

## MINUTES

### DEPARTMENT OF WATER SUPPLY COUNTY OF HAWAII WATER BOARD MEETING

October 23, 2018

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

MEMBERS PRESENT: Mr. Craig Takamine, Chairperson  
Mr. William Boswell, Jr., Vice-Chairperson  
Mr. David De Luz, Jr.  
Mr. Nestorio Domingo  
Mr. Leningrad Elarionoff  
Mr. Eric Scicchitano  
Mr. Kenneth Sugai  
Ms. Kanoë Wilson  
Mr. Keith K. Okamoto, Manager-Chief Engineer, Department of Water Supply (ex-officio member)

ABSENT: Mr. Bryant Balog, Water Board Member  
Director, Planning Department (ex-officio member)  
Director, Department of Public Works (ex-officio member)

OTHERS PRESENT: Mr. Craig Masuda, Deputy Corporation Counsel  
Ms. Diana Mellon-Lacey, Deputy Corporation Counsel  
Ms. Cynthia Moreira, Derrick's Well Drilling & Pump Services, LLC  
Mr. George MacNeal  
Ms. Janet MacNeal  
Mr. Jeff Zimpfer, National Park Service (10:13 a.m.)

#### DEPARTMENT OF

WATER SUPPLY STAFF: Mr. Kawika Uyehara, Deputy  
Mr. Kurt Inaba, Engineering Division Head  
Mr. Richard Sumada, Waterworks Controller  
Mr. Daryl Ikeda, Chief of Operations  
Mr. Eric Takamoto, Operations Division  
Mr. Clyde Young, Operations Division

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

2) STATEMENTS FROM THE PUBLIC:

**Ms. Janet MacNeal:**

Chairperson Takamine: We have one statement from the public. If you could please introduce yourself and let us know if you are with any organization.

J. MacNeal: My name is Janet MacNeal. My husband's name is George. His name is on the account. With us being here, we thought we should address something that bothers me...more so than my husband. But I made six copies for...I didn't know there were so many...nine. They can share, I guess.

Manager-Chief Engineer: They can share.

Chairperson Takamine: Mrs. MacNeal, I just gotta let you know that the Board cannot respond to any questions you have. We are just here to hear what you have to say.

J. MacNeal: To hear me out.

Chairperson Takamine: Yes.

J. MacNeal: Okay. The issue here is the plumbing where we are renting right now is corrected. My husband comes in to make a payment on the bill and the gal up front mentioned to my husband it seems like we are in higher consumption, and my husband wasn't aware; and then he told me and I wasn't aware, but there was a leakage throughout the house. So, I'm happy that the gal up front noticed the consumption was way beyond our two of us using and waste of water. But anyway, when I learned of it, I spoke with Claire and she had broken down the reading and I thought it really far out, and I needed to address it. So I called the landlord after I talked to Claire to get a meter reading and the meter reading was showing that there was a leakage in the house--wasn't aware of. When the first meter lady came and she checked, it showed there was a leakage in the house. She said the reading, to her, what she read, was the leak was coming from the outside. Anyway, the second meter lady came and she confirmed it, and I saw it that the leak was coming from the inside of the house. So I reported it to the landlord and the landlord said okay and then the plumber came. He checked the master bathroom...there was a problem there so he changed the unit, then he left. But then the second meter woman, when she came, she told me that it was still leaking. So the plumber came back again and he checked the second bathroom, the public bathroom, in the house was leaking also. And he changed that. But then again, it still showed leaking. The meter was still running. So he found out that it was the laundry room bathroom...well, there's a half bath, toilet, where the leakage, so he had to change that unit too. He had to change all three toilet units to correct the problem. So they finally...the landlord fixed it...the whole plumbing from the line, from the meter, there was a leakage right there, so the plumber fixed it, so they changed the whole line and redone the whole thing. But anyway, my question to you is that when we were there, up front, to make a payment and find out what is going on with the bill because we don't understand--on your second page that you have, it shows the usage...gallons of usage. And it is really far out. And the gal up front that collect the payment said, and she noted

that...parenthesis, and like an arrow...we have to find the average for that, for those three numbers that shows on that sheet, and we have to average it out. And when I did, okay, it comes out to, uh...forgot my paper...sorry...anyway, you can look at it. It comes out to 89, and so what do you call it...89,000 gallons? I'm not aware of all these numbers, how it's read, and the definition of it. So that's the reason why I'm here, and then she said, also, the gal up front, that we have to take the three months, which she had noted the parenthesis there, the average of that, plus 50% is our portion to pay of the excess, and I refute that. And anyway, to us, you can see the previous months, from September 16, 17, and up to 18, we almost have a little over \$100.00 monthly usage. And then when the gal up front pointed out three months, which is the 28, 28, and 36 thousand gallons, whatever that is...so the average, plus we have to pay the overage of the leakage of 50%, that's what she said. And I refute that. Because whatever overage of that, we consume, is not our portion to be addressed, that we are obligated to pay the 50%...I don't think so. But anyway, that excess water goes in the ground and it also goes to the sewer, direct. So we had no use of the leakage. And my question to you is that the gal up front, and I repeat myself, says average the three months and plus pay 50% of the overage. And that I refute that.

Chairperson Takamine: Okay, Mrs. MacNeal, so the Department of Water Supply's Rules and Regulations are made to be fair and equitable across the board. So what I would suggest is you continue to work with the Department, but we're not gonna make special provisions for individuals. What staff is doing, and what I believe staff is doing, is they are just following the Rules and Regulations of the Department.

J. MacNeal: I understand.

Chairperson Takamine: So I would suggest that you continue to work with them; but like I said, we can't make special provisions for...

J. MacNeal: I understand. I just want you to hear me.

Chairperson Takamine: Yeah. And I really appreciate you coming down.

J. MacNeal: My position as a tenant, and we've been paying our bills as we use, but the overage...and the gal, and I repeat myself, up front, said we are responsible for 50% of the overage, and I refute that. And I think you can see that. You put all yourselves in my place, if you would rent, and in the same position where I'm at, if I pay my monthly bills according to what our usage is, it's fine; but this is a leakage, and the leakage responsibility belongs to the landlord. We're the tenant. So my point here is that I'm not going to pay the 50%. It's not our responsibility. It's only the landlord's position. They changed the whole plumbing, and I repeat myself...

Chairperson Takamine: And I do feel for you. And maybe that's something where you and the landlord need to work out. But, um...

J. MacNeal: No...but I think...I'm repeating myself over and over. The gal up front said we are obligated to pay 50% of the overage. That's my point. The point is, I'm not responsible for

anything of that overage...leakage. That's totally the responsibility of the landlord. And where she comes in and she's following the Rules and Regulations, etcetera, so she's saying what she needs to say, and I refute that; but now there's something here that I think you have address to somebody to see why this 50% is put on the tenant. I don't think there's a ruling that then she repeating herself also that they don't...you don't get involved with tenant/landlord, and which is okay. But I feel, addressing this again, 50% responsibility to us tenants is getting involved. The Board of Water Supply says our obligation is 50% and that's what I refute. So you really are getting involved by telling me...

