

MINUTES

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

March 27, 2012

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

- MEMBERS PRESENT: Mr. Bob Meierdiercks, Chairperson
Mr. Art Taniguchi, Vice-Chairperson
Mr. David Greenwell
Mr. Kenneth Kaneshiro
Ms. Susan Lee Loy
Mr. Bryan Lindsey
Mr. Delan Perry
Mr. Jay Uyeda
Mr. Quirino Antonio, Jr., Manager-Chief Engineer, Department of Water Supply (ex-officio member)
- ABSENT: Mr. Rick Robinson, Water Board member
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. Amy Self, Deputy Corporation Counsel
Mr. Bob Akinaka, Akinaka & Associates
Mr. Kyle Chock, Kamehameha Investment Corporation
Mr. Del Green, Dwyer Schraff Meyer Grant & Green
Mr. Carl Carlson, Hu‘ehu‘e Ventures
Ms. Leslie Clark, Kamehameha Investment Corporation
Ms. Nancy Cook Lauer, West Hawai‘i Today
Ms. Dora Beck, Acting Director, Department of Environmental Management
Mr. Hunter Bishop, Deputy Director, Department of Environmental Management
Ms. Robin Bauman, Business Services Manager, Department of Environmental Management
Mr. Bill Takaba, Managing Director, County of Hawai‘i
Mr. Jon Arizumi, HELCO
Mr. Dan Chang, State of Hawai‘i Department of Health
Ms. Maia Wasowski
- 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

- 1) CALL TO ORDER – Chairperson Meierdiercks called the meeting to order at 10:01 a.m.
- 2) STATEMENTS FROM THE PUBLIC

A Statement from the Public was submitted in writing by Mr. Jim Chickles regarding his request for an adjustment to his water bill.

- 3) APPROVAL OF MINUTES

The Chairperson entertained a Motion to approve the Minutes of the February 28, 2012, Public Hearing on the Power Cost Charge.

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

The Chairperson entertained a Motion to approve the Minutes of the February 28, 2012, regular 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)

None.

- 5) SOUTH HILO:

A. **JOB NO. 2012-980, PANA‘EWA WELL #2 REPAIR:**

This project generally consists of the installation of the existing well vertical hollow shaft motor, pump, column pipe, lineshaft, Vesconite bearings and appurtenances.

Bids for this project were opened on March 15, 2012, at 2:30 p.m., and the following are the bid results:

Bidder	Bid Amount
Beylik Drilling & Pump Service, Inc.	\$56,000.00
Derrick’s Well Drilling & Pump Services, LLC	\$54,000.00

Project Costs:

1) Low Bidder (Derrick’s Well Drilling & Pump Services, LLC)	\$ 54,000.00
2) Contingencies	\$ 5,400.00
Total Cost:	<u>\$ 59,400.00</u>

Funding for this project will be from DWS’s C.I.P. Budget under Deepwell Pump Replacement. The contractor will have 120 calendar days to complete this project. The Engineering estimate for this project was \$57,200.00.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2012-980, PANA‘EWA WELL #2 REPAIR to the lowest responsible bidder, Derrick’s Well Drilling & Pump Services, LLC, for their bid amount of \$54,000.00, plus \$5,400.00 for contingencies, for a total of

\$59,400.00. 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.

Ms. Lee Loy said she was recusing herself from this Item.

The Manager-Chief Engineer said there was funding for this replacement of the well, which has been down for several months.

Mr. Uyeda asked if this was related to the wellhead discussed at the February Board meeting.

The Manager-Chief Engineer said no, that Item dealt with the booster pump.

Chairperson Meierdiercks asked whether 120 days provided sufficient time to complete this project; the Board did not want to see this project coming up for an extension.

The Manager-Chief Engineer said the number of days was considered by the Department's engineers to be sufficient time to complete the project.

ACTION: Motion carried with seven ayes; one recusal (Ms. Lee Loy).

6) 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.

The attorney for Kohanaiki and Palamanui has requested that the matter be deferred to the April 24, 2012, Board meeting.

The Manager-Chief Engineer recommended that the Board defer this matter to the April 24, 2012, Board meeting.

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

B. **WATER AGREEMENT BETWEEN TRUSTEES OF THE ESTATE OF BERNICE PAUAHI BISHOP (KS) AND KAMEHAMEHA INVESTMENT CORPORATION (KIC) AND THE WATER BOARD REGARDING TMKS:7-8-10:078 AND 7-8-10:004:**

The TRUSTEES OF THE ESTATE OF BERNICE PAUAHI BISHOP ("KS") and KAMEHAMEHA INVESTMENT CORPORATION ("KIC") wish to enter into an agreement with the Water Board to allow the re-assignment of water units from Tax Map Keys 7-8-010:078 (291 equivalent units) and 7-8-010:004 (341 equivalent units) to parcels of land now or hereafter owned by KS, by KIC, or by any partially or wholly-owned subsidiary of KS or KIC within the Keauhou Resort Development Area. These units have been fully paid for, and can be used without any further facilities charge requirements. Re-assignment of these units would be subject to Water Board approval.

The Manager-Chief Engineer recommended that Water Board approve the subject agreement between KS, KIC, and the Water Board, and that either the Chairperson or Vice-Chairperson be authorized to execute the agreement, subject to review as to form and legality by Corporation Counsel.

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

The Manager-Chief Engineer said this agreement memorializes several letters that DWS had written to KS, KIC, or their clients; this agreement grants them water commitments for 640 units of water.

Mr. Inaba noted that there was a typo in his write-up (above); the second letter is actually for **349** units, not 341 units.

The Manager-Chief Engineer said if you add the 291 units with the 349, it equals 640 units.

ACTION: Motion carried unanimously by voice vote.

C. **WELL DEVELOPMENT AGREEMENT (KEAUHOU RESORT DEVELOPMENT AREA) WITH TRUSTEES OF BERNICE PAUHI BISHOP (KS), KAMEHAMEHA INVESTMENT CORPORATION (KIC) AND THE WATER BOARD REGARDING THE KEAUHOU-KAMEHAMEHA WELLS:**

The TRUSTEES OF THE ESTATE OF BERNICE PAUHI BISHOP (“KS”) and KAMEHAMEHA INVESTMENT CORPORATION (“KIC”) wish to enter into an agreement with the Water Board, to develop one of KIC’s wells that have been previously drilled and tested, and has similar properties to our other high level aquifers. This agreement would allow DWS to outfit the well and receive two thirds (2/3) of the well’s capacity and KS/KIC would receive one third (1/3) of the capacity. It is anticipated that a 1.5 MGD pump will be installed, and therefore, DWS will be receiving 1 MGD, and KS/KIC will receive 0.5 MGD for use on lands now or hereafter owned by KS, by KIC, or by any partially or wholly-owned subsidiary of KS or KIC within the Keauhou Resort Development Area. These units (approximately 800 units) are subject to prevailing facilities charges at the time they will be used.

Should this subject agreement be executed, the 1983 Agreement between KIC and the Water Board will be extinguished, and there will be no further obligations by either party under such agreement. There are 1,504 units outstanding on the 1983 Agreement that have not been issued, and that will be forfeited under this new agreement.

The Manager-Chief Engineer recommended that Water Board approve the subject agreement between KS, KIC, and the Water Board, and that either the Chairperson or Vice-Chairperson be authorized to execute the agreement subject to review as to form and legality by Corporation Counsel.

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

The Manager-Chief Engineer provided historical background dating back to the 1980s when resort development was booming in the area. The State had developed the Kahalu‘u Shaft, which was expected to produce about 10 million gallons of good drinking water per day. The capacity of the Shaft stands today at only about 2 million gallons per day, and the Shaft’s water has proven in recent years to be high in chlorides. As a result, DWS has tried to supplement that source with higher-level water sources in the area. During the resort development boom back in the 1980s, DWS counted on the Shaft and granted a large number of water commitments to KIC and other developers in the area, the Manager-Chief Engineer said. In 1983, KIC wanted to proceed with their projects, and came up with an agreement with DWS. Under that 1983 agreement, KIC was to pay DWS the facilities charges for the water units stipulated in the agreement, and also pay for a portion of improvements to DWS’s water system, including a 300,000-gallon reservoir and a 16-inch pipeline within the KIC development. In

exchange, DWS was to grant KIC the water commitments stipulated in the 1983 agreement. Under the agreement, KIC and KS were to grant DWS (through the Water Board) additional well sites. The Manager-Chief Engineer said unfortunately, that did not turn out. DWS drilled one well of three wells that KIC was supposed to grant DWS, but that well turned out to be too high in chlorides; everything stopped. Nothing further was done by KIC or KS to grant DWS additional well sites. Today's agreement fixes that, the Manager-Chief Engineer said. KS has drilled three wells above Māmalahoa Highway, in the higher elevations, and has hit higher-quality water. In today's agreement, KIC and KS are going to grant DWS one of those wells to develop, and DWS will get 2/3 of the water, and KS will get 1/3 of the water from the well. The Manager-Chief Engineer made clear that DWS would develop the well, not KS. When DWS grants KS the 800 units from the production well that DWS is going to develop, it will totally extinguish the units granted in the 1983 agreement. The slate will be wiped clean, he said.

Mr. Chock of KIC expressed his thanks to DWS's staff for their ongoing cooperation in reaching today's agreement. He also commended the seamless transition from the previous DWS administration under then-Manager-Chief Engineer Mr. Milton Pavao, to the administration under the newly-appointed Manager-Chief Engineer, Mr. Antonio. Mr. Chock agreed that today's agreement wipes the slate clean, and the parties can now start all over again in what is a great public-private partnership. He said this agreement will help KIC and KS in its mission as a perpetual ali'i trust to educate Native Hawaiian children.

