

**MINUTES**

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

June 28, 2016

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

MEMBERS PRESENT: Mr. Craig Takamine, Chairperson  
Mr. Russell Arikawa, Vice-Chairperson  
Mr. Bryant Balog  
Mr. Leningrad Elarionoff  
Ms. Brenda Iokepa-Moses  
Ms. Susan Lee Loy  
Mr. Jay Uyeda

ABSENT:

Ms. Kanoë Wilson, 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  
Mr. Travis Kuwahara, Corporation Counsel (Intern)  
Ms. Elyssa Correia, Corporation Counsel (Intern)  
Mr. David Lau, Corporation Counsel (Intern)  
Ms. Cynthia Moreira, Derrick's Well Drilling and Pump Services, LLC

Department of Water Supply Staff

Mr. Keith Okamoto, Manager-Chief Engineer  
Mr. Kawika Uyehara, Deputy  
Mr. Richard Sumada, Waterworks Controller  
Mr. Daryl Ikeda, Operations Chief  
Mr. Owen Nishioka, Engineering Division  
Mr. Clyde Young, Operations  
Mr. Warren Ching, Operations  
Mr. Eric Takamoto, Operations  
Mr. Calvin Uemura, Customer Services Supervisor

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- 1) CALL TO ORDER – Chairperson Takamine called the meeting to order at 10:01 a.m.

Chairperson Takamine noted that there were three young guests in the audience. He asked them to introduce themselves.

Corporation Counsel interns Mr. Travis Kuwahara, Ms. Elyssa Correia and Mr. David Lau introduced themselves; all three hail from Hilo. Mr. Kuwahara and Mr. Lau attend the Richardson School of Law at University of Hawai'i at Mānoa, and Ms. Correia attends the Hastings College of the Law at the University of California, San Francisco.

2) STATEMENTS FROM THE PUBLIC

*Ms. Cynthia Moreira of Derrick's Well Drilling and Pump Services, LLC, spoke regarding a request to place a time extension on next month's Agenda. The following testimony is verbatim.*

MS. MOREIRA: Good morning. I'm Cynthia Moreira, representing Derrick's Well Drilling, and I'm here to request to be added to next month's Agenda for extension requests for two of our jobs. For Kaloko Mauka No. 7 Boosters A & B, and also for Āhualoa Deepwell Repair. And basically...a brief reasoning for the request for extension is, for Kaloko Mauka, the motors that was spec'd out on the bid...we received a quote from the manufacturer for the bid, but upon placing our purchase order, to order the motors...they took a little time. They took, I'd say, maybe roughly about a month to come back and say that they're not gonna supply the motors to us. Because they don't manufacture 2-pole motors without being...just a couple; we needed to order more. They were never specific as to how much. So they literally backed out on us, so we don't have a motor...so... And for Āhualoa, um, we were ready to install the...um... Something went wrong with the motor, so we had to send it back. And what we found out was, upon the testing, based on the specs, the test facility failed to drain the motor properly... So when it was crated and sent back here to Hilo, the motor didn't meg properly...it megged too low to be installed. It was just too deep of a set to install it and take a chance, so we decided to take it back, and send it back to the motor manufacturer. It is at our shop; we did receive it back, and we're looking to install it next week. So I'd say probably in a week or two, we should be completed with that. But still, the job was actually back from April, so we've been waiting from April to get the motor back to us.

Mr. Elarionoff asked how it works on getting the items on the Agenda.

Ms. Self said it is the Chairperson's call whether or not to place them on the Agenda.

3) APPROVAL OF MINUTES

The Chairperson entertained a Motion to approve the Minutes of the May 24, 2016, Public Hearing on the Power Cost Charge and the Minutes of the May 24, 2016, regular Water Board Meeting.

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

4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA

None.

5) SOUTH HILO:

A. **JOB NO. 2015-1035, CONSTRUCTION OF THE SANTOS LANE AND NOHEA STREET G.I. PIPELINE & SERVICE LATERAL REPLACEMENT:**

This project generally consists of replacing the current 2-inch Galvanized Iron (G.I.) pipeline to 6-inch Ductile Iron Pipe, relocating existing service laterals, installation of fire hydrants, and restoring existing asphalt pavement.

Bids for this project were opened on June 16, 2016, at 2:30 p.m., and the following are the bid results:

<b>Bidder</b>	<b>Bid Amount</b>	<b>Adjusted Bid Amount (for purposes of bid award)**</b>
Loeffler Construction, Inc.	<b>\$648,555.00*</b>	<b>\$636,415.00</b>
Ludwig Construction, Inc.	\$788,958.82	\$749,510.88
Jas W. Glover, Ltd.	\$911,100.00	\$894,266.77
Nan, Inc.	\$996,813.00	\$935,868.35
Isemoto Contracting Co., Ltd.	\$1,049,482.40	\$976,305.08
Koga Engineering & Construction, Inc.	\$1,168,560.00	\$1,107,265.00

\*Bids were allowed to be corrected because of minor computation errors, in accordance with DWS General Requirements and Covenants and Hawai'i Administrative Rules.

