

**MINUTES**

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

May 26, 2020

Via WebEx/Host Location: Department of Water Supply, 345 Kekūanaō'a Street, Suite 20, Hilo, HI

MEMBERS PRESENT VIA WEBEX: Mr. Eric Scicchitano, Vice-Chairperson  
Mr. David De Luz, Jr.  
Mr. Nestorio Domingo  
Ms. Judy Howard  
Ms. Julie Hugo  
Mr. Zendo Kern  
Mr. Benjamin Ney  
Mr. Kenneth Sugai  
Mr. Keith K. Okamoto, Manager-Chief Engineer, Department of Water  
Supply (ex-officio member) – at meeting venue

Absent due to technical issues: Mr. William Boswell, Jr., Chairperson

OTHERS PRESENT VIA WEBEX: Ms. Diana Mellon-Lacey, Deputy Corporation Counsel  
Ms. Ann Hajnosz, Harris & Associates

Department of Water Supply Staff

Mr. Kawika Uyehara, Deputy  
Mr. Richard Sumada, Waterworks Controller  
Mr. Warren Ching, Energy Management Analyst  
Mr. Kurt Inaba, Engineering Division Head  
Ms. Judith Hayducsko, Chief of Operations (Temporary Assignment)  
Mr. Clyde Young, Operations Division  
Mr. Eric Takamoto, Operations Division

- 1) CALL TO ORDER - Vice-Chairperson Scicchitano called the meeting to order at 10:02 a.m.
- 2) STATEMENTS FROM THE PUBLIC - None
- 3) APPROVAL OF MINUTES

ACTION: Mr. Kern moved for approval of the Minutes of the April 28, 2020, Water Board Meeting; seconded by Mr. Ney and carried unanimously by voice vote.

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

5) **WATER RATES, FISCAL YEAR 2021-2025, JOB NO. 2019-08:**

A copy of the water rate schedule prepared for newspaper advertising was provided to the Board. Water Rate Study consultant, Harris & Associates, has recommended water rates for the 5-year period Fiscal Year 2021 to 2025 for the Board's review. Their recommendation includes a 6.5% rate increase each year over five (5) years.

The Manager-Chief Engineer recommended that the Board approve holding public hearings in Kona and Hilo on consecutive days, when it is safe to do so, to obtain input on the 5-year water rates recommended by Harris & Associates.

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

The Manager-Chief Engineer stated that this topic was up for discussion by the Board.

Ms. Howard thought that the fact that this recommendation comes with no timeframe, not knowing when the emergency declarations will be withdrawn, it seems like an opportunity, rather than going forward with the rates, as proposed, to reconsider whether they are actually in the best interests of the community at this point. Her particular concern was with the first block of 5,000 gallons, which she would like to see left at its current rate with the difference made up with the subsequent block. She also had concerns about the agriculture rate because while she knows some commercial agricultural producers who do live on their lands, she did not think it is a common situation for commercial agricultural producers, at least not for ranchers. Ranchers usually have pasture leases all over, and she would rather they have a lower rate because it is in the community's best interests to have more locally-produced food. At this point, it is in our community interests to make life affordable for its lowest income citizens, thus the first 5,000 gallons remaining at its current rate.

The Manager-Chief Engineer understood where Ms. Howard's comments were coming from and the hardships facing the community. The Department is trying to balance that; therefore, the thinking was to hold public hearings and receive input from the public, after which, the Board can weigh in again before the rates are finalized. The Department is also considering updating the Facility Charge (FC) and anticipates that evaluation to be done within the next couple of months, by August or September, and have a recommendation for the proposed amounts for the Board. At that point, it would make sense to do both the water rates and FC concurrently at the public hearings with an anticipated effective date of January 1, 2021. Regarding the first block, that is already at a discounted rate that not many people fall into because hardly anyone uses that little water. Most everyone pays into the second block rate, which is what the rates are set up for. When you are in the third and fourth block rates, you are exceeding the capacity of the meter. The rate structure is set up for conservation or effective use of water. He asked Ms. Hajnosz to provide her input.

Ms. Hajnosz stated that the Manager-Chief Engineer had summed it up perfectly with reference to how the rates are set, especially with regard to the first block. It is priced at a lower rate to give people that lifeline where the first 5,000 gallons are what is needed from a public health standpoint. As you go up to the second, third, and fourth blocks, it starts to reflect your family and community values and are to discourage wasteful water use. What makes it difficult is that the general use includes all of the single-family residential, plus commercial use. That is one thing, in the future, that may be looked at, which is separating out the single-family customers and putting them on a separate rate schedule. Then you could more effectively address those specific concerns about affordability when you have just a single-family customer class versus a combined customer class. Also, when thinking about low income customers, people tend to think low income results in lower water usage, but that is usually not the case. The lower income customers tend to be in apartments, are multi-family, with a higher number of people in their families, and their water

usage tends to be on the higher side. Even if the first block were kept where it is, it would not help them that much because they are in the second or third blocks.

The Manager-Chief Engineer touched bases on Ms. Howard's comments regarding the agricultural rates. Those rates are subsidized because they are lower than the cost of service. The Board recognized years ago to help assist the local agricultural community, which provides a benefit to the overall community. What also needs to be factored in is the cost required to provide potable water needs.

Mr. Ney shared his experience as a plumbing contractor, where a lot of the higher usage in lower income families comes from the fact that they do not have the financial means to fix leaks in the home when necessary. He stated that he had a concern with the deferred payment grace period that has been extended to people, and asked what the outlook was in terms of having proper revenue coming in to cover debt service and the need to have a healthy revenue stream to run the organization.

Ms. Howard stated that although she does not practice bankruptcy law, as an attorney, she is seeing things come across her desk every day about the anticipated explosion in bankruptcy cases and thinks the Department and the Board needs to do everything possible to prevent as many bankruptcies as possible. It would be both a financial loss to the Department and devastating to the community. She appreciates the fact that there was an effort to help those in the lowest income categories and agricultural producers and urged the continuation of those rates; and in the case of the agricultural producers, to keep the second block low as well.

Mr. Kern asked if the accounts had ever been separated out by residential and commercial use in the past and if there is a reason why the rates are just done in blocks.

The Manager-Chief Engineer replied that the rates have never been separated into residential and commercial and asked Ms. Hajnosz to provide some input on the national standards around utilities and how they are considered.

Ms. Hajnosz explained that, all counties in Hawai'i, except Honolulu, have had their rates set by meter size for many years. That might have been a function of the billing systems and how they were set up back then. Oahu has it done by single-family and residential and commercial; Maui moved to that model a few years ago; and Kauai and the Big Island are still on the meter size. It is a surrogate for the customer classes. She has discussed this with DWS staff, but this year was tough because the Department just had its billing system updated, and it is not a good time to look at separating out single-family residential from commercial. It will be something to consider during the next rate study, once the billing system is working fine. It might be good to start setting up for collecting that information so by the time the next rate study comes around, the Department will have at least three full years of where it stands with the residential accounts separated out from commercial accounts. The current rate structure is the typical residential rate block structure. It is not typical for the commercial customers. Commercial customers are typically on a uniform rate because the difference between a mom and pop store and everyone else is huge in terms of water usage. It is not typical to have inverted rate blocks for commercial customers. You want to get them on a uniform block. She would say yes to Mr. Kern's question that, in the future, you definitely want to be moving toward residential and commercial rates.