Ms. Garson said that for the record, the Agenda said that there are 1,504 units outstanding in the 1983 agreement that will be forfeited. She noted that the parties agree that it is in fact **864** units that will be extinguished. She asked DWS and Mr. Chock to confirm that was correct. (*The Manager-Chief Engineer and Mr. Chock confirmed this was correct.*)

Mr. Greenwell asked if this agreement was basically a house-keeping measure; it is something that needs to be cleaned up.

The Manager-Chief Engineer confirmed this; it was a matter of KS making good on that 1983 agreement up to this day. He noted that then-Manager-Chief Engineer Mr. Pavao had the idea of taking the time value of money that was paid back in 1983 *and* today's value, to come up with the costs to develop one of the wells that KS had drilled up mauka; KIC/KS had paid over \$1 million in facilities charges, and for payment of the storage reservoir and the installation of the 16-inch pipeline that was through their development.

Mr. Uyeda asked how many units will be allocated to KS once this agreement is signed.

The Manager-Chief Engineer said that KS will get 1/3 of the production from the well that DWS is going to develop, which comes out to 800 units. He noted that under the previous agreement in today's Agenda (Item 6 B), KIC/KS will get 640 units; KIC/KS also has 235 units for its use from its Kona Lagoon project.

Mr. Perry asked what was the relationship between the one well that DWS is going to develop (from which DWS will get 2/3 of the water, and KIC/KS will get 1/3 of the water), and the three wells that were actually drilled.

The Manager-Chief Engineer said that KS had drilled the three wells up mauka, but for whatever reason, those wells were never developed, he said. Part of the 1983 agreement stipulated that KS would grant DWS three *additional wells that were located in the makai area*. DWS drilled one of those wells, but it turned out to be high in chlorides and everything stopped there. It was actually KS that drilled the first high-level well in Kona, but for some reason, KS never developed those wells. Therefore, DWS is taking the value of the 1983 agreement and bringing it to today's value, so that DWS can develop one of

those three wells for DWS's use. The Manager-Chief Engineer reiterated that DWS will get 2/3 of the water, and KS will get 1/3 of the water (i.e., 800 units). DWS's share will be 1,600 units.

Mr. Perry asked whether the other two wells are just in KS's hands for another day.

The Manager-Chief Engineer confirmed this.

Ms. Lee Loy asked whether there are enough water units for KIC/KS to build out the project.

Mr. Chock said that the units from this agreement and the units from the agreement in Item 6B will take KIC/KS through what they believe is the significant life of this agreement. There will be enough credits for that duration, based on historical real estate absorption in Kona and Keauhou, he added.

The Manager-Chief Engineer noted that when conditions are right, KS will also still have those three additional wells in their hands up mauka that can be developed.

Mr. Uyeda asked how far would the transmission line go from the well site down to the Kahalu'u Shaft.

The Manager-Chief Engineer said that DWS's existing system on Māmalahoa Highway can take the water down back to the Shaft; there is a 12-inch transmission line from the Māmalahoa Highway down to the Shaft.

Mr. Uyeda asked whether, under this agreement, DWS is responsible for putting in a transmission line from the well to the Shaft. He also asked whether any improvements would be needed at the Shaft.

The Manager-Chief Engineer said that DWS would need to do the redevelopment of the well, and connect that well to DWS's system on Māmalahoa Highway; DWS will also be responsible for beefing up the transmission line on Māmalahoa Highway itself. KIC will develop the transmission line from Māmalahoa Highway down to Keauhou, including the Shaft area.

Mr. Inaba clarified that DWS probably will not have to do any major improvements; possibly only some bypass lines to modify the flow direction.

Mr. Uyeda asked whether DWS will get a perpetual easement or a fee title transfer, once DWS develops the well.

Ms. Garson said that details such as these will be handled in the due diligence. Hopefully, it will follow the standard pattern, whereby DWS gets the deeds to the well sites and easements for the transmission lines.

Mr. Uyeda asked if DWS was looking to get a one-year repair and maintenance provision.

The Manager-Chief Engineer said that if KIC/KS needs to get onto DWS's sites, DWS can arrange to grant KIC/KS construction rights-of-entry, etc.

ACTION: Motion carried unanimously by voice vote.

Chairperson Meierdiercks asked to move up Item 7D, COMMUNICATION DATED MARCH 15, 2012 FROM DEPARTMENT OF ENVIRONMENTAL MANAGEMENT TO DEPARTMENT OF WATER SUPPLY RE: 1) DISCONTINUANCE OF WATER SERVICE FOR NON-PAYMENT OF SEWER CHARGES AND 2) COMBINING WATER AND SEWER BILLS, ahead of Item 6D, DUE DILIGENCE WORK RE: KS/KIC'S KEAUHOU-KAMEHAMEHA WELL 2/WELLSITE/TANK SITE AND WELL/STORAGE TANK SEGMENT AREA AS OUTLINED IN THE KS/KIC/WATER BOARD WELL DEVELOPMENT AGREEMENT.

7) MISCELLANEOUS:

D. **COMMUNICATION DATED MARCH 15, 2012 FROM DEPARTMENT OF ENVIRONMENTAL MANAGEMENT TO DEPARTMENT OF WATER SUPPLY RE: 1) DISCONTINUANCE OF WATER SERVICE FOR NON-PAYMENT OF SEWER CHARGES AND 2) COMBINING WATER AND SEWER BILLS:**

The Manager-Chief Engineer said DWS and DEM had discussed DEM's problems with sewer payment collections. DWS is agreeable to helping DEM out by allowing water shut-offs in the event of sewer payment delinquencies. DWS is also agreeable to joint billing with DEM.

Ms. Beck of DEM asked for the Board's support and approval to implement procedures for DWS to help alleviate DEM's sewer fee delinquency problem. She said the procedures included: 1. shutting off the water service on sewer account delinquencies; and 2. combined water and sewer bills (on one bill), that would track delinquent balances and interest charges. Ms. Beck explained that collection of sewer fees has always been a challenge for the County of Hawai'i; the County lacks the ability to discontinue sewer service. Meanwhile, delinquent accounts continue to mount, as customers incur additional charges for the continued service. Plugging or severing the sewer line is not an option for enforcement, because to do so would pose public health hazards. Cutting off the water is the only lever that DEM could use to get people to pay their delinquent sewer bills, she said. In 2005, the County Code was amended to make property owners responsible for sewer fees, allowing the County to put a lien on the property in the event of sewer fee delinquencies. However, this is a time-consuming, inefficient means of collection. In 2007, the Cost of Government Commission recommended that the County pursue water shut-off for non-payment of sewer bills; the Commission also recommended combined water and sewer billing. Hawai'i County is the only county in the state that does not have a provision for water shut-off in the event of sewer fee delinquencies. Honolulu Board of Water Supply (BWS) has been actively implementing water shut-off and joint billing for some time. When the water is shut off for non-payment, the customer is required to pay the full amount of the bill, plus a turn-on charge to restore the water. Maui County is also actively enforcing water shut-offs for sewer fee delinquencies, and also has joint water/sewer billing. Kauai has provisions to do water shut-offs for sewer fee delinquencies, but for some reason does not actually do the water shut-offs. There is no combined billing in place in Kauai County, Ms. Beck said. Water shut-offs would provide an effective means for DEM to enforce payments and reduce its existing delinquencies. This means more revenue, which is needed to operate and maintain the sewer system. Ms. Beck noted that DEM's Waste Water Division is self-funded; it does not receive any general fund subsidies. DWS and DEM would benefit from joint billing through shared costs for postage, paper, etc. DEM would save \$22,000.00 a year on postage alone, through joint billing. Having a single bill would be a convenience for customers, too. Ms. Beck said DWS can probably sympathize with DEM, since DWS too has its share of delinquencies.

Mr. Kaneshiro asked what the sewer fee is compared with the water charge.

Ms. Beck said the monthly sewer fee was \$27.00, but she did not know about the water charge.

Mr. Kaneshiro noted that the sewer fee in Honolulu is much, much higher than the water bill. He asked whether the water and sewer fees would be combined *or* separated on the bills.

The Manager-Chief Engineer said the water and sewer fees would need to be separated. DWS has considered what would happen if a customer chose to pay only part of a *combined* bill. DWS has told DEM that DWS would take 100 percent of its portion of the bill first, regardless of whether there might be nothing left for DEM. He noted that Oahu has combined billing, and water and sewer split a partial payment 50-50. However, DWS would not settle for less than 100 percent of its bill first.

Mr. Kaneshiro questioned whether it was right to shut off the water if a customer paid his water bill, but refused to pay the sewer bill.

The Manager-Chief Engineer said the purpose of today's discussion was to get the Board's approval for DWS to discuss these matters further with DEM. Ordinances would have to be amended, and DWS's Rules would need to be changed, to allow a water shut-off arrangement between DWS and DEM, he said.

Mr. Greenwell asked Ms. Beck what kind of agreement she was contemplating that would benefit DWS, as far as handling the billing paperwork. He noted that Ms. Beck had said that DEM would save \$22,000.00 a year in postage alone.

The Manager-Chief Engineer said that DEM would have to bear a proportionate share of the postage; DWS is not going to carry all of the postage costs by itself. DWS would charge DEM a certain amount of fees for postage, etc. He said it may have been incorrect for Ms. Beck to say that joint billing would wipe out all of DEM's postage costs; both DEM and DWS would pay their share.

Ms. Beck said the \$22,000.00 was just an estimate of what DEM would save. As far as benefit to DWS, Ms. Beck said she could see DEM paying some amount of money to DWS for the billing service.

Mr. Taniguchi asked what DEM's delinquency rate is.

Ms. Bauman said that of DEM's active accounts, about 10 percent have reached the 90-day category of delinquency. She noted that some of those customers are making efforts to make payments.

Mr. Taniguchi asked what DEM's total receivables are.

Ms. Bauman said that DEM has 5,398 active customers, and total accounts receivable stand at \$1,726,631.00.

