

MINUTES

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

July 24, 2012

West Hawai‘i Civic Center, Liquor Control Conf. Rm., 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. Quirino Antonio, Jr., Manager-Chief Engineer, Department of Water
 Supply (ex-officio member)
- ABSENT: Mr. Jay Uyeda, Water Board member
 Ms. Bobby Jean Leithead-Todd, Director, Planning Department (ex-officio
 member)
 Mr. Warren Lee, Director, Department of Public Works (ex-officio member)
- OTHERS PRESENT: Ms. Kathy Garson, Assistant Corporation Counsel
 Ms. Brenda Ford, Hawai‘i County Council Member
 Ms. Brittney Smart, Hawai‘i County Council Member
 Ms. Barbara Dalton, Governor’s Representative, West Hawaii
 Mr. Richard Kuehner
 Mr. Patrick Callaghan
- 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

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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

Ms. Brittney Smart testified regarding Item 7(L)(6), Discussions with Air National Guard regarding South Kona and Ka‘u Water Systems.

(The following testimony is verbatim:)

MS. SMART: “Aloha, is this on? Oh, it’s just recording. Oh, okay. Well, thank you for having us on the Agenda today. I’m talking about the Manager’s Report; it’s Item No. 6, I believe, talking about the Air National Guard Innovative Readiness Training. I’m here to provide an update on what’s been going on regarding the Air National Guard program, and how we can use it as a way to improve our infrastructure

regarding water systems. So I'll be available to present later on, when we get to that Item on the Agenda, and be able to answer any questions you may have. So thank you very much for the opportunity today.

CHAIRPERSON: Right. Thank you. Any other Statements from the Public? Nothing written submitted?

MR. PATRICK CALLAGHAN: My name is Patrick Callaghan. I live in Hōlualoa on a half-acre parcel, zoned residential/agricultural, and this meeting was brought to my attention by Mr. Richard Kuehner's letter in the morning paper. And first of all, I'd like to thank you for your public service. You're here, I'm sure, every month discussing our County's problem regarding water. Personally, I only show up every two years in about 25 years I've been here. I've had two events where I've had a leak. Once, due to pigs that tore up our line. Another time, I suspect, it was an earthquake. Fortunately, the meter reader came by just a few days after the leak, so my bill wasn't horrendous like Mr. Kuehner's bill. What I would suggest, you know, to help out the homeowner and the customer... I would suggest that the three-year rule be shortened. I understand, um, that we have to... uh, there has to be an incentive to have the homeowner check his lines, but it's not so easy to do, as Mr. Kuehner pointed out. And I think that the three-year rule is excessive; I'd like to see that reduced... (I) suggest that that be reduced to one year, to help out the small farmer and the homeowner in managing that County's water supply. I thank you for your interest and attention."

3) APPROVAL OF MINUTES

The Chairperson entertained a Motion to approve the Minutes of the June 26, 2012, Water Board meeting.

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

The Chairperson said that a minor correction needed to be made, to a word in Page 8. The sentence in question said: "The Manager-Chief Engineer said that the capacity for a 5/8-inch meter is a maximum 20 gallons per minute, which translates into almost 28,000 gallons a month." The word "month" should be changed to "day," the Chairperson said.

ACTION: Mr. Robinson moved to amend the Minutes; seconded by Ms. Lee Loy, and carried unanimously by voice vote.

ACTION: Main Motion to approve the Minutes as amended carried unanimously by voice vote.

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

None.

5) SOUTH HILO:

A. **MATERIAL BID NO. 2012-01, FURNISHING AND DELIVERING WATER METERS, BRASS GOODS, FIRE HYDRANTS, VALVES, CHLORINATORS, PUMPS, PIPES, FITTINGS, SCADA, MOTORS, AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK:**

Bids were opened on May 10, 2012, and the Department at the May 22, 2012 and June 26, 2012 Board meetings asked to defer the following items:

- No. 10 (1"-2" water meters); No. 51 (Surge Protection Devices); No. 54 (High Powered Licensed Radio Equipment); No. 55 (Licensed Radio Equipment); No. 60 (Enclosures); No. 62 (Automation and Control Systems); No. 70 (Mag Meters) and No. 71 (Direct Current Mag Meters).

These items were deferred because vendors need to be compliant with Hawai'i Compliance Express (HCE). The vendors have come into compliance, and have agreed to hold their bid prices for the duration of the contract.

The Manager-Chief Engineer recommended that the Board award the contract to the following bidder for MATERIAL BID NO. 2012-01, FURNISHING AND DELIVERING WATER METERS, BRASS GOODS, FIRE HYDRANTS, VALVES, CHLORINATORS, PUMPS, PIPES, FITTINGS, SCADA, MOTORS AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK, on an as-needed basis, as listed below, and that either the Chairman or the Vice-Chairman be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel. The contract period shall be from July 01, 2012, to June 30, 2013.

PART NO.	DESCRIPTION	BIDDER	AMOUNT
10	1" – 2" WATER METERS	Badger Meter, Inc.	\$15,682.50
51	SURGE PROTECTION DEVICES	Akamai Controls, Inc.	\$28,067.23
54	HIGH POWERED LICENSED RADIO EQUIPMENT	Akamai Controls, Inc.	\$2,615.61
55	LICENSED RADIO EQUIPMENT	Akamai Controls, Inc.	\$44,000.00
60	ENCLOSURES	Akamai Controls, Inc.	\$104,010.01
62	AUTOMATION AND CONTROL SYSTEMS	Control Systems West, Inc.	\$49,884.35
70	MAG METERS	Akamai Controls, LLC	\$228,988.12
71	DIRECT CURRENT MAG METERS	Akamai Controls, LLC	\$194,671.26

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

Mr. Ikeda confirmed that all three of the above-mentioned vendors are in compliance, and all have agreed to hold their prices.

ACTION: Motion carried unanimously by voice vote.

Chairperson Meierdiercks asked to move up Item 7(L)(6), Discussions with Air National Guard regarding South Kona and Ka'u Water Systems.

7) MISCELLANEOUS:

L. MANAGER-CHIEF ENGINEER'S REPORT:

6) Discussions with Air National Guard regarding South Kona and Ka'u Water Systems

The Manager-Chief Engineer said that DWS had been in discussions with Council Members Brittney Smart and Brenda Ford regarding the utilization of the Air National Guard to assist in construction of water system facilities. A conference call took place about three weeks ago, with Ms. Smart, Ms. Ford, DWS staff members and Air National Guard personnel participating. The Air National Guard is excited to be working with DWS, he said. There is a lot of work still to be done; logistically, DWS needs to coordinate the services of the Air National Guard with whatever contractor is contracted to build water system facilities.