Mr. Kern thanked Ms. Hajnosz for that explanation and stated that it would be helpful for the Board to understand the complexity of doing that, because it should be able to be split out based on zoning and use. It probably sounds simpler than it is, but it would be nice to better understand and move toward that. He thought the timing is interesting because with the COVID-19 situation, there is time to think about some of these things and discuss them before going to the public hearings. He believed the consensus is that it should be good for everybody, residential and commercial.

Ms. Howard asked Ms. Hajnosz how important it is to have several years of data before going into separating out commercial from residential use.

Ms. Hajnosz replied that having three years of solid data would show patterns and anomalies and then you could normalize them. Separating out single-family use should not be difficult, but multi-family would be harder because of condominiums or apartments on four- or six-inch master meters, and you have to know how many units are in that complex. That information may be harder to get because it is not typically held by water utilities. Definitely, a majority of the customers are single-family residential. You could decide whether or not you want duplexes in there, but single-family would be the first big cut and you could do a pretty good job of getting a rate study put together with that. They would need to talk to finance customer care staff to understand how their new billing system is working. They might have to produce some different reports than they currently do, which could take some time to develop; but once that is done, you could have the data being collected so by the time the next water rate study comes around, you would have a nice stream of data that would help set those rates in a defensible fashion.

Mr. Sugai asked if there might be a need to look at current data, with the new normal of less consumption and the economic hardships that the COVID-19 situation is causing, rather than previous data which might not be relevant to the next five years.

Ms. Hajnosz replied that was a great question. It is hard to see what is in the future. Their revenue projections are pretty conservative and are flatlining that growth even now to the degree that there are dips, but they certainly did not see the dips in the hotels coming, which is going to be a major thing to look at to see how fast those customers are going to come back online. What they can do is make sure they are being conservative enough and being mindful of that slow ramp-up back for the hotels. Consumption is one thing, but as mentioned by Mr. Ney, there will be delinquencies from people not able to pay their bills, and that needs to be looked at closer to see if it is going from what it was, .6% or .8 % of revenue, to 1% or 1½% of revenue.

Vice-Chairperson Scicchitano thanked everyone for this good discussion. It is causing him to think more on what is happening now. His comment for everyone was whether the Department/Board should move forward with the public hearings or if what is happening now is going to impact if a 6.5% rate increase is implemented, when is it effective.

The Manager-Chief Engineer thanked everyone for their comments. As Ms. Hajnosz said, it is difficult right now because there is no crystal ball for the future. What is known is that overhead is not going to go down. The cost of personnel, materials, and equipment keeps going up. One thing to consider is the value of the product the Department provides. He felt it is still one of the best deals, compared to other utilities, and was not sure that would be the one that would push someone over their limit. He was glad to have the Board help make these calls because they are out there in the community with different professions and perspectives. What the Department can do is offer the best information it has. As Ms. Hajnosz mentioned, it may take working with Finance in an effort to get some kind of breakdown for analysis, but at some point, a decision needs to be made on what is known now in order to move forward. He proposed to keep this item on the agenda for discussion and invited the Board to provide feedback, at least on the 6.5% increase and on the public hearings.

Ms. Howard stated that she knew of a rancher who had a lot of breaks in their line after the 2006 earthquake and could not find them. The water bill was so high, it almost put them under; and for some people, it is a make or break situation.

Mr. De Luz asked if the Department's policy gives flexibility to work with customers in either a payment plan or adjustments during extraordinary circumstances like this pandemic and natural disasters. He also asked if the 6.5% increase is bifurcated, meaning that it is not only allocated on the water rate, but that there are other elements within that rate.

The Manager-Chief Engineer replied that the Department does have within its means the ability to allow customers a couple of payment options. If there is a leak on their side, the leak adjustment provision allows them to pay half the overage from their normal bill, which is allowed once every three years. The other option is a payment plan. The Department makes every effort to have customers be able to pay their bills, at least a portion of it, and not have to chase them with collections. As a side note, the Department is tracking delinquencies; and even though it is not assessing late payment penalties, it is keeping track of them and does see an increase, which Mr. Sumada can cover during his Financial Report. He asked Ms. Hajnosz to explain the breakdown of the 6.5%.

Ms. Hajnosz stated that the 6.5% increase is on both the consumption charge and the standby charge. The power cost charge, which is separate, is going up 5%. The energy CIP cost is not going to increase.

Mr. Ney stated that one thing to keep in mind with this 6.5% increase is that an average water bill for a family is about \$100.00 a month, so you are talking about a \$7.00 to \$8.00 difference a month. He did not think that was going to be the straw that breaks the camel's back and thought people are going to have to be a little more conservative. He did not think it is going to throw people into further financial distress. Perhaps the larger users of water, like ranchers, might be more affected by it; but he thought it should be kept in perspective.

The Manager-Chief Engineer stated that was a good point. He asked Ms. Hajnosz if she had current numbers on what the average residential bill might be.

Ms. Hajnosz replied that they found it is about 8,500 gallons per month; therefore, and the average bi-monthly bill is just under \$100.00, so it would go up about \$6.00 or \$7.00.

Mr. Ney thought that was doable.

Mr. Sugai stated that his biggest concern is if the Department is staying solid during this period of falling consumption and expenses remaining the same or increasing. Everyone has their financial issues but aside from that, his concern was to remain good stewards of the business of water.

The Manager-Chief Engineer stated that the Board will see some of the impacts during Mr. Sumada's Financial Report later on; and, as Ms. Hajnosz reported, consumption is expected to stay flat and may actually trend negative over the next several months to a year. These are all things to consider.

Mr. Kern asked how the hotel industry decline is going to affect the Department, with speculation that it may not come back to normal until 2023, which is anybody's guess.

Mr. Sumada provided some numbers for April and May. Consumption recorded in the monthly accounts, which encompass large hotels and businesses, Department of Education, and Department of Parks and Recreation. A decline of 26% was seen in April and 19% for May. There are about 1,000 of these accounts, whose meters are read every month. He expects that downward trend to continue until they get up to full capacity.

Vice-Chairperson Scicchitano stated that it might be helpful to see on a chart, over time, what was projected and what actually happened.

Mr. Kern agreed and that there needs to be some modeling for what has been happening over the past three months and going into 2021 to make sure the Department survives intact and to be good stewards of all of the residents of the island. He was sure the Department was already on it, but he looked forward to seeing those numbers.

The Manager-Chief Engineer recommended a possible motion to ask Harris & Associates to re-evaluate the rates based on the current situation and the best information nationally and locally, after hearing the Board's concerns today. It may be prudent for the Department to consider a revision to the scope of the contract to factor in the current status due to COVID-19. If these rates were taken to public hearing without having done an assessment, it may not go over very well. These rates were the result of work done prior to the current situation, and it may not be the best way to move forward.

Mr. Kern concurred that, if possible, it would be great to have three different models of something changing quickly, something changing mid-term, and something taking longer.

Mr. Ney asked if the Department is also looking at grant and stimulus money trickling down from federal through state to county levels, because there is a lot subsidy going around to keep industry and essential services going, and water is on the top of that list. He also thought this has to be looked at as possibly being protracted because if the hotel industry does not get going, you might see a lot of foreclosures and people moving out if the economy does not recover.

Mr. Sugai had the same thought that unlike the federal government, the state and county cannot print money, and where there any trickle down money for municipalities for essential services like water.

