the fire and charge them liquidated damages as provided for in the contract. He agreed that DWS cannot be too lax about these matters, so if a contractor lacks good justification for a time extension, DWS will charge them liquidated damages.

The Deputy noted that DWS has assessed liquidated damages in the past, and does monitor time extensions. He cited the example of a project in Honomū where the contractor exceeded the contract time, and had no justifiable reason for a time extension. That contractor ended up paying \$72,000.00 in liquidated damages. Instances like this have been handled administratively, so assessments of liquidated damages tend not to come before the Board. He assured the Board that DWS does not give time extensions to everybody.

The Manager-Chief Engineer needs to make sure that time extension requests are justified. In the case when the request is not justifiable, DWS will either negotiate with the contractor, or refuse to grant the time extension. DWS will work with the contractor on those things, he added.

Mr. Taniguchi suggested that the Department show how much liquidated damages a contractor will need to pay; since he has been on the Board he has never seen anything about a contractor paying liquidated damages. Coming from the private sector, Mr. Taniguchi observed that contractors who borrow from the banks to do projects lose money when they fail to finish on time. He said DWS should be acting in the same manner as the private sector. Mr. Taniguchi asked whether the State Revolving Fund money would be jeopardized if the project is not finished in a timely manner.

Mr. Uyehara said no, the funds would not be jeopardized for the Kula'imano project because DWS has not yet entered into an agreement.

The Manager-Chief Engineer said that DWS would tighten up the requirements. He noted that on the Palani Transmission project, DWS has already executed liquidated damages.

Mr. Uyeda asked whether the Kula'imano project was similar to the 'Ōla'a project discussed earlier, in terms of equipment. He asked whether this project would involve medium-voltage, switchgear equipment, etc.

Mr. Inaba said yes, the equipment would be similar.

Mr. Uyeda said that then, what DWS has learned on the 'Ōla'a project can be applied to the Kula'imano project.

Mr. Uyehara said yes, especially regarding the switchgear review process with HELCO; DWS will work with HELCO right off the bat.

The Manager-Chief Engineer said that DWS will begin discussing details like this at the pre-construction meetings, to which HELCO will be invited. This will let HELCO know what kind of equipment will be installed on-site, and help alleviate issues regarding whether the power that HELCO provides is sufficient to meet the requirements of the equipment.

Mr. Perry said that the Board should be briefed on things like liquidated damages, etc. This would be good information for the Board to have.

Ms. Lee Loy noted that Mr. Inaba said that DWS built in time for weather delays, etc. into the 360 days for the Kula'imano project.

Mr. Inaba said yes, if all goes well, the project should be completed in 360 days. DWS does not want to give additional time up front for unforeseeable things. DWS documents rain delays, so that if in the end the contractor needs additional days, it will have been on record that the contractor could not work due to rain, etc.

Ms. Lee Loy asked whether time was built into the 360 days in this bid regarding getting grading and grubbing permits or other permits.

Mr. Inaba said yes, the plans are at the point where the contractor should be able to submit them to the departments or agencies to get the permits.

Ms. Lee Loy said that the information that DWS provides is very helpful; it would be perfect if information regarding the assessment of liquidated damages could be included in the project summaries that DWS provides. This would help the Board see the larger picture, she said.

Chairperson Meierdiercks said that he wanted the Board to understand that the matter at hand was the *awarding* of the Kula‘imano project. He asked whether DWS anticipates protests from contractors, if the Board approves this award today.

Mr. Uyehara said no, he did not think so.

Mr. Inaba explained that there were concerns from the low bidders regarding the utility allowance that was erroneously included (and subsequently removed). One low bidder informed DWS that if the utility allowance had been required, that low bidder would have had to withdraw their bid.

Chairperson Meierdiercks said he just wanted to make sure that DWS would not be seeing a protest due to DWS’s error.

Mr. Inaba said he did not expect a protest.

The Manager-Chief Engineer said that the other bidders were all informed of these adjustments.

Mr. Meierdiercks asked what the award date would be.

The Manager-Chief Engineer said the date for the award would be today, if the Board approves it.

Mr. Uyehara noted that there are 45 days from the date of the award to execute the contract.

Mr. Kaneshiro turned to the subject of the Hawai‘i products preference, and asked whether DWS monitors contractors’ use of Hawai‘i products.

Mr. Uyehara said that DWS monitors it through the contractors’ submittals, which specify which Hawai‘i-originated materials the contractor plans to use in the project.

Mr. Kaneshiro asked if DWS monitors the use of Hawai‘i products; he asked if there were any checks and balances to ensure the contractor actually uses Hawai‘i products.

Mr. Inaba noted that the Hawai‘i products preference differs from the preference regarding the Apprenticeship program, in that contractors only take a portion of their bid on the actual Hawai‘i-originated material that the contractor intends to use. This means that the contractor only gets a percentage off of that quantity of material that the contractor is using. By contrast, the contractor gets to take five percent off the *entire bid* in the case of the Apprenticeship program preference. Therefore, the Hawai‘i products preference means a much smaller reduction in the contractor’s bid price.

The Deputy said that the way DWS monitors the use of Hawai‘i products is by requiring submittals for whatever products or materials the contractor uses on the project; the contractor identifies the supplier of that particular product or material. For example, a contractor may say in his submittal that he is using aggregate from Yamada Quarry; that is fine. However, DWS does not go so far as to observe the truck getting filled or depositing the material on the site. DWS takes the submittal, reviews the source of the material and other specifications of the material itself. If all of the submittals look legitimate, this creates a paper trail to put into the project file. That is as far as DWS takes the monitoring, he added.

The Manager-Chief Engineer asked whether, during the review of the submittals, DWS requires some kind of certification letter from the supplier that attests that the products that they are supplying are Hawai‘i products.

The Deputy and Mr. Inaba said no.

The Manager-Chief Engineer asked whether DWS knows by looking at the submittals whether or not the material being supplied is a Hawai‘i product.

Mr. Inaba said yes, when the contractor says that they will be using, for example, base course from Yamada, the contractor gets a submittal from Yamada confirming that this is the material he is supplying, etc.

ACTION: Motion carried unanimously by voice vote.

B. JOB NO. 2011-975, PANA‘EWA BOOSTER #1 REPAIR:

The contractor, Derrick’s Well Drilling & Pump Services, LLC, requested a contract time extension of 41 calendar days. This is the first time extension request for this project. Information on the time extension request is detailed below:

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	2/28/12	4/9/12	41	Modifications to the existing discharge head by previous contractor require complete replacement.
Total Days (including this request)			41	

The project completion date must be extended, due to modifications to the existing discharge head by the previous contractor, requiring complete replacement. Replacement of the discharge head was not within the project’s original scope of work, requiring additional time for fabrication and delivery.

Staff has reviewed the request, and finds that the extension of 41 calendar days is justified.

The Manager-Chief Engineer recommended that the Board grant this contract time extension of 41 calendar days to Derrick’s Well Drilling & Pump Services, LLC, for JOB NO. 2011-975, PANA‘EWA BOOSTER #1 REPAIR. If approved, the contract completion date will be extended from February 28, 2012, to April 9, 2012.

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

Mr. Ikeda suggested that the Items 6 B and 6 B(1) be taken up at the same time, so that staff can explain both of them together.

Chairperson Meierdiercks said this was fine, but the two Items would need two separate votes.

The Manager-Chief Engineer explained that this is a repair project. In the course of doing the repairs, it was discovered that the discharge head was not properly aligned with the pump head, or with the pump itself. The decision was to replace the existing discharge head; the 41 days listed here include the fabrication and delivery of the discharge head.

Mr. Young said the discharge head was irreparable. He noted that it is not unusual to have to replace the discharge head due to rust, etc. The discharge head in this case was warped and could not be repaired. He said the contractor needs the extra time to order the discharge head, get it fabricated and then delivered. DWS will also need the additional funds requested in Item 6 B(1) to cover the cost, he added.

Mr. Ikeda noted a discrepancy in the contractor's time extension request letter; the number of days is listed in the letter as 40 days, but the correct number of days is 41.

Mr. Taniguchi asked about the reference to the previous contractor making modifications to the existing discharge head.

Mr. Young said that actually took place nine years ago. The existing discharge head was more than 30 years old, he added.

Ms. Lee Loy asked why this project was not listed on the Monthly Progress Report. She also asked by what percent the project was away from completion.

The Deputy said the Monthly Progress Report only lists C.I.P. projects, i.e., capital improvement projects that DWS plans and budgets for. This project is a repair project, whereby something broke and DWS needed to fix it; it is not something the Department puts on the C.I.P. Budget. This project involves something that needs to be fixed, so it comes under the jurisdiction of Operations and Maintenance.