Ms. Smart said that the Air National Guard program in question is the Innovative Readiness Training (IRT) program. The program's purpose is to give training to the Air National Guard in rebuilding infrastructure in areas devastated by various disasters (i.e., man-made or natural disasters). The Air

National Guard specifically wants training in drilling wells, laying pipes and building roads. Rather than just drilling holes and filling them back in, the Air National Guard wants their practice to be put to use for a community that will benefit from the infrastructure work. Only two areas in the United States have applied for this program in the last round; one of them was the Ocean View Development Corporation. Ms. Smart said that its board includes Messrs. Loren Heck, Don Nitsche, along with a few others who would also be familiar to the Water Board. This non-profit organization will not be the receiving entity of any work by the Air National Guard, and therefore the County must add itself in an Addendum to the application for the program, in order to participate in the program. Ms. Smart said she wanted to come before the Water Board today, to outline some of the projects under the IRT program. Once approved, the Air National Guard will come to the Big Island for a five-year time period, in blocks of between two weeks to a month. Ms. Smart said she is hoping to increase the time to at least see the completion of the project; it is a long way to travel and the program needs to keep projects going in the right time spans, for the five years that the Air National Guard is here. There are a number of projects that Ms. Smart said she really wants to add to the County C.I.P. list. One project involves a second Ocean View well, to provide redundancy so that a school can be built in the area. The idea would be to put in that second well, and connect it with the new existing well, and perhaps even bring in water lines down to the highway to the businesses there. (She noted that it would mean two separate C.I.P.'s: one for the second well, and one to bring the waterline down to the highway.) Ms. Smart said she would also like to see a water main going down to Green Sands Subdivision, on the County road, to help alleviate the spaghetti line issues there. She noted that there has been some illegal tapping into the existing waterlines, which is causing problems with water bills. Ms. Smart said she also wants to put forward some C.I.P.'s to increase storage capacity throughout Ka'u. She noted that right now there is a water meter moratorium; by increasing storage capacity and upgrading the existing tanks, the water meter moratorium could be lifted to some extent. Ms. Smart said that this program is a huge opportunity; this is a training program, with funding from the Department of Defense to provide all of the equipment and labor costs. The receiving entity, the County, would have to provide materials, permits, and whatever studies are necessary (such as Environmental Impact Statements, site assessments, etc.) Ms. Smart noted that the costs for equipment and labor can easily take up 60 percent of the overall project cost. This could be a huge opportunity for the County to see some much-needed infrastructure done in a fairly timely fashion, at a reduced cost, she said. She said it would take some initial investment. Ms. Smart said that the infrastructure projects she outlined above accounted for one aspect of the IRT program; there is also a medical aspect and an unexploded ordnance removal aspect as well.

The Manager-Chief Engineer said that DWS believes this IRT program is an innovative approach to getting projects done. One of the biggest concerns is that this involves utilizing the military. Normally, when DWS does a construction project, DWS puts certain warranties into the contract which the contractor needs to abide by, such as putting in certain equipment. He said he was not sure whether requiring certain warranties posed a problem in working with the military, but he thought that this could be worked out with Corporation Counsel in the language of the contract. The Manager-Chief Engineer said he envisaged some kind of partnership among DWS, the military and the contractors. It works for DWS if such a partnership resulted in DWS spending 60 percent less on a project; *that* could be something that DWS wants to do, he said. There are still a lot of things that need to be discussed and worked out with the military, he added.

Ms. Smart said she contacted Ms. Ford about the IRT program because Ms. Ford wants a South Kona well; Ms. Smart and Ms. Ford both want to bring water to Miloli'i. Ms. Smart said she has been working on this program for over a year now, and has just brought the Manager-Chief Engineer into the conversation, as it became clear that the County may have to be an Addendum to the application. Ms. Smart said that she has also been working with the State Department of Agriculture and the

Department of Land and Natural Resources (DLNR) for the Ka'u Water Co-operative, so the State may also want to come into this IRT program.

The Manager-Chief Engineer said that DWS has already established its five-year C.I.P., and the projects that Ms. Smart had mentioned are not on the list. That is something that needs to be worked out, with the possibility of amending the C.I.P. If it is a project that DWS can move forward on, then DWS will make that adjustment to the C.I.P., he said.

Ms. Smart clarified that the C.I.P.'s that she is putting forward are for the *County Council* C.I.P. list, and she would also like to see them added to DWS's C.I.P. list. She also plans to forward them to the State. Whoever gets the money first to move forward with the projects, it could be in conjunction, half-half, between the State and the County, she said. She said she would be open to whatever formula that would enable these projects to happen.

Mr. Kaneshiro asked when the projected start for the five-year period for the IRT program would be.

Ms. Smart said that during the teleconference, the Air National Guard suggested the year 2014, but Ms. Smart thinks that is a little soon, because things are not far enough along in the application process to actually start the clock. The Ocean View non-profit organization was the original group that put forward the application to the Air National Guard, but since the County has to be added on as an Addendum, it will probably be a couple of budget cycles from now. She noted that the federal fiscal year is different from the County's; the federal fiscal year starts in October. Between October and December there is not as much money, as everything gets ironed out. However, there should be a clearer idea of the timetable once the budget cycle is completed, and the federal fiscal year budget is out. Ms. Smart said that gives the County a couple of years' lead time to get the permits and projects in place. One area of concern is that a lot of the areas under consideration involve doing exploratory wells on private property. Since this is a government entity expending taxpayer dollars, it is problematic to be drilling on private property. Therefore, Ms. Garson has been in discussions regarding Right of Entry, to see if exploratory wells are possible. The Air National Guard is even willing to do the closing of the exploratory wells, she said. The Air National Guard is excited at the prospect of the challenges posed by the Big Island's topography; they would be drilling through lava rock and blue rock, as well as drilling really deep. The Air National Guard is accustomed to doing ag wells in the Midwest, which pose nothing like the unique challenges that the Big Island offers. This will provide a huge training opportunity for them. Ms. Smart said she would have to get back to the Water Board regarding the timeline. The Air National Guard liaison staff wants to come to the island in October, and Ms. Smart said she would try to arrange for them to speak to the Water Board at the October Board meeting.

Mr. Kaneshiro asked if DWS was going to be in charge of designing the system.

The Manager-Chief Engineer said that DWS would be responsible for doing the design and taking care of the planning requirements, such as the Environmental Assessments (EA). It will also be DWS's responsibility to hire the engineering consultant to do the design and planning of the project. He noted again that these projects are not yet on DWS's C.I.P., and therefore there are no funds for that kind of thing right now. Those are things that still have to be worked out.

Mr. Kaneshiro said that if DWS has to come up with designs, etc., it will have to be scheduled to dovetail with the timing of when the Air National Guard comes over.

Ms. Smart said that is why she is starting the conversation now; the application to put the County in as an Addendum has not even been put in yet. She said she wanted to take this opportunity to at least give the Water Board a heads-up.

The Manager-Chief Engineer said that DWS has not even discussed the program with the drillers on the island, who ultimately will be the ones to work with the military. The drillers will be the trainers of the military, he said.

Ms. Smart said yes, this would first and foremost be a *training* operation for the military; that is what the military gets out of it. The County gets infrastructure put in at a reduced cost.

Ms. Lee Loy asked how many users or people will be helped by the new wells and infrastructure improvements.

The Manager-Chief Engineer said that would be part of the planning and design process. Whenever DWS does improvements, it looks at how much growth and how many users will be supported by a new well.

Ms. Smart said that this will be huge for Ocean View, because the community wants a school there; the main thing holding them back is the lack of redundancy for the community. She sought to allay rumors that the County would be laying pipes throughout Ocean View subdivision. She said that was not what was being proposed. The project would entail a fill station similar to the recently-completed fill station in Ocean View. At the most, the County would be connecting the two tanks, and bringing down some water to the commercial businesses fronting the highway, she said.

Ms. Lee Loy asked if that would help lift the water meter moratorium.

