

**MINUTES**

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

April 26, 2016

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

MEMBERS PRESENT: Mr. Craig Takamine, Chairperson  
Mr. Russell Arikawa, Vice-Chairperson  
Mr. Leningrad Elarionoff (arrived 10:17 a.m.)  
Ms. Brenda Iokepa-Moses  
Ms. Susan Lee Loy  
Mr. Jay Uyeda  
Ms. Kanoë Wilson

ABSENT:

Mr. Bryant Balog, 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. Amy Self, Deputy Corporation Counsel  
Ms. Toni Gonsalves, Beylik Drilling & Pump Service, Inc.  
Ms. Nako'o Warrington  
Ms. Bridget Bales  
Mr. Graceson Ghen, Hawai'i Energy

Department of Water Supply Staff

Mr. Keith Okamoto, Manager-Chief Engineer  
Mr. Kawika Uyehara, Deputy  
Mr. Kurt Inaba, Engineering Division Head  
Mr. Richard Sumada, Waterworks Controller  
Mr. Daryl Ikeda, Operations Chief  
Mr. Clyde Young, Operations  
Mr. Warren Ching, Operations  
Mr. Eric Takamoto, Operations  
Mr. Calvin Uemura, Customer Service Supervisor  
Mr. James O'Keefe, Operations

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1) CALL TO ORDER – Chairperson Takamine 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 March 22, 2016, Public Hearing on the FY 2017 Budgets and Energy CIP Rate, and the Minutes of the regular Water Board meeting on March 22, 2016.

ACTION: Mr. Arikawa moved to approve; seconded by Ms. Iokepa-Moses; and carried unanimously by voice vote.

4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA

None.

5) PUNA:

A. **RESOLUTION NO. 2016-01, APPROVING THE RECEIPT AND EXPENDITURE OF MONIES FOR THE OLA‘A #6 PRODUCTION WELL AND 1.0 MG RESERVOIR PROJECT (FUNDED BY THE DRINKING WATER STATE REVOLVING FUND):**

*(Note: Resolution requires roll call vote)*

DWS submitted a loan application to fund this project with the Drinking Water State Revolving Fund (DWSRF). One of the prerequisites for the loan is a Resolution approved by the Water Board. This Resolution is specifically identified for the following project: JOB NO. 2006-899, OLA‘A #6 PRODUCTION WELL AND 1.0 MG RESERVOIR, and authorizes the Manager–Chief Engineer or Deputy to execute loans and/or grants with the State Department of Health for up to \$6,829,188.42.

The Manager–Chief Engineer recommended that the Water Board adopt RESOLUTION NO. 2016-01, subject to the approval of Corporation Counsel.

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

The Manager–Chief Engineer said that this project has already been completed. The Resolution is a refinancing effort, using SRF funds; originally the project was financed by general obligation bonds. DWS is saving at least a couple of percentage points in interest, over a 20-year term, he said.

ACTION: The Secretary took a roll call vote: Ms. Lee Loy (Aye); Mr. Uyeda (Aye); Mr. Arikawa (Aye); Chairperson Takamine (Aye); Ms. Wilson (Aye); Ms. Iokepa-Moses (Aye); one Absent: (Mr. Elarionoff) and one Excused: (Mr. Balog). Motion carried with Six (8) Ayes, and Zero (0) Nays.

6) SOUTH HILO:

A. **RESOLUTION NO. 2016-02, APPROVING THE RECEIPT AND EXPENDITURE OF MONIES FOR THE PI‘IHONUA-KŪKŪAU RESERVOIR AND TRANSMISSION IMPROVEMENTS PROJECT (FUNDED BY THE DRINKING WATER STATE REVOLVING FUND):**

*(Note: Resolution requires roll call vote)*

DWS submitted a loan application to fund this project with the Drinking Water State Revolving Fund (DWSRF). One of the prerequisites for the loan is a Resolution approved by the Water Board. This Resolution is specifically identified for the following project: JOB NO. 94-590, PI‘IHONUA-KŪKŪAU RESERVOIR AND TRANSMISSION IMPROVEMENTS, and authorizes the Manager–Chief Engineer or Deputy to execute loans and/or grants with the State Department of Health for up to \$7,100,000.00.

The Manager–Chief Engineer recommended that the Water Board adopt RESOLUTION NO. 2016-02, subject to the approval of Corporation Counsel.

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

The Manager-Chief Engineer noted that this project, shown on a graphic projected on the TV monitor, is being funded by an SRF loan. The project is currently advertised for bids, with the bid opening scheduled for May 13, 2016.

Mr. Uyeda asked for a description of the project.

The Manager-Chief Engineer said the scope of the project is to install a new storage tank and transmission lines; this project will replace an outdated and under-sized infrastructure. The current tank's capacity is 57,000 gallons, which feeds into a million-gallon tank on Puainako Street. It is basically a pressure-breaker tank, with no storage capacity. The new tank is a 2-MG tank and a 16-inch transmission line. This project has been on DWS's books for a while, and it is finally coming to pass as a CIP project to be constructed. DWS is really looking forward to getting this project underway, he said.

Mr. Uyeda asked whether the tank has already been designed; he asked if this will be a design-build.

The Manager-Chief Engineer said that it is a normal design-bid-build.

Mr. Uyeda asked if it was along the lines of the Kawaihewa Tank.

The Manager-Chief Engineer said no, DWS has since updated its water storage tank designs.

Mr. Arikawa asked if staff had already done an estimate on this project.

The Manager-Chief Engineer said yes, the estimate is the above-mentioned \$7.1 million, which includes contingency and design.

Mr. Inaba said that the construction will cost a bit over \$6 million.

The Manager-Chief Engineer said yes, the construction estimate is \$6.5 million.

ACTION: The Secretary took a roll call vote: Ms. Lee Loy (Aye); Mr. Uyeda (Aye); Mr. Arikawa (Aye); Chairperson Takamine (Aye); Ms. Wilson (Aye); Ms. Iokepa-Moses (Aye); one Absent (Mr. Elarionoff) and one Excused (Mr. Balog). Motion carried with Six (8) Ayes, and Zero (0) Nays.

**B. INDEMNITY AND CONSENT TO LICENSE AGREEMENT ('ŌLA'A SPRING SOURCE):**

Road and Highway Builders, LLC, (RHC) has executed a license agreement with the Hawai'i Conference Foundation to use the 'Ōla'a Spring Source water that has been disconnected from the DWS water system.

DWS has replaced this source with a deepwell, and retains the ability to reconnect to the spring source under emergency conditions, with the consent of the Department of Health through a long-term water lease. The source will be used by RHC for dust control purposes during the construction of the Daniel K. Inouye Highway (Saddle Road) – East Side, Project No. HI SR 200(3).

This connection will be separate from the standpipe installed by Yamada & Sons, Inc. RHC's standpipe is intended to be installed on 'Opalipali Street within Kaūmana City Subdivision, and not along Kaūmana Drive, where Yamada & Sons, Inc.'s standpipe is located.

The Manager-Chief Engineer recommended that the Board approve the Indemnity and Consent to the License Agreement between Road and Highway Builders, LLC, and the Hawai'i Conference Foundation, subject to the approval of the Corporation Counsel and that either the Chairperson or the Vice-Chairperson be authorized to sign the document.

