

**MINUTES**

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

May 25, 2021

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

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

OTHERS PRESENT: Ms. Diana Mellon-Lacey, Deputy Corporation Counsel  
Mr. Kaena Horowitz, Deputy Corporation Counsel (11:53 a.m.)

Department of Water Supply Staff

Mr. Kawika Uyehara, Deputy  
Ms. Candace Gray, Waterworks Controller  
Mr. Kurt Inaba, Engineering Division Head  
Ms. Judith Hayducsko, Chief of Operations  
Mr. William O’Neil, Water Service District Supervisor II  
Mr. Eric Takamoto, Operations Division  
Mr. Warren Ching, Energy Management Analyst

- 1) CALL TO ORDER – Chairperson Boswell called the meeting to order at 10:00 a.m.
- 2) STATEMENTS FROM THE PUBLIC - none
- 3) APPROVAL OF MINUTES

MOTION: Ms. Howard moved for approval of the Minutes of the April 27, 2021, Water Board Meeting; seconded by Mr. Sugai.

Mr. Ney mentioned that the Minutes showed the April meeting taking place by WebEx, but it actually was a Zoom meeting. [Minutes will be corrected to reflect Zoom.] He also asked if the video of the meetings are archived. The Manager-Chief Engineer replied they are not. The meeting is represented via the Minutes. Ms. Mellon-Lacey stated that it is not legally required, as long as there are Minutes of the meeting.

ACTION: Motion was carried by roll call vote (Ayes: 9 - Mr. Bell, Mr. De Luz, Mr. Hirakami, Ms. Howard, Ms. Hugo, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell).

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

5) POWER COST CHARGE:

Departmental power costs from all power sources increased since the last Power Cost Charge rate was determined. The Department proposes to increase the Power Cost Charge from \$1.71 to \$1.85 per thousand gallons as a result of this increase. Power cost charges over the past two years were as follows:

<u>Effective</u>	<u>PCC</u>
December 1, 2020	\$1.71
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

A Public Hearing will have been held prior to this Board meeting to accept public testimony on this change.

The Manager-Chief Engineer recommended that the Board approve the increase of the Power Cost Charge from \$1.71 to \$1.85, effective June 1, 2021.

ACTION: Mr. De Luz moved for approval of the recommendation; seconded by Mr. Ney and carried unanimously by roll call vote (Ayes: 9 - Mr. Bell, Mr. De Luz, Mr. Hiramaki, Ms. Howard, Ms. Hugo, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell).

6) SOUTH HILO:

A. JOB NO. 2020-1146, HILO OPERATIONS BASEYARD EMERGENCY GENERATOR REPLACEMENT - REQUEST FOR TIME EXTENSION:

The contractor, Isemoto Contracting Company, Ltd., is requesting a contract time extension of 251 calendar days. The contractor was delayed due to time required to secure plan approvals and building permits. These delays were beyond the control of the contractor.

Staff reviewed the request for contract time extension and found the requested time can be considered justified. *Note: There are additional costs associated with this time extension, but they are within the existing project contingency.*

1<sup>st</sup> time extension – 251 calendar days

The Manager-Chief Engineer recommended that the Board approve a contract time extension of 251 calendar days to Isemoto Contracting Company, Ltd., for JOB NO. 2020-1146, HILO OPERATIONS BASEYARD EMERGENCY GENERATOR REPLACEMENT. If approved, the contract completion date will be revised from August 12, 2021, to April 20, 2022.

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

Chairperson Boswell asked if the contractor was informed in the bid documents for this project that the Department would provide them a building permit.

The Manager-Chief Engineer replied not in this particular contract. Staff is the one trying to coordinate the building permit process with the County. Plans were submitted prior to bid; but

apparently, there were still some revisions that needed to be made. It had to go through three submittals in the process.

Chairperson Boswell asked if the plan approval process should have been the first trigger before submitting for the building permits.

The Manager-Chief Engineer replied that was correct and is part of the process staff is going through.

Mr. Ney shared his experience in pulling permits through his plumbing company. It does sequentially go through the planning review and then pulling the actual permit to commence work; but the contractor can request an expedite of the permitting. There is a lot on the contractors that they can follow up on in pushing the permit through quicker. Sometimes you have to be the squeaky wheel that gets the oil. It is the way the County works, and it is not always very efficient. He asked for more background on the labor and material escalation cost associated with this delay. The contractor is saying they are within the contingency, which is fine; but there should still be some justification for digging into that contingency.

Chairperson Boswell stated it was his understanding that the Davis-Bacon Wage Scale is the scale used for the project; but in the wage scale, the increase in costs are already prescheduled. The Davis-Bacon Wage Scale schedule shows a couple of years out and outlines each union and when they are getting their price increase and what it is going to be. The numbers are pretty well known, and they are justified by the schedule.

Mr. Ney thanked Chairperson Boswell for the clarification.

The Manager-Chief Engineer stated that if the Board wished, the Department could request a detailed breakdown from the contractor and present it to the Board for full disclosure.

