

MINUTES

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

March 19, 2013

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

MEMBERS PRESENT: Mr. Art Taniguchi, Chairperson
Mr. Kenneth Kaneshiro, Vice-Chairperson
Mr. David Greenwell
Ms. Susan Lee Loy
Mr. Bryan Lindsey
Mr. Rick Robinson
Mr. Jay Uyeda
Mr. Quirino Antonio, Jr., Manager-Chief Engineer, Department of Water Supply (ex-officio member)

ABSENT:

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
Mr. Steve Lim, Carlsmith Ball LLC
Mr. Dan Bolton
Mr. Jim McClean

Department of Water Supply Staff

Mr. Keith Okamoto, Deputy
Mr. Kurt Inaba, Engineering Division Head
Mr. Daryl Ikeda, Chief of Operations
Mr. Richard Sumada, Waterworks Controller
Ms. Kanani Aton, Public Information and Education Specialist
Ms. Julie Myhre, Energy Management Analyst
Mr. Carl Nishimura, Operations Division
Ms. Kathleen Isherwood, Support Services Section
Mr. Kendol Valledor, Operations Division

-
- 1) CALL TO ORDER – Chairperson Taniguchi called the meeting to order at 10:00 a.m.
 - 2) STATEMENTS FROM THE PUBLIC

None.

Chairperson Taniguchi asked that Items 6(A) FIRST AMENDMENT TO AMENDED AND RESTATED AGREEMENT REGARDING DEVELOPMENT OF SOUTH WAI'AHU WATER SYSTEM AND TERMINATION OF AGREEMENT REGARDING DEVELOPMENT OF NORTH WAI'AHU WATER

SYSTEM, and 7(J) JOB NO. 1998-721, CONSTRUCTION OF KAWAILANI NEW 1.0 MG CONCRETE TANK be moved ahead of Item 5(A) JOB NO. 2013-987, PAPA‘IKOU WELL REPAIR.

3) APPROVAL OF MINUTES

The Chairperson entertained a Motion to approve the Minutes of the February 26, 2013, Water Board meeting.

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

4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA

None

6) NORTH KONA:

A. **FIRST AMENDMENT TO AMENDED AND RESTATED AGREEMENT REGARDING DEVELOPMENT OF SOUTH WAI‘AHA WATER SYSTEM AND TERMINATION OF AGREEMENT REGARDING DEVELOPMENT OF NORTH WAI‘AHA WATER SYSTEM:**

(This Item was deferred at the February 26, 2013 Board meeting.)

The Developer, Wai‘aha System, LLC has requested to amend the subject agreement and transfer 120 units from Tax Map Key (TMK) 7-5-017:031 (Kona Coffee & Tea Company, Inc.) to TMK’s 7-4-024:011, 012 and 017 (McClellan Honokōhau Properties). The amended agreement shall include the revised language to incorporate the new property being served by the Wai‘aha Water System. It shall also include the necessary exhibits as well as a revised hydraulic analysis approved by the Department of Water Supply (DWS) showing that the subject property can be adequately served by the Wai‘aha Water System as well as the existing DWS system. Any improvements required shall also be outlined in the analysis and shall be the responsibility of the developer to receive water service to the property from this agreement.

The Manager-Chief Engineer recommended that the Board approve the FIRST AMENDMENT TO AMENDED AND RESTATED AGREEMENT REGARDING DEVELOPMENT OF SOUTH WAI‘AHA WATER SYSTEM AND TERMINATION OF AGREEMENT REGARDING DEVELOPMENT OF NORTH WAI‘AHA WATER SYSTEM, and authorize either the Chairperson or Vice-Chairperson to execute the document subject to review as to form and legality and approval by the Corporation Counsel.

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

The Manager-Chief Engineer said this Item had been deferred last month pending proper review of the document; DWS has been working with the attorneys for Messrs. Bolton and McClellan to get the agreement in good order. He noted that the parties have already executed the agreement, and now it is a matter of the Board giving its approval of the agreement.

Mr. Uyeda asked what the effective date of the original agreement was.

Mr. Inaba said that the effective date was February 5, 2013.

Mr. Uyeda asked whether the Wai‘aha Water System has to be completed within five years of the date of the original agreement.

The Manager-Chief Engineer confirmed this.

Mr. Uyeda asked for confirmation that the time period of the agreement has not changed.

The Manager-Chief Engineer confirmed that the time period of the agreement has not changed; the water system must be constructed and dedicated within five years.

Mr. Uyeda said okay, that means 2018; that is when the water system will be handed over to DWS.

The Manager-Chief Engineer confirmed this.

Mr. Uyeda noted that once the construction is done, it will take a while for DWS to accept the system so that the system can be dedicated. He asked whether all of that has to take place within the five years.

The Manager-Chief Engineer confirmed that the dedication needs to take place within that five-year period.

Mr. Uyeda asked how long it takes for DWS to accept a water system once it is constructed; he asked if it took six months or a year.

The Manager-Chief Engineer noted that this project is a sizeable one, involving two storage reservoirs, a 12-inch pipeline from Māmalahoa Highway down to Queen Ka‘ahumanu Highway, etc.

Mr. Uyeda said that if it takes a year for the system to be accepted, and another six months to be dedicated, the construction would have to be done in two and a half years.

The Manager-Chief Engineer said that if there were no obstacles, acceptance by the Board should take one Board meeting.

Mr. Inaba said dedication usually takes place within a month after the construction acceptance.