Mr. Young said that the project is about halfway towards completion.

Mr. Greenwell asked whether the 41 days will affect anyone as far as service.

Mr. Young said that DWS has two booster pumps working as a backup, and DWS is urging the contractor to expedite things. He confirmed that so far this has not affected service.

ACTION: Motion carried unanimously by voice vote.

B(1) JOB NO. 2011-975, PANA'EWA BOOSTER #1 REPAIR:

The contractor, Derrick's Well Drilling & Pump Services, LLC, is requesting a contract change order to replace the discharge head for Pana'ewa Booster #1. The replacement cost, including taxes, shipping and delivery is \$12,000.00. The available contingency for this project is \$2,497.95. DWS staff has reviewed the proposal and finds it acceptable and therefore, is requesting that the Board approve an additional \$9,502.95 in contingency from the CIP budget to allow the replacement of the discharge head.

Original Contract Amount:	\$ 24,979.50
Original Contingency amount:	\$ 2,497.95
Additional Contingency request:	<u>\$ 9,502.05</u>
Revised Contract amount:	\$ 36,979.50

RECOMMENDATION: It is recommended that the Board approve an increase in contingency of \$9,502.05 to Derrick's Well Drilling and Pump Services, LLC, for JOB NO. 2011-975, PANA'EWA BOOSTER #1 REPAIR.

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

The Manager-Chief Engineer noted that the total cost for the additional work is \$12,000.00, which includes the existing contingency of \$2,497.95, which was insufficient. Therefore, the additional \$9,502.05 in contingency is being requested.

ACTION: Motion carried unanimously by voice vote.

C. **JOB NO. 2002-802: PI‘IHONUA RESERVOIR NO. 2 REPLACEMENT:**

The contractor, Isemoto Contracting Co, Ltd., requested a time extension of 38 calendar days. This request is for additional time to make up for days that the contractor could not work due to inclement weather.

Staff has reviewed the request and finds the 38 calendar days are justified.

This is the third time extension request.

Ext #	From (Date)	To (Date)	Days (Calendar)	Reason
1	12/28/2010	11/8/2011	315	Days required to order the MCC, and complete the remainder of the project including demolition of the existing facilities.
2	11/8/2011	3/26/2012	139	Days required to take delivery and install the MCC, and complete the remainder of the project including demolition of the existing facilities.
3	3/26/2012	4/17/2012	38	Rain-out Days
Total Days (including this request)			492	

The Manager-Chief Engineer recommended that the Board approve a contract time extension to Isemoto Contracting Co., Ltd., of thirty-eight (38) calendar days from March 26, 2012, to May 3, 2012, for JOB NO. 2002-802, CONSTRUCTION OF THE PI‘IHONUA RESERVOIR NO. 2 REPLACEMENT.

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

Mr. Inaba said the rain delays took place in November and December, whose rainfall was of biblical proportions.

ACTION: Motion carried unanimously by voice vote.

7) **HĀMĀKUA:**

A. **JOB NO. 2011-979, HONOKA‘A DEEPWELL REPAIR:**

This project generally consists of the replacement of the existing submersible pump, motor, column assembly, cable and appurtenances.

Bids for this project were opened on February 9, 2011, at 3:00 p.m., and the following are the bid results:

Bidder	Bid Amount
Beylik Drilling & Pump Service, Inc.	\$129,000.00
Derrick's Well Drilling & Pump Services, LLC	\$129,284.31
Water Resources International, Inc.	\$176,109.00

Project Costs:

1) Low Bidder (Beylik Drilling & Pump Service, Inc.)	\$ 129,000.00
2) Contingencies	<u>\$ 12,900.00</u>
Total Cost:	<u>\$ 141,900.00</u>

Funding for this project will be from DWS's C.I.P. Budget under Deepwell Pump Replacement. The contractor will have 180 calendar days to complete this project. The Engineering estimate for this project was \$96,800.00.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2011-979, HONOKA 'A DEEPWELL REPAIR, to the lowest responsible bidder, Beylik Drilling & Pump Service, Inc., for their bid amount of \$129,000.00, plus \$12,900.00 for contingencies, for a total of \$141,900.00. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality by Corporation Counsel.

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

The Manager-Chief Engineer noted that this was a well that DWS took over from the State. It was not working properly, so DWS had to go out to bid to repair the well.

Mr. Greenwell expressed misgivings that the 180 days requested to do the project might be excessive.

The Manager-Chief Engineer said there were a number of steps involved.

Mr. Young explained that the pump would have to be custom-made, assembled and tested. DWS gets put into a queue for the manufacturing and the testing, so it can be three or four months before a pump is delivered to DWS.

Mr. Uyeda asked whether the pump had been pulled out already.

Mr. Young said it had not been pulled out yet.

Mr. Uyeda said that there is a potential for more costs, depending on what they find once the pump is pulled out.

Mr. Young confirmed this.

Mr. Uyeda said that this contract is just for the pump; he noted that there may be additional costs arising from yet-unknown factors.

The Manager-Chief Engineer said that DWS ran this well during an emergency about a year ago, and the well ran for about three days until the emergency was lifted. He said the problem is basically with the pump, and DWS has no reason to suspect any other damage to the well, such as to the casings, etc.

Mr. Robinson asked why the State drilled the well.

The Manager-Chief Engineer said the well was drilled at a time when the State had funding for well drilling, and as a result, a lot of well drilling was done back then. Today, the State does not have that kind of funding, and most of the well drilling is done by DWS and individual developers. The reason the State did the drilling at the time was due to State projects in the vicinity, such as an expansion of the Hospital. For that, they needed an additional well, he said. The Manager-Chief Engineer noted that the State also drilled a well in Waimea, which DWS has since taken over. That well was also drilled because of State projects in the area.

Mr. Kaneshiro asked about the discrepancy between the Engineering estimate of \$96,800.00, while the award requested is for \$129,000.00.

Mr. Young said there was an Addendum that addressed shipping the pump back.

Mr. Takamoto said it was for shipping the pump and motor back in the event that there were any problems; this was an Addendum that was not included in the version he submitted.

Mr. Young said that inspection services were not accounted for; the engineering estimate goes out before the project is put out to bid. Therefore, the engineering estimate is really a rough estimate. DWS does not know how the bidders will bid; sometimes the bidding is aggressive and sometimes the bids are much higher. DWS bases its engineering estimates on past practices, so it can never get it exactly right.

The Manager-Chief Engineer said the engineering estimate and the award amount are still in the same ballpark.

Mr. Young said it is really difficult to make an estimate in the case of repairs, because there are so many factors involved.

ACTION: Motion carried unanimously by voice vote.

8) NORTH KONA:

A. **SECOND AMENDMENT TO WATER AGREEMENT: KOHANAIKI SHORES, LLC, PALAMANUI GLOBAL HOLDINGS, LLC, AND WATER BOARD:**

Kohanaiki Shores, LLC, Palamanui Global Holdings, LLC, and the Water Board and/or their predecessors in interest (“The Parties”) entered into an agreement dated June 15, 1999, relating to the development of water sources in North Kona. A First Amendment to the Water Agreement was entered into on January 11, 2007. Water quality issues have arisen with respect to the water sources that were the subject of this agreement. The parties now wish to enter into a Second Amendment to the Water Agreement that addresses those concerns.

Ms. Garson said that Ms. Lee Loy was asking to recuse herself from this Item.

Ms. Lee Loy explained that the law office for which she worked handled a number of legal matters for Kohanaiki and the adjacent property at ‘O‘oma, so she was asking to be recused.

Chairperson Meierdiercks asked that a notation be made into the Minutes to that effect.

Ms. Garson said that she was asking for this Item to be deferred to next month’s meeting; the parties are still in negotiations.

ACTION: Mr. Taniguchi moved to defer this Item to next month’s meeting; seconded by Mr. Uyeda. Motion carried with eight (8) Ayes; one (1) recused (Ms. Lee Loy).

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.