Chairperson Takamine: Mrs. MacNeal, I don't have any...

J. MacNeal: but she said I'm responsible for it, but I know you gotta...

Chairperson Takamine: I understand your position, but I don't have any further comments, and the Board cannot address any questions at this time, so I apologize for that.

J. MacNeal: I understand, but my last note. It is not my place to talk to the landlord. Why? Because she tells me I am responsible for the 50%. So to me, I believe whatever the new bill will be, 50% is involved with my next payment. That's my question. That 50% is already applied into the next bill where the leakage happened. That's my question.

Chairperson Takamine: I would suggest that you direct all your questions to staff at this point because I can't...

J. MacNeal: I would appreciate it, yeah, because where the Board of Water Supply had this ruling that the gal says we as tenant have to be obligated to 50% of the 100%, that totally should be the landlord.

Chairperson Takamine: And I don't disagree with you; but like I said before, you know, if you can work with staff because we can't comment at this point.

J. MacNeal: I understand; but you heard me...

Chairperson Takamine: I did. We did hear you.

J. MacNeal: And I know the secretary and all know my point in place that I refuse to pay the 50% which is not my portion. That's all I wanna to say.

Chairperson Takamine: Okay. We understand.

J. MacNeal: Thank you for hearing me out.

Chairperson Takamine: Thank you very much.

K. Wilson: Mahalo.

J. MacNeal: One last note, I don't like doing this...

Chairperson Takamine: Well, we appreciate you coming out and voicing your opinion.

J. MacNeal: and I need to speak up, because a lot of people have been paying that 50%; and if there is a default going on where it's not corrected, you know...I'm helping everybody. I'm helping the public. I mean, number one, I'm here for me; but if it's addressed and gets taken off, yeah, that Landlord should be responsible, they're collecting our rent. Thank you for your time.

(The Board thanked Ms. MacNeal, and she and Mr. MacNeal left the meeting at 10:12 a.m.)

3) APPROVAL OF MINUTES:

ACTION: Mr. Elarionoff moved for approval of the Minutes of the September 25, 2018, Water Board Meeting; seconded by Ms. Wilson and carried unanimously by voice vote.

4) APPROVAL OF SUPPLEMENTAL AGENDA:

ACTION: Mr. De Luz moved to approve Supplemental Agenda for Items 5B (Construction of Waikoloa Reservoir No. 1 Earthquake Repairs) and 6B (Wai'aha Deepwell Rehabilitation & Borehole Alignment Survey); seconded by Mr. Sugai and carried by Roll Call Vote (Ayes: 8 – Messrs. Boswell, De Luz, Domingo, Elarionoff, Scicchitano, Sugai; Ms. Wilson; and Chairperson Takamine; and 1 Absent: Mr. Balog).

5) SOUTH KOHALA:

**A. JOB NO. 2017-1065, WAIMEA DEEPWELL REPAIR – REQUEST FOR ADDITIONAL FUNDS:**

The contractor, Beylik Drilling and Pump Service, Inc., is requesting a contract change order for the additional work required for the performance of a borehole alignment survey. The description of additional work and associated fees are as follows:

ITEM	DESCRIPTION	AMOUNT
1.	Borehole alignment survey	\$17,800.00
	<b>TOTAL</b>	<b>\$17,800.00</b>

Original Contract Amount: \$50,700.00  
 Original Contingency amount: 5,000.00  
 1<sup>st</sup> Additional Contingency request: 12,800.00  
**Total Revised Contract Amount: \$68,500.00**

The Manager-Chief Engineer recommended that the Board approve an increase in contingency of \$12,800.00 to Beylik Drilling and Pump Service, Inc., for JOB NO. 2017-1065, WAIMEA DEEPWELL REPAIR. If approved, the total revised contract amount shall be \$68,500.00.

MOTION: Mr. De Luz moved for approval of the recommendation; seconded by Ms. Wilson.

The Manager-Chief Engineer explained that this request was made by the Department in order to add work to implement what was learned during the challenges of 2017 with the North Kona wells. Waimea Well is another one of the Department's deepest wells, which is 1,800 feet.

Mr. Boswell was glad to see this is being caught now.

Mr. De Luz asked if it will be done for future wells and those that come up for maintenance.

The Manager-Chief Engineer replied that if there is a planned repair and it is determined that the well is deep enough to warrant a study like this, it will be added in.

Mr. De Luz was pleased that the Department is taking a more proactive approach to this matter.

In response to Ms. Wilson's question of whether this will prolong the contract, Mr. Young replied it will not. The project is expected to be completed on time, by the end of November or early December.

ACTION: Motion was carried unanimously by voice vote.

**B. JOB NO. 2011-970, CONSTRUCTION OF THE WAIKOLOA RESERVOIR NO. 1 EARTHQUAKE REPAIRS:**

This project consists of repairing earthquake damages and constructing improvements to the existing 50-million-gallon reservoir. The major components of this project will be to increase the embankment of the reservoir providing more stability to the walls, repairing the damaged concrete panels that line the reservoir including sealing cracks and filling voids behind the panels, lining the panels with a waterproof geomembrane material, and provide monitoring points within the embankment. This additional raw water storage reservoir will enhance the Department's ability to utilize the Treatment Plant as well as improved resilience to drought conditions.

Bids for this project were opened on October 18, 2018, at 2:30 p.m., and the following are the bid results:

<b>Bidder</b>	<b>Bid Amount</b>	<b>Adjusted Bid Amt. w/Preferences*</b>
Henry's Equipment Rental & Sales, Inc.	\$6,604,962.00	\$6,520,212.00
Goodfellow Brothers, LLC	\$8,799,950.00	\$8,237,995.50
Isemoto Contracting Co., Ltd.	\$9,145,449.00**	\$8,578,947.80
Global Specialty Contractors, Inc.	\$10,028,937.50	\$9,527,490.63

\*Bids were adjusted (for 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.

\*\*Bid was corrected due to an error in the bid.

Project Costs:

1) Low Bidder (Henry's Equipment Rental & Sales, Inc.)	\$6,604,962.00
2) Construction Contingency (~9%)	<u>600,000.00</u>
<b>Total Cost:</b>	<b><u>\$7,204,962.00</u></b>

Staff has reviewed the bids and finds that the lowest responsible bid is acceptable.

Funding for this project will be from FEMA (Federal Emergency Management Agency) as well as a DWSRF (Drinking Water State Revolving Fund) Loan. The contractor will have 365 calendar days to complete this project. The engineer's estimate is \$6,595,900.00.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2011-970, CONSTRUCTION OF THE WAIKOLOA RESERVOIR NO. 1 EARTHQUAKE REPAIRS, to the lowest responsible bidder, Henry's Equipment Rental & Sales, Inc., for their bid amount of \$6,604,962.00, plus \$600,000.00 for construction contingency, for a total contract amount of \$7,204,962.00. 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. Boswell moved for approval of the recommendation; seconded by Ms. Wilson.