The Manager-Chief Engineer stated those were great points and the Department is going after whatever is available. It has partnered with other municipal water departments, Honolulu, Maui, and Kauai, to send a letter to Congress requesting any assistance that may be available for water utilities. The Department is also working with the County to try and tap into the \$80 million CARES Act funding that the State received. The Department may need additional personnel to help once its locations are opened up to the public.

Vice-Chairperson Scicchitano articulated that, based on the Manager-Chief Engineer's proposal, a motion could be made to postpone the public hearings on the recommended 2021 to 2025 water rate increase of 6.5% until such time as the Department can work with Harris & Associates to revise the scope of the contract based on the COVID-19 situation and the Board can review the findings.

MOTION: Mr. Sugai so moved; seconded by Mr. Kern.

Ms. Mellon-Lacey stated that another motion was on the floor and asked whether this was an amendment to that first motion.

AMENDMENT TO MOTION: Mr. Kern moved to amend the previous motion using the language explained by Vice-Chairperson Scicchitano; seconded by Mr. Sugai.

ACTION: Motion, as amended, was carried unanimously by voice vote.

6) SOUTH HILO:

A. **JOB NO. 2005-875, PĀPA‘IKOU TRANSITE AND G.I. PIPELINE REPLACEMENT:**

This project consists of replacing approximately three (3) miles of existing transite and galvanized waterlines and service laterals for 267 customers in the Pāpa‘ikou area.

Bids were opened on May 13, 2020, at 2:00 p.m., and following are the bid results:

<u>Bidder</u>	<u>Adjusted Bid Amount*</u>	<u>Amount</u>
Nan, Inc.	\$6,451,993.64	\$6,791,572.25
Goodfellow Bros. LLC	\$7,658,366.10	\$8,061,438.00
Jas. W. Glover, Ltd.	\$7,678,600.00	\$7,678,600.00
Isemoto Contracting Co., Ltd.	\$10,516,684.30	\$10,516,684.30
Koga Engineering & Construction, Inc.	\$7,077,769.80	\$7,450,284.00

\* Adjusted Bid Amount for evaluation purposes only.

Project Costs:

1) Low Bidder (Nan, Inc.)	\$6,791,571.25
2) Construction Contingency (9.3%)	<u>\$633,428.75</u>
<b>Total Construction Cost:</b>	<b><u>\$7,425,000.00</u></b>

Funding for this project will be from United States Department of Agriculture – Rural Utility Services Loan and Grant. The contractor will have 365 calendar days to complete this project. The engineering estimate for this project was \$7,400,000.00.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2005-875, PĀPA‘IKOU TRANSITE AND G.I. PIPELINE REPLACEMENT, to the lowest responsible bidder, Nan, Inc., for their bid amount of \$6,791,571.25 plus \$633,428.75 for contingencies, for a total contract amount of \$7,425,000.00. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality of the contract by Corporation Counsel.

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

The Manager-Chief Engineer apologized for a typographical error in the agenda. The actual bid amount should be adjusted by \$1.00, as noticed from the table, and the low bid amount should be \$6,791,572.25, instead of ...571.25; and the construction contingency will be adjusted accordingly to reduce it by \$1.00 to \$633,427.75. The total construction cost remains the same at \$7,425,000.00. One dollar was adjusted up and down for each actual base contract amount and the contingency. This contract is for a much-needed project in the Pāpa‘ikou area. He asked Mr. Inaba to explain what it took to get it to this point. This is loan and grant funds through the United States Department of Agriculture, and the grant portion made this funding source attractive.

Mr. Inaba talked about the grant portion, which is about 40%. The Department will be getting about \$3,000,000.00 in grant money. It is a long-awaited project which was a high priority on the CIP list for a while, and several attempts were made to get this out. This project will be able to be moved forward should it be approved today.

Mr. Ney asked how much transite pipeline the Department is looking at replacing in the future because this is the same pipe that had to be replaced in Kohala.

Mr. Inaba replied that was correct. These pipelines are all on the CIP list or master plan and are prioritized on the amount of maintenance that Operations has to do on them, or basically dealing with main breaks.

Ms. Howard asked what the adjusted bid amount is for on the Nan Inc. proposal.

Mr. Inaba explained the adjustment is a discounted price for evaluation purposes only and is a 5% credit to the bidder for having an apprenticeship program. There is a preference given to bidders that have it. In the end, the contract will be for the actual bid amount they submitted. The Manager-Chief Engineer added it is provided by Hawai'i State Statute. The Legislature determined some years back that they wanted to provide preference to contractors that have an apprenticeship program.

Mr. Kern noticed it is big split between the low bid and the engineering estimate, close to a million, and asked if the \$7.4 million engineering estimate was without contingency.

Mr. Inaba replied that was correct.

Mr. Kern asked how comfortable staff was with that number. As a contractor, he gets concerned when he sees numbers that are way off, especially when everybody is playing on the same field for wages, etc.

Mr. Inaba replied that the Department followed up with the contractor to make sure their number is solid and they are comfortable with it. There were a number of Requests for Information during this bid process to clarify the plans and specifications; and staff feels comfortable they will be able to do the project within their budget.

Mr. Ney asked if the Department requires performance bonds for these projects in case the numbers look a little shaky.

Mr. Inaba replied that a performance bond and a payment bond are required.

ACTION: Motion was carried unanimously by voice vote.

7) SOUTH KOHALA:

A. **JOB NO. 2018-1085, PARKER #1 DEEPWELL REPAIR – REQUEST FOR TIME EXTENSION:**

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The contractor, Beylik Drilling & Pump Service, Inc., is requesting a contract time extension of 30 calendar days. The delivery of the replacement equipment coupling took longer than expected. This delay was beyond the control of the contractor.

Staff reviewed the request for the contract time extension and the accompanying supporting documentation and finds the 30 calendar days justified.

1<sup>st</sup> time extension – 61 calendar days (Due to replacement check valves) *approved at the 6/25/19 Water Board Meeting*

2<sup>nd</sup> time extension – 92 calendar days (Due to replacement pump discharge case) *approved at the 8/27/19 Water Board Meeting*

3<sup>rd</sup> time extension – 62 calendar days (Due to fit-up issues with DWS supplied equipment) *approved at the 12/17/19 Water Board Meeting*

4<sup>th</sup> time extension – 90 calendar days (Due to replacement equipment coupling) *approved at the 2/25/20 Water Board Meeting*

5<sup>th</sup> time extension – 30 calendar days

The Manager-Chief Engineer recommended that the Board approve a contract time extension of 30 calendar days to Beylik Drilling & Pump Service, Inc., for JOB NO. 2018-1085, PARKER #1 DEEPWELL REPAIR. If approved, the contract completion date will be revised from April 30, 2020, to May 30, 2020.

ACTION: Mr. Kern moved for approval of the recommendation; seconded by Mr. Sugai. There being no questions, motion was carried unanimously by voice vote.