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. LICENSE NO. 764

(Non-Exclusive Right) (Benefit (B))

Lālāmilo Offsite Water Systems and New Lālāmilo 1.0 MG Reservoir

Licensors: State of Hawai'i, Department of Hawaiian Home Lands

Tax Map Key: (3) 6-6-001:077 portion

Final Inspection Date: TBA

Water System Cost: TBA

2. GRANT OF EASEMENT AND BILL OF SALE

Nakahara Commercial Subdivision

Subdivision Application No. 08-000821

Grantor/Seller: S NAKAHARA, LLC

Tax Map Key: (3) 6-5-007:006

E.W.O.: e12-008

No. of Lots: 2

Zoning: CG-7.5

Facilities Charge: \$5,500.00

Date Paid: 01/12/2012

Final Inspection Date: 12/23/2011

Water System Cost: \$47,370.00

3. HILO HILLSIDE ESTATES, PHASE I

a.) **BILL OF SALE** (Off-site Water System)

Seller: Moaniala Holdings, LLC

b.) **BILL OF SALE** (Off-site Water System)

Seller: Moaniala Holdings, LLC

c.) **GRANT OF EASEMENT**

Grantors: Grant Tadao Kobayashi and Charlotte Kobayashi Graham

Subdivision Application No. 93-000090

Tax Map Key: (3) 2-4-008: 014 portion

Grantor/Seller: Moaniala Holdings, LLC

No. of Lots: 143

Zoning: RA-1a

Note: *These documents are associated with the same project that was placed on the Water Board Agenda of November 22, 2011. The Facilities Charge and Water System Cost were included in that dedication (i.e., \$319,000.00 and \$529,680.00, respectively.)*

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.

Chairperson Meierdiercks said that the Board would vote on each of the above items separately, since Ms. Lee Loy planned to recuse herself from some of the items.

1. **LICENSE NO. 764**
(Non-Exclusive Right) (Benefit (B))
Lālāmilo Offsite Water Systems and New Lālāmilo 1.0 MG Reservoir
Licensor: State of Hawai‘i, Department of Hawaiian Home Lands
Tax Map Key: (3) 6-6-001:077 portion
Final Inspection Date: *TBA*
Water System Cost: *TBA*

Mr. Inaba requested that this one be deferred to next month’s meeting.

Chairperson Meierdiercks said Ms. Lee Loy was recusing herself from this item.

ACTION: Mr. Robinson moved to defer; seconded by Mr. Taniguchi. Motion carried with eight (8) Ayes; one (1) recused (Ms. Lee Loy).

2. **GRANT OF EASEMENT AND BILL OF SALE**
Nakahara Commercial Subdivision
Subdivision Application No. 08-000821
Grantor/Seller: S NAKAHARA, LLC
Tax Map Key: (3) 6-5-007:006
E.W.O.: e12-008
No. of Lots: 2 Zoning: CG-7.5
Facilities Charge: \$5,500.00 Date Paid: 01/12/2012
Final Inspection Date: 12/23/2011
Water System Cost: \$47,370.00

ACTION: Mr. Kaneshiro moved to accept; seconded by Mr. Perry, and carried unanimously by voice vote.

3. **HILO HILLSIDE ESTATES, PHASE I**
 - a.) **BILL OF SALE** (Off-site Water System)
Seller: Moaniala Holdings, LLC

 - b.) **BILL OF SALE** (Off-site Water System)
Seller: Moaniala Holdings, LLC

 - c.) **GRANT OF EASEMENT**
Grantors: Grant Tadao Kobayashi and Charlotte Kobayashi Graham

Subdivision Application No. 93-000090
Tax Map Key: (3) 2-4-008: 014 portion
Grantor/Seller: Moaniala Holdings, LLC
No. of Lots: 143
Zoning: RA-1a

Ms. Garson said Ms. Lee Loy is recusing herself from this item.

MOTION: Mr. Robinson moved to accept; seconded by Mr. Greenwell.

Mr. Taniguchi asked what this item was for.

Mr. Inaba said it was for off-site improvements that were separate from the on-site improvements that DWS has already accepted.

ACTION: Motion carried with eight (8) Ayes; and one (1) recused (Ms. Lee Loy).

B. POWER COST CHARGE:

A Public Hearing will have been held before the Board meeting today, to receive testimony on the Power Cost Adjustment. The Power Cost Adjustment will be discussed, with possible action by the Board. Currently, the Power Cost Charge is \$2.31 per 1,000 gallons. The Power Cost Charge for December, 2011, the most recent available figure, was \$2.35.

The Manager-Chief Engineer recommended that the Board approve an increase of the Power Cost Charge from \$2.31 to **\$2.35**, effective March 1, 2012.

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

Chairperson Meierdiercks asked whether January's figures were available.

Mr. Sumada said yes, and confirmed that January's Power Cost was similar to December's; the request to increase of the Power Cost Charge to \$2.35 could stand.

ACTION: Motion carried unanimously by voice vote.

C. DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING BUDGET FOR FISCAL YEAR 2013 AND 5-YEAR CAPITAL IMPROVEMENT BUDGET FOR FISCAL YEARS 2013-2017:

FY 2013 Operating revenues were computed based on a 3.53% decline in consumption to 8.2 billion gallons, along with a 2.2% increase in water rates that were determined in a rate study by RW Beck. Salaries expense was reduced 4.6% for 1-day furloughs in effect through FY 2013. Salaries were included for 165 employees and 18 vacant positions.

The C.I.P. budget is presented in a new 5-year format in order to give a clearer picture of where and what our infrastructure needs are.

The Manager-Chief Engineer recommended that the Water Board approve the Department's FY 2013 Operating budget and 5-year C.I.P. budgets for Fiscal Years 2013-2017 on this first of two readings. Staff also recommends that a public hearing on the proposed Operating Budget for FY 2013 and 5-Year Capital Improvement Budget for Fiscal Years 2013-2017 be held at **9:45 a.m. on March 27, 2012**, just prior to the regular Water Board meeting.

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

Mr. Sumada explained that this is the first of at least two readings of the Budget; the Board has until June to approve the Budget, so there is plenty of time to go through the details. Mr. Sumada said that consumption has been declining over the past five years, and he predicted that decline would continue into FY 2013. Revenues will reflect that decline in consumption, he added. Revenues will also reflect a slight percentage increase, based on the water rates that consultant RW Beck put into their five-year study. Therefore, there will be a slight water rate increase. Mr. Sumada said that salaries include a one-day furlough that continues through FY 2013.

Mr. Taniguchi asked for confirmation that the Board did not need to approve the Budget today.

Chairperson Meierdiercks said that the Board is being asked to approve *the first reading* of the Budget today.

Ms. Garson confirmed this; she noted that the Board is going out to Public Hearing with the Budget.

Chairperson Meierdiercks said the Public Hearing would be for a final reading.

Mr. Taniguchi said the Board has several months before the Budget needs to be finalized.

Ms. Garson said yes, but the Department needs to have some assurance that this Budget is what will be going forward to Public Hearing. She said that if the Board wants to make any changes before the Public Hearing, the Board should make changes.

Mr. Taniguchi said the Board needs time to digest the Budget; he acknowledged that the Board has had copies of the Budget for a few days. He asked whether the Board could come back with another revision of the Budget.

Chairperson Meierdiercks said that if the Budget is approved for first reading today, it will be published in the newspapers (as part of the Public Hearing Notice).

Mr. Kaneshiro asked about the \$30,600.00 budgeted for Board travel, noting that the figure was very high compared with other DWS sections. He asked why the figure was so high.

Mr. Sumada said that most of the travel for the Board is for five people to attend the national AWWA conference, versus only three people the past couple of years.

Mr. Kaneshiro noted that Operations' travel budget was \$12,000.00; Finance's travel budget was \$8,000.00, and Engineering's travel budget was \$23,000.00.

Mr. Sumada said that the Board travel budget also increased the number of Board members allowed to go to the AWWA-Hawai'i conference and the HWWA conference.

Mr. Robinson asked about the Budget entry for Personnel Services, with Salaries at \$8.8 million and Employee Benefits at \$5.7 million. He noted that that was more than 60 percent of the total; he was accustomed to a figure of around 35-40 percent. He asked what makes Employee Benefits so much higher on a percentage basis.

Mr. Sumada explained that the major factor in the Employee Benefits is DWS's contribution to retirement health care. Up until a few years ago, DWS paid as it went, and DWS was only billed by the Hawai'i Employer-Union Health Benefits Trust Fund (EUTF) for the retirees who were receiving health care benefits. Two or three years ago, there was a new accounting rule that required DWS to **pre-fund** this benefit; this affected all of the counties and the State. It added \$1.5 million to \$2 million to the DWS Budget, on top of everything else, to pre-fund the post-retirement health care benefit obligation. DWS needs to pre-fund it over a period of 30 years, to catch up with what actuaries calculate that obligation to be. He noted that the Board agreed to set aside monies in the Budget to cover this obligation. Meanwhile, other counties and the State consider the obligation to be too huge, and have decided not to pre-fund it -- a decision which jeopardizes the counties' and the State's future financial stability, Mr. Sumada said.

