

**MINUTES**

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

October 22, 2019

DWS Hilo Operations Center Conference Room, 889 Leilani Street, Hilo, Hawai‘i

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

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

OTHERS PRESENT: Ms. Diana Mellon-Lacey, Deputy Corporation Counsel  
Mr. Kaena Horowitz, Deputy Corporation Counsel  
Mr. Ken Ono  
Mr. Lincoln Ashida, Torkildson Katz Hetherington Harris & Knorek (10:04 a.m.)  
Mr. Riley Smith (10:41 a.m.)  
Mr. Jeff Zimpfer (10:43 a.m.)  
Mr. Charles Chacko, President, Greenpath Technologies Inc. (11:42 a.m.)

Department of Water Supply Staff

Mr. Kawika Uyehara, Deputy  
Mr. Warren Ching, Energy Management Analyst  
Mr. Kurt Inaba, Engineering Division Head  
Mr. Richard Sumada, Waterworks Controller  
Mr. Daryl Ikeda, Chief of Operations  
Ms. Judy Hayducsko, Operations Division (10:43 a.m.)  
Mr. Clyde Young, Operations Division  
Mr. Eric Takamoto, Operations Division

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

2) STATEMENTS FROM THE PUBLIC - *the following item is transcribed verbatim.*

Mr. Ken Ono

K. Ono: Good morning. My presentation won't take five minutes so it's not a long...I know you got a long agenda, so...Good morning, my name is Ken Ono; and I live in Captain Cook. I've been there for a little over thirty years. I have a property between McCoy plantation and the old Machado Store on the makai side of Old Government Road, if you kind of know the general area. So, like I said, I've been there over thirty years. I have a house, and then about ten years ago, I built...I got an ohana permit, so I built another house. So I have coffee and I have a pasture with one horse and donkey, so I've been trying to maintain, sort of, that kind of lifestyle. Like I said, I've been there over 30 years. I retired about three years ago and I thought that, given more time, I would be able to maintain the property; and you know how, as you get older, the property gets bigger and bigger, you know, and it's been raining like crazy, so it's been really tough. So now I'm 69 and I'm really at the point in my life where I finally realize that I cannot maintain those. And so, what I was looking for was a way to maintain the agricultural nature of it. I didn't want to get into all this big subdivision kind of stuff. I just want to stay in my house, have the other house; and so I thought well, if I could just be able to divide it in two, that would satisfy. So the County has classifications called Family Ag. So the Family Ag 1, 2, 3, 5; and so I had to go through a rezoning process because I have a five-acre...I have six acres and it's zoned Ag5. So I had to go through the County rezoning process before I can subdivide. So I put in my application to the Planning Department and they...looked pretty good because I'm not changing really anything...not density, not asking for easements, variances, and those types of things. They said you have to go to the Water Department, so I go okay, so I go to the Water Department in Kona. They said well, since you'll be dividing in two lots, you need to have another water meter. And I said okay, so I'll get another water meter next to the one I have on the highway and run it next to my existing line instead of teeing off to the two houses, I'll just go... They said oh but we have a moratorium in South Kona for water meters; and I go, okay. So I said why are you having a moratorium? They said well, we're concerned about increased volume of water. And I said, but I have two houses. The second house has been over ten years. I'm not increasing the density; I'm using the same two houses, and there's no volume increase. I've never had a pressure problem or volume problem at all from either the Water Department notifying me or my own use. They said, well, that's the...so I said well. So the Kona office said if you need more information, go to the Hilo office. So I came to the Hilo office, and the fellow that talked to me was really helpful. He said the same thing. And I said, but then...well, allowance was made for the situation where the volume is not changing and the density is changing...can the Director of the Department grant an allowance? He said no. I said can the Board grant allowance? He said no. So I said, well, if you cannot service me, can you do like we did in my Daughter's house, which we built above Konawaena High School road, the County waterline ends right above mauka of the school, and so the Water Department gave a letter to the County Planning Department saying that you cannot service it but you could put catchment water. So I said can we do the same thing? I really would like County water but if I can get catchment water. The response I got was, well the service is available. Well I said, but I can't use it. And so I'm stuck right now where I cannot get the rezoning, I cannot get my subdivision, I can't divide my property and keep everything the same. All I'm gonna do is put a line on the map. I mean, the roadways, everything else is gonna be the same; but the density is the same, housing the same. But I'm caught in this thing where I'm kind of stuck. I can't go ahead and try to subdivide with a catchment water system because I can't get this. So that's kind of where I'm at. I don't know how common this issue is. I can understand, from talking to the Planning Department about big projects where you have all these issues and stuff. I said mine is just, you know, my small place; and that's all it is...it's just two houses, and so... But I'm bringing it up because I'm actually stuck on what to do, really. I really don't know what to do, and so I thought, well, I'll take five minutes of your busy schedule and kind of throw it out and maybe you could give me some, I don't know...feedback or whatever. That's it. That's my presentation.

Chairperson Boswell: Thank you.

Manager-Chief Engineer: Yeah, so unfortunately, during public statements, it's not really agendaized for discussion.

K. Ono: Oh, okay, okay.

Manager-Chief Engineer: What you can do is send us an email and then we can maybe advise you...we can do some research from staff.

K. Ono: Okay.

Manager-Chief Engineer: And then what you can do is if you want to pursue it further, we can have you request to have an agenda item.

K. Ono: Okay. Alright. That's cool. I can deal with that. So, I can leave you...

Chairperson Boswell: There's a route for everything. It's just figuring out the route.

K. Ono: Some take longer. I've been through this. I've been to different boards and I understand that. But thank you for the time. This is what I did not send, but it gives you back-up...so I did not send it to the County. (Mr. Ono gave some materials to the Manager-Chief Engineer.)

Manager-Chief Engineer: Okay.

K. Ono: Thank you very much.

(Mr. Ono left the meeting at 10:06 a.m.)

3) APPROVAL OF MINUTES

ACTION: Mr. Elarionoff moved for approval of the Minutes of the September 24, 2019, Public Hearing on the Power Cost Charge and the September 24, 2019, Regular Water Board Meeting; seconded by Mr. Scicchitano and carried unanimously by voice vote.

4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA - none

5) EXECUTIVE SESSION REGARDING OPEN LITIGATION:

The Board anticipates convening an executive meeting for the purposes of discussing the legal rights, duties and liabilities of the Board concerning open litigation against the Board, as authorized by Hawai'i County Charter Section 74.6 and Hawai'i Revised Statutes ("HRS"), Section 92-4 and 92-5(a)(4). 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.