**B. JOB NO. 2019-1122, LĀLĀMILO A DEEPWELL REPAIR – REQUEST FOR ADDITIONAL FUNDS AND TIME EXTENSION:**

The contractor, Derrick’s Well Drilling & Pump Services, LLC, is requesting a contract change order for the additional work in association with the purchase of a new Simflo pump and to change the size of the sounding tubes. The existing Gicon pump could not be refurbished after reviewing the teardown report. The description of additional work and associated fees are as follows:

ITEM	DESCRIPTION	AMOUNT
1.	New Simflo SM10H pump with surface shipping	\$66,902.60
2.	Teardown inspection of Gicon 11CLC-LL pump with surface shipping	\$8,152.90
3.	New ½” sounding tubes	\$1,293.75
4.	Deduct cost to refurbish pump, Part B, Item #4	-\$37,148.80
	<b>TOTAL</b>	<b>\$39,200.45</b>

Original Contract Amount: \$375,000.00  
Original Contingency amount: \$37,500.00  
1<sup>st</sup> Additional Contingency request: \$1,700.45

**Total Revised Contract Amount: \$414,200.45**

The contractor is also requesting a contract time extension of 77 calendar days. The Department requested the contractor provide a new replacement pump. These delays were beyond the control of the contractor.

Staff reviewed the request for the contract time extension and the accompanying supporting documentation and finds the 77 calendar days justified.

1<sup>st</sup> time extension – 30 calendar days (Due to pump not able to be refurbished) *approved at the 4/28/2020 Water Board Meeting*

2<sup>nd</sup> time extension – 77 calendar days

The Manager-Chief Engineer recommended that the Board approve an increase in contingency of \$1,700.45 to Derrick’s Well Drilling & Pump Services, LLC, for a total project cost of \$414,200.45, and approve a contract time extension of 77 calendar days for JOB NO. 2019-1122, LĀLĀMILO A DEEPWELL REPAIR. If approved, the contract completion date will be revised from May 30, 2020, to August 15, 2020.

MOTION: Ms. Howard moved for approval of the recommendation; seconded by Ms. Hugo.

The Manager-Chief Engineer noted that this was the project where staff had given the Board a heads up at last month's meeting that another time extension and possible price increase was forthcoming. This request is for an additional \$1,700.45, and the contractor's supporting documents have pictures showing why the old pump could not be refurbished.

Mr. Ney recommended the Board go ahead and move this forward. The Department has reviewed the documents thoroughly.

ACTION: Motion was carried unanimously by voice vote.

8) NORTH KOHALA:

A. **JOB NO. 2019-1113, HAWI #2 BOOSTER B REPAIR – REQUEST FOR TIME EXTENSION:**

The contractor, Derrick's Well Drilling & Pump Services, LLC, is requesting a contract time extension of 133 calendar days. The motor for this project was significantly damaged while in transit to Hawai'i. The motor needs to be replaced with a factory new unit. These delays were beyond the control of the contractor.

Staff reviewed the request for the contract time extension and the accompanying supporting documentation and finds the 133 calendar days justified. *Note: There are no additional costs associated with this time extension.*

1<sup>st</sup> time extension – 133 calendar days

The Manager-Chief Engineer recommended that the Board approve a contract time extension of 133 calendar days to Derrick's Well Drilling & Pump Services, LLC, for JOB NO. 2019-1113, HAWI #2 BOOSTER B REPAIR. If approved, the contract completion date will be revised from June 8, 2020, to October 19, 2020.

ACTION: Ms. Howard moved for approval of the recommendation; seconded by Ms. Hugo. There being no questions, motion was carried unanimously by voice vote.

9) NORTH KONA:

A. **JOB NO. 2016-1043, WAI'AHA WATER SYSTEM IMPROVEMENTS - TRANSMISSION REQUEST FOR TIME EXTENSION:**

The contractor, Isemoto Contracting Co., Ltd., has completed the installation of the waterline and appurtenances; however, due to the COVID-19 situation, they are waiting to schedule the tie-ins before they finalize the chlorination. Upon completion of the tie-ins, they will do the final paving for the entire project.

Staff is making this recommendation for a contract time extension of 30 days to allow the contractor to complete the remaining work on the project. This would be the second time extension. *Note: There are no additional costs associated with this time extension.*

1<sup>st</sup> time extension – 210 calendar days (Due to redesign of stream crossings) *approved at the 12/17/19 Water Board Meeting*

2<sup>nd</sup> time extension – 30 calendar days

The Manager-Chief Engineer recommended that the Board approve a contract time extension of 30 calendar days to Isemoto Contracting Co., Ltd., for JOB NO. 2016-1043, WAI'AHA WATER SYSTEM IMPROVEMENTS - TRANSMISSION. If approved, the contract completion date will be revised from May 28, 2020, to June 27, 2020.

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

The Manager-Chief Engineer noted that this is a staff-recommended time extension. During the COVID-19 situation, the Department has been working with contractors to postpone and reschedule tie-ins or other work that may have required water shut-off. This is in line with that.

Mr. Ney asked if the redesign was in-house or if it was redesigned by the contractor.

Mr. Inaba replied that the redesign had to go through the Department's consultant and was a result of the Department of Public Works' review prior to issuing the permit to work within the right-of-way.

Ms. Howard asked why it was just for 30 days and why not for 60 days so it does not have to be taken up next time.

Mr. Inaba replied that they should be able to substantially complete the work by the end of June, weather permitting.

ACTION: Motion was carried unanimously by voice vote.

**B. JOB NO. 2013-989, KAHALU'U SHAFT INCLINED LIFT REPLACEMENT - REQUEST FOR TIME EXTENSION:**

The contractor, Jas. W. Glover, Ltd., is requesting a contract time extension of 60 calendar days due to their subcontractor's (Heide & Cook, Ltd.) decision to not allow their employees to travel interisland at this time. The certified personnel required to perform the necessary work on the cart is on Oahu.

Staff reviewed the request for the contract time extension and the accompanying supporting documentation and finds that 60 calendar days is justified. This would be the fourth time extension. *Note: There are no additional costs associated with this time extension.*

1<sup>st</sup> time extension – 90 calendar days (Due to repairs to the existing tracks) *approved at the 12/18/18 Water Board Meeting*

2<sup>nd</sup> time extension – 283 calendar days (Due to manufacturer delay in final design of cart and building of a test stand/track as cost to repair tracks as designed not feasible) *approved at the 4/23/19 Water Board Meeting*

3<sup>rd</sup> time extension – 117 calendar days (Due to gear box failure for cart and treatment of a section of the track) *approved at the 1/28/20 Water Board Meeting*

4<sup>th</sup> time extension – 60 calendar days

The Manager-Chief Engineer recommended that the Board approve a contract time extension of 60 calendar days to Jas. W. Glover, Ltd., for JOB NO. 2013-989, KAHALU'U SHAFT INCLINED LIFT REPLACEMENT. If approved, the contract completion date will be revised from May 24, 2020, to July 23, 2020.

ACTION: Ms. Howard moved for approval of the recommendation; seconded by Mr. Kern. There being no questions, motion was carried unanimously by voice vote.

10) MISCELLANEOUS:

A. DEDICATION OF WATER SYSTEM:

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  
 Grantor: Kona Owner, LLC  
 “Niumalu Marketplace Shopping Center”  
 Subdivision No. N/A  
 Tax Map Key: (3) 7-5-004: 007  
 Facilities Charge: \$447,790.00 Date Paid: 5/8/2020  
 Final Inspection Date: 5/8/2020  
 Water System Cost: \$54,820.00

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: Ms. Howard moved for approval of the recommendation; seconded by Mr. Sugai. There being no questions, motion was carried unanimously by voice vote.