The Manager-Chief Engineer said that in the meantime, DWS is working with Mr. Bolton to get the design plans down pat, so that DWS can approve the plans and thus allow Mr. Bolton to proceed with construction. He noted that Mr. Bolton proactively got approval to move forward from the Planning Department and the Department of Public Works (DPW). Mr. Bolton understands that he still needs the Manager-Chief Engineer’s signature on the plans. The Manager-Chief Engineer said he would rely on Engineering Division to give him the go-ahead to sign the plans; he expected to get the green light shortly. DWS is also working with Mr. Bolton to get the documents for the necessary easements and the site, etc. That is part of DWS’s review of the construction plans. He noted that if a site is too small, there is the option of redesigning the tank itself to accommodate the size of the site that has been secured for the project.

Mr. Uyeda asked for confirmation that the Amendment does not change the terms of the agreement.

The Manager-Chief Engineer confirmed this.

Ms. Garson said the Amendment does not address the construction duration or acceptance of the system once it is complete. She said the only things that are changed are contained in the actual Amendment.

Mr. Uyeda said okay, he just wanted to make sure. He asked whether Kohanaiki had signed off on the Amendment.

The Manager-Chief Engineer confirmed that he had seen Kohanaiki’s signature on the Amendment via email copy.

Ms. Lee Loy turned to the Limits on Transferability clause of the Amendment, which deals with a TMK portion being consolidated with other TMKs, so that they would be able to share all of the water units.

This would not require coming back to the Board for approval, she noted. She asked what happens in the case of a transfer of units to another TMK listed in the Exhibits; she asked whether that transfer would need to come to the Board for approval.

The Manager-Chief Engineer said that if the transfer is to another property, it would require Board approval. If it were a property that is already described in the Exhibits, there would be no problem.

Mr. Robinson asked how long it will take to get the plans approved so that construction can begin.

The Manager-Chief Engineer said that Engineering is making its final review of the plans.

Mr. Inaba said it is a pre-final plan at this point; hopefully, DWS will be able to sign off on the plans with the next set of revisions.

Mr. Robinson asked if it would take one month.

Mr. Inaba said hopefully it would be sooner than that.

The Manager-Chief Engineer said the Department would let the Board know when the plans are signed.

Mr. Robinson said that would be great; this project is a positive event for West Hawai'i.

ACTION: Motion carried unanimously by voice vote.

(Messrs. Bolton, Lim and McClean left the meeting at 10:12 a.m.)

7) MISCELLANEOUS:

J. **JOB NO. 1998-721, CONSTRUCTION OF KAWAILANI NEW 1.0 MG CONCRETE TANK:**

Chairperson Taniguchi said a number of Board members had questions regarding legal matters involving this project, so those questions will be taken up later during the Executive Session. This portion is just for an update and discussion, he added.

The Manager-Chief Engineer said that he, the Deputy and Mr. Inaba had met with the contractor, Mr. Byron Fujimoto and Mr. Dennis Yokomizu. It was a good meeting, in which the participants discussed the items that need to be completed. A list was provided to the Board showing the work that needs to be done, which may take about 157 days to complete. One of the main tasks is the removal of the interior tank liner. The Manager-Chief Engineer said he had asked the contractor to come before the Board. The contractor was reluctant to appear, but instead wrote a letter which was presented to the Board. All of the participants agreed that they want the project to get done.

Mr. Greenwell asked who is responsible for landscaping and cleaning up the area after the project is done.

The Manager-Chief Engineer said the general contractor is responsible for the clean-up, etc.

Mr. Greenwell asked about the item on the list of tasks labeled "demo of old tank." This task was expected to take 33 days. He asked what that entailed; he asked if it involved the removal of the interior liner.

The Manager-Chief Engineer said it involved the dismantling and removal of the old steel tank, and the removal of hazardous materials around the tank, including lead paint and petroleum products.

Mr. Greenwell said he assumed that there were two tanks on the site: the new tank and the old tank.

The Manager-Chief Engineer said that the new tank needs to be operational before the old tank can be dismantled.

Ms. Lee Loy thanked the Department for getting so much done in just 30 days, since she nudged the Department at the February Board meeting about getting the project done. She appreciated having a road map from the general contractor on how to move the project forward.

The Manager-Chief Engineer thanked Ms. Lee Loy for that nudge, which helped spur things along. He noted that the meeting with the contractor was the first time the Manager-Chief Engineer had met face-to-face with the contractor. The main thing now is to keep up the momentum to get the project done.

Chairperson Taniguchi said he had questions for during the Executive Session.

Mr. Uyeda asked whether this new scope was covered under another contract.

The Manager-Chief Engineer said it was under the same contract.

Mr. Uyeda asked whether the Board needed to approve an extension.

The Manager-Chief Engineer said that technically, the contract completion date had passed already. This number of days (157) is the time frame to complete the project; the actual contract time would need to be discussed.

5) SOUTH HILO:

A. JOB NO. 2013-987, PAPA'IKOU WELL REPAIR:

This project generally consists of the replacement of the existing pump column, pipe, combination couplings, lineshaft, lineshaft Graphalloy bearings, couplings, air line and all appurtenant equipment, such as strapping, and chlorination of the well and pumping assembly, in accordance with the plans and specifications.

