

MINUTES

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

November 27, 2018

West Hawai'i Civic Center, Building G, 74-5044 Ane Keohokalole Highway, Kailua-Kona, HI

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

ABSENT: Mr. Craig Takamine, Chairperson
Mr. Bryant Balog, Water Board Member
Mr. Eric Scicchitano, Water Board Member
Ms. Kanoe Wilson, 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
Mr. John Mukai, Deputy Corporation Counsel
Mr. Lester Dunn
Mr. Jeff Zimpfer, National Park Service
Mr. Max Dible, West Hawai'i Today

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
Mr. Warren Ching, Energy Management Analyst
Ms. Nyssa Kushi, Information and Education Specialist
Mr. Cyrus Sumida, Water Service District Supervisor I
Mr. Calvin Uemura, Water Service Program Supervisor

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

- 2) STATEMENTS FROM THE PUBLIC - none
- 3) APPROVAL OF MINUTES – ACTION: Mr. Elarionoff moved for approval of the Minutes of the October 23, 2018, Water Board Meeting; seconded by Mr. Sugai and carried unanimously by voice vote.
- 4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA - none
- 5) **CONTESTED CASE HEARING:**

Water Service Account No. 970-03200-18

The above Contested Case Hearing is to take place 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.

The issues involved in the above-referenced hearing will be Lester Dunn’s appeal of the amounts shown due and owing on Account No. 970-03200-18, which are associated with the meter readings between July 2017 and November 2017, and consequently, the appeal of any proposed shut off resulting from failure to pay said amount.

This hearing is being set pursuant to Mr. Dunn’s request on April 20, 2018, for the hearing to be held at the November 27, 2018, Water Board Meeting in Kona.

Vice-Chairperson Boswell noted that Mr. Craig Masuda of Corporation Counsel’s Office would be taking the lead on this proceeding. *(The following in transcribed verbatim.)*

C. Masuda: Thank you Mr. Chairman. As the Chairman said, I will be doing the procedural matters for this service account. At this time, we can call up the Appellant, Mr. Lester Dunn. Mr. Dunn, please come to the table please. Mr. Dunn, can you state your name sir?

L. Dunn: Lester Dunn.

C. Masuda: Thank you. He may be sworn in. (Secretary swore Mr. Dunn in.) Mr. Chairman, as far as introductions today, our representation of the Board of Water Supply, excuse me...I’ll be representing the Board of Water Supply. Craig Masuda, for the record. Also, for the record, I will ask Mr. Mukai to introduce himself as representative of the Water Department.

J. Mukai: Yes, members of the Board, I am John Mukai, Deputy Corporation Counsel, on behalf of the Department of Water Supply.

C. Masuda: Mr. Chairman and Board Members, for the Board’s information, I have spoken to Mr. Dunn earlier and asked Mr. Dunn if he would like to make an opening statement or if he would just proceed straight into discussing his case. Mr. Dunn has indicated that he has no documents and will be the sole witness in this case. Is that correct, Mr. Dunn?

L. Dunn: That’s correct.

C. Masuda: Mr. Dunn, the floor is yours.

L. Dunn: Uh, we moved in this particular house about two years ago and since we moved in, our average usage was about \$50.00 a month, or 6,000 gallons a month, was the average that we used. That's even including when I did have a leak one time in January of 2016. I did have a leak and it went up to \$90.00 in that month. Usage doubled. But even figuring that in, it still comes out to usage for all the month average was 8,000 gallons a month, okay. We have no lawns on this particular property, no flowers, no shrubs. Any of the trees that we have...we do have some beautiful fruit trees and they produce well; but they're 20 years old and they are planted around the septic system (chuckles) so that helps. But anyhow, when we were in California, I received a bill for \$230.00 and so I asked my friends and neighbors to go check and make sure there was no leaks and everything. And they did and said there were none. So I had asked for Cyrus to go and check it...our local person down there, and he did...there he is, over there (referring to Mr. Cyrus Sumida). Anyhow, and he did and he confirmed that there was no running of the meter, no leakage. And he has since checked it like four or five different times. So I asked him to replace the meter, and they did. And the next time, it went up to 20 times the normal usage...159,000 gallons. And we were there at that time. My wife listens intently whenever there is any water running, when I flush the commode, she asks what was that? Whatever...you know. So we would have known if there was any usage or any leakage and I checked the meter myself also, and the dial was not turning. So I don't know how this happened. I know I can't prove a negative. I can't prove that I didn't use it, except that I didn't. That's all there is to it. So that's where it is.

C. Masuda: Thank you. At this point in the procedure, Mr. Mukai will have an opportunity to cross-examine. After Mr. Mukai is done with his cross-examination, the Board will have a chance to ask questions. Following the Board asking questions, Mr. Dunn can make a statement in rebuttal. So, Mr. Mukai...

J. Mukai: Mr. Dunn, my name is John Mukai. I just have a few questions for you. Was there any construction that was being done on your property?

L. Dunn: No.

J. Mukai: None whatsoever?

L. Dunn: None whatsoever.

J. Mukai: Okay. So your testimony today is that there was no excavation or anything like that done?

L. Dunn: Oh, I actually excavated afterwards to put in a catchment system because I was sort of waiting to put in a catchment system before I planted a garden and stuff because I see no sense in wasting County water for the lawn and everything else.

J. Mukai: Okay, at the first hearing, you noted that your wife is always house-bound. Is that correct?

L. Dunn: That's correct.

J. Mukai: And is there some reason for that?

L. Dunn: Yes, she doesn't get around very well. She's 87 years old. She has Peripheral Neuropathy and she just doesn't get around very well.

J. Mukai: But she's able to function on her own?

L. Dunn: Yes.

J. Mukai: Is there anyone else that lives in the house.

J. Mukai: Okay. Now, let's talk about that catchment system. You mentioned that you're gonna install a catchment but it's...

L. Dunn: Oh, I have, now.

J. Mukai: Yeah. But at the time, you said well I put up a catchment but I'm not supposed to have one out there in Discovery Harbour.

L. Dunn: Well, it can't be visible from the golf course or from the road so I put it behind a rock wall from the golf course side, and they can't see it from the roadside.