Ms. Smart said that would actually involve the Nā‘ālehu/Wai‘ōhinu area, where there are a lot of people sharing meters and running spaghetti lines. Green Sands Subdivision has a lot of Drisco pipes, which are cracking and leaking water. A lot of people are sharing meters, and there is also the issue of illegally tapping into other people’s meters – resulting in thousands of dollars in increases of water bills. The community there has no established board, so it is doubtful whether an Improvement District could go through, she said. She said she would like to put a water main through the two-mile County road there, which would eliminate the two miles of Drisco pipe and save a lot of water in terms of leaks. Ms. Smart is hoping that by increasing the storage capacities of the tanks in the area, that the water meter moratorium can be lifted, with DWS’s cooperation. Ms. Smart said she also wants to fix the South Point waterline, but that would be very cost-prohibitive right now, with problems of easements and property rights, etc. It is a bit pie-in-the-sky, but if the County could bring water from the South Point side down, that would also lift the water meter moratorium, she said. In summary, she said she plans to put forward a lot of projects with reasonable cost estimates, so that there are realistic projects on the books.

The Manager-Chief Engineer commended Ms. Smart for taking the time to come out and look at some of DWS’s water systems.

Mr. Taniguchi asked if the Air National Guard is bringing their own equipment out.

Ms. Smart said the Air National Guard will pay for all of the equipment, whether it is brought in from the Mainland or rented. The Deputy emailed Ms. Smart a list of contractors for the military to contact. More than likely, the military will have to rent the rigs from the contractor, and get operator staff to train the military in using equipment that fits the island’s topography.

Mr. Taniguchi asked if DWS will be hiring the contractor.

Ms. Smart said that the military would take on that cost; she confirmed that the military would be doing the actual drilling.

The Manager-Chief Engineer confirmed this, saying that he envisages DWS doing a contract with a driller, with their equipment and personnel as trainers. The military will be paying for the equipment and the labor that the driller actually provides for the project.

Ms. Smart said that the County would be covering the material costs, such as the casing. She noted that it is more than likely that the military will be drilling the exploratory wells. When the Air National Guard liaison staff comes out, there will be a much more in-depth conversation to hammer out details.

Mr. Greenwell asked who the County point of contact would be.

Ms. Smart said that she would appoint Ms. Garson, because Ms. Smart herself will be ending her Council term this year.

The Manager-Chief Engineer said that DWS will probably get involved in coordinating things with the military, because it ultimately will be DWS's facility.

Mr. Greenwell asked if this project would be like the recently-completed Ocean View well, which was a DPW project that was turned over to DWS.

The Manager-Chief Engineer noted that in that case, the funding went to the County, and DWS actually did the project *for* the County. The facility at Ocean View is still owned by the County, and DWS is only operating and maintaining it for now. Regarding the second well project that Ms. Smart is proposing, it would depend on who the applicant is, as far as getting the military on board, the Manager-Chief Engineer said. Ms. Smart mentioned the non-profit organization in Ocean View, and possibly the County, being the applicant. The applicant could be the County, DWS or the Water Board; whoever ends up being the applicant will be the point of contact.

Ms. Smart said that the County as a whole would be the receiving entity. Ms. Garson has been briefed on the program and she has the application form. Ms. Smart wanted to talk to the Water Board before sending the application out. Ms. Smart is leaving the Council when her term ends, but right now, she is the main point of contact among all of the entities: the State, the federal government and the County. Ms. Smart said she is trying to bring everyone on board, and get the project going before her term ends. She said that Washington, D.C.-based Lieut. Col. Hall is the main program manager. Ms. Smart said she developed a contact list for everyone, listing what role each person will play. She said regardless of where she is, she will not let this project drop. She said she will make sure the project goes forward, and that the connections are still being made. Ms. Smart said that Ms. Garson would be the best point of contact; otherwise, it would be the Manager-Chief Engineer.

The Manager-Chief Engineer noted that the program does not only involve water projects; there could be road projects and other County projects under this program.

Ms. Smart asked the Board to suggest projects; the County needs to keep the Air National Guard busy with training missions for the entire five years that they are here. She asked the Board to let her or the Manager-Chief Engineer know about projects to put on the list; the list could be islandwide.

Mr. Robinson noted that the military graded the ball courts at the Old Kona Airport years ago.

Ms. Smart said that was probably the same group. The Air National Guard is operating the medical vans going around giving physicals to kids before school; this is training them to deploy. She said there would be multiple crews coming to the island. The Air National Guard also wants to come and clean up all of the unexploded ordnance around the island as part of the IRT program, which will operate at the same time as the water project, etc. The crews will be rotating in and out.

Mr. Robinson noted that Pakini Iki and Pakini Nui were bombing ranges dating back to World War II, and that area, which is in Ms. Smart's district, is full of unexploded ordnance that needs to be cleared.

Ms. Smart said the County gave the Air National Guard a map that lists all of the unexploded ordnance islandwide. The Air National Guard was really excited about clearing the unexploded ordnance, and the prospect of getting trained to clear the unexploded ordnance clinched the deal for the Air National Guard to come to the Big Island, she said.

The Manager-Chief Engineer said DWS's bottom line is that if DWS can reduce its C.I.P. costs, it would be good for the Department.

Ms. Smart said the Air National Guard liaison staff plan to come to the Big Island in October, and she would like to arrange for them to speak directly to the Water Board at the October Water Board meeting.

D. DISCUSSION REGARDING SECTION 3-10 OF THE DWS' RULES AND REGULATIONS REGARDING METER TESTS AND ADJUSTMENTS OF BILLS:

Ms. Garson noted that Mr. Sumada had done a very good comparison of the leak adjustment policies among the different counties. She said this Item was for discussion purposes, and it was up to the Board to decide whether to suggest any revisions to Rule 3-10, or to leave the Rule as-is.

Mr. Robinson said he read the comparison of the leak adjustment policies very carefully, and he was impressed that Honolulu Board of Water Supply had a five-year leak adjustment period.

Mr. Sumada said yes, this was a new policy that Honolulu just started.

Mr. Robinson noted that Kauai makes no leak adjustments.

Mr. Sumada said no, Kauai does make leak adjustments without any restriction on time.

Mr. Robinson quoted one section of the Kauai rule that says: "No adjustment will be made for leakage due to faulty plumbing and exposed waterlines..."

Mr. Sumada said that is correct; Kauai does not make adjustments for things like leaky faucets, but they will make adjustments for broken pipes underground.

The Manager-Chief Engineer said that would mean buried pipeline from the meter to the house.

Mr. Robinson said that Kauai is pretty strict on adjustments. He noted that Maui Water Supply does a three-year leak adjustment period, like DWS. DWS's policy makes it more lenient than Honolulu, he said.

Mr. Sumada said that Honolulu only used to grant one leak adjustment per *lifetime*.

The Manager-Chief Engineer said he was not sure what to do at this point in the discussion; he asked whether the Board wanted to suggest revisions to the Rule.

Ms. Garson said it is basically up to the Board, in light of the Contested Case Hearings that have come before the Board, and various complaints from the public regarding the leak adjustment policy.

Mr. Greenwell said he is comfortable with Rule 3-10 as-is.

Mr. Robinson said he felt the same way; DWS has a policy that is consistent with other departments in the State. He said that he has been tagged before for excessive use, and it had been his own fault. He

said he knows that customers have a responsibility from the meter to the house, so customers just need to be more aware. He said he was comfortable with the leak adjustment policy as it is written.

Mr. Perry said he wants DWS to find ways to inform customers about the electronic meters that are available, which would alleviate the problem if the customer invests \$300 or so in the devices.

The Manager-Chief Engineer said that was a good suggestion. He said that DWS should step up its public education efforts to make customers more aware of their responsibility to monitor their meters.

Chairperson Meierdiercks said he was trying to get the Board's consensus on Rule 3-10. He called on Mr. Kaneshiro.