Chairperson Takamine mentioned that the Board was able to view this reservoir last month during the site visit and realized the size and scale of the project.

The Manager-Chief Engineer noted that staff did a good job of preparing this write-up. The project entails beefing up the embankment, adding supplemental liners, and repairing the existing liners which is essentially hardening the reservoir for any future seismic events. The reservoir has been empty since the 2006 earthquake.

Chairperson Takamine had a concern about the low bid in comparison to the second bidder, about \$2 million. He asked if the Department had any history on Henry's Equipment Rental & Sales, Inc.

Mr. Inaba replied that he had confirmed with the contractor that they are not going to withdraw their bid and it is okay. There are also performance bonds required for execution of the contract.

In response to Mr. De Luz's question of whether this is Henry Silva, Mr. Inaba replied he believed so. The company is out of Oahu.

Mr. De Luz stated that he was aware of who he is, only because he lives in Kukaiaio Ranch. He has extensive civil engineering background. He is doing work on this island, but he is Oahu based.

Mr. Domingo asked if there would be an alternate storage for water in the meantime.

Chairperson Takamine stated that this was the empty reservoir the Board visited last month and that the repairs would be similar to the Reservoir No. 2 that was viewed. There are three reservoirs up there.

Mr. Boswell asked if this project would be ahead of the curve with regard to the soil replacement, as noted during the Reservoir No. 2 site visit last month where the native soil was not meeting specifications and was replaced by imported base course.

Mr. Inaba confirmed that the experiences from the repair of Reservoir No. 2 were factored in with this No. 1 Reservoir repair project.

ACTION: Motion was carried unanimously by voice vote.

6) NORTH KONA:

**A. JOB NO. 2016-1043, CONSTRUCTION OF THE WAI‘AHA WATER SYSTEM IMPROVEMENTS – TRANSMISSION:**

This project consists of approximately one (1) mile of 16-inch waterline including stream crossings and various interconnects, a fire hydrant, and a pressure reducing valve station. The installation of this transmission line will improve the use of the high-level source(s) in the vicinity and improve the existing distribution system.

Bids for this project were opened on October 11, 2018, at 2:00 p.m., and the following are the bid results:

<b>Bidder</b>	<b>Bid Amount</b>	<b>Adjusted Bid Amt. w/Preferences*</b>
Isemoto Contracting Co., Ltd.	\$3,240,878.00	\$3,014,077.91
Goodfellow Brothers LLC	\$4,315,625.00	\$4,065,567.65
Mira Image Construction LLC	\$4,446,225.00	\$4,174,773.75
Nan, Inc.	\$4,541,137.00	\$4,279,230.15
Koga Engineering & Construction, Inc.	\$4,798,327.00	\$4,500,491.65
Jas. W. Glover, Ltd.	\$5,803,100.00	\$5,693,211.90
Hawaiian Dredging Construction Company, Inc.	\$7,195,000.00	\$6,741,050.00

\*Bids were adjusted (for 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 (Isemoto Contracting Co., Ltd.)	\$3,240,878.00
2) Construction Contingency (~9%)	<u>300,000.00</u>
<b>Total Cost:</b>	<b><u>\$3,540,878.00</u></b>

DWS staff has reviewed the bids and finds that the lowest responsible bid is acceptable.

Funding for this project will be from a DWSRF Loan. The contractor will have 300 calendar days to complete this project. The engineering estimate was originally \$1,500,000.00; however, the revised engineer's estimate is \$2,873,520.00.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2016-1043, CONSTRUCTION OF THE WAI'AHA WATER SYSTEM IMPROVEMENTS - TRANSMISSION, to the lowest responsible bidder, Isemoto Contracting Co., Ltd., for their bid amount of \$3,240,878.00, plus \$300,000.00 for construction contingency, for a total contract amount of \$3,540,878.00. 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. De Luz moved for approval of the recommendation; seconded by Mr. Sugai.

The Manager-Chief Engineer noted that this is a much-needed project. It will enable the Department to transmit water from the mauka regions, the high-level wells, and make use of some of the mauka/makai transmission, bringing water down to the lower areas as well as from south to north.

Mr. Inaba added that the map he had reviewed with the Board a couple of months ago includes this project.

Mr. Boswell asked if it ties in with the Wai'aha System and if the transmission line is going to hit it, timing-wise, to be able to put water into that System.

The Manager-Chief Engineer replied that is the plan. Even before the second Wai'aha Well is constructed, the plan is to move forward with the existing Wai'aha Well. It is uncertain what the capacity will be on the existing well; however, this project will take care of the 8-inch bottleneck on the mauka road.

Mr. Inaba stated that the bottleneck limited the Department's use of that existing, or first, Wai'aha Well when there was only an 8-inch waterline. This new waterline will enable the Department to move water without impacting its customers on the mauka side of the highway, which was getting low water pressure.

Mr. Boswell asked if the second stage, when the second well comes on line, is to increase the volume in the 16-inch transmission line. (Mr. Inaba confirmed that was correct.)

In response to Mr. De Luz's question of whether the projects are being done in-house, Mr. Inaba stated that consultants doing the design.

In response to Chairperson Takamine's question about the bid amounts, Mr. Inaba stated that he verified with Isemoto Contracting Co., Ltd. (Isemoto), and they indicated their bid price is good.

Mr. Elarionoff asked what prompted the revised engineering estimate.

Mr. Inaba explained that when budgeted, the project's estimate was \$1.5 million. It was revised after the consultant completed their design. There are three major stream crossings for this project, costing about \$600,000.00 or more, which bumped up their estimate. Also not factored in was that the Department of Public Works may require repaving of an entire lane. Depending on the condition of the road, they will tell if a trench patch can be done or if an entire lane has to be paved.

In response to Mr. Domingo's question of what communities will benefit from this project, Mr. Inaba and the Manager-Chief Engineer replied that it would be the Holualoa area and eventually, indirectly, all the way north to the airport as well the area in between such as the Department of Hawaiian Home Lands and Kailua town, which is a large area.

Mr. Boswell stated that when you get into the Māmalahoa Highway, historically it has always had bad soil stabilization. This job requires putting in a pipe that is lower. He asked how far away it is from the existing 8-inch line.

Mr. Inaba replied it is a decent separation, on the side of the road. Anything angled towards the makai side will have megalugs on the mechanical joints.

Mr. Boswell noted that the basis for his question was whether there was any anticipation on having the soil condition show up and if there would be a need for soil borings.

Mr. Inaba stated that the Department has had some experience lately a bit north of the area with a transmission line.