B. MATERIAL BID NO. 2020-03, FURNISH BASE COURSE, SAND, COLD MIX, HOT MIX, AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY:

Bids were opened on May 14, 2020, at 2:00 p.m.; and following are the bid results:

		Grace Pacific LLC	Jas.W. Glover, Ltd.	Puna Rock Co., Ltd.	WHC, Ltd. dba West Hawaii Concrete	Yamada and Sons, Inc.
<b>District 1 (Hilo):</b>						
1A	¾” Base Course <i>(cost per ton)</i>	No bid	\$ 18.75	<b>\$ 16.20</b>	No bid	\$ 23.60
1B	1 ½” Base Course <i>(cost per ton)</i>	No bid	\$ 17.71	<b>\$ 15.15</b>	No bid	\$ 23.05
1C	No 3F Rock <i>(cost per ton)</i>	No bid	\$ 30.21	<b>\$ 18.00</b>	No bid	\$ 28.30
1D	#4 Sand <i>(cost per ton)</i>	No bid	\$ 40.62	<b>\$ 39.40</b>	No bid	\$ 55.50
1E	Mortar Sand <i>(cost per ton)</i>	No bid	<b>\$ 64.58</b>	No bid	No bid	No bid
1F	Cold Mix <i>(cost per ton)</i>	No bid	No bid	No bid	No bid	<b>\$ 149.80</b>
1G	Blended material (60 % #4 Sand & 40% # 3F Rock) <i>(cost per ton)</i>	No bid	\$ 51.04	<b>\$ 22.45</b>	No bid	\$ 58.90

1H	Hot Mix ( <i>cost per ton</i> )	No bid	\$ 142.00	No bid	No bid	<b>\$ 137.35</b>
District II (Waimea):						
2A	¾" Base Course ( <i>cost per ton</i> )	No bid	No bid	No bid	<b>\$ 16.75</b>	No bid
2B	1 ½" Base Course ( <i>cost per ton</i> )	No bid	No bid	No bid	<b>\$ 15.15</b>	No bid
2C	No 3F Rock ( <i>cost per ton</i> )	No bid	No bid	No bid	<b>\$ 28.98</b>	No bid
2D	#4 Sand ( <i>cost per ton</i> )	No bid	No bid	No bid	<b>\$ 32.74</b>	No bid
2E	Mortar Sand ( <i>cost per ton</i> )	No bid	No bid	No bid	<b>\$ 55.94</b>	No bid
2F	Cold Mix ( <i>cost per ton</i> )	No bid	No bid	No bid	No bid	No bid
District III (Kona):						
3A	¾" Base Course ( <i>cost per ton</i> )	No bid	No bid	No bid	<b>\$ 24.41</b>	No bid
3B	1 ½" Base Course ( <i>cost per ton</i> )	No bid	No bid	No bid	<b>\$ 22.50</b>	No bid
3C	No 3F Rock ( <i>cost per ton</i> )	No bid	No bid	No bid	<b>\$ 39.51</b>	No bid
3D	#4 Sand ( <i>cost per ton</i> )	No bid	No bid	No bid	<b>\$ 46.97</b>	No bid
3E	Mortar Sand ( <i>cost per ton</i> )	No bid	No bid	No bid	<b>\$ 67.63</b>	No bid
3F	Cold Mix ( <i>cost per ton</i> )	<b>\$ 157.55</b>	No bid	No bid	No bid	No bid
3G	Hot Mix ( <i>cost per ton</i> )	<b>\$ 163.55</b>	No bid	No bid	No bid	No bid

The Manager-Chief Engineer recommended that the Board award the contract for MATERIAL BID NO. 2020-03, FURNISH BASE COURSE, SAND, COLD MIX, HOT MIX, AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY, by Parts to the following for the amounts shown above, on an as needed basis, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contracts, subject to review as to form and legality of the contracts by Corporation Counsel. The contract period shall be from July 1, 2020, to June 30, 2021. **District I** - Parts 1A, 1B, 1C, 1D, and 1G to Puna Rock Co, Ltd; Part 1E to Jas. W. Glover, Ltd.; and Parts 1F and 1H to Yamada and Sons, Inc.; **District II** - Parts 2A, 2B, 2C, 2D, and 2E to West Hawaii Concrete LTD; **District III** - Parts 3A, 3B, 3C, 3D, and 3E to WHC, Ltd. dba West Hawaii Concrete; Parts 3F and 3G to Grace Pacific LLC; For Part 2F, which did not receive any bids, staff shall obtain quotations in the best interests of the Department.

MOTION: Ms. Howard moved for approval of the recommendation; seconded by Mr. Ney.

Mr. Domingo noticed there is no definite quantity; only the rate for so many tons, but there is a definite ending date. He asked if there should be a quantity involved.

The Manager-Chief Engineer replied that this is a typical material bid for materials on an as-needed basis. There is no firm quantity for any of these materials. They are as needed for main breaks,

service lateral installations, etc. The bidders submit their bid, knowing there is no definite quantity guaranteed to them. He asked Ms. Hayducsko if she had anything to add.

Ms. Hayducsko stated there are budgeted quantities, but they are not listed in the agenda. They are included in the contract.

Mr. Ney asked if some of the materials are stockpiled to avoid incurring cost of delivery.

The Manager-Chief Engineer replied the certain amounts are stockpiled in bins at the baseyards so there is no need to go out for delivery each time.

Ms. Hayducsko added that the costs are for picking up the material at all of the sites. There are many off-hours repair jobs, and adequate stockpiles are kept at all of the baseyards.

ACTION: Motion was carried unanimously by voice vote.

**C. WATER TREATMENT BID NO. 2020-07, FURNISHING LIQUID CHLORINE (ON AN AS-NEEDED BASIS):**

Bids were opened on May 14, 2020, at 2:30 p.m., and following are the bid results:

		JCI Jones Chemicals, Inc.
Item 1	150 # Cylinder (each)	\$433.00
Item 2	1200 # Cylinder (each)	\$2,858.00

The Manager-Chief Engineer recommended that the Board award the contract for WATER TREATMENT BID NO. 2020-07, FURNISHING LIQUID CHLORINE (ON AN AS-NEEDED BASIS) to JCI Jones Chemicals, Inc., for Parts I and II at the unit prices listed above, for the period from July 1, 2020, through June 30, 2022, and 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: Ms. Howard moved for approval of the recommendation; seconded by Mr. Kern.

The Manager-Chief Engineer noted that this is what the Department uses at all of its drinking water sources to disinfect, under the Safe Drinking Water Act requirements. Although there is only one bidder, staff has evaluated the prices and feel they are fair and reasonable.

Vice-Chairperson Scicchitano asked for verification that the hashtag means pounds.

The Manager-Chief Engineer replied that was correct.

ACTION: Motion was carried unanimously by voice vote.