J. Mukai: Okay, so would that be a CC&R violation?

L. Dunn: No.

J. Mukai: Okay. Do you know that a catchment system is considered a supplemental water system?

L. Dunn: I imagine so.

J. Mukai: Okay. So that would require a backflow preventer?

L. Dunn: It will not even be tied into the other system in any way.

J. Mukai: So is it fair to say you don't have a backflow preventer on your property.

L. Dunn: It won't be attached to County water system in any way. It'll only be used for yard watering.

J. Mukai: I understand that.

L. Dunn: I can still put a backflow preventer but where, if it's not attached together?

J. Mukai: But you don't have one?

L. Dunn: What?

J. Mukai: You don't have one as we sit here today.

L. Dunn: Uh, you have to have one system tie into another before you can put in a backflow preventer.

J. Mukai: You also said that you installed your own meter.

L. Dunn: That's correct.

J. Mukai: Was the meter brand accepted by any national water association?

L. Dunn: Yes it was. I don't know who or anyone.

J. Mukai: Was it bench tested pursuant to any national water standards?

L. Dunn: I'm sure it was.

J. Mukai: Okay. Was there any other independent certified national...certified testing done on that meter?

L. Dunn: No.

J. Mukai: Okay. You would agree that under the Rules, you as the customer is responsible for maintenance and repairs to the pipes and fixtures beyond the meter. You agree with that?

L. Dunn: Absolutely.

J. Mukai: Okay. And it is your claim that you never experienced a leak in your property, is that fair?

L. Dunn: That's correct.

J. Mukai: Okay. I have nothing further.

L. Dunn: Just adding to that a little bit, and I never changed anything.

C. Masuda: Mr. Dunn. Why don't you wait to see if the Board has questions and then you can answer all questions at one time.

L. Dunn: Okay.

C. Masuda: So do the members of the Board have questions of Mr. Dunn?

L. Elarionoff: I do. Mr. Dunn, what is your best...your best, best explanation as to what happened to the water?

L. Dunn: I have no idea. As soon as I put in my own meter so that I would have documentation if anything was wrong with your meter, it dropped back down to normal--less than \$50.00 a month.

Vice-Chairperson Boswell: You never got a difference in the readings? They were the same?

L. Dunn: Right.

L. Elarionoff: Do you have any doubt in your mind that the water you were charged for did not go through the meter?

L. Dunn: I don't know. I can't say that. You know, your meters have to be certified and everything so I don't know how it could not have; but where could it have gone? I had no leaks; no leaks were fixed; nothing was changed except putting in the other meter.

L. Elarionoff: But this was in your absence.

L. Dunn: No. That was after I got back.

L. Elarionoff: The bill you got when you were on the mainland...

L. Dunn: It was \$250.00. When I got back, I got billed for \$874.00.

L. Elarionoff: And how long were you gone?

L. Dunn: Couple months. We go over to see the kids and grandkids.

L. Elarionoff: And so none of that could have happened while you were gone that couple months?

L. Dunn: Well, but the biggest bill...the only one I'm contesting, happened after we got back. I paid the rest, but I didn't feel that I should pay that one. That's the equivalent of over 20 water trucks full of water, someone couldn't have hauled off or anything. Neighbors would have all seen it. The neighbors are watching, you know, we have good neighbors out there in Discovery Harbour.

L. Elarionoff: Because as I understand, the meters are all certified, and that means there's a good chance that water went through the meter, and then what happened to the water?

L. Dunn: There were no leaks and there's no leaks in the house, there's no leaks in the line between. Everything's been tested. Cyrus has been over there, like I said, five different times checking for leaks, and there was none.

Vice-Chairperson Boswell: And your purpose here today is to...?

L. Dunn: Because I want some relief from it, that's all. You know, it's \$874.00 for water that I didn't use. I can't prove where it went. I can't prove that I didn't use it because you can't prove a negative. All I can say is, you know, all I had to do to stop it was put in my own meter.

Vice-Chairperson Boswell: Typically, we see the information, we get pictures of the meter, kind of a feel for where the house is at, maybe what some of the piping is; and in some cases, that's made it easy to say there's no way that much water could have ran through here; but we don't have any documents at all. So it just seems like you're in here asking for forgiveness for...

L. Dunn: Okay. Yeah, I didn't think it was necessary to take pictures of the house or where...the meter is out on the road, of course, and the house is about 20 feet way. The garage is where the main line comes in. And, like I said, there's no leaks in there. It's been tested by Cyrus and by myself many times, and I took pictures of the meters; but that was after everything was already okay. Well, I didn't know that there was a problem until I got this bill.

Vice-Chairperson Boswell: You didn't feel that the two prior bills that were...

L. Dunn: Well, I felt that it had been corrected by when they changed the meter.

Vice-Chairperson Boswell: Yeah. Anybody else have a question for Mr. Dunn?

K. Sugai: I have just a quick question. How many toilets do you have in the house?

L. Dunn: Three.

K. Sugai: And have you ever had anybody take a look to see if there was any kind of maybe intermittent issue to do with the float valve?

L. Dunn: Absolutely. And we would have heard them. Like I say, my wife...if I flushed the commode upstairs or if I flushed the commode in any other bathroom, she asks me what was that water running? She hears pretty good. Not perfect, you know.

K. Sugai: Your bathrooms, are they...like is there a garage bathroom and some in the house?

L. Dunn: No. They're all in the house. The two...the main bathroom and the master bathroom are back to back, and then there's the one upstairs.

K. Sugai: And you don't have, like, any spas or any other kind of things like a hot tub or anything?

L. Dunn: We have a hot tub, yes; but it's filled manually...not automatic. I just run a hose.

D. De Luz: Mr. Chair...is it applicable to ask, like Cyrus a question?

C. Masuda: Only Mr. Dunn.

D. De Luz: The reason is, I'm totally perplexed. This is a lot of water. I mean, literally, you would see the dang thing running out wherever it's at.

L. Dunn: You would think so.

D. De Luz: Other than somebody connecting a hose someplace and getting a truck and filling that up...

L. Dunn: Well, that was Cyrus' suggestion, actually, that maybe someone was stealing water when we were gone or something.

D. De Luz: Because, Mr. Dunn, we have a situation where we service like eight houses off of one meter; and we don't even use 159,000 gallons.

L. Dunn: I know it. Yeah, I have an 8-plex here in Kona and we use about the same...we use double what we do in our house for the 8-plex is what it averages out.

D. De Luz: From everything I read, the only possible, and it's far-fetched, is somebody stole the water. I mean, you know, and this is...