The Manager-Chief Engineer noted that Isemoto also had a job some years back doing that transmission line north of this segment in that mauka road. He was confident they understand what the conditions are going to be.

**ACTION:** Motion was carried unanimously by voice vote.

**B. JOB NO. 2018-1095, WAI‘AHA DEEPWELL WELL REHABILITATION & BOREHOLE ALIGNMENT SURVEY:**

Bids for this project were opened on October 18, 2018, at 2:00 p.m., and no responsive, responsible bids were received. Staff will seek alternate methods of procurement per HAR 3-122-35 (b), in accordance with procurement rules.

Chairperson Takamine asked if staff had any idea why no bids were received.

The Manager-Chief Engineer asked the project engineer if he had any insight as to why only two intents to bid were received.

Mr. Takamoto replied that of the two intents received, there was only one legitimate bidder; however, they were tied up on another job for this Department and did not have time to prepare a bid.

The Manager-Chief Engineer indicated that the Department will proceed with alternate methods of procurement, in accordance with Procurement Law, because this due diligence work is needed.

Mr. Boswell asked if that meant the design of the actual pump and motor would be held up until this project is completed.

The Manager-Chief Engineer replied that was correct because the Department wants to ensure there are no “dog legs” in the alignment before going further. Another part of this project is to do a pump test to see how much can be drawn from the well.

In response to Chairperson Takamine’s question on timing, the Manager-Chief Engineer replied this still a high priority; and therefore, as has been done in the past, the Department will reach out to the two contractors that can do the work and try to make it as competitive as possible, plus the timeframe will be factored into the evaluation of who is selected.

Mr. Boswell asked if it would be a stand-alone borehole alignment survey and no other work would be going on at this time.

The Manager-Chief Engineer replied that was correct. It would be the survey plus the pump test.

Mr. Boswell asked if, had the bid been co-mingled with the actual pump and motor bid, the Department probably would have gotten a bid from both of them.

The Manager-Chief Engineer thought that may have been the case.

Ms. Wilson asked if this impacts the previous project, as far as the water system and if the Department is trying to coincide with the water system.

The Manager-Chief Engineer replied that this Wai‘aha Well has been out of service for some time, and this is part of the process to restore it back to service. The project will determine two things: 1) How straight the hole is because it will determine what size pump and motor can fit down the hole, and 2) Test pump it to find out the capacity because there is a pump and motor down in there already. The Department wants to see if that will impact the yield capabilities of the well, which will also determine what kind of pump and motor will be designed for.

Mr. Domingo noted that the effect of heat should also be considered and observed a few times.

Mr. De Luz stated that, from his observation, especially with what transpired today by the public testimony, the public has an unreal expectation of the service the Department provides. With that being said, his concern is more related to emergency preparedness. If possible, he would like to see, maybe on a bi-annual basis, incorporating some public input (going out into the public to help them understand that the Department is going to have challenges). In North Kona, they are still getting water, but it is like they cannot live with this minor inconvenience of water conservation. In a catastrophic event, which he feels we are overdue for, there is only so much that can be done. What would happen if Hilo experienced the type of event like Puna just experienced? There are going to be overwhelming issues in an emergency, and the Department can only do so much. Through communication, the Department can put the onus on the public to understand that there will be challenges--one being how limited we are because we are so isolated, such that how will it be able to get contractors during such times. This is not saying anything the Department does not already know; but just like today, it is like the sense of entitlement is so high, that he hopes the Department can do something more in public relations just to have them understand, this is the information, the Department has plans in place, but at the same time, the Department needs their help in taking more personal responsibility.

The Manager-Chief Engineer agreed, and it is always a tough balance. The Department is trying to share information with the public in a timely manner and be proactive with its messages. That is why the Department has Ms. Kushi on board.

Mr. Boswell commented that it was pretty thoughtful that the Department only charged 50% of the overage on the person’s water bill, although that could not be detected in her tone.

7) MISCELLANEOUS:

A. DEDICATIONS:

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

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

Subdivision No.: 12-001213

Grantor: Surety Kohala Corporation  
Tax Map Keys: (3) 5-4-003: 030 and 002  
Facilities Charge: \$5,950.00 Date Paid: 4/30/18  
Final Inspection Date: 8/02/18  
Water System Cost: \$68,427.00

**2. BILL OF SALE**

Subdivision No.: Sub-15-001509  
Seller: Thomas Duarte, Jr.  
Tax Map Key: (3) 7-5-030: 025  
Facilities Charge: *not applicable*  
Final Inspection Date: 9/24/18  
Water System Cost: \$18,000.00

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.

MOTION: Mr. Boswell moved for approval of the recommendation; seconded by Mr. Scicchitano.

Ms. Wilson noted that for Item No. 2, Bill of Sale, she needed to abstain from voting for that one.

ACTION: Motion carried by seven ayes (Messrs. Boswell, De Luz, Domingo, Elarionoff, Scicchitano, Sugai; Chairperson Takamine); and one abstention (Ms. Wilson).

**B. ADOPTION OF PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW AND DECISION AND ORDER FOR 8/28/18 CONTESTED CASE HEARING REGARDING WATER SERVICE ACCOUNT NO. 91005050-11 (IN THE MATTER OF THE APPEAL OF DIANNA DEROSA):**

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The above Contested Case Hearing took place on August 28, 2018, in accordance with Chapter 91 of the Hawai'i Revised Statutes and Rule 2-5 of the Rules and Regulations of the Department of Water Supply. For review and adoption by the Board of the Findings of Fact, Conclusions of Law and Decision and Order.

MOTION: Mr. De Luz moved for approval of the recommendation; seconded by Mr. Sugai.

Mr. Elarionoff asked what the Department would not be able to recoup as far as expenses, such as attorney's fees.

Mr. Masuda replied that the Water Board's rules do not allow for attorney's fees or any kind of expenses in processing the complaint.

Mr. Elarionoff also mentioned the manpower that went into changing the meters, etc., and asked if the Department is stuck with the cost.

Mr. Masuda replied that in other instances, you can try to recoup costs such as attorney's fees and cost to litigate; but more often than not, you can have a judgment, but you would probably never collect. The person did not appear capable of producing it.

Chairperson Takamine commented that in the meantime, the Department is still spending more money.

Mr. Elarionoff stated that, in itself, it might prohibit other frivolous complaints.

Mr. Masuda stated that for this individual, he would say it would not prevent her as she had indicated that she had a previous medical condition and may not understand the ramifications of filing something like this.

Mr. Sugai stated that the other concern he would have would be public perception of a governmental agency bullying somebody.

Mr. De Luz stated that based on our Constitution and how water is essentially a right, per se, under the Constitution, he believed the utility is being compassionate in their rules in allowing this; but at the same time, it begs to look at whether the Rules need review, which is another matter in itself. It may be something that might lead to discussion on the Rules.

ACTION: Motion was carried unanimously by voice vote.