Mr. Hiramami noted the word “emergency” in the title and asked what made this an emergency in the first place because they are trying to increase the planning and building permit time. He wondered if this delay happened because of the old administration or what was happening with the new administration because it is a common complaint with just regular people, not connected with County contracts. For Isemoto Contracting not having their approvals in a timely manner, that is a problem.

The Manager-Chief Engineer replied that it may be a matter of semantics. It was not an emergency procurement. It is actually an emergency generator project basically to provide power in the event that the power utility goes down. He did not want to speculate on whether it is related to the change in administration. The Department has to take some of the blame because there were comments on the plans that should have been addressed prior to submitting for this building permit. The Department will continue to follow up on a weekly basis.

Mr. Ney added that if you do not dot your I’s and cross your T’s when you submit your application, for example, there is a circuit missed on the electrical or for plumbing you forgot to put a fixture on the permit fee cost, what that does is it makes you pull a supplemental permit to the original permit; and that can be a huge delay so it is important to make sure everything is checked off on the submittal process.

Chairperson Boswell mentioned his experience where they currently have 35 building permits in with the County in all different phases and the delays have not gone out with the last administration where they were having long delays with absolutely no activity. They have seen changes in some areas recently, but not on the building permit side. They cannot tell a customer how long it is going to be

until they can start building the house until they see the last of the review comments coming through. It is a difficult time.

The Manager-Chief Engineer thanked everyone for their comments on this matter.

ACTION: Motion was carried unanimously by roll call vote (Ayes: 9 - Mr. Bell, Mr. De Luz, Mr. Hirakami, Ms. Howard, Ms. Hugo, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell).

7) MISCELLANEOUS:

A. DEDICATION OF WATER SYSTEMS:

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. Bill of Sale**

Transferor: Jay Jay Joo and Wonsook Alicia Chong  
Subdivision No. 2018-001857  
Tax Map Key: (3) 6-4-017:031  
Facilities Charge: \$72,690.00, Date Paid: 9/25/2020  
Final Inspection Date: 8/14/2020  
Water System Cost: \$173,440.00

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.

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

Ms. Howard asked, with the final inspection date being back in August of 2020, what happened in the interim and why it is coming before the Board at this point.

Mr. Inaba replied that when it comes to a subdivision and final inspection is done by DWS, it does not mean that all of the requirements for the Planning Department have been met to get their final subdivision approval. In this case, the waterline and the water system were inspected by DWS in August. After building the water system, they go through getting the legal documents drafted and submitted for dedication to the Water Board. It typically happens a couple of months later.

Mr. De Luz suggested that what might assist the Board Members is putting a timeline in the agenda to give them an understanding of the process, such as when the DWS signed off on their section and when the subdivision is signed off on and applicable dedication documents are forwarded. He appreciated and understands that there are sometimes issues with rights-of-way on public and State lands, and there can be a water system in place that can take a year or longer to get dedicated.

Mr. Inaba replied that it has happened and what the developer can do is dedicate the water system and easements prior to getting actual final subdivision approval because water is available for it. It is up to the developer on their process.

Mr. Ney asked about the resorts where a lot of them have a master meter and then the developer puts in some meters, which DWS takes the responsibility for only up to the master meter at the street. He asked if there is a design criterion to follow where DWS would rather not have to be responsible for the maintenance of the lines in case there is no master meter.

The Manager-Chief Engineer replied that it is left up to the developer. It is really their business decision on what option they want to choose. Typically, what the DWS has seen is they would rather turn it over to DWS to operate and maintain. In certain situations, there may be reason for them to utilize a master meter for their particular development.

Chairperson Boswell stated that in the case with their property, they have a DWS-dedicated water system in all of the roads; and when they build a subdivision that is going to be a CPR (Condominium Property Regime), then typically they would put a master meter on that subdivision and they become their own private bill-collecting entity within the Home Owner's Association (HOA). They still have single-family homes spread out all over the property and they all have individual water meters that are built by DWS. It is really a development plan that determines the reasoning for doing it.

Mr. Ney asked if a CPR would most likely do their own submeters from a master meter and in the case of a house, they have a submeter per house.

Chairperson Boswell stated that in all likelihood, it would be that way; but they have one case where they ran DWS meters up into a CPR. It was just a developer's preference.

Mr. Inaba clarified that on the subdivisions, developers are required to build the system to DWS standards; but if you have a condominium project with multi-family homes, a lot of times it is master metered because they do not have to build their system meeting DWS standards within their property.

Chairperson Boswell stated that they always use the DWS standard in their development as a minimum requirement. The other thing he is always asked is what the difference is between the yellow fire hydrants and the brown ones. The yellow ones belong to DWS and the brown ones are private hydrants on a master meter, and they belong to the HOA. DWS does not service those fire hydrants.

Mr. De Luz called for the vote.

ACTION: Motion was carried unanimously by roll call vote (Ayes: 9 - Mr. Bell, Mr. De Luz, Mr. Hirakami, Ms. Howard, Ms. Hugo, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell).

