

MINUTES

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

April 24, 2012

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

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. Rick Robinson
Mr. Jay Uyeda
Mr. Quirino Antonio, Jr., Manager-Chief Engineer, Department of Water Supply (ex-officio member)

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

OTHERS PRESENT: Ms. Kathy Garson, Assistant Corporation Counsel
Mr. Terrance Nago, Okahara & Associates, Inc.
Mr. Dennis Newell, Kona Seascape Development, LLC

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. Larry Beck, Engineering Division
Ms. Kanani Aton, Public Information and Education Specialist
Ms. Julie Myhre, Energy Management Analyst
Mr. Clyde Young, Operations

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

(The following Statements from the Public are reported verbatim.)

MR. DENNIS NEWELL: *(speaking on the subject of Water Engineering for Seascape Lot 3)* Hi. I'm Dennis Newell. I'm a project manager representing Seascape Development, LLC. I came out in August, and I'm a former partner of one of the owners of the project.

CHAIRPERSON MEIERDIERCKS: Have a seat.

MR. NEWELL: Oh, okay. Anyway, I'm here today...actually, right now, we're working on the finalization of the existing project, which is 108 condominiums. The property that I'm talking about today is the 13 acres next door, which we call Lot 3. There was water engineering going on prior to our purchase of the note and foreclosure on the project. And we would like to take over and complete the engineering for the water rights. And we, um, would like to continue with Okahara Engineering on that, and that requires us to write a rather large check, and we're happy to do that. But we would like to do so, knowing that we'll be given enough time to complete the engineering. And that's pretty much the long and short of why I'm here.

CHAIRPERSON MEIERDIERCKS: You're requesting a time extension, is that right?

MS. GARSON: No, wait till later, till the Agenda Item.

CHAIRPERSON MEIERDIERCKS: Okay, thank you.

MR. NEWELL: Thank you.

MR. TERRANCE NAGO: (*speaking on the subject of Seascope*) Aloha, Board members and staff, management and staff of the Department of Water Supply. My name is Terrance Nago. I'm with the engineering firm Okahara & Associates. And our relationship with Seascope is that we're their civil engineering consultant, and we began this project under the old ownership of Seascope. And we progressed to about 60 percent complete for the design, which is what I'm holding. It's a reduced copy of the plans. And then they told us to stop. And we've been in that holding pattern since then. Dennis came to our office and told us that they purchased Seascope; it's under new ownership, and they're anxious to complete their obligation for the agreement. I told him that we need time. He asked us, "What do we need, to complete this?" And basically, I told him that we needed time. So what we wanted to do was to come to the Board, and request the time extension so we can complete the engineering design, and what we will present with the finished product is, completed plans and specifications that we will deliver to the Department of Water Supply, so that they can construct a new 1-million gallon water tank that will be next to the existing Kalaoa Reservoir site. The existing tank at Kalaoa Reservoir will still be in operation, so this will be *in addition to* what is there now. So it's a very, uh, it's a big increase in the water capacity, the storage capacity for that area, which is nice for North Kona. It's good to have a big tank way up above. So it'll be a good project for the Department, I believe. So we just ask for your affirmation on the time extension.

3) APPROVAL OF MINUTES

The Chairperson entertained a Motion to approve the Minutes of the March 27, 2012, Public Hearing on the Budget.

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 March 27, 2012, regular Water Board meeting.

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

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

None.

5) PUNA:

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

The contractor, Isemoto Contracting Company, Ltd., requested a contract time extension of 47 calendar days. This is the fifth time extension request for this project.

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	5/26/11	11/25/11	183	Delays in receiving approval of the Medium Voltage switchgear submittal from HELCO.
2	11/25/11	12/16/11	21	Delay in receiving test electrical power from HELCO.
3	12/16/11	1/30/12	45	Additional work required by Post-Contract Documents (PCD) #8 and #9.
4	1/30/12	3/11/12	41	Weather related delays and completion of telemetering phone line by Hawaiian Telcom between the new Ola‘a #6 tank and Pacific Paradise Gardens tank.
5	3/11/12	4/27/12	47	Weather related delays and the delay in disconnecting the obsolete utilities to the old Ōla‘a #6 tank site.
Total Days (including this request)			337	

The project completion date must be extended due to weather-related delays (4 calendar days) experienced on the project, and the delay (43 calendar days) in disconnecting the obsolete utilities (electric and phone) at the old Ōla‘a #6 tank site.

Staff has reviewed the request, and finds that the extension of an additional 47 days is justified.

The Manager-Chief Engineer recommended that the Board grant this contract time extension of 47 calendar days to Isemoto Contracting Company, Ltd., for JOB NO. 2006-899, ‘ŌLA‘A NO. 6 PRODUCTION WELL AND 1.0 MG RESERVOIR. If approved, the contract completion date will be extended from March 11, 2012 to April 27, 2012.

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

Mr. Inaba said that the main delay involved the coordination with HELCO and Hawaiian Telcom to remove the existing obsolete utilities from the existing tank and booster pump site. DWS wanted to make sure that the new facility was running properly, so that DWS would not need to go back to using the old facility. After the power was disconnected, work by the demolition crew could be scheduled. Lead-based paint on the steel tank and asbestos removal from the building were issues; a contractor from Oahu had to come in for the asbestos removal. DWS gave them an extra week to schedule that contractor, Mr. Inaba said.

Mr. Robinson expressed frustration with the rain-out days, and the time extension that was almost equal to the length of the original contract.

Mr. Inaba said that DWS needs to go with what the contract allows; some of the work cannot be done in the rain. DWS verifies whether the weather conditions are not suitable for the type of working the contractor is doing.

The Manager-Chief Engineer said he understood what Mr. Robinson was saying. He said that DWS needs to impress upon its project engineers and inspectors that the Department must adhere to its timelines and work schedules. DWS needs to stay on top of any delays, and drive the work forward. The Department cannot be complacent about issues like this. He said that it is time that DWS looks at proceeding with projects on time and on budget.

The Deputy said he too understood the frustration, and would be sitting in on all of the pre-bid and pre-construction meetings, to express DWS's position ahead of the bidding process. The Deputy said he was definitely sending the message to the contractors participating in bids that the Department is going to be taking a hard look at any time extension request. Time extension requests will have to be fully justified; the requests have to be on the critical path. He noted that unfortunately, at this time, rain-outs are built into DWS's Requirements and Covenants, which allow for rain-outs. This is something that DWS is working with on a County level, he said, but currently those are the Rules that DWS must play by. In the meantime, the Deputy said he would make sure that DWS manages its projects better, and not allow time extensions that are not justifiable. He asked for the Board's patience, and said that there may be some time extension requests coming to the Board. He said that this current time extension request puts the completion date to this Friday (April 27, 2012.) The contractor still has some work to do, but barring any other rain-outs, the Department does not foresee any justifiable time extensions beyond the one today.

The Manager-Chief Engineer said that the contractors have been put on notice that if they do not have a justifiable reason for a time extension, the contractor will be subject to liquidated damages.