**C. MATERIAL BID NO. 2015-05 (ALT), FURNISHING AND DELIVERING SPARE DEEPWELL PUMP AND MOTOR SET FOR WAIMEA DEEPWELL – REQUEST FOR TIME EXTENSION:**

At the previous Water Board meeting on September 25, 2018, the contractor, Derrick's Well Drilling and Pump Services, LLC, had requested to be placed on this month's Water Board meeting agenda to request a contract time extension for MATERIAL BID NO. 2015-05 (ALT), FURNISHING AND DELIVERING SPARE PUMP AND MOTOR SET FOR WAIMEA DEEPWELL of 261 working days, equivalent to 386 calendar days. If approved, the contract completion date will be revised from June 28, 2016, to July 19, 2017.

Chairperson Takamine asked if anyone wished to make a Motion.

Mr. De Luz so moved.

Mr. Masuda reminded the Board that just to have a discussion, there needs to be a second to the Motion. The maker of the Motion as well as the person that seconded, by making those motions and seconds does not commit themselves to any vote in particular. It just opens discussion.

Mr. Scicchitano seconded the Motion.

Chairperson Takamine opened it up for discussion. Ms. Cynthia Moreira from Derrick's Well Drilling & Pump Services, LLC (Derrick's), came forward.

Ms. Moreira brought some supporting documents, which were handed out to the Board. She explained that the supporting documents show that they ordered the pump and motor in a timely manner. In fact, before the Notice to Proceed was given to them, she sent out the purchase order a couple of months before that. She also has a stack of emails that include conversations between her and the manufacturer throughout this whole process; however, she did not feel she needed to bring all of that with her today. She pointed out that by the time the unit actually came and was in their hands, it was a year and one month later. For them, it was unheard of. It was a very long process for them, and they are still dealing with it today. The pump and motor is at their yard. Rentzel Energy Equipment Company (Rentzel), who is the distributor for the Centrilift unit, will not take responsibility for it. Derrick's has tried getting them to provide an address to ship the pump and motor back to them because it is deemed unusable; and they refuse to cooperate. It is still in their yard. She is asking if it is possible to get an approval for a time extension. They feel they are not responsible for this. It was a manufacturer's delay; clearly a year and a month. The unit went through various testings and never passed. Finally, it did with one that they found out later, was a normalized test that is actually not the correct test, on top of that. When the unit went to the other contractor that installed it, the Centrilift technician came, and there was write-up done on why the unit was not acceptable. It is not only that it took a year and a month to deliver the unit; it was deemed unusable. They had an awful time with this vendor. She sincerely asked that the Board not hold Derrick's responsible for this delay.

Mr. Boswell asked for some clarity. Derrick's only purchased the pump and motor for the Department and was not installing it.

Ms. Moreira replied that it was a material bid so it was just for the purchase of the pump and motor and she believed a cable was included.

Chairperson Takamine asked if this was a particular brand that was specified out or if it was an equal product.

Ms. Moreira replied it was a particular brand, but they found out later that even the protector was not to specification. It was not a Centrilift protector. She believed it was a GE.

Mr. Boswell asked if that meant that Rentzel was combining materials in assembling.

Ms. Moreira replied she believed that was so. From what she found out later from the initial point of contact that she went through to order this pump and motor, he was later let go by Rentzel, and then he disclosed everything to her. In actuality, the pump was not even a brand-new pump, from what she understood. When the pump was rejected on the first test, he took the pump back into possession; and from what she understood, they used "used" parts to rebuild the pump. This was not found out until after the pump was in Derrick's possession.

Mr. Domingo asked if there was a specific date associated with the one-year and one-month delay.

Ms. Moreira stated that the Notice to Proceed was March 1, 2016, and the pump was actually at their freight quarters on July 18, 2017.

The Manager-Chief Engineer gave some background from the Department's side. The Department had gone through something similar to this with a Laupāhoehoe project where the bid documents, at the time, did not provide relief for the contractor although the fault was outside of their work scope. It was more on the side of the supplier's scope. Subsequent to that, the Department decided to put new language in the bid documents to allow for the contractor to show proof of unfairness on the part of another party to avoid having the contractor suffer because of it. This particular project that Ms. Moreira is here about is another one where the bid documents were older and did not provide such language. From his perspective, and the history he knows of this particular situation, it appears similar to what the Department has gone through in the past. At the staff level, administratively, the Department can only follow the bid documents, which is why this is before the Board today.

Mr. Boswell noted that the Department did not list this particular agenda item as a recommendation.

The Manager-Chief Engineer stated that this one was a little different.

Mr. De Luz asked if this falls to the authority of the Board.

The Manager-Chief Engineer noted that was correct.

Chairperson Takamine added that given the fact that Derrick's does a lot of work for the Department and they are a reliable vendor, he did not see a problem. He felt they are getting a bad deal right now.

Mr. Elarionoff asked Ms. Moreira if, in their position, they can include language on their end when they purchase items so this does not happen again.

Ms. Moreira replied that she provides all documents to their vendors so they are aware of all deadlines relating to a project. Her emails show that she was constantly in touch with them, reminding them of the deadlines and the liquidated damages they would face as the contractor.

Mr. Elarionoff commented that the liquidated damages are what they (Derrick's) have to face, not what the supplier has to face if they fail to comply with their requirements.

Ms. Moreira stated that, in essence, she was trying to show them what Derrick's was facing, based on their delay.

Mr. Masuda clarified that what Mr. Elarionoff was questioning was whether Derrick's contract with the supplier could be stronger than just notifying them they are going to be responsible for any liquidated damages that Derrick's would face.

Ms. Moreira replied that the majority of the pump and motor manufacturers have it in their terms and conditions that they are not responsible for any liquidated damages. Derrick's has no control over that.

The Manager-Chief Engineer stated that part of the challenge that has been noticed throughout the years is that Hawai'i is considered small potatoes, volume-wise. It is like the vendors on the mainland hold all the eggs in their basket. You would think that liquidated damages could be passed along to the supplier or the distributor, but it does not work that way here, apparently. They could say they do not need our business. Unfortunately, that is the reality of the situation.

Chairperson Takamine agreed. It is the same for his business when ordering specialty equipment from the mainland. They do not have much control. Sometimes they have to bend over backwards and fly stuff in on their dime just to avoid situations like that. It is unfortunate, so he could relate.

Ms. Moreira stated that when they send in a request for quotation, their response is notifying Derrick's of their time of delivery, so they try to hold them to that. But in this case, it was ridiculous.

The Manager-Chief Engineer commented that they would probably not be doing business with them anymore.

Ms. Moreira agreed. She did not even think they still had a business.

Mr. Domingo asked if there is a penalty for the manufacturer for late delivery or if it really matters.

Ms. Moreira replied no, that Derrick's takes the penalty.

Mr. Elarionoff asked if it is paid for before delivery.