Bids for this project were opened on March 7, 2013, at 2:30 p.m., and the following are the bid results:

Bidder	Bid Amount
Beylik Drilling & Pump Service, Inc.	\$169,730.00
Derrick's Well Drilling & Pump Services, LLC	Non-Responsive

Project Costs:

1) Low Bidder (Beylik Drilling & Pump Service, Inc.)	\$ 169,730.00
2) Contingencies (10%)	<u>\$ 16,973.00</u>
Total Cost:	<u>\$ 186,703.00</u>

Funding for this project will be from DWS's CIP Budget under Deepwell Pump Replacement. The contractor will have 180 calendar days to complete this project. The Engineering estimate for this project was \$153,000.00.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2013-987, PAPA'IKOU WELL REPAIR, to the lowest responsible bidder, Beylik Drilling & Pump Service, Inc., for their bid amount of \$169,730.00 plus \$16,973.00 for contingencies, for a total contract amount of **\$186,703.00**. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality by Corporation Counsel.

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

6) NORTH KONA:

A. **FIRST AMENDMENT TO AMENDED AND RESTATED AGREEMENT REGARDING DEVELOPMENT OF SOUTH WAI'AHA WATER SYSTEM AND TERMINATION OF AGREEMENT REGARDING DEVELOPMENT OF NORTH WAI'AHA WATER SYSTEM:**

(This Item was handled earlier in the meeting.)

7) MISCELLANEOUS:

A. **DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING BUDGET FOR FISCAL YEAR 2014 AND 5-YEAR CAPITAL IMPROVEMENT BUDGET FOR FISCAL YEARS 2014-2018:**

FY 2014 Operating revenues were computed based on a 3.3% consumption increase, plus a 4.3% increase in water rates that were determined in a rate study by RW Beck. The Department's largest expense remains purchased power totaling \$23,600,000 for the year. Salaries totaling \$9,442,500 were not adjusted for furloughs or pay increases, and include 189 positions, 23 of which are currently vacant, and 6 of which are new.

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

The Manager-Chief Engineer recommended that the Water Board approve the Department's FY2014 Operating budget and 5-year C.I.P. budgets for Fiscal Years 2014-2018 on this second of two readings. A public hearing on the proposed Operating Budget for FY2014 and 5-Year Capital Improvement Budget for Fiscal Years 2014-2018 was held just prior to the regular Water Board meeting.

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

The Manager-Chief Engineer asked if the Board could approve the Budgets after the Public Hearing was held.

Chairperson Taniguchi said he thought that was how it was always done.

Ms. Garson said another reading of the Budgets was needed; it should be put on next month's Agenda.

Chairperson Taniguchi asked if another reading was needed.

Mr. Robinson said that would be a third reading.

Chairperson Taniguchi asked whether the Board approves it again today.

Ms. Garson asked whether the Board wanted to discuss the Budgets now, or make any changes to the Budgets at this point.

(There was no discussion.)

Chairperson Taniguchi, noting that there was no discussion, asked whether the Board should just defer this Item to the April meeting or vote today to approve the Budgets. He said that the Board had approved the Budgets at the February meeting; he wondered whether it was necessary to approve them again.

The Manager-Chief Engineer suggested that there is time before the new fiscal year begins, so the Board could take action at the next Board meeting. This would give the Board another month to look at the Budgets, although the Board *could* approve the Budgets today.

Ms. Garson said the problem was in the timing; the Board approved the Budgets so quickly.

Chairperson Taniguchi asked if the Board needs to do *another* Public Hearing after today's Public Hearing.

Ms. Garson said no, the Public Hearing today was all that was required.

(Ms. Garson looked through the rules governing passage of the Budgets.)

Ms. Garson noted that the Board held the Public Hearing after March 1st, published the Public Hearing Notice, etc. She said the Board should defer this Item until the next Board meeting. This basically means that today was the first official reading of the Budgets, and the Board will approve the Budgets at the April meeting, which will be the second official reading.

Chairperson Taniguchi said that means the Board would have to undo the Motion.

Ms. Garson said no, the mistake lay in the Recommendation, which called today the second of two readings. It is not the second of two readings; it is the first. Ms. Garson said that at the February meeting, the Board agreed to go to Public Hearing, and so today was the first reading. She suggested withdrawing the Recommendation, and suggesting correcting it, to say that the Board is still on the first reading.

MOTION AND SECOND WITHDRAWN: Mr. Kaneshiro withdrew his Motion to approve; Mr. Greenwell withdrew his Second.

Chairperson Taniguchi confirmed that the Board would defer this Item to the April Board meeting.

B. **SERVICE CONTRACT NO. 2013-02, PROVIDE HIGH SPEED WIDE AREA CONNECTIVITY BETWEEN WAIĀKEA OFFICE PLAZA AND FOUR SATELLITE LOCATIONS, ISLAND WIDE:**

Bids were opened on March 6, 2013, at 2:00 p.m., and following are the bid results:

Bidder	Monthly Service Price	Design, Install, Configure and Setup
Time Warner Cable Inc. dba Oceanic Time Warner Cable	\$3,593.73	\$2,083.32

This contract generally consists of providing a turnkey solution to connect the four satellite locations (Hilo Baseyard, Waimea Baseyard, Kona Baseyard and Ka'u Baseyard) to DWS's Waiākea Office Plaza location over a synchronous, full duplex connection. The increased speeds provided by these high speed connections are in direct alignment with strategic goals for Information Technology. Quicker data transfers will allow off-site replication of backup data for disaster recovery, as well as promote more productive use of our in-house GIS systems and Intranet services.

Funding for this project will come from the Department's Operating and Maintenance Utilities Budget.