Mr. Kaneshiro said that DWS should consider reading the meters monthly, and billing customers monthly, so that customers will know whether they have leaks or not. He said most homeowners will not read their meters.

The Manager-Chief Engineer said that the frequency with which DWS reads meters is limited by the number of meter readers. It is also limited by DWS's billing system, which is currently geared to a bi-monthly system. DWS may look towards going to a monthly billing, whereby the meter readers would have to read the meters monthly, but that will take some time.

Mr. Taniguchi said that he had met with a vendor in Dallas to discuss that exact point. He said that DWS is looking at having more automatic meter reader devices (AMRs).

Mr. Robinson asked how many *human* meter readers DWS has.

Mr. Sumada said DWS has about eight meter readers for the entire island.

Mr. Robinson said that if DWS were to read the meters every month, DWS would have to hire eight more people, to bring the number of meter readers to 16.

The Manager-Chief Engineer said it would also involve purchasing more meter reader vehicles, more equipment, etc.

Mr. Robinson noted that more billings would mean increased postage and other costs. With all of the increased costs, he wondered if DWS could recover enough from catching leaks early on, to justify the cost of monthly billing.

Mr. Sumada said that was hard to say.

Chairperson Meierdiercks said he wanted to go around the room to get the Board's consensus on whether to change the Rule, leave it as-is, or possibly set up an ad hoc committee to look at it.

Mr. Kaneshiro said the Board should leave the Rule as-is, but should also consider a monthly billing.

Mr. Greenwell said he would leave the Rule as-is, but DWS needs to ramp up its technology, including AMRs.

Mr. Lindsey said he was comfortable with the current policy; like every other policy, there is always room for improvement.

Mr. Taniguchi said that he thought DWS's leak adjustment policy was pretty fair; he agreed that the technology needs to be ramped up.

Ms. Lee Loy said she supports the current policy as-is; she appreciated the Manager-Chief Engineer's suggestion of stepping up public education efforts to inform homeowners regarding what remedies are available.

Mr. Robinson said he was fine with the policy as-is, and said he likes the idea of a public relations campaign, so that people are aware that they can buy meters that will stop the flow after a certain level.

Mr. Perry said that education and hardware are key; he has no particular problem with the leak adjustment policy as-is.

Chairperson Meierdiercks said that he is in favor of keeping Rule 3-10 as-is, in consensus with the Board. He said that the Board will monitor the issue and see what the Board can come up with in the future. He said that he did not want to keep this as an Agenda Item. He thought that on top of the issue would primarily be the job of the Public Information and Education Specialist, who was not here today. He said that this issue would be monitored, and could stay on the Agenda under the Manager-Chief Engineer's Report (i.e., it would not be a stand-alone Item). If there is nothing to report, it will at least be kept under the Manager-Chief Engineer's Report.

6) NORTH KONA:

SECURITY AGREEMENT REGARDING COST-SHARING OF PALANI TRANSMISSION SYSTEM UNDER THE KEAHUOLU LANDS WATER RESOURCE DEVELOPMENT AGREEMENT PERTAINING TO LOTS 1 AND 2, TMK: NO. (3) 7-4-020 (PORTION):

The Manager-Chief Engineer recommended that Water Board approve the subject agreement, 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 Ms. Lee Loy.

The Manager-Chief Engineer explained that Queen Lili'uokalani Trust (QLT) has participated in the Palani Transmission System project by providing land for the individual reservoirs, etc. Basically, this Security Agreement is to secure QLT's share of the costs of that project. The project will be completed soon, and when the final costs are established, DWS will send the bill to QLT. However, QLT is opting to do this Security Agreement because it seems that QLT has no cash right now. In order for QLT to proceed with the re-zoning they want to do, they need to somehow show that their participation in the Palani project has afforded them certain water commitments, the Manager-Chief Engineer said.

Mr. Taniguchi noted that QLT in its stock pledge agreement is pledging something that is in the mutual fund. He asked what the value was.

Ms. Garson said it was her understanding that QLT will continue to pledge whatever security they needed to, in order to maintain the amount in the Promissory Note (of \$1,490,235.00).

Mr. Taniguchi observed that Exhibit (A) entitled "List of marketable securities" is blank. He asked where the list of marketable securities was.

Ms. Garson confirmed that there was nothing in Exhibit A just yet.

Mr. Taniguchi asked how the Board could know what securities QLT is pledging vis a vis the Promissory Note of \$1,490,235.00.

Ms. Garson said that QLT was not able to give DWS their final documentation yet. She suggested that the Board defer this Item, pending delivery of the documentation showing the securities being pledged. Ms. Garson said she could tell QLT that the Board is deferring until the Board receives the signed copy.

Mr. Taniguchi said that normally, when a stock pledge is done, you have the stock certificates. However, this is part of a mutual fund; Mr. Taniguchi asked how QLT could pledge that. He again asked what the value of the securities is, and asked whether that value can be conveyed, in case QLT defaults.

The Manager-Chief Engineer noted that QLT entered a similar agreement with the County.

Ms. Garson confirmed this, but said she was not sure how it worked. QLT provided the same documentation to the County. Ms. Garson said this was the first time she has seen this kind of agreement come in as a Security Agreement, but QLT asserted that after all, the County accepted it. QLT assumed that DWS would accept it, too, and that is why this is being put forward to the Board, Ms. Garson said.

Mr. Robinson said that he felt very uncomfortable not knowing the value of the securities being pledged by QLT.

Ms. Garson said that she would recommend that the Board defer this Item to the next meeting; she would ask QLT to have a representative come to explain QLT's intentions to the Board.

Ms. Lee Loy thanked Ms. Garson, and asked the Board to defer. She expressed concern that it seemed that this Security Agreement was a vehicle for QLT to satisfy a condition of their re-zoning; QLT needs to satisfy the County Planning Department that they have water (i.e., that water commitments are available) so they can move forward with the re-zoning. Ms. Lee Loy said she wanted to hear about the entitlement process that QLT is going through to help QLT satisfy the condition for their re-zoning.

Chairperson Meierdiercks asked Ms. Garson to inform QLT of the Board's concerns, and asked Ms. Garson to request solid documentation from QLT before the next meeting. The Board would like to see the hard numbers, and have an opportunity to digest them in order to satisfy the Board's concerns.

Ms. Garson suggested withdrawing the Item.

Chairperson Meierdiercks said the Board would like to defer it because the Board is not satisfied with this issue right now. If the Board gets further information from QLT in the next month and is able to talk with a QLT representative at the next meeting, the Board should be satisfied, he said.

ACTION: Mr. Robinson moved to defer to the next meeting; seconded by Mr. Perry, and 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.

1. GRANT OF EASEMENT

KONA OCEAN VIEW PROPERTIES

Grantors: Association of Property Owners of Kona Ocean View Properties

Tax Map Key: (3) 7-2-009: 041

The Manager-Chief Engineer recommended that the Water Board accepts this document subject to the approval of Corporation Counsel, and that either the Chairman or the Vice-Chairman be authorized to sign the document.

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

Mr. Inaba explained that this Grant of Easement is for the Pu‘ukala/Kona Oceanview Properties Subdivision Improvement District project.

The Manager-Chief Engineer said that the roads in question are private roads, and therefore a Grant of Easement is required.

Mr. Inaba said this was just an easement; there is no construction involved at this point. This is a standard Grant of Easement, he added.

ACTION: Motion carried unanimously by voice vote.

