

MINUTES

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

January 28, 2014

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

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

ABSENT:

Ms. Brenda Iokepa-Moses, Water Board Member
Mr. Duane Kanuha, 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. Clifford Victorine
Mr. Donn Nakamura, Accuity LLP
Ms. Cindy Yee, Accuity LLP
Ms. Bobby-Jean Leithead-Todd, Director, Department of Environmental Management
Ms. Robin Bauman, Business Manager, Department of Environmental Management
Ms. Nancy Cook Lauer, West Hawai'i Today

Department of Water Supply Staff

Mr. Keith Okamoto, Deputy
Mr. Kurt Inaba, Engineering Division Head
Mr. Richard Sumada, Waterworks Controller
Mr. Daryl Ikeda, Chief of Operations
Ms. Kanani Aton, Public Information and Education Specialist
Ms. Julie Myhre, Energy Management Analyst

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- 1) CALL TO ORDER – Chairperson Kaneshiro called the meeting to order at 10:00 a.m.
 - 2) STATEMENTS FROM THE PUBLIC
None.
 - 3) APPROVAL OF MINUTES

The Chairperson entertained a Motion to approve the Minutes of the December 17, 2013, Water Board meeting.

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

4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA

None.

5) PRESENTATION OF AUDITED FINANCIAL STATEMENTS – JUNE 30, 2013

Copies of the Department’s Audited Financial Statements for the fiscal year ended June 30, 2013, were distributed to Board members. Mr. Donn Nakamura, a representative of Accuity LLP, the Department’s independent auditors, briefed the Board on the three reports his firm had prepared:

- DWS’s Financial Statements for FY2013 and 2012;
- DWS’s Internal Control and Business Issues Report to June 30, 2013; and
- Presentation to the Water Board of 2013 Audit Results

Mr. Nakamura noted that the Financial Statements for FY2013 used a new format designed to be clearer for readers; the new format is longer, in order to provide more clarity to readers.

He said that his firm was providing an “*unmodified*” opinion, which he said was a new term which means the same thing as an “unqualified” opinion. He explained that there were no material misstatements or anything that would require a “modified” opinion.

Mr. Nakamura noted that on page 4, there was a slight net increase in capital assets, which slightly outpaced depreciation.

Turning to the Balance Sheet on page 7, he noted that cash and cash equivalents increased by a significant \$13.2 million, while investments decreased by \$11.3 million, primarily due to the maturity of certificates of deposit. Total capital assets grew by more than \$5 million over the year, he said.

Turning to liabilities, long-term debt decreased by approximately \$7.4 million, due to the forgiveness of State Revolving Fund (SRF) loans, and the repayment of general obligation bonds. Among the loans forgiven was one for \$4.7 million from the American Reinvestment and Recovery Act (ARRA) related to the Āhualoa Well repair, with another \$3.3 million in repayments of SRF loans and other general obligation bonds during the year.

Mr. Nakamura reported that regarding operating revenues, there was an increase in water sales during the year, and that was due to a combination of increasing consumption and a slight increase in rates.

Meanwhile, operating expenses were stable, posting only a slight increase. He noted that the operating loss for 2013 fell to \$1.4 million, versus \$2.2 million in 2012.

One large item at the bottom of page 9 was Contributions in Aid of Construction, which rose to \$15.2 million in 2013, versus \$ 3.2 million in 2012. That was a significant contributor to the increase in the Department’s net position, Mr. Nakamura said.

In addition to the \$13.2 million increase in cash and cash equivalents, there was also \$5.5 million in cash provided by operating activities. There was significantly more cash received from customers, at \$48.5 million, versus payments to suppliers for goods and services, at \$31 million, and \$8 million paid to employees for services.

Mr. Nakamura reported that in FY2013 there were no material weaknesses or significant deficiencies. There were two Information Technology (IT) control deficiencies, which are detailed in the Internal Control and Business Issues Report, he said. These control deficiencies involve logical security, change management and IT operations, and the report makes recommendations related to these items.

The other control deficiency involves Construction Work in Progress, where work in progress was improperly transferred to capital assets during the year. Therefore, certain adjustments were required during the audit, Mr. Nakamura said.

Mr. Taniguchi noted that DWS's I.T. had improved significantly since the previous audit's comments.

Mr. Nakamura confirmed this.

Mr. Taniguchi asked about one of the audit's recommendations on I.T. that called for implementing "controls to restrict access to developers" or detecting unauthorized changes to the application. He asked whether DWS was allowing developers (i.e., property developers) access to DWS's I.T. system.

Mr. Sumada said that developers (i.e., software vendors) need to get into the system to fix or reset things, etc.

The Manager-Chief Engineer clarified that "developers" actually meant software vendors.

Mr. Taniguchi asked why it would be a problem for software vendors to have access; he noted that they would be bonded.

The Manager-Chief Engineer confirmed that if there is a problem, DWS calls the vendor, and they fix the problem.

Mr. Taniguchi said that in that case, the recommendation is to not allow access other than the specific task that the vendor has been called in to do. Once they do the job, then DWS shuts off access.

Mr. Nakamura said that was one option, while another option would be to implement some kind of monitoring tool to monitor what the vendor is doing.

The Manager-Chief Engineer confirmed that DWS does implement such a monitoring software system.

Mr. Taniguchi asked when this audit started.

Mr. Nakamura said the audit began in September 2013.

Mr. Taniguchi said that the reclassification of the Work in Progress to assets has already been taken care of; he believed everything had been transferred over by now.

Mr. Sumada confirmed this.

Mr. Nakamura said yes, this had taken place, but noted that during the audit, certain things were identified.

Mr. Taniguchi asked if there were more things that were not transferred over.

The Manager-Chief Engineer said that he believed that the Engineering Division has sufficiently explained the situation to the auditors.

Mr. Taniguchi said DWS moved a lot of stuff over. He said that overall, this report is pretty good.

Mr. Robinson said Mr. Nakamura had whipped through his report, but basically, revenues are up, expenses are down, profits are up.

Mr. Nakamura said the operating expenses had actually increased slightly, but the increase in the operating revenues were greater than the operating expenses, so the operating loss decreased.

Mr. Robinson said he had three questions. Turning to the top of page 5, he noted that long-term debt decreased by \$7.4 million, due largely to the forgiveness of \$4.7 million in State Revolving Fund (SRF) loans. He asked what triggers forgiveness of a SRF loan.

Mr. Nakamura said that the loans that were forgiven were issued under ARRA, whereby the entire loan amount is forgiven. New SRF loans often include partial forgiveness, based on certain criteria. He said that ARRA loans such as the one for the Ahualoa Well repair are forgiven in full, generally once the project is completed.

Mr. Robinson said these are monies that come from the Federal government to the State, which funnels the monies to the County. The loans are forgiven because the Federal government keeps printing paper, he said.

Mr. Nakamura said yes.

Mr. Robinson, turning to page 9, asked about the Contributions in Aid of Construction, which rose by \$12 million. He asked if those were State funds or Federal funds.

Mr. Nakamura said that is primarily grants (including the \$4.7 million loan forgiveness already noted), as well as any infrastructure contributed by developers or other types of cash and non-cash contributions.

Mr. Robinson said so it means somebody writes DWS a check.

The Manager-Chief Engineer said it was not so much a matter of writing a check. Instead, DWS occasionally gets a Dedication of a water system, in the form of a Bill of Sale, and that will be listed in the cost of the system. That is what is meant by Contributions in Aid of Construction.

Mr. Robinson said his last question was in regard to the entry on page 10, involving change in cash position "due to maturities in investments." He said he was not clear on that.