This contract is for a 38-month period starting May 1, 2013, through June 30, 2016, with an option to extend for an additional 12-month period, until June 30, 2017.

The Manager-Chief Engineer recommended that the Water Board award the contract for SERVICE CONTRACT NO. 2013-02, PROVIDE HIGH SPEED WIDE AREA NETWORK CONNECTIVITY BETWEEN WAIĀKEA OFFICE PLAZA AND FOUR SATELLITE LOCATIONS, ISLAND WIDE, to the lowest responsible bidder, Time Warner Cable Inc. dba Oceanic Time Warner Cable, for their bid amount of \$2,083.32 for design, installation, configuration, and setup, plus a monthly service price of \$3,593.73, over a 38-month contract period, and that either the Chairperson or Vice-Chairperson be authorized to sign the contract subject to review of the contract as to form and legality by Corporation Counsel.

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

The Manager-Chief Engineer said this contract is to provide connectivity for DWS's computer system among the Department's different locations, i.e., Waiākea Office Plaza, Hilo Baseyard, Waimea District Office and Kona District Office. The contract period is for three years.

Mr. Robinson asked what "synchronous, full duplex connection" meant.

The Deputy acknowledged that it is Information Technology (IT) jargon. The bottom line is for this contract to provide a high-speed network so that DWS staff out in the other districts can utilize the data base that is available at the main office in Hilo. The data base includes, among other things, Geographical Information Systems (GIS) information. With the proposed upgrade, the staff in other districts will be able to access the GIS from the main office server, using their computer terminals in the districts – without having their computers freeze up and without being locked out. The Deputy acknowledged that his explanation does not exactly define what a synchronous, full duplex connection is.

The Manager-Chief Engineer said the provider will have to install additional equipment at the various sites to make the necessary connections. The word "synchronize" conjures up the idea of being *in synch*, he added. The main object is to make DWS's communications system faster and more efficient as far as communicating with each other in the Department. Currently, with the limited capabilities of the Hilo Baseyard, it takes a long time to get data from the main office. The equipment is not up to standard.

Mr. Robinson asked whether DWS has a mainframe in the main office.

The Manager-Chief Engineer said yes, DWS has servers that access the mainframe.

Mr. Greenwell asked whether this would be an upgrade of what DWS has now.

The Manager-Chief Engineer confirmed this.

Mr. Greenwell asked if Time Warner or Hawaiian Telcom were the current provider. He asked if there will be a problem with the changeover or the tie-in.

The Manager-Chief Engineer said that Oceanic Time Warner is the current provider.

Mr. Greenwell assumed, then, there should be no problem.

The Manager-Chief Engineer confirmed that there should be no problem with the upgrade.

The Deputy noted that there were two parts to this bid: one part for the set-up, and one part for the monthly service fee. It is not clear how much time the vendor will need to set up the equipment, so DWS allowed for up to six months for getting set up on this service. Once the set-up is complete, the Department will be subject to the \$3,593.73 monthly fee from then on.

Mr. Uyeda asked how the other County departments are communicating with each other, versus DWS.

The Manager-Chief Engineer said that the County has its own separate network system; DWS is not on their network system. DWS is completely separate, he said. There are certain special computer connections to the County, such as the County's FRESH financial reporting system and the County Human Resources Department applications. However, DWS's network system is completely separate.

Mr. Uyeda asked whether, then, DWS does not support other departments' systems, and vice versa.

The Manager-Chief Engineer said that was correct.

The Deputy said that the County is paying for its own fiber optic service. DWS's IT manager was in discussions with the County's IT people regarding options, but because of DWS's limited personnel resources, DWS did not want to have to maintain all of the various hardware requirements that come with fiber optics. DWS would have to buy its own switches and other equipment. Therefore, DWS decided to look into getting a service where a vendor could provide the hardware and the high-speed accessibility. That is what this contract offers.

The Manager-Chief Engineer noted that the Department of Environmental Management (DEM) and the County's IT Department will be moving into the office space downstairs from DWS. The County IT Department will be installing fiber optics to the building, and DWS will benefit from that service in the Waiākea Office Plaza (WOP).

Mr. Lindsey thought that the WOP already had fiber optics.

The Manager-Chief Engineer said that the County IT people are bringing the fiber optics connection to the WOP property itself.

Mr. Lindsey said there is already a fiber optics connection on the property.

Mr. Inaba said that has been terminated; it was somebody else's connection.

Mr. Lindsey said that was Hawaiian Telcom's connection.

Mr. Inaba said he did not know who the customer was back then; DWS was not the customer.

Mr. Lindsey said he did not know who the customer was.

Mr. Inaba said the cable still remains in the building, but the equipment is no longer there.

Mr. Lindsey said he just mentioned it in hopes that it might have made things easier for DWS, rather than redoing it.

The Manager-Chief Engineer said that the County IT people will be doing some upgrades that will help DWS out in the future.

Mr. Lindsey thanked the Manager-Chief Engineer for the explanation.

Chairperson Taniguchi asked whether the Board was approving today the \$3,593.73 times 38 (months), which would come to \$100-something thousand dollars.

The Manager-Chief Engineer said that the Deputy had mentioned that it may take about six months for the design and installation, so it would come to 38 months *minus* the installation period.

The Deputy said yes, DWS does not know exactly how long the set-up duration will be, so Mr. Sumada is intending to certify funds available with the conservative estimate of 38 times \$3,593.73, plus the \$2,082.32 for design, installation, set-up, etc.