Mr. Robinson asked how much of the \$5.7 million was going into the pre-funding of this obligation.

Mr. Sumada said it was \$2.5 million.

Ms. Lee Loy turned to the \$8.8 million in projected salaries, and asked how many employees and vacancies the number was based on.

Mr. Sumada said it was based on 165 positions, including 18 vacancies.

Ms. Lee Loy asked whether DWS planned to fill those vacancies.

Mr. Sumada said yes, DWS plans to fill those vacancies, but not increase the total number beyond that.

Mr. Uyeda suggested that the Budget allow for at least two or three Board meetings in Kona, to allow the West Hawai'i public an opportunity to attend.

Chairperson Meierdiercks said that the subject of future meeting venues will be taken up later in the meeting today, but April's meeting is going to be in Kona, with the West Hawai'i Civic Center already reserved. Beyond that, the Board will probably meet again in Kona in either September or October, he said.

The Manager-Chief Engineer said that Mr. Sumada had taken into consideration the meetings in Kona when preparing the Budget.

Chairperson Meierdiercks asked whether he had accounted for three or four meetings in Kona.

Mr. Sumada said he factored in the Kona meetings based on mileage, because there is no cost for using the West Hawai'i Civic Center.

Chairperson Meierdiercks said that more than any other consideration, Kona meetings affect the *staff*.

The Manager-Chief Engineer assured that this was taken into account in the Budget.

Mr. Sumada said that he figured that everybody has to travel at some point, either from Kona to Hilo, or vice versa, so essentially it is the mileage that he factors in.

ACTION: Motion carried unanimously by voice vote.

D. **DISCUSSION REGARDING DRAFT OF PROPOSED RULE CHANGE REGARDING WATER SERVICE TO CONSUMERS/RESPONSIBILITY FOR PAYMENT OF BILLS:**

Ms. Garson noted that she had emailed the Board the draft Rule Revisions, and everyone has a hard copy before them. The Department had a number of concerns with the draft Rule change. She noted that the Board's intention was to have the property owner bear some responsibility for a tenant's delinquent bills. Ms. Garson met with Customer Service personnel, who are here to brief the Board today on their concerns with the draft revisions.

Mr. Uemura said that one area of concern was the determination of who the property owner is. One question arose regarding how to determine liability for condominium property regime (CPR) ownership. He cited the example of the Kapoho Kai Water Company, which has three water meters servicing well over 100 individual lots. In this case, determination of ownership is a question for DWS; the question is who would be liable for those individuals. Another issue that DWS faces involves a number of customers who assume water service before escrow on a property closes; there is a lag between the point where the ownership changes, and when it becomes public record. Another issue involves owners living on the Mainland, etc. and time lags in transferring service to the next tenant, which could mean the meter is removed in the interim. Yet another issue involves DWS's inability to do multiple billing, i.e., one meter with several bills going out from it.

Mr. Greenwell asked about the Kapoho Kai example; he wondered whether DWS needs to read all 100 or so meters.

Mr. Uemura said no, DWS only reads the master meter.

Mr. Greenwell asked how the billing goes out in cases like this.

Mr. Uemura said that in most cases, the bill goes to an association. DWS signs up the association, with a representative coming into the office to fill out an application. The question is how DWS knows or verifies that the association is a genuine, registered association.

Mr. Greenwell asked what happens if an association fails to pay the bill. He asked whether X number of people get their water shutoff in such a case.

Mr. Uemura said yes.

The Manager-Chief Manager said it was not clear which of the issues mentioned could be resolved administratively. The proposed Rule Revisions are good; the Department needs to see how it can work out these issues procedurally. He cited the inability of DWS's billing system to produce duplicate copies of billings. He said issues like these require further discussion within the Department on how to find solutions.

Mr. Taniguchi thanked Ms. Garson for getting the discussion of the Rule Revisions to a good starting point. He reminded the Board that the reason that the subject of a rule change came up was because of situations where a customer would not pay his bill, get the water shutoff, and then have a household member come in to get service reinstated without paying the delinquent bill. He said the bottom line is, if a customer fails to pay his water bill, DWS should not provide water to the household. Mr. Taniguchi said it was up to the Board and DWS to figure out how to legally withhold service in cases like this. He said his feeling was that until the bill is paid, DWS should not turn the water back on. If a tenant wants the water turned back on, the tenant will pay the bill, he said. He said nobody on the Board wants DWS to be taken advantage of. The Board and DWS need to work out the details. As far as the billing goes, DWS can bill it to the tenant, with the owner co-signing the application. If the bill becomes delinquent, the ultimate responsibility would lie with the co-signing property owner. A letter can go to the parties from Collections threatening to cut off service.

The Manager-Chief Engineer agreed that Ms. Garson's draft Rule Revisions were a very good starting point; the Department will need to have further discussion internally as to how to make it work.

Mr. Robinson compared the water payments to property taxes. When an owner tries to sell his property, he has to show that his property taxes are current through the time of escrow. He asked if DWS tells a new property owner that he must bring any old water balances current before the new owner can get water service.

Ms. Garson said no, DWS does not do so, and the Department probably could not do so legally since it would mean holding someone liable for someone else's debt. The new owner will not have used that water, nor did the new owner incur that service, and therefore, DWS cannot impose the responsibility for a previous owner's delinquency on the new owner. In the case of real property taxes, failure by the previous owner to pay his taxes becomes a statutory lien automatically. DWS lacks the power to attach that sort of lien. In order for DWS to get the owner of the property, DWS first needs to have a contractual agreement with the owner; the owner would have to co-sign the application. (The owner is not required to co-sign now.) This is the crux of the draft rule changes that Ms. Garson offered; DWS somehow needs to get the owner on the hook, through a contractual agreement. She suggested that DWS have one contract whereby the owner signs and stands as guarantor for any tenant who comes in thereafter, for the life of the owner's ownership of that property.

Mr. Robinson said that just like in the case of real property taxes, DWS should be able to go after the owner if his tenant fails to pay his bills.

The Manager-Chief Engineer said that DWS wants to reduce the number of delinquencies in cases like this. If it takes an owner to co-sign with the tenant, DWS will make it happen.

Ms. Garson said there were many logistic issues to consider. For example, DWS does not want the owner to have to sign every time there is a new tenant. Ms. Garson said she would hold monthly meetings with the Department to work out the details.

The Manager-Chief Engineer noted that in some cases, someone who purports to be a tenant signing up for water service may in fact be a squatter occupying a property without the owner's knowledge. The rule change might also resolve issues like that.

The Manager-Chief Engineer said that this all is a work in progress, and the draft Rule Revisions will be a standing Agenda Item, with a monthly update to be given if available.

Ms. Garson asked the Board to email her individually with any ideas.

Mr. Sumada said he and the staff wants to achieve the same goals as the Board, but getting the owner involved seems to be problematic. The idea came up of increasing the credit deposit and holding on to it until the tenant leaves; this may not be as good a solution as getting the owner involved. However, it *would* take care of most of the unpaid balances that DWS is seeing. Mr. Sumada asked if DWS could pursue the idea of increasing the credit deposit and holding on to it until the tenant leaves.

The Manager-Chief Engineer said that currently, a new applicant is required to pay a credit deposit, which DWS returns after one year provided that the customer pays his bills. Mr. Sumada is proposing that DWS *not* give back the deposit.

Chairperson Meierdiercks asked whether that would be a policy.

Ms. Garson said no, it would be a Rule, and therefore, the current Rule would have to be changed in order to keep the deposit.

Mr. Sumada said that the deposit for residential customers is \$50.00.

Chairperson Meierdiercks suggested that the Department raise the deposit, and not return the deposit for the life of the meter.

The Manager-Chief Engineer said it would be for the life of the tenancy of the applicant.

Mr. Greenwell asked whether that would be unfair, by addressing only a non-owner of that particular property. He asked whether the owner would not need to pay that increased deposit.

The Manager-Chief Engineer said DWS would require the same deposit, whether the applicant is an owner or a tenant.

Mr. Sumada suggested that maybe DWS could return the deposit after five years, instead of one year, as it is now.

Mr. Greenwell suggested that if an owner was on the hook, the failure to pay the water bill would come up if the owner ever tried to sell the property when it went through escrow or through title research.

Ms. Garson said that she would urge the Department to apply the Rule across the board, where it would not matter whether it was a tenant or an owner. She agreed that DWS could increase the amount of the deposit, and hold onto the deposit for a longer period of time.