Mr. Nakamura said that on page 7, showing Assets, there are \$5.9 million in current investments as of June 30, 2102, and another \$5.3 million in restricted investments. As of June 30, 2013, those were zero. The funds that were invested in those various investments, (mostly CDs), matured during FY2013, and the funds were reinvested as of year-end. As of year-end, they were zero. All of the cash that the Department had was classified as cash or cash equivalents, he said.

Mr. Nakamura concluded his presentation with a review of the Required Communications, which are items required by the American Institute of Certified Public Accountants. He noted that on page 9 of the Presentation to the Water Board, there were three Adjusting Entries as of June 30, 2013:

- To properly state depreciation expense by \$2.8 million;
- To properly place CIP assets in service; and
- To properly state depreciation expense related to assets improperly included in CIP.

Mr. Nakamura noted that FY2013 was the final year of Accuity's four-year contract with the County, and he expressed hope that his firm would be able to serve the County in the future.

Ms. Lee Loy requested that Item 9(C), DEPARTMENT OF ENVIRONMENTAL MANAGEMENT DISCUSSION REGARDING BILLING, DELINQUENCIES AND COUNTY CODE AMENDMENTS TO PERMIT WATER SHUT-OFF, be taken next, to accommodate the Director of the Department of Environmental Management, who was waiting to make a presentation.

9) MISCELLANEOUS

C. **DEPARTMENT OF ENVIRONMENTAL MANAGEMENT DISCUSSION REGARDING BILLING, DELINQUENCIES AND COUNTY CODE AMENDMENTS TO PERMIT WATER SHUT-OFF:**

Ms. Bobby-Jean Leithead-Todd, the Director of the Department of Environmental Management (DEM), explained what her Department was proposing in terms of enhancing the County's ability to collect delinquent sewer fees. The collection of delinquent sewer fees has always been problematic for DEM, partly due to the inability to cut off service to the building in question. DEM had considered cutting delinquent customers from the sewer system, but that would pose health hazards such as backed up plumbing, etc. Instead, it would be easier to cut off water service to the facility, she said.

For a long time, DEM and DWS had mulled the idea of joint billing, but now DEM is proposing an amendment to the Hawai'i County Code. The proposed amendment would give DWS the authority, but not the mandate, to shut off water service at the request of the DEM director. DEM would go through its files, and would have already gone through attempts to collect the delinquencies before resorting to this. It would be only in cases where DEM has determined that DEM was not able to work out a payment plan, and where DEM determined that enforcement action (short of going to court for a judgment against the delinquent customer) was needed. Putting a lien on a property is much more difficult than shutting off water service, she noted. DEM would not be sending all of its delinquent accounts to DWS; the request to shut off water service would only be made when all other remedies were exhausted. DEM hopes that this will lead people to the table to enter into a payment plan. This would be similar to what DEM did, regarding delinquencies involving its solid waste facilities. DEM in that case cut off access to the landfills, to delinquent commercial haulers who did not make a payment plan with DEM. It turned out that many of the delinquencies vanished as the commercial haulers, faced with blocked access to the landfills, paid the money they owed to DEM.

Ms. Leithead-Todd said that having the leverage of shutting the water off to delinquent sewer customers is the reasonable way to go. This would not require any adjustment of DWS's billing, nor would it require DWS to collect the delinquent sewer bills. DWS and DEM would continue to have separate billings. The only time that DEM would request water shut-offs would be in cases where DEM determined that there was an opportunity to pursue collection by wielding the threat of a water shut-off.

Ms. Leithead-Todd said that in actual enforcement to shut off water, a DWS employee would go to the property accompanied by a DEM collection clerk, who would be able to accept payment on the spot from the delinquent customer. DEM and DWS would work out the details of how such visits would work. She thought this would go a long way to help DEM.

She thought this would work better than the measures taken by the other counties. City and County of Honolulu's Board of Water Supply does joint billing with waste water, but the situation on Oahu is very different from that of the Big Island. Much of Oahu is sewered, whereas here on this island, there are small, discrete areas served by sewer systems. Ms. Leithead-Todd noted that DWS's list of customers is much larger than DEM's list of sewer customers.

Ms. Leithead-Todd said that the proposed amendment removes some of the concerns that DWS had, for example, about needing to change its software to accommodate DEM billing, etc. This proposal will keep the two departments' operations separate, and shut-offs would be only upon DEM's request.

Returning to the way the other counties handle things, Oahu has combined water-sewer billing, and has been implementing water shut-offs. Maui authorizes their water department to terminate water services for delinquent payments of sewer fees. They also process water bills with sewer bills. Kauai also has

similar language in its code that stipulates that for any sewer bill which is 30 days delinquent, water services may be shut off 5 days after issuance of a written notice.

DEM would incorporate a notice provision in its amendment, which would give customer X number of days to pay their bill. DEM will submit a request to the County Council, to amend the Hawai'i County Code with very simple language. She noted that the Board had received copies of the proposed amendment. DEM would obviously coordinate everything with DWS.

Any appeals to the shut-offs would go to DEM's Environmental Management Commission; it would not go to the Board of Water Supply, Ms. Leithead-Todd said. Therefore, if someone was protesting a water shut-off, it would come to DEM, and its Environmental Management Commission would handle the appeal. The appeals would not come to the Water Board, she said. The beauty of this is that it would not add to the Water Board's Agendas, and would not require the Water Board to hold Chapter 91 hearings. The onus for those Chapter 91 hearings would be on DEM.

Mr. Arikawa asked whether, if this proposal is implemented, the time frame would be similar to that of Kauai (i.e., shut-off five days after delivery of a notice to delinquent customers).

Ms. Leithead-Todd said she imagined it would be longer than five days.

Ms. Garson said yes, DWS would follow its existing procedures for water shut-offs.

Ms. Leithead-Todd said that DEM would want to align itself with DWS; she thought that five days was a bit too tight a turnaround, given mailing, holidays, weekends and other timing factors. In any case, DEM would want to mirror DWS's procedures.

Mr. Taniguchi asked how many customers would be affected; he asked whether they were commercial or residential customers.

Ms. Leithead-Todd said that it would be both commercial and residential customers. She said that approximately 74 percent of DEM's sewer customers were current on their payments, and there were varying degrees of delinquency for the rest. Some of DEM's accounts are uncollectible, such as when a customer moves and the new property owner is not responsible for paying the delinquent bill. DEM needs to weed out some of its old files, and write off some accounts, she said.

Mr. Taniguchi said that the big thing in DEM's proposal is leverage.

Ms. Leithead-Todd confirmed this.

Mr. Taniguchi said that DWS's proposed legislation allows DWS to place liens on the property of delinquent customers. Most of the people affected are property owners, and a lien would cloud the title. Eventually, the property owner would want to refinance, etc., and that is when DWS will get its money.

Ms. Leithead-Todd said she had just seen the proposed legislation, which allows DWS to put liens on property.

Mr. Taniguchi said that this would provide DEM with a lot of leverage, too. Mr. Taniguchi said his concern with DEM's proposal is that in the event of a water shut-off, customers will call DWS, instead of DEM. DWS's customer service staff will get the brunt of the calls, he said.

Ms. Leithead-Todd said that assuming the DEM proposal goes through, DEM will be leaving notices on the house where DEM is proposing to shut off the water (after having already sent the delinquent sewer customer a letter regarding the delinquency). DEM will physically leave at the house a notice that tells the customer to call DEM to get the water restored, after paying the bill.

Mr. Taniguchi asked whether Ms. Leithead-Todd thought that DWS's proposed bill would help DEM.