L. Dunn: Twenty water truck loads.

D. De Luz: And the really unfortunate scenario is the Rules are written in a way that if we cannot verify or there's not at least some opportunity to see if there is any malfunction from the meter going...or one...from us to the meter, and then the meter forward...I mean, it's like the thing disappeared/evaporated. I guess the question I have is...I'm sorry, but the Rules, unfortunately, don't give the flexibility of relief. That's the way I look at it, and it's with disheartened distress that that's unfortunately...

L. Dunn: Yeah. But you can understand my point of view. That's all.

D. De Luz: I do.

L. Dunn: You know...I go from an average of 8,000 gallons to 159 thousand gallons, and I just gotta pay it and eat it and then that's it. The only thing I did to correct it was I put in my own meter and now from now on, I will know.

C. Masuda: Any further questions?

D. De Luz: Thank you.

Vice-Chairperson Boswell: No.

C. Masuda: Okay, Mr. Dunn, you have a right, now, at this point, to do any rebuttal statement.

L. Dunn: No.

C. Masuda: That would be a negative? (Mr. Dunn nodded that he did not have any rebuttal.) At this time, I would like to have Mr. Mukai put on his case.

J. Mukai: Before I put on my case, I would have to, at this time, move for a directed verdict, based on the testimony presented and I think the Board is well aware of the Rules that would talk about once the water is transmitted past the meter, the customer is ultimately responsible. And I think, based on what the submissions indicate, as well as Mr. Dunn's...

L. Elarionoff: Can you speak up?

J. Mukai: I'm sorry. Based on our submissions, based on the Water Board's Rules, and based on Mister...what has transpired, we would move that this matter be taken and decided prior to my putting on the Department's case.

Vice-Chairperson Boswell: So we would move to either deny or grant?

C. Masuda: Right. If you deny, then you will hear their witnesses and their testimony. If you grant, then the proceeding is terminated at this point.

L. Elarionoff: Mr. Chairman. I would not like that. I would prefer that he prove his case that the water went through the meter. And so far, all we have is what was written, but we never heard it from the guys who sent all that to verify that the water did go through the meter.

Vice-Chairperson Boswell: So, where does that put us because we have a difference of opinion?

C. Masuda: Somebody has to make a Motion to approve or deny directive verdict. What Member Elarionoff is kind of doing is making a Motion to deny the directive verdict and have the case continue to come to fruition.

L. Elarionoff: Okay, Mr. Chairman, I make a Motion to deny.

Vice-Chairperson Boswell: So moved.

C. Masuda: You need a second.

K. Sugai: Second.

C. Masuda: Okay, now you can discuss and vote.

L. Elarionoff: You know, the reason I made the Motion is because we only heard his side. We never heard the County say we tested the meter, we found that the meter was working. We put a new meter, and the new meter was tested and working also.

J. Mukai: That's fine. Okay, based on that...

C. Masuda: No, sorry, I'm gonna cut you off. A Motion has been made and seconded. If that's all the discussions, then you can vote; otherwise, you can have more discussion.

Vice-Chairperson Boswell: The only thing I'd like to add to that is it does state that in the documents, that they were bench tested and that's a process we've seen before and it looks like it's gone through exactly the same process as before.

L. Elarionoff: Has this been presented as evidence?

C. Masuda: It has not been moved in as evidence yet.

Vice-Chairperson Boswell: So we have the option to vote on it or to move forward to hear the...?

C. Masuda: Right. So you folks are already exercising that option right now by having it motioned and seconded. You just need to vote at this point.

Vice-Chairperson Boswell: And if we vote to deny it, then we move forward and hear the...?

C. Masuda: Yes. So either way, it's kind of opposite, right? So a "yes" vote is to go forward and deny the Motion...I mean, the request.

Vice-Chairperson Boswell: What triggers the vote? Call for the...?

C. Masuda: Well...calling for the vote?

Vice-Chairperson Boswell: Yeah.

C. Masuda: That triggers it right there. That ends all discussion. At this point, I would just say all those in favor and then see what happens.

Vice-Chairperson Boswell: All in favor?

Messrs. De Luz, Domingo, Elarionoff, and Sugai: Aye. (4 ayes)

Vice-Chairperson Boswell: Opposed? Nay. (1 nay)

C. Masuda: Okay. The Motion, then, or the request for a directive verdict has been denied. The Motion has been granted...the denial has been granted. We will continue on. Mr. Mukai, put on your case.

J. Mukai: And that's fine. I was ready to withdraw my motion, but that's...

C. Masuda: Too late, procedurally.

J. Mukai: I can still withdraw it. Anyway, also, for the record, I would submit that it is not the Department's burden to prove this case. And for our first witness, we call Mr. Cyrus Sumida. (Mr. Sumida came forward.)

C. Masuda: And Mr. Mukai, as far as any documentation that you want the Board to review or accept...

J. Mukai: Oh, I would, at the end of this, Exhibits A through H.

C. Masuda: I would move Exhibits A through H be submitted into evidence.

C. Sumida: Good morning gentlemen.

Board Members: Good morning.

(Mr. Sumida was sworn in.)

C. Masuda: For the Board's information, as far as the request that the presentation of evidence to the Board, as far as the written documents, I have spoken to Mr. Dunn earlier. Mr. Dunn had no objection as to the authenticity of the records, but he did question the accuracy of the materials contained therein. At this point, Mr. Chairman, if that's the case, I would advise the Board to accept the documents as evidence; but you still have to listen to the testimony. The documents are just written testimony. You still have to hear the oral testimony as well.

Vice-Chairperson Boswell: Can I make a comment? I'm out of procedure on this, but the reason I voted like I did was I would rather just negotiate and move forward and not go through the entire process to find something equitable between both parties and not draw everybody through the whole... That was my purpose. I should have made it clear.

C. Masuda: Mr. Chairman, at this time, are you then requesting a recess and have the Department talk to Mr. Dunn about a settlement?

Vice-Chairperson Boswell: Yes. I would prefer that.

C. Masuda: Okay, so if you can...

D. De Luz: So that's in his purview?

C. Masuda: Yup.

D. De Luz: So you can request a recess, as Craig said, and ask the Department to...

Vice-Chairperson Boswell: Okay. I request a recess.

C. Masuda: Okay, so we recess at this point.

L. Elarionoff: The Department has not requested to have a recess so they can talk to...

C. Masuda: No, no, no. It's your guys' option. You guys are the court. You say when to recess or not recess.

D. De Luz: So we're directing them to see if they can work it out.

C. Masuda: Right.

L. Elarionoff: Okay. So we ask for recess and then we ask them to work it out.

Vice-Chairperson Boswell: Right.

