

MINUTES

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

October 27, 2020

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

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

ABSENT: Director, Planning Department (ex-officio member)
Director, Department of Public Works (ex-officio member)

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
Ms. Candace Gray, Assistant Waterworks Controller
Mr. Warren Ching, Energy Management Analyst
Mr. Kurt Inaba, Engineering Division Head
Ms. Judith Hayducsko, Chief of Operations
Mr. Clyde Young, Operations Division
Mr. Eric Takamoto, Operations Division
Mr. Darren Okimoto, DWS Kona Office (10:30 a.m.)
Mr. James Riley, DWS Kona Office (10:30 a.m.)

- 1) CALL TO ORDER – Chairperson Boswell called the meeting to order at 10:00 a.m. Roll call was taken for Board Members present. Ms. Howard, Messrs. De Luz, Domingo, Kern, Ney, Scicchitano, Sugai, and Chairperson Boswell were in attendance. The Manager-Chief Engineer asked for a five-minute recess due to technical issues with getting the meeting to livestream on Facebook.

MOTION TO RECESS: Mr. Ney moved for a five-minute recess; seconded by Mr. Kern and carried by roll call vote: Ayes: 8 - Mr. Domingo, Ms. Howard, Ms. Hugo, Mr. Kern, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell; Absent: Mr. De Luz due to technical issues. (Recess from 10:04 a.m. to 10:09 a.m.)

After reconvening, the Manager-Chief Engineer stated that he was not able to have the problem resolved and asked if the Board wished to proceed with the meeting without live streaming or to postpone the meeting, meaning he may need to end this meeting and have everyone log back in. There would need to be a motion and discussion.

Mr. Ney moved that the Board proceed with the meeting, citing that it may be too glitchy to have everyone log off and then log back on; seconded by Mr. Scicchitano.

Mr. Kern stated that this was not a good time for technology to go down when the Board is about to vote on water rate increases. He preferred a time-out of five to twenty minutes to get the technology working, perhaps working on items on the agenda that are not as critical; but he was not comfortable voting on this, particularly with the rate increases, without having it live stream. He felt it would be prudent to have that available.

Chairperson Boswell, Ms. Howard, Ms. Hugo, Mr. Sugai, and Mr. Domingo agreed with that point.

Mr. De Luz had technical difficulties and had to reconnect but felt it would be prudent for the Board to take a recess to see if the livestream issue could be worked out and agreed with Mr. Kern's concern.

Mr. Ney rescinded his motion since everyone was in agreement.

The Manager-Chief Engineer stated that it sounded like another motion would be needed and suggested suspending the meeting to try and work out the technical issues, and resume the meeting once resolved. It may require ending this meeting and have everyone log back on. It was decided to log back in at 10:30 a.m.

MOTION: Mr. De Luz so moved; seconded by Mr. Scicchitano.

ACTION: Motion to suspend the meeting was carried unanimously by roll call vote: Ayes: 9 – Mr. De Luz, Mr. Domingo, Ms. Howard, Ms. Hugo, Mr. Kern, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell.

(The meeting was suspended at 10:14 a.m.)

At 10:30 a.m., the meeting was called back to order. Roll call was taken for Board Members in attendance. Mr. Domingo, Ms. Hugo, Mr. Kern, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell were in attendance. (Ms. Howard joined the meeting at 10:01 a.m. and Mr. De Luz joined at 10:46 a.m.)

2) STATEMENTS FROM THE PUBLIC

Chairperson Boswell asked if there were any Statements from the Public. The Secretary replied there were none.

3) APPROVAL OF MINUTES

ACTION: Mr. Ney moved for approval of the Minutes of the September 22, 2020, Water Board Meeting; seconded by Mr. Sugai and carried by roll call vote: Ayes: 8 – Mr. Domingo, Mr. Kern, Ms. Howard, Ms. Hugo, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell; Absent: Mr. De Luz.

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

5) **WATER RATE STUDY:**

The consulting firm of Harris & Associates was contracted to determine water rates for the Department for the 5-year period, Fiscal Year 2021 to Fiscal Year 2025. The Water Board determined that due to uncertainties of the financial impacts of COVID-19, only rates covering a 1-year period, beginning January 1, 2021, would be determined at this time. Changes to rates after this 1-year period would be made after conducting an analysis of the economy and financial condition of the Department and an updated rate study.