\*\*Bids were adjusted (for the purposes of award) to provide credits for use of Hawai'i Products and participation in the State Apprenticeship Program, in accordance with Hawai'i Administrative Rules.

Project Costs:

1) Low Bidder (Loeffler Construction, Inc.)	\$ 648,555.00
2) Construction Contingency (10%)	<u>\$ 64,855.00</u>
<b>Total Cost:</b>	<b><u>\$ 713,410.00</u></b>
3) State Appropriation Funding	<u>\$ 550,000.00</u>
<b>Total Cost to DWS:</b>	<b><u>\$ 163,410.00</u></b>

For this project, \$550,000.00 will be funded from the State Appropriation to the County. Funding for the remaining balance, \$163,410.00, will be from CIP funds. The contractor will have 270 calendar days to complete this project. The Engineering estimate for this project was \$642,910.00.

The Manager-Chief Engineer recommended that the Board approve \$163,410.00 funding for the contract, JOB NO. 2015-1035, SANTOS LANE & NOHEA STREET G.I. PIPELINE & SERVICE LATERAL REPLACEMENT, for the lowest responsible bidder, Loeffler Construction, Inc., for their bid amount of \$648,555.00, plus \$64,855.00 for construction contingency, for a total contract amount of \$713,410.00, subject to review as to form and legality of the contract by Corporation Counsel.

The Contract will be executed between the County and the lowest responsible bidder, and administered by DWS.

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

The Manager-Chief Engineer noted that DWS was able to get \$550,000.00 in State appropriation for this project; DWS therefore needed to cover the difference in the amount of \$163,410.00. This amount will come out of DWS's CIP funds, he said. That money actually goes to the County of Hawai'i, so that DWS can proceed with this project. The upshot is that DWS gets to do a \$700,000.00 job for \$160,000.00, thanks to the State appropriation. This is a much-needed project. DWS had previously designed this, and went out to construction on a bigger scale project. However, DWS pulled these two streets out of that bigger project, because of challenges related to getting Use and Occupancy permits from State Highways. In order to proceed with the rest of the project at the time, DWS elected to remove these two streets from the project. Because DWS is now able to secure State funding and now has a Use and Occupancy Agreement template

that seems to be acceptable to the Department of Transportation (DOT), DWS felt it was the right time to do this job, the Manager-Chief Engineer said. He noted that County Council and State Legislative representatives, particularly the late Senator Gil Kahele, helped secure the State funding.

Mr. Elarionoff asked for an explanation of the adjusted bid amount mentioned in the write-up.

The Manager-Chief Engineer explained that a contractor can get a preference for using Hawai'i products or for having an apprenticeship program. That preference allows a contractor's bid amount to be adjusted for award purposes, so that the adjusted bid amount is lower than the actual bid. In a case where two bids come in really close, the contractor who has an apprenticeship program, for example, is allowed by State Procurement Law to reduce his bid amount by five percent *for award purposes*. If his bid was for \$100,000.00, his adjusted bid amount drops to \$95,000.00. A competing bid of \$100,000.00 with *no* preferences (i.e., neither the use of Hawai'i products nor an apprenticeship program) would lose out to the contractor with the preference, he said.

Ms. Lee Loy asked how many new fire hydrants would be installed in the area; she asked how many linear feet the project covers.

Mr. Owen Nishioka, who was filling in for Engineering Division head Mr. Kurt Inaba, said Santos Lane was 2,000 linear feet, and Nohea Street was 925 linear feet.

The Manager-Chief Engineer said that DWS normally spaces fire hydrants about 600 feet apart.

Ms. Lee Loy asked about the restoration of existing asphalt pavement mentioned in the write-up. She asked if DWS was expanding the right-of-way on Nohea Street, Puainako Street or Santos Lane.

The Manager-Chief Engineer said no, DWS is not expanding the right-of-way. He noted that Puainako Street is actually a State Highways-maintained roadway, while Nohea Street and Santos Lane are County-owned and maintained. If DWS disturbs enough of the existing pavement, the Department of Public Works will require DWS to resurface the road.

Mr. Uyeda asked what the Engineering estimate was for this project.

Mr. Ikeda said it was \$642,910.00.

Mr. Uyeda asked whether the houses on those two streets currently lacked fire protection.

The Manager-Chief Engineer confirmed this.

Chairperson Takamine gave thanks to the late Senator Kahele for helping DWS get the money for this project. He noted that DWS is actively looking to the Legislature to secure State funding to enable the Department to do projects like this.

The Manager-Chief Engineer said DWS is definitely looking to do that.