**D. GASOLINE BID NO. 2020-05, FURNISHING AND DELIVERING GASOLINE AND DIESEL TO THE DEPARTMENT OF WATER SUPPLY:**

Bids were opened on May 14, 2020, at 3:00 p.m.; and following are the bid results in dollars per gallon:

	Aloha Petroleum, Ltd., dba Save-A-\$ Club of Hawaii	Big Island Energy Co. LLC	<b>Hawaii Petroleum, LLC</b>
<b>Part A Hilo Baseyard</b>			
1. Unleaded Gas	\$1.80	\$1.59	<b>\$1.58</b>
<b>Part B Kona Baseyard</b>			
1. Unleaded Gas	\$1.88	\$1.70	<b>\$1.63</b>
2. Low-Sulfur Diesel	No bid	No bid	<b>\$1.82</b>
<b>Part C Waimea</b>			
1. Unleaded Gas	\$1.83	\$1.70	<b>\$1.63</b>

The Manager-Chief Engineer recommended that the Water Board award the contract for GASOLINE BID NO. 2020-07, FURNISHING AND DELIVERING GASOLINE AND DIESEL TO THE DEPARTMENT OF WATER SUPPLY, for Parts A-1, B1, B2 and C1 to Hawaii Petroleum, LLC, at the bid prices listed above and that either the Chairperson or the Vice-Chairperson be authorized to sign the contracts, subject to review as to form and legality of the contracts by Corporation Counsel. The contract period shall be from July 1, 2020, to June 30, 2022.

MOTION: Ms. Howard moved for approval of the recommendation; seconded by Mr. Ney.

Mr. De Luz asked if this is net of the fuel tax for the County, not the federal.

The Manager-Chief Engineer replied that it is basically what the Department is going to pay the company for gas.

Ms. Hayducsko added that it includes taxes and delivery.

Mr. De Luz was very curious to see if they can commit for two years when this is a commodity product.

The Manager-Chief Engineer noted there are provisions in the contract should oil prices fluctuate.

Ms. Hayducsko added that the contract language will include escalation costs if freight or supplies require.

Vice-Chairperson Scicchitano suggested, based on Mr. De Luz's question, that in future recommendations, language be included so that it is clear.

Mr. De Luz asked if there is a provision in times of a disaster that the provider is required to store and have access to a certain amount of fuel dedicated to DWS.

The Manager-Chief Engineer replied that was not typical in the contracts. In those situations, the Department will work with Civil Defense and the suppliers for allocation and priorities.

Mr. De Luz's hoped there would be some provision, such as HELCO has with their providers, to have reserves on site; but it takes an emergency proclamation anyway, so it was just a thought.

ACTION: Motion was carried unanimously by voice vote.

**E. RENEWAL OF CONTRACT FOR MAINTENANCE AGREEMENT - SOUTH KOHALA, HĀMĀKUA, AND LAUPĀHOEHOE SITES (BRANTLEY CENTER, INC.):**

Brantley Center, Inc., presently has a Maintenance Agreement for site maintenance for the Department’s South Kohala, Hāmākua, and Laupāhoehoe tank and pump sites. They are requesting to renew the Agreement from July 1, 2020, to June 30, 2021. The rates would be as follows:

South Kohala	-	\$4,392.35/month x 12 months (23 sites)	=	\$52,708.20
Hāmākua	-	\$2,944.16/month x 12 months (15 sites)	=	\$35,329.92
Laupāhoehoe	-	\$738.48/month x 12 months (3 sites)	=	<u>\$8,861.76</u>
		Total:		\$96,899.88

The Department has the right to award the contract to Brantley Center, Inc., without advertising or calling for bids, according to Subsection 103D-1010 of the Hawai‘i Public Procurement Code. Brantley Center, Inc., has submitted the necessary documents to meet the requirements as a qualified rehabilitation facility. There is no increase from their proposal for Fiscal Year 2019-2020. Brantley Center’s performance has been satisfactory, and the costs are reasonable. A total of 41 sites are covered by this agreement.

The Manager-Chief Engineer recommended that the Board award the contract for the RENEWAL OF CONTRACT FOR MAINTENANCE AGREEMENT – SOUTH KOHALA, HĀMĀKUA, AND LAUPĀHOEHOE SITES, to Brantley Center, Inc., for a period from July 1, 2020, to June 30, 2021, at a total cost of \$96,899.88, and that either the Chairperson or the Vice-Chairperson be authorized to sign the documents, subject to approval by Corporation Counsel.

**MOTION:** Mr. Ney moved for approval of the recommendation; seconded by Ms. Howard.

Mr. Ney thought it was a reasonable cost if you take the aggregate amount and spread it amongst the many different sites. He asked what type of maintenance they provide.

Ms. Hayducsko replied that they perform site maintenance on tank and well sites, which involves mowing, weed whipping, cutting branches, and some sweeping of buildings, although minimal. Most of the work is external groundskeeping.

The Manager-Chief Engineer added that the Department is able to utilize this type of contractor because of their standing as a rehabilitation facility. If the Department were to discontinue this service, some of the lawsuits that were filed related to the Konno decision would require that the Department hire staff to provide this service, which has been found to be difficult. This keeps costs down and minimizes overhead.

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

**F. MAINTENANCE BID NO. 2020-02, REPAIR & MAINTENANCE OF EMERGENCY STANDBY GENERATOR SETS, DEPARTMENT OF WATER SUPPLY:**

This maintenance contract consists of furnishing all labor, materials, tools and equipment necessary to inspect, maintain, repair, and test the Department of Water Supply’s twelve (12) emergency back-up generator sets for a two-year term, from July 1, 2020, to June 30, 2022.

This contract includes as-needed allowances for call-out repairs:

- Material allowance: \$24,000.00

- Labor allowance: 32 regular hours and 32 emergency/overtime hours, at the Contractor’s hourly rate provided in its bid.

Bids were opened on May 14, 2020, at 1:30 p.m., and the following are the bid results:

<b>Bidder</b>	<b>Bid Amount (including Allowances)</b>
Power Generation Services, Inc.	\$112,168.84
Hawthorne Pacific Corp.	\$185,833.00

Project Costs:

Low Bidder (Power Generation Services, Inc.) **\$112,168.84**  
 Funding for this project will be from DWS’ Operations Budget.

The Manager-Chief Engineer recommended that the Board award the contract for MAINTENANCE BID NO. 2020-02, REPAIR & MAINTENANCE OF EMERGENCY STANDBY GENERATOR SETS, to the lowest responsible bidder, Power Generation Services, Inc., for a total contract amount of \$112,168.84. 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: Ms. Howard moved for approval of the recommendation; seconded by Mr. Sugai.

Ms. Howard did not think it included many hours if you have any serious generator problems. She asked if the regular and emergency overtime hours were comparable from the two contractors who bid and what they were. She could see having trouble with overtime.

Mr. Ching replied that it is 32 hours of regular maintenance for two staff members from their team, a journeyman and a helper. The same goes for the emergency and overtime.

The Deputy asked Mr. Ching to elaborate on how the bid was set up and what is in the basic scope for maintenance for the two years and what \$24,000.00 call-out allowance is for.

Mr. Ching replied that there are two sections to this bid. One is for regular maintenance, which includes some labor, and the second part is the repair portion which is for unforeseen circumstances where repairs are required. The second section is what the hourly rate is going to be used for.

Vice-Chairperson Scicchitano stated that the concern was there are only four days of emergency time built into the contract for two years. Perhaps a better question would be what past history was for these maintenance contractors for emergencies and if they have ever exceeded the four days.

Mr. Ching replied that the bid is based on previous years. The Department does not usually see intense repairs being needed. Any major repairs, example, over \$25,000.00, would be put out in a repair bid rather than use this allowance. This is more for day-to-day repairs for things like sensor replacements.

Mr. Kern stated that he was fine with the bid. There needs to be some flexibility when you are on-site because you may see things that require larger servicing.

Mr. De Luz asked if the Department held a contract with this vendor in the past.