Ms. Leithead-Todd hedged, saying that in theory it would help DEM if the bill contained language for other things. The problem with liens is that, in order for DEM to get a lien for a delinquent bill, DEM would have to go through a hearings process, and would have to go to court to get a court order approving the lien. DWS may want to take a look at what process DWS would have to go through to establish a lien, she said.

Mr. Taniguchi said that DWS's bill would allow the process of going through the judicial system.

Ms. Leithead-Todd said that as of now, she would have to go to court to get a lien. She could imagine herself asking Corporation Counsel to go to court over 300-odd accounts, and she could imagine Corporation Counsel's response. DEM is looking into using a collection agency or some other contractor, to go after the delinquencies on both solid waste and sewer bills. DEM has a lot of such accounts, but the vast majority of them make payment plans with DEM. However, in some cases, this is very difficult, and a lien on the property is the only way to go. The tough part involves *who* actually signed for the water bill or sewer bill. She said that DEM has language that would allow DEM to assess the property owner, which would allow DEM to go after the owner in the event that a tenant failed to pay his bill. In some cases, that has worked to generate payments. DEM needs to be able to turn off the water, and then the tenant will be screaming at the property owner.

Mr. Taniguchi said this could work the other way around, too.

Mr. Robinson asked whether any other County sewer areas were serviced by private water companies.

Ms. Leithead-Todd said yes, by both private water systems, as well as private sewer systems. The biggest disparity is the amount that is charged for those private systems. Ms. Leithead-Todd cited Kamehameha Investment Corporation's waste water system, but did not know how much they charged. She checked with Parker Ranch, which currently charges about \$130 a month per household for sewer service, whereas DEM only charges \$27 per month. Meanwhile, the City and County of Honolulu charges more than \$100 a month, amid a growing recognition of the need for adequate repair and maintenance. She noted that DEM's pipes are subject to the chemicals and gases that go through the pipes as the waste decomposes. Sewer pipes are much more prone to corrosion than water pipes, which are subject to whatever is happening on the ground, such as salt and humidity. DEM needs to be more aggressive on repair and maintenance, and needs a better source of income than the \$27 a month that DEM charges now.

Mr. Taniguchi noted that Honolulu charges by water usage.

Ms. Leithead-Todd confirmed this. A political debate over whether to raise sewer rates arose at the County Council, and a Council member from West Hawai'i argued that the West side's water bills (used to irrigate lawns, fill swimming pools, etc.) did not reflect the actual amount of sewage going into the system. In a great compromise, the Council instituted a flat fee instead of a fee based on consumption. This gives no incentive to reduce water use based on sewer fees, Ms. Leithead-Todd said. By contrast, DWS has a *consumption* rate. This comes into play at Ms. Leithead-Todd's house, home to five boys who take long showers. She noted that there are indeed differences between the way DEM and DWS issues their respective billings. Ms. Leithead-Todd said that the beauty of DWS's system is that it is governed by a semi-autonomous Board. DEM's difficulty is that it must go to the County Council any time it wants to raise its fees. Historically, this has been extremely difficult, despite rising costs of operations such as salaries, repairs and maintenance, etc. She cited the Council's two-year election cycle as one reason for the difficulty in raising fees. Ms. Leithead-Todd wished aloud that she had a set-up like that of DWS. DEM currently has a General Fund subsidy for waste water, and a subsidy for solid waste. She said she has less of a problem with the solid waste subsidy, with which DEM operates

all of the transfer stations (where DEM does not charge anything). The General Fund subsidy is basically operating the residential collections that DEM does at the transfer stations. However, the sewers are only for those on the system, and the subsidy does not reflect DEM's costs to operate the systems.

Mr. Arikawa noted that his real estate company had a lot of problems with sewer billings, involving a lot of tenants and owners. His company worked closely with DEM over this problem. When DEM started putting on its forms *who* is responsible for the bill, (i.e., whether owner or tenant), his company's list of delinquencies shrank. He said his company worked really well with DEM; he could not remember who at DEM it was.

Ms. Leithead-Todd said it was probably the Business Manager, Ms. Robin Bauman.

Mr. Arikawa said DEM really helped his company reduce its delinquencies; the property owners are happy, and now there are only a few problem people. He thanked DEM for what it did with its forms.

Ms. Leithead-Todd said that going forward, working with DWS will be even easier because DEM is now the tenant downstairs from DWS. She said that having the ability to shut the water off will really make sense. DEM is subject to DOH and EPA mandates. The inability to collect some of this money makes it very difficult to maintain DEM's equipment replacement fund, and it makes it very difficult to be able to budget adequately for a lot of the projects that DEM needs to do. DEM and DWS have been talking about this issue for more than 10 years, and Ms. Leithead-Todd said that she hoped that this arrangement will work for both departments.

Mr. Greenwell commended Ms. Leithead-Todd for coming up with a much more palatable resolution than the one previously brought before the Water Board. The previous resolution was one that the Board could not swallow.

Ms. Leithead-Todd said that DWS has excellent staff with whom DEM has worked closely. The current proposal was hammered out, to alleviate some of the Board's concerns, including concerns regarding which department gets the customer calls, and which department handles Chapter 91 hearings, etc. The two departments have managed to take care of most, if not all, of the concerns that were raised earlier.

Chairperson Kaneshiro asked what would happen if a customer pays his water bill, but fails to pay his sewer bill. He wondered whether the customer would protest having his water shut off despite having paid his water bill. He asked whether there would be language that specifically states what has happened.

Ms. Leithead-Todd said yes, the language would start with language like: "Pursuant to such-and-such Bill", and then the customer can go and yell at the County Council, which will have approved the Bill. She said that her common response, when people complain about something in the County Code, is to refer the caller to their Council Member.

Chairperson Kaneshiro asked whether the language would clearly steer the onus away from DWS.

Ms. Leithead-Todd said yes, the language in the notices to delinquent customers could state the impending water shut-off was because of a delinquent waste water bill. She noted that DEM would work with the customer to reach a payment plan, such as \$30.00 per month on a \$1,000.00 delinquency. The companion bill that DEM is putting forward would reduce the current 18 percent interest rate on delinquent bills; this percentage is inconsistent with what everybody else in the County charges for delinquencies. The rest of the County charges 12 percent interest, she said. The interest rate is higher than what people would be charged for a bank loan or a mortgage. The higher percentage reflects the extra work and effort that DEM has to put in every month, to track all of the delinquencies, and to do

collections. The higher percentage of interest is an incentive to customers to pay their bills. The current 18 percent is like the interest on a credit card. However, 18 percent is not what the rest of the County charges, so DEM is sending both of its proposed bills together. The water shut-off bill will give DEM some leverage, while the companion bill which reduces the interest rate will help DEM look like it is being reasonable. Reducing the interest rate would make it more palatable to the Council, Ms. Leithead-Todd said.

Mr. Taniguchi said it makes sense.

6) HĀMĀKUA:

A. JOB NO. 2013-997, HAINA DEEPWELL REPAIR:

Bids for this project were opened on January 16, 2014, at 2:00 p.m., and the following are the bid results:

Bidder	Bid Amount
Derrick’s Well Drilling and Pump Services, LLC	\$167,000.00
Beylik Drilling and Pump Service, Inc.	\$248,865.00
Water Resources International, Inc.	\$259,550.00

Project Costs:

1) Low Bidder (Derrick’s Well Drilling and Pump Services, LLC)	\$ 167,000.00
2) Contingency (10%)	\$ 16,700.00
Total Cost:	<u>\$ 183,700.00</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 \$209,450.00.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2013-997, HAINA DEEPWELL REPAIR, to the lowest responsible bidder, Derrick’s Well Drilling and Pump Services, LLC, for their bid amount of \$167,000.00, plus \$16,700.00 for contingency, for a total contract amount of **\$183,700.00**. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality by Corporation Counsel.