C. Masuda: Okay, so we'll recess for ten minutes.

RECESS: 10:24 a.m. to 10:28 a.m.

C. Masuda: We can go back on the record. Mr. Chairman, for the record, as directed by the Board during the recess, the parties entered into negotiations. I see Chief Manager Okamoto there, so...well actually, you know what, take it back, you're still represented by counsel. Mr. Mukai, what was the result of you guys' discussion?

J. Mukai: Yes, pursuant to the Board's direction, we were able to amicably resolve this matter; and Mr. Dunn will be remitting the amount of, whatever 50% of the \$874.97, which is the amount in question. And there is no admission of liability, and there is no...there will be no finding of any meter error or anything, or any error on behalf of the Department of Water Supply. And I believe Mr. Dunn is agreeable to this resolution, pursuant to this Board's order.

C. Masuda: Well, hold on...

L. Dunn: It was \$874.97.

C. Masuda: Okay, according to my calculator, \$874.97 divided by two, comes out to \$437.48. So that is the settlement amount that is being proposed. Mr. Chairman, at this time, I would advise you to ask for your members to accept that amount as a settlement amount and that you vote upon.

Vice-Chairperson Boswell: Do you accept that amount?

K. Sugai: So move.

D. De Luz: Second.

Vice-Chairperson Boswell: It's been moved and seconded. Any discussion? (none)

C. Masuda: Okay.

J. Mukai: For the record, I would ask that Mr. Dunn state that he is also agreeable.

L. Dunn: Absolutely. Thank you, gentlemen.

Vice-Chairperson Boswell: So all in agreement? (Board Members agreed.) So we're unanimous.

C. Masuda: Okay. It's a unanimous vote. The matter of Water Service Account Number 970-03200-18 is now closed. Okay, thank you, Mr. Dunn.

L. Dunn: Thank you.

C. Masuda: Thank you everybody. Do you need time...or you can go talk to your witnesses. Mr. Chairman, Item No. 6, Puna (A) Job Number...

Vice-Chairperson Boswell: Can we...just one comment from there?

C. Masuda: Sure.

(Mr. Dunn left the meeting at 10:28 a.m.)

Vice-Chairperson Boswell: And this is directed at Water Supply. We'd like for the Department to take a look at the procedures that it takes to get to this point. In the reference that we see in the documents is that when they basically exhausted their due process of dealing with the situation, the comment comes up the only other option left is to go before the Board. And if it is possible, and we could spend some time working on this, that at that point, and this is a personal feeling, if there is a consensus among the Operations people that there's something here that just doesn't seem right, that you go to his house and there's no way that you can have any evidence that that water leaked out, that that group of people is able to make a recommendation and maybe all of the due process wouldn't be required if we're in an equitable situation like with Mr. Dunn, changing the Rules or at least looking at them to short-circuit the amount of time and everything that goes into making this a legal proceeding earlier on inside of the inner workings of the people that are actually front on the line. We kind of come at it second hand. We can't...and I meant earlier...you know, no pictures, nothing...some of these cases, for me, I saw the meter where it was at, the sidewalk would have had to have washed out; there would have been some kind of damage. That was evidence, but in this case here, there was nothing to look at. But the people that are on the ground, they have been out there. That's...and I'm repeating myself; I don't want to do that but I think we should take a look at how we get to this point, whether or not all the energy that's put into it by many people is warranted by the...I know we can't open the door.

C. Masuda: Well, let me comment on that. I think that in this case in particular, since there was a refusal for acknowledging a leak in general, it was hard for the Department to forward a resolution of a leak adjustment. And in this case...is that correct? (Manager-Chief Engineer nodded in the affirmative.) So in this case, if Mr. Dunn was more applicable for a leak adjustment, he would have been given, at the time of the Administrative Hearing. But at the Administrative Hearing, he was saying there was no leak, so he did not get a leak adjustment. Unfortunately, some things come to the adjudicatory side before parties do their evaluation.

L. Elarionoff: Yeah. This is why, at the last meeting, yeah, I wasn't happy about it because it seemed like, to me, we spent so damn much money wasted by going through this whole thing and we come here and you guys have to show up, all the guys from the Water Department have to show up and all that; and it could have been done sooner instead of bringing everybody and wasting that much money. There's something that's missing there. That's why I say for the guys who bring these cases up, contested water meter, we can make them pay for the added expense that Water Department goes through if they really believe in it. But as long as they...

C. Masuda: I'm gonna have to cut you off...

Vice-Chairperson Boswell: That sounded a little aggressive.

C. Masuda: Yeah. That is now how...

L. Elarionoff: I'm Russian. (laughter)

C. Masuda: That is not how the democratic due process system is.

L. Elarionoff: Oh, you're talking democracy now. I'm sorry.

C. Masuda: Yeah, but seriously though...due process does cost money; and I think it's money well spent.

Manager-Chief Engineer: We can, based on the discussion here, add an agenda item to a future meeting to have more discussion on possibilities.

C. Masuda: True. And that's part of...if you folks want to re-look at the Rules and whatever...there's also opportunities to do that too. But as Mr. Okamoto very gently but very distinctly has pointed out, we have to move on because we're going off the agenda. My apologies to the Department as well as to the Board, I should have cut that discussion shorter.

Manager-Chief Engineer: Yeah, and that wasn't my intent. I just was think we could probably have a better discussion...

Vice-Chairperson Boswell: When we're allowed to have it.

C. Masuda: This is in the realm of the...we haven't really formally called the next case. We're still on Number 5, but Mr. Elarionoff looked so anxious to say something.

L. Elarionoff: I tell ya...I'm Russian.

C. Masuda: So, Mr. Chairman, with that, if we could go to Number 6.

6) PUNA:

A. **JOB NO. 2018-1096, PĀHOA DEEPWELL A REPAIR:**

This project consists of furnishing all labor, materials, tools and equipment necessary to remove the existing pump, motor, and column assembly; install a submersible pump, submersible motor, column assembly, sounding tubes, well level transducer, and all appurtenant materials; reconfiguration of discharge piping; electrical work; chlorinate the well and pumping assembly; and complete an efficiency test; in accordance with the specifications.

