

MINUTES

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

October 23, 2012

Department of Water Supply, Operations Center Conference Room, 889 Leilani Street,
Hilo, 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. Rick Robinson
Mr. Quirino Antonio, Jr., Manager-Chief Engineer,
Department of Water Supply (ex-officio member)

ABSENT:

Mr. Jay Uyeda, Water Board member
Mr. Delan Perry, 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. Cindy Farber
Ms. Donna Souza
Mr. Richard Souza, Sr.
Mr. Herman Ah Yee
Ms. Luann Ah Yee
Mr. Richard Souza, Jr.
Ms. Teresa Souza
Mr. Norman Stuard, Palamanui Global Holdings
Mr. Roger Harris, Palamanui Global Holdings
Mr. Don Angle
Mr. Jeffrey Santana
Mr. Stephen Sahines
Mr. Bill Brooks
Ms. Laura Foster
Ms. Jan Bolton
Mr. Dan Bolton

Mr. John Yaakub
Mr. B. J. Lorenzo
Mr. David Mattice
Mr. Nelson Ho
Mr. Kaimi Judd
Mr. Steve Lim, Carlsmith Ball LLC
Ms. Brittany Smart, Council Member, District 6
Mr. Alan Stafford
Mr. Aaron K. Kalau
Ms. Jym Duncan
Mr. Joe Kaipo
Mr. Bill Stockton
Ms. Samantha K. Inouye
Mr. Steven Iona
Mr. Jordan Santos Kanakamaikai
Mr. Charles Smeade
Mr. Justin Mason
Mr. Casey Santana
Ms. Colleen Schrandt, Legislative Auditor
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
Ms. Kanani Aton, Public Information and Education
Specialist
Ms. Julie Myhre, Energy Management Analyst

1) CALL TO ORDER – Chairperson Meierdiercks called the meeting to order at 10:00 a.m.

2) STATEMENTS FROM THE PUBLIC

The following testimonies are recorded verbatim:

CHAIRPERSON MEIERDIERCKS: “The first (statement from the public) regarding water meters and award procedures is from Brittany Smart, Council Member, District 6. Brittany? Yeah, also... time limit... Will you try to limit... we have a number of things, so try to limit it to three minutes, and Mr. Taniguchi will be the timer. He’ll give the one-minute notice.

MS. SMART: Yeah, I won’t take up too much of your time. Thank you so much for having us on your Agenda today. As you may be aware, we recently passed a Resolution, or at least moving it to full Council, asking the Legislative Auditor to review the original meter award procedures. Um...so as you’re aware that that is going through... I would like to thank the Department for hosting the community

meeting in answering the questions, and I would like to thank them for their quick response in some of the community concerns. Since we do have this review of the first award procedures, I am a little concerned about moving forward with some of these Rule changes so quickly, although, like I said, I do appreciate the quick response. Um...I understand the desire to not wait three or four months for a report to be generated. However, I want to make sure that all of the concerns of the community are accurately addressed, and that proper procedures are put forward, to where everyone is treated fairly. My personal opinion is, I would prefer to see these meters go to people that have, um, businesses, or at least have the meters awarded to various businesses. I do like that four of the meters are going to, specifically, to water haulers with PUC licenses, etc. I would like to see that increased. I would also question why one meter cannot be shared between the County and the Community Association. I'd like to hear some explanation on that, because right off the bat, out of the 10 meters, we are taking two off the table. Um, I know there's concern in the community about private individuals being able to have open meters, and I know that was the case for the first round, and in fact, the first award procedures...only one business actually applied and received a meter. All the rest were individuals. So I see that you did change those Rules, where it's now gonna be split four and four. However, I would still question that, and maybe recommend six be to water haulers, and maybe two be open to the general public, and then the other two for the County and the Community Association, if it has to stay that way. Other than that, I really appreciate the Department's quick response, and look forward to the discussion that the Board may have, and I will be available for questions, should you have any. Thank you so much.

CHAIRPERSON MEIERDIERCKS: Next speaker, regarding meter, Alan Stafford?

MR. STAFFORD: I'm Alan Stafford. Thank you for hearing me. I'm here to talk to you about the meter that should be going into the park, for community use. Uh, we need a meter at the park. It was promised to us by a previous administration, and that we should have a meter there for... to be used for emergencies, for back-up water for our fire-fighting, and for the park, and for the community garden that's being proposed for the park. Um, the meter should come directly from the tank with a gravity flow. We need to have...we talked about it with Mr. Antonio, and that we should...we need to find where it'd be 40 pounds of pressure. Am I correct? So we need to know where that spot is, and then we gotta get together with Parks and Recreation so we can get this meter put in. Um, I myself feel that the meters should be increased, and the amount of meters out there...that we resolve a lot of the problems. And there's still only two standpipes. So the two standpipes would regulate how many are going in and out, and if it becomes too much of a line, the truckers themselves should go to another place. So I think having more meters would actually solve a lot of the problem. Having a minimum of 2,000 gallons per day, five days a week, which would come up to 40,000 gallons a month, except during the rain period, where we get a lot of rain, which

the truckers wouldn't have as much use... So that if we drop during that time, and regulate it accordingly to bring it back to a 1,000 gallons a day...which would be not that excessive for the truckers... And it also would take the people out that are not using their meters, because if they're not using the meters, they'd be paying for that already. That would reduce the people who have the meters and are not using them. The park itself needs the water because the kids there are actually using a five-gallon bubbler, bottled, when there's someone there actually to open up the building, so they can have the water. We need outside spigots there, and the water supply is very important for the kids, and the health and safety of the community. Thank you.

CHAIRPERSON MEIERDIERCKS: Thank you. Next testifier: Aaron Kalau.

MR. KALAU: My name is Aaron Kalau. My concern is that you guys were gonna take the spigots away, and put it up for a lottery. But then, I'm already in the middle of purchasing my own truck, PUC license and insurance. And if that falls through, and I don't happen to get a spigot on my behalf, I'm gonna be stuck with a large loan bill. I just need to know where this is going. And that's it.

CHAIRPERSON MEIERDIERCKS: Thank you very much. Appreciate it. Next testifier: Ms. Jym Duncan.