Chairperson Taniguchi noted that the \$2,082.32 was a fixed amount, earmarked for installation.

The Deputy said yes, that is the fixed amount. To be conservative, if the vendor were able to set up instantly, DWS would pay the \$2,082.32, plus a full 38 months' worth of monthly fees.

Chairperson Taniguchi asked for confirmation that DWS is not paying the entire 38 months worth of monthly fees, even if it takes the vendor longer to set up.

The Deputy said that was correct; the monthly service fee will start after the vendor completes the set-up and when DWS actually has service. He said that the 38-month period will end on June 30, 2016.

Chairperson Taniguchi asked what the Baseyard staff will have access to that they do not have access to currently. He asked what made this upgrade necessary.

The Deputy said the big thing they lack is access to GIS.

Mr. Robinson asked what GIS is.

The Deputy explained that it means Geographical Information Systems, i.e., the maps with various data such as the size of pipe, etc. The other data includes financial and engineering data. Right now, the Baseyard staff and district office staff lack that connection speed, and therefore they are not set up to have access to that information.

Chairperson Taniguchi asked how the Baseyard and district staff members manage now.

The Deputy said they call the main office and ask for a spreadsheet or a printout, or come in to the main office to take a look.

Chairperson Taniguchi asked whether this was going to be an ongoing thing. He asked whether DWS got other bids.

The Manager-Chief Engineer said that it was open to other bidders; it was an open bid.

The Deputy said several other vendors picked up plans, but nobody else submitted a bid.

Chairperson Taniguchi asked for confirmation whether the Department will be handling this connectivity issue in three-year chunks in the future.

The Manager-Chief Engineer said that it probably would.

ACTION: Motion carried unanimously by voice vote.

C. **AD HOC FINANCE COMMITTEE REPORT:**

No report.

D. **MANAGER-CHIEF ENGINEER'S EVALUATION:**

Chairperson Taniguchi noted that this Item was a new one, and it is a result of the work done by Mr. Kaneshiro and his sub-committee last year. The sub-committee came up with a Manager-Chief Engineer's Evaluation Form; this will be the first full year that it will go into effect. He said the Board needs to discuss the implementation and process. The Evaluation Form refers to the Chairperson sitting

down and doing the Annual Evaluation at the end of the year. He noted that the Evaluation is done on a calendar year basis, whereas the Budget is on a fiscal year basis. The Board is on a calendar year basis; for example, Chairperson Taniguchi's term ends in December. He noted that his own last meeting will not be at the end of the quarter; the Evaluation will be done sometime in January or February. There needs to be a process in place for the Board to be able to do the Evaluation. The Chairperson asked Mr. Kaneshiro if he had any suggestions to make that the Board could discuss.

Mr. Kaneshiro said the Board can either change the timeframe of the Evaluation to have it for the end of the fiscal year, or keep it the way it is, geared to the end of the calendar year. In any event, the new Chairperson will complete the process. However it is done, the Board will have input going into the Evaluation. It could be either calendar or fiscal year; Mr. Kaneshiro said he did not know what the Board's preference was. If it is calendar year, then the Board will need a lot of cooperation from the Manager-Chief Engineer and his staff, to get the Department's fiscal year plan going ahead and to give the Board enough leeway to come up with new action items for the Evaluation.

Chairperson Taniguchi asked for confirmation on whether the Evaluation was based this year on the calendar or fiscal year.

Mr. Kaneshiro said it was calendar year.

Chairperson Taniguchi said the Evaluation Form that Mr. Kaneshiro's committee came up with was for the calendar year.

Mr. Kaneshiro noted that the Board appointments were for the calendar year, and Board terms expire at the end of December. He noted that the Board Chairperson is also elected for the calendar year.

The Manager-Chief Engineer said that most of the things DWS does administratively are done on a fiscal year basis, although Board appointments are on a calendar year basis. Board members have staggered terms, so there will be Board members that will have been on board who will have had the opportunity to see how the Manager-Chief Engineer operates. The Manager-Chief Engineer said that it does not matter to him whether the Board Chairperson has joined the Board that year or thereabouts, because there will be members who will have had the opportunity to observe how the Manager-Chief Engineer manages the Department.

Chairperson Taniguchi noted that the goals for the Department have already been set out, and those goals were given to the Manager-Chief Engineer. Now the Board is supposed to be reviewing the progress quarterly. Because the end of March is the end of the first quarter, the Chairperson recommended that the Manager-Chief Engineer come to the April Board meeting to provide the Board with a status report for the first quarter. The same thing would apply to the second, third and fourth quarters. After the end of the fourth quarter, the Board would fill out the evaluation sheet like the Board always did, with everybody giving their input. The Chairperson will compile the findings from the Board's evaluation sheets, and based on those findings, the Chairperson (whoever is the Chairperson at that time) will sit down with the Manager-Chief Engineer. This process would ensure that everyone on the Board has the same information and the same updates on a regular basis. The status report would be done by the Manager-Chief Engineer every quarter, at the Board meeting in the month following the end of each quarter. At the end of the fourth quarter, the annual evaluation sheets will be done by the Board. The Chairperson asked the Board what they thought of his idea.