On October 21, 2020, the Water Board held a virtual public hearing to accept testimony on proposed water rate and facilities charge increases that were published in newspapers in Hilo and Kona on September 29, 2020.

RECOMMENDATION: The Department recommends the Board approve proposed water rate and facilities charge increases, effective January 1, 2021.

Mr. Ney asked if any public testimony was provided at the public hearing. He had joined the public hearing while in progress had not heard any.

Chairperson Boswell noted there was no public testimony at all; only the two written testimonies that had come in by email which had been forwarded to the Board.

The Manager-Chief Engineer asked if there was a motion and a second.

Chairperson Boswell stated that he wished to go on record that the audio was horrible, and he was getting reverb. He asked if everyone could hear him okay. Mr. Kern agreed with him regarding the audio.

MOTION: Mr. Kern moved to concur with the recommendation of the Department of Water Supply for the rate adjustment increases; seconded by Mr. Ney.

Chairperson Boswell asked for roll call.

Mr. Kern made a point of order. There should be discussion.

Chairperson Boswell apologized and opened it up for discussion. (The Secretary and Mr. Kern noted they could not hear Chairperson Boswell very well. Mr. Ney commented that someone had background noise or distortion going on. Mr. Domingo agreed.)

Mr. Ney asked if everyone could hear him clearly. He stated that he did look at some of the letters or emails from the public regarding the rate increase and none of them were really in the positive light; but he felt that the Board has discussed this thoroughly. The Board has gone around this a number of times and he thought the Board needs to move forward with the rate increases, unless anyone had objections.

Chairperson Boswell was in agreement with Mr. Ney. This has been discussed thoroughly and the Board has had excellent consultation from Ms. Hajnosz of Harris & Associates. He felt comfortable running for a year with this proposal and asked if there were any further comments.

Mr. Kern agreed that it has been discussed thoroughly. He thought the presentation and work by Ms. Hajnosz was very good. As he had mentioned earlier, he is going to support this but will ask for open dialogue for a future meeting about the water unit situation and allowing some water availability in certain areas that could allow for some basic estate planning and also increase the income or capital for the

Department. He will support this rate increase but will bring this conversation back up to have a discussion later.

There being no further comments, Chairperson Boswell asked for roll call vote.

ACTION: Motion was carried by roll call vote: Ayes: 8 – Mr. Domingo, Mr. Kern, Ms. Howard, Ms. Hugo, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell; Absent: 1 - Mr. De Luz.

(Ms. Hajnosz left the meeting at 10:39 a.m.)

6) **POWER COST CHARGE:**

Departmental power costs from all power sources decreased since the last Power Cost Charge rate was determined. The Department proposes to decrease the Power Cost Charge from \$2.01 to \$1.71 per thousand gallons as a result of this decrease. Power cost charges over the past two years were as follows:

<u>Effective</u>	<u>PCC</u>
August 1, 2020	\$2.01
February 1, 2020	\$1.90
October 1, 2019	\$2.00
June 1, 2019	\$1.96
February 1, 2019	\$1.89
August 1, 2018	\$1.94

Before the Power Cost Charge is changed, a Public Hearing should be scheduled to accept public testimony.

The Manager-Chief Engineer recommended that the Board approve holding a Public Hearing on **November 24, 2020, at 9:15 a.m.**, to receive testimony on decreasing the Power Cost Charge from \$2.01 to \$1.71, effective December 1, 2020.

ACTION: Mr. Sugai moved for approval of the recommendation; seconded by Mr. Kern and carried by roll call vote: Ayes: 8 – Mr. Domingo, Mr. Kern, Ms. Howard, Ms. Hugo, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell; Absent: Mr. De Luz.