Bids for this project were opened on November 15, 2018, at 2:00 p.m., and the following are the bid results:

Bidder	Bid Amount
Beylik Drilling & Pump Service, Inc.	\$727,720.00
Derrick's Well Drilling & Pump Services, LLC	\$625,000.00

Project Costs:

1) Low Bidder (Derrick's Well Drilling & Pump Services, LLC)	\$ 625,000.00
2) Contingencies (10.0%)	<u>\$ 62,500.00</u>
Total Cost:	<u>\$ 687,500.00</u>

Funding for this project will be from DWS's CIP Budget under Deepwell Pump Replacement. The contractor will have 180 calendar days to complete this project. The Engineering estimate for this project was \$630,000.00.

Well History:

Original Installation: November 1961
Repaired: January 1986
Repaired: June 1995
Repaired: August 2015

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2018-1096, PĀHOA DEEPWELL A REPAIR, to the lowest responsible bidder, Derrick's Well Drilling & Pump Services, LLC, for their bid amount of \$625,000.00, plus \$62,500.00 for contingencies, for a total contract amount of \$687,500.00. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality by Corporation Counsel.

ACTION: Mr. De Luz moved for approval of the recommendation; seconded by Mr. Sugai. There being no discussion, Motion was carried unanimously by voice vote.

7) NORTH KOHALA:

A. CONFIRMATION OF TERMINATION AND RELEASE OF AGREEMENT BETWEEN HALAWA EAST LLC AND WATER BOARD OF THE COUNTY OF HAWAII, TAX MAP KEY (3) 5-2-005:014:

Halawa East LLC, the current owner of a portion of the lands described in the original Agreement for the use of the (Grantor's) Source and Transmission Lines (Licensed Facilities), has requested for this confirmation document. In accordance with Section 2(i) of the Agreement, the Department of Water Supply permanently discontinued the use of the Licensed Facilities on August 13, 2007, and a period of more than six (6) consecutive months passed; therefore, the license was deemed terminated without any further action required.

Staff has reviewed this Confirmation of Termination and Release of Agreement and recommends that the Water Board accept this document and that either the Chairperson or Vice-Chairperson be authorized to sign the document.

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

Mr. Elarionoff asked the Manager-Chief Engineer what the consequences of this are.

The Manager-Chief Engineer replied that this is the former Murphy Tunnel in Kohala; and his understanding of the original agreement is that it allowed the Department to use that source. It contained a provision where if the Department discontinued use for a continuous six months, it would automatically revert back to the land owner. At the request of the land owner, they wished to formally recognize that. The Department no longer uses that source, so basically, this is confirmation that the Department is not using it and whatever rights or access it had to that source is no longer.

Mr. Elarionoff asked if the Department has no use for that source at all.

The Manager-Chief Engineer replied that was correct.

Mr. Masuda noted that he has reviewed the correspondence and would recommend the Board vote in favor.

ACTION: Motion was carried unanimously by voice vote.

8) NORTH KONA:

A. JOB NO. 2017-1063, SOURCE WATER ASSESSMENT - NORTH KONA:

This project consists of constructing a monitoring well for data collection purposes as defined by the State Commission on Water Resource Management. The well will be located on the

existing 1.0 MG Reservoir site that is intended to be dedicated to the County for a re-use system. Part of the dedication to the County will include an easement for the monitoring well.

Bids for this project were opened on November 8, 2018, at 2:00 p.m., and the following are the bid results:

Bidder	Bid Amount
Derrick’s Well Drilling & Pump Services, LLC	\$314,027.00

Project Costs:

1) Low Bidder (Derrick’s Well Drilling & Pump Services, LLC)	\$314,027.00
2) Construction Contingency (10%)	\$ 31,402.70
Total Cost:	<u>\$345,429.70</u>

Staff has reviewed the one bid and finds that the bid amount is acceptable in accordance with Hawai‘i Administrative Rules §3-122-35(a)(1)(A), Waiver to Competitive Sealed Bid Process. The Engineer’s estimate for this project was \$289,510.00. Funding for this project will be from the Department’s CIP budget. The contractor will have 270 calendar days from the date of Notice to Proceed to complete the project.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2017-1063, SOURCE WATER ASSESSMENT – NORTH KONA, to the lowest responsible bidder, Derrick’s Well Drilling & Pump Services, LLC, for their bid amount of \$314,027.00, plus \$31,402.70 for construction contingency, for a total contract amount of \$345,429.70, subject to the 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.

Mr. De Luz had a concern about Derrick’s ability to perform on all of their contracts within the contract periods and asked if staff is comfortable with the bids. It would behoove him if they were to come in asking for a time extension or increase on any of them outside of what is covered in the contingency. It is their kuleana; but at some point in time, perhaps they should have an informal conversation with staff if the work is going to be more than they can handle.

The Manager-Chief Engineer stated that this is an ongoing challenge and staff has informally had conversations with the contractor; and the contractor will be held to the contract scope, schedule, and price.

Mr. De Luz appreciated that and mentioned the fact that the Department has limited vendors.

The Manager-Chief Engineer noted that it is a balancing act.

Vice-Chairperson Boswell stated that this conversation has also come up several times in the past year.

Mr. Elarionoff added that every time there is an extension request, to him, the Board should be very conscious of why the request is being made, and not because it is too much work for the contractor. It has never been that.

The Manager-Chief Engineer stated that the Department works with the contractor to abide by the contract; but if they want to deviate from the contract, it comes under the purview of the Board to weigh in. For the record, the difference in this contract is that it will not be a production well. It will be a monitoring well as part of being better stewards of the resource.

Vice-Chairperson Boswell added that along with being stewards of the water, because the Department is going to dedicate that tank to the Department of Environmental Management, it will also ensure that the source is not being affected.

The Manager-Chief Engineer stated that was correct. It is to keep track of the water quality, and the findings will be reported to the State Commission on Water Resource Management (CWRM).

Mr. Domingo asked if monitoring cannot be done from the existing wells.

The Manager-Chief Engineer replied it cannot be done on wells that are in use. Monitoring wells are strictly for monitoring. You cannot pump water out of it, and it requires a different permit. With normal pumping wells, you cannot send a probe that tests for salinity, temperature, conductivity, alkalinity at the same time as it is pumping because the conditions are always changing.

Vice-Chairperson Boswell stated that this tank is on the intersection of Queen Ka‘ahumanu Highway and Hina Lani Drive and is being dedicated to the Department of Environmental Management. The Kealakehe Wastewater Treatment Plant is being converted to R1, and that tank will be fed by the wastewater treatment plant. This was built as a water tank, but the Department of Water Supply did not use it. The reused water that will eventually come from this tank will be distributed down the highway. This monitoring well will assure the Department that by bringing reused water to that project, it will not affect the source water that is underneath it. That is his understanding of it.