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

The Manager-Chief Engineer said that this Item involves providing construction water to Road and Highway Builders, who are currently working on the East Side project on the Daniel K. Inouye Highway. This agreement is similar to one that DWS did several years ago with the same contractor on the Saddle Road highway project. The source is owned and operated by a private entity; DWS has the intake and pipeline to the Department's Saddle Road Tank. The contractor plans to get their water from the raw water side, within the subdivision on Opalipali Street. This is not treated water; it is not water that DWS currently uses. However, DWS has access to this raw water through a long-term lease that DWS executed with the private entity.

Chairperson Takamine asked if the graphic on the screen was Kaūmana City.

The Manager-Chief Engineer said yes, this is DWS's uppermost tank in Hilo. DWS will provide a point of connection from within its tank site property, just to the chain-link fence that is on the border. From there, the contractor has to install whatever means that they need to fill up their tanker trucks. This agreement specifies that the contractor must pay for the work that DWS does on the site, and the contractor must also indemnify DWS for any eventualities outside the Department's control. DWS will not be charging the contractor for this water, because it is raw, non-potable water.

Mr. Uyeda asked whether there would be a clear-cut, whereby the contractor would be tapping into the tank directly.

The Manager- Chief Engineer said that the contractor is required to install a reduced-pressure principal backflow preventer. Right now, DWS has a point of **disconnection** on the DWS site; this is a physical disconnect to ensure that the spring water is not connected to DWS's water tank. This is a DOH requirement, he added.

ACTION: Motion carried unanimously by voice vote.

C. **MATERIAL BID NO. 2015-05, FURNISHING AND DELIVERING SPARE DEEPWELL PUMP AND MOTOR SETS FOR WAIMEA DEEPWELL, KEAHUOLŪ DEEPWELL, AND PI`IHONUA #1 DEEPWELL C – TIME EXTENSION:**

The contractor, Beylik Drilling and Pump Service, Inc., is requesting a contract time extension of 90 calendar days to furnish and deliver the pump and motor set for Pi`ihonua #1 Deepwell C.

Staff has reviewed the request, and is recommending approval of 70 calendar days, based on the fact that the Department issued a hold on the order of the pump cable. This action had delayed the ability of the contractor to fulfill the order in a timely manner, and was beyond the control of the contractor.

The Manager-Chief Engineer recommended that the Board approve a contract time extension of 70 calendar days to Beylik Drilling and Pump Service, Inc., for MATERIAL BID NO. 2015-05,

FURNISHING AND DELIVERING SPARE DEEPWELL PUMP AND MOTOR SETS FOR WAIMEA DEEPWELL, KEAHUOLŪ DEEPWELL, AND PI'IHONUA #1 DEEPWELL C. If approved, the contract completion date will be revised from March 29, 2016 to June 7, 2016.

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

The Manager- Chief Engineer noted that this was a three-part Material Bid; today's Item applies to one of the parts, the Pi'ihonua #1 portion of the bid. Staff reviewed the time extension request, and found that 70 calendar days were justified, instead of the 90 days that the contractor requested. He explained that the Department had asked the contractor to pause on purchasing the power cable, due to concerns and challenges that DWS was having with the Haleki'i well. DWS was reluctant to bring in the cable for fear that it might cause problems for DWS down the road. Therefore, DWS had instructed the contractor to hold off ordering the power cable. By the time that DWS was ready to go ahead with the Pi'ihonua project, staff figured that the time needed for the contractor to bring in the cable and fulfill the terms of the contract would be 70 days.

ACTION: Motion carried unanimously by voice vote.

7) SOUTH KOHALA:

A. WATER TREATMENT PROPOSAL NO. 2016-02, FURNISHING AND DELIVERING POLYMERS TO WAIMEA WATER TREATMENT PLANT:

Bids for this contract were opened on April 14, 2016, at 2:00 p.m., and the following are the bid results.

<b>Bidder</b>	<b>Amount</b>
<b>Pural Water Specialty Co., Inc.</b>	<b>\$198,220.53</b>
Phoenix V LLC dba BEI Hawai'i	Non-Responsive

<u>Bidder</u>	<u>Amount</u>
Pural Water Specialty Co., Inc.	\$198,220.53
Contingency	<u>\$151,779.47</u>
<b>TOTAL CONTRACT PRICE:</b>	<b><u>\$350,000.00</u></b>

The reason for the high contingency is that due to past experiences, the dosage of polymers used in the jar testing is much lower than the actual amount used in the Water Treatment Plant. Also, as the source water's turbidity increases during the year due to unstable weather conditions, more polymers are used to meet the water quality requirements of the State of Hawai'i, Department of Health.

The Manager-Chief Engineer recommended that the Board award the contract for WATER TREATMENT PROPOSAL NO. 2016-02, FURNISHING AND DELIVERING POLYMERS TO WAIMEA WATER TREATMENT PLANT, to Pural Water Specialty Co., Inc., for the bid price of \$198,220.53, plus \$151,779.47 in contingency, for a total contract price of \$350,000.00, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality of the contract by Corporation Counsel. The contract period is from July 1, 2016, to December 31, 2017.

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

The Manager-Chief Engineer said that this bid is for polymers, which are the compounds that DWS uses at its Waimea Water Treatment Plant during the coagulation/flocculation process. During that process, the polymers cause the organic matter in the water to clump together, which

falls out of solution by gravity. There were actually two bidders for this Item, but one bidder was found to be non-responsive; DWS was left with just one responsive bidder. Regarding the high contingency amount, DWS historically found that it needs more polymers than the jar tests indicate; this is due to external factors such as weather, he said.

Chairperson Takamine asked how frequently DWS needs these materials.

The Manager-Chief Engineer said that DWS uses the polymers daily. DWS purchases the polymers on an as-needed basis.

Mr. Ikeda confirmed this. Since DWS's Waimea well recently went down, the Department has been using more polymers because the water is dirtier. He said that it was a good thing that DWS had included a higher contingency, because for the past two years, that contingency has carried the Department through. This bid runs until December 31, 2017; meanwhile, DWS is doing compliance upgrades at the Waimea Water Treatment Plant. Once those upgrades are done, DWS will not be using this polymer anymore; DWS will be using a different chemical, for which the Department will need to go out to bid at that point.

Mr. Uyeda asked if this is the plant whose upgrade project the Board approved.

The Manager-Chief Engineer confirmed this.

Mr. Uyeda asked if DWS will still need the polymers once the upgrade project is finished.

Mr. Ikeda said it would not be this polymer; DWS will use a different one.

Mr. Uyeda asked if this polymer is in powder or liquid form.

Mr. Ikeda said it was in liquid form.

Ms. Lee Loy asked if there would be a cost savings associated with the new polymers at the upgraded facility.

Mr. Uyehara said the costs for the new polymer would be similar to the current one.