Ms. Moreira replied that in this case, they did not get their invoice. By the time the unit came, it was needed for the project. When they found out they could not use it, they did not pay the invoice to Rentzel and even offered to send it back, after paying the freight of about \$13,000.00 for it to be shipped here. They asked Rentzel if they would take back the unit because it was deemed unusable and they had not followed specifications and offered to take the hit of \$13,000.00 for shipping. Eventually, Derrick's had to provide a usable pump and motor that was to specifications, which they did; but Rentzel never responded to their requests. Derrick's could not touch the unit because Centrilift had filed a lawsuit against this vendor. They would not take the unit back because they were going through litigation. She

found out later, after it was settled, that Derrick's could buy the unit if they wanted, but there was no use for it. They wanted to charge finance charges on top of that.

ACTION: Motion was carried unanimously by voice vote.

(Ms. Moreira thanked the Board and left the meeting at 10:53 a.m.)

**D. MONTHLY PROGRESS REPORT:**

Ms. Wilson asked about the 'Ōla'a No. 2 Water System Improvements. She noticed it is utilizing FEMA funds.

Mr. Inaba stated that the Department met with the consultant to renew what they call the 428 Alternate Procedures funding option. It basically allows the Department to utilize some of the funds that it had with the lava event on projects elsewhere because the infrastructure cannot be put back in Kapoho. They are reviewing their procedures because there is a special consideration review process in there. It is mostly for environmental compliance. The project is for a waterline replacement along Milo Street and abandoning two wells that are uncased. It also includes demolition of an existing tank that is no longer in use.

Mr. De Luz stated that the Department's level of service, lack of service, or abandonment of service is, again, an unusual circumstance due to the lava flow; but it does put us at risk in regards to reviewing our current status as far as delivering service in areas that may be deemed unsafe and what governing jurisdiction would coincide whether the utility be prevented from providing service. This is an unfortunate circumstance; and it almost goes to the concept of a facility charge. He was not saying this to be crude, but the amount of contingency liability exceeds the capacity of the Department's resiliency if it does not address or review some of those matters at least. It is going to be a difficult situation and the Department will have to deal with those customers in regard to their expectations, but it is a reality that has to be looked at.

Mr. Inaba stated that the Department is trying to coordinate a lot of the efforts that the County is putting forward. They are working with USGS (United States Geological Survey) in terms of the stability of the area in case of anything having to do with Pohoiki and that location comes up.

Mr. De Luz stated that one of the challenges is that this Department is unlike other utilities in that it is non-profit. There is a price point where people will rebut and say this is a government agency and should be providing the service. It could be problematic for the Department and may need to take a look at what it takes to sustain and be able to provide the service.

Mr. Inaba agreed that is a tough one.

The Manager-Chief Engineer stated that the one benefit is that the Department does qualify for FEMA reimbursement. In the past, they were reluctant to reimburse for a project that was

going to be put back into a hazard area. This new program is something different where they will say for example, the Department will get \$10 million and that is it. It will not include overages in case the project runs over, but it can be used on other projects, and not go to restore the one that was lost because of the event. The Department will try to take advantage of whatever FEMA programs will help the situation overall as much as it can.

Mr. Inaba added that they are very flexible with the Department and helpful in terms of trying to get as much money qualified as it can.

Mr. De Luz stated that his understanding is the risk is you may be given the initial okay but if the capital is expended and the reimbursement is not received or on a timely basis, you have to make sure you have enough capital or resources to be able to sustain operations.

Mr. Masuda stated that was a good point. For example, not all claims from the earthquake from 2006 have been paid.

Mr. Inaba stated that some of the Department's claims were denied; therefore, the Department is making sure all requirements are met to qualify for this funding.

Mr. Domingo asked the Queen Ka'ahumanu Highway Widening - Kealakehe to Keāhole 16" Waterline Installation and when it would be closed out.

Mr. Inaba explained that is a State contract. This Department recently sent out a check for the Department's portion, along with an executed amended Memorandum of Understanding (MOU). He was not sure of the State's timeline but understood they are working to get it closed out. As far as construction, it is complete.

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

Mr. De Luz asked if the accrued interest column will be revised to reflect the change in the market conditions.

Mr. Sumada stated that he revises that figure at year end. Throughout the year, it does not change.

Mr. De Luz asked if this conservative nature goes with a floor amount and anything better than that is a benefit, generally speaking.

Mr. Sumada replied that the accrual is based on actual rates the Department is getting from deposits.

Chairperson Takamine noticed how close in consumption the Department is in comparison to 2017. The difference is only 98,000 thousand gallons.

In response to Mr. De Luz's question of whether the accounts have varied or are about the same, Mr. Sumada replied that island-wide, the accounts increased by 86, but that includes the 190 that were lost in Puna from the lava flow.

In response to Mr. De Luz's question about current capacity for adding additional accounts, the Manager-Chief Engineer noted the Department will find a way if people want to be a customer.

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

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

1. North Kona Wells - the Manager-Chief Engineer asked the Deputy to provide an update on the wells. The Deputy reported that similar to last month, ten of the fourteen sources in the North Kona Water System are operational. The ten percent water conservation is still in effect. Service to customers is normal. The same four wells that are offline are: Honokōhau, Hualālai, Wai'aha, and Palani. The news to report this month is not as good. For Honokōhau, which is the one that was planned to be online by the end of October, the National-brand pump and Centrilift motor and seal section came in; and when the contractor and technicians were at the site, they were trying to lift it vertically and fit it together. They were having fit-up issues and are currently working on-island to try and machine a part or coupling to see if that will resolve the issue. There is a worse-case scenario that if this pump has to be shipped back to National Pumps in California, it would add about a month to the repair. They are trying to take care of everything locally; and if it can be taken care of here, installation is looking like the second week of November. This is the one that also has a shroud that will go over the motor and the pump and one of the other contractors is now working on fabricating a wider diameter to go over the pump part of the unit.

Mr. Elarionoff asked why the two parts did not match.

The Deputy replied that from what he understands, one company built the pump and another built the motor. When they received the shop drawings, or submittals, everything was supposed to match. When the specifications were bid out, it was before the change where the bidders had an option of providing an alternate bid. That has since been revised to where there is a unit warranty, or it is specified for the same manufacturer for the pump and motor. When the units were received and they were on the ground, you could not really get the true alignment. It had to be lifted vertically, and the motor suspended in the hole and then put the seal section and the pump on top.