Mr. Inaba added that it goes beyond that tank site. It will monitor the region and what is happening with the groundwater in general.

Mr. Boswell asked if it is a CWRM requirement that the Department send monthly samples.

The Manager-Chief Engineer stated it is not a requirement. The Department is just doing it on its own.

Vice-Chairperson Boswell noted that it is being proactive. This is for the overall aquifer management and not specifically for the fact that reuse water is being used.

ACTION: Motion was carried unanimously by voice vote.

9) MISCELLANEOUS:

A. DEDICATIONS:

The Department received the following document for action by the Water Board. The water system has been constructed in accordance with the Department's standards and is in acceptable condition for dedication.

1. GRANT OF EASEMENT AND BILL OF SALE
Subdivision No.: 2012-1165
Grantor: Hawaii Island Community Development Corporation
(Pu'u'alala Village)
Tax Map Key: (3) 2-8-007:092 and 093
Facilities Charge: \$159,500.00, Date Paid: October 4, 2016
Final Inspection Date: April 27, 2018
Water System Cost: \$99,672.23

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

ACTION: Mr. De Luz moved for approval of the recommendation; seconded by Mr. Sugai. There being no discussion, the Motion was carried unanimously by voice vote.

B. MATERIAL BID NO. 2018-14, FURNISHING AND DELIVERING CHLORINE GAS LEAK DETECTORS, SIGNAL LIGHTING, EMERGENCY EYEWASH/SHOWER STATIONS, ROTARY PUMP CONTROL VALVES AND ACTUATION, UNIVERSAL ELECTROMAGNETIC FLOW METERS, MOTORS, AND PROGRAMMABLE LOGIC CONTROLLERS FOR THE DEPARTMENT OF WATER SUPPLY STOCK:

Bids were opened on November 15, 2018, at 1:30 p.m. and following are the bid results:

PART NO.	DESCRIPTION	BIDDER	AMOUNT
1	CHLORINE GAS LEAK DETECTORS	NO BID	NO BID
2	SIGNAL LIGHTING	NO BID	NO BID
3	EMERGENCY EYEWASH/SHOWER STATIONS	Ferguson Enterprises, Inc.	\$124,423.00
4	ROTARY PUMP CONTROL VALVES AND ACTUATION	NO BID	NO BID
5	UNIVERSAL ELECTROMAGNETIC FLOW METERS	NO BID	NO BID
6	LEGACY ELECTROMAGNETIC FLOW METER PARTS	NO BID	NO BID

PART NO.	DESCRIPTION	BIDDER	AMOUNT
7	MOTORS	NO BID	NO BID
8	PROGRAMMABLE LOGIC CONTROLLERS	NO BID	NO BID
9	LEGACY LEAK NOISE DATA LOGGER PARTS	Ferguson Enterprises, Inc.	\$18,420.00

The contract period for all Parts is seven months, from December 1, 2018, to June 30, 2019. All Parts are established price agreements for materials on an “As-Needed Basis.”

The Manager-Chief Engineer recommended that the Board award the contract(s) for MATERIAL BID NO. 2018-14, FURNISHING AND DELIVERING CHLORINE GAS LEAK DETECTORS, SIGNAL LIGHTING, EMERGENCY EYEWASH/ SHOWER STATIONS, ROTARY PUMP CONTROL VALVES AND ACTUATION, UNIVERSAL ELECTROMAGNETIC FLOW METERS, MOTORS, AND PROGRAMMABLE LOGIC CONTROLLERS FOR THE DEPARTMENT OF WATER SUPPLY STOCK, on an as-needed basis, to Ferguson Enterprises, Inc., for the bid prices listed above for Parts 3 and 9, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel. The contract period shall be from December 1, 2018, to June 30, 2019.

For the following Sections: Section 1 – Chlorine Gas Leak Detectors; Section 2 – Signal Lighting; Section 4 – Rotary Pump Control Valves and Actuation; Section 5 – Universal Electromagnetic Flow Meters; Section 6 – Legacy Electromagnetic Flow Meter Parts; Section 7 – Motors; and Section 8 – Programmable Logic Controllers, no bids were received. Where no bids were received, staff shall obtain quotations in the best interests of the Department.

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

Mr. Elarionoff asked if this means the vendor is expected to have these items in stock for the Department.

Mr. Takamoto replied that it does not mean they have to have the items in stock; but as required, the Department would be procuring the items. It is to establish a price list.

Mr. Elarionoff asked why the Department could not order the items itself.

Mr. Takamoto replied that it is for items where the Department will be exceeding the \$25,000.00 procurement limit, and this is a more formal process to purchase them.

The Manager-Chief Engineer added that it is also an attempt to be more efficient. If done this way, it is a competitive bid. On an as-needed basis, the Department can go back to this bid if

it should need any of the items. If the contract is not in place, every time something is needed, such as a flow meter, the Department has to get three quotes, or if it exceeds \$25,000.00, it would have to go through a formal bid process just for that one meter. By making this “laundry list,” hopefully people bid and give the Department a price that it can use for a period of time, usually the fiscal year. Because there are so many “no bids” on this material bid, the Department will have to go back to the one-by-one request for quotes.

Mr. Elarionoff asked if these items do not fail enough for the Department to justify having them in stock at all times.

The Manager-Chief Engineer replied that was correct. Certain things like fittings which are used regularly, are in stock, but not these items.

Vice-Chairperson Boswell asked if the flow meters and the programmable logic controllers may not have been bid on because of price fluctuations during a period of time.

Mr. Takamoto replied that some of the vendors did not follow the instructions in the bid and tried to submit it online instead of by mail. They were, therefore, considered non-responsive.

ACTION: Motion was carried unanimously by voice vote.

C. MONTHLY PROGRESS REPORT:

Vice-Chairperson Boswell asked if everything is moving forward on the Wai‘aha Water System Improvements - Transmission project and when construction is anticipated to begin, which will affect traffic in the area.

The Manager-Chief Engineer replied that award was last month, and the contract execution is in process. Notice to Proceed will be sent as soon as possible.

Mr. Inaba stated that construction would be early next year (first quarter). He noted that the contractor’s name, Isemoto Contracting & Construction, Inc., needs to be added to the CIP report.

Deputy Uyehara added that both he and Ms. Kushi, Information and Education Specialist, had discussed the effects of the project on traffic and will work with the contractor to ensure sufficient messaging is going out to the community about its impacts.