Mr. Inaba said that the Department has sat down with the contractor, and DWS denied some of their requests, only giving them rain-out days between April 2 and April 10, 2012.

Mr. Uyeda asked when the warranties started on the well, the booster pump and the reservoir. He asked whether the warranty starts after the well is completed.

Mr. Inaba said DWS agreed to a warranty starting on the day DWS started making use of the facility. That was at the end of February, he added.

Mr. Uyeda asked when the well was scheduled to be completed.

Mr. Inaba said completion is expected sometime in June.

Mr. Uyeda asked if it was a staggered warranty.

Mr. Inaba confirmed this.

Mr. Uyeda asked if this was made clear in the documents.

The Manager-Chief Engineer confirmed this.

The Deputy said that the warranty for certain equipment starts here, but the well warranty has not started yet.

Mr. Taniguchi asked whose responsibility is it to coordinate with HELCO and Hawaiian Telcom.

Mr. Inaba said the responsibility lies with DWS, because the service is under DWS. DWS is learning to be more on top of timing and coordinating with the utilities, getting the utilities involved earlier – instead of towards the end of a project. Recently, DWS has started working with HELCO a lot earlier in a project, he said.

ACTION: Motion carried unanimously by voice vote.

6) SOUTH HILO:

A. JOB NO. 2002-802, PI‘IHONUA RESERVOIR NO. 2 REPLACEMENT:

The contractor, Isemoto Contracting Co, Ltd., requested a time extension of 40 calendar days. This request is for additional time to have Hawaiian Telcom install telephone lines for telemetering and alarm purposes.

Staff has reviewed the request and finds the 40 calendar days are justified. This is the fourth time extension request.

Ext #	From (Date)	To (Date)	Days (Calendar)	Reason
1	12/28/2010	11/8/2011	315	Days required to order the MCC, and complete the remainder of the project including demolition of the existing facilities.
2	11/8/2011	3/26/2012	139	Days required to take delivery and install the MCC, and complete the remainder of the project including demolition of the existing facilities.
3	3/26/2012	5/3/2012	38	Rain-out Days
4	5/3/2012	6/12/2012	40	Days required to have telephone service installed.
Total Days (including this request)			532	

The Manager-Chief Engineer recommended that the Board approve a contract time extension to Isemoto Contracting Co., Ltd., of forty (40) calendar days from May 3, 2012, to June 12, 2012, for JOB NO. 2002-802, CONSTRUCTION OF THE PI‘IHONUA RESERVOIR NO. 2 REPLACEMENT.

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

The Manager-Chief Engineer said this was another project that called for coordination with Hawaiian Telcom.

Mr. Inaba explained that if DWS had started communication earlier with Hawaiian Telcom, this situation could have been avoided. DWS put some pressure on Hawaiian Telcom, and everything is pretty much ready now, he said. Mr. Inaba said he would call the contractor at the site to make sure the system is ready for Hawaiian Telcom, and then he will call Hawaiian Telcom to give them the go-ahead. If DWS had communicated with Hawaiian Telcom sooner, the contractor could have scheduled their sub-contractors to come in earlier, etc.

Mr. Lindsey asked who Mr. Inaba contacted at Hawaiian Telcom.

Mr. Inaba said he spoke with someone on Oahu.

Mr. Lindsey noted that he himself is the island manager and representative for Hawaiian Telcom for both the Big Island and Kaua‘i. He said he appreciated phone calls from the Deputy last week Monday and from Mr. Inaba last Friday in which they gave Mr. Lindsey a heads-up that this Item would be on

the Agenda. Thanks to this, Mr. Lindsey had a week to discuss the situation with Hawaiian Telcom's engineering and network operations staff. He quipped that he also had the benefit of a two-hour drive to Kona this morning to formulate his response. Mr. Lindsey, speaking as the Hawaiian Telcom representative, explained that the project involves three wells: Wells 1, 2 and 3. Well 1 is at Carvalho Park in Hilo, Well 2 is on Waiānue Avenue, and Well 3 is up in Pi'ihonua, he said. At the current time, New Well 2 and Pi'ihonua (Well 3) are connected; New Well 2 and Well 1 are not connected. Mr. Lindsey said that he learned today that Hawaiian Telcom is waiting for a release from DWS on Old Well 2, because Hawaiian Telcom wants to use the same pair of connections, and swing it over to the new well in order to have continuity among the three wells. Hawaiian Telcom does not have any additional pairs going up between Well 1 and Well 2; right now, using the same pair is the only solution. He noted that Hawaiian Telcom will not be investing in anything else on that route. Mr. Lindsey said that is the situation as it stands now. If Hawaiian Telcom were given the okay by DWS today, the connections would be fired up tomorrow. At this point, Mr. Lindsey, speaking as a Board member, asked how DWS came up with the 40-day time extension. He said he appreciated the fact that Hawaiian Telcom and DWS will be working more closely in the future; he noted special rapport between himself and Mr. Inaba and the Deputy. Mr. Lindsey asked Mr. Inaba and the Deputy to give him a heads-up when DWS is ready to go in for the service on a project, so that Mr. Lindsey can bird-dog whatever department at Hawaiian Telcom may be hampering things. In the current case, Mr. Lindsey said it is ready to go, as soon as DWS gives the green light to Hawaiian Telcom. With other projects, there may be things like easements or utility approvals from HELCO that would prevent Hawaiian Telcom from going in; Hawaiian Telcom cannot do anything about delays like that. Mr. Lindsey said he would like to recuse himself from the vote on this Item. At the same time, he said that he cannot agree that the Board is asking for a 40-day time extension because of Hawaiian Telcom. Mr. Lindsey asked that there be another reason given, for the record, for the time extension.

Mr. Inaba said the reason for the time extension is that the sub-contractor has to come in, and the electrical sub-contractor will need about a week to test the equipment. Things have been ready for a while now, and it is not a matter of Hawaiian Telcom causing the delay. It is a matter of DWS coordinating the project, with the *initial intent* of having the new system in operation – and then knocking off the old system, he said. Obviously, DWS will not be able to follow that scenario now. Therefore, DWS will go back and figure out how to test the new system *without* having to knock off the old system. Hopefully, after the electrical sub-contractor comes in, DWS can call Hawaiian Telcom to swing the communication line from the existing system to DWS's new system. After that, the sub-contractor can test the new system. Once the system is turned on, there will be a lot of work to do, including demolition. Therefore, the reason for the 40-day time extension is **not** because DWS is waiting for Hawaiian Telcom; it is because of the remaining work needed to finish the contract, Mr. Inaba said.

Mr. Greenwell noted that the 40 days start on May 3, 2012. He asked what happens between now and May 3, and he asked if Hawaiian Telcom cannot do anything between now and May 3.

Mr. Inaba said Hawaiian Telcom is arranging to have the connection done; DWS needs to make sure that the system is entirely in operation before that connection can be done. He said the electrical and control sub-contractors should be done before June 12.

Mr. Lindsey said he was recusing himself from voting on this Item, but he asked that the reason for the 40-day time extension be corrected, because today's meeting is a matter of public record.

Mr. Inaba confirmed this.