*(Mr. Elarionoff arrived at the meeting at 10:17 a.m.)*

The Manager-Chief Engineer explained that despite the upgrade, DWS will retain a lot of the components of the existing conventional treatment plant regarding pre-treatment of the water. DWS does not want to process the very raw water straight through the membranes, because the membranes will clog up faster; DWS would as a result face more maintenance and upkeep issues. The upgraded facility was actually designed to include the continual treatment of water, using the existing facility, up to a point. The water will ultimately pass through the membrane, he said.

Mr. Arikawa said he was a little concerned that the contingency amount is almost the same as the actual bid price.

Mr. Ikeda said it was set that way just in case. With the Waimea well back up, DWS will hopefully not use as much polymers; this bid is on an as-needed basis anyway. DWS orders only what it needs, he said. If DWS does not use the allotted funds, the remaining money just goes back into the General Fund.

Ms. Wilson asked if DWS has no recourse in a case like this, with only one responsive bidder. She asked if DWS just takes the only bid that is received.

Mr. Ikeda said yes, as long as that bid is reasonable.

The Manager-Chief Engineer said that DWS is following HRS and HAR Procurement Code requirements. If a sole bid comes in that is unreasonable, DWS has other options. The Department can re-advertise for bids, or it can modify the scope of the project, etc. However, if a sole bid is reasonable and practicable, then DWS normally awards to that bidder.

Ms. Iokepa-Moses asked if there are any repercussions for the non-responsive bidder; she asked if the non-responsive bidder was still eligible to submit bids at a future date.

The Manager-Chief Engineer said yes. Such non-responsive bids hurt both the Department and the non-responsive bidder. It could be that the bidder forgot to submit a required bid document, such as a bid bond. Failing to submit a bid bond is a major cause for deeming a bid non-responsive. Another instance to deem a bid non-responsive would be the failure to provide product information that DWS requires in order to evaluate the bid. It would not be fair to all of the other bidders who submitted the required bid documents, if DWS were to award to a bidder who had omitted a required bid document.

Ms. Iokepa-Moses asked for confirmation that there were only two bidders involved in this case; she asked if there were a third bidder.

The Manager-Chief Engineer confirmed that there were only two bidders.

ACTION: Motion carried unanimously by voice vote.

**B. JOB NO. 2015-1022, PARKER #1 DEEPWELL REPAIR – TIME EXTENSION:**

The contractor, Derrick’s Well Drilling and Pump Services, LLC, is requesting a contract time extension of 90 calendar days. Staff has reviewed the request and is recommending approval of 90 calendar days, based on the fact that the Department furnished a spare pump to be used for repairs that were incomplete. This action caused the job to lose its position in the queue at the testing facility.

The Manager-Chief Engineer recommended that the Board approve a contract time extension of 90 calendar days to Derrick’s Well Drilling and Pump Services, LLC, for JOB NO. 2015-1022, PARKER #1 DEEPWELL REPAIR. If approved, the contract completion date will be revised from April 30, 2016 to July 28, 2016.

MOTION: Mr. Arikawa moved to approve; seconded by Ms. Iokepa-Moses.

The Manager-Chief Engineer said this Item involved an error on the Department’s part; DWS failed to provide a column adapter, which is the piece that mates the pump to the column pipe. DWS had to take a column adapter off of another pump, and with that, DWS lost its place in the queue for testing at the pump manufacturing facility. There is a queue for contractors at these facilities, and DWS’s contractor lost their place in line, and wound up having to go to the end of the line again, he said.

Mr. Elarionoff asked the Manager-Chief Engineer to explain the words in the Item write-up: “...based on the fact that the Department furnished a spare pump to be used for repairs that were *incomplete*.” He asked what was incomplete.

The Manager-Chief Engineer said the word “incomplete” referred to the fact that DWS did not provide the column adapter with the spare pump.

Mr. Elarionoff asked what a column adapter was.

The Manager-Chief Engineer called Mr. Young, a mechanical engineer, to explain.

Mr. Young said that the column adapter is the piece that connects to the pump; for some reason, there was no column adapter, and nobody caught it in the field. DWS would have had to get a column adapter manufactured, but instead, the Department took another column adapter from Parker #2 Deepwell, which is also under repair.

Mr. Elarionoff asked if this was unusual.

Mr. Young said it was unusual; it began with a spare *pump* that had been sitting around for a number of years; because it had been sitting on the ground for at least five years, DWS sent it back to the factory to have it checked and re-tested. In the process, DWS was notified by the factory that the pump was missing a piece, i.e., the column adapter, and therefore it lost its place in the queue for testing.

The Manager-Chief Engineer said DWS internally needs to work on a checklist, to make sure that all of the required components are there, before the Department ships equipment off for testing.

Mr. Young acknowledged that the current case involves a mistake on DWS's part.

Mr. Uyeda asked what a string test is.

Mr. Young explained that a string test involves testing both the pump and motor connected to each other; this gives one a better idea that the components work together. DWS is doing a lot more string tests, to make sure everything works together, he said. Historically, DWS only did pump tests.

Mr. Uyeda asked where the string tests were done.

Mr. Young said that it depends on the manufacturer; some manufacturers have multiple test sites.

The Manager-Chief Engineer said that sometimes the manufacturers have to coordinate the string tests because they do not have facilities deep enough to do their own string tests.

Mr. Young said yes, some facilities cannot even do string tests.

The Manager-Chief Engineer said that it would be good to show the Board a photo of one of DWS's pumps at some point. The total length of pump and motor can be quite long, and that is why DWS has in the past allowed separate pump and motor testing. However, ideally, the Department wants to do string tests that test the two components, i.e., pump and motor, mated together, in order to get the actual results, rather than a theoretical combination of two test results.

Mr. Uyeda asked if someone from DWS witnesses the tests.

Mr. Young said that it is rare that DWS sends someone, unless there is an ongoing warranty issue. Usually, the test is witnessed, or DWS will have the factory engineer do the test, he said.

Mr. Arikawa noted that the letter from Derrick's gave the scheduled date of the testing as April 14<sup>th</sup>. He asked if it was completed.

Mr. Young said yes, the equipment is on its way back.

Mr. Arikawa said that the letter gives the completion date requested as July 29<sup>th</sup>. However, the Department's Recommendation gives the date as July 28<sup>th</sup>.

Mr. Young said that DWS just got Derrick's letter; at the time that the write-up was done, the request was for 90 days.

Mr. Arikawa said the discrepancy is only one day.

Ms. Wilson asked if the testing on April 14th showed that the pump was all right and that the components were okay, etc.

Mr. Young confirmed this.

ACTION: Motion carried unanimously by voice vote.

8) NORTH KONA:

A. **JOB NO. 2015-1032, HALEKI'I DEEPWELL REPAIR:**

The contractor, Beylik Drilling & Pump Service, Inc., requested to appeal to the Board regarding DWS's denial of its recent time extension request for the above-mentioned project.

The Manager-Chief Engineer noted that this is not an action Item, but the contractor had asked to present their situation to the Board. This Item was put on the Agenda to give the contractor the opportunity to speak to the Board.