7) **SOUTH HILO:**

A. **VEHICLE BID NO. 2019-09, FURNISHING AND DELIVERING VEHICLES TO THE DEPARTMENT OF WATER SUPPLY - REQUEST FOR TIME EXTENSION:**

The vendor, Inter Pacific Motors, Inc., dba Orchid Isle Auto Center, is requesting a contract time extension of 90 calendar days for **Part B**, Full-Size Pickup, Service Body, 4-Wheel Drive, with Lift Gate, **Part C**, Full-Size Pickup with Service Body, 4-Wheel Drive, **Part D**, 1-Ton Crew Cab with Service Body, 4-Wheel Drive, with Lift Gate, and **Part E**, Full-Size Pickup with Extended Cab, Service Body, 4-Wheel Drive, with Lift Gate. The manufacturing delay was due to COVID-19 related workforce reductions at the chassis and service body manufacturing plants. These delays were beyond the control of the vendor.

Staff reviewed the request for the contract time extension and the accompanying supporting documentation and finds the 90 calendar days justified. Note: There are no additional costs associated with this time extension.

The Manager-Chief Engineer recommended that the Board approve a contract time extension of 90 calendar days to Inter Pacific Motors, Inc., dba Orchid Isle Auto Center, for VEHICLE BID NO. 2019-09, Parts B, C, D, and E. If approved, the contract completion date will be revised from September 25, 2020, to December 24, 2020.

ACTION: Mr. Ney moved for approval of the recommendation; seconded by Ms. Howard and carried by roll call vote: Ayes: 8 – Mr. Domingo, Mr. Kern, Ms. Howard, Ms. Hugo, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell; Absent: Mr. De Luz.

B. EQUIPMENT BID NO. 2019-10, FURNISHING AND DELIVERING EQUIPMENT TO THE DEPARTMENT OF WATER SUPPLY – REQUEST FOR TIME EXTENSION:

The vendor, Allied Machinery Corporation, is requesting a contract time extension of two (2) calendar days for **Part A**, Mini-Excavator, and 106 calendar days for **Part B**, Dual-Purpose Dump Trailer. The manufacturing delay was due to COVID-19-related workforce reduction, supply chain delays, and the western fires. These delays were beyond the control of the vendor. Staff reviewed the request for the contract time extensions and the accompanying supporting documentation and finds this request reasonable and justified. Note: There are no additional costs associated with this time extension.

The Manager-Chief Engineer recommended that the Board approve a contract time extension of two (2) calendar days for Part A and 106 calendar days for Part B to Allied Machinery Corporation for EQUIPMENT BID NO. 2019-10, FURNISHING AND DELIVERING EQUIPMENT TO THE DEPARTMENT OF WATER SUPPLY. If approved, the contract completion date for Part A will be extended to October 2, 2020, and for Part B, to December 15, 2020.

(Mr. De Luz joined the meeting at 10:46 a.m. but had technical issues.)

ACTION: Mr. Kern moved for approval of the recommendation; seconded by Mr. Scicchitano and carried by roll call vote: Ayes: 8 – Mr. Domingo, Mr. Kern, Ms. Howard, Ms. Hugo, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell; Absent: Mr. De Luz (due to technical issues).

8) SOUTH KOHALA:

A. WATER TREATMENT PROPOSAL NO. 2018-08, FURNISHING AND DELIVERING COAGULANTS TO THE WAIMEA WATER TREATMENT PLANT – REQUEST FOR ADDITIONAL FUNDS:

The vendor, Pural Water Specialty Co., Inc., has requested a contract increase to cover the additional coagulant supplies needed from September 2020 to December 31, 2020. This chemical is supplied on an “as needed basis” and the cost has been included in the Department’s annual budget.

The Manager-Chief Engineer recommended that the Board approve an increase of \$70,000.00 for this contract. If approved, this total contract amount would be increased from \$400,000.00 to a new total contract price of \$470,000.00.

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

The Manager-Chief Engineer informed the Board that this is to extend an existing contract beyond the fiscal year which normally ends on June 30. The vendor agreed to hold their prices for the 6-month duration; however, because the contract is extended, the contract amount is exceeded. This is before the Board for approval of additional funds.

Mr. Domingo asked if it falls under the Operating and Maintenance (O&M) budget and if it was budgeted for.

The Manager-Chief Engineer replied that it does fall under the O&M budget and is budgeted for, only it is being utilized in the following fiscal year. It is also related to the next agenda item.