ACTION: Motion carried unanimously by voice vote.

**B. RESOLUTION NO. 2016-03, APPROVING RECEIPT AND EXPENDITURE OF MONIES FOR THE CONSTRUCTION OF PI‘IHONUA-KŪKŪAU RESERVOIR AND TRANSMISSION IMPROVEMENTS (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. Bids were higher than the original loan amount indicated in Resolution 2016-02. Thus, this Resolution No. 2016-03 seeks to supersede Resolution No. 2016-02. This Resolution is specifically identified for the following project: JOB NO. 1994-590 PI‘IHONUA-KŪKŪAU RESERVOIR AND TRANSMISSION IMPROVEMENTS, and authorizes the Manager-Chief Engineer or the Deputy to execute loans and/or grants with the State Department of Health for up to \$9,500,000.00.

The Manager-Chief Engineer recommended that the Water Board adopt DRINKING WATER STATE REVOLVING FUND RESOLUTION NO. 2016-03, subject to the approval of Corporation Counsel.

**MOTION:** Mr. Balog moved to approved; seconded by Ms. Lee Loy.

The Manager-Chief Engineer said that the Department had given the Board a heads-up about this Item last month, because of the bid amount that came in last month. The Board’s previous action on the Resolution was less than what the bid amounts came in at, he said. Today’s action is basically to supersede that previous Resolution amount; it includes an amount that is appropriate, based on the bid amounts from last month.

**ACTION:** The Secretary took a roll call vote: Ms. Lee Loy (Aye); Mr. Uyeda (Aye); Mr. Arikawa (Aye); Chairperson Takamine (Aye); Mr. Balog (Aye); Mr. Elarionoff (Aye) and Ms. Iokepa-Moses (Aye); one Excused: (Ms. Wilson). Motion carried with Seven (7) Ayes, and Zero (0) Nays.

**6) NORTH HILO:**

**A. JOB NO. 2016-1052, LAUPĀHOEHOE DEEPWELL B REPAIR:**

This project generally consists of the replacement of the existing deep well submersible pump and motor, power cable, column pipe, column couplings and all appurtenant materials; chlorination of well and pumping assembly; and completion of a pump efficiency test.

Bids for this project were opened on June 16, 2016, at 1:30 p.m., and the following are the bid results:

<b>Bidder</b>	<b>Bid Amount</b>
Derrick’s Well Drilling & Pump Services, LLC	<b>\$101,000.00</b>
Beylik Drilling and Pump Service, Inc.	\$133,060.00

**Project Costs:**

1) Low Bidder (Derrick’s Well Drilling & Pump Services, LLC)	\$ 101,000.00
2) Construction Contingency (10%)	\$ 10,100.00
<b>Total Cost:</b>	<b><u>\$ 111,100.00</u></b>

Funding for this project will be from DWS's CIP Budget under Deepwell Pump Replacement. The contractor will have 210 calendar days to complete this project. The Engineering estimate for this project was \$128,000.00.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2016-1052, LAUPĀHOEHOE DEEPWELL B REPAIR, to the lowest responsible bidder, Derrick's Well Drilling & Pump Services, LLC, for their bid amount of \$101,000.00, plus \$10,100.00 for construction contingency, for a total contract amount of **\$111,100.00**. 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 of the contract by Corporation Counsel.

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

The Manager-Chief Engineer said that this job has some background to it; there was an electrical utility issue that may have contributed to the need for this repair, so DWS has filed a claim with the electrical utility. DWS is waiting to see what happens with the claim; meanwhile the electrical utility has its own procedures, etc., regarding what constitutes a legitimate claim. The well shows signs of failure at some point, so DWS decided to put this job out to bid; DWS is gearing up in the event that the well goes down, he said.

Mr. Arikawa asked what kind of electrical problem arose.

The Manager-Chief Engineer said the Department is not quite sure, but it appears that the power line was sagging, and a couple of cables touched the ground cable. This introduced high voltage onto DWS's site. DWS was able to discover this, partly thanks to a neighbor, Hāmākua Mushroom Farm, who also experienced a power outage. That customer walked the electrical line and discovered something. A call was made to the electrical utility, and their personnel came out to do the repair to the electrical line. Based on what DWS observed and on what DWS's instruments recorded, the Department feels it has a legitimate case to file a claim. At this point, DWS is awaiting a response from the electrical utility.

Ms. Lee Loy asked whether DWS would get some kind of financial offset if the electrical utility approves the claim. She asked if DWS might get a reduced electrical bill as compensation.

The Manager-Chief Engineer said he would show the electrical utility this bid amount; the well was running fine before the incident. DWS is going to pursue with the utility whatever DWS feels is appropriate. He said that DWS expects an uphill battle. Meanwhile, DWS will provide whatever information it has.

Mr. Elarionoff said he was bothered by the language in the write-up: "The project generally consists of..." He asked how DWS could seek bids with such unspecific language.