B. WATER HAULING BID NO. 2012-06, PRICE AGREEMENT TO PROVIDE WATER HAULING SERVICES TO VARIOUS LOCATIONS ISLAND-WIDE (ON AN AS-NEEDED BASIS) FOR THE DEPARTMENT OF WATER SUPPLY, DISTRICTS – ENTIRE ISLAND:

Bids were opened on May 9, 2012, and the Department at the May 22, 2012 and June 26, 2012, Board meetings asked that this Item be deferred. This was deferred because vendors need to be compliant with Hawai‘i Compliance Express (HCE). The vendor has **not** come into compliance by the deadline of July 8, 2012, and therefore is considered non-responsive.

If the need for water hauling arises, the Department will procure this service through approved procurement procedures.

Mr. Ikeda explained that if an emergency situation arises, the Department will get permission from its Chief Procurement Officer, i.e., the Manager-Chief Engineer, to declare an emergency, and procure water hauling services that way.

Mr. Taniguchi asked whether DWS gets a bid on a price, for X number of dollars per gallon.

Mr. Ikeda said the prices per district are all regulated, so the water hauler cannot come up with a price arbitrarily. The price per load will be locked in for one year.

Mr. Taniguchi said the downside in this case is that DWS does not have anybody, so if an emergency arises, DWS will just have to call somebody. He asked if that hauler would have to be compliant.

Ms. Garson said the hauler would have to be compliant.

Mr. Ikeda said DWS will find somebody compliant.

The Manager-Chief Engineer said that the haulers have to realize that they must be compliant, and when the time comes to pay the hauler – if the hauler is not compliant – DWS will not pay the hauler. If the hauler is not compliant, DWS will not pay the hauler, he said.

Ms. Lee Loy asked what happens if there is an emergency situation and the hauler is not compliant.

Mr. Ikeda said that DWS could borrow hauling trucks from DPW, but it takes time because the trucks need to be thoroughly sanitized, etc.

The Manager-Chief Engineer said that could be done.

Mr. Robinson noted that he sees water haulers bringing water up to the military at Pōhakuloa, who surely must be compliant with federal standards. He asked what denotes being compliant.

Mr. Ikeda said it is a variety of things, including certificates from the Department of Labor and Industrial Relations (DLIR), the State Department of Taxation, etc. DWS goes to a State website called Hawai'i Compliance Express (HCE), which shows whether a vendor is compliant or not, and lists whatever deficiency there is.

Ms. Garson confirmed this, and said that hopefully this was a good lesson for the vendors who hit this roadblock. She noted that with the Material Bid earlier in this Agenda, the vendors realized that they had to get everything in order. She said that hopefully the water haulers will take this time, when DWS does not need their services, to get all of their certificates in order.

Mr. Kaneshiro asked if all of the bidders know that they need to be compliant in order to be awarded a contract.

Mr. Okamoto said that the bidders are all reminded of this, throughout the bidding process. He said that the reason that this non-compliance issue is coming up a lot is because the State made it a requirement that vendors be compliant *electronically*. Before, vendors could get paper certificates to prove their compliance. Some of the vendors may be going through a bit of growing pains on the road to getting electronically compliant, he added.

Mr. Taniguchi asked whether DWS would refuse to accept, for example, a tax clearance paper from a vendor.

Ms. Garson said that paper certificates are no longer being issued, according to her understanding. Even if a vendor had a paper certificate, it should be in the electronic system within a matter of days.

Chairperson Meierdiercks recommended that DWS write a letter to the haulers to let them know that they may be eligible if they become compliant under emergency procedures.

Mr. Ikeda said it was a moot point because there was only one bidder; there was no second or third bidder to go to in this case. The vendor in question actually tried to become compliant, but simply could not make it by the deadline.

Chairperson Meierdiercks recommended that staff do an open letter to all possible haulers regarding the need to become compliant; he observed that DWS needs haulers.

Mr. Robinson asked whether it was correct that the Rule says that a vendor need not be compliant at the time of bidding.

Mr. Ikeda said this was correct; the vendor needs to be compliant upon award.

Mr. Robinson suggested changing the Rule to make it necessary for a vendor to be compliant at the time of bidding, so nobody wastes their time.

Ms. Garson said that had been talked about. However, the question was what happens if a vendor was compliant at the time of bidding, but was not compliant upon award. Ms. Garson said she wanted DWS to stick to the letter of the law, with the Rule saying a vendor must be compliant upon award. DWS's contracts do contain a warning that vendors must be compliant at the time of award. This is to let vendors know that if they are not compliant, they had better start working to get compliant by the time of award.

Mr. Taniguchi noted that a vendor needs to be compliant at the time of award *and* at final payment.

Ms. Garson confirmed this.

Mr. Robinson said he had been thinking about this subject this past week. DWS retains final payment, and if a vendor is not compliant, for example, due to tax liens, the vendor must clear up those tax liens before DWS makes the final payment to the vendor.

Chairperson Meierdiercks said this Item was only for discussion today, and no Action will be taken.

C. AD HOC FINANCE COMMITTEE REPORT:

Mr. Taniguchi said that regarding the lock box, he and Mr. Sumada are exploring the remote possibility of reading DWS's statements *without* a scan line, which would reduce costs, etc. Meanwhile, Mr. Sumada is getting approximate quotes on how much it would cost to *add* a scan line to DWS's bills.

Mr. Taniguchi said it has also come to light that Honolulu Board of Water Supply may be able to do DWS's bi-monthly billings. (Originally, Honolulu had said no, they were going to monthly billing. However, Honolulu is still struggling to go to monthly billings, so there is a possibility of Honolulu doing bi-monthly billing for DWS.)

Mr. Taniguchi said that it looks like DWS now has a number of options. In any case, DWS is seriously pursuing the lock box methodology, to ensure more secure cash handling.

D. DISCUSSION REGARDING SECTION 3-10 OF THE DWS' RULES AND REGULATIONS REGARDING METER TESTS AND ADJUSTMENTS OF BILLS:

(This Item was handled earlier in the meeting.)

E. PROPOSED RULE CHANGE REGARDING WATER SERVICE TO CONSUMERS/RESPONSIBILITY FOR PAYMENT OF BILLS (Rule 3-4):

A Public Hearing was held just prior to today's Water Board meeting, regarding proposed changes to the Department's credit deposit policy in Rule 3-4 of the Department's Rules and Regulations.

The proposed changes, aimed at improving collection of balances due from customers, are the following:

1. To increase credit deposits on all meters sizes from \$50 to \$150;
2. To retain credit deposits until accounts are closed, at which time they will be used to settle unpaid balances before refunding any excess to customers; and
3. To eliminate payment of interest on credit deposits returned to customers.

The Manager-Chief Engineer recommended that these credit deposit changes be made, and that these changes be reflected in an amended Rule 3-4 of the Department's Rules and Regulations.

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

Mr. Greenwell raised his own situation, where the meter was in his deceased father's name. He noted that there are surviving relatives who carry on paying the water bill that is still in the deceased person's name. He said that DWS needs to educate the public of the need to come in and convert the account to their names *prior to* the new Rule 3-4 going into effect. That is the only reason that he is a bit hesitant about approving the increase of the security deposit to \$150.00, Mr. Greenwell said.

Ms. Garson said that Mr. Greenwell brought up a good point: there is no effective date for the new Rule 3-4. She suggested pushing the effective date forward to give Ms. Kanani Aton time to do some sort of public service announcement before the new Rule goes into effect.

Mr. Taniguchi asked whether the new Rule would only apply to new accounts, and not retroactively to existing accounts.

Mr. Sumada confirmed this.

Mr. Taniguchi said okay, so there was no need to worry about the existing accounts.