Mr. Taniguchi asked whether Honolulu's billing breaks down water and sewer separately.

Ms. Beck said yes, the bill has detailed breakdowns of water on one side, and sewer on the other side. She did not know about Maui's bill, and reiterated that Kauai does not do joint billing, and does not enforce sewer delinquencies by shutting off the water (although their Code allows them to do so).

Mr. Taniguchi, addressing the Chairperson, said he thought that combining the billing was a good thing, and that DWS should look into it. However, there are many things to be worked out. He believed that the Board should *in concept* approve the idea, and work on the details later. Mr. Taniguchi said he saw the benefit overall to both departments, but that the benefit to DEM was much greater.

Ms. Beck said she understood that it was a bit more of benefit to DEM; she was just here to humbly ask the Board to help DEM.

Mr. Taniguchi asked how many people were dedicated solely to the collection of delinquent accounts.

Ms. Bauman said there was one full-time dedicated person handling collections; other staff that assist as well.

Ms. Lee Loy said she understood that this is just a process right now of talking story between the two agencies, and that a number of ordinances and other things would need to be amended. She pointed out that the County Charter also gives everyone concerned certain powers, and that should be considered in the course of discussions.

Ms. Garson said that today, DEM and DWS are just looking to the Board for some direction. In the past, the Water Board had decided that it did not want to go in the direction of joint billing, etc. The two departments today wanted to get the Board's approval to move forward with their discussions, and most likely, later bring to the Board some rule changes or amendments of ordinances.

Mr. Perry asked what issues were problematic in the past, regarding cooperation between DWS and DEM.

Ms. Garson said it was the issue that Mr. Kaneshiro raised earlier, regarding whether it was right to shut off people's water in the event of sewer fee delinquencies. A number of years ago, the Board decided that they did not want to shut off someone's water for a sewer fee delinquency, provided that the person was current on his water bill.

Chairperson Meierdiercks entertained a Motion to allow DWS to move forward with discussions with DEM on water shut-offs and joint billing.

ACTION: Mr. Taniguchi so moved; seconded by Mr. Perry, and carried unanimously by voice vote.

(Chairperson Meierdiercks called for a short break at 10:45 a.m. Meeting resumed at 10:56 a.m.)

6) NORTH KONA:

D. **DUE DILIGENCE WORK RE: KS/KIC'S KEAUHOU-KAMEHAMEHA WELL 2/WELL SITE/TANK SITE AND WELL/STORAGE TANK SEGMENT AREA AS OUTLINED IN THE KS/KIC/WATER BOARD WELL DEVELOPMENT AGREEMENT:**

The Department is intending to hire the professional services necessary to perform the due diligence as specified in the Agreement regarding the Keauhou-Kamehameha 2 Well, should the Agreement be approved by the Board. Specifically, a hydrologist would analyze the existing condition of the well, including, but not limited to, the quality and quantity of water available, as well as the construction of the completed exploratory well (plumbness and alignment). The hydrologist would also review the well completion report to determine the feasibility of outfitting the well, to turn it into a production well.

Funds for this agreement would be from DWS's C.I.P. list, under "Miscellaneous" agreements.

The Manager-Chief Engineer recommended that the Board approve a due diligence study, and allow the Department to enter into a professional services agreement as described above. The study would be funded under the FY 2012 C.I.P. budget.

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

The Manager-Chief Engineer said this Item was a follow-up to Item 6B and 6C. The well that is going to be turned over to DWS has sat there unused for several years, so DWS is going to have it checked to make sure the well is intact. Once that is ascertained, DWS can proceed with the design of a production well.

ACTION: Motion carried unanimously by voice vote.

7) 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**
(Deferred from February 28, 2012, Board meeting)
(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
2. **GRANT OF EASEMENT**
(For Fire Hydrant Purposes)
Grantors: Larry McCabe and Wane McCabe
Tax Map Key: (3) 7-4-009:109 portion
3. **GRANT OF EASEMENT**
(For Water Meter Purposes)
Grantor: Hugh Hazard Willocks
Tax Map Key: (3) 2-5-040: 032 portion

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.

Ms. Garson said the staff's recommendation was that the first item, License No. 764, be again deferred to next month's Board meeting.

Ms. Lee Loy recused herself from the first item, License No. 764.

ACTION: Mr. Kaneshiro moved to defer; seconded by Mr. Taniguchi, and carried with seven ayes and one recusal (Ms. Lee Loy).

MOTION: Mr. Greenwell moved to approve items 2 and 3 (above); seconded by Ms. Lee Loy, and carried unanimously by voice vote.

The Manager-Chief Engineer said that these two items were basically easements that DWS was required to get, for five feet from a hydrant located on private property, and five feet from a meter.

ACTION: Motion carried unanimously by voice vote.

B. 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.

A public hearing on the proposed Operating Budget for FY 2013 and 5-Year Capital Improvement Budget for Fiscal Years 2013-2017 was held just prior to today's regular Water Board meeting.

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 second of two readings.

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

The Manager-Chief Engineer said Mr. Sumada had no changes to make to the Budget for FY 2013, and everything is in place as far as adopting it.

Mr. Perry said that regarding capital improvements, DWS should be concerned about doing energy-efficient projects, or projects that will save DWS money in the long run, with relatively quick payback periods. He said DWS should incorporate more of those types of projects into the C.I.P. Budget.

The Deputy said that some of the projects listed on the 5-year C.I.P. Budget are specifically tied to energy. He noted DWS's micro-filtration projects entail going back to spring sources, instead of pumping from a well. That means an immediate payback, since DWS is not using energy to pump water, he said. He also cited DWS's use of SCADA and tele-metering, which aim at greater efficiency in manpower and operations. Things like this are not touted as energy projects per se, but energy efficiency is always part of the equation.

The Manager-Chief Engineer said he thought Mr. Perry was referring to energy projects like hydro-generators and windmills. He noted that projects like that carry high capital costs, which DWS cannot afford. DWS seeks grants to fund projects like this. Ms. Myhre, the Department's Energy Management Specialist, is always on the lookout for grants to fund these kinds of projects, the Manager-Chief Engineer said.

Mr. Perry said DWS should perhaps be funding projects like this when the grants are unavailable.

ACTION: Motion carried unanimously by voice vote.

C. **AGREEMENT WITH STATE DEPARTMENT OF HEALTH FOR A WELLHEAD (SOURCE WATER) PROTECTION GRANT:**

The State Department of Health – Safe Drinking Water Branch is proposing to give the Department of Water Supply (DWS) a grant of \$200,000.00 over a two-year period to be used for development and implementation of a Wellhead (Source Water) Protection program. In the first year of the grant, DWS's intention is to develop a public outreach and information program to educate the public, (i.e., business owners, residents and visitors), on the importance of protecting the water quality of Hawaii Island's source waters. The second year of the grant will focus on the implementation of the program. Past experience has shown that protection of the water quality of source water provides consumers with higher quality water, with a lower treatment cost over the long term.

The Manager-Chief Engineer recommended that the Board approve this agreement with the State Department of Health. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the agreement, subject to review as to form and legality by Corporation Counsel.

MOTION: Ms. Lee Loy moved to approve; seconded by Mr. Lindsey.

Mr. Uyehara introduced Mr. Chang of the Department of Health (DOH)'s Safe Drinking Water Branch, who helped DWS write the agreement and apply for the grant.

Mr. Chang said that Maui and Kauai already have similar wellhead protection programs in cooperation with DOH.

Mr. Uyehara said that DWS's intention is to take a public education approach in using the grant monies. The program would inform the public of the importance of protecting the quality of the island's source waters. Allowing source waters to become contaminated means money spent on treatment; treatment is far more expensive than protecting those source waters in the first place, he said. Maui took a different approach in its program, focusing on regulating land use. DWS felt that regulating land use was not the Department's kuleana, and DWS instead is focusing on public education to promote source water protection. The agreement currently is in draft form, and DWS is working with DOH to finalize the agreement. The final version will not change very much at all, Mr. Uyehara said.

Ms. Garson said that the Board can approve the draft today, and authorize the Manager-Chief Engineer and Ms. Garson to approve any changes to the final version.

The Manager-Chief Engineer said that if a substantial change is involved, the final agreement can be brought back to the Board, but if the changes are minor, it can be taken care of administratively.

Chairperson Meierdiercks asked for a Motion to Amend the Main Motion, to the effect that the Manager-Chief Engineer and Corporation Counsel can handle the changes to the final version, unless the changes are substantial.

ACTION: Mr. Greenwell so moved; seconded by Mr. Lindsey, and carried unanimously by voice vote.

Mr. Uyeda asked what physical protection measures are used by DWS to protect well sources.

Mr. Uyehara said it was mainly fencing.

The Deputy explained that well construction standards mandate that a certain portion of the well be fully grouted between the open hole and the casing, to ensure that near-surface pollutants do not hit the casing and travel into the groundwater. In addition, the wellhead has to be a certain number of feet above the finished grade.

Mr. Uyeda asked if there is an air gap after the blowout valve.

The Deputy confirmed this.

The Manager-Chief Engineer said that DWS had discussed regulating land use, designating an area around the well site as a no-development area. However, that met with opposition from some land owners, he said. The decision then was to proceed with a public education program instead.

Mr. Kaneshiro asked what kind of information DWS will distribute to the public to help them understand the importance of wellhead protection.

Mr. Uyehara said he was thinking of using the local media, such as radio spots and pamphlets, with graphics showing that anything dumped on the ground could one day end up in the island's aquifers.

Mr. Kaneshiro asked whether DWS was going to produce maps on the location of all of the wellheads.

Mr. Uyehara said no.

Mr. Kaneshiro said good, he had hoped the answer would be no.

The Manager-Chief Engineer said that whenever DWS publishes maps on its website, DWS makes sure that its sources are deleted from the map.