The Manager-Chief Engineer said that the May 3 date is there because it was the last time extension date. He said that this has been a good learning experience for DWS; the Department's administration

and its consulting engineers should look into these kinds of details to map out what could happen in the field, to prevent DWS falling into these kinds of delays.

Chairperson Meierdiercks suggested that DWS hold weekly meetings on-site with all of the sub-contractors and staff involved in a project – especially in the case of construction projects. Such weekly meetings on-site are standard procedure on construction jobs, he said.

Mr. Uyeda asked if the delay on this project is hampering any operational systems. He also asked what benefit the project afforded to DWS or its water system.

Mr. Inaba said that it would provide additional storage.

The Manager-Chief Engineer said the delay is not hampering any operations, because DWS has the existing storage there, and booster pumps are in place that are still able to pump water up to Reservoir 1, and bring water down from Reservoir 1 to Reservoir 3. This project will provide additional storage for the area, and replace an old, dilapidated storage reservoir that dates back to the 1920s. He said that when the new reservoir comes into service, the old storage reservoir will be demolished.

Mr. Inaba said that the demolition of the old storage reservoir is part of the remaining work that has to be pushed back.

Mr. Uyeda asked if the existing reservoir is compromised by age, and he asked whether there was any risk of failure.

The Manager-Chief Engineer said no, it is not going to fall apart.

Mr. Inaba said the existing reservoir may provide DWS with additional storage. DWS is looking to increase its efficiency in terms of the power cost; DWS is trying to keep Well C on the Rider M schedule. Well C kicks in when Wells A and B down below cannot keep up, he said.

Mr. Uyeda said that in that case, it would be a better utilization of power when the new system kicks in.

Mr. Inaba confirmed this.

ACTION: Motion carried with eight (8) Ayes; one recusal (Mr. Lindsey).

Mr. Robinson asked whether the reason for the time extension had been corrected, for the record.

The Manager-Chief Engineer said yes, the Minutes will reflect that correction.

7) 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 Manager-Chief Engineer recommended that the Board defer this matter to the May 22, 2012, Board meeting.

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

B. **THIRD AMENDMENT TO WATER FACILITIES AGREEMENT BETWEEN SEASCAPE DEVELOPMENT, LLC, AND WATER BOARD OF THE COUNTY OF HAWAI'I – TAX MAP KEY (3) 7-3-010:052 AND 053:**

Seascape states that it underwent a change in ownership, and the new ownership desires to complete their obligations to the Agreement as expeditiously as possible. Seascape requests a time extension that will enable Seascape to meet their obligations with the Water Board.

Ms. Garson noted that there was no Recommendation for this Item; it was just for discussion.

The Manager-Chief Engineer said that this agreement is set to expire in October 2012. He did not know what kind of time extension that Seascape was seeking, but apparently Seascape needs extra time to complete the design of the project. When the Board approved the amendment to the agreement to extend it to October 2012, the Board informed Seascape that it would be the last time extension. However, under the circumstances, Seascape apparently cannot meet the October deadline. The Manager-Chief Engineer noted that once the design is complete, the design plans will be turned over to DWS to pursue the construction of the storage reservoir and connecting pipeline to the highway. That improvement project is not scheduled on DWS's five-year C.I.P. Budget until FY2016, he noted. Therefore, any delay up until FY2016 will not affect DWS. He suggested asking Mr. Nago what kind of time extension that Seascape was seeking.

Ms. Garson said that any new time extension would need to be in a Fourth Amendment to the Water Facilities Agreement, which could be drafted and be brought to the Board at the next meeting.

The Manager-Chief Engineer said that if the Board is amenable to another amendment for a time extension, he would suggest that Seascape come forth with an amended agreement to indicate the time extension. That draft agreement could come before the Board at a meeting before October.

Ms. Garson said that since the Board is only discussing this, there is no need for a Motion.

Mr. Perry asked why DWS is responsible for construction of the reservoir.

The Manager-Chief Engineer explained that it started off a couple of years ago, when Seascape wanted to upgrade the existing Kalaoa Well. Prior to Seascape coming in, the existing Kalaoa Well was designed for a capacity of 300 gallons per minute (GPM). Seascape proposed to DWS an upgrade of the capacity to 500 GPM, which Seascape did. The capacity of the Kalaoa Well now stands at 500 GPM. (The Kalaoa Well was tested for 750 GPM, but DWS opted to keep its capacity at 500 GPM, the Manager-Chief Engineer noted.) With the upgrade to 500 GPM, DWS needed additional storage, and Seascape wanted to proceed with its work, so in negotiations DWS asked Seascape to find DWS another tank site and to do the design for DWS. In exchange, DWS was to do the construction. That was the deal that was done several years ago with Seascape, he said.

Mr. Taniguchi noted that Seascape came in with two parcels, the first of which it developed. DWS purchased another parcel, he added.

The Manager-Chief Engineer said that the existing Kalaoa Well was further north, and this new tank site was about two parcels away from the existing site.

Mr. Taniguchi asked what the agreement was about.

The Manager-Chief Engineer said the agreement was to grant the parcel to DWS, and that Seascope would do the design for the tank and the pipeline connecting to the highway. He said that DWS issued additional water commitments to Seascope in the area.

Mr. Taniguchi asked whether Seascope had exercised any of the water commitments.

Mr. Inaba said that there were several agreements, not just this one. One agreement dealt with upsizing the well, while another agreement modified the way the system runs; that agreement got Seascope a few more units. The agreement to upsize the storage is so that Seascope can take advantage of the capacity of the new well improvements; Seascope gets some more units under this Third Amendment, he noted. The earlier water commitments granted in earlier agreements have been exercised, he said. The units granted under the Third Amendment are for what Seascope calls "Lot 3."

Chairperson Meierdiercks asked if the Board would like to signify that it is amenable to considering a Fourth Amendment to the Water Facilities Agreement.

Mr. Kaneshiro asked whether the change of ownership was the reason why the consultant (Okahara & Associates) was asked to stop work.

Mr. Nago offered clarification, saying that his firm was approached by the old ownership in 2006, which asked his firm to prepare a fee proposal for them to do this work. Then, the work stopped. He explained that his firm got the notice to proceed on September 20, 2006, and the firm was told to stop work on March 22, 2007. That was a very short period, he noted, and the firm was only able to do its initial investigative work. The firm got its second notice to proceed on February 29, 2008, and was told to stop on August 27, 2009. During that time, the firm was able to complete about 60 percent of the plans. Subsequently, there was a change in ownership, and Mr. Newell came to Mr. Nago's office to ask what could be done to finish the design, and what was needed. Mr. Nago told Mr. Newell that more **time** was needed to finish the work. Mr. Nago noted to Mr. Newell that it was February, with the October deadline looming. Mr. Nago proposed drawing up a schedule to determine how much more time was needed to finish up the obligation that Seascope has for this agreement with the Water Board. This project entails a new 1-million gallon tank and connecting pipelines, bringing the water that comes from the new tank along the Old Māmalahoa Highway, and connecting to existing pipes at Kaiminani Drive. This means occupying the State right-of-way, which poses a very lengthy process to get the necessary Use and Occupancy Agreement. Mr. Nago said that if his firm were able to start work tomorrow, they would be able to finish the plans and specifications by February 14, 2013. Concurrently, the firm would prepare the National Pollutant Discharge Elimination System (NPDES) permits required by the Department of Health (DOH) Clean Water Branch. Based on past experience, Mr. Nago believed they would be able to get Clean Water Branch approval by the end of February of next year. However, the Use and Occupancy Agreement is a lengthy process, entailing the installation of water supply facilities in the State right-of-way. Based on past experience, Mr. Nago was pretty confident that there could be a Use and Occupancy Agreement with the State Department of Transportation (Highways Division) by the end of May 2013. Therefore, Mr. Nago said that Seascope is requesting that the Water Board extend the Water Facilities Agreement from October 28, 2012 to May 31, 2013.