Mr. Taniguchi asked how the Department would get around the problem of getting the delinquent bill paid, assuming that DWS was holding on to the deposit. DWS should shut their water off until the bill is paid. He asked what happens if the deposit is not sufficient to cover what is owed on the bill. He asked how DWS would get around *not* having to give service to the same address to another household member, until the delinquency is paid.

Mr. Sumada said that the Department realizes that it might not be able to cover all the unpaid balances that are out there, but raising the deposit to \$100 or thereabouts would go a long way toward covering the delinquencies.

Mr. Greenwell suggested that the deposit be looked at more frequently, rising as the price of water and fuel go up. He thought that maybe the deposit should go up every couple of years. Fifty dollars (i.e., the current deposit amount) can be used up in water usage in a couple of weeks, he said.

Mr. Inaba said that the deposit could also be based on the size of the meter.

Chairperson Meierdiercks said that the Department might as well look at a whole spectrum of problems in revising the Rules. He said that the Rule Change would be a standing Agenda Item.

E. REPORT OF AD HOC FINANCE COMMITTEE:

Mr. Taniguchi said his Committee met on February 23, 2012, covering primarily the Vehicle Policy and the lock box. The Board was provided with copies of the final version of the Vehicle Policy, which incorporates the changes suggested by Mr. Greenwell. Mr. Taniguchi noted that the Vehicle Policy is an administrative matter, and therefore does not require Board approval.

The Committee also discussed the decals for DWS fleet vehicles. Operations found that it could just replace the slogan part of the decals, instead of the entire decal. The Department is looking into getting quotes for replacing just the slogan part, which should take care of the entire DWS fleet.

Regarding the lock box, DWS had originally looked at tying in with the Honolulu Board of Water Supply's billing system. However, Honolulu's launch of its new billing system has been delayed to at least this July or possibly later. DWS is obliged by the Legislative Audit conducted a year and a half ago to introduce a lock box system, as part of enhanced security measures for collecting payments. Mr. Sumada has gotten quotes regarding the reconfiguration of DWS's billings to conform to a lock box system. While DWS is deliberating on whether to go in with Honolulu's billing system, or to have DWS's current vendor do the work, the Committee will probably recommend that DWS reconfigure its billings. The Committee will have a detailed report at the next meeting.

The Manager-Chief Engineer said that if there are no further questions regarding the Vehicle Policy, he will sign the Vehicle Policy and circulate it to the employees.

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

The Water Board's Chairperson of the Ad Hoc Committee to Revise the Manager-Chief Engineer's Evaluation Form, Mr. Ken Kaneshiro, has been looking at a revised Manager-Chief Engineer Evaluation Form.

This meeting marked the discussion phase of the Ad Hoc Committee's work.

Mr. Kaneshiro noted that he had distributed the draft Evaluation Form at the January meeting. Today the Board received a sheet with Performance Definitions from the Committee. Mr. Kaneshiro suggested that the Board use the Performance Goals under the heading of Leadership, with the same evaluation definitions for each of the goals. He noted that he suggested at the January meeting that the Manager-Chief Engineer start work on DWS's Strategic Plan; the last Strategic Plan, drawn up in 2004, ended in 2009. Mr. Kaneshiro said that hopefully, the Manager-Chief Engineer will have the Strategic Plan done by the end of this fiscal year, along with the Department's Business Plan, or Plan of Operations. The Department's proposed Budget will dovetail with the Manager-Chief Engineer's goals, and will make sure that there is enough money to perform the goals. Mr. Kaneshiro said that will facilitate the Performance Appraisal of the Manager-Chief Engineer. Mr. Kaneshiro proposed that Chairperson Meierdiercks act as the rating official on the performance appraisal; the Chairperson will talk with the Manager-Chief Engineer to make sure that everything is in order, and both the Chairperson and the Manager-Chief Engineer will sign the performance appraisal. Mr. Kaneshiro proposed that the annual Evaluation Form will be completed a month before the start of the fiscal year, which begins July 1st. That means that the Evaluation Form must be done by June 1st. Mr. Kaneshiro proposed that the Manager-Chief Engineer will have a chance to look at the Evaluation Form, and may agree or disagree with it; in the case of disagreement, the Manager-Chief Engineer can give his input. Mr. Kaneshiro proposed that once an agreement is made between the Chairperson and the Manager-Chief Engineer, both will sign. Mr. Kaneshiro proposed that thereafter, there will be quarterly reviews to track progress. Mr. Kaneshiro proposed that the Chairperson and the Manager-Chief Engineer will sign the form after each review to make sure that they are in agreement with the progress of performance. Mr. Kaneshiro proposed that one month before the end of the fiscal year, i.e., in June, the Manager-Chief Engineer will prepare a report that will show whether the goals have been accomplished, and if not, give the reasons for not meeting the goals. This report will help the Board see what was done, what was not done and why it was not done. Mr. Kaneshiro said that *next* year's appraisal will also need to be worked on fairly soon. Hopefully, the Strategic Plan and the Business Plan (or Plan of Operations) will point to what needs to be accomplished. He suggested that it could be a five-year plan, with benchmarks for progress in each year of the plan. Mr. Kaneshiro said that by the fifth year of the plan, everything will have been accomplished, and then DWS will prepare a new Strategic Plan. He said that hopefully there will be agreement that the Strategic Plan will be completed; it is very important to get the Strategic Plan process started, he added.

The Manager-Chief Engineer said that he had told the Board during the process of being selected as Manager-Chief Engineer that one of the things he wanted to revive was the Strategic Plan and the Business Plan. He said that he had already put his Division heads on notice that this was what the Department needs to do. The Manager-Chief Engineer said he did not have any definite schedule regarding the completion of the Strategic and Business Plans at this point, but he was confident that he could come up with a time line by the March Board meeting.

Mr. Kaneshiro said that the Board had gotten recommendations on what can be done to improve the Department's operations; this was good information that can be put in the Strategic Plan.

The Manager-Chief Engineer said that in the previous Strategic Plan there was a lot of pie-in-the-sky stuff; he wanted to put aside that kind of thing, and instead focus on more **concrete** goals that the Department can meet in the next fiscal year, the next couple of years or the next five years. He noted that there was not much discussion on the Department's C.I.P. Budget today; he noted that the Deputy had put together a *five-year* C.I.P. Budget, as opposed to a one-year C.I.P. Budget. The Manager-Chief Engineer said that he would be putting initiatives like that into the Strategic Plan, in terms of projects that DWS will be doing over the next five years.

Chairperson Meierdiercks reeled the Board in by saying it needed to stay on track: the matter at hand was the *proposed Evaluation Form*. The Board can cover other matters such as the Strategic and Business Plans, etc. under the Manager-Chief Engineer's Report.

Mr. Kaneshiro said that the Board needs to provide information to the Manager-Chief Engineer as to what the Board expects of him and of the Department.

Chairperson Meierdiercks asked whether the Board needs to approve or amend the Evaluation Form. He asked whether this was still a draft.

Mr. Kaneshiro said this was not the final version of the Evaluation Form. He said that the Board needs to provide direction to the Manager-Chief Engineer, so that the Manager-Chief Engineer knows what the Board will be evaluating him on for this fiscal year. Mr. Kaneshiro said he sympathized with the Manager-Chief Engineer because he does not have much time.

The Manager-Chief Engineer suggested having the final version of the Evaluation Form put to a vote at the March meeting, and agenda'd accordingly.

Ms. Garson clarified that the Evaluation Form under discussion is the draft passed out at the January meeting.

Mr. Kaneshiro suggested that the format and the performance definitions that the Board will use should be approved today, along with how the review will be conducted. The details on the goals, etc. can be finalized later, he said.

MOTION: Mr. Robinson moved to approve the Evaluation Form in its current form; seconded by Mr. Perry.

Chairperson Meierdiercks agreed that at least the Board will have something in place now, that the Board can use this year, assuming the Board has not approved a *revised* version of the form. At least the Board will have a base to work from.

ACTION: Motion carried unanimously by voice vote.

G. REPORT ON DWS'S COLLECTIONS:

This Item was placed on the Agenda per Chairperson's instructions at 1-24-12 Board meeting.

Chairperson Meierdiercks noted that the Board had received copies of a list of large balance accounts.

Mr. Mellom offered to answer any questions the Board had regarding delinquencies on large balance accounts.

Mr. Taniguchi asked Ms. Garson if any discussion of the large delinquencies should be carried on in Executive Session; he was concerned that discussing individual customers might violate confidentiality.