Mr. Kaneshiro said yes, it is important to ensure the security of the wellheads.

ACTION: Main Motion passed unanimously by voice vote.

D. **COMMUNICATION DATED MARCH 15, 2012 FROM DEPARTMENT OF ENVIRONMENTAL MANAGEMENT TO DEPARTMENT OF WATER SUPPLY RE: 1) DISCONTINUANCE OF WATER SERVICE FOR NON-PAYMENT OF SEWER CHARGES AND 2) COMBINING WATER AND SEWER BILLS:**

(This Item was handled earlier in the meeting.)

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

The Manager-Chief Engineer said that the rule change idea had been put to the side, and instead Mr. Sumada has been exploring other methods to improve DWS's billing and delinquencies. The lock box concept is one method, along with the idea of having DWS's bills handled by Honolulu.

Mr. Sumada said that he and Ms. Garson had discussed increasing the deposit, which currently stands at \$50.00. The idea now is to establish the deposit amount based on meter size. DWS has 10 different meter sizes, ranging from 5/8 inch to 10 inches. Right now, Finance is extracting billing information to find out what the average bills are for each size of meter, and from that, Finance will come up with what is considered a reasonable deposit for each size. This will mean increasing the deposit amounts. Finance is also looking at how long to hang onto a deposit before returning it – or whether a deposit is returned at all before an account is terminated.

Mr. Greenwell asked whether, after a meter has been shut off, somebody else could come along and buy that unit of water.

The Manager-Chief Engineer said no, whatever service that is attached to a property stays with the property; somebody next door or down the street cannot come along and purchase that unit of water.

Mr. Greenwell said the only reason he was asking this question was in hopes that DWS could somehow recoup its money. He said he now understood that a unit of water cannot be sold once it is assigned to a particular TMK.

The Manager-Chief Engineer said that if someone came along and wanted to pay the delinquent bill on that property, DWS would accept payment, and DWS could turn on the service.

Chairperson Meierdiercks, turning back to the deposit amount, said it should be at least two service periods' accounting for service that DWS has not reserved. He advised against refunding the deposit until the account is terminated or closed. If an account is delinquent, DWS can pull on that reserve (i.e., the deposit) and cover its costs that way. He said the size of the meter would determine what the two billing periods would be; that would be the deposit amount.

Mr. Kaneshiro asked where DWS keeps the deposits.

The Manager-Chief Engineer said the deposits are kept in an account that DWS cannot access until the time comes for refunding those monies; it is not put into an internal fund.

Mr. Kaneshiro asked if the deposits are in interest-bearing accounts.

Mr. Sumada said that all of DWS's money is in interest-bearing accounts.

The Manager-Chief Engineer said that DWS's current Rules allow for returning the deposit with interest, but DWS is looking to discontinue that practice; instead, DWS is looking to refund only the deposit, without interest.

Mr. Kaneshiro said he thought it was better to return the deposit with interest.

The Manager-Chief Engineer said this is something that can be discussed further. However, if DWS is going to hold onto deposits for the life of the account, the Manager-Chief Engineer thought it would be better not to return the deposit with interest.

F. REPORT OF AD HOC FINANCE COMMITTEE:

Mr. Taniguchi said he had given thought to Mr. Robinson's comment at last month's meeting that DWS should deal with delinquencies the same way the Real Property Tax Division does with tax delinquencies. Noting that the Manager-Chief Engineer said that the water unit is tied to the individual property, Mr. Taniguchi thought that dealing with DWS delinquencies the same way the Real Property Tax Division does with tax delinquencies is a real possibility to explore. This may require legislative changes, but it is an avenue to pursue, he said. In addition to the lock box and improving delinquencies, etc., the Committee is looking at this issue because it is all tied in. The Committee's work has gotten to be a little bigger project than just the lock box, he said.

G. DISCUSSION REGARDING WATER BOARD'S 2012-2013 GOALS FOR THE ADMINISTRATION:

Mr. Kaneshiro said he believed that the Board at last month's meeting did not decide on the major goals that the Board wants the Manager-Chief Engineer to work on this fiscal year. Mr. Kaneshiro said he had recommended that the Manager-Chief Engineer work on the Strategic Plan and the 5-Year Implementation Plan. There is not much time remaining until the end of this fiscal year, he said. Mr. Kaneshiro said that for *next* fiscal year, the Board should sit down and look at the whole picture of the Evaluation Form to come up with goals. Mr. Kaneshiro said he had written to former Manager-Chief Engineer Mr. Milton Pavao to ask him if he would help come up with some evaluation goals, and Mr. Pavao said yes. Mr. Kaneshiro said he checked with Ms. Garson, who said that if the Board agrees, Mr. Pavao can assist as a volunteer. Mr. Kaneshiro asked the Board if they wanted him to get Mr. Pavao involved and get other Board members involved. Mr. Kaneshiro said he believed that this process will help everyone; once the Strategic Plan and the 5-Year Implementation Plan are in place, the Board can come up with really good things from the Department.

The Manager-Chief Engineer said that he had gathered key staff to work on the Strategic Plan and the Business Plan, and he expected to have a very good discussion as far as updates on the Strategic Plan. One goal that should be in place is to improve communications with HELCO, he said, noting the welcome presence of Mr. Jon Arizumi of HELCO at today's meeting. The improvement in communications has already begun, the Manager-Chief Engineer said.

Chairperson Meierdiercks asked Mr. Kaneshiro if he would be interested in heading a sub-committee to come up with specific goals for the DWS administration.

Mr. Kaneshiro said yes, he would be interested.

Chairperson Meierdiercks asked if there were any volunteers to work on the sub-committee with Mr. Kaneshiro.

Mr. Taniguchi asked whether it would be under Mr. Kaneshiro's Evaluation Form Committee.

Ms. Garson said no, Mr. Kaneshiro's *former* committee's task was just to develop the Evaluation Form (i.e., it had completed its appointed task). Therefore, the Board needs to establish a new sub-committee whose purpose is to set goals for the Administration for Fiscal Year 2012-2013.

Chairperson Meierdiercks asked again who would like to be on the new sub-committee.

Ms. Garson said it would have to be less than a quorum of members.

Mr. Perry asked if the Board could take action today.

Chairperson Meierdiercks said that the Board would set up the sub-committee today, and then its members would get to work.

Mr. Kaneshiro said the sub-committee needs to work diligently, because its work has to be done before June.

Mr. Perry volunteered to help Mr. Kaneshiro on the sub-committee.

Ms. Lee Loy said that she would like to join the sub-committee.

Mr. Kaneshiro said that he would also talk to Mr. Pavao.

Ms. Garson said a Motion to form the sub-committee was needed.

MOTION: Mr. Taniguchi moved to set up the Sub-Committee to establish the Water Board's 2012-2013 goals for the Administration; seconded by Mr. Lindsey.

Chairperson Meierdiercks urged the Board to offer the sub-committee recommendations, so that the sub-committee does not have to hang out there by themselves.

Mr. Kaneshiro asked Ms. Garson whether there were any issues involving the Sunshine Law when the sub-committee meets.

Ms. Garson said that the Sunshine Law is the very reason for forming the sub-committee, to enable the sub-committee to meet without violating the Sunshine Law. She said that she assumed that Mr. Kaneshiro would be the chair of the sub-committee; Mr. Kaneshiro as chair would report back to the Board.

ACTION: Motion carried unanimously by voice vote.

Mr. Kaneshiro asked if the sub-committee could give the Manager-Chief Engineer direction that the sub-committee would like him to work on the Strategic Plan and the 5-Year Implementation Plan.

Chairperson Meierdiercks said the Board can do that under the Manager-Chief Engineer's Report later in the meeting.

H. ENERGY MANAGEMENT ANALYST UPDATE:

Ms. Myhre reported that she had met on March 19, 2012 with the HELCO engineers on the inter-connect for the Lālāmilo Windfarm. Ms. Myhre continues to work on the Request for Proposals for the project, and expects it to be sent out in the next couple of months.

Regarding the on-board vehicle monitors, the devices are slated to be installed in DWS's Kohala district fleet next week. The Department expects the data to start coming in soon, which should show fuel savings for DWS.

Regarding Mr. Perry's comment about the C.I.P. Budget, Ms. Myhre said that all of the pipeline replacements will save energy, as will the micro-filtration plant, leak detection program and a hydro-generator that are on the 5-Year C.I.P. Budget.

Mr. Perry asked if Ms. Myhre could do a list of projects that are not on the C.I.P. Budget, that might save DWS money and have a short payback period of two years or so. He said while such projects are expensive, it makes a lot of sense to invest now. Mr. Perry said that unless there are grants sitting around somewhere, he believed the future is for DWS to do such projects itself (i.e., fund such projects without grants).

Ms. Myhre said okay.

I. MONTHLY PROGRESS REPORT:

No discussion.

J. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

No discussion.