Ms. Toni Gonsalves, branch manager for Beylik Drilling & Pump Service, Inc., said that she was appearing on behalf of Mr. Fred Camero, who was attending to business on Oahu today. She said that her company was asking the Board to grant the 42-day time extension for this project, with a revised completion date of April 29, 2016. The scope of work was to remove the existing submersible unit, set at 1,600 feet, and to install a new submersible unit, supplied by DWS. The contractor was also tasked with shipping the failed motor that was pulled from the well to the repair facility. The contractor believed that the 150 days allowed for this work was an extremely tight schedule. Ms. Gonsalves noted that the contractor had a major problem with the splicing during the first installation and start-up on December 23, 2015. The contractor was able to complete the second installation completed by March 15, 2016, she said. The problem with the cable splice was identified, and a change order was issued, she said. However, a time extension was not included or granted with the change order. Because Beylik's main focus was to get the Haleki'i Well online before the holidays, the contractor failed to get the spare motor crated and shipped out as fast as they should have; Ms. Gonsalves apologized for this oversight on their part. The motor was picked up by the freight forwarder on December 30, 2015, and delivered to the motor repair facility on January 28, 2016. The motor repair was completed on April 13, 2016, and the motor is currently in transit; it is slated to be delivered to the DWS Baseyard tomorrow, Wednesday, April 27th, Ms. Gonsalves said. She said that it was her understanding that this spare motor will be placed in storage for future emergencies, and that this delay has not caused any harm to DWS. She recapped that the contractor's request for the 42-day time extension is for the change order issued for the second pump and motor installation, which prevented Beylik from focusing on the crating and shipping of the motor in a timely manner, to meet the contract deadline.

Mr. Elarionoff asked the Manager-Chief Engineer what the Department's problem with the time extension was. He said that the reason he asked that was because, just prior to this Item, DWS acknowledged that it had messed up. He said everybody messes up, so he wondered what DWS's problem was with this time extension request.

The Manager-Chief Engineer said that this project consisted of two major scope components. One component was to get the existing Haleki'i Well back up and running; the second component

was to refurbish the motor that was pulled out of the hole. The project went out to bid with these two scope components, with a March 18, 2016, completion date. The Manager-Chief Engineer acknowledged that there was a situation involving the cable and splicing portion of the work, when DWS tried to get the well repaired, back up and running. That work still should have allowed the contractor to complete the total job, i.e., the two scope components, by March 18th – if the motor had been shipped in a timely manner for the refurbishing work. If it had been shipped in a timely manner, the March 18th completion date could have been achieved, he said. While DWS empathizes with the contractor, the Department still feels that the March 18th deadline should have been met, the Manager-Chief Engineer said.

Mr. Elarionoff said that DWS screws up, the contractor screws up; he thought DWS should call it square and grant Beylik the 42 days.

Ms. Lee Loy asked Ms. Self what the next step is for the contractor. She acknowledged that DWS denied the time extension, and the contractor was now appealing to the Board. This Item was not an action Item, but Ms. Lee Loy wondered what the remedies were, and what the next step was.

Ms. Self said that under the contract and under the General Terms and Conditions, it is stated that the final decision rests with the Chief Procurement Officer, i.e., the Manager-Chief Engineer. The remedy is that the contractor is charged with liquidated damages for not meeting the deadline. She noted that the Procurement Code does not include a provision for appealing to the Water Board; it just says that the final decision rests with the Manager-Chief Engineer, and the remedy is liquidated damages.

Ms. Iokepa-Moses asked if this Item could be put on the Agenda for next month's meeting, with a Recommendation from the Manager-Chief Engineer.

Chairperson Takamine said that the Recommendation from the Manager-Chief Engineer is already to not approve the time extension.

Ms. Iokepa-Moses said okay, she understood that; she asked what the liquidated damages to Beylik would be.

Mr. Young said that as of today, the liquidated damages would be \$3,900.00. Beylik is expecting delivery tomorrow, when the liquidated damages would be \$4,050.00.

Ms. Iokepa-Moses said she supported the Manager-Chief Engineer's decision.

The Manager-Chief Engineer said that a lot of this is outlined in the Procurement Code, as well as in DWS's General Terms and Conditions; it spells out acceptable reasons for delay, such as in some cases, a scope change. An allowable scope change could be when the Department messes up; the Department in this case asks the contractor to accommodate DWS's actions, by providing the contractor with a time extension – so that the contractor is not penalized. Technically, a contractor does have the right to ask for an escalation, etc. However, DWS does not self-penalize itself. The only way that DWS suffers when it messes up is when DWS does not get the project done in the same length of time that it originally advertised for.

Mr. Elarionoff said that is kind of a double standard.

The Manager-Chief Engineer said no, as an owner, that is basically what one has a contract for, with Terms and Conditions for both parties. If one party does not meet the Terms and Conditions, there will be legal ramifications for that.

Ms. Iokepa-Moses agreed, noting that DWS has on many occasions granted time extensions. However, she said she supported the Manager-Chief Engineer in denying this time extension request.

Ms. Lee Loy said that Beylik did not meet the criteria for getting a time extension; she agreed with Ms. Iokepa-Moses on supporting the Manager-Chief Engineer's decision.

Ms. Self said that when the parties sign a contract, they agree to these General Terms and Conditions.

Mr. Elarionoff said he heard what everybody was saying, but it is part of his responsibility as a Board member to point out that nobody is perfect, therefore nobody can expect somebody else to be perfect.

The Manager-Chief Engineer said that is why DWS comes before the Board; the Department is accountable to the Board for its mistakes, too.

Mr. Elarionoff said that it is not fair to be compassionate to one, and not to the other.

Ms. Gonsalves, turning to Section 8.8 (b) and (c) of the General Rules and Covenants, asked about the references there to "additional work scope change" and "unforeseen delays." She asked if DWS could consider the splice failure and the \$30,000.00 change order for the second push-pull as a scope change.

The Manager-Chief Engineer said that is a scope change, but not all scope changes automatically qualify for a time extension. If the scope of this project was just to get the well back on line, then a time extension would probably be warranted, he said. If the project only entailed getting the well up and running, it probably could have been done sometime in December, he said. However, because this project also included refurbishing the existing motor, an additional three months were allotted, bringing the completion date to March 18th. Those additional three months were aimed at giving the contractor enough time to pull the existing motor, disassemble it, ship it and get it back. Notwithstanding the situation with the splice, the additional three months were why DWS feels that the motor should have been back by March 18th.

Chairperson Takamine said that as a contractor, he himself knows that there needs to be a sense of urgency on government projects. Therefore, he agrees with the Manager-Chief Engineer. If a contractor knows that DWS is going to be lenient on deadlines, granting time extensions left and right, then they will ask for time extensions each and every time. The Board has a fiduciary responsibility to the public; because the contractor did not meet the minimum criteria, the Board needs to support the Manager-Chief Engineer on this.

Ms. Self said that although Ms. Gonsalves pointed to the Section involving "unforeseen delay," Beylik's delay was due to the fact that they failed to ship the motor out in a timely manner; the motor just sat there. If they had shipped it in a timely manner and something unforeseen happened during the shipping process, *that* would qualify as an unforeseen delay. However, the fact that the motor was not shipped in a timely manner was the cause of the delay.

Mr. Elarionoff noted that DWS had this equipment sitting around for five years.

Mr. Arikawa said that has nothing to do with shipping.