ACTION TO ENTER EXECUTIVE SESSION: Mr. Kern moved that the Board enter Executive Session; seconded by Mr. Scicchitano and carried by roll call vote (Ayes: 7 - Messrs. De Luz, Domingo, Elarionoff, Kern, Scicchitano, Sugai, and Chairperson Boswell; Nays: 0; Absent: 2 – Ms. Hugo and Mr. Balog).

(Executive Session began at 10:08 a.m. and ended at 10:39 a.m.)

6) PUNA:

A. **2018 KILAUEA LOWER EAST RIFT ZONE ERUPTION:**

Manager-Chief Engineer stated that based on discussion at the June Water Board Meeting, the Department committed to routine updates. As far as the Department is concerned, it is still in a holding pattern, waiting to see what the overall plan for the area is. In response to Mr. Kern's question of whether anything was found in relation to the gaskets, he replied there were no findings of gaskets that could withstand the temperatures as discussed during the June presentation.

7) SOUTH HILO:

A. **FEASIBILITY STUDY FOR A SECOND SOURCE FOR THE UPPER KAŪMANA WATER SYSTEM:**

The Department is requesting to perform a feasibility study for a second source for the upper Kaūmana portion of the South Hilo water system. This area of the water system is currently serviced by the Saddle Road Well located on Tax Map Key (3) 2-5-041:047. Should the well fail, the Department would need to submit a request to the Department of Health (DOH) to utilize for emergency purposes, the 'Ōla'a Flume Spring Source that is deemed under the direct influence of surface water and currently not approved for use.

The feasibility study will evaluate options including, but not limited to, the installation of a treatment plant and appurtenant facilities to have the 'Ōla'a Flume Spring source meet the requirements of DOH and the estimated operating cost; and the drilling, testing and outfitting of a new well and appurtenant facilities. The feasibility study is intended to inform the Department of requirements to provide an approved back-up source.

The estimate for the study is \$100,000.00.

The Manager-Chief Engineer recommended that the Water Board approve the Department to conduct a FEASIBILITY STUDY FOR A SECOND SOURCE FOR THE UPPER KAŪMANA WATER SYSTEM and enter into a professional services agreement, subject to the approval of Corporation Counsel as to form and legality, and that either the Chairperson or the Vice-Chairperson be authorized to sign the documents.

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

Mr. De Luz asked how the water would be treated if the current 'Ōla'a Flume needs to be accessed.

The Manager-Chief Engineer replied that it would be treated with chlorine as was done in the past before it was classified as under the influence of surface water. The requirement as an emergency source is additional monitoring.

Mr. De Luz suggested, when the feasibility study is conducted, if the cost of that mitigation to provide serviceable water could be included to help the Board understand the offset.

The Manager-Chief Engineer stated that the "as-is" condition, treatment costs, and second well would be evaluated by the consultant, as well as any other findings. In response to Chairperson Boswell's question of whether it would include any land acquisition, if needed, he confirmed it would.

ACTION: Motion was carried unanimously by voice vote.

**B. VEHICLE BID NO. 2019-09, FURNISHING AND DELIVERING VEHICLES TO THE DEPARTMENT OF WATER SUPPLY:**

Bids were opened on October 10, 2019, at 2:00 p.m. and following are the bid results:

	<b>Inter Pacific Motors, Inc., dba Orchid Isle Auto Center</b>	<b>IK Motors Inc. dba Kamaaina Motors</b>	<b>Big Island Motors, Inc., dba Hilo Kona Mazda Subaru</b>	<b>Kamaaina Nissan, Inc.</b>
<b>Part "A" - ONE (1) ONLY ½-TON COMPACT EXTENDED CAB PICK-UP, 4-WHEEL DRIVE, W/LIFT GATE</b>				
Total Delivery Price:	\$42,601.00	No Bid	No Bid	\$38,519.88
Delivery Time (Calendar Days)	210			180
<b>Part "B" - ONE (1) ONLY FULL-SIZE PICKUP, SERVICE BODY, 4-WHEEL DRIVE, W/LIFT GATE</b>				
Total Delivery Price:	\$57,965.00	No Bid	No Bid	No Bid
Delivery Time (Calendar Days)	310			
<b>Part "C" - ONE (1) ONLY FULL-SIZE PICK-UP W/SERVICE BODY, 4-WHEEL DRIVE</b>				
Total Delivery Price:	\$52,743.00	No Bid	No Bid	No Bid
Delivery Time (Calendar Days)	310			
<b>Part "D" ONE (1) ONLY 1-TON CREW CAB WITH SERVICE BODY, 4-WHEEL DRIVE, W/LIFT GATE</b>				
Total Delivery Price:	\$64,051.00	No Bid	No Bid	No Bid
Delivery Time (Calendar Days)	310			
<b>Part "E" - ONE (1) ONLY FULL-SIZE PICK-UP WITH EXTENDED CAB, SERVICE BODY, 4-WHEEL DRIVE, LIFT</b>				
Total Delivery Price:	\$59,873.00	No Bid	No Bid	No Bid
Delivery Time (Calendar Days)	310			
<b>Part "F" - ONE (1) ONLY MID-SIZE REGULAR CAB PICK-UP, 4-WHEEL DRIVE</b>				
Total Delivery Price:	\$32,561.00	\$29,066.37	No Bid	No Bid
Delivery Time (Calendar Days)	180	180		
<b>Part "G" - TWO (2) ONLY 4-DOOR, ALL WHEEL DRIVE/4WD COMPACT CROSS-OVER WAGON OR SUV</b>				
Total Delivery Price:	\$58,530.00	No Bid	\$53,803.46	\$57,626.61

Delivery Time (Calendar Days)	180		90	120
Part "H" - ONE (1) ONLY CREW CAB, 4-WHEEL DRIVE COMPACT PICKUP TRUCK				
Total Delivery Price:	\$36,878.00	\$33,229.50	No Bid	No Bid
Delivery Time (Calendar Days)	180	180	No Bid	No Bid

The Manager-Chief Engineer recommended that the Board award VEHICLE BID NO. 2019-09, FURNISHING AND DELIVERING VEHICLES TO THE DEPARTMENT OF WATER SUPPLY, to:

- Inter Pacific Motors, Inc., dba Orchid Isle Auto Center, for **Parts B, C, D and E** at a total cost of \$234,632.00;
  - Kamaaina Motors, for **Parts F and H** at a total cost of \$62,295.87;
  - Hilo Kona Mazda Subaru, for **Part G** at a total cost of \$53,803.46;
  - Kamaaina Nissan, Inc., for **Part A** at a total cost of \$38,519.88;
- and that either the Chairperson or the Vice-Chairperson be authorized to sign the contracts subject to approval of the contracts as to form and legality by Corporation Counsel.