K. MANAGER-CHIEF ENGINEER'S REPORT:

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

- 1) Palani Road Transmission Waterline Project – The contractor has been working with DWS's bonding company with an eye toward completing the project. The Manager-Chief Engineer said there was just a little bit to go before completion.
- 2) Hawaiian Ocean View Estates Project – The water sampling results have come back from the Mainland; the sampling looks okay. The results now go to DWS's consultant to finalize the source report, which in turn will be submitted to DOH. DOH will be doing the reviews, and the hope is that DWS can get the source approved. Once the source approval is granted, DWS will be ready to start up the facility for the people of Ocean View.
- 3) HELCO/Āhualoa update – HELCO is completing the line extension, which should be there in about a month and a half. With that, HELCO power will be able to run the Āhualoa Well.
- 4) Kawaihāni Tank update – DWS will be meeting with Glover soon to discuss the remaining portion of the project, which includes the removal of the existing tank. Mr. Taniguchi asked when the estimated completion date was. Mr. Inaba said that was what DWS and Glover would be discussing at the meeting, which will take place within the next two weeks. After the meeting, Glover will have to get all of the sub-contractors who will be finishing up the work; the schedule will be clearer once Glover gets the sub-contractors together. The Department will have a better idea of the schedule by the April Board meeting, Mr. Inaba said.
- 5) Pu'ukala/Kona Ocean View Properties Subdivision Improvement District Update – The plans have gone to State Highways, and there have been some corrections to the plans which are being worked on as of this writing. The timeline as to when DWS will submit the revised plans to State Highways is not yet clear, but DWS is working on it.
- 6) Update on Delinquencies – No report this month.
- 7) Timeline for completing Strategic and Business Plans – Key staff have been meeting monthly on the Strategic and Business Plans; the next meeting is set for April 11, 2012. DWS will have a report at the April Board meeting.
- 8) Kona Water Roundtable – This event is set for March 29, 2012. Ms. Garson raised the issue of Sunshine Law compliance, and asked whether any Board members planned to attend the Kona Roundtable. Four Board members, Chairperson Meierdiercks and Messrs. Greenwell, Kaneshiro and Uyeda, raised their hands. Ms. Garson recommended that the four members form a sub-committee whose purpose is to attend the Roundtable, and come back with a report

to the Board. This will ensure that no Sunshine Law will be violated. Forming the sub-committee is a precautionary measure, against any possible discussion of Board business that might take place during the Roundtable. One topic under discussion is the Water Development Plan, which could be seen as Board business. The safest thing is to set up a sub-committee of the four Board attendees, who will report back to the Board. The Manager-Chief Engineer said that DWS staff could help with the report. Ms. Garson said that the report could be verbal, like the Board normally does. If the Board does not want to set up the sub-committee, Ms. Garson recommended that only two Board members attend the Roundtable. Chairperson Meierdiercks called for a Motion to set up a sub-committee with Mr. Uyeda as chair, with Messrs. Greenwell, Kaneshiro and the Chairperson in attendance at the Roundtable as well. ACTION: Mr. Taniguchi so moved; seconded by Mr. Perry, and carried unanimously by voice vote.

- 9) Public Information and Education Specialist Update – About 105 people are expected to attend the Kona Water Roundtable, whose agenda and speaker list were distributed. DWS in late February met with the Ocean View Development Corporation regarding the gate agreement. DWS got a Mayoral Proclamation for Detect-a-Leak Week, during which 7,500 leak detection tablets were distributed through local hardware stores. Ms. Aton noted the storyboard of DWS’s top accomplishments that was shown at the Mayor’s recent community meetings around the island, as well as at a Japanese Chamber of Commerce and Industry luncheon. Ms. Aton and Mr. Ryan Quitariano, a DWS engineer, recently attended a meeting of the Water Conservation Advisory Group in Honolulu, which is looking at a conservation strategic plan for the State of Hawai‘i. Ms. Aton distributed DWS-related newspaper items, including a letter to the editor calling for a taxpayer’s revolt pending the completion of the Ocean View well. She also distributed copies of the Manager-Chief Engineer’s testimony defending the Honolulu BWS’ semi-autonomous status.

L. CHAIRPERSON’S REPORT:

Chairperson Meierdiercks, speaking of future meeting venues, noted that April’s meeting would be in Kona, and the meetings for May and June would be in Hilo. He noted that he would be absent from the May meeting. The July meeting also will probably be in Hilo, barring any issue that calls for a meeting in another region.

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

A. WATER SERVICE ACCOUNT NO. 83088290-10 (TMK 6-2-009:020):

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

The issues involved in the above-referenced hearing were Ms. Maia Wasowski’s appeal of the amounts shown due and owing on account #83088290-10 and consequently, the appeal of the shut-off notice dated January 18, 2012, for failure to pay said amount.

This hearing was set pursuant to Ms. Wasowski’s written request of January 27, 2012.

(The following proceedings are recorded verbatim:)

MS. GARSON: Mr. Chairperson. I think...I assume you’re Ms....?

MS. WASOWSKI: Yes.

MS. GARSON: Ms. Wasowski. And I believe Deputy Corporation Counsel Amy Self is representing the Department in this case. I will be the Board's attorney. Oh, and Mr. Greenwell is recusing himself. Is that correct?

CHAIRPERSON: Okay, thank you.

MR. GREENWELL: I recuse myself.

CHAIRPERSON: Okay, fine. Okay, we want to keep this pretty...as open...as much as we can to everybody. So we're going to have Opening Statements... just kind of let the Board know what's going on, and we'll just have Opening Statements... and from Counsel, and then, we'll go on to presenting the case.

MS. GARSON: Okay, if she can... you can identify yourself for the record?

MS. WASOWSKI: Okay. My name's Maia Wasowski. I'm the property and rental manager for my parents' house in Kanehoa.

CHAIRPERSON: Okay, um...

MS. GARSON: If you just have a very general Statement... What will happen... The procedure in this case is going to be... The Chairperson is asking for just an Opening Statement, which is sort of a summary of what it is you want to present. Um, after that, you will be sworn in, and if you want to call witnesses to support your case, what your appeal is about... Um, you have an opportunity to call witnesses. The Department's attorney will have an opportunity to then cross-examine the witness, and then, they will have the opportunity to present their case. So this is just sort of a brief summary of what you intend to show, and then you can call your first witness.

MS. WASOWSKI: Okay, I don't have any witnesses, except myself.

MS. GARSON: Okay, so would you like to just begin now, and waive Opening Statements?

MS. WASOWSKI: Um, yeah, I can just present my whole case right now... I have... Or would you like me to just do an Opening Statement?

MS. GARSON: No, no, that's fine.

CHAIRPERSON: This is not very...

MS. WASOWSKI: Did you just call for an Opening Statement...(inaudible)?

CHAIRPERSON: Well, I just asked if you wanted to present an Opening Statement. It's... It's pretty open, and you know... so we can understand what's going on, and yes, you both are gonna present your cases, but, um... I don't want to have it too stringent where, oh, you have to do this, and you have to do that. So...

MS. WASOWSKI: Okay, well, my Opening Statement is, this is regarding a leak that went on in November for 831, 000 gallons on our property. Yeah, it was a huge amount. And we did everything we could; we never found the leak itself. We re-routed the waterline, and this is... the bill... the bill, which is six-and-a-half thousand dollars.

MS. SELF: Good morning, Chair and members of the Water Board. My name is Amy Self. I'm Deputy Corporation Counsel for the County of Hawai'i. And I'll be representing the Department today. And um, just strictly the evidence is gonna show that the Department actually has a Rule that provides that you can only get, um, a credit for one leakage... a leakage credit for one time in a period of three

years. And this particular account received a credit back in 2011, I believe it was, and so the evidence will show that they've already received a credit which is within the three-year period of time. Actually, it's within one year. So they're requesting that that be rescinded, and... so that the new leak... that it can apply. And so the Rules do not allow for that, so that's what the evidence will show today. Thank you.

CHAIRPERSON: Okay, all right. Maia, go ahead and present your case.

MS. WASOWSKI: Okay.

MS. GARSON: I think we're gonna swear you in.

CHAIRPERSON: Right...swear you in. Okay.

SECRETARY: Do you swear that you will accurately and truthfully testify in all matters before this Board?

MS. WASOWSKI: I do.

SECRETARY: Thank you.

MS. WASOWSKI: Okay, as I said before, I'm the property and rental manager. My parents moved to California in the summer for work, and I'm in charge of the property. On June... in late June, I applied for a leak adjustment for a series of water leaks on the property. They were hose faucets, running toilets. There was a solar water panel that was leaking. And I had a licensed plumber come and fix all the leaks. And the leak adjustment went through in October. In September, we received a notice of abnormal water reading. Our usage increased from 31,000 gallons to 81,000 gallons, and that was because we planted over 40 trees to replace our windbreak, which had burned in the November 2010 fire in our whole neighborhood, in the Kanehoa. So I knew that the water usage...the abnormal reading was for that. I knew what that was for. And then, in November, we received another notice of abnormal reading. That time, it was for 831,000 gallons, and so, our average, prior to planting the trees was 35,000 gallons for every two months. Then it jumps to 831,000 gallons, which means that there's an 11-gallon-per-minute leakage...consistently, over two months, in order for it to add up to 831,000. So we couldn't believe it; we did everything we could. We immediately hired a leak detection expert. He came over; he performed a series of leak detection tests. He did pressure isolation tests, thermal imaging, ultrasonic leak detection. He couldn't find the source of the leak. Someone told us that sometimes neighbors tap in to the waterline, so I actually walked the property line, undercovering the waterline, which is about 700 feet. I didn't see that our neighbors were tapping into it. There was a woman that came from the Water Department, and read the meter while I was on the property closing valves, and she said that there was a leak of 2.4 gallons per minutes, and the leak stopped when I shut off the main house. And we did another pressure test on that house, and there was no drop in pressure. There was no... The meter read zero. So sometimes the meter showed 11 gallons per minute; sometimes it was less. The plumber came back, and with the water meter, he determined there was a leak somewhere within a 3/4-inch line that went to the 'ohana house. And the 'ohana house has two utility sinks and a bathroom, and in the whole...-- that's where I live -- in the whole two months that was showing 831,000 gallons, 11 gallons per minute, which is more than half of the rated volume of flow for a 3/4-inch line. We didn't experience any loss of pressure; there was no debris in the line, no clouding of water, no water contamination. There was no ground saturation, no erosion, no pooling, no sink holes in the driveway, nothing. And there wasn't even any plant growth, and we live on the dry side, so it would show. I mean, our property is a virtual desert, so the soil... it doesn't... it doesn't drain well at all. The leak detection expert, the plumber and I also suspected that the meter was faulty, because of the conflicting readings. So it wasn't negligence on our part. The leak was never found. There was just... no evidence of it. We did everything we could. We re-routed the waterline, so we

didn't find the leak itself. We knew it was in that 3/4-inch main waterline. But we ended up re-routing a whole other waterline with hundreds of feet of Drisco, and it was a lot of work, and a lot of expense in labor and materials. Um, and I also have a report from the home inspection expert... He's the leak detection expert. I dunno...I only have three copies, so...