Vice-Chairperson Boswell stated that the Department’s outreach has been great. He has had people asking him already about the impacts of this project on traffic.

The Manager-Chief Engineer added that the Department will also work with the Department of Public Works to make sure the contractor abides by the requirements of their permit for signage, best management practices, etc.

Mr. De Luz asked how the potential expense is accounted for on a project until it is contracted and ends up on the CIP list, and from what sources it would come. It goes from an estimate versus a contract to be paid down. He wondered if the Department would need to float a bond for any of its projects.

The Manager-Chief Engineer stated that could be covered under Mr. Sumada's Financial Statements review.

D. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

With regards to Mr. De Luz's earlier question, he added that the reason for his question is because, in this rising interest rate environment, any floating of CIP bonds would be much more expensive. He asked if the Department has a process in place where it is looked at to anticipate potential costs and what may be associated with it.

Mr. Sumada replied that the Department's bond floats are in conjunction with the County. Every few years, they will have a bond float and ask if this Department needs money for projects. Lately, there has not been a need; but in the past, the Department has gone in with them on their bond floats. The County issues the bonds and this Department gets the proceeds to fund projects.

Mr. De Luz asked if, when the bonds are procured, they are funded directly into the Department's account for the portions it has requested.

Mr. Sumada replied that was correct.

Mr. De Luz commented that was good because it would have complete vested ability to manage them accordingly. He also mentioned his thought for the future; and as much as he would hate to have the consumer pay more, there is a commentary that should be addressed and that is the challenge from people who want to get on the water system. They view it more as a right and entitlement as opposed to a privilege. Perhaps in its internal conversations, the Department may want to look at a small surcharge for water efficiency programs, maybe through the information side. It may not necessarily have to be an operational budget item, but to be more aggressive and proactive in areas such as how Hawai'i Energy is doing theirs where they identify the high users and help them reduce their usage. Perhaps online tools could be used or a courtesy home inspection done upon request. Something like one quarter of one percent might be used specifically for that purpose. He also asked if any costs are going to be associated with decommissioning the infrastructure lost due to the lava flow and if that would be put into the budget for this forthcoming year.

The Manager-Chief Engineer replied it has to be accounted for. Engineering and Operations have been working together with FEMA for reimbursement; but in the books, that loss has to be acknowledged somehow.

Mr. Sumada stated that the values of what was lost was removed from the Fiscal Year 2018 records. It will show up in the Fiscal Year 2018 audit report.

Mr. De Luz asked about an old reservoir going up Puainako Street and if it belonged to the Department and whether it was becoming a public nuisance as far as someone getting hurt. He noticed a lot of graffiti on it, and an orange fence was put up recently.

The Manager-Chief Engineer stated that it is something that is on the Department's radar to address. It is no longer in use and is an eyesore.

Mr. De Luz wondered if it might be a possibility, if the Department owns the land, to sell it as is.

Staff replied that it would need to check whether the land is by Executive Order.

Mr. Elarionoff asked about the lava situation. When the lava came down and destroyed the houses, his question was how the Department would write off the water that was used prior to the lava, before having the chance to read the meter.

Mr. Sumada asked Mr. Uemura, Water Service Program Supervisor, to explain what he did with the accounts that were affected by the lava flow.

Mr. Uemura replied that those accounts were immediately closed after the lines were inundated. The customers were billed up to that date. Obviously, the meters could not be read; but luckily, they had just been read prior so there was a very small estimate. At this point, there are still outstanding balances; but off the top of his head, about 85 to 90 percent of customers have paid their bills off. The rest are being monitored to see what is remaining. At some point in the future, he may need to discuss with Administration and Mr. Sumada what will happen to those ones.

Mr. Elarionoff asked Mr. Sumada about his report in the cover letter, Paragraph 5, where it says "Other non-operating revenues increased \$49,005 or 20% from prior year due to an increase in installation income..." He asked if that meant there was a 20% increase in the normal installation of water meters.

Mr. Sumada replied that the 20% increase in the fees collected was for installation of meters.

Mr. Elarionoff wondered if that meant more meters were installed.

Mr. Sumada replied that there were more requests to reinstall meters. Installation income is received whenever a meter has been removed and someone requests the meter be put back in to start a new service. They are not necessarily new meters. It is a new service starting up on an existing piece of property.

Mr. Elarionoff asked if this is a reflection that people are moving around more often or what it might mean.

Mr. Sumada asked Mr. Uemura if he had some information on that.

Mr. Uemura replied there are two different fees. Per the Department's rate schedule, to put in a meter on a State highway can be somewhere between \$12,000.00 and \$17,000.00, depending on whether it is the same side of the road or if it is across the road. By the same token, County meters are \$3,000.00 to \$4,000.00 for the same installation. There has been an update in terms of State highway installations.

Mr. Elarionoff thanked staff for that explanation. He thought that this 20% increase gives some indication of people moving around and coming in, but it is probably not the case.

The Manager-Chief Engineer mentioned it is a snapshot of what it looks like in October 2018 versus October 2017. It is not a big picture view of all the Department's meter installations. It is just comparing this point in time this year to roughly the same point in time last year. It could be an anomaly.

Mr. Elarionoff stated the reason for his question was that if people are moving around, the Department should find more ways to be proactive as far as adding water supply infrastructure.

The Manager-Chief Engineer noted that these meter installations in the report are "as needed."

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

The Manager-Chief Engineer reported 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 ten of the fourteen sources in the North Kona Water System are operational. The region is still under a ten percent water conservation. Service to customers is normal. As far as the specific well repairs, there is some positive and some not so positive news. For Honokōhau Well, the coupling issue that was reported last month was resolved. Right now, the pump, motor, seal section, and coupling are with the contractor; and they are scheduled to do the electrical connection on November 29 with the Centrilift technician present, and then with the electrician the day after. If that schedule maintains itself, it is looking like the pump, motor, and column pipe will be down in the hole in mid-December. With this project, the power quality monitors will be included to check the incoming power, the power after the transformer to the well, and then the power to down in the hole.

Hualālai Well is the same as reported last month. The motor and seal are done. The pump is scheduled to be delivered to the testing facility mid-December. If that goes well, they expect testing to be done the end of December and reinstallation in the early part of next year.

For Palani Well, the Department received comments from Brown and Caldwell. There was a teardown of the motor. The technical specifications are with the Operations

Division and this project is expected to be advertised in the near future to be awarded in January 2019.