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

Mr. De Luz mentioned he would be abstaining from vote due to his involvement in the industry.

Mr. Elarionoff asked why others do not bid on this--whether the specifications the Department puts out are so specific or impossible to bid on. Even though there are four bidders, not everyone bid on each part.

Ms. Hayducsko explained that the service body takes so long to construct that it causes delays and the cost differential. Therefore, the companies that bid on the service body vehicles are the ones that feel confident in their suppliers.

The Manager-Chief Engineer added that it is typically Orchid Isle Auto Center that submits bids on the service body vehicles. He added that the Department has been seeing better bid results and better participation since it has gone to online public purchase bidding. Staff also does an analysis on the prices to ensure they are reasonable.

ACTION: Motion carried by 6 ayes: Messrs. Domingo, Elarionoff, Kern, Scicchitano, Sugai, and Chairperson Boswell; and 1 abstention: Mr. De Luz.

**C. JOB NO. 2018-1099, PANA'EWA WELLS B & C REPAIR – REQUEST FOR TIME EXTENSION:**

The contractor, Beylik Drilling & Pump Service, Inc., is requesting a contract time extension of 92 calendar days. The manufacturer has encountered challenges with furnishing pumps that meet the requirements of the contract specifications. The manufacturer is still working on implementing modifications to improve the pump efficiency to satisfy the contract requirements. These delays were beyond the control of the contractor. *Note: There are no additional costs associated with this time extension.*

1<sup>st</sup> time extension – 92 calendar days

The Manager-Chief Engineer recommended that the Board approve a contract time extension of 92 calendar days to Beylik Drilling & Pump Service, Inc., for JOB NO. 2018-1099, PANA'EWA WELLS B & C REPAIR. If approved, the contract completion date will be revised from November 15, 2019, to February 15, 2020.

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

**The Manager-Chief Engineer noted there was a correction to the amount of time-extension days, which should be 100 instead of the 92 shown in the agenda. Also, in the recommendation, the original contract completion date should be November 7, 2019, rather than November 15, 2019.** He explained that the reason for the delay is that the pump manufacturer cannot meet the efficiency that was specified. The specified efficiency was based on an actual telephone call that staff had with the manufacturer where they said they could guarantee a certain efficiency, and staff decided to de-rate that on the specifications by two points. The verbal commitment from the manufacturer did not turn out the same when the project was awarded. They said they could not meet the efficiency and are now in the process of trying to figure out how to achieve it.

In response to Chairperson Boswell's question of how they manufacture it, whether they physically test the motor, Mr. Takamoto replied that the Department requires physical pump testing with a report showing exactly what it is before approval for delivery.

The Manager-Chief Engineer added that we do not know what their effort is or how they come up with their guaranteed efficiency number. Based on past history, that is why staff de-rates it by a couple of points before putting it out in the specifications.

Mr. Kern asked what is done when they cannot meet the efficiency.

The Manager-Chief Engineer asked Mr. Takamoto to explain what they are trying to do to get to that efficiency.

Mr. Takamoto showed the Board a pump bowl and stated that the efforts they have done already is they replaced all of the impellers in both pumps, trying to get a better efficiency. It did improve but it is still under the required efficiency. Right now, they want to replace what is called the wear-ring. He showed that hard plastic piece of the pump bowl. Currently, it is a bronze piece. Their issue is they cannot cut it to tolerance enough to get a tight fit so they are proposing to switch the material to Vesconite. They believe they can get a tighter tolerance and believe it will raise the efficiency enough to meet the minimum requirements.

Mr. Kern stated that it sounds like they are engineering on the fly to meet the Department's requirements and asked what people in other parts of the world are doing as far as efficiency.

Mr. Young shared his experience, having been with the Department a number of years. There are certain manufacturers that tend to have pump curves that are what he calls optimistic. Maybe they test it, but it tends to be on the high side. Xylem, Inc., also known as Goulds, is one of those companies marketing their high efficiency. The Department tends to have problems with this one manufacturer and may not be purchasing Goulds and Xylem pumps due to their not meeting specifications. Other manufacturers tend to meet their specifications or they can do some machining and polishing to get the columns in really tight and get more efficient flows. He thinks the Vesconite bearing will work. Basically, you try to prevent recirculation of the pump because when you have recirculation, you are not sending water up through the system; it is just within the pump bowl. You want the pump bowl

tight, but not to the point where it causes friction in the spinning. The tighter you can get it without too much friction, the better it is.

Mr. De Luz shared that his experience attending the AWWA conference experience was an eye opener. The specific requirements of the utility for this equipment make it pretty much per system. Most things are custom built. It is not a cookie-cutter item. It becomes problematic in the engineering involved to meet specifications. Also, being stuck in the middle of nowhere makes the logistics that much more difficult. He believed the Department is tightening up how these things are done and hopefully by the time they reach here and are installed, there is a high probability it will perform to what was required, although the beta will still be in the testing.

The Manager-Chief Engineer mentioned that this Department is not the only one experiencing this problem. Every utility has different pump heads they need to pump. This Department is not doing anything that different and is not the only one requiring efficiencies or customized equipment. It is supposed to be the manufacturer's business to provide a pump that will work, especially based on what they claim it will do.

Mr. Elarionoff asked if they achieve their efficiency, if there is a warranty on it. The Manager-Chief Engineer replied there is.

Mr. Elarionoff also noted that in all of the extension request items on the agenda, it denotes "no additional costs" in the write-up; however, the contractor does not specify that in their supporting documents.

The Manager-Chief Engineer replied that the hope or assumption is that the manufacturer is accepting the responsibility without charging the contractor or the Department of Water Supply.

Mr. Elarionoff thought that if they had to do it again, there would be additional cost.

ACTION: Motion was carried unanimously by voice vote.

8) HĀMĀKUA:

A. **JOB NO. 2018-1097, HONOKA'A BOOSTERS A & B REPAIR – REQUEST FOR TIME EXTENSION:**

The contractor, Derrick's Well Drilling & Pump Services, LLC, is requesting a contract time extension of 284 calendar days. The scope of work requires booster replacement to be performed in series, thus field measurement of the second suction cannot be done until repair of the first booster is complete. The manufacturer has committed to a ship date of December 13, 2019, for the first booster. Production of the second booster is projected to start in January 2020 with an estimated ship date in July 2020. This delay was beyond the control of the contractor.

Staff reviewed the request for the contract time extension and the accompanying supporting documentation and found that only 224 calendar days of the requested time can be considered justified. *Note: There are no additional costs associated with this time extension.*

1<sup>st</sup> time extension – 224 calendar days.