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

The Manager-Chief Engineer pointed out a mistake in the write-up. The timeframe should be **150** calendar days, instead of the 180 calendar days stated in the write-up.

Mr. Uyeda asked about the scope of this project.

Mr. Ikeda explained that it is a typical repair project. He noted that the pricing differential was pretty wide among the three bidders. The Department checked with the low bidder, Derrick’s Well Drilling and Pump Services, LLC, and the vendor said he was comfortable with his bid.

The Manager-Chief Engineer asked Mr. Ikeda to explain what was happening at the well that led to this repair bid.

Mr. Uyeda asked if it involved the replacement of a line shaft pump.

Mr. Ikeda confirmed this; the line shaft pump was in the process of breaking down. The Department had experienced similar circumstances before, and decided to do the repair before the line shaft pump completely broke down.

The Manager-Chief Engineer said that normally, when DWS does such repairs, it includes replacements of the pump, motors, etc.

Mr. Uyeda asked whether the motor would be rewound, rather than replaced.

The Manager-Chief Engineer confirmed this.

Mr. Greenwell asked how long of a shutdown period there is in situations like this. He asked whether DWS has a pump standing by to plunk into the hole – thus avoiding a shutdown.

Mr. Ikeda said that in this particular case, DWS needs to order and ship in a new line shaft pump. He noted that DWS has back-up systems in the area, to allow the facility to be down for a while as the repair work takes place.

The Manager-Chief Engineer noted that the Āhualoa Well is now on-line, so DWS has the ability to transport water from Āhualoa down to Haina. Although Āhualoa is limited, DWS will be able to keep up in the interim, he said.

ACTION: Motion carried unanimously by voice vote.

7) SOUTH HILO:

A. MAINTENANCE BID NO. 2013-12, REPAIR AND MAINTENANCE OF AIR-CONDITIONING SYSTEM, WAIĀKEA OFFICE PLAZA, DEPARTMENT OF WATER SUPPLY:

Bids were opened on January 16, 2014, at 2:30 p.m., and the following are the bid results.

Bidder	Monthly Maintenance Amount	Total w/estimated repair cost
Heide & Cook, LLC	\$ 809.69	\$3,865.89
Oahu Air Conditioning Service, Inc.	\$1,068.59	\$3,948.59

Maintenance Cost from March 1, 2014 to June 30, 2015 (inclusive – 16 months):

Heide & Cook, LLC **\$809.69/mo. = \$12,955.04**

Hourly Labor Rates for repair:

Regular Journeyman	\$ 102.08/hr.
Regular Helper	\$ 67.71/hr.
Emergency Journeyman	\$ 102.08/hr.
Emergency Helper	\$ 67.71/hr.
Emergency O.T. Journeyman	\$ 153.12/hr.
Emergency O.T. Helper	\$ 101.56/hr.

Option Contract Years Monthly Maintenance Cost

(July 1, 2015 – June 30, 2016):	\$ 833.98/mo.
(July 1, 2016 – June 30, 2017):	\$ 859.00/mo.
(July 1, 2017 – June 30, 2018):	\$ 884.77/mo.

The Manager-Chief Engineer recommended that the Water Board award the contract for Maintenance Bid No. 2013-12, REPAIR AND MAINTENANCE OF AIR-CONDITIONING SYSTEM, WAIĀKEA

OFFICE PLAZA, DEPARTMENT OF WATER SUPPLY, to the lowest responsible bidder, Heide & Cook, LLC for \$12,955.04, and the associated labor costs for repairs as necessary during the maintenance period. It was further recommended that either the Chairperson or Vice-Chairperson be authorized to sign the contract subject to review as to form and legality by Corporation Counsel.

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

The Manager-Chief Engineer noted that this contract is for 16 months, starting in March 2014, and ending in June 2015. In addition to the \$12,955.04, there will be additional costs for materials such as filters, etc., that the contractor will be able to bill DWS for. Basically, this contract covers the labor portion of the work, he said.

Mr. Taniguchi asked whether this was a new system; he thought that DWS already had a maintenance contract.

The Manager-Chief Engineer said that there had been a contract, but it was for a limited time period.

Mr. Inaba said that under the construction contract for the air-conditioning system, there was a 12-month maintenance period. Subsequent to that, DWS needed to go to bid for a maintenance contractor with qualified vendors or contractors. That first maintenance contract finished, and this current contract is the second one, he said. The contract states that repairs would take place only when necessary. When DWS evaluated the bids, the Department included labor costs for repairs, to ensure that DWS does not get hit with a high tab for labor. That scenario has happened in the past, Mr. Inaba noted. Therefore, it was recommended that DWS have a monthly maintenance cost, as well as a fixed number of hours for labor, in case the contractor has to come in to do repairs. The contractor will charge at this fixed rate.

The Deputy said that DWS did not want a situation where a contractor would low-ball the maintenance portion, with the anticipation of repair jobs where the contractor could “juice” the hourly rate.

Mr. Arikawa, noting that he was not on the Board when the air-conditioning project was done, asked who installed the air-conditioning system.

The Manager-Chief Engineer said the general contractor was Isemoto Contracting, while the actual installer was Oahu Air Conditioning.

Mr. Arikawa asked how long ago it was.

Mr. Inaba said it was three years ago; the project was fully completed in 2011.

The Manager-Chief Engineer said that the original air-conditioning system was installed when the building was built, back in the 1960s. It was only three years ago that the system was replaced.

ACTION: Motion carried unanimously by voice vote.

B. DEPARTMENT OF WATER SUPPLY, WAIĀKEA OFFICE PLAZA LANDSCAPE IMPROVEMENTS:

The Department of Water Supply is proposing to remove the grove of eucalyptus trees in the front yard, as well as the tree in the back corner, of the Waiākea Office Plaza (WOP) property. The tree in the back corner overhangs the parking lot and neighboring property structures. The Department plans to landscape the property with native plants/trees that would better suit the property.

Removal of the existing trees, which pose a hazard to the WOP and neighboring properties, will reduce the liability risk to the Department. A Special Management Area (SMA) Use Permit Assessment Application was submitted to the Planning Department. The hazards and incidents, as well as near-

incidents, are stated in the SMA Use Permit Assessment Application submittal. No further review of the SMA rules and regulations regarding the tree removal is required. The estimate for the tree removal is \$150,000.

The Manager-Chief Engineer recommended that the Water Board approve the DEPARTMENT OF WATER SUPPLY, WAIĀKEA OFFICE PLAZA LANDSCAPE IMPROVEMENTS project, and allow the Department to proceed with plans and bidding process.

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

The Manager-Chief Engineer said this matter was coming before the Board because the proposed removal of the trees involves C.I.P. monies. The trees in question pose a huge liability on DWS, he said. The trees may fall on DWS's building or on the neighbors' buildings, or on vehicles in the parking lot outside DWS. Once the trees are removed, DWS will landscape the area with native plants that will beautify the surroundings. DWS may come in for some flak from tree lovers, but the trees hanging over DWS's property make the Manager-Chief Engineer very nervous. To remove the trees, DWS must go out to bid. He noted that Mr. Inaba was passing around a photo of a large tree branch that fell in the parking lot a couple of days ago. Fortunately, the branch did not cause any injury or property damage.

Ms. Lee Loy asked about the status of the Special Management Area (SMA) assessment.