The Manager-Chief Engineer added that this is another case of the suppliers kind of running the show. Even though the bid documents did not call for it, staff tried to request that they do a mock fit-up prior to shipment; but both the pump and motor manufacturers refused. There was no leverage to make them do that. The other situation was the submittals showed a certain outside diameter dimension, but the unit that actually came in was bigger than that. It affects the shroud component. What the

Deputy had talked about was the “stick-up/stick-down” dimension; but to have the pump mate to the motor, you have to have your shafts lined up and coupled together so that the motor can spin the pump shaft. They need to be a certain dimension so they can be put together. It was another one where staff tried as best it could to put in the specifications that the bolt patterns have to be a specific dimension. It just did not come in that way. That is why, moving forward, the Department is including in the specifications for future bids that there is a third-party to witness the mate-up of the pump and motor and trying to specify out the same brand pump and motor, if possible. However, with National Pumps, they do not make motors. As much as we try to coordinate with the motor manufacturer for the thrust bearing load, it continues to be a challenge. The Department will continue to look at other manufacturers as options, whether it be Centrilift, Reda, etc. If a manufacturer is not going to be able to accommodate our needs, we are going to continue to look around. The Department is trying to balance availability, reliability, and performance in an effort to try and get the best efficiency motors but at the same time, if they cannot provide what is specified out, we may have to settle for a less efficient motor in order to have a better working relationship with the supplier to actually get what was ordered. It continues to be a work in progress.

For the Hualālai project, the same manufacturer for the pump and motor has been specified. That project is also requiring a certification before the unit is shipped.

Mr. Domingo asked if there was ever an attempt to put Honokōhau Well back into operation, as mentioned last month.

The Deputy replied that last month’s report had indicated that by this time, the well should have been repaired; but it has experienced this delay.

Mr. Domingo wondered whether maybe the Department should start looking at the whole system dynamics where you can do a simulation that starts from the very bottom and be able to simulate compartments to each and every component up to the very top. He thinks it may be worth considering, especially with this complex system that we have nowadays. It is almost like a part of an engineering system where you will be able to look at the whole system from the very beginning to the very end. It may be able to predict all the weak components or what creates problems along the line.

Chairperson Takamine stated that might be along the lines of the monitoring systems that the Department is looking at possibly implementing in the future.

The Manager-Chief Engineer added that is what is currently being done with the third-party consultant is evaluating the entire well facility from the bottom all the way up to HELCO power.

The Deputy continued with the Hualālai Well. The pump and motor manufacturer is Centrilift. The unit is expected to be tested by end of December and on island by mid-January, with installation thereafter.

For Wai‘aha Well, once the results of the borehole project are known, the Department can proceed with bidding out the installation of the pump and motor.

For Palani Well, Brown and Caldwell is expected to submit their comments on the bid specifications by the end of this week. Once that is received, the can be advertised.

2. Ka‘ie‘ie Well Emergency Repair - the Manager-Chief Engineer brief the Board that this was a coincidental repair and it was deemed an emergency because it was combined with the impacts from Hurricane/Tropical Storm Lane that took out the Department’s spring line in the lower portion of the system. This was the only source of water and was deemed to be an emergency. This well repair was procured via emergency procurement because it did come before the Board like a normal bid repair. Even under emergency procurement, staff tries to make it as competitive as possible. They ask for quotations but also for a quick turn-around so it can process the contract.
3. 2019 Water Board Schedule - included in the packet is a schedule of Water Board meetings for next year. If there are any concerns, please let staff know. Mr. De Luz noted that to help with the monthly quorum, if any Board Members know of a conflict and cannot attend any meetings, to let the Secretary know ahead of time. The Manager-Chief Engineer thanked the Board for taking time from their busy schedules. The good thing with this Board is that the meetings are on the fourth Tuesday of the month, with the exception of December.

**G. EXECUTIVE SESSION: MANAGER-CHIEF ENGINEER’S EVALUATION FOR CALENDAR YEAR 2018:**

The Board anticipates convening an executive meeting to consider the evaluations of the Manager for its annual performance review, as authorized by Hawai‘i County Charter Section 7-4.6(d) and Hawai‘i Revised Statutes (“HRS”), Sections 92-4 and 92-5(a)(2). The Board wishes to have its attorney present, in order to consult with the board’s attorney on its questions and issues pertaining to the board’s powers, duties, privileges, immunities, and liabilities pursuant to HRS Section 92-5(a)(4). A two-thirds vote of the members present, pursuant to HRS Section 92-4, is necessary to hold an executive meeting, provided that the affirmative vote constitutes a majority of the board.

Chairperson Takamine asked if anyone wished to make a Motion to go into Executive Session.

ACTION: Mr. De Luz so moved; seconded by Ms. Wilson and carried by Roll Call Vote (Ayes: 8 – Messrs. Boswell, De Luz, Domingo, Elarionoff, Scicchitano, Sugai; Ms. Wilson; and Chairperson Takamine; and 1 Absent: Mr. Balog).

(The Board entered Executive Session at 11:30 a.m.; and ended at 12:21 p.m.)

## **H. MANAGER-CHIEF ENGINEER'S EVALUATION FOR CALENDAR YEAR 2018:**

Chairperson Takamine had Board Attorney, Mr. Craig Masuda, recap.

Mr. Masuda stated that for Item 7(G), the Board is out of Executive Session. The Board did discuss the matter and what they will do is report the results of the 2018 calendar year evaluation at a later date and under 7(H), the decision of the Board is, as a tie-in to the Manager-Chief Engineer's evaluation and compensation, they will be submitting requests for further information to the Board Secretary, who will report individually back to the individual requestor to avoid any kind of serial communication and violation of Sunshine Law.

## **I. 2018-2020 HAWAI'I COUNTY CHARTER COMMISSION, COMMUNICATION NO. 7.4**

Chairperson Takamine announced that the Manager-Chief Engineer and the Deputy attended last week's Charter Commission meeting and provided a presentation. Mr. Boswell was in the audience observing. Chairperson Takamine stated that he did not want to speak on behalf of the Board but spoke on behalf of himself; but he believed that the Environmental Chair's communication as far as looking at dismantling the Department of Water Supply and moving all the water responsibilities to the Department of Environmental Management was really irresponsible on their behalf. First of all, he felt it was unwarranted and it came from, to him, a position of not having all the proper information. He believed they spoke out of what their purview as a board was and what it does is it puts the Department of Water Supply in a position where they need to react to something which is has no bearing. That is just his feeling. He asked the other Board Members to chime in on that.

Mr. Elarionoff stated that on the proposed objective for the Charter Amendment, Line No. 4, from "R.H. Bennett, PhD." Line No. 8 proposes to change the name to "Department of Water Sustainability." He joked that if you were to change his name to Keith Okamoto, would that make him more efficient? And if Keith Okamoto's name were changed to Leningrad Elarionoff, would he be more efficient? Probably not. The name means nothing. That's one thing.

Then you go down to Line 12 - "Dismantle the Department of Water Supply, and move the all..." He said to himself, what PhD is writing like this? That is ridiculous. Then you go down to Line 31 where it says, "and wise us..." It shows that the guy who wrote this thing thought very little of us and it hurts his pride and integrity that this person would write something so stupid. Line 37 says, "Kauai and Maui Counties restructured water supply functions in a similar fashion many years ago." Mr. Elarionoff asks are they the leaders of the State that would copy that? It is stupid. The rationale is dumb.