Ms. Garson said that in the past, there was not a question of confidentiality on water bill delinquencies. She asked Mr. Taniguchi if there was a specific category of customer in question here.

Mr. Taniguchi said he had a list of who the delinquent customers are.

Ms. Garson said she did not have that list.

Mr. Taniguchi said that Mr. Mellom was being caught off-guard too; he did not think the intent was to have Mr. Mellom come to talk about the list. He suggested maybe discussing the list in Executive Session.

Ms. Garson asked what the Board was trying to accomplish with regard to the list.

Mr. Taniguchi said that actually he had missed this Item on the Agenda entirely. He said he was just wondering if this list should be discussed as public record, and thought it might be better to talk about the list in Executive Session.

Ms. Garson said that she could look into the matter for next month's meeting. She said that the Board has looked at the issue of delinquencies before; there was no significant privacy interest in the account information, particularly if it involves commercial accounts. She said that for today, the Agenda Item is a bit sparse.

Mr. Taniguchi said he thought the Item was put on so that the Board could get an update.

Ms. Garson said, yes, it was put on the Agenda during the meeting.

Mr. Taniguchi said the Item was not meant to blindside Mr. Mellom.

Mr. Mellom said he understood, and could answer any question regarding the list.

Mr. Greenwell said he assumed that all of the customers on the list are still getting water service.

Mr. Mellom said no, several of the customers on the list are closed accounts that have actually been closed for a while, and several are with Corporation Counsel, with judgments on some of them.

Mr. Greenwell asked whether some of the accounts with Corporation Counsel are still in business. He also asked whether the figure is climbing all the time.

Mr. Mellom said no, this figure is pretty fluid. He said it was important not to throw customers' names into public record, because DWS today might receive payments in bulk on several of the accounts on the list. He said he actually expected that to happen on several of these accounts.

Chairperson Meierdiercks said that the Board wants to look at the ones that have a track record of being this far out on their delinquencies, and what kind of follow-up is being done. If DWS is having problems with certain accounts on a regular basis, the Board needs to really look at those accounts, he said.

Mr. Mellom said that several of the accounts on the list do tend to fall behind, and are in arrears by four, five or six monthly billings. He noted that most of the problem billings are commercial *monthly* billings – not bi-monthly billings. DWS often gets three or four payments on a single account on one day, he said. This kind of pattern has been going on historically for years.

Mr. Robinson noted that the interest rate levied on past-due accounts is one percent a month. He asked Mr. Mellom if this was compounded.

Mr. Mellom said no, it is not compounded. That is the way DWS's system is set up, he said. With monthly accounts, there are gaps between billings whereby a customer may never get penalized for being late, he said.

Mr. Robinson said that the public can check the County website to see whether a property owner is behind on his real property taxes. He asked whether the DWS website had that kind of information on delinquent accounts that the public could access.

Mr. Mellom said no, the DWS website does not provide information on accounts.

Ms. Garson asked the Board if there was something specific that the Board wanted to discuss regarding delinquencies at the next meeting.

Mr. Taniguchi said he did not have anything specific.

The Manager-Chief Engineer said that on occasion, the Department will come to the Board to write off some delinquencies. He said that for the next Board meeting, he could discuss with the Chairperson whether or not to have an Item regarding delinquencies on the Agenda. If not, the Item can be left out, or it could be put back on the Agenda, he said.

Chairperson Meierdiercks asked the Board if delinquencies should be kept on the Agenda for next month. He said delinquencies are an issue, and it would be good to have current updates.

The Manager-Chief Engineer suggested putting delinquencies on the Manager-Chief Engineer's Report.

Chairperson Meierdiercks said that would be okay.

H. RENAME DEPUTY MANAGER POSITION TO DEPUTY – ADMINISTRATION DIVISION:

The Department proposes to amend its Table of Organization to rename the Deputy Manager position title to Deputy. This is to be consistent with the language within Section 8-3 of the County Charter, County of Hawaii, 2010.

(The Board will have received the existing and proposed position organization charts in their packets.)

The Manager-Chief Engineer recommended that the Water Board approve the renaming of the Deputy Manager to Deputy, Administration Division.

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

The Manager-Chief Engineer said that the need for renaming came after the Charter amendment which changed the Manager's title to Manager-Chief Engineer. The deputy position, which does not mandate that the occupant be an engineer, could not therefore be renamed to Deputy Manager-Chief Engineer or the like. Therefore, to resolve the situation, the Department decided that the title should be simply "Deputy."

ACTION: Motion carried unanimously by voice vote.

I. ENERGY MANAGEMENT ANALYST UPDATE:

Ms. Myhre noted that in her Green Initiatives Report, she reported that DWS used 4 percent less fuel in 2011 from the previous year, but the cost was 16 percent more due to the rising price of gasoline.

Ms. Myhre reported that DWS is embarking on a pilot project to introduce vehicle monitoring equipment, purchasing vehicle monitors for the Kohala District. Kohala staffers drive their DWS vehicles more than any other district, and Kohala has a really good fuel tracking system. Therefore, DWS expects to get really good data from the project. DWS also expects that the cost of the equipment will be paid for in about two years, based on fuel savings. This project will benefit the staff by providing better safety, as well as accountability. DWS staff will be briefed on the project this week, she said.

The Green Initiatives Report explains what non-revenue water is. Before, it was referred to as "leaks" and "unaccounted water." Ms. Myhre said she took a webinar on the subject, and is hoping to do a thorough audit, breaking down how much of DWS's non-revenue water is comprised of leaks, theft,

meter inaccuracies and unauthorized consumption, as well as authorized consumption such as hydrant flushing.

Ms. Myhre said that the Energy Advisory Commission, which advises the Mayor on implementing the County's Energy Plan, met last week. The Kohala Center is under contract to do a fleshed-out version of the original, albeit rudimentary, 2007 Energy Plan (which was more of an idea rather than a plan), she said. The Energy Advisory Commission is working with the Kohala Center on outreach and identifying some of the energy issues from the public's side. All of the work that the Commission has been doing the past couple of years will be fed back to the Kohala Center to help them identify the things that the Mayor needs to know regarding energy initiatives, and how the initiatives can be implemented. Ms. Myhre said that she and former Board chairperson Tommy Goya serve on the Commission's Water Use Committee, and she and Mr. Goya will be meeting soon to draw up a report for the Committee.

Ms. Myhre said that the West Hawai'i Civic Center has free electric vehicle charging stations for the public to use. That building complex has been awarded Silver LEED (Leadership in Energy and Environmental Design) status.

Mr. Taniguchi asked how many people are using the free electric vehicle charging stations.

Ms. Myhre said she did not know; the stations were just installed and turned on by a private company, Better Place. Better Place is trying out their charging stations on the Big Island, and will offer the free vehicle charging for one year.

The Lālāmilo project, which involves the re-powering of a wind farm site in South Kohala, is moving ahead, Ms. Myhre said. DWS had a good meeting on February 16, 2012, with HELCO president Mr. Jay Ignacio and accounts representative Mr. Jon Arizumi. During the meeting, DWS management staff and HELCO discussed the project in concept. Barring any unforeseen circumstances, DWS and HELCO have reached an agreement on what the project will be. The next step will be for DWS to meet with HELCO engineering staff in the next week or so, to talk specifically about the inter-connect. Originally, there was an existing inter-connect which involved four wells. Now DWS wants to add four more wells to the windfarm site, for a total of eight wells, Ms. Myhre said. Following the meeting with the HELCO engineers, DWS will move ahead with its Request for Proposals (RFP). Ms. Myhre expected to have more information on the time frame at the March meeting.

Chairperson Meierdiercks called a brief recess at 12:00 p.m.; meeting resumed at 12:10 p.m.

J. **MONTHLY PROGRESS REPORT:**

The Manager-Chief Engineer, going back to the earlier discussion of liquidated damages, suggested that a column for liquidated damages could be added to the Monthly Progress Report, and suggested that the Deputy might work on that.

Mr. Inaba suggested just including the liquidated damages in the Comments section.

Mr. Taniguchi asked whether time extensions could be noted in the Monthly Progress Report.

The Manager-Chief Engineer said yes, the Department could do that.

The Deputy said that the Department had actually been putting a notice of time extensions in the column under Completion Dates; the Department included all the dates, such as the previous completion date, then the next one, and so on. He expressed the hope that there would not be too many more time extensions.

K. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

No discussion.