The Manager-Chief Engineer recommended that the Board approve a contract time extension of 224 calendar days to Derrick's Well Drilling & Pump Services, LLC, for JOB NO. 2018-1097,

HONOKA‘A BOOSTERS A & B REPAIR. If approved, the contract completion date will be revised from October 25, 2019, to June 5, 2020.

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

The Manager-Chief Engineer stated that although this seems to be an undesirable length of time, the Department is trying to do the prudent thing. After bidding the project out and awarding it, staff and the contractor discussed specifics once they saw the onsite conditions. It was decided instead of doing it all together, it would be better to do one booster, get it up and running, and do the specific measurements and make sure they are on the second one, because there is no guarantee the two are exactly the same. It was bid out initially based on the assumption that it would take the same components. It can still be done sequentially; but for this one, the Department wants to make sure one is up and running, take the measurements of the discharge head, the pump, can depth, and all of the details, before placing the order for the components for the second one.

Mr. Young showed the Board a few slides, showing the motor, discharge head, and pump. It basically moves water from a lower elevation to a higher elevation, tank to tank. Water comes in from a suction outlet and goes into a can strainer. This is a single-phase pump. It is quite complicated, and there are a lot of dimensions that have to be gotten right. Unfortunately, this is the same company for pumps and impellers, which is Goulds, and is resulting in a seven-month delay. It took just about one month of delay to get their project manager on board. Two and half months were spent going over the details and the measurements and going back and forth on the details. The motor measurements are usually standard equipment so it is usually not a problem. The rest of the dimensions are critical, such as the suction flange. If you get it too high or too low, the wrong type of flange, or the number of bolt holes, you might have a problem with fit-up. That is the only reason we are asking for sequential work. These pumps were put in 10 to 15 years apart, even though they are from the same manufacturer. The original pump manufacturer is Floway, but the pump dimensions are exactly the same. If you are off on one, you basically cannot fit-up the pump, so they have to be done sequentially, otherwise, you will have additional delays.

In response to Mr. Elarionoff’s question of what the tolerance would be, Mr. Young replied it is within 1/8 of an inch. During the submittal process, the manufacturer asked for the water motor mass data, and no one has ever asked for that. That is where the contractor gives the manufacturer information on whether there are going to be vibration issues if they want to know how tall they can build it, or how much metal they have to put into the discharge head. That alone took three weeks to get from the manufacturer. Doing these sequentially added about four months to the time. They requested six months; however, the Department said they already built one and more than likely, the second one is going to be very similar and, therefore, the Department pulled back about two months on their request.

Mr. Kern asked if these are new installations and with the same manufacturer. He thought that if the efficiencies are found, perhaps being steady and consistent with a good product versus trying to match things up might help.

Mr. Young replied that it is a bit tricky because the Department is trying to balance things such as cost, efficiency, and energy. Another issue is sometimes manufacturers go out of business or are bought out by another company. Ideally, you would want to have the same dimensions, but sometimes you get the drawings but they do not quite match up to what is in the field. A lot of it has to be confirmed out in the field.

Mr. Scicchitano asked how many pump manufacturers or sources there are.

Mr. Young replied there are at least a half-dozen manufacturers. He was not sure why the contractors have gone with Zylem. It could be because of their connections.

Mr. Kern asked if the Department specifies a manufacturer to get it from.

Mr. Young replied it is noted that “approved equal” is included in the bid documents and has to be approved by the Department.

Mr. Domingo stated that he found it hard to understand why in this day and age where we have all the tools to manufacture and install these components, why we should have to wait this long. It seems like we are falling back on our technology.

Mr. Young stated that the discharge heads are kind of custom. If they were being done at the same time, it probably could have been done quicker; but the Department did not want to take a chance. The Department does not want to pull out Booster A to check the dimensions without having Booster B in there and running.

ACTION: Motion was carried unanimously by voice vote.

9) SOUTH KOHALA:

A. **JOB NO. 2019-1108, WAIMEA DEEPWELL REPAIR – CONTRACT TIME EXTENSION:**

The contractor, Beylik Drilling & Pump Service, Inc., is requesting a contract time extension of 108 calendar days. After a significant lead time, the manufacturer fabricated and delivered valves with incorrect threading. The continuous challenges and ultimate failure of the current manufacturer to deliver the correct materials has damaged the confidence of the contractor and the Department that the manufacturer is capable to furnish check valves to the satisfaction of the contract specifications, thus, requiring the contractor to seek an alternate manufacturer. The contractor needs the requested time to furnish check valves from this alternate manufacturer. These delays were beyond the control of the contractor. *Note: There are no additional costs associated with this time extension.*

Staff reviewed the request for the contract time extension and the accompanying supporting documentation and found that only 84 calendar days of the requested time can be considered justified.

1<sup>st</sup> time extension – 45 calendar days (Due to change in valve material)

2<sup>nd</sup> time extension – 84 calendar days

The Manager-Chief Engineer recommended that the Board approve a contract time extension of 84 calendar days to Beylik Drilling & Pump Service, Inc., for JOB NO. 2019-1108, WAIMEA DEEPWELL REPAIR. If approved, the contract completion date will be revised from October 15, 2019, to January 7, 2020.

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

The Manager-Chief Engineer stated that this continues the Department’s challenges and frustrations with check valves. The Board may recall back in August, the first time extension request was brought to the Board because a Stainless Steel check valve was specified out, which the manufacturer said they could make, only to learn from them later that they could not so the Department went with the ductile iron check valve instead. API 8 round threads were requested because it is stronger, leaving less chance of having it decouple. The manufacturer claimed they could make what was requested.

When they shipped the valves, the contractor noticed they were the wrong thread pattern. Staff contacted the contractor asking them to verify if the manufacturer sent the correct valves, thinking they might have had the correct valves back at the plant; but that was not the case. They revealed that was all they could make and it was a take it or leave it situation. At this point, the contractor wants to go with another manufacturer, Mill Man Steel, Inc., and go back to the Stainless Steel, which is what the Department wanted in the beginning but the Department will eliminate a couple on the quantity of the check valves. It should be still in line with the recommendations that came from the Permitted Interaction Group report as well as what was heard from the consultants that the Department has been working with that it is adequate to do what is needed.

In response to Chairperson Boswell's question of whether the Department will get the thread configuration it wanted, he replied it will.

Mr. Elarionoff mentioned that this is the agenda item where he noticed there was no mention of price increase; therefore, he started checking the rest of the agenda items. But now, the understanding is that they will be making less valves for the same price.

The Manager-Chief Engineer stated that he hoped the contractor did not pay the supplier for the three valves that were incorrect before receiving them.