Ms. Lee Loy said she appreciated the Chairperson's idea; it was like a report card that one's kids get every quarter, and at the end of the year. She said that the Manager-Chief Engineer has goals and objectives based on DWS's Budget. It seems ideal that his performance is based on those goals and objectives, and that the process proceeds quarter by quarter. It does not matter who is coming on or off

of the Board, Ms. Lee Loy said. There will be consistent measuring every quarter, with a final report card at the end of the fourth quarter. She said she supported that idea.

Mr. Robinson asked whether the final appraisal is really on a pass-or-fail basis.

Chairperson Taniguchi said the Board may need to come up with a form or something. Previous forms came out, and the Board evaluated on a scale of one to five, with five being the highest ranking. He said he was not sure if the Board has that “cover sheet.” In previous years, it was difficult to do any kind of assessment, because there were a lot of things listed on the evaluation sheet that the Board was not privy to. It was for that reason that Mr. Kaneshiro’s committee was formed, to get a narrower view of the process, he said. The Chairperson said that if it was okay with everybody, the Manager-Chief Engineer will do an update of the first quarter highlights at the next Board meeting.

The Manager-Chief Engineer confirmed that he would look at the Evaluation Form that the committee did, and fill in the form with all the information. He would submit that to the Board at next month’s meeting.

Chairperson Taniguchi said it was not necessary to put it on the form; it can be a separate sheet. He said it could be pretty simple.

Ms. Garson asked if the Board had any preference for how the Agenda Item for the next Board meeting should read. She asked if it should be: “Manager-Chief Engineer’s Quarterly Update.”

Chairperson Taniguchi said maybe it should be “Progress Review.” He said it was a quarterly evaluation.

Ms. Garson asked if it should read: “Quarterly Update and Evaluation” or “Report Card.”

Chairperson Taniguchi said it should be just “Quarterly Update.” The Evaluation takes place once a year. He noted that most of the employers do a quarterly update like this with their employees.

Ms. Garson said okay, that was how the Chairperson wanted the Agenda Item to look, (i.e., Manager-Chief Engineer’s Quarterly Update).

Mr. Kaneshiro noted that the Evaluation Form lists Critical Elements including Leadership, Financial Management, Planning/Organization, Public Relations and Information, and Personnel Management. The form also lists the various goals that the Manager-Chief Engineer needs to meet. If a certain goal or objective cannot be met for some reason, the Manager-Chief Engineer should say why the goal or objective could not be met. Essentially, the reason for the quarterly review is to make sure that the Manager-Chief Engineer is keeping on track. If the update is done only once or twice a year, the Board cannot keep track of what is going on, he said.

Chairperson Taniguchi commended Mr. Kaneshiro’s committee for the good job they did.

E. **ENERGY MANAGEMENT ANALYST UPDATE:**

Ms. Myhre said she met yesterday with representatives of Hawai‘i Energy, which manages the public benefit fund that is on everyone’s HELCO bill. She noted that a few dollars get diverted from everybody’s bill to this public benefit fund. Hawai‘i Energy is an entity which encourages energy efficiency projects. DWS has received several rebates from Hawai‘i Energy in the past, but in the past couple of years DWS has not taken advantage of Hawai‘i Energy programs. Hawai‘i Energy came to DWS yesterday to discuss what kind of rebates the Department can get for its pumps. Hawai‘i Energy has hired an expert in water pumping, who is doing outreach to all of the water utilities and the County’s Waste Water Division. The expert is exploring ways to make DWS’s system more efficient. Following

yesterday's conversation, Ms. Myhre is sending Hawai'i Energy data about DWS's pumps (i.e., where the pumps are, what kind of pumps DWS has, etc.). DWS hopes that the Department will benefit from the relationship with Hawai'i Energy, and will be able to receive rebates for DWS's pumps and pump upgrades. Ms. Myhre noted that DWS's pumps are so large and are custom-built, so the Department is trying to work out some kind of "custom" rebate. She said it was good to get the extra help from Hawai'i Energy, and she expressed excitement about the program.

Turning to the Lālāmilo Windfarm project, DWS has finished its interviews with prospective offerors, and best-and-final offers are due tomorrow (March 20) from the three offerors still in the running. Ms. Myhre said that on the evening of March 27, DWS will be holding a stakeholder meeting in Waimea regarding the Lālāmilo project. DWS invited 35 individuals or organizations to an open house-style event, beginning with a brief presentation from Ms. Myhre. There will be stations around the room on various topics; the idea is to have a dialogue rather than a one-way communication, Ms. Myhre said. Ms. Myhre said that she expects to come to the Board next month with a recommendation to start the process of doing a Power Purchase Agreement on the project.

Mr. Uyeda asked about the theft of equipment at Lālāmilo that Ms. Myhre mentioned at last month's Board meeting.

Ms. Myhre said it turned out that the equipment was just misplaced, so there was no theft. Ms. Myhre said she went to the site to chain everything up to ensure that the equipment remained in place.

F. **MONTHLY PROGRESS REPORT:**

No discussion.

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

Chairperson Taniguchi asked Mr. Sumada to clarify the settlement on the atrazine class action suit which Mr. Sumada reported on last month.

Mr. Sumada said he believed that this was a one-time settlement; DWS received about 10 settlement checks for different amounts, totaling around \$176,000.00. He believed that was all that DWS was going to get in the settlement.

Chairperson Taniguchi confirmed with Mr. Sumada that all of the checks were processed and would be reflected in the next Monthly Financial Statement.