Mr. Greenwell asked if Seascope would only be asking for a time extension.

Mr. Nago said yes.

Mr. Uyeda asked DWS to give a summary of the events leading up to today on Seascope. He also asked what elements of the agreements are still alive, etc.

Mr. Inaba said that within the scope of this current agreement, Seascope got one extra parcel. DWS paid Seascope some \$500,000.00 for that parcel. Seascope needs to complete the design of the reservoir and the pipeline that connects to the highway as well as to the existing well site, and Seascope needs to turn the design over to DWS. He noted that there is a parcel in between the existing site and the new site, but an alignment is being worked out. Once the design is complete and it comes to DWS, DWS is obligated to build the reservoir. HELCO will come in and upgrade their power supply to the site; the utility will need to switch out the transformers at the existing well site. That needs to be done because once the reservoir is put in, DWS will step up the deepwell to pump 500-700 GPM. Once DWS builds the system, Seascope will get the 240 units, Mr. Inaba said.

Mr. Uyeda asked about the components in the 2005 agreement.

Mr. Inaba said those components were complete; the ones in the current agreement are the only remaining components.

Mr. Uyeda noted that some of Seascope's obligations have changed; originally, Seascope was obliged to build the tank, whereas now, Seascope must just provide the design.

Mr. Inaba said yes, originally, Seascope was planning to build the tank, and in exchange get facilities charge *credits*. At some point, Seascope said they could not afford to build the tank, so DWS agreed to do the construction as long as Seascope obtained a buildable parcel. Seascope got the parcel, and the agreement was that Seascope would do the design, but would have to pay the facilities charge.

The Manager-Chief Engineer said that if and when Seascope returns to the Board to ask for a time extension, DWS can come up with more detailed background information that Mr. Uyeda is looking for. DWS will provide that background information when DWS does the Agenda write-up, if and when Seascope carries the project forward.

The Deputy said yes, DWS will come up with a summary of what Seascope is envisioning, the obligations of DWS and Seascope (whether satisfied or not, or carried over to the current agreement, etc.) This would be to alleviate any confusion on what has transpired, he said.

Chairperson Meierdiercks suggested that DWS do up such a summary, and present a Recommendation to the Board.

Mr. Robinson suggested that DWS also provide information on how much money has been paid by Seascope to date, as well as what water commitments have been granted or transferred to Seascope.

Mr. Newell offered clarification on the new ownership, which officially got this property deeded over to them within the last two months. The new ownership has had no dealings with the old ownership; the new owners bought the note from U.S. Bank, which took the note over from two other banks that were involved. The new owners cleaned up the messes from those notes, and did the foreclosure and took over the property. That is where the new ownership is today, and its desire is to move on to develop the parcels that remain. The new ownership takes no responsibility for what happened in the past. The new owners took over the Seascope units that are there now, some 40 units that had been sitting there finished for about three years. Of those units, 28 have been sold, and 12 are left. Seascope had three buildings that were 50 percent complete, and the new owners are in the process of completing and selling them. The new owners' plans are to entitle Lot 3, and to do so the water issue needs to be taken care of. Mr. Newell asked the Board not to confuse the old ownership with the new ownership. The new ownership is extremely well-founded, he said. One of the new principals in Seascope is a billionaire who is also one of the new owners of the L.A. Dodgers, he said.

8) SOUTH KONA:

A. **MATERIAL BID NO. 2012-07, FURNISHING AND DELIVERING KE‘EI #3 (TSUKAMOTO) BOOSTER C FOR THE DEPARTMENT OF WATER SUPPLY:**

Bids for this project were opened on April 12, 2012 at 2:30 p.m., and the following are the bid results.

Bidder	Bid Amount
Beylik Drilling & Pump Service, Inc.	Non-responsive
Derrick’s Well Drilling & Pump Services, LLC	\$32,615.00

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The Manager-Chief Engineer recommended that the Board award the contract for MATERIAL BID NO. 2012-07, FURNISHING AND DELIVERING KE‘EI #3 (TSUKAMOTO) BOOSTER C FOR THE DEPARTMENT OF WATER SUPPLY, to the lowest responsive bidder, Derrick’s Well Drilling and Pump Services, LLC, for their bid amount of \$32,615.00. 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. Robinson moved to approve; seconded by Mr. Uyeda.

Ms. Lee Loy asked to recuse herself from the vote on this Item, because Derrick’s Well Drilling and Pump Services, LLC, is a client of the firm where she works.

The Manager-Chief Engineer explained that DWS has three booster pumps in operation at this site. The third pump is on the verge of breaking, so DWS is purchasing a new booster pump to replace it. DWS can live with the two existing, working booster pumps in the meantime, he said.

Chairperson Meierdiercks asked why Beylik was listed as non-responsive. He asked if it was true that only two companies bid on this contract.

The Manager-Chief Engineer said that normally, two or three companies bid on projects like this, and Beylik in this instance was not able submit a bid on time.

Mr. Inaba confirmed that this made Beylik non-responsive.

Chairperson Meierdiercks asked what non-responsive means; the Board needs to know the reason the bid was not accepted. The Item should state the specific reason; in this case, the reason was that Beylik was late with their bid.

The Manager-Chief Engineer acknowledged that non-responsive is a general term that could mean anything.

Chairperson Meierdiercks said DWS should be more specific, and should provide more of an explanation.

Mr. Inaba explained that the term “non-responsive” was prescribed by DWS’s General Requirements and Covenants, but the write-up could clarify the reason further. He explained that DWS had to turn Beylik away because their bid came in late; DWS could not even accept the bid.

Chairperson Meierdiercks said that giving an explanation for not accepting a bid would help the Board; it would give the Board some idea of the reason. He thought perhaps DWS might have problems if it looked as if it had accepted just one bid.

The Manager-Chief Engineer said that with an open bid like this, a single bidder would not pose a problem.

Mr. Kaneshiro asked if the bid of \$36,615.00 was reasonable.

Mr. Young confirmed that it was reasonable for a booster pump of this type.

Mr. Taniguchi returned to the non-responsive issue, and asked why DWS even bothered to list Beylik at all.

The Manager-Chief Engineer explained that Beylik was listed because they had submitted an Intent to Bid, and DWS normally lists all of the contractors who submit an Intent to Bid.