Mr. Inaba said that it was approved by the Planning Department, and no further action is required.

Mr. Robinson noted that he had never actually set foot in the DWS main building. He asked whether there were a meeting room on the premises.

The Manager-Chief Engineer said there was a small conference room, but it was a bit too tight a fit for a Water Board meeting.

ACTION: Motion carried unanimously by voice vote.

8) NORTH KONA:

A. **PARTIAL RELEASE OF AGREEMENT RE: TMK 7-5-020:079:**

TMK 7-5-020:079 is one of the lots within the Stanford Carr *Kahakai Estates* subdivision, which are covered by the conditions of an Irrigation Agreement with the Department of Water Supply.

According to the subdivision plans, the subject lot was set aside and designated to become either a park or to be annexed to the Kahakai Elementary School on the adjacent lot. Note that the school was not part of the subdivision, and was never subject to the irrigation agreement. All of the water that was available through the irrigation meter is being used for landscaping on other community lots within the subdivision, and the subject lot was never developed into a park. The Department of Education (DOE) has opted to take over the parcel for the benefit of the school. However, DOE viewed the inclusion of the subject lot in the irrigation agreement to be an encumbrance on the property. There is wording within the irrigation agreement that suggests the property owner might be jointly liable to help fund a future irrigation system to benefit the subdivision. Therefore, DOE is seeking to have the Water Board execute the Partial Release of Agreement document with respect to the subject parcel only.

Staff has reviewed the agreement and recommends that the Water Board execute the Partial Release of Agreement document for TMK 7-5-020:079. The Irrigation Agreement will otherwise remain intact for all of the other applicable lots within the Kahakai Estates Subdivision.

The Manager-Chief Engineer recommended that the Board approve the PARTIAL RELEASE OF AGREEMENT RE: TMK 7-5-020:079, subject to review as to form and legality by Corporation Counsel, and the Chairperson or Vice-Chairperson be authorized to sign the document.

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

The Manager-Chief Engineer said that the property owner, Stanford Carr Development, will be transferring over a portion of this property to the State for school use. He noted that Stanford Carr Development has an agreement for landscape irrigation service, whereby the property owner pays a higher bloc rate for water use. The request here is that Stanford Carr Development be partially released from that agreement; when the State takes over the portion of the property, the State will be obtaining their own water service. This request just releases that portion of the property from the irrigation agreement, he said.

Mr. Uyeda asked whether the Department of Education (DOE) would be the benefiting party, assuming the Board approves this request.

The Manager-Chief Engineer confirmed this.

Mr. Uyeda asked whether the developer would be the benefiting party.

The Manager-Chief Engineer said no, because the developer would still be on the hook for the rest of the irrigation agreement.

Mr. Taniguchi asked whether there would be water service to the portion of the property that the developer donated for school use.

The Manager-Chief Engineer said he had not seen a request for water service for the parcel that will be transferred to the State. However, if the State needs water service, they just need to request it from DWS.

Mr. Taniguchi asked whether this parcel was a separate TMK.

The Manager-Chief Engineer said no, it is the same TMK right now, but once it is subdivided, it will have a different TMK. Right now, it is one big property; Stanford Carr Development is taking a portion of that property, and transferring it to the State.

Mr. Inaba said that Kahakai Elementary School will consolidate their portion with Parcel 77, and utilize the existing master meter to serve the school. The school will get water service through the master meter, he said.

ACTION: Motion carried unanimously by voice vote.

9) MISCELLANEOUS:

A. DEDICATION OF WATER SYSTEMS:

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

1. **GRANT OF EASEMENT**

Grantors: Marian Grace Andrade Maxwell and Audrey Maxwell
Tax Map Key: (3) 4-6-010: 036 portion

Note: DWS acquired this Easement for an existing 8-inch waterline.

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

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

Mr. Inaba said this was a grant of easement for an existing line going through a property, similar to one on the Agenda last month.

Mr. Greenwell asked if this was just a housekeeping item.

Mr. Inaba confirmed this.

ACTION: Motion carried unanimously by voice vote.

B. **RESOLUTION NO. 2014-01: A RESOLUTION AUTHORIZING CORPORATION COUNSEL TO SETTLE CLAIMS UP TO \$10,000 INVOLVING THE WATER BOARD AND DEPARTMENT OF WATER SUPPLY OF THE COUNTY OF HAWAII:**

(Note: Resolution required a roll call vote)

Hawai'i County Code section 2-9 was recently amended by Ordinance No. 13-129 to authorize the Corporation Counsel, on behalf of the County of Hawai'i, to settle, compromise or otherwise resolve any claim now existing or which may arise, not involving or requiring payment in excess of \$10,000.00.

The Water Board will determine whether to authorize attorneys in the Office of the Corporation Counsel, with the consent of the Manager-Chief Engineer or Deputy of the Department of Water Supply, County of Hawai'i, to settle, compromise or otherwise resolve any claim now existing or which may arise, not involving or requiring payment in excess of \$10,000.00 in favor of or against the Department of Water Supply and/or the Water Board.

The Manager-Chief Engineer recommended that the Water Board adopt RESOLUTION NO. 2014-01, A RESOLUTION AUTHORIZING CORPORATION COUNSEL TO SETTLE CLAIMS UP TO \$10,000.00 INVOLVING THE WATER BOARD AND DEPARTMENT OF WATER SUPPLY OF THE COUNTY OF HAWAII, subject to approval of Corporation Counsel.

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

Ms. Garson said this Resolution is aimed at bringing the Water Board into line with the County with regard to authorizing the settlement of claims of up to \$10,000.00.

Mr. Greenwell asked if the \$10,000.00 were an arbitrary number; he asked if that figure is in line with other counties.

Ms. Garson said that it is not arbitrary; it is in line with the other counties and the State. The County found that \$10,000.00 is around the claims amount involved in vehicle accident-type cases. Having the authorization to settle claims of up to that amount will alleviate the need to go through a long process which delays payment of rightful claims. The County is trying to get its claims out earlier, she added. She noted that DWS does not get many such claims.

Mr. Taniguchi said that this authorization works both ways: paying up or receiving.

Ms. Garson said that the Item at the end of today's Agenda (i.e., a vehicle accident claim) sparked the conversation to raise the authorization amount. Ms. Garson said the case spurred her to bring DWS's number in line with the County's number.

Mr. Taniguchi asked if there was an amount now.

Ms. Garson said the number has been \$1,500.00 for many years now.

Mr. Taniguchi asked what would happen to the Item regarding the vehicle accident, assuming that the Board approves this Resolution.

Ms. Garson said that the Board will still take up that Item.

ACTION: The Secretary took a roll call vote: Mr. Arikawa (Aye); Mr. Greenwell (Aye); Ms. Lee Loy (Aye); Mr. Perry (Aye); Mr. Robinson (Aye); Mr. Taniguchi (Aye); Mr. Uyeda (Aye) and Chairperson Kaneshiro (Aye). Motion carried with Eight (8) Ayes, Zero (0) Nays; and One (1) Absent, Ms. Iokepa-Moses.

C. **DEPARTMENT OF ENVIRONMENTAL MANAGEMENT DISCUSSION REGARDING BILLING, DELINQUENCIES AND COUNTY CODE AMENDMENTS TO PERMIT WATER SHUT-OFF:**

(This Item was taken up earlier in the meeting.)