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

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

- 1) Palani Road Transmission Waterline Project – Mr. Inaba and the project engineer went to the project last week, and final clean-up work is being done. The system is in operation. However, the Hualālai Well is still not in operation pending pump motor repairs. As soon as that is done, more water will be able to flow down to serve Kailua Town. Mr. Inaba reported that all but one pile of pipes still on the Queen Lili'uokalani Trust (QLT) property have been removed. Once that pile is gone, DWS will be able to close up the project. Mr. Uyeda asked what exactly needs to be done to close up the project. Mr. Inaba said that it was a matter of satisfying DWS's right-of-entry clean-up; that is it. The project is 99.99 percent complete. Mr. Greenwell asked for confirmation that this Item will not appear on next month's Agenda. The Manager-Chief Engineer assured that it would not be on the Agenda next month. Mr. Inaba said that hopefully, by then DWS will be in the process of making final payment. The Manager-Chief Engineer said that there are only minor items that need to be cleaned up; that is all that remains to be done, barring something major arising. He assured that he would

notify the Board of anything like that, but he was confident that the Item will be off next month's Agenda. Mr. Greenwell said that the only thing holding things up was a pipe; Mr. Inaba confirmed this was one of the only hold-ups. Chairperson Taniguchi asked if the homeowners in the area were okay with things. Mr. Inaba said there were a few complaints here and there, but DWS continues to address these complaints. The Manager-Chief Engineer said there are complaints such as a trench patch that needs to be redone, and DWS goes and fixes the problem. He confirmed that all of the complaints that had arisen earlier in the project have been taken care of.

- 2) Pu'ukala/Kona Ocean View Properties Subdivision Improvement District Update – The Manager-Chief Engineer said there will be a coordination meeting this afternoon involving County Finance Department, U.S. Department of Agriculture (USDA), Ms. Garson, and the DWS project engineer to go over the next steps that need to be taken through the County Council. The County Council will hold a Public Hearing regarding this project, and there will be a Council Resolution which will lead to the award of the project to the contractor and then to actual construction of the project. These steps will take several months, he noted. Mr. Robinson quoted in the Monthly Progress Report an entry regarding the Queen Ka'ahumanu Highway Widening from Kealakehe to Keāhole: "DWS is assisting State DOT (Department of Transportation) contractor in designing the water system improvements. Project redesign due to archeological findings being negotiated." Mr. Robinson asked what that meant. The Manager-Chief Engineer said that project should be put on the Manager-Chief Engineer's Report for the next Board meeting. The Manager-Chief Engineer confirmed that the actual redesigning of the project is being done because of the archeological findings necessitating the realignment of the highway. DWS is discussing the possible realignment of the pipeline improvements with the State Highways Division, along with any additional costs to the Department. DWS did forward to the DOT a check for more than \$3 million for the project several years ago, and DOT is still holding the check. Meanwhile, DWS cannot earn interest on the money, the Manager-Chief Engineer noted. If the redesign costs DWS any additional funds, the Department will probably have to come back to the Board for the additional funds. DWS is still in discussion with DOT on this matter, he said. Mr. Robinson asked about the ductline iron pipes that are in the baseyard directly across from the Honokōkai Harbor; he asked if those pipes were for the project. The Manager-Chief Engineer said he believed so. Mr. Robinson asked the Manager-Chief Engineer when the project is going to start. The Manager-Chief Engineer said he did not know.
- 3) Public Information and Education Specialist Update – Ms. Aton plans presentations at Waimea Elementary School on April 9-10. There will be a Water Resources Conference hosted by the University of Hawai'i at Hilo (UHH), which will be very similar in content to the Kona Water Roundtable; the topics will include eco-hydrology, hydrology, geology, biochemistry of fresh water, etc. It looks like it could possibly take over from the Kona Water Roundtable, Ms. Aton said. Ms. Myhre did a presentation on the Lālāmilo project at the Managing Director's meeting in Kona in February. DWS was invited to the Japanese Chamber of Commerce & Industry luncheon this week. Numerous news articles appeared on the atrazine settlement, and a letter to the editor complained about the dog waste issue, which is a concern at the Ocean View standpipe facility. A community meeting in Āhualoa will take place at 7:00 p.m. tonight. In addition to the March 27 stakeholders meeting on the Lālāmilo Windfarm project in Waimea, DWS plans meetings for the general public regarding the project. This is Detect A Leak Week in the state of Hawai'i. DWS purchased leak detection tablets for free distribution at Ace Hardware, HPM Building Supply and Home Depot. The Deputy said the signs cite the County Code prohibiting dogs from defecating. The Manager-Chief Engineer said the dogs must be on leashes. Mr. Greenwell said that people need to understand that their pets should not be allowed to leave the owner's car or truck. The Deputy said that DWS is not the enforcer; DWS put up four signs, and one of the signs bars pets from defecating on somebody

else's property. Apparently, that statute is not being heeded. After discussing the problem with the Police and DPW, the Department decided to add a sign that calls on the public to report violations to the Police non-emergency dispatch number. The Deputy acknowledged that this is a tough problem. Mr. Kaneshiro asked what happened to the Ocean View water haulers; he noted that the Legislative Auditor was investigating whether the selection of the water haulers was done properly. The Manager-Chief Engineer said the Department decided to leave everything as-is until the Legislative Auditor's study is complete. He noted that the Legislative Auditor said the study could take six months. In the meantime, the water hauling is continuing. Chairperson Taniguchi asked whose responsibility it is to maintain the grounds at the Ocean View facility. The Manager-Chief Engineer said it was DPW's responsibility to maintain the area; DPW does this at all of DWS's standpipe spigot sites. Chairperson Taniguchi noted that the facility was a County project. Ms. Aton said DPW is DWS's customer. The Deputy said the facility is County property. The Manager-Chief Engineer said the Department is there to operate and maintain the water system; in addition, DWS personnel open and close the facility every day. However, it is DPW that cleans up the facility area, he added. Mr. Robinson asked if the AdvoCats people feed cats at the Ocean View facility. The Manager-Chief Engineer said he had not heard of any cats at the facility – only dogs so far.