MS. GARSON: Actually, you need to give one to her (Ms. Self). So, you'd like the report to become an Exhibit? For the record?

MS. WASOWSKI: Yes.

CHAIRPERSON: Okay, we'll accept the report for the record.

MS. GARSON: Is there any other...?

MS. WASOWSKI: No, I only have three copies.

CHAIRPERSON: Okay.

(Ms. Garson consults with Chairperson off-mike.)

MS. WASOWSKI: I have my copy.

CHAIRPERSON: Oh, she's her own witness. Okay. Okay, I'm sorry. Okay. Do we have any further...?

MS. WASOWSKI: That's my case.

CHAIRPERSON: Okay, that's your case. Amy, since she's her own witness, do you want to cross-examine her?

MS. SELF: Yes. Did you provide this report to the Water Department?

MS. WASOWSKI: No, I did not. I just didn't get it until very recently, so...

MS. SELF: Also... it says this property has received a leak adjustment before. Is that correct?

MS. WASOWSKI: Yeah. I applied for the leak adjustment in late June. It was actually for leaks that went on earlier in that year, and I had them all fixed by a licensed plumber, and the leak adjustment didn't go through until October. It'll show that on the records. It got somehow lost in the papers, and...

MS. SELF: Okay, didn't you also... This particular account also received a leak adjustment in 2007, isn't that correct?

MS. WASOWSKI: Yeah. I wasn't here at the time, so... I was at school, but that was my parents. Yeah.

MS. SELF: Okay. Okay, thank you. No further questions.

CHAIRPERSON: Okay. The cross-examine. Okay. Then, Amy, did you want to present...?

MS. SELF: Yes, thank you. I'd like to call Calvin Uemura for my witness... eye-witness.

SECRETARY: *(swearing in Mr. Uemura)* Do you swear or affirm that you will accurately and truthfully testify in any matters before this Board?

MR. UEMURA: I do.

MS. SELF: Okay. Good morning, Mr. Uemura. Would you please state your name and position with the Department of Water Supply, for the record?

MR. UEMURA: I am Calvin Uemura. I am Assistant Customer Service Supervisor in the Finance Section.

MS. SELF: Okay, and how long have you been employed by the Department of Water Supply?

MR. UEMURA: Approximately 11 years.

MS. SELF: Okay, and how long have you been in your present position?

MR. UEMURA: About five.

MS. SELF: And do you have a copy of the Exhibits that the Department submitted for today's hearing?

MR. UEMURA: Yes, I do.

MS. SELF: Okay, and have you reviewed those? Are you familiar with those Exhibits?

MR. UEMURA: Yes, I have.

MS. SELF: I want to turn your attention to the Exhibits, and if you could... You said you were familiar with them, so are these documents that are kept in the records at the Department of Water Supply... the (relevant?) reports and records?

MR. UEMURA: Yes, they are.

MS. SELF: Okay. I would like to move to have all the Exhibits, A through H... I'm sorry, yes... the Department's Exhibits A through H...admitted as evidence. They came from the files of the Department.

CHAIRPERSON: Do we need a Motion to do that piece?

MS. GARSON: I'm sorry...for the Exhibits?

CHAIRPERSON: Yeah.

MS. GARSON: Um, no.

CHAIRPERSON: Oh, we just accept them... oh, just be admitted?

MS. GARSON: And so, if the appellant doesn't have any objections to it...?

MS. WASOWSKI: No objections.

MS. GARSON: Okay.

CHAIRPERSON: Okay, no objection? So they'll be admitted.

MS. SELF: Okay, thank you. Um, Mr. Uemura, if you could turn... Please turn to Exhibit A. And that is... This is, in part, a couple of the Rules... Rules and Regulations...of the Department of Water Supply, correct?

MR. UEMURA: Correct.

MS. SELF: Okay, if you could please turn to the second page, which is... to draw your attention to Section 3-10, and then, below that, Paragraph 3... If you could just explain what that Rule says with regards to a leak adjustment?

MR. UEMURA: That section pretty much pertains to how and... how much we can...how often and how much we can grant on a leak adjustment.

MS. SELF: And what would that be? How much?

MR. UEMURA: Basically, leak adjustments are granted once in a three-year period, and the adjustment is for 1/2 of the amount over the customer's average use. And...

MS. SELF: And turning to the next page, Section 3-11. Um, what is the reason for discontinuation of water service...? One of the reasons is non-payment of bills, right?

MR. UEMURA: Correct.

MS. SELF: If I could... maybe turn to Exhibit B. Could you just describe for the Board what this represents?

MR. UEMURA: That is a copy of the account's water shutoff notice, dated March 5, 2012.

MS. SELF: And this is for the account of Peter Wasowski, right?

MR. UEMURA: Correct.

MS. SELF: Okay. And that's the appellant's father. Is that correct?

MR. UEMURA: Correct.

MS. SELF: Okay. And um...if you could please turn to Exhibit C. Now, this is a screen from the computer...from your computer. Is that correct?

MS. SELF: Okay, and can you please describe for the Board what this...?

MR. UEMURA: This is a reprint of ... It comes from our billing system. Basically, this is the water usage history, but it also shows the amount that each usage... billing amount, that each usage generated. One correction to this Exhibit, though, is that...if you look at the bottom, the asterisk "Granted adjustment; posted on" October 27. The periods that were actually granted are not as indicated from November to March, but from January to May. So the 50,000, the 63,000 and the 35,000 were the amounts that were actually part of that leak adjustment. And that was the period of time that was requested by the appellant, but the account... Is that correct...by the appellant? And while we're on that, why don't we go ahead and... if I ask you to turn to Exhibit H. And this describes the period of time you're referring to, correct?

MR. UEMURA: Correct.

MS. SELF: Okay. And why don't you go ahead and tell the Board what this document describes?

MR. UEMURA: This is the Department's application agreement for a leak adjustment, used primarily because the adjustment is limited to once in a three-year period. The customers need to apply for that, because it's not an automatically-granted adjustment.

MS. SELF: Okay. And so down below, at the bottom of that Exhibit, the hand-written numbers... That describes the average? Could you explain what's in the box at the bottom?

MR. UEMURA: Okay. On the extreme left, the 1, 2, 3 are the previous consumption from the periods prior to the leak. That's used to develop the customer's average billing use. So if you look at the next column... November 10 through January 13 billing period, the customer used 50,000 gallons. Taking that average from the extreme left column, we take out the 25,000. The amount that is over the customer's average use is 25,000, or \$107.61. Based on the Rules and Regulations, we can adjust half of that, so the adjustment for that billing period amounted to \$53.81, and calculated for the three billing periods in the request.

MS. SELF: And that's what you were explaining in Exhibit C, right? Where the numbers that actually were included...?

MR. UEMURA: Correct.

MS. SELF: Came from this particular document, and were requested by the appellant, correct?

MR. UEMURA: Correct.

MS. SELF: And on Exhibit H, could you please... There's a section in the middle of that document that is in bold and underlined. Could you please read that for the Board, please?

MR. UEMURA: "I understand that the adjustment is based on a fifty (50) percent of the overage (that portion above my normal average) up to a maximum of three (3) consecutive billing periods. I understand that once an adjustment is granted I cannot rescind it. I am only entitled to one (1) leak adjustment per three (3) year period for each service." And a box to initial that, acknowledge that.

MS. SELF: Okay, that language is taken directly out of the Department's Rules and Regs?

MR. UEMURA: Correct.

MS. SELF: Um, and if you can turn, please, to Exhibit D? Now, this describes the leak adjustment that was granted, is that correct?

MR. UEMURA: Correct.

MS. SELF: Okay. Could you please explain what's represented in this document?

MR. UEMURA: This is the payment, or account, balance history for the customer's account. Specifically, October 27, 2010...\$160.02 was credited to the account as a leak adjustment. And if you go back to Exhibit H, that would be the amount on the adjustment calculation on the left, uh, right side of the application, under "Adjustment."

MS. SELF: That's the total of \$160.02?

MR. UEMURA: Correct.

MS. SELF: Okay. And then, also, um, they included the penalty that was involved for the overage is reversed as well. Is that correct?

MR. UEMURA: Correct.

MS. SELF: Okay. And then... so the year that that was granted was what?

MR. UEMURA: 2011.

MS. SELF: Okay. And the current leak adjustment is for what...? What was the date that she requested the leak adjustment? The most recent?

MR. UEMURA: I believe the customer requested adjustment on... in December of 2011.

MS. SELF: Okay, so within the same year, there's been another leak adjustment request?

MR. UEMURA: Correct.

MS. SELF: And let's go back... Let's continue with Exhibit E. And could you please describe this for the Board?

MR. UEMURA: This comes from our Call Section, and again, the customers billing system, and all it does... it recaps the periods that adjustments were granted to this account.

MS. SELF: Okay, so here it's showing there've been two leak adjustments thus far for this account, correct?

MR. UEMURA: Correct.

MS. SELF: And what are the years for those?

MR. UEMURA: The first was... the first adjustment granted... the period May 2007 to July 2007. Second adjustment was granted in November of 2010 through May of 2011.

MS. SELF: Okay. And if you could turn please to Exhibit F. Exhibit F has several pages. Could you please describe what this document represents?

MR. UEMURA: This also comes from the customer's account. This is what we call the "Account Comment Section," and basically, our employees log events that each... that occur on a customer's account. And the main reason for that is because of our district offices... The names that you see there... For example, Traci, Lisa, Kimberley... are our employees at our Waimea branch. Also Tanya. And then, of course, as you go further down, or into the... um, the reading of this, for example, Cris and myself are both in the Hilo office. It helps us to understand what's going on with the customer's account, even if it's not happening at the Hilo office. Just one quick side note – because what you're seeing there is the entire line we're allowed to use, so there will be a lot of abbreviations that may not be standard, but it works for us in the Department.