D. **AD HOC COMMITTEE PURSUANT TO HRS SECTION 92-2.5(B) TO PRESENT, DISCUSS AND/OR NEGOTIATE FOR LEGISLATION REGARDING THE PLACEMENT OF SUCH LIENS ON REAL PROPERTY FOR NON-PAYMENT OF WATER BILLS:**

The Ad Hoc Committee is exploring legislation pursuant to HRS Section 92-2.5(B) which would allow the placement of an automatic lien on property for non-payment of water bills. The Ad Hoc Committee will present, discuss, and/or negotiate for such legislation with any necessary person including, but not limited to, any water or wastewater department or division of any county, and/or with any legislators in the State of Hawai'i.

The Ad Hoc Committee is also exploring a revision of the Department of Water Supply Rules and Regulations to hold a property owner responsible for any water bill for water service to such property, whether or not the property owner resides on the property; and that no water service will be granted to such property until all such delinquencies are paid or other agreement is reached.

Ms. Lee Loy reported that at last month's Board meeting, she had turned over some Legislative Amendments that her committee was looking at. Over the past month, Ms. Lee Loy worked with Ms. Garson and Corporation Counsel, and came up with some modest modifications to HRS Section 46-1.5. She transmitted that to the Big Island's Senators and Representatives, and luckily she was able to get Senator Gil Kahele to introduce Senate Bill (SB) 3094. This Senate Bill basically folded in a modest amendment which allows the Department to place a lien on a property which has not been paying its water bill. Ms. Lee Loy said that legislators asked her why DWS wanted this Bill. Ms. Lee Loy explained to them that this Bill provides another tool for DWS to get paid; the Bill does not take away a person's right to due process. This Bill is within the realm of DWS's Rules, and is allowed for within Chapter 91, she said. Placing a lien is the very last step that would be available to DWS, Ms. Lee Loy said. This Bill does exactly the same thing that DEM's proposed amendment to the County Code does. It alleviates the need to go through the lengthy process of going through the courts in order to get a lien placed on a property. Ms. Lee Loy said that the time is ripe for bringing up this Bill. She invited any comments or modifications from the Board.

Mr. Taniguchi commended the fine work done by Ms. Lee Loy, and asked whether placing liens for delinquent *sewer* bills would be included in this Bill.

Ms. Lee Loy said that the language of the Bill actually allows for both DWS and DEM to place liens on properties with delinquent bills. She noted that the Legislature moves really fast, and she was asking Ms. Aton to help with getting the other counties on board for this Bill. Ms. Lee Loy said she spoke to Mr. Dwayne Miyashiro, Chairperson of the Board of Water Supply of the City and County of Honolulu, who assured her that he would lend whatever support needed on this Bill, because this Bill helps his County, too.

The Manager-Chief Engineer said that he would alert the other counties' Water Department Managers that this Bill has been introduced. He asked Ms. Lee Loy whether any hearings had been scheduled yet.

Ms. Lee Loy said they are still pending. She said she had checked the status of the Bill this morning; it had been referred to the Ways and Means Committee. She was still waiting to hear on a particular Committee meeting date; she believed the Committee that would first hear the Bill was Public Safety and Transportation.

The Manager-Chief Engineer asked about submitting written testimony.

Ms. Lee Loy said that the legislators encouraged written testimony, and they see this Bill as a good fix for all counties. This Bill is a tool that will empower all of the counties, and that is why a lot of legislators got excited about it. Legislators are indeed looking for lots of testimony, she said. Ms. Lee Loy said she had asked Ms. Aton this morning to develop talking points. Ms. Lee Loy noted that one item in the Bill that was left blank was the dollar amount; the legislators are discussing the dollar amount among themselves, and are looking for guidance on what the threshold amount should be. She said there are a lot of smart people in the room and a lot of smart people in the State. The dollar amount is one thing, but it is also related to the number of gallons consumed. Therefore, Ms. Lee Loy said the legislators were looking for collaboration regarding what the number will be.

Mr. Taniguchi asked whether there was language in the Bill to the effect that DWS could initiate foreclosure.

Ms. Lee Loy said no.

Mr. Taniguchi observed that with delinquencies on real property taxes, the County can foreclose soon after the delinquency occurs. With this Bill, the idea is to put a cloud on the property, which would come into play when people refinance or try to sell the property. That is when DWS will get its money, he said. DWS also has recourse to shutting off the water. He said he did not think that the Bill needed a dollar amount; he noted that each department has its own rules regarding when to shut off the water. The main thing here is to avoid the expensive and time-consuming process of going through the courts in order to get a lien. The lien on the property will cloud the title, and eventually DWS or its counterparts will get their money. For that reason, everybody can be on the same page, and not be tied to a certain dollar amount.

The Manager-Chief Engineer said that would have been his recommendation – to remove that dollar amount.

Mr. Taniguchi said that no dollar amount is needed, because DWS is not looking to foreclose.

The Manager-Chief Engineer agreed, and said that it should be left to the respective water departments to decide when they will shut off the water. He agreed that the dollar amount should be left blank.

Mr. Arikawa suggested including a deadline in the Bill, regarding how many days after a final notice the Department should act.

Mr. Sumada explained that currently, the delinquent customer gets a letter after their bill is 30 days outstanding; the customer is told to pay within 15 days, or DWS will shut off the water.

The Manager-Chief Engineer said that DWS would have problems adhering to a 15-day time frame, because once the final notice is sent, DWS's collections clerk must coordinate the shut-off with one of the Department's Operations field staff. If the field staffer is not available to do the shut-off immediately, the actual shut-off could lag beyond the 15-day mark.

Mr. Greenwell told Ms. Lee Loy that if other counties want to come up with a gallon amount, it would not really work for the Big Island, where there are ag rates versus residential rates.

Mr. Robinson asked whether a letter of support for the Bill from the Water Board would be helpful; he also asked whether having Board members testify in person would be helpful. He noted that the Legislature is known for giving extremely short notice as to when hearings are to take place.

Ms. Lee Loy said that all of the legislators that she spoke to urged her to have people come to testify in person. She hoped that DWS and the Board would send people to testify. Ms. Lee Loy said that she and Ms. Aton would be closely tracking the Bill, watching for the hearing dates. She said she particularly wanted Mr. Robinson, whose idea this Bill was, to testify. She said that Ms. Aton would help provide some talking points for when the testifiers address the various committees at the Legislature. The talking points could be left with the legislators, to help them understand why this Bill would be helpful for all of the counties.

The Manager-Chief Engineer said that DWS will start drafting a testimony letter for DWS testifiers and a similar letter for the Board testifiers. When the dates of the hearings are known, DWS and the Board testifiers can arrange to attend those hearings in person.

Mr. Robinson said yes, absolutely.

Chairperson Kaneshiro asked if there was some kind of County policy or means to enable employees to go and testify in Honolulu at the Legislature.

The Manager-Chief Engineer said that normally, DWS does not send employees to testify. If the matter is very important to DWS, the best thing is for the Manager-Chief Engineer or the Deputy to attend hearings in person. Contact with individual legislators is also very important; a phone call really helps. That shows the legislators that DWS is serious about pushing certain things. On occasion, DWS will get calls from legislators regarding certain bills, to get the Department's feedback. In those cases, DWS will provide testimony.

Chairperson Kaneshiro said that it is really good to have live bodies there at the Legislature to provide testimony. He recommended that DWS set up some kind of accounting to enable Board members to attend hearings to give testimony.

The Manager-Chief Engineer said that the Mayor's Office has someone tracking bills, and they notify DWS when a bill comes up that involves water. However, DWS itself needs to track these kinds of bills; DWS will not wait for the County to notify it about bills affecting water. Once DWS knows of such bills, the Department will let the Board know when the hearings are scheduled.

Chairperson Kaneshiro said that because this Bill was created by the Board, it is important that the Board be there for the hearings.