However, he was not totally happy with the response from the Department and Chairperson. In the second paragraph that begins with "Since the inception of semi-autonomous..." sixth line down, it says "While the overall political systems of both these branches are sufficient to carry forth all other public service...", he did not think the words "these branches are" should have been there. The County is not the deficient. The words used should have been "may"

or “believed to be.” Example, you look at the Transit accommodations of the County’s bus system, it is ridiculous the way it is running. They dump money and it is still screwed up. They were given too much credit in this letter. On the next page, Paragraph 2, “Long-range planning at the Department of Water Supply revolves around the key understanding that water...” It should be “potable” water because we are surrounded by an ocean, but potable water is what is important. And then, second to last line of that paragraph where it says “Board Members are able to...” that should have been eliminated. It should have said “Board Members focus solely on the drinking water.” And then if you go down to the next paragraph which begins with “It is critical...,” the very last sentence, “The water fund needs to be independent of good or bad economic conditions to ensure this fundamental resource supports the existing customer base with reasonable rates.” It should have said “existing customer based on usage.” And that is a problem with the way things are going. The way the Water Department is set up, you use it, you pay for it. But how many other things in this island alone are where you don’t have to pay for it. They half-off here, half-off there, and eventually everything goes under. This is from a retired guy’s perspective. They are even taking care of retired guys that did not prepare for themselves, and they should have prepared for themselves. That is why the Department of Water Supply works because you pay for what you use; such as how a grocery store works. If they keep handing out and handing out, it will not work because somebody ends up paying for it. He concluded that he realized he was preaching too much but those were his comments.

Chairperson Takamine jokingly said that is why he was asked to speak first because there was only so much time left. He asked if there were any other comments on this agenda item.

Mr. De Luz apologized that he could not attend the Charter Commission meeting but that he did some research and found that the other counties are semi-autonomous. That is one thing. Also, he believes that because of the semi-autonomous nature and accountability, as long as the Board works actively with management, continuity is a very critical point when you have appointed directors and deputy directors. When there is a change in leadership, unfortunately, it is disruptive to the nature of business. A great example is Solid Waste in regard to their landfills--Hilo in particular. It has been a two-decade issue. Another issue is gang cesspools. One of the beautiful parts of the semi-autonomous nature of the Department of Water Supply is that because it is mandated by the Clean Water Act and other regulations, there is more responsiveness in addressing those issues without having to wait for the State to upgrade their regulations, which in this State’s case, was negligent and took eight years to comply in their rules with the new Safe Drinking Water Act. The continuity of management is critical in these areas. He believed this is the next best thing to being a private entity. Government has a heavy hand, but he calls this balance, so to speak. He stated that he would be happy to work with the Manager-Chief Engineer to articulate the facts so that does not come across. The one thing he knows about the Chair of this Charter Commission is that he does not want innuendos. He wants facts so at least we will get a fair opportunity to voice our position.

Chairperson Takamine mentioned one small correction. He believed Maui Water is not semi-autonomous but Kauai is. Unfortunately, what you see on Maui is when politics get

involved, it goes a little bit sideways. They are dealing with their own issues right now. That is where it gets complicated on top of all the things Mr. De Luz mentioned.

Ms. Wilson asked what happens in this process as far as the communication.

Mr. Masuda replied that the communications were submitted. They did not make the deadline for the hearing last week Friday so this coming Friday, October 26, they are going to continue with the October 5 schedule. These matters are going to come up in November for discussion. The Mayor did speak against the report. The author of that report did not show up at the meeting.

The Manager-Chief Engineer commented that for the record, he agreed with all of the statements and especially with Chairperson Takamine's where the word he was thinking of also was that this communication, specifically the portion that says, "dismantle the DWS," to him, is irresponsible. If coming from a private citizen, it is one thing, but from a representative from a body within a County organization, to him, that was an irresponsible statement, baseless, and not grounded in any evaluation he is aware of on how we do business. He has never had communications with this gentleman or this body to hear what his concerns were or his reasons for why he thought the Department of Water Supply should be dismantled. You would think right off the bat that if this a suggestion to the Charter Commission, this is the law of the County or the basis for the law of the County. Questioning or suggesting that this whole department does not exist, to him, is irresponsible, baseless, and without merit. To be diplomatic and give credit where credit is or may or may not be due, it is not our role to judge other agencies or departments and we try daily in our interactions not to get into those ugly types of exchanges. He concluded that he had to take offense, professionally, and for this whole body to that particular statement.

Mr. Masuda stated that the other thing to give some solace is that, statutorily, you have to have a Board of Water Supply, and this person failed to recognize that. Also, recognize that the question to them was is there anything within your commission that you would like to comment on to aid your commission as far as Charter restrictions or Charter obligations, similarly to how you folks sent the letter to the Charter Commission to see for your commission. It is not asking that you to talk about the Department of Environmental Management or the Fire Department or somebody else. And that was recognized by the Charter Commission.

Mr. Domingo thought it seemed like another form of a power grab. With these few lines in the communication, it does not tell him anything.

Mr. Scicchitano commented that it reflects poorly on this individual.

Mr. DeLuz asked if the Manager-Chief Engineer was aware of anything that is needed in looking at the Charter. He believed it seems to fulfill our needs.

The Manager-Chief Engineer replied that when the Department did its presentation to the Commission, the first statement was that the Department does not have any revisions to the proposed Charter as it relates to the Department of Water Supply or the Water Board.

J. **CHAIRPERSON'S REPORT:**

1. Chairperson reported on his focus on taking care of whatever he needs to get done before his term expires this year. Next month will be to elect the Chairperson and Vice-Chairperson for 2019 and get through reporting on the Evaluation and whether or not the Board will adjust compensation. He would also like to have the new Chairperson conduct the meeting in December. In looking at the future, he felt that this is a great Board and hopes the Department can lobby the Mayor to fill his seat and that of Ms. Wilson, who also has a term ending this year. He noted that he will also lobby his Councilperson.

8) **ANNOUNCEMENTS:**

1. **Next Regular Meeting:**

The next meeting of the Water Board will be November 27, 2018, 10:00 a.m. at the West Hawai'i Civic Center, Community Meeting Hale, Building G, 74-5044 Ane Keohokalole Highway, Kailua-Kona, Hawai'i

2. **Following Meeting:**

The following meeting of the Water Board will be December 18, 2018, 10:00 a.m., at the Department of Water Supply, Hilo Operations Center Conference Room; 889 Leilani Street, Hilo, Hawai'i.

9) **ADJOURNMENT:**

**ACTION:** Mr. Boswell so moved; seconded by Mr. Sugai and carried unanimously by voice vote.

(Meeting adjourned at 12:30 p.m.)

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Recording Secretary