MS. DUNCAN: That's a "Miss." My name is Jym Duncan. I have a business called "Trees Please Agrow Forest," and I use water to grow vegetables, and I have a fruit orchard that's growing inside the forest. And I preserve all of the native forest trees, and also plant more of them. But the part that's already cleared, I'm growing vegetables for market. And so, people like me, I don't have a water truck, but I'm speaking on behalf of many community members who've spoken to me at church and in the community. They're very concerned that the water be delivered in a safe and sanitary manner, and that every driver who's a water hauler is licensed by the PUC, and has their commercial licenses, and that their trucks are in good working order and clean, and they're ethical members of the community. I also feel that, uh, fire fighting is a very important concern in our community, because fires can start really quickly, and burn out of control. And the last big fire that we had, covered, uh, at least, I think it was 10 or 12 blocks. And one of our water haulers, Joe Kaipō, is the only one who has water (sic) fighting equipment on his truck, and he was able to donate his services. And his trucks, in order to fight fires and prevent a half a dozen or seven or eight houses from being burnt during that fire, because of his quick action. Uh, that's a very important concern, because we're in the middle of a forest, and uh, this fire was whipped up by winds that caught when somebody's barbecue fell over, and it just took off. People are concerned in the community about fairness, and that the County not be involved in creating a monopoly, where one business has many meters, even people who were just drivers or members of the family have applied for and gotten meters under this first come, first served, where people had to come in the middle of the night. And some of our...one of our water haulers is a mother

with four children in school, and a young child. And it wasn't practical for her to come in the middle of the night. That seems like an unfair way of awarding such an important resource as water, which is so important to a community as isolated and as dry as Ocean View is. And I really thank you for whatever you can do to make this water hauling...uh, the water hauling, fair and safe and equitable. There are a lot of concerns that we have, but we feel that water is so important in Ocean View. We cannot do without it anywhere in the world, but that's one place that it's critical...it's critical. It's not like Hilo, where you have rain almost every day. So thank you very much.

CHAIRPERSON MEIERDIERCKS: Thank you. Next testifier: Joe Kaipo.

MR. KAIPO: Good morning, Mr. Chairperson, and Vice-Chair, and everybody in the room. I think it's a big (inaudible) at the Water Department. Thank you for allowing us to come here and speak. I have a little speech impairment. Other than that, I'm fine. But first of all, all I'm looking at, to make it so you can understand... I started this 10 years ago, and the first thing I did was to investigate what the Rules and Regulations are in business, okay? So do you get a marriage license after you get married? Do you get...do you have, do you open a big bar, a bar, and then after, do you get a liquor license? No. So, all I'm saying is I'm not against competition. That's fantastic. You just do the things that is fair for the community. I'm the gentleman that has the truck that has the fire fighting equipment, and I go out 200 feet and save houses and stuff. I do it donated. I'm not trying to pat my shoulder or anything. All the other companies are fine also. But let's do it fair, legal. Number One, we're looking at the State... All of us, including all of you here with your jobs, salary, whatever. Each, to us, is important. I pay a million dollar coverage for my trucks, so property damage, okay? Hospitalization, whatever. And liability, too, is very important. If somebody gets hit by a company that's not legal, and the trucks are dirty or whatever, and the people get contaminated water, this is very important. It'll come back to you folks that made the decision. So this is resting on your shoulders. So I think insurance is... Every big store is here...big stores, from Taniguchi down the line, everybody has policies to make it right. And I give credit to anybody that's looking for it, for getting involved, and I think they should be shared properly, you know, with X amount of meters. I mean, how many toilets can you sit on at one time? Okay? So these are the (proposals?) I'm telling about, and um, you know, even like the road crew at Ocean View, okay? I didn't get on, that's okay. But I'm looking for meter, yes. Like the road crew. We have 152 miles of road; they didn't get one. I mean.... So, you know, look into it. Look at when people are paying the meter, okay? When did they get the PUC license, okay? So this is how many people are playing the game of cat and mouse, you know, with State government. That's why we have governments everywhere, the ordinance to make everything legal for us. And I hope you folks will go through the process and be very careful where it goes and how, because all of our pocketbooks in this time of economy, we have to be insured properly. And I thank

you for your patience, and I hope your judgment will be fair and honest. And you guys have a nice day. Aloha.

CHAIRPERSON MEIERDIERCKS: Just a reminder to everybody in the room, please turn your phones off or on silent, and your pagers off, please, out of respect for everybody. Next person: Bill Stockton.

MR. STOCKTON: Thank you, Mr. Chairperson, and everybody in the room. My name is Bill Stockton, and I represent Lehua Court. We have a commercial venture directly across the street from the standpipes in Ocean View. We were slackers; we got there about 6:00 when the meters were released, and we were 12th in line. So we are wait-listed as Number 2 on the HOVE meter list, just behind the proposed lottery system for the standpipe meters. We request a meter under the commercial or industrial listing of the bulletin that was released. We're converting A-1A to CV1.5, and propose to build out 60,000 square feet of retail and professional space. We are going to be required to hold 150,000 gallons of water for our Zone 4 seismic status. The water feature that we plan to hold the water in will be supplemented by pervious concrete and collection under the concrete, and our roof systems, for collection. We request a water meter to...that would be supported by a truck that we haven't purchased yet, but we could get fire fighting equipment on that truck, to supplement and be made available to the area. Our water storage will also be needed for the tenants that we have in our shopping center. We could work...we've always...have thought of putting up a water company to help supplement the community, as well as supply our own needs. So we support the adjustment, if possible. Thank you.

CHAIRPERSON MEIERDIERCKS: Thank you. Next testifier... Samantha?

MS. SAMANTHA INOUE: Good morning. I didn't make it to the first meeting, but I do have a lot of things on my mind. I'm going to present it to you today. I'm representing B.J.'s Excavating & Hauling. Um, we established August of 2007 till present. We are a liability company, we have all our policies. We have credit (inaudible), PUC, CDL's, and we're tax-paying. October 10, 2012, we received a letter via mail, in regards to the HOVE standpipe, first come, first serve. Reading through the letter, I realized that we are being forced to stand back and watch our hard-working blood, sweat and tears be taken away, as if we did not keep up for this, for months, after we found out that they're planning on putting the Ocean View meter in. I've made numerous phone calls to the County (sic) of Water Ka'u, to Cyrus, to Kanani, to make sure we make it to the event – when, where, how. Every question we could ask, just to be sure. It is apparent and obvious that we needed this more than anything. The event dates were advertised in the newspaper for about a week. Um, you couldn't even miss that, you know? We showed up three hours early in line, not to mention that we actually slept in the parking lot, to be there three hours early in line, to sign up for the application. We not only have an account with Water, we pay all our bills, you know; we renew on time. We signed up under our business, our PUC, our license. You know, we pay

with a business check. Bottom line is: first come, first served. Ten applications only. Desperate needs, desperate measures. For the companies that did not show up at all, this is unfair, due to the simple fact that you weren't there. That's between you and your customers. As far as us, we made it, knowing we can put food on the table for our family. Our valued customers, who saw us through the (inaudible) issues...that they also were having a hard time with the economy. And being the fact that we haul to them, um, we dropped their rates, and it not only helps them, you know, it's a lot. You know, a little is a lot. And um, it helps them and their family, but us and our family as well. We value them and their needs for water. Water is the most important element in life. They need us as much as they need us. Please. We did everything right. We followed all the rules. We showed up on time. This is how much it means to us. We are young individuals, and we want to succeed in life. This is our job. Please don't take it away. You know, we have donated water, you know. You know, we try to help out as much as we can, you know, for people who are having a hard time, you know. And this will help them and their families as well. And I don't support the monopoly. Thank you.