Mr. Taniguchi asked whether late bids are even opened.

The Manager-Chief Engineer said that DWS cannot even open late bids.

Mr. Robinson asked why the chloride level was so high in the City of Refuge area.

The Manager-Chief Engineer said that the Ke'ei Well D had broken down at the end of March, and he would provide an explanation about the high chloride level during his report later in the meeting.

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

9) MISCELLANEOUS:

A. DEDICATION OF WATER SYSTEMS:

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

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

1. **LICENSE NO. 764**

(This item was deferred from the March 27, 2012, Board meeting.)

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

Lālāmilo Offsite Water Systems and New Lālāmilo 1.0 MG Reservoir

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

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

Final Inspection Date: *TBA*

Water System Cost: *TBA*

The Manager Chief Engineer recommended that the above-mentioned Item be deferred to the May, 22, Board meeting.

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

2. **BILL OF SALE**

Ane Keohokalole Highway, Phase 1

Seller: County of Hawai'i

Tax Map Keys: (3) 7-4-020: Por. 010 and 022; (3) 7-4-021: Por. 003 and 020

E.W. O. 2010-041

Final Inspection Date: 04/13/2012

Water System Cost: \$ 571,839.00

The Manager-Chief Engineer recommended that the Water Board accept these documents subject to approval by Corporation Counsel, and that either the Chairperson or the Vice-Chairperson be authorized to sign the documents. The Manager-Chief Engineer noted that the County of Hawai'i had installed a pipeline within the new Ane Keohokalole Highway, and now the County has dedicated that pipeline to DWS for operation and maintenance.

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

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

Mr. Sumada reported that his division had looked at different options, and had come up with a credit deposit of \$150.00 islandwide, to be assessed for all meter sizes. Finance took an average for all meter sizes, based on actual water billing extracted from DWS's billing system, with comparisons between the Hilo side and the Kona side. Finance decided that one rate for all meter sizes was appropriate, because there were not many delinquencies among the larger meter sizes. Once those larger meters are established, they are rarely closed because the payments are quite steady, Mr. Sumada said. The delinquencies occur among the 5/8-inch meters, and it is that population that is being targeted with this increased credit deposit.

Ms. Garson said that in the interest of not straying too far from the Agenda Item, DWS within the next month or so will be bringing a request to the Board for an increase in the deposit. At that time, the Board can discuss the reasons why DWS came up with that amount. This is basically the direction that DWS is going, for the time being. Meanwhile, DWS continues to work with the Department of Environmental Management (DEM) regarding joint billing, etc.

Mr. Taniguchi mentioned the discussion last month of DWS having the same lien rights as the Real Property Division, with regard to delinquent accounts. With DWS looking to combine its billing with DEM, the idea of having the right to put a lien on the property of a delinquent account is becoming a statewide issue. Each County is looking to have such lien rights, and the idea is something that DWS needs to talk about, possibly legislatively, he said.

C. REPORT OF AD HOC FINANCE COMMITTEE:

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

- Discussion of DWS's cash handling procedures and proposed changes. Discussion may include a possible switchover to Oahu's billing system.

Mr. Taniguchi said there was nothing new to report, except that there is an issue with the Finance server which is being worked through. Once that issue is resolved, Finance will begin pursuing its billing statements to get the lock box issue sewn up. He expected the server issue to be solved pretty soon.

D. AD HOC COMMITTEE TO ESTABLISH WATER BOARD'S 2012-2013 GOALS FOR THE ADMINISTRATION:

Mr. Kaneshiro said his committee needs the Manager-Chief Engineer to provide a draft of the Strategic Plan that DWS is working on. The committee needs that draft to be able to set up the Administration's goals for Fiscal Year 2013.

The Manager-Chief Engineer said that he and the staff had held several meetings regarding an update of the Strategic Plan. He expected to have a draft for the Board for next month's meeting.

Ms. Lee Loy said that a draft would really help the committee begin the work that the committee is tasked with doing.

The Manager-Chief Engineer said that DWS is taking the existing plan, and is reviewing what has been done and what DWS needs to do. The division heads and staff will be able to come up a good layout of what DWS is doing, he said. DWS is pretty close to having a draft for discussion at the next Board meeting, he said.

Ms. Aton said that the Department will be able to summarize what has been accomplished so far for the one-year plan of the original Business Plan; the Department is beginning to discuss directions and timelines for FY13. Once the scope is a bit more articulated, the Department will be looking at it according to the five-year C.I.P. plan and budgeting for next year, she said.

Mr. Kaneshiro acknowledged that the Department was taking a different route now, so these are going to be trying times this first go-round. However, once the Strategic Plan and the five-year plan for implementation are in place, it should be a piece of cake next time.

The Manager-Chief Engineer agreed that it will be a bit easier in future years, because this will be a regular thing that comes up, just like budgeting, etc.

Ms. Aton said that this planning will dovetail with budget development, and it will look something like an Annual Report, with projections for the next year.

Mr. Kaneshiro said he was glad that DWS is working on the accomplishments for this fiscal year, noting that the Board had required the Manager-Chief Engineer to come up with a report for the Board.

Ms. Aton said yes, the Department is looking at it comprehensively, from the previous Strategic/Business Plans of 2004-2005 to now, and then the FY13 plans will be the next step.

E. AD HOC COMMITTEE TO REPORT ON KONA WATER ROUNDTABLE:

Mr. Uyeda reported that the meeting was well-attended by participants from diverse backgrounds including Federal, State and County governments, as well as private sector people such as developers, consultants and cultural practitioners. Mr. Beck did a presentation on the Water Use and Development Plan. There were also speakers from Kamehameha Schools and the U.S. Geological Survey. Mr. Tom Nance did a presentation about the deep drilling project for Forest City, which Mr. Uyeda said was particularly interesting.

The Manager-Chief Engineer said Ms. Aton is working on the next Kona Water Roundtable, which is slated for July 10 or 11.

F. REVISED TABLE OF ORGANIZATION FOR THE OPERATIONS DIVISION:

Currently, the Operations Division has positions for licensed Water Plant Electrical/Electronic Equipment Repairer I at the Hilo, Waimea and Kona Baseyards. There is also an unlicensed Water Plant Electrician-Mechanic Helper position at the Hilo Baseyard. The Department has found it to be increasingly difficult to fill the licensed Water Plant Electrical/Electronic Equipment Repairer I positions when an opening occurs. The unlicensed Water Plant Electrician-Mechanic Helper position does not have the avenue to be promoted to the licensed position at this time.

It is proposed to create two (2) Plant Electrician-Electronics Trainee positions each at the Hilo, Waimea and Kona baseyards. This will allow the Department to train and promote qualified employees until

they are able to take and pass the State of Hawai'i examination to become a licensed Water Plant Electrical/Electronic Equipment Repairer I. These positions will be filled on an as-needed basis.

The Manager-Chief Engineer recommended that the Board approve the creation of six (6) Plant Electrician-Electronics Trainees positions for the Operations Division. These positions will split among the Hilo, Waimea and Kona Bases.