Mr. Elarionoff said that Mr. Arikawa was right, adding that there were no clones in the room.

Mr. Arikawa said it has nothing to do with being perfect, either.

Mr. Elarionoff said that the idea is that if one expects something from somebody else, one needs to toe the mark as well.

Mr. Arikawa said that was true.

Ms. Iokepa-Moses said that the Board cannot use discretion like that with this contractor. If it did, then DWS would never be able to enforce deadlines. The Board has to go by the book, and has to be fair to everyone. She was confident that DWS would do business with Beylik over and over again, because they are a good company which provides good service. However, the Board and DWS have to follow the Rules. Things get unfair when exceptions are made for some people, and not for others, she said.

Mr. Arikawa asked if a Motion was needed.

Ms. Self said that the Board could move to support, or not support, the Manager-Chief Engineer's decision.

Chairperson Takamine called for a Motion.

MOTION: Mr. Elarionoff moved to grant the time extension to Beylik. There was no second, so the Motion died.

ACTION: Ms. Lee Loy moved to support the Manager-Chief Engineer's decision, and to continue to adhere to the Department's Rules, policies and procedures; seconded by Ms. Iokepa-Moses. Motion carried with six (6) Ayes: Ms. Lee Loy, Mr. Uyeda, Mr. Arikawa, Chairperson Takamine, Ms. Wilson and Ms. Iokepa-Moses; one (1) Nay: Mr. Elarionoff, and one (1) Excused (Mr. Balog).

9) SOUTH KONA:

A. **4<sup>th</sup> AMENDMENT TO WELL SITE DEVELOPMENT AGREEMENT, 1250 OCEANSIDE (HÖKULIA) WELLSITE DEVELOPMENT AGREEMENT - UPDATE:**

The Manager-Chief Engineer said he was disappointed to report that there has been no progress on an executed Agreement as of yet. DWS is disappointed and frustrated about this, especially since there was such a scramble at the end of last year to get it worked out. DWS came before the Board at that time with a line-by-line negotiation with the other party; despite those efforts, DWS still has not seen an executed Agreement. He said that Corporation Counsel has remained in fairly regular contact with the party's attorney. DWS will continue to keep this Item on the Agenda, unless the Board feels otherwise.

Mr. Arikawa said the ball is in Oceanside's court, and DWS has been waiting for the Agreement for months. The Item should be removed from the Agenda.

The Manager-Chief Engineer said that the Item can be removed, and put back on when DWS gets something.

Mr. Arikawa said that it would be put back on an as-warranted or as-needed basis.

Ms. Lee Loy agreed with the Manager-Chief Engineer that the other party had come to the Board at the 11<sup>th</sup> hour, and DWS had hammered something out for them. That Agreement allowed the other party more time to do their well, which tied DWS's hands on exploring another possible site which would provide water for the community there. As the months tick off, the can keeps getting kicked down the road on providing water to that community, she said. She said she completely supported taking this Item off the Agenda. This matter of getting water to the

community is not something that the Board should ignore indefinitely; that community will go without water for even more years, she said. The people there need water, she said.

10) KA‘Ū:

A. **PROFESSIONAL SERVICES AGREEMENT RE: HAWAIIAN OCEAN VIEW ESTATES SECOND WELL:**

Funds for planning and design for a potential second well in Hawaiian Ocean View Estates (H.O.V.E.) have been appropriated by the State. DWS, through the County, would administer the professional services. The State has appropriated funds in the amount of \$725,000.00 for the planning and design phase to the County.

The Manager-Chief Engineer recommended that the Board allow DWS to enter into a professional services contract to perform the planning and preliminary design of a second well in H.O.V.E., should the funds be allotted.

MOTION: Ms. Iokepa-Moses moved to approve; seconded by Ms. Wilson.

The Manager-Chief Engineer explained that State Representative Richard Creagan got \$725,000.00 appropriated for the planning and design of another water source in the H.O.V.E. area. DWS recently learned that these funds were going to lapse at the end of June, so there has been a scramble to obtain the State funds, he said. DWS has been working closely with the area’s Council Member, the Mayor’s Office, Public Works, and all of the other entities who are involved in obtaining State funds. It looks promising that these funds will be released by the Governor, the Manager-Chief Engineer said. Once the funds are released, DWS must encumber the funds by executing a contract. The reason why this Recommendation is being brought to the Board today is because the project, which entails a consulting contract for a second well in H.O.V.E., is not on DWS’s CIP list, he said. That is why DWS is today asking the Board’s approval to proceed with the Procurement of Professional Services. He reiterated that even once the Governor releases the funds, DWS will not have them locked in until DWS has an executed contract to encumber the funds. The H.O.V.E. community has expressed through Rep. Creagan that the second source is a need for them, and DWS is trying to respond to that need. The Manager-Chief Engineer said that Rep. Creagan was able to secure funding from the State, and DWS does not want to sit idly by and let the funds lapse.

Ms. Wilson asked when the State Legislature actually approved these funds.

The Manager-Chief Engineer said it was through Session Laws 2014, Act 122, which is the Legislature’s big Budget Act. Council Member Maile David, representing Ka‘ū District, asked DWS what was happening on the funds. Upon Ms. David’s inquiry, DWS asked the Commission on Water Resource Management (CWRM) what they thought of another well in the area; DWS did not want to just take taxpayer money and use it if CWRM did not feel that the aquifer there could sustain another source. After DWS double-checked with CWRM, the Commission responded that it needs more information in order to discern what this aquifer is capable of providing. DWS currently has only the one well in the area, so DWS decided to go ahead and do this study, which is for planning and design, the Manager-Chief Engineer said. Part of the planning scope that DWS foresees involves public outreach to see what the community’s needs really are; DWS can move forward once the needs are established.

Ms. Lee Loy said that she liked the idea.

Mr. Uyeda asked if \$725,000.00 is enough money to properly complete the job.

The Manager-Chief Engineer said that the funds are earmarked for planning and design, and the amount in fact is quite a lot more than DWS has for planning and design of projects. DWS plans to take the funds as far as it can, based on what information DWS plans to gather from the public, he said. DWS plans to be open and tell the community that these are the funds that are available; the Department intends to ask for the community's help in figuring out what could fit the community's needs, within this \$725,000.00 allotment. That money will not be for constructing the well itself; it will just be for planning and design, he said. He expressed hopes that DWS can get enough information to make a good decision moving forward, for the construction phase.

Ms. Wilson asked what the timeline is for the Governor actually releasing the funds.

The Manager-Chief Engineer said he was not sure, but DWS has gotten favorable indications. The area's elected officials, including Ms. David, Representative Creagan and Senator Josh Green, are doing their part to inquire with the Governor's office about releasing the funds, and DWS is sending letters and other communications as well. DWS has heard from the staff at State Budget and Finance that they also have heard of requests for the funds to come through, so apparently there have been communications to the Governor's Office regarding the release of the funds.

Mr. Elarionoff said that on planning and design, it seemed to him that DWS was going outside of the scope with its intention to check with the community on needs. He asked if need was considered part of the planning and design.

The Manager-Chief Engineer said yes, on this project, DWS feels that it is part of the planning and design. Right now, all that DWS has out there is a spigot and standpipe facility, so DWS needs to hear from the community what they really want from a second well.