Mr. Greenwell said that people who are paying for an account in a deceased parent's name need to go down to DWS, and change the account to their own name.

Mr. Inaba said that if it is their first account, the person would need to pay the credit deposit.

Mr. Sumada said that people who do not have a credit history with DWS will have to pay the \$150.00.

Mr. Robinson noted instances where the surviving family members have never probated the estate of a deceased parent; the children are still living in the house and they pay the tax bills, etc., ad infinitum. He thought DWS should mount a public education campaign regarding this situation, to let people know that they need to go to DWS, and convert the account to their own name. He asked if the Board approves the new Rule today, whether the new Rule is *effective* today as well.

Chairperson Meierdiercks said no, the Board could set a time frame, and could make it effective today, with a six-month grace period. The Board could approve the new Rule today.

Mr. Robinson suggested making the new Rule effective January 1, 2013.

Chairperson Meierdiercks said that would give people time to convert the accounts to their own name. DWS could put the information in a press release for the newspapers, and also put out a notice to existing customers.

The Manager-Chief Engineer said that up to January 1, they would pay the \$50.00 credit deposit, versus the \$150.00 credit deposit *after* January 1.

Mr. Robinson said that would apply if there is a relationship and the account was in the parent's or relative's name. He said if the person was just an unrelated person, then the \$150.00 credit deposit should apply.

Mr. Greenwell said he himself went down to DWS to change his deceased father's account to his name just three weeks ago. If there were no grace period for people to do what he did, people would just leave the account in their parent's name.

Mr. Taniguchi asked Mr. Sumada if there were some flexibility or discretion in applying the Rule with people who have been paying on the account of a deceased parent for years; he asked whether it was a black-and-white rule.

Ms. Garson said she would tell DWS to enforce the Rule; it is black-and-white. She had problems regarding what constituted proof of having a relationship with the account, etc.

Mr. Taniguchi said he was just tossing out the idea. He asked whether if the person came in during the grace period, the person would be charged just the \$50.00 credit deposit to convert the account to their name.

Chairperson Meierdiercks confirmed this.

Mr. Taniguchi said he would think that some common sense would prevail here. He said he was just asking if there was some flexibility or not.

Ms. Garson said no, there is no flexibility on that; there are so many gray areas involved that would make it difficult for Customer Service to apply a standard, unless the Rule was written down. She said right now, the security deposit is \$50.00, and after the grace period, it goes up to \$150.00. She expected that people who did not have a credit history with DWS (as in surviving relatives paying on a deceased parent's account) would convert the account to their name *sooner* and pay the \$50.00 – rather than wait and pay \$150.00 after January 1.

Mr. Greenwell agreed.

Ms. Garson said that if the effective date is pushed back and if DWS does a public relations campaign to inform people that the security deposit is increasing effective January 1, 2013, DWS will get people coming in now to convert their accounts, while they still only need to pay \$50.00.

Mr. Greenwell said that right now, there is no money exchanged. The person just goes in and does the paperwork to convert the account to their name.

Chairperson Meierdiercks asked whether Mr. Greenwell got a refund.

Mr. Greenwell said no, in his case, the \$50.00 that was already deposited, was just rolled over.

The Manager-Chief Engineer said DWS would have to collect the \$50.00, because DWS does not have a credit history with him. He was not sure why Mr. Greenwell did not get charged \$50.00.

Mr. Taniguchi asked if all Mr. Greenwell did was change the name.

Mr. Greenwell confirmed that all he did was change the name on the account.

The Manager-Chief Engineer asked whether Mr. Greenwell was charged \$50.00.

Mr. Greenwell said yes, originally.

Chairperson Meierdiercks said the correct procedure is the return of the deposit, which Mr. Greenwell technically received, but then had to put back in to convert the account to his name. That would be the situation until the Board sets the effective date for the new Rule.

The Manager-Chief Engineer recommended that the effective date be January 1, 2013, because it will take that long for public education to go out to the public and to the customers. That would notify customers that they have up to January 1 to change over the account, and it would give them enough notice.

Chairperson Meierdiercks said that between now and January, DWS would be able to notify customers at least twice through their bills about the new Rule and the grace period. That should give customers enough time to change their accounts to their name if they intend to do so.

MOTION: Mr. Robinson moved to make the new Rule effective as of January 1, 2013; seconded by Mr. Perry.

Mr. Greenwell asked what would be the best way to notify customers.

The Manager-Chief Engineer said DWS could notify customers through the media and through the billing.

Chairperson Meierdiercks said DWS should also do a media campaign for any future customers.

The Manager-Chief Engineer said the notice could also be put on the DWS website.

Chairperson Meierdiercks said the notice could also be put on the water bill itself.

The Manager-Chief Engineer said that there might not be enough space on the bill itself.

Mr. Sumada said that it should probably be an *insert* with the bill.

Chairperson Meierdiercks said that the inserts could go in a couple of billings between now and January; that should give customers enough notice.

The Manager-Chief Engineer said administratively, he was comfortable with that.

Ms. Lee Loy suggested that DWS send a notice to the Building Division, for people pulling new construction permits.

The Manager-Chief Engineer said that actually, DWS is not part of the building permit process right now, although DWS could send flyers out to the other County departments to notify potential customers.

The Deputy said it is standard practice for DWS to notify other County agencies, in general.

ACTION: Motion carried unanimously by voice vote.

Ms. Garson clarified that the Motion was to adopt the new Rule 3-4, and that it be effective on January 1, 2013.

F. **DISCUSSION OF DRAFT FY2013 EVALUATION FORM:**

Mr. Kaneshiro reported that the Ad Hoc Committee on the Manager-Chief Engineer's Evaluation Form, comprised of Committee members Messrs. Kaneshiro and Perry and Ms. Lee Loy, met last week with Ms. Garson and Ms. Wanda Kapahu of Human Resources. He noted that the Board will have received copies of the Evaluation Procedure, the Evaluation Form and the Staff Survey. The Committee took into account the comments and suggestions from the Board, as well as Ms. Garson and Ms. Kapahu. As a result, the final version of the Staff Survey involves only the Manager-Chief Engineer. Mr. Kaneshiro said he hoped that the Board will adopt the Evaluation Form and the Staff Survey, and follow the Evaluation Procedure, with the Chairperson as the rating official.

The Evaluation Form should be completed one month prior to the start of the Fiscal Year, so that the Manager-Chief Engineer can sign off on it with the Chairperson, Mr. Kaneshiro said. The Manager-Chief Engineer will also prepare a report of his accomplishments, according to the Performance Appraisal form, prior to the end of the Fiscal Year, Mr. Kaneshiro said.

Ms. Lee Loy explained that the Committee took the suggestions of Mr. Taniguchi and Mr. Lindsey, by adding their suggested changes under "Leadership" and "Planning and Organization." After the discussion at the Committee meeting, Ms. Lee Loy said she revised the Staff Survey. She noted that the Board received a red-lined version, along with the one-page final version. She asked for the Board's support for the forms.

Mr. Robinson commended the Committee for their hard work.

MOTION: Mr. Robinson moved to adopt the Evaluation Form and the Staff Survey, and to have the Chairperson as the rating official; seconded by Mr. Lindsey.

Mr. Taniguchi asked what the Staff Survey was.

Ms. Lee Loy said it was kind of a baby step; it was not a worksheet. It was only for the Board.

Chairperson Meierdiercks said it was a compilation for the Chairperson.

ACTION: Motion carried unanimously by voice vote.

Chairperson Meierdiercks said that the Evaluation Form is still a work-in-progress; it has been approved today, but it can be changed.