ACTION: Motion was carried unanimously by roll call vote: Ayes: 9 – Mr. De Luz, Mr. Domingo, Ms. Howard, Ms. Hugo, Mr. Kern, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell.

B. WATER TREATMENT PROPOSAL NO. 2020-06, FURNISHING AND DELIVERING COAGULANTS TO THE WAIMEA WATER TREATMENT PLANT:

Bids were opened on October 15, 2020, at 2:00 p.m.; and following are the bid results:

Bidder	Bid Amount
Phoenix V LLC dba BEI Hawai'i	\$222,537.89
Pural Water Specialty Co., Inc.	\$258,900.29

<u>Bidder</u>	<u>Amount</u>
1) Phoenix V LLC dba BEI Hawai'i	\$222,537.89
2) Contingency	\$127,462.11
TOTAL CONTRACT PRICE:	\$350,000.00

The reason for the high contingency is that as the surface water's turbidity increases during the year due to unstable weather conditions, and more coagulants may be needed to meet the water quality requirements of the State of Hawai'i, Department of Health.

The Manager-Chief Engineer recommended that the Board award the contract for WATER TREATMENT PROPOSAL NO. 2020-06, FURNISHING AND DELIVERING COAGULANTS TO THE WAIMEA WATER TREATMENT PLANT, to Phoenix V LLC dba BEI Hawai'i, for the bid price of \$222,537.89 plus \$127,462.11 in contingency, for a total contract price of \$350,000.00 and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality of the contract by Corporation Counsel. The 18-month contract period shall be from January 1, 2021, to June 30, 2022.

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

The Manager-Chief Engineer explained that this award is for an unusual duration because it is related to the previous agenda item. Last year's contract was extended to the end of this calendar year, December 31, 2020. This new bid is for a product that does the same thing, a coagulant, but for the period beginning January 1, 2021. The higher contingency is based water quality, which determines how much coagulant needs to be used in order to have the solids settled out before continuing with the treatment process.

Mr. Ney asked if the coagulant does a lot to extend the filtration and other equipment service life and if the turbidity is more of a color characteristic than issue with the water.

The Manager-Chief Engineer replied they are related and asked Ms. Hayducsko to provide some comments.

Ms. Hayducsko stated that the DWS follows the State of Hawai‘i, Department of Health (DOH), Safe Drinking Water Branch requirements for the water quality that is discharged from its treatment process and the Clear Well into the system. The turbidity being removed is required by State law and some colors are also removed during this process. Color is more of an aesthetic whereas turbidity is a requirement from the DOH. Filtration is done after the turbidity is removed, which is a multi-step process. Some Board Members may remember visiting the water treatment facility last year; and arrangements could probably be made to tour it again, once in-person meetings resume.

Mr. Ney stated that he would be interested in a tour when that time opens up.

Mr. Domingo asked if there was a good chance the contingency may go up if there is uncertainty about the water turbidity, or if it has been accounted for.

Ms. Hayducsko replied that she accounted for the contingency in the calculations by increasing the contract amount. As seen in the previous agenda item, the cost was increased from September to December. For this bid, an engineering cost effectiveness budget/cushion was built in.

ACTION: Motion was carried unanimously by roll call vote: Ayes: 9 – Mr. De Luz, Mr. Domingo, Ms. Howard, Ms. Hugo, Mr. Kern, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell.

9) NORTH KONA:

A. JOB NO. 2020-1153, AIR CONDITIONING REPLACEMENT AT FIVE (5) WELL SITES:

This project consists of furnishing all labor, materials, tools and equipment necessary to replace the existing control building air conditioning systems at five (5) well sites, including all incidental work and appurtenant materials, in accordance with the specifications.

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

Bidder	Bid Amount
Hawaii Air Conditioning, Inc.	\$189,470.00
Hawaii Sheetmetal & Mechanical, Inc.	\$217,777.94

Project Costs:

1) Low Bidder (Hawaii Air Conditioning, Inc.)	\$189,470.00
2) Contingencies (~10.0%)	<u>\$18,530.00</u>
Total Cost:	<u>\$208,000.00</u>

Funding for this project will be from DWS’ Energy CIP. The contractor will have 120 calendar days to complete this project. The Engineering estimate for this project was \$185,000.00.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2020-1153, AIR CONDITIONING REPLACEMENT AT FIVE (5) WELL SITES, to the lowest responsible bidder, Hawaii Air Conditioning, Inc., for their bid amount of \$189,470.00, plus \$18,530.00 for contingencies, for a total contract amount of \$208,000.00. 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 by Corporation Counsel.