Mr. Elarionoff said they want house-to-house service.

The Manager-Chief Engineer said that if that is what the community wants, then DWS must be very clear about what is involved in a construction scope of that magnitude. If, on the other hand, the community just wants another spigot and standpipe facility, that will entail a different design scope. In any case, DWS wants to hear from the community itself as to what their expectations are; until DWS knows what the community wants, the Department will not know what to design and construct, he said. DWS has heard that the commercial area needs water, as well as needs for fire protection, etc. The community may want to build a school for the area. DWS needs to hear from the community itself, instead of imposing on them what DWS feels the community needs at this point in time, the Manager-Chief Engineer said.

Mr. Elarionoff asked if it would be sufficient to just dig a well.

The Manager-Chief Engineer said not really; it depends on what capacity the community is looking for. The current well has a capacity of 100 gallons per minute (GPM), but the scope of doing a well of the same capacity differs greatly from that of a 1,000-GPM well, in terms of electrical requirements, transmission requirements, storage requirements, and distribution requirements.

Chairperson Takamine asked if these monies would basically go toward doing a feasibility study – to see if it is even feasible to drill there.

The Manager-Chief Engineer said yes, that is what DWS envisions. He noted that DWS only has the one hole in the ground, and that is the only groundwater information that DWS is getting currently. DWS has not yet reached out to consultants, but it would be helpful to DWS if the

consultants could team up with a driller to do some smaller test holes, and conduct some subsurface evaluation and analysis. That would tell DWS a lot, he said. One location might not produce anything because its geological formation is dense, while another location down the road might produce. There is no sense drilling a well in a location that is not going to produce any water, he said. There are many unknowns, and it is hard to move to the next step unless DWS finds out exactly what the needs of the community are, the Manager-Chief Engineer said.

11) MISCELLANEOUS:

A. DEDICATIONS:

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

1. **GRANT OF EASEMENT**

Grantor: County of Hawaii

Tax Map Key: (3) 2-4-001: 177 (portion), Lot 3-B2 (portion)

2. **GRANT OF EASEMENT**

Grantor: County of Hawaii

Tax Map Key: (3) 2-4-001: 177 (portion), Lot 3-B1 (portion)

3. **BILL OF SALE**

Seller: Hawaii Island Community Development Corporation

Tax Map Key: (3) 2-4-001: 177 (portion)

Facilities Charge: \$38,500.00

Date Paid: 1/28/2015

Final Inspection Date: 7/13/2015

Water System Cost: \$228,481.00

4. **BILL OF SALE**

Sellers: Hawaii Island Community Development Corporation

Tax Map Key: (3) 2-4-001: 177 (portion)

Facilities Charge, Date Paid, Final Inspection Date, Water System Cost: *All included in above.*

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

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

B. STANDPIPE SIGNUP PROCEDURES:

*(This Item was deferred from the March 22, 2016, Water Board meeting.)*

Due to the ongoing dry weather conditions across the island, the Department anticipates the need to provide additional standpipe services. The Department has several vacant standpipe accounts that can be utilized, and would like to propose application procedures for discussion and implementation.

The Manager-Chief Engineer recommended that the Water Board discuss and approve the standpipe application procedures for implementation by the Department.

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

The Manager-Chief Engineer reminded the Board that at the March Board meeting, there were some questions raised, including the question of making the existing standpipe account holders get Public Utilities Commission (PUC) permits, i.e., be PUC-compliant. DWS provided in this month's Board packets a list of standpipe account holders and their respective water usage. Also included in the packets were DWS's current policies and conditions that standpipe applicants are asked to sign. By providing this information, DWS wanted to illustrate where the challenge lies in making some of these existing accounts PUC-compliant. While a lot of the account holders are water haulers, there are a fair number of account holders who are not, he said. The listing for the Kea'au facility shows agencies such as the Department of the Interior and the U.S. Army. He said that, for example, the Army might have an account in case the Kīlauea Military Camp catchment goes dry. The Manager-Chief Engineer did not believe that these agencies would be able to become PUC-compliant.

Ms. Iokepa-Moses said that these agencies have lockers from DWS, but their usage is zero. She said that it would seem that these agencies would be acting as a back-up for somebody else who is a user; she wondered if the agencies would bump the other person off the standpipe if the agencies need to use the water.

The Manager-Chief Engineer said all of this information is being made available for the Board's discussion. Although the Department's Recommendation is that the Board discuss and approve application procedures, DWS is not in a rush to finalize these application procedures. DWS wanted to bring it to the Board now because a couple of months ago, the Department was starting to get inquiries from water haulers who wanted to apply for some of these vacant lockers. Because of the standpipe allocation controversy that arose in H.O.V.E. several years ago, DWS decided to put the procedures up for the Board's evaluation and discussion, he said.

Ms. Iokepa-Moses said that she could see it consistently on this document; there are a lot of individuals who have zero usage each month. She thought those accounts should be looked at very seriously. Inactive accounts should be eligible for discontinuation of locker use, she said.

The Manager-Chief Engineer said that the Department could look at that; that was something that DWS also was considering.

Ms. Lee Loy noted that the Department of the Interior and the Army are Federal government entities.

Mr. Uemura of Customer Service said he believed the Department of the Interior standpipe user was the Volcanoes National Park.

Ms. Iokepa-Moses said that for a government entity like that they might have a justification for having a standpipe, whereby they attest each year that their agency's standpipe account is justified. She believed that they would submit a letter to DWS every year to justify why they should have a standpipe account.

Ms. Lee Loy said that the justification would be along the lines of protection of public health or public safety; she completely agreed with that. Ms. Lee Loy said that there would be some kind of differentiation as to why these agencies would stay at zero usage for many months, while still maintaining their lockers.

The Manager-Chief Engineer said it appeared that the Board wanted DWS to reach out to the account holders whose usage is consistently zero; DWS could ask these account holders if they want to continue with the account.

Ms. Iokepa-Moses said that other people could be using those lockers.

The Manager-Chief Engineer said that DWS could do the outreach to zero usage account holders.

Ms. Lee Loy said that getting new account holders who actually *use* the water would translate into money for DWS.

Mr. Uyeda noted that based on the agreement that was in the packets, DWS has the right to terminate standpipe accounts.

The Manager-Chief Engineer said yes, that was why DWS wanted to show this form to the Board; he invited the Board to offer any comments they had regarding the form.

Mr. Elarionoff asked whether the Department of the Interior paid DWS a standby fee.

The Manager-Chief Engineer confirmed that they pay a standby fee.

Mr. Elarionoff said in that case, they have a right to be account holders, as long as they pay the standby fee.

Ms. Iokepa-Moses said the zero usage account holders are not using the water, whereas somebody else who needs water might be seeking a standpipe account. The zero usage people are just holding on to the lockers, paying their standby fees, she said. The Department needs to maximize the use of the resource, she said.

The Manager-Chief Engineer said the zero usage account holders are meeting their obligations according to the current policies and conditions; DWS has no reason to ask them to discontinue their accounts. However, based on today's discussion, DWS can reach out to all of the zero usage standpipe account holders.