The Manager-Chief Engineer explained that DWS uses the phrase "generally consists of, etc." in the write-up for the Board, but when DWS bids a job out, everything is itemized by line item. For Board Agenda purposes, DWS generalizes the scope of the project.

Mr. Uyeda asked how many wells DWS has in the area.

The Manager-Chief Engineer said that DWS has two wells there.

Mr. Uyeda asked if one of the wells could go down because of the electrical issue.

The Manager-Chief Engineer said that both of the wells are limping along. DWS already has awarded the Laupāhoehoe A Well Repair project. The incident affected Well B, which is DWS's preferred well, so DWS decided to put this out to bid, in anticipation of a possible failure.

Mr. Uyeda asked what the strategy was in case both of the wells go down. He asked if DWS would be able to supply water to the area.

The Manager-Chief Engineer said DWS would have to haul water from both directions, from the Hāmākua side and from the Hilo side. The area uses about 120,000 gallons of water per day. A typical hauler carries 4,000 gallons per truckload; a large truckload might be 5,000 gallons, he said. That would mean hauling a lot of truckloads a day, and DWS would institute an immediate water restriction notice. DWS would communicate that to the community immediately, he said. That is the plan, if both wells go down, the Manager-Chief Engineer said. If one well is operational, DWS can get by, he added.

Mr. Uyeda asked if it made sense to expedite this project, in light of the precarious position posed by the possibility of one well going down with no back-up.

The Manager-Chief Engineer said that DWS's understanding of what constitutes emergency procurement is that DWS cannot utilize emergency procurement *in anticipation of* a possible emergency; it has to be an actual emergency.

Mr. Uyeda said he wanted it recognized that the Board is concerned about this community.

The Manager-Chief Engineer said that in fact, the bid process on this job was shortened amid these concerns. The bid process was expedited a bit faster than normal. However, if both wells go down, it will put DWS in emergency mode, and then DWS will be able to implement emergency procurement procedures at that time.

Mr. Balog asked whether the bidder on this job had not qualified for an adjusted bid amount.

The Manager-Chief Engineer said that the preference only applies to contracts in excess of \$250,000.00.

ACTION: Motion carried unanimously by voice vote.

7) NORTH KONA:

A. **JOB NO. 2016-1047, KALOKO MAUKA #3 BOOSTERS A & B REPAIR:**

This project generally consists of the replacement of the existing booster pumps, discharge heads, motors, and all appurtenant materials, such as mechanical seal, pre-lube tubing, etc.; chlorination and testing of the boosters and pumping assembly; and selective reconfiguration and replacement of above ground discharge piping assembly; in accordance with the specifications.

Bids for this project were opened on June 16, 2016, at 2:00 p.m., and the following are the bid results:

<b>Bidder</b>	<b>Bid Amount</b>
Derrick's Well Drilling and Pump Services, LLC	<b>\$203,000.00</b>
Beylik Drilling and Pump Service, Inc.	\$204,600.00
Performance Systems, Inc.	\$346,000.00

Project Costs:

1) Low Bidder (Derrick's Well Drilling and Pump Services, LLC)	\$ 203,000.00
2) Contingencies (10.0%)	<u>\$ 20,300.00</u>
<b>Total Cost:</b>	<b><u>\$ 223,300.00</u></b>

Funding for this project will be from DWS's CIP Budget under Deepwell Pump Replacement. The contractor will have 210 calendar days to complete this project. The Engineering estimate for this project was \$145,000.00.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2016-1047, KALOKO MAUKA #3 BOOSTERS A & B REPAIR, to the lowest responsible bidder, Derrick's Well Drilling and Pump Services, LLC, for their bid amount of \$203,000.00, plus \$20,300.00 for contingencies, for a total contract amount of **\$223,300.00**. 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. Balog moved to approve; seconded by Mr. Arikawa.

The Manager-Chief Engineer said that this bid for a pair of boosters came in higher than the Engineering estimate, primarily due to higher-than-anticipated material costs for the pump, motors, and the discharge head. The staff had sought a discharge head that had higher durability, hence the higher cost. This is a project that DWS needs to do, he said.

Mr. Balog asked for elaboration on the need to do this project.

The Manager-Chief Engineer said that if the boosters do not work, the customers above in the subdivision do not get water. He said that all of the projects that DWS brings to the Board are projects that the Department needs to do; these are facilities that are showing imminent signs of failure.

Mr. Takamoto said that one of the boosters is already down.

The Manager-Chief Engineer said that one booster is down, and normally DWS has the two boosters for redundancy.

Mr. Balog asked whether the Department would potentially have to haul water.

The Manager-Chief Engineer said yes.

Mr. Arikawa asked if this job was part of the long-term CIP.

The Manager-Chief Engineer said no, this was built into DWS's CIP under "Maintenance and Repair."