CHAIRPERSON MEIERDIERCKS: Next testifier: Steven...I can't read the last name.

MR. STEVEN IONA: Good morning. With regards with Ocean View standpipe process, yeah...I'm uh, I gotta lotta things to respond to. Bottom line is: I saw it important to me, trying to start a business for my family, and you guys talking about kids. I got seven kids I trying to support. So I made the sacrifices I had to...selling, selling, uh, selling the bikes and all kinda stuff to buy a truck. Stood in line the night before we went, to make sure... I saw how important it was for my future. To me, how come, uh, certain individuals, established already, didn't see the importance to them to be there, too, yeah? So uh, you guys talk about taking away the meters, and reissue it in a lottery. That's not fair to us. We made sacrifices, yeah. And um, everybody read the same thing in the paper. Everybody read the same news, and uh...whatchacall. And back to, uh, it's not about PUC and everything, yeah. I'm pretty sure that, uh, you have to get this meter before you get one PUC; you cannot have, uh, a truck and a PUC and everything, and then see if you can get a meter. You understand? Certain things, certain balls gotta get rolling before you can make the next step, so I got the meter; the next step was acquiring the truck and applying for the PUC. That's how it goes. So the bottom line is: I showed up; I waited in line. I made the time, you know? Left the night before to make sure that I had my chance. So that's all I got.

CHAIRPERSON MEIERDIERCKS: Thank you very much. Next testifier: Jordan Santos Kanakamaikai.

MR. SANTOS KANAKAMAIKAI: I'm just one person, per rumors of that being two people...for the newspaper. I'm Jordan Santos Kanakamaikai. I'm a spigot holder, and I presently own my own company. I'm doing my own thing. My regards is...to their proposal for the lottery. Like everybody else has been saying,

we made the time for go there in the morning. We did our stuff we needed to do. As Mrs. Smart is opening this proposal, they are also opening themselves for liability on behalf of we did nothing wrong. We did not break any laws. So why are we getting something taken away from us, that we didn't do anything wrong? On the behalf of community aspects, we've been in this for 15 years. We've been delivering to Ocean View; we've been doing everything possible that we need to do. You can ask anybody. Mr. Kaipo's comments about fire... The last fire, you can check with Parks and Recreation, Public Works...they paid him for it. It was in the newspaper. He was not volunteered. But on other behalfs, with the spigot and stuff, you guys wanna add more spigots on...when if there is to be all the trucks that are right now running through Ka'u, it'll be 366,000 gallons a day if they use in excess of their...every truck running. How many gallons are in a tank? It's 300,000. The system is inadequate for our community. You guys said it's for the community, and you guys were advancing the system for the commercial use, just so we could help out the community. But was not the system made solely for the community's emergency use? So there, I see no reason to add more commercial spigots if there was not made specifically and solely for a commercial reason. And the behalfs of the PUC and all of that...there is no PUC regulation that's...um...State regulation that says the water hauling truck needs to be held certified, because after it leaves the spigots, the Department of Water Supply's spigot, it is no longer your guys' responsibility. It's on the liability of the person, and there's no department or any regulations from the Health Department that says that the water is potable, and has to be potable to reach our water tanks. So why do we need to have a certified tank, a certified truck, a business license? There is no regulations from the Health Department. Everyone's barking up the Department of Water Supply, but they need to go to different departments: the PUC, talk to them. Talk to the Department of Health. Talk to other departments, other than barking up one tree. Thank you.

CHAIRPERSON MEIERDIERCKS: Next is Charles Smeade.

MR. SMEADE: My name is Charles Smeade, and like at the previous meeting, I'll make it short and sweet. Everything that was done in the water meters was done totally legal and above board. You've got some crying, whining babies that didn't get there on time, and they wanna make a redo. I see liabilities in a redo. Thank you.

CHAIRPERSON MEIERDIERCKS: Thank you very much. Next testifier: Justin Mason.

MR. MASON: Hi, everybody. I'm here on behalf of everybody that gets water from the water spigots for house use and stuff. I just heard that they want to make a limit on how much water that we can get, and I don't think it's fair, because a lot of people don't have a lot of money and stuff, and that's the only way of taking care of their families and their farms and stuff. So I think it's running pretty good, so I think it should stay how it is right now. And you know, a lot of

people have hard times, so I don't think they should put a limit on the water spigots for people to get water. That's all I got to say. Thank you. Aloha.

CHAIRPERSON MEIERDIERCKS: Next testifier: Casey Santana.

MR. CASEY SANTANA: Aloha. I'm Casey Santana, from Pure Hawaiian Water, and I object to this proposal for a lottery...is... We followed the rules; we got a meter. We was there early, and we was one of the lucky guys that got a meter. And I don't feel that the Water Department is in any fault in how they did their set-up and their advertisement on how it would be legal, and to everybody else. And if you didn't show up you didn't get one. Well, too bad. I mean, we all gotta go by the rules, and we gotta... If you miss your court date at 8:00 in the morning, the judge gonna make contempt of court, and that's it. So, you know, we're all in this together, and we all read, and we all went to the meetings, and we all got...you know. Whoever got awarded for a meter, that's how it is. And we're fortunate we have water in Ocean View. Thank you guys very much.

CHAIRPERSON MEIERDIERCKS: Thank you. Is there any other testifiers? Somebody said there was a testifier in the back? Anyone want to speak, please, to the Board?

SECRETARY: Sir, if you could identify yourself? Thank you.

MR. JEFFREY SANTANA: I'm Jeffrey Santana. I currently hold a meter. As everybody's been saying here that have meters, we did everything right. It was in the paper; we read the paper. Cyrus called all the water companies the night before, and told them that the meters would be given out at 8:00 in the morning in Hilo. If you're there, you get one. If you're not there, you don't get one. You know, it's first come, first serve. And as it's been told a lot, somebody on the side of the road, a homeless person – as long as they can pay their bill, they have the money, they can come in and buy a meter. And you know, everybody else is out of luck – you're not there. As far as PUC is concerned, right now, PUC should be left alone. This PUC has nothing to do with these spigots right now. It's between Water Department, the water haulers and the community. As far as being legal, having clean trucks and everything, well, there is only one company on this island that has a certified truck that can haul potable water – out of the hundreds of trucks on this island that haul water. And that's Ben Alonzo. He's the only one on this island. As soon as the water goes into your water tank, it becomes non-potable. And everyone knows, once you start pumping into their tank, you can't drink that water, you know. Out of our tanks, we can drink it. You know, when I'm working, I fill my water bottle off out of it. I drink out of my truck. So do the rest of the truckers. But you know, as far as PUC is concerned, it should be left out until the end. And then, when PUC comes up, we will deal with that directly, because there's some people that shouldn't have PUCs, because of felonies. And you know, they know who they are, and we're working on that, too. That's all I got to say. Thank you."