In response to Mr. Scicchitano's question of who the manufacturer was, Mr. Takamoto replied it was Flowmatic.

In response to Mr. Kern's question of whether the Department was comfortable with this new manufacturer in what they are able to produce, the Manager-Chief Engineer replied that the Department has history with them.

Mr. Takamoto added that the Department has bought several of their valves and never had any issues with them.

Mr. Kern noted that this seemed to be a common issue since he has been on the Board and hoped that the Department will find that certain manufacturer who can produce what is needed.

The Manager-Chief Engineer replied that Mill Man Steel, Inc., is supposed to be able to do it. He was not sure why they were not the chosen supplier to begin with, unless it had to do with cost on the initial bid that the contractor did. Flowmatic also claimed that they could provide the Stainless Steel with the thread pattern, only to be revealed after the award that they could only do that in tube sizing and not pump sizing.

Mr. Kern asked if there was a way to fabricate the bid so the Department is not caught up with this problem.

The Manager-Chief Engineer replied this is part of the Department's ongoing effort to try and better standardize all of the components. It will go with 8-inch Stainless Steel API round threads for everything. Perhaps down the road, a material bid can be bid out so the Department will have some of these on hand. This is part of the long-term plan for standardization and duplication for better redundancy.

ACTION: Motion was carried unanimously by voice vote.

**B. JOB NO. 2019-1122, LĀLĀMILO A DEEPWELL REPAIR:**

This project consists of furnishing all labor, materials, tools and equipment necessary to refurbish existing pump and motor, reuse column assembly, replace lineshafts and bearings; perform electrical work; borehole alignment survey; chlorinate the well and pumping assembly; and complete an efficiency test; in accordance with the specifications.

Bids for this project were opened on October 10, 2019, at 1:30 p.m., and the following are the bid results:

<b>Bidder</b>	<b>Bid Amount</b>
Derrick's Well Drilling & Pump Services, LLC	\$375,000.00

Project Costs:

1) Lowest Bidder (Derrick's Well Drilling & Pump Services, LLC)	\$375,000.00
2) Contingencies (10.0%)	<u>\$37,500.00</u>
<b>Total Cost:</b>	<b><u>\$412,500.00</u></b>

Funding for this project will be from DWS' CIP Budget under Deepwell Pump Replacement. The contractor will have 120 calendar days to complete this project. The Engineering estimate for this project was \$365,000.00.

Well History:

Lālāmilo A Deepwell:

Original Installation: September 1985

Repaired: August 1992 (replaced pump and entire lineshaft assembly, brush, bail, video)

Repaired: July 2015 (replaced pump and entire lineshaft assembly, brush, bail, video)

Mitigation Measures:

This project will implement the mitigation measures of conducting a borehole alignment survey.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2019-1122, LĀLĀMILO A DEEPWELL REPAIR, to the lowest responsible bidder, Derrick's Well Drilling & Pump Services, LLC, for their bid amount of \$375,000.00, plus \$37,500.00 for contingencies, for a total contract amount of \$412,500.00. 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.

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

The Manager-Chief Engineer stated that this is a line shaft pump. This work will include a borehole alignment. As confirmed by Mr. Young, the well is vibrating excessively and was shut down. For a line shaft, you want it as plumb as possible because it is riding on several bearings (every five feet apart, as noted by Mr. Young). Most likely, the bearings are wearing, causing the vibration.

Mr. Kern asked if the engineer's cost estimate includes the contingency.

Mr. Young replied it is separate.

Mr. Kern pointed out that there was only one bidder and they were \$10,000.00 within the engineer's estimate. He asked if that was because staff anticipates higher costs or if it is what seems to be fair.

Mr. Young stated that the Department always looks at the historical data, and the Manager-Chief Engineer added that the Department also does an analysis of the bid to ensure it is fair and reasonable.

In response to Mr. Domingo's question about the depth of the well, Mr. Young stated it is 1,200 feet deep and is the Department's deepest line shaft well.

Chairperson Boswell noted that the borehole alignment test will determine if the well sits plumb, which is optimal for the bearings; and if not, will indicate where that misalignment might be.

Mr. Young stated that historically, this well has been getting good run times. The pump is probably still in good shape. It is still producing, but the vibration is cause for concern. He noted that the existing pump is being refurbished. Normally, it would be replaced. Until it is pulled out, the condition of it will not be known.

ACTION: Motion was carried unanimously by voice vote.

**C. JOB NO. 2018-1089, LĀLĀMILO D DEEPWELL REPAIR – REQUEST FOR TIME EXTENSION:**

The contractor, Beylik Drilling & Pump Service, Inc., is requesting a contract time extension of 84 calendar days. After a significant lead time, the manufacturer fabricated and delivered valves with incorrect threading. The continuous challenges and ultimate failure of the current manufacturer to deliver the correct materials has damaged the confidence of the contractor and the Department that the manufacturer is capable to furnish check valves to the satisfaction of the contract specifications, thus, requiring the contractor to seek an alternate manufacturer. The contractor needs the requested time to furnish check valves from this alternate manufacturer. These delays were beyond the control of the contractor. *Note: There are no additional costs associated with this time extension.*

1<sup>st</sup> time extension – 122 calendar days (Due to addition of 3 check valves)

2<sup>nd</sup> time extension – 31 calendar days (Due to change in valve material)

3<sup>rd</sup> time extension – 84 calendar days

The Manager-Chief Engineer recommended that the Board approve a contract time extension of 84 calendar days to Beylik Drilling & Pump Service, Inc., for JOB NO. 2018-1089, LĀLĀMILO D DEEPWELL REPAIR. If approved, the contract completion date will be revised from October 31, 2019, to January 23, 2020.

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

The Manager-Chief Engineer noted that this item is similar to the Waimea Deepwell just taken up. It is the same manufacturer and same reason.

Mr. De Luz went back to Mr. Elarionoff's earlier point in regard to the contractor. He thought it prudent in administrative record-keeping that the contractor verify within their request for extension, "no additional charge." He has seen in all of the communications, they do not indicate that. Of course, if there is a need for additional costs because of a change, then so be it.

The Manager-Chief Engineer stated the Department would request that of the contractor.

Chairperson Boswell asked if a letter is the only form by which the contractor requests a time extension; not a document the Department has that they file.

The Manager-Chief Engineer replied that was correct, but the Department could come up with some kind of standardized document.

Chairperson Boswell mentioned that it could require all of the things that the Department would need to know. It could be part of the contract.

ACTION: Motion was carried unanimously by voice vote.