Mr. Uyeda asked if this replacement of the pumps posed an opportunity to install energy-efficient equipment.

Mr. Takamoto said that energy efficiency was written into the specifications of the project, in the form of more energy-efficient motors and the highest efficiency pump that DWS could find.

Chairperson Takamine asked what a discharge head was.

Mr. Takamoto said that it is the fitting that the pump couples up to on the bottom; it connects to the discharge piping.

The Manager-Chief Engineer said that it is a specific water fitting that the motor sits on top of, through which the shaft goes. The discharge head pumps the water from the bowl into the receiving pipe, which pushes the water further up the hill. It is a special fitting that is only applicable at pump facilities.

ACTION: Motion carried unanimously by voice vote.

8) 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. BILL OF SALE**

Seller: One Puako Bay, LLC

Tax Map Keys: (3) 6-9-002: 001, 002, 030, 033, 034, 035 & 036

Facilities Charge: \$71,500.00 Date Paid: 5/25/2016

Final Inspection Date: 4/01/2016

Water System Cost: \$61,200.00

**2. GRANT OF EASEMENT AND BILL OF SALE**

Grantors: Innovations Public Charter School Foundation and Revocable Trust of Stanley A. Gomes, Daniel B. Bolton, Malia L. Bolton, Daniel R. Bolton and Kirstina L. Bolton

Tax Map Keys: (3) 7-5-010: 001, 7-5-017: 008 and 7-5-017: 045

Facilities Charge: \$44,000.00 Date Paid: 6/20/2016

Final Inspection Date: 6/16/2016

Water System Cost: \$144,000.00

**3. BILL OF SALE**

Seller: State of Hawai'i, Department of Accounting and General Services

Tax Map Key: (3) 2-1-012: 009 and 078

Facilities Charge: *Not applicable*

Final Inspection Date: 12/05/2014

Water System Cost: \$68,262.00

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 or the Vice-Chairperson be authorized to sign the documents.

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

B. AMENDED DEPARTMENT OF WATER SUPPLY 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 will have been held just prior to this meeting.

The Manager-Chief Engineer recommended that the Water Board approve 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 Mr. Arikawa.

The Manager-Chief Engineer expressed gratitude for everyone's efforts in reaching this point. Once this is approved, DWS can take the amended Rules & Regulations to publication, and there are some steps to take such as submitting them to the County Clerk, the Mayor's Office, etc. The Department will take care of the formal procedures, and get the amended Rules & Regulations published.

Ms. Self said the amended Rules & Regulations become effective 10 days after filing with the County Clerk.

Chairperson Takamine said he appreciated all of the hard work by the staff and the Board.

Mr. Balog asked about Section 3-1, about which he had received a complaint from someone in Pa'auilo. He cited the passage saying: "Water service shall be restricted to the property for which the application is made." He said that there are a lot of people who cannot get a water meter, so they tag off of someone else's line, and both parties contribute.

The Manager-Chief Engineer said that is against DWS's Rules & Regulations.

Mr. Balog said he understood that, but noted that when someone needs water, they can go down the road and fill up from the hydrant. They haul the water to their house; Mr. Balog said that DWS should be collecting for the service.

The Manager-Chief Engineer said that the difference is that this is a temporary service off of a hydrant; it is intended to be temporary. With those services, DWS does not levy a Facilities Charge, which is what every regular, permanent customer pays as their fair share for the cost of all of the infrastructure that went into the system. The people who use temporary services on a permanent basis are bypassing the system, and this is not something that DWS wants to encourage, he said. When people pay for their service, the meter is associated with the property listed on the application; the right to that meter stays with that property. Therefore, if the property is sold or passed on, regardless of whether it is occupied or not, the property has that water service available to it, the Manager-Chief Engineer said. When people privately make agreements among themselves, DWS is not aware of every such instance, he said.

Mr. Balog said he only raised the issue because it came up in conversations with people. He said he understood why that language was added to the Rules & Regulations, but he thought it could be a bit problematic.

Mr. Elarionoff said he disagreed with Mr. Balog, saying that it would interfere with subdivision laws.

Mr. Balog said he agreed with the language.

Mr. Elarionoff said that he had applied for a subdivision, but was told that the waterline was not sufficient to support the number of lots he wanted to subdivide. He now has two lots with water, and three lots that do not have water. If DWS allowed arrangements such as Mr. Balog was describing, it would mess up the subdivision laws, Mr. Elarionoff said.

Mr. Balog said no, he agreed with the new language, but said that DWS needs to be more proactive in not inhibiting people. There are a lot of people who feel like that, he said.

Ms. Lee Loy said she heard what Mr. Balog was saying; DWS needs to map solutions. In order to get the capacity to build new water systems, people have to pay for the water service, she said.