3) **APPROVAL OF MINUTES**

The Chairperson entertained a Motion to approve the Minutes of the September 25, 2012, Water Board meeting.

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

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

None.

Chairperson Meierdiercks asked to move up Item 7(A), HAWAIIAN OCEAN VIEW ESTATES STANDPIPE FACILITY.

7) **KA‘U:**

A. HAWAIIAN OCEAN VIEW ESTATES STANDPIPE FACILITY:

Topics of discussion included complaints regarding allocation of standpipe meters, and a proposal regarding reallocation of meters via a lottery system.

Ms. Aton distributed a historic timeline and details of the events and developments running from the time that the Ocean View facility was blessed in July, to the present. In August, the Attorney-General began requesting information on the meter application procedure, and DWS received numerous phone calls and emails. The Department also held a community meeting on August 29, 2012. Ms. Aton noted that today's testimony would appear in the Minutes for this Board meeting. Regarding the August 29 meeting, Ms. Aton's handout included a synopsis of each speaker's testimony. The handout also included some letters and emails to DWS that predate the August 29 meeting. In October, DWS sent its letter to the community in the aftermath of the meter allocations. The handout also included a copy of the Resolution that moved out of County Council Committee in late October, and which now goes before full Council.

The Manager-Chief Engineer said that the August 29 community meeting, the Committee meeting, and today's testimony, the Department needs to evaluate all of the community's concerns. He said that he believed that there is common ground from which the Department can come up with options to resolve some of the issues raised. He did not feel that today was the day to take action. The Manager-Chief Engineer said that DWS will be talking to the community and the truckers. He said that the testifiers today came up with very valid concerns, and DWS needs to listen to them and come up with common ground. He did not think that there is any need for action from the Board at this point. Once DWS comes

up with options, the Department will come to the Board, hopefully at the next meeting or the following meeting.

Chairperson Meierdiercks asked for an explanation of Resolution 301-12 Draft 2, that he had just received.

The Manager-Chief Engineer explained that that Resolution pertained to the Kona Ocean View/Pu'ukala Improvement District; it was a separate item that had nothing to do with the Hawaiian Ocean View Estates-related Resolution, which was Resolution 312-12.

Chairperson Meierdiercks asked for an explanation of Resolution 312-12.

Council Member Smart said that immediately after the meters were allocated for Ocean View, her office received calls from the community expressing concerns. The main concern appeared to be that the prices for water hauling were not going down. Ms. Smart acknowledged that that issue was not under the Board's authority or jurisdiction. There were also concerns about a monopoly. It appeared also that the community was unaware that meters were going to be available to anyone, not just water haulers or businesses. The fact that some meters were awarded to individuals was a big cause of concern, particularly because the awards were made indefinitely, Ms. Smart said. She said that once the award was made, there was no timeline for needing to renew; this made some community members feel that they had no recourse. She said that the Resolution asks the Legislative Auditor to review the award procedures used by DWS, and to review any compliance measures, programs and procedures to ensure that compliance is adhered to. Ms. Smart noted that one of the main compliance measures prohibits sub-letting. She wanted to know how this no-subletting rule would be enforced, and how meters would be removed for non-compliance, and how the vacated meter would be awarded. Ms. Smart said her biggest concern was the fact that the public was unaware that any individual could apply for one of the meters, so long as that person was current on his water bill, had the wherewithal to pay for the meter and was in line when the applications were taken. The public had assumed that the meters would be going to water haulers. Ms. Smart said that was a very reasonable expectation on the part of the public. Ms. Smart said that Ms. Colleen Schrandt, the County's Legislative Auditor, had been invited to come to a public meeting on the meter issue, to listen to the public's concerns. Ms. Smart noted that Ms. Schrandt was present at today's meeting, as well. Ms. Smart expressed appreciation that DWS was supportive of the review of its meter allocation procedures.

The Manager-Chief Engineer asked Ms. Smart to describe the process regarding the Resolution, noting that the Resolution's first reading was a couple of weeks ago, and the second reading would be before full Council.

Ms. Smart confirmed this, saying that resolutions get two hearings, one at Committee level. The resolution then moves forward, regardless of whether it gets a positive or negative recommendation. As it turns out, this Resolution moved forward with a positive recommendation, and will be heard at the next full Council meeting, on November 9. Ms. Smart noted that she was unable to attend the Committee meeting, when the first reading took place. She said she looks forward to the favorable passage of the Resolution. Once passed, the Legislative Auditor will be asked to do the review of the meter allocation procedures. It will be up to Ms. Schrandt and her staff as to how to proceed from there, and what timeline to use, etc. The Resolution just asks Ms. Schrandt to add this review to the array of other issues she is looking into, Ms. Smart said.

Mr. Taniguchi asked what exactly the Legislative Auditor will be looking into.

Ms. Smart said the Council is asking the Legislative Auditor to look at the original meter award procedure, and also the compliance review procedures and policies that are in place. The Council is asking Ms. Schrandt to look at the original meter award process, the compliance aspects, and to make recommendations.

Mr. Taniguchi asked if that was all; he asked whether anything might be rescinded.

Ms. Smart said that all it involved was reviewing the process; it would not be a matter of rescinding anything. The Legislative Auditor might also make recommendations for moving forward, she said.

Mr. Robinson asked what happens if Ms. Schrandt does the review and finds that there is nothing wrong. He asked what the next step would be then.

Ms. Smart said that would be up to the next Council, but acknowledged that it is not even under the Council's jurisdiction. Instead, it is under the Water Board's jurisdiction and that of the Department of Water Supply, which is semi-autonomous. Ms. Smart said that it is only within the Council's purview to ask for the review.

Mr. Robinson said that he was asking Ms. Smart, who as Council Member asked for the review, what the Council would do if the review comes back and there are no recommendations from the Legislative Auditor.

Ms. Smart said the Council has no authority to take further action.

Mr. Robinson said well, the Council has the authority to ask for the audit.

Ms. Smart confirmed this, and said that she felt it was necessary to do so, considering the concerns of the community. The review would at least provide

responses to the various questions, comments and concerns that are floating around the community, she said.

Mr. Robinson asked whether the Legislative Auditor's findings would be shared with the public.