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

The Manager-Chief Engineer said that this would create something like an apprenticeship for DWS's electricians. Currently, most of the Department's electricians came out of the plantations, but since the closing of the plantations, it has become increasingly more difficult to recruit electricians. Nowadays, most of them come out of the Community Colleges. However, DWS does not have the ability to provide electricians to get their license. For that reason, DWS is setting up what is basically an apprenticeship program. With this program, DWS will create a process to bring up electricians to the point that they can get licensed.

Mr. Greenwell asked whether this meant that these six positions are going to be full-time, and whether this meant that DWS is increasing the total employment by six people. He also asked whether this meant that an unlicensed Water Plant Electrician Helper cannot move up.

The Manager-Chief Engineer said that these individuals will be hired as needed, and they will have a degree from Community College. The fact is that these individuals coming out of Community College are not able to get their licenses unless they are actually receiving on-the-job training. DWS's intent is to get these people into the process, up until they can get their license; after that, they will qualify for the licensed electrician position. The existing Helper who is on board is not able to get his license because there is no program in place. With this program, that person will probably be able to get his license, because he will be going through the process, and because these new positions under discussion today will have been created. As these individuals go through the process, they will be able to move up to the licensed position, thus creating a vacancy that can be filled when DWS needs more personnel in the section. The Manager-Chief Engineer said he did not think that the Department would be losing or increasing the number of electricians in the workplace. This is just a matter of providing for the individuals to get their licensing.

Mr. Greenwell said he did not mean to micro-manage the Department.

Mr. Young, the mechanical engineer in charge of the electricians, clarified that this was not, strictly speaking, an apprenticeship program. It is a trade progression; an apprenticeship program brings somebody out of high school with no experience in the field, providing all of the on-the-job training and skills the person needs to become a licensed electrician. However, in this case, DWS is requiring the Helper to come in with a two-year degree in electrical studies. These individuals start as a BC-5, and work their way up to a BC-9; all of these positions are unlicensed positions. To move into a licensed electrician position, a person needs 10,000 hours of on-the-job training, as required by the State of Hawai'i. Mr. Young said that DWS does not plan to fill all of these six positions. Instead, DWS will look at where electricians are needed, such as in the case of someone who is going to retire in five years or so. This program is going to take at least five years before the individual can even take the licensing exam. For example, when a retirement is seen in five years, DWS can bring someone in to rise up the ranks, to ensure an orderly transition when the time comes. This program is a real win-win situation for the Department and the employees. It puts DWS in a more competitive position with the private sector in terms of recruiting electricians, and it gives the employees an opportunity to advance themselves.

Mr. Lindsey asked whether DWS will be paying for the licensing, and asked whether DWS would be obligating the individuals to stay with the organization for a certain number of years after they are licensed.

Mr. Young said he believed that DWS would cover the first exam, but if the person fails to pass, the second attempt will be on that person's own dime. DWS would create some union issues if it tried to obligate people to stay in the Department after they get licensed. It would be the Department's loss if the person moved on, and would mean starting the process all over again, Mr. Young said.

Mr. Robinson asked whether there were places on the Big Island to obtain the necessary education.

Mr. Young said that Hawai'i Community College has an electrical studies program, and DWS has been in discussions with the college regarding the Department's proposed program. Community College is very interested, because they want workplaces for their graduates to go.

The Manager-Chief Engineer said that he earlier called it a kind of apprenticeship program because it started out as an apprenticeship program.

Mr. Young said it was a trade progression; DWS may start an apprenticeship program down the road, but with an apprenticeship program, there are a lot more rules and regulations that must be followed. Mr. Young said he did not know of any such an electrical apprenticeship program among State or County agencies. If there *had* been such a program, DWS would have jumped on that bandwagon and followed their procedures.

Mr. Kaneshiro said this is a really good program to get started; succession planning is very important nowadays. By providing a person an avenue to move up, that person hopefully will not go somewhere else.

Chairperson Meierdiercks asked if there were any problems in creating six positions, i.e., such as a hiring freeze.

Ms. Garson said no, the Department is semi-autonomous, and the decision on whether to create these positions would be up to the Board.

ACTION: Motion carried unanimously by voice vote.

G. ENERGY MANAGEMENT ANALYST UPDATE:

Ms. Myhre reported that the Lālāmilo Windfarm Request for Proposals (RFP) should be issued in about six weeks. Ms. Myhre said she had talked to Parker Ranch last week regarding the right-of-way along DWS's Parker 1, 2, 3, and 4 Wells, and how DWS needs to string power lines to those wells to get the electricity from the Windfarm to those wells.

Ms. Myhre noted that the Board asked her to look at what energy-related projects are *not* in the Budget that could be funded another way. Ms. Myhre is working on a list of projects, which she will include in her report next month.

Ms. Myhre said the Energy Advisory Commission she belongs to sent a letter to the Mayor on April 11, 2012, with recommendations on near-term priority energy initiatives. Ms. Myhre is on the Water Use Committee, which supports the ongoing non-revenue (leak detection) program, develops renewable energy generation (such as the Lālāmilo Windfarm and DWS's hydro-generators), and supports the Water Use and Development Program (via the Kona Water Roundtable, for example). The Commission meets twice a month, and Ms. Myhre will give an update next month.

Ms. Myhre noted that the County today unveiled its fleet of five new Chevy Volt electric plug-in vehicles in Kona. The West Hawai'i Civic Center's photovoltaic (PV) array was blessed today, along with the new cars, she said. The center has a 100 kilowatt-hour battery to store excess energy from the PV system, generated on weekends.

Mr. Taniguchi asked whether the developer of the Lālāmilo Windfarm was going to sell the energy they generate back to DWS.

Ms. Myhre confirmed this.

Mr. Taniguchi asked what would happen to the excess energy, and asked whether the developer was doing to sell the excess.

Ms. Myhre said that HELCO had said that they would not accept any excess electricity from windfarms; they had enough of it from this island to satisfy demand. Ms. Myhre said that therefore, there was no grid export right now. That is a question that DWS is getting into with the prospective developers, i.e., the question of what the developers will do with excess power, etc.

Mr. Taniguchi asked whether the fact that they could not sell the excess power, or get credit for excess power, would be a deal breaker.

Ms. Myhre said that DWS understands that the developers need to make the numbers work so that they can make a profit. DWS, meanwhile, wants to know what *its* combined rate for the monthly billing will be.

Mr. Taniguchi said that DWS as the sole customer might be subject to higher rates.

Ms. Myhre said yes, but it will be a competitive bid, and the Board will get to review the Power Purchase Agreement when the time comes.

H. **MONTHLY PROGRESS REPORT:**

Mr. Taniguchi asked about the Māmalahoa Highway Waterline in North Kona, which was listed both as "completed" and as "97.9 percent" completed.

Mr. Inaba said he believed that the project was done.

The Manager-Chief Engineer said the Department will look at the schedule and see what projects can be removed from the list due to completion.

The Deputy explained that in the case of the North Kona project, DWS may just be waiting for final closing documents, and therefore had not done a final settlement of the project. He confirmed that the construction on the project was done.