The Manager-Chief Engineer agreed that it was important. He noted that a while back, the Board looked at hiring a lobbyist, but having a lobbyist presented problems. He believed that it was better that DWS attend these hearings and talk with the legislators, etc. DWS will track the Bill really closely, he added.

Ms. Lee Loy said that she shared this legislation with Council Chairman J Yoshimoto, to share with the Council members. The Council is now contemplating whether to prepare a resolution of support for the Bill from Hawai'i County, she said. Ms. Lee Loy suggested that it would be good to work with the Hawai'i Island Board of Realtors, to notify them about this legislation. This legislation could help the realtors develop better or tighter contracts for rentals, to ensure that the water and sewer bills are paid.

Mr. Taniguchi asked Ms. Aton to help draft a testimony letter for the Board. The Legislature often gives last-minute notice of its hearings, which makes it nearly impossible for Neighbor Island people to get to Honolulu in time to testify. Still, it is very important to show support through stacks of letters and emails.

The Manager-Chief Engineer agreed that the notice regarding hearings is terribly short, and DWS has had to scramble to provide testimony at the last minute. As long as DWS and the Board know that the Bill is going to hearing, at least everyone will be ready.

Mr. Robinson asked who heads the Kauai Department of Water.

The Manager-Chief Engineer said that Mr. Kirk Saiki, the Deputy, is the Acting Manager right now.

Mr. Taniguchi said that the Kauai Water Board chairperson and the entire Kauai Water Board are in favor of the Bill.

Chairperson Kaneshiro thanked Ms. Lee Loy for doing a good job on the Bill.

E. AD HOC FINANCE COMMITTEE REPORT:

Mr. Taniguchi noted that the Committee had been created about four years ago, following the Legislative Audit of DWS. Mr. Taniguchi reported that all of the tasks within the scope of the Committee's work, as set out by the Legislative Audit, had been accomplished. The last task was the resolution of the cash handling issue, which was accomplished with the new lock box system. DWS's auditors in their report confirmed that the cash handling issue was not a factor anymore, he said.

ACTION: Mr. Taniguchi moved to sunset the Ad Hoc Finance Committee; seconded by Mr. Robinson, and carried unanimously by voice vote.

(Ms. Lee Loy requested a short break. The Board recessed at 11:42 a.m., and reconvened at 11:51 a.m.)

N. EXECUTIVE SESSION RE: SETTLEMENT OF CLAIM 11-0023 AGAINST GEICO FOR OSCAR RIGG:

Chairperson Kaneshiro asked to take up Item 9 (N), EXECUTIVE SESSION RE: SETTLEMENT OF CLAIM 11-0023 AGAINST GEICO FOR OSCAR RIGG.

ACTION: Mr. Robinson moved to go into Executive Session; seconded by Mr. Greenwell, and carried unanimously by voice vote.

(Executive Session opened at 11:52 a.m., and closed at 12:02 p.m.)

ACTION: Mr. Robinson moved to approve the Recommendation of the Corporation Counsel investigator and the receipt of the money that was recommended; seconded by Mr. Greenwell, and carried unanimously by voice vote.

F. **MONTHLY PROGRESS REPORT:**

No discussion.

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

No discussion.

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

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

- 1) Pu'ukala/Kona Ocean View Properties Subdivision Improvement District Update – The Notice to Proceed was sent out on December 31, 2013, but the contractor is still not on-site. The contractor will be meeting with the community association tomorrow night at the West Hawai'i Civic Center, to explain the details of the project, the assessments for residents, etc.
- 2) Waikoloa Reservoir No. 1 Update – DWS staff is on-site with the biologist involved in the follow-up to the environmental study. Colorado consultant Kleinfelder will be on-site soon, regarding the State Historic Preservation Division investigation, Mr. Inaba said. This involves the previously-undisturbed areas that DWS will disturb in the course of the work. Mr. Greenwell said he did not understand why there would be a site evaluation on areas that were not previously disturbed; he said he thought that the work only involved the lining of the reservoir. Mr. Inaba said the work also includes improving the embankment of the reservoir, to ensure that the embankment, etc., are adequately constructed this time around. The Manager-Chief Engineer confirmed that the work also includes the area around the reservoir, instead of just inside the reservoir. Mr. Inaba said that this embankment work was also done during the previous project, to repair Waikoloa Reservoir No. 2.
- 3) Waimea Water Restriction – The recent rains have replenished the reservoirs, and as of a couple of days ago, the level stood at 100 million gallons. The restriction imposed in November has been lifted, and the area is now under normal conservation (i.e. 10 percent reduction), the Manager-Chief Engineer said.
- 4) Kawailani Tank Update – The old tank is being demolished. Mr. Inaba passed around a photo of the demolition. Once the demolition is done, the contractor will need to remediate the ground underneath, which must be cleared of any residual hazardous waste materials.
- 5) Queen Ka'ahumanu Highway Widening -- Phase II Project Update – The State Highways District Engineers are reluctant to appear before the Board, the Manager-Chief Engineer said. There are some concerns regarding environmental requirements, and until those concerns are resolved, there will be no ground-breaking. Mr. Uyeda asked DWS to request that the State Highways District Engineers come to the Board to give an update. Mr. Robinson seconded this. Mr. Robinson said that he heard that the National Parks Service (NPS) had put in a last-minute request for a *sound study*. NPS is pushing for sound-deadening paving, which would cost 50 percent more than regular paving, Mr. Robinson said. At this rate, work will probably not start until the end of the year, Mr. Robinson said.
- 6) Energy Management Analyst Update – Ms. Myhre attended the Mayor's Energy Advisory Commission meeting on January 23, where she was assigned to the Transportation Sub-Committee. The sub-committee will look at boosting efficiency and coordination in the County's vehicle fleets. Regarding the Lālāmilo Windfarm project, the Deputy and Ms. Myhre provided an update to the Mayor and his staff, who are eager to see the project proceed on schedule. Ms. Myhre will meet tomorrow with the district land agent of the State Department

of Land and Natural Resources (DLNR) on-site at Lālāmilo. The land agent has been assigned to the project as Ms. Myhre's single point of contact; Ms. Myhre will work with him on the lease and sub-lease of the Lālāmilo property. The land agent has not been to the site for a long time, so Ms. Myhre offered to give him a tour tomorrow.

- 7) Public Information and Education Specialist Update – DWS has been working on a Source Water Protection grant that DOH gave funding for; this is designed to educate the public. Ms. Aton is doing outreach to elementary school students about source water protection; she did a presentation to third- and fourth-grade students at Waimea Country School. Ms. Aton attended training this month on Critical Water Infrastructure Disclosure on the Internet. DWS has been meeting with stakeholders and partner departments/agencies regarding the NPS petition to designate the Keauhou Aquifer as a Water Management Area. The Manager-Chief Engineer said that the State Commission on Water Resource Management (CWRM) will be doing a presentation on the NPS petition to the County Council in early February, probably in Kona. The presentation will be similar to the one by CWRM's Mr. Roy Hardy to the Water Board last year.
- 8) Recognition of Employee of the Quarter – Mr. Sumada said that the Employee of the Quarter, Senior Account Clerk Ms. Colleen Nakamura is one of the most important people in DWS – she processes the payroll. He said that Ms. Nakamura is extremely dependable, and has never missed a payroll in 20 years of doing it; she has been with DWS nearly 30 years. Mr. Sumada said that DWS is fortunate to have Ms. Nakamura.

I. MANAGER-CHIEF ENGINEER'S QUARTERLY UPDATE:

The Manager-Chief Engineer asked that this Item be deferred to the February meeting, pending meetings with Division heads.