MS. SELF: Okay. And so, you're familiar with this account. Is that correct?

MR. UEMURA: Yes, I am.

MS. SELF: Okay. And so, um, this actually also shows when I guess there was a telephone conversation between the Waimea office and the appellant, in which the appellant was asking for a leak adjustment?

MR. UEMURA: Correct.

MS. SELF: And could you please go through this, and what happened after she asked for the leak (adjustment), according to these notes?

MR. UEMURA: Basically, December 6, we notified her that she was ineligible for another adjustment, based on the period from the last adjustment.

MS. SELF: And that's based on what?

MR. UEMURA: Exhibit E. In other words, for our purposes, when we're working with a customer, the original applications are filed, and we use that as our main screen to determine the eligibility period

for a customer. When further...our Waimea office logged on December 27...and it's quite a long entry, but basically, that...we forwarded the customer's request to rescind the original adjustment to the Hilo office, to my supervisor Cris Hudman. And basically, I guess, on Page 2, in discussions with the Manager that it couldn't be granted.

MS. SELF: And that's because of the Department Rules. Is that correct?

MR. UEMURA: Correct.

MS. SELF: And it's Rule 3-10?

MR. UEMURA: Correct. Section 3.

MS. SELF: And then, if I could have you go to Exhibit G. And could you please explain what this represents?

MR. UEMURA: That just...that is the main customer info screen. That was included in there to show the customer's balance and the due date, and that was as of March 22. The \$6,503.68.

MS. SELF: And that amount's higher now because this is back... Um, let's see, what is the date of this one...? This isn't the current amount that's owed. Is that correct?

MR. UEMURA: No. The customer received a regular billing very recently.

MS. SELF: Okay. So that you say that it would be higher. Um, let me ask you this. This is quite a large balance. But because the Department Rules say that you cannot give a leak adjustment more than once in a three-year period, and they received, actually, one in less than a year... Um, would the Department require the appellant to pay this all at once if she loses this appeal?

MR. UEMURA: No, if the customer wants to, the Department can go into a payment arrangement.

MS. SELF: Okay, so the Department would be willing to do that, to set up a payment plan?

MR. UEMURA: Yes.

MS. SELF: Okay. And to your knowledge, has the Department ever given a rate adjustment to any account...that would've been in violation of this Rule 3-10?

MR. UEMURA: It was granted previously. More than 3, 4 years, maybe even longer than that, but I do recall those instances that it has been done, due to the approval of the Manager.

MS. SELF: And what was that based on?

MR. UEMURA: Uh, I don't know. I wasn't privy to that.

MS. SELF: Okay, but that was less than 3...more than 3 years...? I mean, it was not less than 3 years?

MR. UEMURA: Yes.

MS. SELF: Okay.

CHAIRPERSON: Do you want to cross-examine the witness?

MS. WASOWSKI: Um, I don't have any specific questions for... I just...can I answer to this? We didn't pay bills...'cos that's what we were told...in order to get the water shutoff notice after not paying the bills... In order to see the... appeal in front of the Board, we had to (get?) the water shutoff notice.

So we actually paid our bill in January. We received our bill yesterday. It's \$183,000 now; our water usage is at 33,000 gallons again, which is what the average was prior to all of this. The leak adjustment that went through in October was for \$160,000. Our current bill right now is \$6,686.97; that's including this last payment, which we haven't done, of \$183.00. I can just reiterate that there were no signs of leakage. It was 831,000 gallons over two months, and there was no signs on the ground. We didn't experience any loss of pressure within the 3/4-inch line, the main waterline to our house. It wasn't negligence on our part. We did everything we could, and Alex Woodbury in the report states that all the plumbing is within code.

MS. GARSON: Okay, Mr. Chair, what I think just happened is, since she didn't have any cross-examination questions for...

CHAIRPERSON: That was kind of a Closing Statement, then, or...?

MS. GARSON: Right, and she provided her rebuttal testimony, so...

CHAIRPERSON: Amy...would have a Closing...? Are you? *(Ms. Self's response is inaudible.)*

MS. GARSON: Both of you, then, presenting evidence... Are you done presenting your case? Okay. Are you done presenting your case?

MS. WASOWSKI: Yes.

MS. GARSON: Mr. Chair, if you want, you can ask if the Board has any questions...

CHAIRPERSON: Questions for either party?

MS. GARSON: Yes.

CHAIRPERSON: Ken?

MR. KANESHIRO: Yes. I have a question. When you changed the pipe, you used the Drisco pipe?

MS. WASOWSKI: Yes.

MR. KANESHIRO: Was there any change in the meter reading, meaning that... Did it go up and down like you mentioned?

MS. WASOWSKI: Well, we shut off the 3/4-inch line.

MR. KANESHIRO: No, when you changed the pipe. You mentioned that you changed the Drisco; you bypassed the 3/4-inch pipe.

MS. WASOWSKI: Uh huh.

MR. KANESHIRO: And so you put in the Drisco. After you put in the Drisco, and according to the report, it mentions that they believe the meter was faulty.

MS. WASOWSKI: Mmm hmm.

MR. KANESHIRO: With that in mind, when you changed it, was there a change in the meter reading, meaning, did it go up and down like...how this percent...?

MS. WASOWSKI: No, it was reading zero. It was reading zero. I just... I also applied for ag water, and they replaced the meter, and so it's a brand new meter right now.

MR. KANESHIRO: Okay, so it was... when you changed it to Drisco, the meter was reading okay?

MS. WASOWSKI: Yes.

MR. KANESHIRO: Supposedly.

MS. WASOWSKI: Yes.

MR. KANESHIRO: Okay, and so if it weren't reading okay, there must have been something within the 3/4-inch pipe?

MS. WASOWSKI: Right.

MR. KANESHIRO: Whatever it was.

MS. WASOWSKI: Right.

MR. KANESHIRO: Okay, that's all I got.

CHAIRPERSON: Anyone else? Any Board questions? Comments? Bryan?

MR. LINDSEY: Um, this one we went back and adjusted credit for in 2007. Then there was a period between 2010 and 2011. Um, that was gonna be part of my question. I was just wondering if the meter was changed during that time. Do we know when that new meter went in?

MR. UEMURA: No, I don't have the specific date. However, if you look at Exhibit F, Page 5... the entry of February 7 shows the "BT results 1/25/12"... Those numbers represent that original meter coming back to the Hilo Baseyard, specifically, the meter room, to have it tested for accuracy. So that change-out occurred probably very shortly before the January 25 bench test.

MR. LINDSEY: So... I apologize for going back to this; I just wanna make sure I'm clear on this. So, between 2007 and the 2010/11 bill, there was no change in the meter?

MR. UEMURA: Uh, you mean... Yeah, the same meter was in the ground until that bench test.

MR. LINDSEY: Until the bench test. Okay. Thank you.

CHAIRPERSON: Okay?

MR. KANESHIRO: Clarification. Was the meter ever changed?

MR. UEMURA: Yes. Um...

MR. KANESHIRO: Was it changed before the Drisco was put in?

MR. UEMURA: I don't know.

MS. WASOWSKI: It was not.

MR. UEMURA: It was not.

MS. WASOWSKI: No. No, it was not. No.

MR. KANESHIRO: After the meter was changed... after the meter was changed, then the Drisco went in, right? The Drisco pipe?

MS. WASOWSKI: The Drisco went in before the meter was changed.

MR. KANESHIRO: Before the meter was changed. Okay.

CHAIRPERSON: Jay?

MR. UYEDA: So the meter that was removed was that bench test...and it tested okay, or...?

MR. UYEMURA: So basically, those percentages you see there...? The 1/4-gallon equals 95 percent... The bench test entails three fixed amounts of water going through the meter, and what reads on the register shows the amount... so if they put in, for example, the 1/4 gallon, it recorded with 95 percent accuracy. So in other words, the meter is running a little slow. On the other two flow rates, 2 gallon and 15 gallon, 2 gallon was 100 percent, and 15 was 99.6 (percent). And I believe 99.6 is within AWWA standards.

CHAIRPERSON: Art?

MR. TANIGUCHI: Yeah, my question is for Daryl, I guess, but is there...there's this statement that the report mentions about our Department people mentioning that there are problems with this type of meter. Specifically, it says here: "Department of Water Supply has indicated to myself and to the Wasowskis that meters are complicated at best, and being digital in nature, provide no verifiable mechanical record of accuracy."

MS. GARSON: I'm sorry, Mr. Taniguchi, you can't ask a non-witness a question.

MR. TANIGUCHI: Who can I ask about this? Is this true?

MS. GARSON: You can take the Exhibit for what it's worth.

MR. TANIGUCHI: So nobody from our Department can verify or rebut this?

MS. GARSON: Unless the Department's witness (inaudible)...unless one of the witnesses can answer the question.

MS. WASOWSKI: I had a discussion with the plumber, and he was saying that with digital meters, it's hard to tell... It's basically impossible to tell... without taking it in, for mechanical testing... if it's accurately reading. And how do we know that it's not doubling what's actually going through? Whereas, if it was a mechanical meter, where you can actually watch the hand go around, then you could see that one gallon just went through, another gallon went through. And so, we... all of us, between Alex, and the plumber and myself, we were all confused at the discrepancies with the meter, as to why sometimes it was showing less than 11 gallons a minute, and other time, it was showing 11. But when we had the woman from the Water Department come, and she said that there was a 2.4 gallon leak from the main house – which isn't even where the leak was... And then it showed zero, meaning there was no leak in the main house, it just... The numbers didn't seem to add up, with 11 gallons a minute of consistent leakage through a 3/4-inch line. And on the meter, it didn't...it was consistent on the meter, and also there was no evidence of it on the ground. We didn't experience any loss of pressure, which at 11 gallons a minute is more than 1/2 of the flow rate through a 3/4-inch line, so...