L. 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. Beck reported that the Department was hoping to start up the 24-inch pipeline into the existing 935 tank; right now the water is coming down through a smaller line, down Palani Road to the same tank. The next step will be getting the new 935 tank and the new 595 tank in service. Mr. Beck said the contractor has been stalled due to cash-flow problems, but DWS is starting to see some movement on finishing up. However, the project has been at the 99.99 percent mark for the last three months, and DWS is probably looking at \$30,000.00 to \$35,000.00 in liquidated damages at this point. The Manager-Chief Engineer said that the important thing is that the contractor is back on site doing the finishing work; DWS really needs to get this project on line. He noted that this project aims to provide better-quality water to Kailua Town, reducing pumpage from the Kahalu'u Shaft well. Mr. Uyeda asked about how the water would be tested. The Deputy said the interior of the tank will be sprayed with a chlorine solution, and then it will be filled with water. The water will be analyzed; if it proves to be clean, with no bacteria and an acceptable level of chlorine residual, the water can be used in the system, the Deputy said.
- 2) Hawaiian Ocean View Estates Project – The Manager-Chief Engineer said a story in today's Tribune-Herald and West Hawai'i Today gives the impression that DWS is in some kind of dispute with HELCO and the contractor; this is not the case. Ms. Aton has asked the papers for a correction. In fact, DWS has been working really well with HELCO and the contractor to get the project on line. Mr. Mike DuBois of the Ocean View Community Association is quoted as saying toward the end of the story that some of the issues are minor ones. DWS is moving along with this project. Ms. Aton and the Manager-Chief Engineer will meet tomorrow with the Association to discuss the details of the opening and closing of the gate to the fill site. He reported that DWS took water samples in late January, which brings the system that much closer to going on line. It will take two to three months to go through the approval process with the Department of Health, which will pave the way for DWS to use the well as a water system source.
- 3) HELCO/Āhualoa update – Mr. Inaba reported that HELCO's engineering division head told him that HELCO is poised to let out the contract to drill the holes for the power poles. HELCO is now basically just waiting for the access road to be completed. HELCO went on-site to make sure the receiving equipment is ready for them. HELCO asked DWS to be sure that when they install the power lines that DWS has the County final inspection done, so that HELCO can make the connection, Mr. Inaba said. He confirmed that everything is on schedule as far as getting HELCO power to the site.
- 4) Keauhou Aquifer update – The Manager-Chief Engineer noted that the National Parks Service (NPS) has contested some of the water commitments in Kona, (not only involving DWS projects), saying that the water commitments might be affecting the anchialine ponds in the area and the Honokōkai-Kaloko National Park. Ms. Aton is coordinating the next Kona Water Roundtable, which discusses such issues. It will be held on March 29, 2012 at the West Hawai'i Civic Center.
- 5) Kawailani Tank update – Mr. Inaba said the final inspection of the leveling of the tank roof has taken place. He said he met yesterday at the site with the contractor and the consultant; the actual fix is acceptable and DWS is waiting for a warranty letter from the coating manufacturer. With that letter, DWS will be okay with the fix of the roof, Mr. Inaba said. The Manager-Chief Engineer asked whether the tank should be on line by the end of the year. Mr. Inaba said yes, and after this fix, DWS needs to discuss the completion of the remainder of

the project. Mr. Robinson asked for background on the Kawaihina Tank issue. Mr. Inaba said that the reservoir was designed and constructed according to the consultant's design. What transpired was that there was sagging in the tank roof. DWS then hired an independent consultant to evaluate the design. Ms. Garson said there was a lawsuit filed against the original consultant for defective design, and the lawsuit was settled; this fix was part of the settlement. The fix is now in the final completion stage, and hopefully the fix will work, Ms. Garson said. Ms. Lee Loy asked if the fix was the remedy, and Ms. Garson confirmed that it was the remedy. Mr. Inaba said that it was determined that it is structurally sound, and there should not be any catastrophic failure. Mr. Robinson asked whether the tank has been sitting unused all these years; Mr. Inaba said yes. The Manager-Chief Engineer said this issue has been the subject of many Executive Sessions amid the lawsuit. He said that hopefully, DWS will see the tank on line by the end of the year. Mr. Inaba said he hoped that it would be before then. The Manager-Chief Engineer said that the Department will probably be coming before the Board for additional funding to get rid of the existing steel tank and to get the contractor back on to the project after so much time has elapsed; there surely will be some cost increases on that, he added.

- 6) Pu'ukala/Kona Ocean View Properties Subdivision Improvement District Update – Mr. Inaba said that there is a Use and Occupancy permit that State Highways Division is calling for, which is being addressed. The Manager-Chief Engineer said that DWS will be getting some USDA funds for this Improvement District project, and DWS will be issuing bonds to get this project done for the residents there. Mr. Uyeda asked if there is a schedule for this project. The Manager-Chief Engineer said the scheduling will come once DWS actually goes out to bid, and secures the funding from USDA; that is when the USDA clock starts. He added that the County Council also needs to approve the project first.
- 7) Upcoming AWWA Conferences – The national conference will be held in June, in Dallas, Texas, and Chairperson Meierdiercks and Messrs. Taniguchi and Lindsey will be attending. The Hawai'i Section of the AWWA conference will be held in June on Oahu. The Manager-Chief Engineer said that the Department needs to know by tomorrow who will be attending; early bird registration ends tomorrow. Ms. Garson asked if the Board could decide now who is going. She said that under the current protocol, the Chairperson attends both the national and Hawai'i Section AWWA conferences, and two other Board members may also attend. The preference would go to Board members who were not attending the national conference, she added. The Manager-Chief Engineer noted that there was also the HWWA conference, which will be held in October on Oahu. (DWS hosted last year's HWWA conference.) The Manager-Chief Engineer asked the Board to inform the Chairperson of their interest in attending the Hawai'i Section conference in June, and he asked the Chairperson to inform the Private Secretary (Ms. Doreen Jollimore) on who will attend.
- 8) Public Information and Education Specialist Update – Ms. Aton confirmed that the next Kona Water Roundtable will be held on March 29, 2012, with six speakers committed as of today. It is likely that there will be two sessions: the first session would discuss historical watershed stewardship and cultural insights; the second session would involve watershed restoration initiatives and best practices that could apply to the Kona area. The new Manager-Chief Engineer and Ms. Aton have been making the rounds to meet with County Council members, DWS division staff, HELCO officials. The Mayor's Cabinet will be holding five community Cabinet meetings to showcase the department's accomplishments; DWS is featuring its top three accomplishments: partnerships, C.I.P. and energy innovation. Ms. Aton offered to the Board copies of her Power Point presentation on the accomplishments, when it is ready. Regarding today's story in the papers on DWS/HOVE, Ms. Aton spoke to West Hawai'i Today editor Mr. Reed Flickinger, and sought a correction of several inaccuracies in the article. Contrary to what was written in the story, DWS is not in any dispute with the project contractor, sub-contractor or HELCO. On Detect a Leak Week which runs from March 11-17,

Ms. Aton said that DWS will distribute 7,500 toilet tank leak detection tablets to 20 different venues including Ace Hardware, HPM and Home Depot, as well as County customer service counters. These outlets in turn will give the tablets to the public for free (two tablets per customer), to check for toilet leaks, she said. The tablets are placed into the toilet tank, and if there is a leak, the dye in the tablet will leak into the toilet bowl. Hawai'i Energy provided the tablets and accompanying flyers to DWS for distribution. The merchants who take the tablets benefit when customers who detect leaks come to buy whatever they need to fix the leak. Mr. Greenwell, turning to the HOVE project, asked whether the residents have calmed down and are willing to accept the obligation to open and close the gate, etc. Ms. Aton said she got a sense of acceptance from residents after community meetings. She said she thinks the residents understand that this is what the money can buy, and that if residents want any further improvements to the project as it stands now, they will need to activate the legislative process as they have in the past. Ms. Aton said the community understands that if DWS is to run the facility, it will have to run it during DWS's operating hours – which are not compatible with what the residents need. Therefore, the community knows that DWS needs to speak with the community about the gate arrangements. The community association has asked if DWS has money to fund the gate opening and closing arrangements, and DWS has said no, she said. DWS and the community association board will be holding a meeting tomorrow night to discuss how the gate arrangements can be worked out. The meeting, which will involve the association board and *not* the general membership, will discuss what the gate agreement might or could be like. DWS will also provide the association board with an update on the timeline for the project itself, she said. Mr. Greenwell asked when DWS gets let off the hook, and the Department of Public Works (DPW) steps in. The Manager-Chief Engineer said that DWS will not be let off the hook, because DWS will be operating the well site and storage area, as well as maintaining the system. DPW will only be responsible for the spigot site, and will be maintaining and paying DWS for the amount of water that is taken from the spigot site. DWS will be handling the fill site for the big truckers. Ms. Aton said that the facility will always be a hot button issue, and DWS will need to consistently provide timely and accurate information to the public. Mr. Greenwell asked whether there was any source of income for DWS from the facility. The Manager-Chief Engineer said that income will come through the sale of the water, both from the spigots and the truckers' fill site. He cautioned that the cost of operating this particular system, whose well is a formidable depth of 2,000 feet, will be especially high in terms of electrical costs for pumping. DWS will be closely monitoring costs on this system, he said. Chairperson Meierdiercks said that up ahead, the Board will need to look at those costs, with the possibility of levying special rates for this site. The facility will first need to be in service for a number of months before the dust settles and the usage becomes consistent, he said.