Mr. Ching replied that they had the past contract.

Mr. De Luz thought they would have a better understanding and working relationship with the Department and he was comfortable with the bid.

ACTION: Motion was carried unanimously by voice vote.

**G. MONTHLY PROGRESS REPORT:**

The Manager-Chief Engineer noted that staff made an addition to the last page of the report, showing completed projects by fiscal years.

Mr. Inaba also pointed some projects as follows:

Kalaniana'ole Avenue Reconstruction - last year, the Board approved moving ahead to install a 12-inch waterline, participating with the Department of Transportation. It is about one mile of 12-inch line. The DWS funds are capped at \$880,000.00, and the project is ongoing at this time.

Wai'aha Well No. 2 Development, Phase 1 - staff has been communicating with the consultant and should be setting a bid date soon. This is for a second well on the existing Wai'aha site.

North Kona Mid Level Deep Well Development, Phase 1 - staff received the okay from the private landowner and the consultant is moving ahead with the preliminary engineering and Environmental Assessment.

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

The Manager-Chief Engineer asked Mr. Sumada to cover some of the consumption numbers on Page 2 of the report.

Mr. Sumada stated that the overall consumption for the Department is down 6% from prior year. The monthly accounts, which are the large commercial accounts, have seen quite a large decline in the last couple of months, April and May, of 26% and 19%, respectively. If that trend continues through June, revenues are anticipated to fall short of budget by about \$2.8 million, which, this late in the fiscal year, is almost impossible to try and recover from with any kind of expense reduction plan. It is a deficit situation that will need to be made up in subsequent years. He did not look too deeply into the Fiscal Year 2021 budget because a lot of those expense components such as salaries have not yet been determined. Raises of 3% were budgeted for fiscal 2021, but whether that comes to pass is hard to say at this time. Revenues are expected to fall short of budget, leaving the Department in a negative cash flow position for the fiscal year, which is going to require the Department's reserves to cover deficits.

Mr. Kern asked how the Department made out during the great recession (2008 through 2010). It would be nice if there were some historical data that could be looked at for what can be done now because lost revenue is worse than not making the money. It almost doubles, compounding in a way where you have to make it up, plus more.

Mr. Sumada stated that the Department has run into situations where declines in consumption lead to declines in revenue and the inability to generate contributions to CIP reserve. To resolve the situation, past water rate studies have increased water rates. Past consumption has never declined as drastically as now because large commercial accounts had never just shut down completely like they have.

The Manager-Chief Engineer added that back then, furlough Fridays went into effect, but that is something the Department wants to avoid at all cost. Other measures taken were scrutinizing overtime and expenses and delayed purchasing of new vehicles, etc., but that is only kicking the can down the road because it eventually catches up. It all goes back to the water rate study and the evaluation has to shift to this current situation, which is something that needs to be brought back to the Board for further discussion.

Mr. Kern mentioned other factors such as the federal government printing money. If the Department could get some assistance, it would help massively.

Mr. De Luz stated that he would like to understand how the Department will balance the budget. One difficult thing he was concerned about was the Employees Retirement System (ERS) and the EUTF (Employees Union Trust Fund). He would like to see some indication from them on what to expect because this is almost worse than attempting to defer the CIP and equipment replacements. This may lead to having no other choice but to have a massive rate increase only to be able to continue supporting the services in place now. His other thought was, with all that is happening, there has to be a huge amount of people who have a lot of years of service and are contemplating retirement. Constitutionally and technically, this pension comes ahead of everything else. It is an obligation, a liability, that that needs to be planned for and it is like the elephant in the room. This may blindside the Department in the next couple of years. He did concur that this fiscal year is done and will have to carry over. If the Department could share some information on how it plans to balance the budget, it would help the Board have a clear understanding of the impacts.

Mr. Sugai asked how it is looking as far as delinquencies and people not being able to pay their bills.

Mr. Sumada reported on the amount of late payment charges that would have been assessed if the Department had not deferred the assessments. Late charges are assessed weekly. On May 1, the late charges that were not assessed totaled \$550.00; on May 8, they were \$970.00; and on May 15, they were \$2,000.00. The increase can be seen over the past three weeks, which is directly correlated to the level of delinquencies. He also reported on delinquent letters sent weekly. On March 9, the number of letters that would have been sent out covered about \$100,000.00 in overdue balances and on May 4, they would have covered about \$180,000.00. There is no question that delinquencies are increasing. They are not being pursued as would be normally, in light of current policy.

Mr. Ney mentioned people wanting more water from the Department or wanting a larger meter and that it has been very hard to get the approval of the DWS. Maybe there is over-capacity or saturation in some areas, but he wondered at what point would the Department look at allowing customers more use of water or more accounts to balance this out because being frugal with spending within the Department only goes so far. His concern with the bond markets is that when things get tight like this, it might be harder to issue bonds; and everyone is competing for capital right now. The Department may need to look at a full range of options in terms of hotels not filling up to capacity and if businesses are going to shut down over a prolonged period of time.

Mr. Sumada deferred the question about allowed meters to Mr. Inaba for his Engineering input.

Mr. Inaba stated that if the Department starts granting additional water, the question is whether or not the infrastructure will be ready for when the people starting using the water again.

Mr. Kern mentioned it being almost two years since the Kīlauea eruption, and about the Economic Disaster Relief Funds coming around soon. The CARES act seems to be moving faster. There may be a way to be creative with funds coming in. It would be good to have an update at some point.

The Manager-Chief Engineer stated that he would put an item on the agenda for next month to update the Board on FEMA funding and what the Department has so far to report after having attended regularly scheduled meetings with the County Recovery Team.

Mr. Domingo was curious if the Department would get a share of the \$80 million the County received from the federal government.

The Manager-Chief Engineer replied that the Department is hoping to get reimbursed for things like masks and sanitizing supplies and also an estimate for potential hiring of a third party to help the Department manage entry to its office once it reopens to the public. The person would help ensure the public wears face masks and sanitizes their hands before entry. There is no available Department staff to manage that. He will update the Board on this once a response is received.

**I. RESOLUTION NO. 20-01, TO EXPEDITE APPROVAL OF CRITICAL OPERATIONS IN THE EVENT OF AN EMERGENCY PRECLUDING BOARD MEETINGS:**

The Manager-Chief Engineer stated the Resolution was revised to address some of the comments and concerns from the last meeting; however, since technology has helped, he did not see the Board being unable to hold a meeting remotely unless there was some kind of major natural disaster that happened right around its meeting time. He left it for the Board to discuss and decide whether they want to suspend this Resolution or move forward with it.

Mr. Kern supported whatever the Department needs and trusts what is being done in its operations. He was okay with moving forward with it.

Ms. Howard thought it might be a good idea to go ahead with the Resolution because of the unknowns for the future. She did point out a typographical error in Paragraph 1c, where it says “grant finding requests on contracts” and was sure it was meant to say “grand funding requests.”

Ms. Diana Mellon-Lacey thanked Ms. Howard for pointing out the error.

Mr. De Luz stated that he supports what Ms. Howard indicated, noting what happened during the missile crisis where telecommunications were overburdened. He believed this is one of the tools in the toolbox that should be established. Hopefully it never has to be used, but it is like having life insurance. He apologized that he had to leave the meeting at this time. (Mr. De Luz left at 12:15 p.m.)