10) NORTH KOHALA:

A. JOB NO. 2019-1113, HĀWĪ #2 BOOSTER B REPAIR:

This project consists of furnishing all labor, materials, tools and equipment necessary to install one (1) Contractor furnished vertical turbine pump, discharge head, and all appurtenant materials; install Contractor and DWS supplied piping components; electrical work; chlorinate the suction can and pumping assembly; and complete an efficiency test; in accordance with the specifications.

Bids for this project were opened on October 10, 2019, at 2:30 p.m., and the following are the bid results:

<b>Bidder</b>	<b>Bid Amount</b>
Derrick's Well Drilling & Pump Services, LLC	\$155,000.00

Project Costs:

1) Low Bidder (Derrick's Well Drilling & Pump Services, LLC)	\$155,000.00
2) Contingencies (10.0%)	<u>\$15,500.00</u>
<b>Total Cost:</b>	<b><u>\$170,500.00</u></b>

Funding for this project will be from DWS' CIP Budget under Deepwell Pump Replacement. The contractor will have 180 calendar days to complete this project. The Engineering estimate for this project was \$150,000.00.

Repair History:

Original Installation: February 1986

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2019-1113, HAWI #2 BOOSTER B REPAIR, to the lowest responsible bidder, Derrick's Well Drilling & Pump Services, LLC, for their bid amount of \$155,000.00, plus \$15,500.00 for contingencies, for a total contract amount of \$170,500.00. 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.

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

The Manager-Chief Engineer and Mr. Young provided some background on this booster repair project. Even though the well has been in use for 33 years, it may not have run straight through. The

system has some excess capacity so it can get away with one pump. There are two pumps on site. They are not both run at the same time. The run times are alternated to get equal wear. This one may be due to lack of use.

There were no questions from the Board.

ACTION: Motion was carried unanimously by voice vote.

11) NORTH KONA:

**A. JOB NO. 2017-1077, HUALĀLAI DEEPWELL REPAIR - REQUEST FOR ADDITIONAL FUNDS:**

The contractor, Beylik Drilling & Pump Service, Inc., is requesting a contract change order for additional work in association with the installation of the Hualālai Deepwell. The description of additional work and associated fees are as follows (see attached):

ITEM	DESCRIPTION	AMOUNT
1.	Additional True Root Mean Squared (TRMS) Current Transducers	\$12,510.00
2.	(5) 8" API 8 Round Couplings	\$1,124.00
3.	Additional cable reel, spooling, shipping and handling in association with dividing cable to a second spool	\$7,029.00
	TOTAL	\$20,663.00

Staff reviewed the request for additional funds and the accompanying supporting documentation and found that only **\$13,634.00** can be considered justified.

Original Contract Amount: \$696,080.00

Original Contingency Amount: \$69,520.00

1<sup>st</sup> Additional Contingency Request: \$204,708.07

(Power Cable, Centrilift Service Calls, Additional Installation & Extraction - Beylik, Splicing Work, Installation of Junction Box)

2<sup>nd</sup> Additional Contingency Request: \$13,634.00

**Total Revised Contract Amount: \$983,942.07**

The Manager-Chief Engineer recommended that the Board approve an increase in contingency of \$13,634.00 to Beylik Drilling & Pump Service, Inc., for JOB NO. 2017-1077, HUALĀLAI DEEPWELL REPAIR. If approved, the total revised contract amount shall be \$983,942.07.

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

The Manager-Chief Engineer stated that this item was mentioned in a previous meeting that it would be coming back to the Board for additional funds because the proper documents were not provided for justification. The Department did not get proper justification for Item No. 3, which is why that is excluded and is only recommending approval of the rest. For brief history, this has been a problematic well as far as well failures; but it is up and running now and capable of putting water into the system. Part of what was learned during the Permitted Interaction Group process was that this well had a smaller diameter casing, or what was installed was too large for the casing and was too tight. The Department decided to opt for a lower capacity slim line unit, which is Centrilift. The

approach was to have it all from one manufacturer, which would be motor, pump, motor seal section, motor lead, and even the cable, which is why the 5,000 feet of cable was ordered. It will be all put together and be warranted as a unit.

In response to Chairperson Boswell's question of whether the borehole alignment test was done on this well, he replied it was.

Mr. Domingo asked if Item No. 1 in the agenda write-up should be transformers; not transducers, noting the contractor's letter states transformers.

Mr. Takamoto and Mr. Young stated that the contractor's letter was incorrect, and it should be transducers.

Mr. Elarionoff asked about the 5,000 feet of cable.

The Manager-Chief Engineer replied this was the one where the manufacturer could not just manufacture what the Department wanted, resulting in having to order the full spool. The contractor could not ship the full spool so they had to split it. There is 3,000 plus feet of cable that can be used for a future job.

ACTION: Motion was carried unanimously by voice vote.

**B. JOB NO. 2018-1098, PALANI DEEPWELL A REPAIR – REQUEST FOR TIME EXTENSION:**

The contractor, Derrick's Well Drilling & Pump Services, LLC, is requesting a contract time extension of 40 calendar days. The delivery of the pump and motor equipment is being delayed due to the installation of an incorrect length motor lead extension (MLE) and failure to furnish a motor shroud by the motor manufacturer. These delays were beyond the control of the contractor. *Note: There are no additional costs associated with this time extension.*

1<sup>st</sup> time extension – 60 calendar days (due to failure of motor manufacturer's lamination machine)  
2<sup>nd</sup> time extension – 40 calendar days

The Manager-Chief Engineer recommended that the Board approve a contract time extension of 40 calendar days to Derrick's Well Drilling & Pump Services, LLC, for JOB NO. 2018-1098, PALANI DEEPWELL A REPAIR. If approved, the contract completion date will be revised from October 22, 2019, to December 1, 2019.

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

The Manager-Chief Engineer stated that the motor lead extension is the segment of cable that comes out of the motor and prior to splicing it to the rest of the cable that goes down the hole. It did not have the correct length. For some reason, they missed the fact that they were also supposed to supply a shroud around the motor, which helps in the cooling of the motor.

Chairperson Boswell noted that it is a pretty big deal to the Department.

The Manager-Chief Engineer agreed. It was specified out, and it was an oversight on their part.

ACTION: Motion was carried unanimously by voice vote.

12) 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. Declaration of Extinguishment of Easement  
Declarant: Water Board of the County of Hawai'i  
Owner: Hawai'i Island Community Development Corporation  
Tax Map Key: (3) 2-8-026: Portions of: 001, 002 and 004  
Pepe'ekeo, South Hilo, Island of Hawai'i, Hawai'i

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.

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

Mr. De Luz stated that he would abstain from the vote because he may have an issue with having adjoining property with this subdivision.