For Wai‘aha Well, just yesterday, the Department received a letter from the contractor’s attorney. Because of the potential for litigation, the Department will not provide further comment at this time.

2. Department of Water Supply Energy Report

Mr. Warren Ching, the Department’s Energy Management Analyst came forward to answer questions on his energy report. He stated that if the Board wanted anything included in future reports to let him know.

Mr. Domingo asked about the increasing trend on the average HELCO rate and if that meant it is possible that the Power Cost Charge (PCC) might be bumped up in the future.

Mr. Ching replied it is possible. Page 3 of the report shows the historical power cost trend. This month, he added a graph of the average Hawai‘i Electric Light Company (HELCO) rate that the Department pays to help explain what drives the PCC. This is the customer charge that allows the Department to recover its costs to HELCO and to other energy providers. As HELCO’s rates go up, the Department tends to see a raise in its power cost charge. The Department’s total power cost to HELCO and to other energy entities is based off consumption. The more people consume, the more energy is used. That means more recovery monies the Department receives, so it balances out. When consumption goes up and down, it does not really affect the Department’s power cost charge; but when the cost for energy goes up, that is when the PCC goes up as well.

Mr. De Luz asked if HELCO is working with the Department through Hawai‘i Energy to have more innovative technology to assist in the demand charge. It is good news that the Department is at 101% in distribution, but its power cost was a little less than the month prior with the rates being higher. It looks like the Department is doing some type of efficiency management in managing the system.

Mr. Ching stated that the Department does its best to mitigate the demand side. On the energy side, the kilowatt hours get driven by consumption so as consumption goes up and down, the Department’s energy use goes up and down because it has to run the pumps longer or shorter. He noted on Page 2, the demand side is unique and is going up. The Department works with Hawai‘i Energy separately from HELCO, now because they are separate. He will be working with them more on demand charges and what type of relief can they give. HELCO has a couple of programs that the Department can participate in which give relief on the demand charge, which is the charge that is going up.

Mr. De Luz noted that although some of the notes indicate Schedule G, the Department also has Schedule J rates on some of the meters.

Mr. Ching replied that was correct. Schedule G rates are for the small accounts. They do not have a demand charge. Schedules J and Schedule P are for medium and large accounts and incur demand charges so they are the ones the Department would focus on in limiting the demand. One way the demand charge can be limited would be to put in a smaller motor or participate in HELCO's Rider M program, whereas you curtail your load during their peak hours of 5:00 p.m. to 9:00 p.m., and they will give you either 75% back or 40% back, depending on how long you curtail.

Mr. De Luz stated that for residential, Hawai'i Energy has been authorized by the Public Utilities Commission (PUC) to increase their rebates due to the loss of Puna Geothermal. In the best-case scenario, it is going to take Puna Geothermal 18 months to get back on line. He wondered if it might be worth having a conversation with the PUC to ask if they would give a special exemption on a curtail-back rate on off-demand during this time period as well. The whole opportunity hopefully is to do a little bit of an aversion; in other words, if you can get a better rate with a spike in rates, your energy costs will at least not spike as much, but only in the off-peak period. From a utility perspective, based on what he was aware of with HELCO, they are not at 100% utilization; therefore, when they are at off-peak, they still have spinning reserve energy available that they are not selling.

Mr. Ching stated that kind of falls into what the Rider M is supposed to drive, which is making you operate during non-peak times and if you operate only from 9:00 p.m. to 7:00 a.m., they will give you a better deal. However, because this Department's demand is driven by consumption, people use water at different times, so it is hard to do that, especially if the reservoir capacity is not as large and has to be filled multiple times a day.

Mr. De Luz stated that looking into the future, like they are doing with electricity, perhaps five years from now, one of the opportunities in a more densely populated urban area is to offer an energy conservation meter that has an RFID (radio frequency identification) gauge where you can manage your consumption and manage your rate. That is where it probably will move towards. He guessed that people in Kona would probably buy into that much more than Hilo. KIUC (Kaua'i Island Utility Cooperative) has been doing that with some of their utility and then HELCO is doing some of it on a customer-requested basis, on installing those meters as well. In the next 18 months, although there may be relief now only because there is supposed to be a glut in the oil market, usually there is a four to six month delay before any relief is seen.

Mr. Elarionoff asked what is happening with the Lālāmilo Wind Farm plot.

The Manager-Chief Engineer replied that there is a legal situation that precludes the Department from saying anything openly at this point. The Department continues to work on it operationally to see if there are ways to alter the system or work with them, but pretty much all has been done from the Department's side.

Mr. De Luz asked if there is an idea of what the recharge rate is on the Department's wells or a study to gain a better understanding as far as capacity. Some of the wells have issues with potential withdraw to be brackish; but that is ongoing with the water quality study.

The Manager-Chief Engineer replied that for certain wells, the Department has implemented its own internal monitoring for chlorides, such as Kona side which have shown to be of concern. The windward side would not be cost-effective to monitor. The Department continues to monitor certain sources and the basal lens and continues to work with the State Water Commission on reporting pumpage and has a good relationship with them.

F. 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 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.

Vice-Chairperson Boswell noted that because the Chairperson was not here today, this item, along with (G) Manager-Chief Engineer's Evaluation for Calendar Year 2018 and (H) Election of Chairperson and Vice-Chairperson for 2019 would be deferred to next month.

G. MANAGER-CHIEF ENGINEER'S EVALUATION FOR CALENDAR YEAR 2018:

Discussion/Action on Manager-Chief Engineer's Evaluation and on salaries of the Manager-Chief Engineer and Deputy.

Deferred to next month.

H. ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON FOR 2019:

Board to elect Chairperson and Vice-Chairperson for the 2019 term.

Deferred to next month.

I. CHAIRPERSON'S REPORT:

Due to Chairperson being absent, there was no report from Vice-Chairperson Boswell.

10) ANNOUNCEMENTS:

1. **Next Regular Meeting:**

The next 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.

2. **Following Meeting:**

The following meeting of the Water Board will be January 22, 2019, 10:00 a.m., at the Department of Water Supply, Hilo Operations Center Conference Room; 889 Leilani Street, Hilo, Hawai'i.

11) ADJOURNMENT:

ACTION: Mr. Sugai moved for adjournment of the meeting; seconded by Mr. De Luz and carried unanimously by voice vote.

(Meeting adjourned at 11:24 p.m.)

Recording Secretary