Mr. Balog said he agreed. However, if there is a fire hydrant at the bottom of Puakea Road, with an invitation to take free water, people will fill up 50-gallon loads or 330-gallon loads, and haul the water to their houses for free, every day, he said. He said he understood why that language was put in, but DWS probably needs to capitalize on things like standpipe charges, rather than letting some people get water for free. If DWS turns someone down for a meter, that person will go to his neighbor and ask to share his meter, for \$100 a month or whatever, Mr. Balog said.

Ms. Lee Loy said that if DWS can build the capacity whereby it has more money, then DWS can start upgrading its infrastructure, which in turn would create an opportunity for people like this to get meters. Collecting what is owed to the Department will serve as the driver to build the infrastructure to get water to those lots, she said. She said that the way the language is written in the amended Rules & Regulations, the key word is “appurtenant,” meaning that the meter belongs to that property. Therefore, when the property is bought or sold, the water service is appurtenant to that Tax Map Key (TMK), she said. DWS is just trying to stay within that framework, and the goal is to ensure that DWS is able to collect the monies for all of the infrastructure that is in the ground right now, which delivers the water. She noted that the water is free; it is the transmission cost that people are paying for.

The Manager-Chief Engineer said that DWS is very confident that meter-sharing situations like Mr. Balog described are in the minority of the services that are out there. DWS does not have an exact handle on that, because every household uses a different amount of water. However, DWS’s meter readers are out every day reading meters, and they see what is going on, he said. DWS is not aiming to solve everyone’s problems; it has to balance its fiscal responsibility with its mission to provide a continuous supply of safe drinking water, at an affordable cost, he said. The Manager-Chief Engineer said DWS cannot take care of everybody’s needs, unfortunately.

Ms. Self said that such owners are aware that the property they bought has no water; they buy in the knowledge that there is no water available for that particular lot.

Mr. Balog said that it is just a case where someone without water on his property, sooner or later, will go to his neighbor to share a meter, or go down the road to take water from the hydrant.

The Manager-Chief Engineer said that if a person builds a house without water available, they are supposed to put in at least a catchment system. This would serve as their water supply, he said.

Mr. Balog said that most people with catchment do not necessarily have enough water.

Ms. Brenda Iokepa-Moses said they are buying a property at a cheaper price because there is no water, and so they have to haul water. That is all there is to it, she said.

Mr. Elarionoff noted a line in the document distributed to the Board saying: “We would like to be better stewards of water, etc.”

Mr. Balog said he just raised the issue about the shared meters, etc., because he had been approached by a lot of people.

Ms. Iokepa-Moses told Mr. Balog to just encourage them to do the right thing; she said they should come to Public Hearings and speak to the Board about their water needs.

The Manager-Chief Engineer said that people can come to talk-story with the Department. DWS can at least show them what the Department plans to do with its infrastructure part of its CIP. He noted that DWS is working in certain areas, citing the Āhualoa Transmission Line and the improvements done in the area to provide some additional capacity. DWS cannot provide a large amount of excess capacity, in the hopes of some future customers coming along somewhere down the road, he added. However, at the same time, DWS understands that there is some need for families to split parcels into two for their kids, etc. DWS is trying to take care of that kind of thing.

ACTION: Motion carried unanimously by voice vote.

C. **MATERIAL BID NO. 2016-01, FURNISHING AND DELIVERING PIPES, FITTINGS, WATER METERS, FIRE HYDRANTS, BRASS GOODS, VALVES, ELECTRICAL SUPPLIES, ELECTRICAL EQUIPMENT, WATER QUALITY EQUIPMENT, CHLORINATORS, MOTORS, AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK:**

Part Number 58, Unistrut Channel and Hardware, was deferred at the last Water Board meeting because the low bidder, Fastenal Company, was not compliant with the Hawai'i Compliance Express at that time. Since then, Fastenal Company has met all of the requirements to be compliant.

The Manager-Chief Engineer recommended that the Board award the contract for Part 58, Unistrut Channel and Hardware, for MATERIAL BID NO. 2016-01, FURNISHING AND DELIVERING PIPES, FITTINGS, WATER METERS, FIRE HYDRANTS, BRASS GOODS, VALVES, ELECTRICAL SUPPLIES, ELECTRICAL EQUIPMENT, WATER QUALITY EQUIPMENT, CHLORINATORS, MOTORS, AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK to Fastenal Company, on an as-needed basis, at a total price of \$7,105.02, 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 shall be from July 1, 2016 to June 30, 2017.

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

The Manager-Chief Engineer said that award of this Item was deferred last month because the vendor did not have all of its compliance requirements in order. In the meantime, the vendor was able to come into compliance, so now the Board can formally award the contract to Fastenal.

ACTION: Motion carried unanimously by voice vote; (Six Ayes, Ms. Lee Loy was out of the room).