Mr. Elarionoff said he was concerned that because he himself had some water meters that he did not use, DWS might cut him off, too.

The Manager-Chief Engineer said that the difference here was that Mr. Elarionoff's meters are for domestic use, whereas the intent of the standpipes is to service more than one entity. The intent of the standpipes is for the benefit of the community, as opposed to an individual meter to a residence or commercial business. That is where the big difference lies; DWS does not intend to handle individual accounts the same way as standpipe accounts, he said. One other difference is that the individual account holders pay a Facilities Charge (FC), which is their fair share of the infrastructure involved in getting the water to the home, etc. The standpipe facility is the only facility where DWS provides water to an entity without levying the FC; in other words, the standpipe account holders did not pay to upgrade the system: the wells, the tanks, the transmission lines, etc. Aside from the standpipe facility, there is no other instance where DWS actually installs infrastructure for a commercial business without levying the FC. That is why the standpipe facility should really be for the greater good of the community, versus individual benefit, the Manager-Chief Engineer said. For this reason, the water haulers were intended to be the primary standpipe account holders; the haulers would haul water as needed to fill up people's catchment tanks, he said. The Manager-Chief Engineer said that this is more than just his decision to make; that is why the Department wanted to bring it to the Board for discussion.

Chairperson Takamine asked the Board if they wanted to take action on the matter today, or have the Manager-Chief Engineer codify it and present it to the Board.

The Manager-Chief Engineer said that DWS can present a formal outline of what the Department proposes as its recommended solution. The Department can come back with an outline of proposed actions, or proposed guidelines to follow.

Mr. Elarionoff said that would be very good.

Chairperson Takamine asked the Board if everyone agreed.

The Board indicated that they agreed to this.

Chairperson Takamine said that he was sorry, but he had to leave the meeting early, and was handing the gavel over to Vice-Chairperson Arikawa. (*Chairperson Takamine left the meeting at 11:09 a.m.*)

**C. DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING AND 5-YEAR CAPITAL IMPROVEMENT PROJECTS (CIP) BUDGETS FOR FISCAL YEAR: (FY) 2017:**

The Department's FY 2017 Operating Budget, totaling \$53,901,500, and 5-Year CIP Budget for FY 2017–2021, has been distributed for the Board's review. The Board may change either Budget, or adopt them as presented over two readings.

The Manager-Chief Engineer recommended that the Water Board approve the Department's FY 2017 Operating budget and 5-year C.I.P. budgets for Fiscal Years 2017-2021 on this second of two readings.

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

The Manager-Chief Engineer said that today is the Budget's second reading, so if it passes today, it is a done deal.

ACTION: Motion carried unanimously by voice vote.

**D. POWER COST CHARGE:**

Departmental power costs have declined as a result of a decline in Hawai'i Electric Light Company (HELCO) billings for electricity for the Department's wells and pumps. The Department proposes reducing the Power Cost Charge from \$1.81 to **\$1.70** per thousand gallons, to reflect a decline in power costs for the Department's wells and pumps.

In order to accept public testimony on this change, a Public Hearing shall be scheduled before the new Power Cost Charge is reduced.

The Manager-Chief Engineer recommended that the Board approve holding a Public Hearing on May 24, 2016, at 9:45 a.m., to receive testimony on reducing the Power Cost Charge from \$1.81 to **\$1.70**, effective June 1, 2016.

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

Ms. Iokepa-Moses said that it is nice to see the PCC going down little by little each month. It is also nice to see that the Public Hearing is being held just a few minutes before the regular Board meeting, so nobody is greatly inconvenienced, except Board members who forget, she said.

The Manager-Chief Engineer said the Department would send out reminders. Most Public Hearings are set for 9:45 a.m., on the same day as the Board meeting; by doing so, it is more efficient.

Mr. Elarionoff said this time, it is a lot better than the last time, when the Board approved a four-percent decrease. He said it made a lot more sense to hold a Public Hearing this time, since the decrease is much bigger. However, he observed that the fuel cost is going up again.

The Manager-Chief Engineer said that he had asked Mr. Sumada that very question yesterday, but his current analysis is still looking the same. DWS has not seen the effects of a fuel cost rise on the HELCO billing side yet, but if it rises, the Department will come back to the Board for an increase in the PCC.

ACTION: Motion carried unanimously by voice vote.

**E. AMENDING DWS RULES AND REGULATIONS:**

The Water Board, at its March 22, 2016, meeting, approved proposed amendments to DWS Rules and Regulations. In an effort to improve collection of balances owed the Department for water service, as well as to clarify and standardize existing rules, changes to Sections 1-1, 3-1, 3-4, 3-8, 3-10, 3-11, 3-21, 3-22, 3-27 and 4-8 were proposed.

In order to accept public testimony on this change, a Public Hearing shall be scheduled.

The Manager-Chief Engineer recommended a Public Hearing be held on June 28, 2016 at 9:30 a.m., to receive testimony on the proposed changes to the Rules & Regulations of the Department of Water Supply, County of Hawai'i.

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

The Manager-Chief Engineer said that in reviewing the March Minutes, he realized that the Department did not specifically recommend going to Public Hearing for this Item. Therefore, DWS is bringing it today to the Board for approval of the Public Hearing on the proposed Amendment to the Rules and Regulations. This Item today is just so that the Public Hearing can be held.

Ms. Lee Loy asked if this Public Hearing could be piggy-backed with the Public Hearing for the PCC, which will be held on May 24, 2016.

The Secretary said no, there was a 30-day statutory lead time for amending Rules and Regulations, and the Department got stuck on that one.

The Manager-Chief Engineer said the Department wished it could be held in May, too. If the request for the Public Hearing had been placed on the March Agenda, the Public Hearing for the amended Rules and Regulations could have been held in May.

Mr. Elarionoff asked why this Public Hearing is getting an extra 15 minutes, i.e., it is starting at 9:30 a.m., instead of the usual 9:45 a.m. He asked if the Department expected testimony.

Ms. Lee Loy said maybe there would be testimony.

The Manager-Chief Engineer said that he thought there might be more testimony, although there might be just one testifier. He said that this Public Hearing could be scheduled for 9:45 a.m., if the Board so decides.

Ms. Iokepa-Moses said that because the rule changes involve things like delinquencies, there may be some people to testify.

The Manager-Chief Engineer asked if 9:30 a.m. was okay.

Ms. Lee Loy asked if the June meeting was in Kona.

The Manager-Chief Engineer said no, the May meeting will be in Kona; the June meeting will be back in Hilo.

The Board indicated that 9:30 a.m. on June 28, 2016, was okay.

ACTION: Motion carried unanimously by voice vote.

F. **UPDATE RE: NATIONAL PARKS SERVICE'S PETITION TO DESIGNATE KEAUKOU AQUIFER AS A GROUND WATER MANAGEMENT AREA:**

The Manager-Chief Engineer said that CWRM will be meeting in Kona on Thursday, May 19, 2016, at 10:00 a.m. at the West Hawai'i Civic Center, Council Chambers. The National Park Service (NPS) will present new information regarding how much water they need flowing through the Park to meet their needs.