Ms. Smart said yes, it is completely public, like any other document.

Ms. Lee Loy asked whether there were a due date by which this audit had to be completed.

Ms. Smart said she did not put in a due date; that would be up to the Legislative Auditor to determine. She suggested that the question be posed directly to Ms. Schrandt. Ms. Smart said that all that Council is requesting is for Ms. Schrandt to look into the processes.

Mr. Taniguchi asked whether DWS would be meeting with the community following today's meeting.

The Manager-Chief Engineer said he would get his team together to explore options, and schedule meetings with the community. He said the Department would keep the Board posted on what the Department has come up with regarding options, etc.

Mr. Robinson asked whether it would be possible to add more commercial meters.

The Manager-Chief Engineer said that was a possibility.

Mr. Kaneshiro asked whether a Motion was needed to defer action.

The Manager-Chief Engineer said no, no action was needed at this time.

Chairperson Meierdiercks said that today's Item was for discussion and information purposes. The Board heard a lot of testimony, and there is a lot for both the Board and the Department to digest. The Department will keep the Board advised, and this Item will be on next month's Agenda.

Ms. Duncan, speaking from the back of the room, asked who to contact about trucks back-firing, etc.

Chairperson Meierdiercks asked that any questions or problems be directed to the Department, and if necessary, the concerns will be brought to the Board's attention. He thanked everyone for coming today to testify.

(A brief recess was called at 10:45 a.m. The meeting resumed at 10:55 a.m.)

5) SOUTH HILO:

A. JOB NO. 2012-10 – REPAIR AND MAINTENANCE OF AIR CONDITIONING SYSTEM, WAI‘AKEA OFFICE PLAZA, DEPARTMENT OF WATER SUPPLY:

Bids for this project were opened on October 18, 2012, at 2:00 p.m., and the results were to be reported at this meeting.

Ms. Garson asked that this Item be deferred to the next meeting.

6) NORTH KONA:

A. KONA SEASCAPE – AMENDED FOURTH AMENDMENT OF WATER FACILITIES AGREEMENT:

(Deferred at the September 25, 2012, Board meeting.)

Owner of TMK (3) 7-3-010-053 ("Lot 4") seeks to clarify with an amendment to the Fourth Amendment of Water Facilities Agreement dated May 9, 2012, that the extension granted to provide engineering and design work applies to Lot 4, in addition to TMK (3) 7-3-010-052 ("Lot 3"), as the parcels are now owned by different entities.

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. Kaneshiro moved to approve; seconded by Mr. Lindsey.

The Manager-Chief Engineer said that this Agreement refers to two Seascape developers, whereby they made sure that the water units secured in Seascape One were in place; this needed to be coordinated with Seascape Two. The Department has no objection to the approval of this Agreement, he said.

Mr. Robinson asked why there was only one signature on the Agreement; he asked whether there was a counterpart signature.

Ms. Garson produced the document containing the counterpart signature.

ACTION: Motion carried unanimously by voice vote.

B. AMENDMENT TO AGREEMENT REGARDING DEVELOPMENT OF SOUTH WAI‘AHA SYSTEM AND AMENDMENT TO AGREEMENT REGARDING DEVELOPMENT OF NORTH WAI‘AHA SYSTEM:

The developers of the South Wai‘aha System and North Wai‘aha System, Wai‘aha System, LLC and Wai‘aha System II, LLC, respectively, would like to amend the existing agreements. There will be new members, as previous members of each agreement have executed “redemption agreements,” releasing them from the respective agreements. There will be one amended agreement inclusive of both existing agreements identifying the terms and members of the agreement.

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.

Ms. Garson said that the Department’s recommendation now was to defer this Item.

Chairperson Meierdiercks called for a Motion to defer.

Mr. Lim, the attorney for one of the Seascope parties, asked to make a presentation.

Chairperson Meierdiercks said he still needed a Motion, and then discussion could take place.

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

Mr. Robinson asked about the November 7, 2012 expiration date of this agreement.

Ms. Garson said that the following Item is a time extension request which would cover it.

Mr. Lim asked if this was the appropriate time to make a presentation.

The Manager-Chief Engineer said that before Mr. Lim’s presentation, the Manager-Chief Engineer wanted the Board to know that DWS had been going back and forth with Mr. Lim and his clients regarding the proposed Amendment to the Agreement, and at this point DWS is not ready to recommend approval.

Mr. Lim distributed copies of two sets of the proposed agreements, the draft version and the so-called red-lined version; these were the proposed amendments to the Waiaha System agreements under discussion with DWS. Mr. Lim provided background dating back to 1999, when the predecessors of the current parties, Kohanaiki Shores, LLC (KOH), Palamanui Global Holdings (which is doing the Palamanui project in North Kona) and the then-Water Commission entered into a water agreement for the development of the Kau Wells 1 and 2. These wells are located near the McCully Estates project up on Māmalahoa Highway. At that

time, it was recognized that the water quality from the Kau Wells was not pristine, so Paragraph 6 of that agreement provides for a 10,000-hour pump test. During that test, the water would be tested, and the gallons per day that were promised to the developers under that agreement could be decreased if the chloride levels of the water increased to greater than 180 parts per million (ppm), or if the quality of the water in Well No. 1 or Well No. 2 deteriorates or is otherwise deemed unacceptable by the Water Commission, based on the primary and secondary contaminant levels specified by the U.S. Environmental Protection Agency and the State Department of Health. Over the years, development ebbed and flowed, and today, the three parties are KOH, Palamanui and the Water Board. In the course of processing the current agreement, DWS raised concerns about the water corrosion effects the Department was seeing in the wells in that northerly area of Kona. As a result, the parties engaged in about a year and a half of going back and forth on the potential for treatment of that water, through Tom Nance Water Resource Engineering. Mr. Lim said that the parties have come up with several solutions. He noted that as time went on, the Waiaha System came on line, managed by Mr. Dan Bolton. This system is in a corridor running from DWS's Waiaha Well, which is considered one of the best wells in Kona, Mr. Lim said. This well will connect up to DWS's line at Māmalahoa Highway, down to the area of Hualālai Road, all the way down, putting in two tanks on Queen Ka'ahumanu Highway, then running north to the Keāhole Airport. Mr. Lim noted that the water that currently goes to the Airport is mostly from the Kahalu'u Shaft, and has high levels of chloride. The excellent Waiaha Well source will allow DWS to decrease pumping from the Kahalu'u Shaft, and bring this extra-good water up to the northern section (which includes the Airport). He noted KOH's participation with Mr. Bolton to bring the water north. Mr. Bolton, through his negotiations with the various property owners in the area, obtained a unique set of land use entitlements for the tank sites and easements for the transmission lines as part of the Waiaha System, Mr. Lim said. These entitlements will be part of the dedication to the Water Board, for acceptance of the water system. Mr. Lim said the last remaining issue for his client KOH is to know, once his client does these improvements, that KOH will not need to do anything more. He said that because of the water quality issues with the Palamanui wells and the Kau wells, KOH wants to attain certainty on what the goal line is for expenditures on the water facilities. That is part of the draft Amendment to the Agreement that Mr. Lim distributed today, regarding the South Waiaha System. The Waiaha System originally was set up as a North Waiaha System and a South Waiaha System. The North System serves a limited set of properties, and the South System is the one that brought the water all the way down to Queen Ka'ahumanu Highway. As part of this new proposal, the North System participants, and the water commitments that would have gone to them, have been transferred to the South System. Under the proposal, KOH will still provide to the Water Board the corridors and the real estate that are necessary for DWS to do its own system later on. KOH will move all of the water commitments down to the South System, and put all of the members in there. At the end of the day, the Water Board will only be dealing with one Waiaha, called "Waiaha System, LLC." As a function of the proposed