D. **MATERIAL BID NO. 2016-03, FURNISH BASE COURSE, SAND, COLD MIX, HOT MIX AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY:**

At the May 24, 2016, Water Board meeting, Parts A (3/4 inch base course at \$14.27 per ton), B (1.5 inch base course at \$12.93 per ton), C (No. 3F rock at \$22.50 per ton), D (#4 sand at \$25.42 per ton) and E (mortar sand at \$43.42 per ton) for District II and Parts A (3/4 in base course at \$19.49 per ton), B (1.5 inch base course at \$17.96 per ton), D (#4 sand at \$36.46 per ton) and E (mortar sand at \$57.76 per ton) for District III were deferred because the low bidder, WHC LTD. dba West Hawai'i Concrete, was not compliant with the Hawai'i Compliance Express at that time.

Since then, the vendor has met all of the requirements to be compliant.

The Manager-Chief Engineer recommended that the Board award the contract for Parts A, B, C, D and E for District II, and Parts A, B, D and E for District III for MATERIAL BID NO. 2016-03, FURNISH BASE COURSE, SAND, COLD MIX, HOT MIX AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY, to WHC LTD. dba West Hawai'i Concrete, on an as-needed basis at the unit prices stated above, 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 shall be from July 1, 2016 to June 30, 2017.

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

The Manager-Chief Engineer said that this situation is similar to the one in the previous item; the vendor was able to come into compliance since last month's meeting. The Board can now award the contract to West Hawai'i Concrete, he said.

ACTION: Motion carried unanimously by voice vote. (Six Ayes, Ms. Lee Loy was out of the room).

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

The Manager-Chief Engineer said there was no update at this time.

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

*(No Executive Session was held.)*

G. **MONTHLY PROGRESS REPORT:**

The Manager-Chief Engineer noted that the CIP spreadsheet reflects the desire of the Board to have indications of the status of projects, in the project descriptions. He said hopefully, this helps.

Chairperson Takamine asked about the completion date for the Lālāmilo Windfarm project.

Mr. Nishioka said that it was supposed to be completed in July of this year, but it will definitely not be done by then.

Chairperson Takamine asked if it would be completed by the end of this year.

Mr. Nishioka said yes, it should be up and running by the fall of this year.

The Manager-Chief Engineer said that DWS is still on track to meet the anticipated schedule *from before* the project got started. DWS had hoped that it would be done by July, but the anticipated completion was in the third quarter of this year.

Chairperson Takamine asked how long it would be before DWS would start reaping the benefits of this energy-saving project.

The Manager-Chief Engineer said that upon completion, the Windfarm would begin commercial operation; DWS would begin buying the wind-produced power at that time, i.e., upon completion.

#### H. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

Chairperson Takamine asked why the water consumption in May 2016 was so much higher than other months, going back to September 2013.

The Manager-Chief Engineer, noting that May consumption was 974 million gallons, said that he did not have an answer offhand, but the Department could look into the possible reason why it was so high.

Mr. Elarionoff, turning back to the Monthly Progress Report, asked whether the \$5,000,000.00 cost to repair Waikoloa Reservoir No. 1 exceeded the original cost to build the reservoir.

The Manager-Chief Engineer said that DWS had actually inherited the reservoir from the military, so he did not know how much the original cost was; it was years ago.

Mr. Elarionoff asked if the repair cost would be higher than the original cost to build the reservoir.

The Manager-Chief Engineer said it certainly would be. He noted that in the aftermath of the earthquake in 2006 and the Kaloko Dam failure on Kaua'i, the Department of Land and Natural Resources (DLNR) has really stepped up their Dam Safety Division.

Mr. Elarionoff asked how one could compare the Waikoloa Reservoir damage (caused by an earthquake) with the Kaloko Dam failure, which was someone's fault.

The Manager-Chief Engineer said that regardless, DWS has its own design consultant while DLNR has their own consultant to peer-review DWS's design. Under the current standards, DLNR calls for a less-steep slope, and so the embankments are at a 2-to-1 slope. DLNR also calls for under-drains with monitors to see if there is seepage through the embankment. He said that DWS agrees with Mr. Elarionoff; DWS's reservoirs are different from dams. DWS has lined its reservoirs with concrete panels, and there is a spillway that DWS visually inspects and maintains daily. DWS has a controlled inlet; it is not just a stream that feeds the reservoir uncontrolled, the Manager-Chief Engineer said. DWS has valves that control water going into the reservoirs. Nevertheless, DLNR has these requirements.

Mr. Elarionoff asked if they were requirements regardless of the situation.

The Manager-Chief Engineer said yes.

Mr. Elarionoff turned to Page BUD3 of the Financial Statement, under Expenditures: Injuries & Damages. He noted that the annual budget for that line item was \$170,000.00. Meanwhile, the balance for that item was listed as \$135,000.00. He then turned to the line item listed as Safety Expenses. He asked if the Injuries & Damages item and the Safety Expenses affected each other.