Mr. Kaneshiro said that the final version will be given to the Manager-Chief Engineer. Once the Chairperson and the Manager-Chief Engineer are in agreement over the evaluation itself, both the Chairperson and the Manager-Chief Engineer will sign off to signify agreement, Mr. Kaneshiro said.

Chairperson Meierdiercks thanked the Ad Hoc Committee for having done a tremendous amount of work.

G. UNIFORM INFORMATION PRACTICES ACT (UIPA) AND SUNSHINE LAW UPDATE:

Corporation Counsel provided an update on recent changes to the Sunshine Law including Act 176, Act 177, as well as Act 202. Copies of the new manual published by the Office of Information Practices (OIP) were distributed to the Board.

Ms. Garson said that three major changes had been made to the Sunshine Law that affected the Water Board:

- The Board may now hold a meeting by telephone. Before, both video and audio were required to hold a meeting. The public must be notified if the Board decides to meet by telephone, and the telephone site must be open to the public.
- The Board may now hear public testimony, even if a quorum is unavailable. (Note: A quorum consists of five members.)
- Board members are allowed to attend other boards' meetings or events where Board business may be discussed, even if a quorum is unavailable. (Ms. Garson cited the example of the Kona Water Roundtable.) Before, the number allowed to attend such events was limited to two members, or a sub-committee had to be created for the purpose of the meeting. Under the new Rule, less than a quorum of members may attend, and may even discuss Board business, as long as the members come back and give a report to the Water Board, Ms. Garson said.

Ms. Garson said that was the general outline of the major changes; she recommended that the Board take a look at the new manual.

The Manager-Chief Engineer asked what happens if the Board meets by telephone and the phone line goes down.

Ms. Garson said that in that case, the meeting must be cancelled. The same principle applies as with a video and audio meeting; if one site where a Board member is present goes down, the meeting must be cancelled. Even if quorum was still available without that Board member, the meeting must be cancelled. Therefore, there is some risk involved in holding a telephone meeting, or video and audio meeting. She noted that the County Council has sites for the public to testify in Puna and Waimea. If those sites go down, the meeting may continue, because no Board members are present at those sites, she said.

H. ENERGY MANAGEMENT ANALYST UPDATE:

There was no report from Ms. Julie Myhre, Energy Management Specialist, who was on vacation.

The Manager-Chief Engineer reported that the Lālāmilo Windfarm Request for Proposals was advertised on Monday, July 23, 2012. The vendors' financial information is due to come in by the first

or second week of August, and the DWS team that is evaluating the RFPs will come up with a recommendation on a vendor by the end of the year, the Manager-Chief Engineer said. Besides the two newspapers, the RFP notice went onto the DWS website, as well as the State Procurement Office (SPO) website.

I. **MONTHLY PROGRESS REPORT:**

No discussion.

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

No discussion.

K. **INTRODUCTION TO THE DEPARTMENT'S 20-YEAR WATER MASTER PLAN:**

Mr. Inaba provided a brief presentation regarding DWS's 20-Year Water Master Plan, which consists of two very thick binders. He ran down the chapter headings, which include the characteristics and history of DWS's water systems, planning data and water demand forecasts, storage analysis, the Capital Improvement program and financial planning analysis.

The Manager-Chief Engineer said that the water master plan was done in conjunction with DWS's last rate study by consultant R.W. Beck in 2004. Some of the C.I.P. information was derived from this rate study.

Mr. Inaba said that DWS came up with its five-year C.I.P. with the information gleaned here; it helped DWS plan for staff resources, revenue requirements and the rate adjustments. He offered to make CDs of the water master plan available to the Board.

Mr. Robinson expressed an interest in obtaining a CD, to educate himself on DWS's water system. He said that he had seen a similar 20-year study done by CH2M Hill, which provides the basis for developing a C.I.P. budget based on growth prospects. Mr. Robinson asked whether DWS makes use of Community Facility District (CFD) financing for the creation of water systems.

The Manager-Chief Engineer said no, DWS uses the Water Improvement District vehicle, through which DWS gets financing from the U.S. Department of Agriculture (USDA) for Improvement District projects.

Mr. Robinson asked about how the USDA financing and repayment works.

The Manager-Chief Engineer said it is a loan/grant program, whereby the grant portion is not paid back, but the loan portion is paid back by the users.

Mr. Robinson asked whether the users get a separate line item on their water bills for the Improvement District portion.

The Manager-Chief Engineer said the users in an Improvement District get billed through their real property tax assessments, so the repayments are handled by the Real Property Tax Division (and not by DWS). Therefore, if a user does not pay on the Improvement District, Real Property Tax Division may put a lien on the user's property.

Mr. Robinson asked what benefit DWS gets from doing an Improvement District.

The Manager-Chief Engineer said the benefit is that DWS is taking over an improved water system, which DWS can easily maintain; where before, the users did not have water service, now the users are DWS's *customers* who are getting proper water service from DWS.

Mr. Inaba noted that the water system is installed to DWS standards.

Mr. Robinson noted that a big land owner like QLT might opt to do a Community Facilities District (CFD), which would bring in roads, waterlines and electrical lines; once completed they would give the water system to DWS to operate and maintain, the roads to the County to maintain, and the electrical lines for HELCO to operate and maintain. In such a case, the repayment would be through the CFD.

Ms. Garson noted that CFDs and Improvement Districts were two separate processes. She did not think the County had ever done a CFD.

The Manager-Chief Engineer reiterated the offer to the Board to make CDs of the water master plan for them. This water master plan was approved back in 2006, so the 20-year time frame started in the year 2006, he noted.

L. **MANAGER-CHIEF ENGINEER'S REPORT:**

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

- 1) Palani Road Transmission Waterline Project – DWS has written a letter to inform the contractor that he is in breach of contract for failing to complete the project. DWS now needs to get a handle on the contractor's schedule for completing the project. If the contractor cannot provide a schedule, DWS will be forced to call the performance bond on the contractor. Mr. Inaba reported that there has been a lot more communication through the sub-contractors and suppliers signaling readiness to move forward. The fencing contractor is expected to complete the fences soon. The sub-contractor handling the chlorination has contacted DWS, and DWS is working with the sub-contractor to make sure there is enough water to chlorinate the system. After this work is done, the clean-up will begin. Mr. Taniguchi, noting that DWS has paid out 99.9 percent of the project, asked whether DWS has any leverage over the contractor. Mr. Inaba said that DWS is still holding the retainage, which is 2.5 percent of the project. The Manager-Chief Engineer said that meanwhile, liquidated damages are accruing. Mr. Inaba said that as of today, the liquidated damages came to \$46,000.00. DWS has had to give the contractor credit for unforeseen delays, such as archaeological finds and the break-down of the well. The water is back online, he added.
- 2) Hawaiian Ocean View Estates Project – Chairperson Meierdiercks attended the dedication of the facility on July 5, 2012. The Manager-Chief Engineer said that so far everything is working fine regarding the well. He noted that the second well that the community wants, which Council Member Smart mentioned earlier, will take some time. Chairperson Meierdiercks said that 80-100 community members attended the dedication. He noted that the spigots were too low to the ground, and would need upgrading to allow a five-gallon jug to fit underneath the spigots. Chairperson Meierdiercks reminded the Board that the Board has not yet accepted the system, for which the Board is responsible. He also reminded DWS management and staff that they need to monitor the facility, to see how things are going since the opening. Chairperson Meierdiercks said it was not clear whether the Board wants to accept the system, or turn it over to a third entity, but right now, the Water Board is responsible for the system. The Manager-Chief Engineer said that DWS's accounting section was accounting for the time and expenses spent on the project; DWS may ultimately have to recommend a rate increase for that system, depending on the figures. The Manager-Chief Engineer noted that one of the major complaints involves the manner in which DWS received the applicants for the hauling part of the system. DWS took applications on a first-come, first-served basis, and beforehand, DWS informed the community that applications would be accepted on a certain date. The complaint was that one hauling company had several family members in line to receive meters. DWS has no control over this kind of thing, the Manager-Chief Engineer said.