amendment, the North Waiaha System will be folded into the South Waiaha System, Mr. Lim said. Mr. Lim drew the Board's attention to Page 4 of the red-lined version: this deals with the main issue for KOH, regarding full satisfaction. If KOH does certain stipulated items, KOH wants to be fully satisfied that KOH does not have to do anything else. DWS has not yet reviewed the report from Tom Nance Water Resource Engineering on what those items would be. In Paragraph C of the red-lined version, the full satisfaction issue is addressed where it states: "except for certain storage and transmission facilities related thereto, as mutually determined by the Department of Water Supply and KOH, pursuant to the KOH report by Tom Nance Water Resources Engineering." This would be KOH's final obligation, Mr. Lim said. He noted that Mr. Nance has been in discussions with DWS since May of this year; he anticipated that Mr. Nance will get his report finalized within the next week or so, and then the report will go to DWS for final review. Mr. Lim outlined what he saw as two options for the Water Board. The first option would be to act on KOH's proposed revisions to the agreement, to allow DWS to review the report by Mr. Nance. The second option would be that the Board agrees in principle, and acts on the two time extensions to the Waiaha agreements today. That would give an additional month, to come back to the Board with a revised agreement. Mr. Lim said his client prefers the first option, but that really would be the Board's decision. He said that the Waiaha project would provide a significant benefit to DWS, much more than most projects.

The Manager-Chief Engineer said that the Department stands by its recommendation for deferral. DWS still needs to scrutinize Mr. Lim's proposal, and needs to take the time to give it a thorough review – to ensure that the Department's needs, and the needs of Mr. Lim's clients, are met. DWS is anxious to receive Mr. Nance's report, and will give that report a thorough review to ensure that the water system improvement requirements are what are needed for this agreement to go forward.

Mr. Lim asked that Mr. Nance come forward to give a presentation on what his report will recommend.

The Manager-Chief Engineer agreed to this.

Mr. Nance said that he had been asked to take a look at the Bolton/Waiaha mauka-makai corridor, which will feed in to DWS's 595 System, through which water from the Kahalu'u Shaft and the four drilled Kahalu'u Wells above the shaft flows to the middle of town. Right now, that water does not go all the way to the Airport, because a valve is closed. Between Hinalani Street and the Airport, high-level water is coming down. He said that the higher salinity Kahalu'u water stops right at the Harbor. To the north is all higher-quality ground water, Mr. Nance said. Mr. Nance explored whether improvements all the way in the Waiaha System could in fact serve the Kohanaiki project in the corridor between Hinalani and the Airport. Mr. Nance met with DWS staff to work out how to measure pressures and water level variation, to figure out how the system is working now.

He gathered that data over a period of a couple of weeks using pressure recorders, which DWS provided and installed, along with devices in the tanks provided by Mr. Nance. The data obtained helped Mr. Nance come up with a model to replicate how the system is operating now. Then, Mr. Nance was able to make or evaluate the changes necessary to move that water all the way to the north end – to serve Kohanaiki. Right now, the water coming into the 595 System goes to just past Palani Road. There is a PRV (pressure reducing valve) that knocks the elevation from 595 feet down to 400 feet, into the Hinalani-to-Keāhole Airport corridor. Currently the primary system is at the 363-foot elevation, but it is valved off; the water cannot come north unless the valve is opened. Mr. Nance said that in order for Kohanaiki to get water from this system, three modifications need to be made. The first modification would be a rate-of-flow controller, to control the flow of the Waiaha well as it feeds into the 595 system. The second modification is to have the valve opened so that the water can move into the 363 system in Hinalani, and from there, the water can move further north, Mr. Nance said. A rate-of-flow controller is needed there as well, to avoid starving Kona proper of water, while leaving the high-level water with its maximum use. The third modification is to have a 12-inch pipeline and a 16-inch pipeline in the Queen Ka‘ahumanu Highway, as well as a parallel 16-inch pipeline that is going from the harbor all the way to the Airport. As it stands now, the 363 tank feeds everything from Hinalani to the Natural Energy Laboratory of Hawai‘i Authority (NELHA). NELHA and the Airport are fed by a 280 tank, which is fed by the 363 tank, whose water comes down to feed the Airport and NELHA. The modifications will increase the hydraulic capacity of the 280 system by adding a new 20-inch pipeline, which will be able to supply the Airport, NELHA, Kohanaiki and other developments, Mr. Nance said. Besides the 20-inch pipeline, the parallel 16-inch pipeline has to go in as an alternate. In the meantime (before the 16-inch lines goes in), Kohanaiki is being served straight off the 363 system. Mr. Nance said he wanted to meet with DWS staff soon to establish what the Department wants Mr. Nance to do in his report, and to expedite DWS’s review of the report.

ACTION: Motion to defer carried unanimously by voice vote.

C. TIME EXTENSION TO AGREEMENT REGARDING DEVELOPMENT OF SOUTH WAI‘AHA WATER SYSTEM AND TIME EXTENSION TO AGREEMENT REGARDING DEVELOPMENT OF NORTH WAI‘AHA WATER SYSTEM:

The developer is requesting the Board approve a 30-day extension of the Agreement Regarding Development of the South Wai‘aha Water System and North Wai‘aha Water System.

The Manager-Chief Engineer recommended that Water Board approve the 30-day time extension of subject agreements, 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: Ms. Lee Loy moved to approve; seconded by Mr. Robinson.

Mr. Robinson asked whether 30 days were enough time.

Mr. Lim said that for his client's benefit, it is better to keep it to 30 days. He said that Mr. Nance is pretty close to nailing down the engineering details, and he believed that a full, amended agreement will be ready by December 8, 2012.