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

The Manager-Chief Engineer stated that the Board may be wondering why air conditioning is needed at well sites; but it is because the electrical equipment needs to be cool to prevent it from overheating. These units are quite old, over twenty years, often running 24/7. An estimate of the 9-year payback was done, based on the increased energy efficiency and electrical costs.

Mr. Ney asked if these are split systems that go on the buildings that house the electrical equipment and if general servicing such as changing filters and maintenance falls on the Department or if it is contracted out.

Mr. Ching replied these units are split systems. Of the five sites, two of them are ductless split systems and the other three are ducted split systems. The Department contracts out the maintenance.

Mr. Domingo estimated the cost for each of the five units to be around \$40,000.00. He commented that he spent less than \$20,000.00 on his home and wondered what the capacity is for each unit.

Mr. Ching replied that there are six 5-ton ducted units and five 3-ton ductless units. Mr. Domingo's estimation of \$40,000.00 per site would be correct. These units are more than a normal residential or smaller type commercial application, and it includes all piping and insulation.

Mr. Ney asked if a cost analysis was done on the difference if they were to retrofit to a split system.

Mr. Ching replied that a design comparison was done. These sites are pretty tight and how they were designed was almost the limitation on what could be done for a ductless split system.

Mr. Scicchitano commended the engineering department for being so close on the estimate compared to the bidder. He has a lot of experience with replacing units at different shopping centers and thought everything was in line.

Mr. Sugai asked what kind of warranties were on the systems and if they have service contracts.

Mr. Ching replied the contractor does offer service plans; however, the Department has its own annual service contract. Since this is a commercial application, the warranties are typically less than in a residential or lighter commercial application. He believed they were for one year and the compressor may have a three-year warranty from the manufacturer.

ACTION: Motion was carried unanimously by roll call vote: Ayes: 9 – Mr. De Luz, Mr. Domingo, Ms. Howard, Ms. Hugo, Mr. Kern, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell.

B. MATERIAL BID NO. 2020-14, FURNISHING AND DELIVERING REPLACEMENT VENTILATION FAN FOR KAHALU‘U SHAFT:

This bid generally consists of furnishing all labor, materials, tools, equipment, taxes and shipping necessary to furnish and deliver one (1) ventilation fan with accessories and one (1) fan starter, per specifications, for the Department of Water Supply's Kahalu'u Shaft Facility, with delivery to the site in Kailua-Kona, complete and ready for installation.

Bids for this project were opened on October 15, 2020, at 1:30 p.m., and the following are the bid results:

Bidder	Section A:	Section B:
	HVAC Equipment & Accessories	Motor Starter Equipment & Fan Control Panel
Hawaii Sheetmetal & Mechanical, Inc.	\$115,512.00	\$51,240.00
TK Process Hawaii, LLC	No Bid	Non-Responsive

The estimated cost for the HVAC Equipment & Accessories and Motor Starter Equipment & Fan Control Panel, respectively, were as follows:

- HVAC Equipment & Accessories: \$40,000.00
- Motor Starter Equipment & Fan Control Panel: \$30,000.00

Kahalu‘u Shaft History:

Ventilation System:

Original Installation: June 1977

Replacement: December 2008

The Manager-Chief Engineer recommended that the Board award the contract for MATERIAL BID NO. 2020-14, FURNISHING AND DELIVERING REPLACEMENT VENTILATION FAN FOR KAHALU‘U SHAFT, by Sections to the following bidders for the amounts shown above, and 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.

Section A – HVAC Equipment & Accessories to Hawaii Sheetmetal & Mechanical, Inc.

Section B – Motor Starting Equipment & Fan Control Panel to Hawaii Sheetmetal & Mechanical, Inc.