ACTION: Motion carried by 6 ayes: Messrs. Domingo, Elarionoff, Kern, Scicchitano, Sugai, and Chairperson Boswell; and 1 abstention: Mr. De Luz.

B. HAWAI'I WATER AGENCY RESPONSE NETWORK (HIWARN) MUTUAL AID AND ASSISTANCE AGREEMENT:

The Department is participating with the other municipal water utilities in the State of Hawai'i in the Hawai'i Water Agency Response Network (HIWARN). This Agreement sets forth the procedures and standards for the administration of mutual aid and assistance in the event of an emergency where resources from other utilities are needed.

The Manager-Chief Engineer recommended that the Water Board approve the Hawai'i Water Agency Response Network (HIWARN) Mutual Aid and Assistance Agreement, subject to the approval of the Corporation Counsel and that either the Chairperson or the Vice-Chairperson be authorized to sign the document.

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

The Manager-Chief Engineer stated that this basically puts into a formal agreement what the utilities have been doing in the past. He thanked Ms. Mellon-Lacey for working with the other Corporation Counsels in reviewing this document and noted the hard work by the Honolulu Board of Water Supply in putting this together.

Chairperson Boswell stated that it is something seen with electrical utilities, nationwide, and now we have it within our State agencies.

Ms. Mellon-Lacey stated that this is also helpful for FEMA reimbursement.

Mr. Elarionoff asked about Page 2 on the bottom, under Procedures. The last sentence states “these procedures shall be reviewed at least annually and updated as needed by the Steering Committee.” That concerned him until he read Page 7 where it says it needs approval by everyone else. He also mentioned the “Requests for Assistance” on Page 2 where it says “Member Responsibility - Members shall each identify an Authorized Official...” He asked who that would be for this Island.

The Manager-Chief Engineer replied it would either be himself or the Chief of Operations.

Mr. Elarionoff asked about Page 3, third paragraph, it says “Response to a Request for Assistance - Members of this Agreement *are not* obligated to respond to a request.” He asked why that would be agreed to.

The Manager-Chief Engineer replied that he thought that was just a safety valve. It is not required.

Mr. Ikeda added that this Island might have its own problems and may not be able to respond to help somebody else.

Mr. Elarionoff also asked about the next paragraph where it states, “Responding Member’s Authorized Official - Execution of this Agreement does not create any duty to respond to a request for assistance.” He wondered if that was the same thing.

Ms. Mellon-Lacey replied that it is not binding. It does not require someone to do something if the feasibility for them does not exist to offer assistance.

Mr. Elarionoff noted a typo on Page 4, Line 22, where “as soon” is in duplicate.

ACTION: Motion was carried unanimously by voice vote.

**C. MONTHLY PROGRESS REPORT:**

Mr. Inaba pointed out that for the North Kona Mid Level Deep Well Development, Phase 1, the documents are with the owners; and they have verbally said they are routing it for signatures, at least for the survey and construction right-of-entry. The Manager-Chief Engineer thanked staff for working well with the landowner.

Chairperson Boswell noted that the Brown and Caldwell presentation has been deferred until December.

**D. JOB NO. 2018-1093, REQUEST FOR PROPOSALS TO PROVIDE A SOLAR PHOTOVOLTAIC ENERGY GENERATION SYSTEM AT FIVE (5) DEPARTMENT OF WATER SUPPLY LOCATIONS:**

On April 23, 2019, Greenpath Technologies, Inc. (GTI) was awarded this project based on its Best and Final Offer to design, construct, own, operate and maintain a solar photovoltaic (PV) energy generation system and coat all associated roofs at five (5) separate Department of Water Supply (DWS) offices/baseyards.

Two contracts are prepared under this Job No. 2018-1093:

1. A Power Purchase Agreement between DWS and GTI has been prepared that consist of GTI designing, constructing, owning, operating and maintaining a PV energy generation system at

five (5) separate Department of Water Supply (DWS) offices/baseyards, at no cost to DWS. DWS will purchase the generated electricity from GTI at a fixed rate of \$0.18 per kilowatt-hour over a 20-year commercial operation period.

Cost:

- |  |                          |
|--|--------------------------|
| 1) HELCO Allowance: Meter upgrades at Waiakea Office Plaza<br>(not to exceed amount) | <b><u>\$8,000.00</u></b> |
|--|--------------------------|
2. A Construction Contract with GTI has been prepared that will consist of furnishing all labor, materials, tools and equipment necessary to install a roof coating on the six (6) roofs that support a photovoltaic system, with 20-year warranty, and replace six (6) existing skylights at the Kona Baseyard.

Cost:

- |   |                            |
|---|----------------------------|
| 1) Roof Coatings and Skylight Replacement | \$538,363.00               |
| 2) Contingencies (~10%)                   | <u>\$53,637.00</u>         |
| <b>Total Cost:</b>                        | <b><u>\$592,000.00</u></b> |

Funding for the meter upgrade allowance and construction contract will be from DWS' Energy CIP. GTI will have 520 calendar days to complete the construction contract and to begin PV system commercial operation at all sites.

The Manager-Chief Engineer recommended that the Board approve the contracts for JOB NO. 2018-1093, REQUEST FOR PROPOSALS TO PROVIDE A SOLAR PHOTOVOLTAIC ENERGY GENERATION SYSTEM AT FIVE (5) DEPARTMENT OF WATER SUPPLY LOCATIONS, for the proposed Power Purchase Agreement amount of \$0.18 per kilowatt-hour and \$8,000.00, and for the proposed Construction Contract amount of \$538,363.00 plus \$53,637.00 for contingencies, for a total amount of \$592,000.00. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the contracts, subject to review as to form and legality by Corporation Counsel.

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

The Manager-Chief Engineer stated that this is an exciting project for the Department in its efforts to be better in energy management. One thing to note in the Power Purchase Agreement (PPA) is on Page 30, there is some formatting to clean up. It does not change the substance. At the bottom of the page where says 10.6, it should be a new subsection of 10.6.1.

Mr. Ching added that starting with the underlined words, prior to the commercial operation date, it should be its own subsection - 10.6.1. Also 10.6.1 is missing on Page 31. It goes to directly to 10.6.2.

Mr. De Luz asked if there is any dispute, what the jurisdiction would be. In other words, would it be the State of Hawai'i or the Third Circuit Court.

Mr. Ching replied it would be the Third Circuit Court.

Mr. Elarionoff mentioned that he was happy to read the Section 5.4, Excess Energy, clause on Page 19.