Ms. Lee Loy asked whether 30 days were enough time for the staff.

The Manager-Chief Engineer confirmed that it was enough time for the staff.

ACTION: Motion carried unanimously by voice vote.

7) KA'U:

A. HAWAIIAN OCEAN VIEW ESTATES STANDPIPE FACILITY:

(This Item was handled earlier in the meeting.)

8) MISCELLANEOUS:

A. DEDICATION OF WATER SYSTEMS:

The Department has 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 (for water meter purposes)

Grantor: Concept Construction, Inc.
Tax Map Key: (3) 6-6-001:077 portion

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

Mr. Inaba said that this involves a larger than usual meter box because the meter is a fire protection meter, and the meter box was not going to fit in the right-of-way. Therefore, a grant of easement was needed.

ACTION: Motion carried unanimously by voice vote.

B. AD HOC FINANCE COMMITTEE REPORT:

No report.

C. ENERGY MANAGEMENT ANALYST UPDATE:

Ms. Myhre reported that seven responses to the Lālāmilo Wind Farm questionnaire responses are being reviewed. The notifications announcing which companies ranked as the top three qualified offerors will be mailed out on Tuesday, October 30. The identities of the top three remain confidential, she said.

Regarding the fleet vehicle monitoring program that tracks 15 vehicles in Kohala District, there have been quite a bit of fuel savings, thanks to awareness about idling. Trimble is the vendor whose GPS equipment is on the vehicles. As DWS looks into adding more safety features, it is considering other vendors who could provide the GPS tracking plus safety features, for less money. New technology in this area is being developed rapidly, and the prices are dropping. DWS is considering adding monitoring equipment to the rest of the fleet, Ms. Myhre said.

Mr. Taniguchi asked to have his memory refreshed on what the Lālāmilo developer would do. He asked whether the developer would pay for everything.

Ms. Myhre said that DWS has leased about 80 acres of land for the project, right next to eight wells. DWS is proposing that a company will come in and build a wind farm, storage capability, etc., so that the wells can maximize the use of renewable energy (from wind or other renewable sources). DWS would be paying the wind farm rate for electricity, which will be lower than what DWS is paying HELCO. This will result in a savings to DWS's water customers, because DWS will be paying less for electricity.

Mr. Taniguchi recalled a presentation about Lālāmilo that mentioned something about selling excess electricity to other parties.

Ms. Myhre said that HELCO told DWS that HELCO is not planning to purchase any excess power from the wind farm.

Mr. Taniguchi asked if this meant that the wind farm would develop the facility exclusively for DWS, and charge DWS a fee for electricity less than HELCO.

Ms. Myhre confirmed this.

Mr. Taniguchi asked whether the term was for however long DWS wanted. Ms. Myhre said the term was 20 years. She said that the Board would need to review and approve the Power Purchase Agreement with the wind farm developer. DWS provided a draft Power Purchase Agreement in the Request for Proposals (RFP), as an example of what DWS wants. The bidders on the project will have to live with the terms that DWS is seeking on the Power Purchase Agreement. The Board will also have to approve the final lease on the 80-acre property, she said.

Mr. Taniguchi asked about the vehicle monitoring program, whose aim he understood to be fuel savings. He asked if now the program was going to explore safety issues.

Ms. Myhre said that the GPS units have the ability to look at fast acceleration, fast braking and sharp maneuvering. She confirmed that safety concerns were another reason for the program. The program was aimed at safety and fuel savings. However, the safety features that DWS got from Trimble are not as robust or as good value as what other vendors offer. The safety features that monitor hard braking, fast maneuvers and acceleration can teach drivers of DWS vehicles to drive more responsibly, she said.

The Manager-Chief Engineer said the Department is still monitoring and evaluating the data collected from the existing units installed on vehicles.

Mr. Robinson asked about the Power Purchase Agreement on the Lālāmilo project. He asked whether DWS expected the rates to be consistent with what the Public Utilities Commission (PUC) has allocated for Tiers 1, 2 and 3. He asked whether the rates could be 22.5 cents per kilowatt-hour or thereabouts.

Ms. Myhre said that would be ideal. The vendors will have to disclose in their proposals how much they plan to charge DWS for electricity; the rate must be less than what HELCO pays for electricity.

Mr. Robinson asked whether it could be a combination of wind and solar.

Ms. Myhre said that could be; right now, the scenario is wind power plus X. The challenge will be to look at what the vendors propose in terms of batteries, pump storage, hydro-power, solar power, etc. The Department will have to determine whether a proposal makes sense for DWS.

Chairperson Meierdiercks noted that HELCO told DWS that HELCO was unwilling to buy any excess power. He asked whether the County, especially the Mayor, was aware of this.

The Manager-Chief Engineer said that DWS has been coordinating this project with the Department of Research and Development, and DWS has also been in close contact with the Mayor's office on this project.

Chairperson Meierdiercks asked the County, was aware of HELCO'S unwillingness to buy excess power from DWS, especially in light of the County's initiatives on renewable energy.

Ms. Myhre said that the two already-existing wind farms on the Big Island cannot sell to HELCO as much power as they produce. HELCO has a first come, first served rule, and the first two wind farms take precedence in selling their power to

HELCO. Once on-line, Lālāmilo would have to queue up behind the two existing wind farms, she said.

Chairperson Meierdiercks said that HELCO in essence is saying that it would rather burn fuel than take wind power.

D. MONTHLY PROGRESS REPORT:

Mr. Greenwell asked if Orchid Isle had delivered the last truck purchase okay. The Manager-Chief Engineer confirmed that the truck was delivered on time.

E. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

No discussion.

F. STRATEGIC AND BUSINESS PLANS UPDATE:

Ms. Aton said that today's update involved entries to the Strategic Initiatives and Tactics table, on Page 5 and 7, regarding projects that have already been completed as of the end of Fiscal Year 2012 (i.e., the end of June this year). There are also projects slated for completion by the end of Fiscal Year 2013, as well as some projections for Fiscal Year 2014. She noted the updates on the Information Systems Plan for the Administration Division, and the Finance Division's newly-amended credit deposit rule. The Tactics table shows what has already been completed up to June of this year, from the original Strategic Plan, and the Tactics table also shows what goals the Department should meet by June of next year.

Mr. Greenwell asked whether the general public has said anything about the newly-amended credit deposit rule.

Ms. Aton said it has been pretty quiet.

Mr. Sumada said that the notices to customers have just started going out.

Ms. Aton said the only questions have come from staff at the DWS baseyards in Kona and Waimea.

G. MANAGER-CHIEF ENGINEER'S REPORT:

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

1) Palani Road Transmission Waterline Project – Mr. Inaba said that DWS had received the chlorination certificates for the tanks and the waterlines, so that part is complete. DWS is going to be completing one of the two remaining connections this week, and the second connection will hopefully be completed within a week or two after that. The next job is

basically clean-up. He said that hopefully, the water should be flowing next week.