CHAIRPERSON: Any further questions?

MR. TANIGUCHI: No more questions. I guess nobody can answer this question. But you know, I just wanted to know our side of the story, if anything.

CHAIRPERSON: Any further testimony?

MR. UEMURA: Can I just say something in regards...just a brief history? That area, Kawaihae Road, has the latest meter that the Department has put in. They are 900-I's; they are digital. All the meters –

this may be going without saying – is AWWA-approved for accuracy. And this bench test result that you're looking at on the *old* meter, that original meter, is a digital meter. And it's pretty much read the same way. Um, the manufacturer, of course the manufacturer will... but the manufacturer says it's accurate, up to AWWA standards. So what we're looking at is a standard meter on the bottom, on how it displaces water...and the method of reading is still pretty much the same, except like she said, it doesn't have those mechanical wheels that now log in (inaudible).

CHAIRPERSON: Close the Hearing? Or if there's any...?

MS. GARSON: No, well, unless you wanna ask them to provide any Closing Statements...?

CHAIRPERSON: Any Closing Statements?

MS. WASOWSKI: No...I....

CHAIRPERSON: Amy?

MS. SELF: I'll do a Closing Statement. Okay, as you've heard from the testimony, and the Exhibits that have been provided to the Board, there have been two leak adjustments already permitted to this property. One was in 2007; the other was in 2011. There is now another leakage adjustment that's been requested, which has been less than a year from the previous leak adjustment that the appellant has been provided, or been granted by the Department. And based on Department Rules, Section 3-11, I'm sorry, 3-10(3), the Rule says that "consumers shall also be limited to one adjustment per three-year period for each service." So this particular account has already been provided a leak adjustment within a one-year period. So this is why this particular...the current request for leak adjustment has been denied by the Department, because it's been less than a year from the previous one that was granted, and the Department can't violate its own Rules. So that's my Closing. Thank you.

CHAIRPERSON: Okay. Any last questions from the Board?

MS. GARSON: So now the Board needs to deliberate on what they've heard concerning all of the evidence, and if one of the Board members would like to make a Motion to start off the deliberations, then that would be helpful.

CHAIRPERSON: Yeah, we have to have a Motion before we can deliberate. So we need a Motion, and some effect to this Contested Case Hearing. A Motion...

MR. TANIGUCHI: On this.

CHAIRPERSON: To...

MR. PERRY: What's the Motion gonna be on?

MS. GARSON: You're either going to deny or grant the petitioner's appeal.

CHAIRPERSON: Yeah, either grant or deny the appeal. I need a Motion in one effect or the other. Well, we need a Motion in one way before we can even discuss it. So I need a Motion to either...

MR. TANIGUCHI: Let's see here. It doesn't have to be worded like you said? Okay, so I move that the appellant's motion be denied.

CHAIRPERSON: Okay, there's a Motion on the floor. Is there a second? Second by Ken. Okay, now we can discuss it. Board? Anybody want to start off, or just go around in order? Go ahead, Ken.

MR. KANESHIRO: My point is that, um, I was really interested in what happened after the Drisco was put in, and it seems that the Drisco pipe was put in before the meter was changed. And according to the appellant, the meter was reading correctly. So with that in mind, it seems that the 3/4-inch section... There was some leak there, wherever the leak was... I don't really know, but there was some leak there. If you can put in Drisco, and the meter reads supposedly correctly, you can surmise that the 3/4-inch section was... Something was not correct there.

CHAIRPERSON: Okay. Delan?

MR. PERRY: Uh, give me a minute.

CHAIRPERSON: Okay, we'll move over. Art?

MR. TANIGUCHI: Yeah, I think there are two other leak adjustments on that property, so apparently there is a history of leaks on that property. To set (inaudible) how much they were, obviously, even in this report, it says there was a leak. So there was a leak; it's just a matter of how much. And, uh, you know, once you made the bypass, and it appears to be working fine, our Department has the equipment, and it registered within standards. So you know, I feel that there was some kinda leak there, exactly how much, maybe, that's to be determined. But um, our Rules indicate that we can give one per three years, and I think we have done that already...actually, two times. So that was my basis for making the Motion.

CHAIRPERSON: Okay. Bryan?

MR. LINDSEY: Um, you know, it's always difficult in these cases because you never wanna think that... You know, I always feel that people are coming here with their good faith attempt to try to rectify, you know, whatever took place. However, the Rules and Regs, as mentioned, are in place. And if we go by the letter of those Regulations, there really is no latitude for us to take at this time, other than to rule in favor of the Department.

CHAIRPERSON: Jay?

MR. UYEDA: Yeah, I go, Mr. Chairman, with what Mr. Lindsey has mentioned. Based on the evidence provided, um, there was a repair to the proposed segment that was leaking. That segment was repaired, and at this time, it appeared there's no leak so... If there was a leak on that segment, um, there was also, you know, the credit given in 2011, and now it's come up again, less than a year or a year's time...within the three years. So basically, like Chairman...like Mr. Lindsey said, the Rules are that, you know, we can't grant another credit, so anyway, that's based on the evidence.

CHAIRPERSON: Susan?

MS. LEE LOY: Yeah, Mr. Taniguchi and Mr. Lindsey brought up really good points. We have Rules in front of us. They're very clear. Um, I did also hear Ms. Self describe a process for the petitioner in this case to work out a payment process after this. So there are more remedies for this applicant. Based on these things, and some of the good work that the Department has done by pulling the meter, testing it in the shop, I'm guessing it's within a very small time frame, where's it's not sitting around for it to get more damaged, or... They're testing it immediately, and the call records are clear indication of that. Um, yeah, I'm in favor of denying the applicant the appeal.

CHAIRPERSON: Delan, have you had time to...?

MR. PERRY: Hmmm, well, I guess there's... to me, there's a couple issues. One of them is: something happened, a leak happened within...twice in less than the three years. And so I'm not sure if we actually have any flexibility to say, well, it's still a leak; maybe we should do something about that.

I think that's... that's the question. The question in my mind...I know there's other remedies, but it seems like, you know, if there was two leaks within the three years, and even though it's against...it's in our Rules that that's not...you can't do that, it seems like they went to a lot of effort to repair that. So...that's the question in my mind. So if somebody has an answer...

CHAIRPERSON: I think we're put in a difficult situation, if we feel for the applicant... I personally have had a number of leaks that have been adjusted on occasion, and had to eat it on occasion. Um, and I understand the situation 'cos I always have worry. Okay, where's my next leak gonna come from, or how am I gonna deal with it? We have the Rules set forth that we have to abide by. We have to make a decision on the Exhibits and everything that was presented for us today, here at this Hearing...nothing from outside. So when we take a vote on this, we have to consider what we were presented with today, only, and make a decision from that point. Okay? Does anybody else have anything? Board? Ready for the question? Okay, the Motion was to deny the appeal. Call for the question? Do we need a Roll Call vote, or...?

SECRETARY: Okay, starting from here. Mr. Kaneshiro (Aye); Mr. Perry (Nay); Mr. Taniguchi (Aye); Mr. Chair (Aye); Mr. Lindsey (Aye), Mr. Uyeda (Aye); Ms. Lee Loy (Aye). Motion is carried with seven Ayes and one Nay.

CHAIRPERSON: Okay, so what will happen is...

MS. GARSON: Six.

MR. TANIGUCHI: Oh no, no, six.

CHAIRPERSON: Six Ayes and one Nay.

SECRETARY: I'm sorry; six Ayes and one Nay. I'm sorry – that's right.

CHAIRPERSON: Mr. Greenwell recused himself. So, what will happen is that a letter will be generated and be sent to...

MS. GARSON: The Board (will) direct the Department's attorney to present a Findings of Fact, Conclusions of Law for circulation.

CHAIRPERSON: Right. Okay. Ken?

MR. KANESHIRO: In the letter, can we reiterate guidance that there is an opportunity to pay incrementally so they're not stuck with this huge bill...with this letter that's sent? I know it was sent once.

MS. SELF: (inaudible)

MR. KANESHIRO: I know we denied it, yet...but it can be maybe a little softer.

MS. GARSON: Probably in the Findings of Fact, maybe the attorney will put it in there, that...

MS. SELF: The attorney for the Water Board?

MS. GARSON: Yeah... that it's an option.

MS. SELF: Okay.

CHAIRPERSON: Okay?

MS. GARSON: Okay. So what will happen is that after the Findings of Fact are prepared, then they're sent out to the appellant, and then, the next meeting, they'll come back for adoption, based on, based on the record. You'll adopt the Findings of Fact and Conclusions of Law at the next meeting, and that will also give your appellant a chance to object if there's anything in there that isn't consistent with the proceedings today.

CHAIRPERSON: Okay. All right.

MS. SELF: Thank you.

CHAIRPERSON: All right. Hearing is closed. (*Contested Case Hearing closed at 12:38 p.m.*)

Chairperson Meierdiercks thanked Ms. Wasowski for presenting her case.

Ms. Wasowski expressed confusion, and asked if this meant that her appeal was denied.

Chairperson Meierdiercks confirmed that her appeal was denied, and that Ms. Wasowski would receive a letter from Corporation Counsel stating all of the facts and evidence that was brought up at today's Contested Case Hearing.

12) ANNOUNCEMENTS:

1. **Next Regular Meeting:**

The next 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.

2. **Following Meeting:**

The following meeting of the Water Board will be held on May 22, 2012, at the Department of Water Supply, Operations Conference Room, 889 Leilani Street, Hilo, HI

14) ADJOURNMENT

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

Chairperson Meierdiercks adjourned the meeting at 12:49 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.