J. MANAGER-CHIEF ENGINEER'S EVALUATION:

The Board submitted the Summary Sheet to evaluate the Manager-Chief Engineer to the Water Board secretary before the meeting, and the summarized results were provided to the Board at the meeting.

Chairperson Kaneshiro suggested going into Executive Session.

The Manager-Chief Engineer said he was waiving his right to an Executive Session, and asked that the evaluation be done in open session. He said he believed his evaluation was really a reflection on his division heads; whether the evaluation is good or bad, he wanted the division heads to hear it directly from the Board. Having the evaluation in open session is part of an effort for DWS to be open, with the Minutes as public record. The proceedings will be open and transparent; the Manager-Chief Engineer said he had no problem waiving his right to Executive Session.

Mr. Taniguchi at this point said he would take over the proceedings, because the evaluation began in December under his administration. He thanked the Board for submitting their evaluation forms. He explained that the tally was done by breaking down all of the five evaluation categories, taking the total points, category by category, and then averaging them. As an example, in the Leadership category, the total points came to 37.6, and the average score was 4.2. Then, a tally was taken of the total of the five categories, and the average score came to 4.23 points, on a scale of 1 to 5. Mr. Taniguchi said that 4.23 equates to a rating of Commendable.

Chairperson Kaneshiro said that the Manager-Chief Engineer and Mr. Taniguchi now need to sign off on the Evaluation Form, which is the final step in the process. Chairperson Kaneshiro then asked to move on to the discussion of the Revised Performance Appraisal Form (i.e., Item 9(N)). He asked if everyone had a copy of the form.

The Manager-Chief Engineer said that before going to that Item, he thought that the salary for the Manager-Chief Engineer and the Deputy was part of the Evaluation Item.

Chairperson Kaneshiro said he would be talking about the salary.

The Manager-Chief Engineer asked whether the Board could discuss it now.

Chairperson Kaneshiro said okay, the new appraisal form matter could be deferred until later. Regarding the salary, the Chairperson said he wanted a volunteer from the Board to compile salary information on the Manager-Chief Engineer and the Deputy. Mr. Greenwell volunteered to do this, and will report on the salary information at the next Board meeting, where a decision on the salaries can be made, the Chairperson said. An Item on the salaries will be placed on the February Board Agenda, he said.

The Manager-Chief Engineer asked whether it would be proper for him to assist Mr. Greenwell with information.

Chairperson Kaneshiro said that Mr. Greenwell will surely be talking to the Manager-Chief Engineer and other people in order to gather the salary information.

The Manager-Chief Engineer said that DWS's Human Resources (H.R.) section has a lot of information that can be provided.

Mr. Arikawa said he was just going to suggest that Mr. Greenwell work with H.R.

Mr. Greenwell said yes, he would need to talk with H.R. on salary histories, salary scales, etc.

The Manager-Chief Engineer said he looked forward to talking with Mr. Greenwell.

Chairperson Kaneshiro said this report would be ready for the next Board meeting, when a decision on the salaries will be made.

K. EXECUTIVE SESSION REGARDING THE MANAGER-CHIEF ENGINEER'S EVALUATION:

(The Manager-Chief Engineer asked that the Executive Session be waived.)

L. REVISED PERFORMANCE APPRAISAL FORM:

Chairperson Kaneshiro asked if everyone had a chance to review the revised form; he said that the five appraisal categories remained the same. There were some changes that needed to be made.

Ms. Lee Loy, a member of the sub-committee that crafted the form, explained to the Board what changes were made. Ms. Lee Loy and Chairperson Kaneshiro looked at the Goals and Objectives and "measurables" for the Manager-Chief Engineer, and removed the ones that were already accomplished and re-tooled the ones that were ongoing. They looked at DWS's long-range plan, and identified other goals, and folded them into "measurables" for this calendar year. The form that was before the Board today is a cleaned-up version of last year's form, removing goals that have already been accomplished and adding new "measurables" for the Manager-Chief Engineer for 2014.

Mr. Taniguchi commended Ms. Lee Loy and Chairperson Kaneshiro on the good job they did. He recommended that the Board continue the Manager-Chief Engineer's Quarterly Updates, so that the Board can follow progress more easily.

The Manager-Chief Engineer said he really appreciated having this form, which will make it easier for him and DWS staff to update the Board. The new form really outlines the requirements. He noted that circumstances do change, and if there is a need to change or add things, that can be done.

Ms. Lee Loy thanked the Secretary and H.R. section chief Ms. Wanda Kapahu for helping to put the form together; it was truly a collaborative effort.

The Manager-Chief expressed his thanks for the time spent by Ms. Lee Loy and the Chairperson in putting the form together.

Ms. Garson, to allay any confusion, asked for confirmation that the Board would be adopting this new form today for the year 2014.

Chairperson Kaneshiro confirmed this.

Ms. Garson asked for confirmation that the form would also be used quarterly (i.e., to coincide with the Quarterly Update).

Mr. Taniguchi confirmed this.

Chairperson Kaneshiro said yes, it was a progress report on satisfying all of the goals set out on the form.

Ms. Garson acknowledged that she understood.

Chairperson Kaneshiro said that he and the Manager-Chief Engineer would sign off on the form every quarter.

The Manager-Chief Engineer confirmed this.

Chairperson Kaneshiro said the title of the form could now be changed to "2014 Evaluation," instead of "Revised."

MOTION: Ms. Lee Loy moved to approve the new Performance Appraisal Form for the year 2014; seconded by Mr. Robinson.

Mr. Greenwell said that it was good that DWS's checks and balances are working. From the Board's side, the Board gave approval of a good job by the Manager-Chief Engineer, and according to the auditors' report today, it is clear from the auditors' side that the Manager-Chief Engineer did a good job. Therefore, Mr. Greenwell believed that a good system of checks and balances is working here.

The Manager-Chief Engineer said he really appreciated the checks and balances, citing the assistance in daily matters from DWS staff, as well as DWS's legal counsel, Ms. Garson.

ACTION: Motion carried unanimously by voice vote.

M. **CHAIRPERSON'S REPORT:**

Chairperson Kaneshiro said that he wanted to tweak the report form that Board members attending conferences fill out upon their return. He said he wanted to make the form more concise and simpler. Members would be asked what they learned at the conference, and what they brought back that can help the Board and DWS. He said that the Board needs to look at the policy for attendance at conferences; the Board needs to get younger people involved. These are some of the things that the Board will be looking at this year.

Chairperson Kaneshiro confirmed the schedule for the 2014 Meeting dates and venues, as submitted at December's meeting.

Mr. Greenwell asked Mr. Ikeda to look into whether the Board could visit the Kahalu‘u Shaft after the Board meeting in Kona next month.

Mr. Ikeda asked who would be interested in going; he said he would ask whether the Hil-A-Vator was working.

N. **EXECUTIVE SESSION RE: SETTLEMENT OF CLAIM 11-0023 AGAINST GEICO FOR OSCAR RIGG:**

(This Item was handled earlier in the meeting.)

10) **ANNOUNCEMENTS:**

1. **Next Regular Meeting:**

The next meeting of the Water Board will be held at 10:00 a.m. on February 25, 2014, at 10:00 a.m. at the West Hawai‘i Civic Center, Community Center, Building G, 74-5044 Ane Keohokalole Hwy, Kailua-Kona, Hilo, HI.

2. **Following Meeting:**

The following meeting of the Water Board is scheduled for March 25, 2014 at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI.

11) **ADJOURNMENT**

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

Chairperson Kaneshiro adjourned the meeting at 12:31 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.