DWS just took in the applications in the order in which people came in on the line. There could have been different family members in one hauling company on line, but DWS had no way of discerning this. The Manager-Chief Engineer said DWS is trying to resolve this. He noted that the number of meters was limited to 10. Meanwhile, the opening and closing of the facility is going fine, the Manager-Chief Engineer said.

- 3) Kaʻaiahi Tank update – Mr. Inaba said he plans to meet with the sub-contractors to get an idea of the time frame for the work there. Mr. Taniguchi asked what the hang-up was on this project; he thought that everything was done already. Mr. Inaba said that the repair of the sagging roof was completed by the contractor. Mr. Inaba said he went over with the electrical contractor to pinpoint what work still needs to be done; there are a number of things on-site that need to be redone. A list of tasks was created. Mr. Inaba said that the sub-contractors expressed concerns about some of the equipment on-site, i.e., some of the equipment needs to be fixed, etc. The scope of the work needs to be defined so that everyone is comfortable with it, he said. Mr. Taniguchi asked about the time frame. Mr. Inaba said that he was going to be meeting with the sub-contractors at the end of July or early August; it has been a challenge for the contractor to get much from the sub-contractors, he said. Mr. Taniguchi asked if DWS had given up its rights to go after the contractor; he asked why DWS cannot force the issue. He noted that the controversy regarding this project was over who was at fault for the roof design. Ms. Garson confirmed this, and she confirmed that DWS went after the design engineer. Mr. Taniguchi asked if the contractor was still on the hook for the roof. Mr. Inaba said no, not for the roof. The contractor is responsible for the rest of the project, Mr. Inaba said. Right now, it is a matter of establishing a work schedule, of determining what equipment needs to be replaced after sitting for years in the elements, etc. Mr. Inaba noted that a lot of electrical cabinets, for example, have corroded, and a lot of bolts and fittings need to be replaced. Mr. Taniguchi asked if DWS will have to pick up the cost for things that need to be replaced. Mr. Inaba said yes, he would assume so, because DWS stopped the project for several years, and therefore the equipment on site is no longer under warranty. He said that the equipment involved is not large or expensive.
- 4) Puʻukala/Kona Ocean View Properties Subdivision Improvement District Update – The Manager-Chief Engineer said that DWS had received the Use and Occupancy Agreement from the State for DWS’s review. Corporation Counsel is looking at some of the conditions, and if they look okay, DWS will sign off on the Agreement. The State gave DWS a deadline of August 13, 2012, to sign the Agreement.
- 5) Update on Delinquencies – No report.
- 6) Discussions with Air National Guard regarding South Kona and Kaʻu Water Systems – *(Covered earlier in the meeting.)*
- 7) Public Information and Education Specialist Update – No report because Ms. Aton was on vacation. The Manager-Chief Engineer passed around water-related articles Ms. Aton had prepared for the Board.
- 8) Employee of the Quarter – Mr. Eric Takamoto, a Mechanical Engineer III working out of the Operations Baseyard, was awarded. Mr. Takamoto started with DWS in 2008 right out of college as a Mechanical Engineer I, according to Mr. Ikeda. Mr. Takamoto is very dedicated, and does not take sick leave, and barely takes six days of vacation a year. He slowly worked his way up to his present position of Mechanical Engineer III. One of his main duties is to go out to the site when wells break down. Mr. Takamoto makes sure the contractors do what they are supposed to do, Mr. Ikeda said. The Manager-Chief Engineer said that Mr. Takamoto is under the supervision of Mr. Clyde Young. Mr. Takamoto was in an accident recently on the Saddle Road, when the DWS vehicle he was driving hydroplaned and flipped over. Mr. Takamoto amazingly was okay, and was back at work the next day, the Manager-Chief Engineer said.

Mr. Robinson asked about the Environmental Management Commission's recent Agenda, which had a discussion of meetings between DWS and the Department of Environmental Management (DEM).

The Manager-Chief Engineer said DWS staff met with DEM management last week to discuss the combined billing, and also the shut-off of water due to delinquent sewer bills. DWS staff have basically agreed to go ahead with whatever Charter changes or County Code changes are necessary. He expected that DEM will be conferring with Corporation Counsel to see what changes need to be made to the County Code, etc. DEM is aware that DWS supports them in their endeavors, and DEM seems happy with the discussions with DWS.

M. CHAIRPERSON'S REPORT:

Chairperson Meierdiercks said the venues of the four remaining Water Board meetings would be as follows:

- August 28, 2012 Hilo
- September 25, 2012 Hilo
- October 23, 2012 Hilo
- November 27, 2012 Kona
- December 18, 2012 Hilo

Chairperson Meierdiercks mentioned Mr. Taniguchi's recent proposal to hold meetings at 9:00 a.m., instead of 10:00 a.m.

The Manager-Chief Engineer said that might cause some problems for the staff. He said he had no problem changing the time on occasion, on a case-by-case basis, but right now he preferred leaving the meeting time at 10:00 a.m.

Mr. Taniguchi asked if the Kona people on the Board were okay with just one more Kona meeting this year.

(Mr. Robinson and Chairperson Meierdiercks said they were okay with it. Mr. Uyeda, the only other Kona person on the Board, was absent.)

Chairperson Meierdiercks noted how few members of the public were here at today's meeting; Kona people do go to Hilo to present written or oral testimony on pertinent issues, he added. If there are particular concerns or issues, the venues could be changed, but he thought it was good to establish the venues.

Mr. Greenwell quipped that the Board ought to give Mr. Robinson 30 minutes to give articulated information on the recent Kona Water Roundtable.

Mr. Robinson noted that he had a partner in crime (Mr. Greenwell) at the event, and proceeded to report that much of the event consisted of very informative presentations about water development. The Kona Water Roundtable was very useful for a lot of people who do not have much idea about where water originates, and how water is maintained on the islands. Mr. Robinson said he was surprised to hear that the National Science Foundation had funded a \$6.5 million study about a well that was drilled in Hilo. There was also a report regarding a project on Saddle Road to do exploratory drilling in hopes of hitting perched water and high elevation water.

Mr. Greenwell, who also attended the event, reported that Mr. Richard Bennett talked about the water resource known as R1 and R2, which is reconditioned sewer water used for irrigation. Mr. Bennett said that it is better to have small, community-sourced treatment plants, versus a huge mega-plant that treats everything. This is because a lot of communities are separated, and their effluent is different.

Mr. Greenwell noted that the federal officials in attendance this time seemed more in tune with Kona than they were at the previous Roundtable.

Mr. Lindsey expressed his belated thanks to the Ad Hoc Committee who worked on the Evaluation Form.

8) ANNOUNCEMENTS:

1. **Next Regular Meeting:**

The next meeting of the Water Board will be held at 10:00 a.m. on August 28, 2012, at Department of Water Supply, Operations Center 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 September 25, 2012, at Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI.

9) ADJOURNMENT

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

Chairperson Meierdiercks adjourned the meeting at 12:06 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.*