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

The Manager-Chief Engineer addressed the difference between the actual bid amounts and estimates. The estimates were based on the preliminary assumption that the equipment would be drop-in, off the shelf-type units; but actually, there is some custom fabrication involved. Normal practice is, even with only one bid result, staff does an evaluation to see if the cost provided is fair and reasonable. Staff did that evaluation here and the more applicable engineer’s estimate for the HVAC equipment and accessories would be \$96,250.00 and the motor-starting equipment and fan control panel is \$50,000.00. Based on the evaluation and the bid results, he recommended this be awarded.

Mr. Domingo commented that the cost of the equipment, \$115,000.00, was quite a large margin.

Mr. Young replied that was correct; but as mentioned, what was thought could be an off-the-shelf item was found to be more custom made, particularly with the rounded duct section. The manufacturer had to do some custom forming. This FRP (Fiberglass-Reinforced Plastic) has good corrosion resistance and is light and strong. In response to Mr. Ney’s question about longevity, he replied that this unit is expected to last four or five times as long as the original steel fan and duct. Energy efficiency and maintenance savings were also factored in.

Mr. Domingo asked if there was any reason why TK Process Hawai‘i was not able to submit a bid on time.

The Manager-Chief Engineer explained that just because somebody submits a bid does not necessarily mean it can be accepted. It needs to be reviewed and deemed to be both responsible and responsive. If there are conditions of the contract that are not met, they become non-responsive. In that case, you cannot report what they bid and cannot open the bid packet if it is known ahead of time. Those are some of the challenges faced with the Procurement laws.

ACTION: Motion was carried unanimously by roll call vote: Ayes: 9 – Mr. De Luz, Mr. Domingo, Ms. Howard, Ms. Hugo, Mr. Kern, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell.

10) MISCELLANEOUS:

A. **SERVICE BID NO. 2020-08, HAUL AND DELIVERY ONE-TON CHLORINE CYLINDERS AND 150 LB. CHLORINE CYLINDERS TO VARIOUS LOCATIONS ISLANDWIDE (ON AN AS-NEEDED BASIS)**:

Bid opening was October 15, 2020, at 2:30 p.m. No responsive, responsible bids were received. Staff will seek alternate methods of procurement per Hawai'i Administrative Rules Section 3-122-35(b) in accordance with procurement rules.

The Manager-Chief Engineer asked Ms. Hayducsko to explain this bid.

Ms. Hayducsko stated that the Department currently has a contract for hauling that was extended until December 31, 2020. There are firms on island that do this type of hauling and the Department will be contacting both the current contractor and their competitors to get a fair price on this hauling. For clarification, the Department received no qualified bids and will now go to alternative procurement.

B. **MONTHLY PROGRESS REPORT**:

There were no questions. Chairperson Boswell commented that he sees some of the projects moving out to the front and getting the various regulatory approvals and congratulated the Department on that.

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

Mr. Domingo noticed the delinquency increased from \$1.23 million to \$1.25 million and asked if it was an increase for the month. He also asked if there is any way to recoup the delinquencies from COVID-19.

Mr. Sumada replied that it is an increase for the month. The Department suspended its collection efforts because of COVID-19; but when it gets to the point where the Department can reinstate those efforts, the collection process will start up and delinquency letters will be sent out, assessing finance charges, and shutting off services for past-due accounts if necessary.

The Manager-Chief Engineer added that the accounts will not be just written off. Even though the Department anticipates getting some form of payment, either by normal processes such as payment plans, there is also a \$150.00 credit deposit due upon initial account sign-up that will help with some of the delinquencies. The Department will not just forgive the bill amounts.

Mr. Ney asked if an account has been turned over for collection and the customer has made no effort to pay, at what point would the Department demand payment in full before restoring water service or if the customer would still be in a position to negotiate a repayment period.

Mr. Sumada replied that payment plans are available for customers who are unable to pay everything off at one time. Service can be removed if the account has gone too far or the customer has stopped paying for one reason or another. That service would not be restored until all past-due balances are paid. The amount collectible is maintained in the Department's billing system if that customer ever returns to set up service. At times, balances are written off, but mainly for customers who cannot be found or have passed away.