Mr. Inaba said he would double-check on the status of the project, and post an update.

Mr. Taniguchi said that if the project is done, he would imagine that the contractor would want to get his final payment. He then asked about the Waikoloa Reservoir No. 2 Earthquake Repair project; he asked about the reimbursement from the Federal Emergency Management Agency (FEMA) for the project, listed as 100 percent complete. He asked whether DWS had paid more than the \$741,000.00 of the total \$2 million listed on the schedule.

The Manager-Chief Engineer said the total cost wound up at nearly \$4 million; DWS paid for that.

Mr. Inaba confirmed that there had been changes to the project that were not added to the schedule; he said he would double-check.

The Manager-Chief Engineer asked what the percentage was that FEMA will reimburse DWS.

Mr. Inaba said that FEMA would reimburse *up to* 75 percent, but there were improvements that are not being covered. There were some improvements that were done for which DWS is still waiting for FEMA change order documents. DWS went through State Civil Defense to submit the change orders, and to request additional funds, based on the additional scope of the project (for which both DWS and State Civil Defense believed should be reimbursed by at least 75 percent). The potential for reimbursement is there, Mr. Inaba said, but he expected that DWS would get back about half of what the actual project is going to cost. He said he would check on the numbers, but in the meantime, DWS has submitted documentations, and yet has not heard back from FEMA. Mr. Inaba said the typical response time from FEMA is about six to nine months.

The Manager-Chief Engineer noted that Reservoir No. 2 is in operation, and DWS is moving forward with the repair of Reservoir No. 1.

Mr. Robinson asked about a project in South Kona (i.e., Ke‘ei No. 3 1.0 MG Reservoir), whose site DWS says it is not pursuing. He asked whether that project should be scratched off the list.

Mr. Inaba said he thinks that project was left on the list as a placeholder. He explained that DWS had targeted a tank site, but failed to get the tank site it wanted. There were some lease issues involved, he said.

The Manager-Chief Engineer, summing up, said that DWS would take another look at the Monthly Progress schedule, with an eye to removing projects that were completed or no longer viable.

I. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

No discussion.

J. 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 is still working with the bonding company to resolve ongoing issues, the Manager-Chief Engineer said. The burial site that was found near the 935 Reservoir has been taken care of to the satisfaction of the State Historic Preservation Division. Some work is ongoing regarding the controls. Mr. Beck noted that the contract completion date was the end of November 2011. The Manager-Chief Engineer said that DWS is keeping track of the liquidated damages incurred by the contractor. It may come to calling in the bond, and may mean finding a new contractor to finish the work, he said.
- 2) Hawaiian Ocean View Estates Project – The water sampling came back from the lab, and is now under review by DOH. DWS expects that DOH will approve the consultant’s report for source approval within a month. Opening day for the facilities is seen at either the end of May, or the beginning of June. DWS is working on signage regarding traffic control within the site, in cooperation with the Department of Public Works. Early next month, DWS will be putting out an advertisement to prospective truckers that might want to sign up for service. Opening day is being coordinated with the Mayor’s Office.
- 3) HELCO/Āhualoa update – Mr. Inaba reported that HELCO has completed its installation, and the contractor is filling out the necessary paperwork so that DWS has power.
- 4) Ke‘ei D Well Emergency Repair – The Manager-Chief Engineer explained the reason for the high sodium content at the City of Refuge. The Ke‘ei Well D broke down at the end of March,

and DWS procured an emergency contract to have that well repaired. DWS got the contractor out there in early April; the contractor pulled out the pump. The initial estimated completion date was nine months, because DWS had to get a new motor for the well. However, DWS cast about and found a motor on Oahu, which reduced the time of completion to within three months. That motor is already on the island, but DWS is still waiting for some parts for the well (such as bearings, the shaft, etc.), which will be air-shipped from California. The parts will be flown to Oahu by early next week, and then barged to Kawaihae, because Keāhole Airport cannot handle the parts. Once the parts come in, DWS is expecting that the emergency repair will be completed by the end of May or beginning of June. The Manager-Chief Engineer noted that a number of issues have sprung up; DWS had to pump its wells at Ke‘ei A and Ke‘ei C, which have higher sodium levels. Because of the higher sodium levels, DWS had agreed with one of its customers to issue notices regarding the higher sodium count. This does not necessarily mean that DWS is not in compliance with DOH requirements; DWS is in compliance, although the sodium count is high. It is not a contaminant that is regulated. The reason that the sodium count is high at the City of Refuge is because they are getting the water from Ke‘ei Well A, which has the highest sodium count (i.e., around 159). DWS was able to pump Ke‘ei Well C, which has a lower sodium count than Well A. DWS was able to move some water from the Haleki‘i Well further north, down towards Captain Cook. In the meantime, Ke‘ei Well B starting acting up, and DWS is in the processing of also repairing Well B. In summary, Wells A and C, along with the Haleki‘i Well, are the ones working right now. The Manager-Chief Engineer said that judging from the run-times of these wells, DWS will get through this emergency repair without any glitch regarding capacity. Mr. Greenwell asked whether, since Well D went down, the Department had found that it needed to do make any changes in the area. He also asked whether this would mean putting something into the C.I.P. schedule. He asked whether there was something that could fail again, in a different way, that may cause other problems. The Manager-Chief Engineer said that DWS could possibly look at an additional well in the area. He noted that Wells A, B and C are still operational, although they have higher sodium counts. DWS is not really pushing for an additional source in the area; the Haleki‘i Well, which is also in operation, can transport some of the water in the meantime. Mr. Robinson asked whether the wells at Keauhou can push water that way, and whether the Haleki‘i Well can do the same. The Manager-Chief Engineer said that the wells at Keauhou can push water up to the Māmalahoa Highway, and DWS has booster pumps that can pump all the way to Haleki‘i. However, DWS is not pumping as much. DWS is fortunate to have the Haleki‘i Well, that can transport water towards the north to Keauhou. Mr. Robinson said that in that case, DWS could double up on the Haleki‘i Well, instead of drilling a new well.

- 5) Kawailani Tank update – Mr. Inaba said the repair and the construction are basically done. DWS has received warranty papers from the contractor, as well as the product manufacturer. Mr. Inaba said he is now waiting for a schedule for when the sub-contractors will come in. Mr. Greenwell asked who is responsible for tidying up the Kawailani facility, which has been sitting there for years. Mr. Inaba said the tank will be painted under the original contract, but there may be some excavation, wages and material cost that will have increased in the interim. DWS needs to justify any requests for an increase in the contractor’s installation or application, Mr. Inaba said. Mr. Greenwell asked about fencing. Mr. Inaba said there was a fence in the original contract, which has not been done yet. The old fence needs to be removed, and then the fencing contractor will come in to finish up; Mr. Inaba said he assumed there would be some increase in cost there.
- 6) Pu‘ukala/Kona Ocean View Properties Subdivision Improvement District Update – Consultant is waiting to receive comments from State Highways Division. DWS will be working on a Use and Occupancy Permit in the meantime. Once State Highways approve the plans, the plans get submitted to the County Council for review/approval.