The Manager-Chief Engineer reported that the Oahu County Council wants to remove the Honolulu Board of Water Supply (BWS)'s semi-autonomous status, which would put BWS under the jurisdiction of the County Council. There is a Resolution before the County Council now to this effect. BWS's manager asked the Manager-Chief Engineer to provide testimony against the resolution. The Manager-Chief Engineer asked the Board whether there was any objection to his providing testimony against taking away BWS's semi-autonomy.

Chairperson Meierdiercks said that the Board is pretty clear on how it stands on this issue; semi-autonomy is a policy that the Board wants to continue. He said that unless someone on the Board has real objections, the Board should support BWS's semi-autonomy in any way that the Board can.

The Manager-Chief Engineer said he would send testimony opposing the removal of BWS's semi-autonomy.

Chairperson Meierdiercks asked that the Board be copied into the testimony.

Ms. Garson asked the Board if they wanted to send in testimony, and asked if the Board would authorize the Chairperson to send in testimony.

Mr. Taniguchi suggested that Chairperson Meierdiercks send in a letter supporting BWS's semi-autonomy, and suggested making a Motion to that effect. He suggested that Ms. Aton draft the Chairperson's testimony.

The Manager-Chief Engineer said the hearing on the Resolution was slated for today, and he was not sure whether testimony can still be provided. However, he was fairly sure that the Resolution will take several readings in the County Council, and then it has to go to the Charter Commission for changing the Rules. He believed there still was time to provide testimony.

Chairperson Meierdiercks asked Ms. Aton to draft a letter from the Board, which either the Chairperson or Vice-Chairperson can sign; this would be in conjunction with the Manager-Chief Engineer's testimony.

The Manager-Chief Engineer said that he and Ms. Aton would work on that.

Ms. Aton confirmed that she would work on a letter from the Board.

Ms. Garson said okay, the Board authorizes the Chairperson to send such a letter to the County Council.

MOTION: Mr. Taniguchi moved to authorize the Chairperson to send testimony to the Oahu County Council; seconded by Mr. Perry.

Mr. Perry said that the Board should take a strong stance, saying that the Board likes the way the semi-autonomy is working. The Board in its testimony should show why semi-autonomy is a better way to run a water system.

Mr. Lindsey asked whether anyone told the Manager-Chief Engineer what the impetus was for removing BWS's semi-autonomous status.

The Manager-Chief Engineer said that BWS went for a rate increase of about 70 percent over the next five years. He said that BWS had to increase its rates because they have to repair its deteriorating water systems, where water mains break virtually every day. There may be some backlash against the rate increase, but BWS is only doing its job; the Manager-Chief Engineer did not see why the County Council should fail to understand this. BWS needs to do these infrastructure improvements, and if it takes rate increases to do it, then so be it, he said.

ACTION: Motion carried unanimously by voice vote.

Chairperson Meierdiercks, turning to the Keauhou Aquifer item, asked whether this had anything to do with the agreement with Kamehameha Investment Corporation (KIC).

Chairperson Meierdiercks said no, the Keauhou Aquifer had more to do with the Kona Water Roundtable and the issues with the National Parks Service. He expected that the agreement with KIC could be coming before the Board for final approval at the next meeting.

M. CHAIRPERSON'S REPORT:

Chairperson Meierdiercks said that the venue for April 24, 2012 meeting will be the West Hawai'i Civic Center. The May Board meeting will be in Hilo, and the venues from June onward are to be determined. There will be at least one other meeting in Kona this year, he said.

N. DETERMINATION OF SALARY OF DEPUTY:

Chairperson Meierdiercks asked that Item 9(N), DETERMINATION OF SALARY OF DEPUTY, be taken up after Item 10, EXECUTIVE SESSION RE: SALARY OF DEPUTY, and Item 11, EXECUTIVE SESSION RE: DEWAYNE SLUSS V. COUNTY OF HAWAII BOARD OF WATER SUPPLY; CTS EARTHMOVING, INC. -- CIVIL NO. 3RC11-1-1111K IN THE DISTRICT COURT OF THE THIRD CIRCUIT NORTH AND SOUTH KONA DIVISION STATE OF HAWAII.

10) **EXECUTIVE SESSION RE: SALARY OF DEPUTY:**

The Water Board convened an executive meeting, closed to the public, pursuant to Hawai'i Revised Statutes, Sections 92-4, 92-5(a)(2), 92-5(a)(4), and Hawai'i County Charter Section 13-20(b) to discuss and consider the salary for the Deputy, where consideration of matters affecting privacy will be involved, and 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.

ACTION: Mr. Taniguchi moved to go into Executive Session for both this Item and the following Item; seconded by Mr. Perry, and carried unanimously by voice vote.

(Executive Session began at 12:50 p.m. and ended at 1:24 p.m.)

11) **EXECUTIVE SESSION RE: DEWAYNE SLUSS V. COUNTY OF HAWAII BOARD OF WATER SUPPLY; CTS EARTHMOVING, INC. -- CIVIL NO. 3RC11-1-1111K IN THE DISTRICT COURT OF THE THIRD CIRCUIT NORTH AND SOUTH KONA DIVISION STATE OF HAWAII:**

The Water Board convened an executive meeting, closed to the public, pursuant to Hawai'i Revised Statutes, Sections 92-4, 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.

N. DETERMINATION OF SALARY OF DEPUTY:

ACTION: Mr. Taniguchi moved that the salary of the Deputy be set initially at \$90,000.00; seconded by Mr. Lindsey, and carried unanimously by voice vote.

The Manager-Chief Engineer asked that the salary be made effective March 1, 2012, and be subject to evaluation by the Manager-Chief Engineer, and be increased by the Manager-Chief Engineer as recommended to the Board.

Chairperson Meierdiercks said okay; the matter would be coming back to the Board for approval.

12) **ANNOUNCEMENTS:**

1. **Next Regular Meeting:**

The next meeting of the Water Board will be held on March 27, 2012, at 10:00 a.m., at the Department of Water Supply, Operations Conference Room, 889 Leilani Street, Hilo, HI. *(This meeting will be preceded at 9:45 a.m. by a Public Hearing on the proposed Fiscal Year 2013 Operating Budget and 5-year Capital Improvements Budget for the Fiscal Years 2013-2017.)*

The Manager-Chief Engineer said that there would be a Contested Case Hearing during the regular meeting on March 27, 2012.

2. **Following Meeting:**

The following meeting of the Water Board will be held on April 24, 2012, at 10:00 a.m., at the West Hawai'i Civic Center, Building G, 74-5044 Ane Keahokalole Highway, Kailua-Kona, HI.

Regarding the AWWA Hawai'i Section conference, Mr. Kaneshiro noted the March 1st deadline for early bird registration, and asked whether the Chairperson was going to select who could attend.

Chairperson Meierdiercks said it was a matter of Board members saying they would like to go; he himself would be going, but would only need airfare because he would be staying with family on Oahu.

Mr. Kaneshiro, noting that he had attended last year, suggested that the Chairperson decide now who would go.

Mr. Perry said he was willing to go.

Chairperson Meierdiercks said okay, Mr. Kaneshiro and Mr. Perry wanted to go. He asked if anyone else was interested in attending.

Mr. Greenwell said he needed to double-check his schedule, but he was interested in attending.

Mr. Taniguchi asked if four or five members could go.

Chairperson Meierdiercks said Mr. Greenwell could go; so besides the Chairperson, Messrs. Kaneshiro, Perry and possibly Mr. Greenwell would attend.

Mr. Kaneshiro said that like the Chairperson, he too would not require lodging on Oahu.

Mr. Greenwell told Ms. Garson that on the upcoming Contested Case, he planned to recuse himself.

14) ADJOURNMENT

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

Chairperson Meierdiercks adjourned the meeting at 1:30 p.m.

Secretary

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 Janet Snyder, 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.*