Mr. Sumada said not really; the Injuries & Damages are workman's compensation payments that the Department makes to doctors, clinics, etc., for treatment of injured employees.

Mr. Elarionoff asked if these were on-duty injuries.

Mr. Sumada said yes. The reason why that budgeted amount is so high is that typically, DWS has two to three settlements a year, where the Department is settling with the employee for permanent injury. Those settlements can be quite large, he said.

Mr. Elarionoff asked if they were one-time settlements.

Mr. Sumada said yes; these settlements are made to resolve a case. DWS has not had any such settlements so far this year. The Safety Expense budget is for safety shoes and similar supplies; the amount is pretty consistent year-to-year. However, the Injuries & Damages do fluctuate, based on settlements.

Mr. Elarionoff said he was just curious if, by increasing the Safety Expenses, it would reduce the number of Injuries & Damages.

Mr. Balog noted that in his business, safety purchases can trigger a break on the business' insurance premium. He said he understood Mr. Elarionoff's question.

Mr. Sumada said that the settlements comprise the biggest chunk that DWS pays for in that budget item.

Mr. Arikawa asked for confirmation that this Budget Report is from July 2015 to the end of May 2016, with the fiscal year ending at the end of this month.

Mr. Sumada confirmed that.

Mr. Arikawa said that looking at DWS's total expenditures, the DWS balance is running at 38 percent of Budget. This was pretty good, he said.

Mr. Sumada said yes, and the big part of that savings is in **power**; power costs have been favorable.

Mr. Arikawa said DWS is doing outstandingly well.

#### I. **MANAGER-CHIEF ENGINEER'S REPORT:**

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

- 1) **Matters of interest to the Board** -- The Manager-Chief Engineer said two things really stood out for him at the AWWA conference in Chicago. One was the presentation by a manager of a small utility, whom the Manager-Chief Engineer would like to contact to pick his brain. The utility manager has a strategic approach to finding leaks, etc. The Manager-Chief Engineer said he would like to budget for the utility manager to come here to teach DWS a few things. It appears that the utility staff go out in the middle of the night, and are able to pinpoint a leak in a 1,000 feet section of pipe, based on strategic manipulation of the valve, and based on an understanding of the system. The staff are thereby able to do soundings, he said. The second interesting takeaway from the conference involved discussions with the Ductile Iron Pipe Research Association. DWS is trying to partner with them to see if DWS can do some corrosion research here. DWS is also looking at getting training for DWS inspectors, engineers and Operations staff, on the proper installation and use of poly-wrap for corrosion protection, as well as the proper methods for tapping which involves poly-wrap pipe.

#### J. **CHAIRPERSON'S REPORT:**

The Chairperson said that his own takeaway from the conference was the opportunity to network with the different Boards within the State, as well as with staff from Kaua'i, Maui and Oahu. The Big Island and Oahu have similar issues; Oahu's County Council is currently under pressure to remove the Board of Water Supply's semi-autonomy. That is something that DWS cannot allow to happen; if it were to happen on Oahu, the Big Island would come under pressure for that to happen here as well. Losing semi-autonomy would be really detrimental to the Department, the

Chairperson said. The Hawai'i County Board members spent a lot of time with the Oahu Board members, and the Big Island contingent offered their Oahu counterparts opportunities to visit DWS sources, etc. The Oahu Board members reciprocated the offer. If Big Island Board members take Oahu up on the offer, the Big Island Board members would pay their own way; it would not necessarily be Board-related, the Chairperson said.

Mr. Arikawa said that one of the major concerns that arose at the conference was the issue of aging infrastructure nationwide. A poll of several thousand cities and water utilities named aging infrastructure as the Number 1 issue. The second important concern that came up, at the breakfast conference for public officials, was the financing of CIPs. Mr. Arikawa said he reflected on what DWS is doing, and he concluded that DWS has got a handle on the financing of projects.

Mr. Uyeda said that the takeaway for him was learning more about the Flint, Michigan issue, and how important it is to have competent people in the Department to ensure that such a dire situation never surfaces.

Mr. Elarionoff noted from what the Board conferees said, it is obvious that the people on the ground level understand what is going on, while the people at the top have no idea what is going on. He said the priorities between the guys on the ground and the people at the top are far apart.

9) ANNOUNCEMENTS:

1. **Next Regular Meeting:**

The next meeting of the Water Board is scheduled for 10:00 a.m. on July 26, 2016, at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI.

2. **Following Meeting:**

The following meeting of the Water Board will be held at 10:00 a.m. on August 23, 2016, at the West Hawai'i Civic Center, Community Center, Bldg. G, 74-5044 Ane Keohokalole Hwy, Kailua-Kona, HI.

10) ADJOURNMENT

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

The meeting adjourned at 10:58 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.*