- 4) Recognition of Employees of the Quarter – Mr. Nishimura introduced the first of two Employees of the Quarter, Mr. Kendol Valledor, Waterworks Helper in the Hilo District. Mr. Nishimura, who is Mr. Valledor's field supervisor, gave a well-prepared speech lauding Mr. Valledor for his devotion, dedication and excellent attitude since joining DWS in June 2007. Mr. Sumada introduced Ms. Kathleen Isherwood, Data Processing Control Clerk in Finance Division. Ms. Isherwood was being recognized for her outstanding work in DWS's billing section. Mr. Sumada said Ms. Isherwood has been doing the Department's billing almost single-handedly for the past three or four years, and helped the Department tremendously during a severe personnel shortage, with a great attitude throughout.

I. **CHAIRPERSON'S REPORT:**

No report.

J. **JOB NO. 1998-721, CONSTRUCTION OF KAWAILANI NEW 1.0 MG CONCRETE TANK:**

(This Item was handled earlier in the meeting.)

8) **EXECUTIVE SESSION RE: JOB NO. 1998-721, CONSTRUCTION OF KAWAILANI NEW 1.0 MG CONCRETE TANK:**

The Water Board anticipated convening an executive meeting, closed to the public, pursuant to Hawai'i Revised Statutes, Sections 92-4, 92-5(a)(4), for the purpose of consulting with the Water Board's attorney on questions and issues pertaining to the Water Board's powers, duties, privileges, immunities and liabilities. A two-thirds vote, pursuant to HRS Section 92-4, is necessary to hold an executive meeting.

Ms. Garson suggested that the Chairperson take a Motion to go into Executive Session for both Items 8 and 9.

ACTION: Mr. Kaneshiro moved to go into Executive Session for both Items 8) EXECUTIVE SESSION RE: JOB NO. 1998-721, CONSTRUCTION OF KAWAILANI NEW 1.0 MG CONCRETE TANK and 9) EXECUTIVE SESSION: IN RE 1250 OCEANSIDE PARTNERS, A HAWAII LIMITED PARTNERSHIP, CASE NO. 13-00353 IN THE UNITED STATES BANKRUPTCY

COURT, DISTRICT OF HAWAI'I; seconded by Mr. Greenwell, and carried unanimously by voice vote.

(The Board recessed for a brief break at 11:12 a.m., and reconvened for Executive Session at 11:17 a.m.)

9) EXECUTIVE SESSION: IN RE 1250 OCEANSIDE PARTNERS, A HAWAI'I LIMITED PARTNERSHIP, CASE NO. 13-00353 IN THE UNITED STATES BANKRUPTCY COURT, DISTRICT OF HAWAI'I:

The Water Board anticipated convening an executive meeting, closed to the public, pursuant to Hawai'i Revised Statutes, Sections 92-4, 92-5(a)(4), for the purpose of consulting with the Water Board's attorney on questions and issues pertaining to the Water Board's powers, duties, privileges, immunities and liabilities, including the Water Board's contribution to the County's possible hiring of special counsel in the above-referenced case. A two-thirds vote, pursuant to HRS Section 92-4, is necessary to hold an executive meeting.

(Executive Session ended at 11:58 a.m.)

ACTION: Ms. Lee Loy moved to approve Corporation Counsel's recommendation regarding Item 9, EXECUTIVE SESSION: IN RE 1250 OCEANSIDE PARTNERS, A HAWAI'I LIMITED PARTNERSHIP, CASE NO. 13-00353 IN THE UNITED STATES BANKRUPTCY COURT, DISTRICT OF HAWAI'I; seconded by Mr. Lindsey, and carried unanimously by voice vote.

10) ANNOUNCEMENTS:

The Manager-Chief Engineer asked Board members interested in attending the Hawai'i Section conference of the American Water Works Association (AWWA) in May on Oahu to contact Ms. Doreen Jollimore, Private Secretary. The Manager-Chief Engineer noted that the Hawai'i Water Works Association (HWWA) conference will be held on Maui in October, so there is plenty of time to make those arrangements. He said the Board members who are not attending the national AWWA conference in Denver would be likely to want to attend the Oahu conference in May.

Chairperson Taniguchi said that Messrs. Uyeda and Robinson, and Ms. Lee Loy would get first crack at the May conference.

Chairperson Taniguchi then asked to recognize Mr. Lindsey and Mr. Bob Meierdiercks, whose last official meeting this was. Mr. Meierdiercks was unable to attend today. The Chairperson thanked both gentlemen for their years of devoted service on the Board, and for extending for the past three months.

1. Next Regular Meeting:

The next meeting of the Water Board will be held at 10:00 a.m. on April 23, 2013, at the 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 May 28, 2013, at the West Hawai'i Civic Center, Community Center, Bldg. G, 74-5044 Ane Keohokalole Hwy, Kailua-Kona, HI.

11) ADJOURNMENT

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

Chairperson Taniguchi adjourned the meeting at 12:02 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.*