DWS plans to present its own information to CWRM that day as well. DWS is currently in the process of updating Phase II of its Water Use and Development Plan (WUDP). DWS plans to submit to CWRM at the end of this week its preliminary findings on source development strategies in the area, as well as some preliminary findings on DWS's traditional and customary outreach efforts, he said. These findings are part of the Phase II plan, he said. DWS will provide that submittal to CWRM by the end of this week, and the May 19th meeting will be an opportunity to discuss those findings with the CWRM Commissioners; DWS will also present some other initiatives regarding conservation in the area that DWS is doing internally on its own. DWS wants to have some mike time on May 19th, to share with CWRM some of the efforts that DWS has undertaken; this is to show that DWS is not passively waiting for the designation process to play out, the Manager-Chief Engineer said.

DWS has confirmed with CWRM Deputy Director Jeff Pearson that the Department will have 10-15 minutes worth of time on the May 19th CWRM Agenda.

Mr. Arikawa asked if CWRM now has a new Board member.

The Manager-Chief Engineer said that the new Board member's term is effective from July, so that person would not be attending the May 19th meeting. The incoming Board member is Mr. Neil Hannahs, he said.

Ms. Lee Loy said she was interested in attending the May 19th meeting, but wondered if Sunshine Law applied here.

Ms. Self said that no more than two Board members could attend.

The Manager-Chief Engineer said that interested Board members should email the Secretary; if there are more than two Board members interested in attending, the Department would figure something out.

Mr. Arikawa said that he would be leaving town that day, so he would not be attending.

G. **EXECUTIVE SESSION RE: NATIONAL PARKS SERVICE'S PETITION TO DESIGNATE KEAUHOU AQUIFER AS A GROUND WATER MANAGEMENT AREA:**

*(No Executive Session was held.)*

H. **MONTHLY PROGRESS REPORT:**

Mr. Arikawa asked for an update on the Ola'a No. 6 project.

The Deputy said that the contractor just owes DWS their final invoice, and once that comes in, DWS can make the final payment. He said that by next month, this project should be off the CIP list.

Mr. Elarionoff asked what was happening on the Hala'ula Well.

Mr. Inaba said that DWS got the appraisal, which was sent to the owner for response a week or two ago. DWS is waiting to hear back from the owner; in the meantime, DWS is negotiating the scope and fee with the consultant.

Mr. Arikawa noted that the Queen Ka'ahumanu Highway is at 50 percent completion; he asked if there were any delays.

Mr. Inaba said that there had been a minor delay pending approval of the re-design, but work has started back up.

Mr. Arikawa said that he had visited the Lālāmilo Windfarm recently with the Manager-Chief Engineer and the Deputy. He asked how the installation of the turbines is going.

The Manager-Chief Engineer said that all five of the turbines have been installed, as of April 1.

Mr. Arikawa asked if the Manager-Chief Engineer had gone out to see the installation.

The Manager-Chief Engineer said no, as soon as the window opened for the turbines to be installed, the crew got the turbines up.

Mr. Arikawa asked if the big crane was fixed.

The Manager-Chief Engineer said he believed so. He noted that the crew had to wait for a day without substantial wind in order to install the turbines. DWS is looking at **commercial energy production by August**.

The Board marveled at this.

The Manager-Chief Engineer noted that the contract energy amount is 7,600 megawatt-hours per year to be supplied to DWS, with a total combined generating capacity of the five turbines at 3.3 megawatts. The estimate of available wind time at the site is six to seven hours a day. Before the drop in electrical costs, DWS was looking at about \$1 million a year in energy savings. However, because HELCO prices dropped, the savings are likely to be less than that, but DWS wants to use *more* energy from the windfarm than the contract energy amount, i.e., the 7,600 megawatt-hours per year. DWS is going to use however much energy the facility can produce, he said.

Mr. Arikawa asked when the Manager-Chief Engineer plans to go out to the site again.

The Manager-Chief Engineer said there was nothing planned yet, but DWS is getting weekly updates from the contractor. He invited any Board members who want to visit the site to let the Department know, with up to two Board members allowed to go at a time. He said he would

keep the Board posted when something comes up between Board meetings. In any case, the main components of the windfarm are up now, he said.

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

Mr. Sumada drew the Board's attention to Page A1, the Aging history. At the bottom of that report, there is a year-to-date comparison to the prior year: 104 percent. He said that means that the current year's consumption billed is a little bit over last year's consumption billed, at the same point in time nine months into the fiscal year. This is good news, he said.

The Manager-Chief Engineer said that it means that more water is being billed for.

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

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

- 1) Report on \$130,000.00 rebate check for DWS Leak Logger/Unaccounted Water Program – The Manager-Chief Engineer announced the receipt of a \$130,000.00 rebate check from Hawai'i Energy, whose representative Mr. Graceson Ghen, was on hand to make the presentation. Mr. Young, who has worked with Hawai'i Energy, said that Mr. Ghen has made the rebate process very smooth. Mr. Ghen reported that DWS has since last year actually received \$325,000.00 in rebates from Hawai'i Energy, including the latest one. Mr. Ghen explained that the rebates were for DWS's leak detection program, which has saved the Department money in power costs. DWS has been changing its lighting over to LEDs, and has adopted more energy-efficient air conditioning systems, Mr. Young said. Mr. Ghen said that he hopes other government agencies will start to see the benefit of these rebates. He noted that the changeover to LEDs is part of a rebate program, whereby DWS just submits the invoice for the LEDs, and Hawai'i Energy processes the rebate. Rebates also apply to replacement of air conditioning systems for energy-efficient ones. In the future, there may be rebates for DWS changing over to variable frequency drives (VFDs), Mr. Ghen said.
- 2) Matters of interest to the Board – No report.
- 3) Recognition of Employee of the Quarter – Mr. Young introduced Mr. James O'Keefe, Electronics Technician in the Plant Section of Operations, whose job involves working with DWS's SCADA system and other electronics. Mr. O'Keefe took it upon himself to take 42 credits on his own time, with no promise of reimbursement; this was the equivalent of a year and a half of full-time student work, Mr. Young said. He did all of this at night school, and his efforts have benefited the Department greatly. Mr. Young praised Mr. O'Keefe for always thinking ahead, and for getting things done before Mr. Young even asks. Mr. O'Keefe is fun to work with, and makes Mr. Young's job easier, he said.

**K. CHAIRPERSON'S REPORT:**

No report.

**12) ANNOUNCEMENTS:**

**1. Next Regular Meeting:**

The next meeting of the Water Board is scheduled for 10:00 a.m. on May 24, 2016, at the West Hawai'i Civic Center, Community Center, Bldg. G, 74-5044 Ane Keohokalole Hwy, Kailua-Kona, HI. *A Public Hearing on the proposed Power Cost Charge will be held at 9:45 a.m., just prior to the regular meeting.*

2. **Following Meeting:**

The following meeting of the Water Board will be held at 10:00 a.m. on June 28, 2016, at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI. *A Public Hearing on the proposed Amended Rules and Regulations will be held at 9:30 a.m., prior to the regular meeting.*

13) **ADJOURNMENT**

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

The meeting adjourned at 11:34 a.m.

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**Secretary**

*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.*