- 7) Update on Delinquencies – No report.
- 8) Timeline for completing Strategic and Business Plans – Update to be provided next month.
- 9) Kona Water Roundtable – Ms. Aton is coordinating the next one for July.
- 10) Public Information and Education Specialist Update – Ms. Aton reported that she attended a Table Top Emergency Preparedness and Response Exercise this month; the Department had a very good conversation about getting ready for the next emergency. Much of that work has been taken over by the Deputy, as a result of that discussion. Ms. Aton attended a community meeting in Āhualoa in conjunction with Council Chairman Dominic Yagong, to inform the community about the traffic impact resulting from the pipeline project in the area. Ms. Aton attended a number of ag water meetings as well, including one with Mr. Scott Enright, the deputy to the Chairman of the State Department of Agriculture.

Mr. Kaneshiro said he just noticed that his water bill contained wording that said “Important Notice. Effective immediately, we will no longer issue courtesy abnormal reading notices.” He asked the reason why.

Mr. Sumada explained that the Finance Division is in the process of revising some of the responsibilities of the Department’s meter readers and customer service personnel. It was discovered that the issuance of the abnormal reading notices was taking a lot of time to prepare, without much return for the effort that was being made. Finance decided to replace the abnormal reading notice with a notice on the water bill when high usage thresholds were reached.

Mr. Kaneshiro said that with a bi-monthly billing cycle, someone with a leak could be using a lot of water before getting the notice from DWS.

The Manager-Chief Engineer said that the message would be to encourage customers to take more responsibility for their own systems. Customers need to be wary of their systems, especially in cases where the meter is on the highway or running under someone’s road, or it could be several hundred feet of pipeline that the customer does not see every day. Customers need to be wary that something could happen to their pipeline, the Manager-Chief Engineer said.

Mr. Kaneshiro cited Section 3-10 of DWS’s Rules and Regulations where it says: “In the case where a customer has been given a notice of high consumption, or has received their billing indicating high consumption, the consumer shall be given thirty (30) days within which to make the necessary repairs...” He said some customers live quite a distance from their water meter. In his own case, Mr. Kaneshiro said his water meter was not on the property line and ultimately, the water meter had to be moved because it was going under the highway. He said that was why he questioned not notifying people. He said he hopes DWS puts high usage readings in bold print so that people will see them, to alert customers that they are using too much water. He said that most people do not look carefully at their bills. He agreed that customers should realize that it is their responsibility, and yet he felt that it should be the Department’s responsibility to put up a red flag to alert the customer to check his water system.

The Manager-Chief Engineer said that the Department probably will continue providing that kind of information.

Ms. Garson said that if the Board wanted to continue this conversation, it should be it on next month’s Agenda. The Item could be listed as “Discussion regarding Cessation of Abnormal Reading Notices.”

Mr. Kaneshiro asked why DWS does not use steel tanks; he then suggested putting the subject on next month’s Agenda.

The Manager-Chief Engineer explained that steel tanks are not the Department’s standard.

Mr. Kaneshiro said he got some interesting information regarding steel tanks at the American Water Works Association (AWWA) conference he just attended.

K. CHAIRPERSON'S REPORT:

Chairperson Meierdiercks reported that he would not be present at the May 22, 2012, Board meeting, and said that Vice-Chairperson Taniguchi, who would be presiding, had suggested moving up the May meeting time to **9:00** a.m., instead of 10:00 a.m. If there was no objection from any other Board members, the Chairperson asked that a notation be made regarding the change in meeting time, and that a Notice be sent out.

Ms. Garson asked Chairperson Meierdiercks to announce the time change in the Announcements section, thus alleviating the need to put an advertisement in the newspapers. If the time change is announced during today's meeting, there would be no need for an ad, she said.

Mr. Kaneshiro raised the subject of the post-trip reports that attendees at AWWA conferences are required to make. He noted that the reports are only read by the Chairperson; he said the reports should be discussed at the Board meeting, so that any ideas or suggestions can be raised.

The Manager-Chief Engineer said that these reports could be agendized, for discussion by the Board.

Mr. Kaneshiro said the reports could be verbal; he said the AWWA meeting he went to sparked many ideas that he would like to discuss.

The Manager-Chief Engineer encouraged Board members to call the Department anytime they had any questions on a particular subject.

Ms. Garson suggested agendizing an Item entitled "Report from Mr. Kaneshiro on Attendance at AWWA Conference." She noted that post-trip reports are required by County Code, when the County is paying for the trip. It is also Board policy to provide post-trip reports if the Department sends Board members on a Mainland trip.

Mr. Taniguchi said post-trip reports are required, even for Hawai'i trips.

Ms. Garson said that is the Board's policy.

10) **ADOPTION OF PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW AND DECISION AND ORDER FOR 3-27-12 CONTESTED CASE HEARING REGARDING WATER SERVICE ACCOUNT NUMBER 83088290-10 (TMK 6-2-009:020), (In the Matter of the Appeal of Maia Wasowski):**

The above Contested Case Hearing took place on March 27, 2012, 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.

MOTION: Mr. Taniguchi moved to approve the Findings of Fact, Conclusions of Law and Decision and Order; seconded by Ms. Lee Loy. Motion carried unanimously by voice vote.

Ms. Garson said that the caption for this Item should be corrected to say "**In the Matter of the Appeal of Peter Wasowski**", instead of *Maia* Wasowski. Mr. Peter Wasowski is the account holder and is the father of Ms. Maia Wasowski, who appeared at the hearing as her father's representative. The correction in the caption will take place when the final order is adopted.

ACTION: Motion to amend the caption by Mr. Taniguchi; seconded by Mr. Perry, and carried unanimously by voice vote.

Ms. Lee Loy asked if there were a time frame for the payment plan offered by DWS in the Decision and Order.

Ms. Garson said it would be up to DWS to work out a payment plan with the customer, and the Board in its Decision and Order did not direct a specific time frame.

The Manager-Chief Engineer said it is really up to the customer to ask for a payment plan. If the customer opts not to seek a payment plan, then whatever balance is on the bill must be paid up front, or else the customer will face another delinquency.

Chairperson Meierdiercks asked what the normal time frame for payment plans was.

The Manager-Chief Engineer said that normally the time frame was one year; it could be as long as two years.

ACTION ON MAIN MOTION: Motion to approve the Findings of Fact, Conclusions of Law and Decision and Order carried unanimously by voice vote.

11) ANNOUNCEMENTS:

1. **Next Regular Meeting:**

The next meeting of the Water Board will be held at **9:00 a.m.** (instead of 10:00 a.m.) on May 22, 2012, at the Department of Water Supply, Operations Conference Room, 889 Leilani Street, Hilo, HI.

2. **Following Meeting:**

The following meeting of the Water Board will be held at 10:00 a.m. on June 26, 2012, at the Department of Water Supply, Operations Conference Room, 889 Leilani Street, Hilo, HI.

12) ADJOURNMENT

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

Chairperson Meierdiercks adjourned the meeting at 12:10 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.