Vice-Chairperson Scicchitano was also okay with it and thought that it should be kept, based on the comments received today. He asked how a formal approval of it would be done.

Ms. Mellon-Lacey indicated that the Resolution would need approval, with the correction noted.

Mr. Kern made a point of order and asked if there had been a motion made prior to this, last month, and if this would be a fresh Motion or a continuation from the original at last meeting.

Ms. Mellon-Lacey recalled that the Board had kind of stapled that motion to revise it based on the comments that were made.

**ACTION:** Mr. Kern moved to adopt the Resolution in its current form with the typographical error corrected; seconded by Mr. Sugai and carried by roll call vote: Ayes: 7 - Mr. Domingo, Ms. Howard, Ms. Hugo, Mr. Kern, Mr. Ney, Mr. Sugai, and Vice-Chairperson Scicchitano; and 2 absent: Mr. De Luz and Chairperson Boswell.

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

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

1. North Kona Wells - the Deputy provided an update on the North Kona wells. Six wells are offline: Makalei, Keahuolū, Wai'aha, Palani, and Kahalu'u B and C. Based on current repair schedules, it is reasonable to anticipate that Keahuolū and Kahalu'u C wells could be repaired by the end of June. The next are Palani and Kahalu'u B, anticipating repairs complete by the fall or end of this year. For Makalei Well, the developer's consultant submitted revised drawings to Engineering Division and they are currently being reviewed. The developer still has to submit a revised agreement for review and comment. For Wai'aha Well, the litigative hold is still in effect; but the Department has a separate consultant contracted to evaluate the well's capacity. The contractor reported that they are shipping the test pump to the Big Island the end of May and once on island, they can start the process.

Mr. Domingo asked if having six wells offline is a crisis or if the Department was okay.

The Deputy replied that the Department is still okay and has been providing the typical water demand to its customers in the community.

Mr. Domingo stated that it was a bit concerning for him, at this time.

2. COVID-19 Update - the Manager-Chief Engineer briefed the Board that the Department plans to be back on pre-COVID-19 work schedules starting June 1. During the last couple of months, some staff worked from home and some were on modified work schedules. The Department was not operating at full capacity. The plan is to make sure everyone gets used to best practices, such as physical distancing, using face masks, sanitizing hands, and disinfecting shared areas before the public back is allowed back in. After this, the thought is to have the public walk-ins by appointment only beginning in July. By that time, the Department will have physical barriers up such as plexiglass. The goal is to see what traffic is required because with email and online remote technology to conduct meetings, a lot of what needs to be resolved with the public can probably be done remotely rather than in person. The overall goal is to minimize risk everyone while living with COVID-19 but still get back to a good production level. The thought is also to continue suspending water shut-offs and late assessments through the month of June. This will be reported on to the Board at each meeting to keep the Board informed and see if there are any concerns. Travel is also being suspended.

Mr. Kern mentioned that some people really want to pay their bills but are having a hard time, and then you have the other people that are having hard times and cannot pay even though they want to, but are silent. He wondered if there is a way to communicate that the Department will work with them but not to the point where they are being served on a silver platter.

The Manager-Chief Engineer stated that although people are not being shut-off, delinquent letters will probably still be sent.

Mr. Ney asked if people would have to pay a balloon payment at the end of all of this and if they would have the money to pay for all of these months of water use. He asked if it would be stretched out over a certain timeframe.

The Manager-Chief Engineer replied that the Department's Collections Clerk deals with customers on a case-by-case basis. They may not be shut-off, but they are not being let off the

hook either. The internal decision not to shut-off people or assess late fees was not advertised, but efforts will be made to work with the customer. This will be continually monitored and reported to the Board.

3. Department of Water Supply Energy Report - Mr. Ching reported that total power costs for the first quarter of 2020 were a little under \$4.4 million, which was down 2.2% from the same quarter last year but up almost 2% from the previous quarter. The Department has 159 HELCO accounts. HELCO's energy rate for the first quarter of 2020 was approximately 31 cents per kilowatt hour, up almost 5% from the same quarter last year, compared to the previous quarter - up about 4.5%. The demand rate for the first quarter of 2020 was \$20.13 per kilowatt, up about 5.9% from the same quarter last year and 5.5% from the previous quarter. The power cost charge is still \$1.90 per 1,000 gallons, since February 2020. For energy redundancy and the inventory of emergency generators, he went over backup power at the Department's disposal. The Department is planning to do a transfer switch project at four well sites to make it quicker to transfer over to emergency generators. FEMA funding has been approved for that project; 75% federal share and 25% DWS share.

Ms. Howard asked if the reason the Department is not going to install transfer switches at all of the portable generator locations is because of funding constraints.

Mr. Ching replied that it was based on the FEMA hazard mitigation grant program in 2017. The Department applied for the remainder of the well sites under the lava hazard mitigation grant program, which should cover all of the sites. He also highlighted the solar photovoltaic (PV) energy generation systems at the main office and baseyards. The Power Purchase Agreement (PPA) is still in the design phase. There is a roofing aspect to the project, and the plan is to recoat the roof with a 20-year warranty to cover the PPA term. The expected completion date is July 2021. The Department has not heard from the contractor if that completion date is going to be extended, due to the COVID-19 situation, but it may be likely because the roofing and PV portion of the project was suspended due to the stay at home order. Greenpath Technologies has still yet to come forward with the results and the effect on the completion date.

Vice-Chairperson Scicchitano asked about the recoating of the roofs and warranties and offered his experience with this type of work during his employment with HPM.

Mr. Ching continued with the Aloha Kona Booster project, which is replacement of old, inefficient infrastructure. The project is ongoing with an expected completion date by the end of this year. The leak detection logger deployment is ongoing. Loggers have been deployed and the Department is working on closing out the Hawai'i Energy rebate application. There is also a window film project for the Waiākea Office Plaza, which has a lot of windows, to put less stress on the air conditioning system. Expected completion is September of this year.

Ms. Howard stated that she was very interested in the leak detection logger deployment, and asked where she could learn more about it.

Mr. Ching stated that a company called Sewerin is the vendor and he could email more information on it.

The Manager-Chief Engineer offered to arrange for Ms. Howard and any Board Member to go out with staff and see how the units are deployed. Ms. Howard replied that she would be very interested.

Mr. Domingo asked if there was a plan to add more leak detection loggers to the initial 250.

Mr. Ching replied they are coming up with a plan for the coming fiscal year and will work with Hawai'i Energy.

Mr. Domingo thought it was very good to have that program.

**K. CHAIRPERSON'S REPORT:**

Vice-Chairperson Scicchitano asked if someone could reach out to Chairperson Boswell to resolve his audio technical issues so he may participate in the meetings. He was able to send word that he could hear and watch the meeting but was not able to audio in.

11) ANNOUNCEMENTS:

1. **Next Regular Meeting:**

June 23, 2020, at 10:00 a.m. Vice-Chairperson Scicchitano asked if, until further notice, the Board will be meeting by this video conferencing method. The Manager-Chief Engineer replied yes.

2. **Following Meeting:**

July 28, 2020, at 10:00 a.m.

12) ADJOURNMENT

ACTION: Mr. Kern moved to adjourn the meeting; seconded by Ms. Hugo and carried unanimously by voice vote. (Meeting adjourned at 12:44 p.m.)

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Recording Secretary

APPROVED BY WATER BOARD  
JUNE 23, 2020