The Manager-Chief Engineer stated that part of this effort, as additional insurance, the Department hired a third-party contractor to help review this PPA. Not only that, Mr. Ching also contacted Mr. Riley Saito who is with the County of Hawai'i, Department of Research and Development. At the time, he was the energy manager for the whole county; and he also reviewed this to make sure it is a solid agreement.

Mr. De Luz shared his experience with having a provider go bankrupt and they elected not to continue to service a system. They pulled out of Hawai'i and walked away from the system. He asked if the Department required a performance bond in the event that the system has to be replaced by another provider due to default. The infrastructure is quite extensive to remove.

Mr. Ching replied it did. There are a couple of things in place. One is liquidated damages and two there is a performance bond and payment bond. They are not 100% bonds, since the Department is not the owner of the system, but they can cover any type of cost the Department may incur. The performance and payment bond or a standby letter of credit can be drawn upon if there is a default and a need to recover.

In response to Chairperson Boswell's question of whether it was through the 20 years of the agreement, Mr. Ching replied it was.

Mr. De Luz stated that it was nice that they would own and maintain it because as it gets closer to the end of the term is when you get connectivity problems. In his experience, they had a situation with a spike volt that fried their inverter, but HELCO took no responsibility on an insurance claim. The only issue with that is a force majeure.

The Manager-Chief Engineer noted that Mr. Charles Chacko, President of Greenpath Technologies Inc., was present in case there were any questions. In response to Mr. De Luz's question of what the anticipated savings would be, Mr. Ching replied that based on the fixed 18 cents and a HELCO cost of 30 cents a kilowatt hour, with escalation over 20 years, the net savings, taking into account the costs for the roof coating, is about \$1.2 million over the 20-year period. It will be negative, starting from year one, and move positive over the 20 years.

ACTION: Motion was carried unanimously by voice vote.

(Mr. Chacko left the meeting at 11:56 a.m.)

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

Mr. De Luz asked if the deferred outflows and inflows could be clarified.

Mr. Sumada explained that deferred outflows and deferred inflow accounts were created specifically for the pension liability and the net OPEB (Other Post-Employment Benefits) liability, which is the Department's Employee Retirement System, and the health benefits. The accounting profession requires the Department to record the unfunded liability relating to those two benefits on the Department's balance sheets. Basically, they both relate to each liability, pensions and the health benefits, and they relate to timing issues for things like the contributions that the Department makes into those plans such as employee deductions, as well as employer contributions, when those payments are made to those plans for those benefits. There are timing issues involved with those contributions into the plans, and it is picked up in these deferred accounts.

Mr. De Luz asked if the inflows is the contributions by employees.

Mr. Sumada replied that the contributions that have been made to the plans is actually deferred outflows of the Department. Deferred inflows relate to investment earnings that the Department's monies generate in the trust funds and so it is earning interest on investments. Those monies accrue to the Department's accounts and offset the benefits that are paid and the deferred inflows relate to the timing of when those monies are recognized.

Mr. De Luz asked if the payments are made quarterly or yearly to the pension fund.

Mr. Sumada replied that the Department makes one large payment annually; but for every payroll, twice a month, it sends the money from the employees as well as the employer.

Mr. De Luz asked if that is where the deferred will sit...inside these deferred accounts.

Mr. Sumada replied that was correct.

Mr. De Luz asked when the Department makes the payment, it adjusts these deferred accounts up or down, depending upon the calculations that it gets back.

Mr. Sumada replied that was correct. The deferred accounts are adjusted once a year at year end. Technically, it could be adjusted every month because the Department is making payments every month; but to simplify the record keeping, the auditors are doing it once a year when they come in.

Mr. De Luz noted that the audit report shows that and it recalculates what it needs to be for the following year.

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

The Manager-Chief Engineer to provide an update on the following:

1. North Kona Wells - the Deputy provided an update on the wells. Of the fourteen sources in the North Kona system, ten are operational and four are offline. On October 16, the water quality results were approved by the Department of Health for the Hualālai Well so the system can be used. Of the remaining four wells, Palani Well had a time extension to December 1, 2019. Makalei Well is the one with the developer and they are still working on the redesign of the pump and motor and controls and still estimating first quarter of 2020. Wai'aha Well still has a litigative hold on it. Holualoa Well is in progress, and completion date is January 31, 2020.

Mr. De Luz stated that it seemed that over the last couple of months, Puakō has been an issue with main breaks. He asked if it was due to the age of the system.

The Deputy replied that it is due to the waterline and the corrosive environment. There have been several breaks.

The Manager-Chief Engineer stated that it is on the CIP list to be replaced.

2. 2020 Water Board Schedule - the proposed schedule for next year was distributed to the Board.

**G. EXECUTIVE SESSION: MANAGER-CHIEF ENGINEER'S EVALUATION FOR CALENDAR YEAR 2019:**

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.

**ACTION TO ENTER EXECUTIVE SESSION:** Mr. Scicchitano moved that the Board enter Executive Session; seconded by Mr. Kern and carried by roll call vote (Ayes: 7 - Messrs. De Luz, Domingo, Elarionoff, Kern, Scicchitano, Sugai, and Chairperson Boswell; Nays: 0; Absent: 2 – Ms. Hugo and Mr. Balog).

(Executive Session began at 12:11 p.m. and ended at 12:33 p.m.)

H. **MANAGER-CHIEF ENGINEER’S EVALUATION FOR CALENDAR YEAR 2019:**

Chairperson Boswell noted that the next step is to receive additional compensation information on the collective bargaining for the Chief of Operations to use as a tool for the Board to come up with a wage increase at the next meeting.

Ms. Mellon-Lacey noted that the item will be re-agendized.

I. **CHAIRPERSON’S REPORT:**

Mr. De Luz suggested, to help new members as they join the Board, to provide the Board with the twenty-three water systems, geographically mapped, with reference numbers on them and the history of those systems so that if someone has a question from the Board, the Department can give them the history for a reference tool and help give context to what the Board does.

Chairperson Boswell stated that during the early portion of the Permitted Interaction Group meetings, some very good maps were presented.

The Manager-Chief Engineer stated that there is the Water Master Plan that could be pulled from and condensed.

13) **ANNOUNCEMENTS:**

1. **Next Regular Meeting:**

The next meeting of the Water Board will be November 26, 2019, 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 17, 2019, 10:00 a.m., at the Department of Water Supply, Hilo Operations Center Conference Room; 889 Leilani Street, Hilo, Hawai‘i.

14) **ADJOURNMENT**

**ACTION:** Mr. Kern moved to adjourn the meeting; seconded by Mr. Scicchitano and carried unanimously by voice vote. (Meeting adjourned at 12:38 p.m.)

---

Recording Secretary