Mr. Ney asked if the amount that someone did not pay is transferred to any new ownership of the property; for example, a tenant moves out and another moves in. He wondered if the new customer using the same meter would have to pay off the remaining delinquent balance from the original account holder.

Mr. Sumada replied that is not how the accounts are managed. Each person that signs up for an account is the only person that is responsible to pay it off. The Department does not transfer delinquent balances to new tenants or new owners. The balances that are delinquent stay with the person that signed for the account.

The Manager-Chief Engineer added that it is a legal issue. You cannot put someone's burden on someone else. However, if the person who had the delinquent balance shows up at another location to start service, the billing system will flag that person; and before service can be initiated, they would need to pay the outstanding balance. Part of the reason for the credit deposit is so that if someone leaves their rental and thinks they do not have to pay their last utility bill, that would be taken out of the credit deposit. Other than that, the only real leverage is that the delinquent account has the potential to be shut off.

D. MANAGER-CHIEF ENGINEER'S REPORT:

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

1. North Kona Wells - the Deputy reported that eight sources are online and six are offline.
Kahalu'u C Well - repairs have been completed, and additional flushing and disinfection is underway. Palani Well - expecting equipment on island early November and installation thereafter.
Kahalu'u B Well - expecting equipment on island mid-November and installation thereafter.
Wai'aha Well - repair is on litigative hold; but the Department is waiting for the consultant to finish up their evaluation study. Kalaoa Well - the electrical subcontractor is coordinating with HELCO, and there is some plumbing contractor work to be furnished. Completion is scheduled for February of 2021. Makalei Well - the developer has put the repair project out for bid. He added that the Kona Operations staff have been doing an awesome job making sure the system is adjusted as necessary to ensure that all of the water needs of the customers are met.
2. COVID-19 Update - the Manager-Chief Engineer reported that because of concerns for the health and welfare of staff, customers, and the general public, the Department will continue its appointment-only services through the end of October. It seems to be working very well, and he was happy to report no positive COVID-19 cases with staff. Every once in a while, there is a concern with a secondary exposure, but there are protocols in place with the Department of Health if there were a positive case with an employee. Everyone has been following best health practices such as washing hands, wearing face masks, and social distancing.
3. Employee of the Quarter Award - Mr. James Riley, Water Plant Electrical/Electronic Equipment Repairer, with the Kona Office was recognized. Mr. Young stated that Mr. Riley started with the Department in May of 2014 and in a short period of time, had learned quickly, is a hard worker, and a typical all-around employee who is happy to volunteer gets along with everyone. Mr. Riley joined

the meeting by WebEx from the Department's Kona Office, along with his supervisor, Mr. Darren Okimoto. Mr. Riley thanked the Board and the Department for this award. The Manager-Chief Engineer and Deputy thanked Mr. Riley and his co-workers for helping keep things running smoothly in Kona. Ms. Hayducsko stated that Mr. Riley is one of those employees who is on call one week out of the month and goes out to well sites at any time of the day or night to check the systems. The Board congratulated Mr. Riley on a job well done.

E. **CHAIRPERSON'S REPORT:**

Chairperson Boswell thanked everyone for their participation. The Board made it through all of the agenda items today, and he commended Engineering and Administration staff for doing a great job.

11) **ANNOUNCEMENTS:**

1. **November Meetings:**

- Public Hearing on the Power Cost Charge (if approved by the Board today) - November 24, 2020, at **9:15 a.m.**, via Web Conferencing
- Public Hearing on the Rules and Regulations - November 24, 2020, **9:30 a.m.**, via Web Conferencing.
- Water Board Regular Meeting - November 24, 2020, **10:00 a.m.**, via Web Conferencing.

2. **December Meeting:**

December 22, 2020, at 10:00 a.m. via Web Conferencing.

12) **ADJOURNMENT**

ACTION: Mr. Kern moved to adjourn the meeting; seconded by Mr. Ney and carried by roll call vote: Ayes: 9 – Mr. De Luz, Mr. Domingo, Ms. Howard, Ms. Hugo, Mr. Kern, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell.

(Meeting adjourned at 11:46 a.m.)

Recording Secretary

(APPROVED BY WATER BOARD
11/24/2020)