2) Kawaihāni Tank update – Last week, Mr. Inaba got in contact with the contractor and the painting sub-contractor. There was an issue with the tank wall surface. The correct type of paint was identified, and the contractor and his sub-contractor are exploring whether a local supplier has that type of paint available here. The contractor is still waiting to get information on the “escalation prices” from all of his sub-contractors, for the work that they still need to do; the sub-contractors need to show what the cost difference is, based their increased labor rates.

3) Pu‘ukala/Kona Ocean View Properties Subdivision Improvement District Update – DWS has received approval to go ahead to bid this project out, Mr. Inaba said. The approval came in an email from the Colorado office of the U.S. Department of Agriculture. DWS is now gathering the documents to create the bid package, and the Department hopes to put the package together, bid the project out, and award by the end of the year. DWS hopes to bid the project out next month, and award it at the December Board meeting. The Department is getting assistance from Hawai‘i Water in reviewing the project documents, etc.; having everything lined up will be very important to DWS getting reimbursed, Mr. Inaba said.

Returning to the Kawaihāni Tank item, Mr. Taniguchi asked for confirmation that the tank was never painted.

Mr. Inaba said that the walls were never painted.

Mr. Taniguchi asked whether the type of paint were specified already.

Mr. Inaba said yes, but DWS is seeing horizontal shrinkage cracks. With the original type of paint, there will probably be some failing of the paint that is painted over the cracks. The original type of paint is not breathable: with moisture present, there is likely to be vapor pressure, and the paint may fail.

Mr. Taniguchi asked what would have happened if the delay had not occurred, and if the sub-contractor had painted over the cracks. He asked whether the other tanks DWS uses were the same kind of tank.

Mr. Inaba said that DWS does see blistering on some of the tanks, but the design for the Kawaihāni Tank is one of a kind. DWS has not seen these horizontal shrinkage cracks, or hairline cracks, on other tanks. This is occurring late in the game. He noted that the tank is not leaking, and no water is coming out of the tank. Exterior moisture is getting into the cracks, and to cover it up would mean sealing the moisture behind the paint; this would lead to vapor pressure that pushes against the paint. The

sub-contractor is recommending a breathable paint instead of the original type of paint, Mr. Inaba said.

Mr. Taniguchi asked when the anticipated completion date is.

Mr. Inaba said he had hoped to complete this by the end of the year, but now he is not sure. He said he still needs to get the escalation price information from the contractor. The contractor has been seeking this information from his sub-contractors, but it is not clear how responsive the sub-contractors are. Mr. Inaba said he is going to ask for a breakdown of who else the contractor is waiting for. One of the sub-contractors has gone out of business, and needs to be replaced. DWS needs the quote for the contractor to complete the work. DWS will only consider a quote for the amount that exceeds the original quote. If, for example, the original quote was for \$100,000.00 and the new quote is for \$112,000.00, DWS will only consider the \$12,000 over what the contractor originally bid to do the work, Mr. Inaba said.

Mr. Taniguchi asked who was paying that.

Mr. Inaba said that the quote would come to DWS as a request. The contractor is considered to be not at fault for the delay to the project; the delay was caused by the roof issue. The quote, called "price escalation," is basically for labor.

Turning back to the Palani Road project, Mr. Greenwell asked if everybody connected with the project was happy, and whether DWS can walk away from the completed project free and clear as early as next week.

Mr. Inaba said that hopefully will happen next month, with the clean-up and the blessing by Queen Lili'uokalani Trust (QLT), with which DWS will coordinate.

Mr. Greenwell asked whether there were any outstanding problems with the contractor, the neighbors, or the street.

Mr. Inaba said he only knew of one claim by a neighbor, which the contractor had his insurer take care of. Mr. Inaba was not sure if the claim had been settled yet; an independent structural engineer had been hired, he noted.

Ms. Garson said she did not know the status of that claim.

Mr. Inaba said the claim was initially addressed, but it was brought up again. However, that was quite a while ago, and nothing much has come up lately.

The Manager-Chief Engineer said if nothing official in the way of an obstacle arises, DWS will proceed with finalizing the project. He did not know whether the contractor had made any arrangements to store material or equipment with any property owners in the area. DWS needs to hear from the property owner that everything was restored back to normal, the Manager-Chief Engineer said.

Mr. Robinson asked whether the Forest City project would be taking water from the Palani transmission line as well, or would Forest City be generating their own source.

The Manager-Chief Engineer said Forest City needs to develop their own water sources, and will also need to develop their own transmission system, to bring the water down from their sources to their project. DWS has not made any commitments to Forest City to allow them to utilize any of DWS's existing transmission systems.

Mr. Inaba said there is no commitment per se. However, Forest City is planning to model, based on some of DWS's existing systems. Forest City will provide its own source and transmission to the point of adequacy, he said.

The Manager-Chief Engineer said it may be similar to what Mr. Nance mentioned earlier, whereby Mr. Nance comes up with a hydraulic design, and see where DWS needs to do certain improvements on its existing system. It will be something that DWS will review with Forest City's consultants.

4) Public Information and Education Specialist Update – Ms. Aton reported that she had participated in a two-day tabletop training regarding emergency response at Civil Defense last month. She said that DWS administration had held meetings to update staff at the Hilo and Ka'u baseyards. She distributed water-related newspaper articles that appeared in the past month.

H. CHAIRPERSON'S REPORT:

Chairperson Meierdiercks reported on the recent Hawai'i Waterworks Association (HWWA) conference on Oahu. He said that among the topics was an eye-opening presentation on the Honolulu rapid transit system plans, which could depend on the upcoming election. There were reports from all of the islands regarding drought or lack of water over the past 30 years. One interesting presentation

involved the effects of global warming on water levels. By the year 3000, parts of Waikiki, the lower parking level of Ala Moana Center, and the vicinity are projected to be under water. There was also some good information regarding the aquifers on the other islands. He said it was a very good conference.

9) ANNOUNCEMENTS:

1. Next Regular Meeting:

The next meeting of the Water Board will be held at 10:00 a.m. on November 27, 2012, at the West Hawai'i Civic Center, Community Center, Bldg. G, 74-5044 Ane Keohokalole Hwy, Kailua-Kona.

2. Following Meeting:

The following meeting of the Water Board will be held at 10:00 a.m. on December 18, 2012, at Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI.

10) ADJOURNMENT

ACTION: Mr. Kaneshiro moved to adjourn; seconded by Mr. Robinson; and carried unanimously by voice vote.

Chairperson Meierdiercks adjourned the meeting at 11:53 a.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.*