**B. DEPARTMENT OF WATER SUPPLY PROPOSED TABLE OF ORGANIZATION:**

The Department recognizes the need to revise and update its current table of organization to align with current needs and future goals. As such, the Department proposes the following revision:

1) **ADD WATER OPERATIONS SUPERINTENDENT – OPERATIONS DIVISION:**

The Department proposes to amend its Table of Organization (TO), Position Organization Chart, to add a Water Operations Superintendent position in the Operations Division. The proposed Water Operations Superintendent would report directly to the Chief of Operations, and the Superintendent would supervise the daily activities of the Field, Plant, and Building Maintenance sections in Districts I (Hilo), II (Waimea), III (Kona), and IV (Ka'ū).

This proposed position will help the Department achieve its Strategic Vision and daily Mission of providing an adequate and continuous supply of safe drinking water. This position will provide a career progression opportunity within the Operations Division.

The Manager-Chief Engineer recommended that the Water Board approve the proposed revision to the Table of Organization.

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

The Manager-Chief Engineer provided some background. How it works with government positions is you typically have a class specification and position description. Class specification is like it sounds. It is a specification for a class of work to try to be as consistent as possible, statewide and not just countywide because the unions that operate within the State of Hawai'i cover all of the counties as well as the State of Hawai'i. The position descriptions get a little more specific in detail as they relate to different organizations, departments, etc. A superintendent position is nothing new. It exists within other departments within the County as well as within state agencies. The thoughts behind this are several. Recruitment is continuing to be a challenge. From his understanding, it is not only in government, but also in the private sector. Typically, what the Department of Water Supply does is it creates positions to provide opportunities and flexibility for the Department to be able to recruit within either a series or within different divisions. Sometimes the resources out there are just not available. Over the past couple of years, the Department has had a challenge filling its Chief of Operations position, and there are reasons for that. That class requires a bachelor's degree from an accredited university or college; and up until recently, DWS required a professional engineering license on top of that. This class has been very difficult to find in the State, and even more in the County of Hawai'i, and the Department wanted to provide some opportunity to have oversight of its Operations Division via a superintendent position. The Department utilized the class specification from other departments within the county and came up with a position description that is currently going through the County Department of Human Resources for their review and vetting. The other part to this is it provides an opportunity for some of the Department's field or plant personnel, who have gone up through the system, an opportunity for a promotion because none of them currently meet the qualifications to become the actual Chief of Operations, but they could become the superintendent. The Board may be wondering why the Department is trying to find a Chief of Operations, and he took this opportunity to announce that the current Chief of Operations, Ms. Judith Hayducsko, is resigning after today. She will be taking on a leadership role at the Kauai Department of Water. She will still be in the industry but just not with this Department. He took this time to thank her for the years of great service with this Department but she has chosen to explore and take advantage of this other opportunity. He asked if she might like to make a few comments.

Ms. Hayducsko stated that it will be hard to leave her friends and work family here and wished everyone well. She is just a phone call away, and the water departments are closely related so she may be seeing Board and staff at water conferences if they are ever allowed again in the future. This was a very hard decision for her because she has enjoyed working with everyone in this Department and loved serving the customers on this island.

The Board Members thanked Ms. Hayducsko for her years of service and wished her well.

Mr. De Luz mentioned that this brings up another issue that was touched upon. It seems, operationally, that the Department is adapting with this by pushing out that responsibility closer to the work on the ground, which is great. With that being said, this is a tremendous opportunity and perhaps it needs to be looked at and worked out with the County HR, but he recalled back in the mid to late 90's, there was a differential in pay for some of these types of positions. He recalled the

Planning Department and the Department of Public Works having problems retaining their Professional Engineers (P.E.'s) and Planners because they were going to the private sector. Perhaps consultation with County HR can see if that creates an opportunity in regard to policy or precedence to help the Department address some of the shortcomings with key positions. Unfortunately, within the industry in general, P.E.'s or people of that caliber are in extremely short supply. Hopefully, this will help create a buffer because one of the challenges he sees with the Chief of Operations is the bulk of what the public intertwines with is within the district in regard to concerns or issues. For administrative and engineering services, although upper management has the capacity to step in if needed, the work chart may need to be reviewed to see where there are supplementals (supervisory) in regard to matters where the Chief of Operations is split in its day-to-day administrative duties and engineering. With the differential, there is a bit of a situation that may take reinventing the wheel.

The Manager-Chief Engineer stated that the Department has been in continual contact with the County Department of Human Resources throughout this process. For the Board's information, this is one particular action that is being brought forward at this time because Ms. Hayducsko is leaving after today. They have been evaluating the overall table of organization to see if there are ways to either improve efficiency or provide flexibility for recruitment in today's market. The Department needs to stay within the classes that are established at the State level and cannot do something different for Water Supply than the Department of Public Works, the Department of Environmental Management, State agencies, or other county agencies. It puts limits on the Department. Going back to the shortage differential, that applied to the Civil Engineering class and that was statewide. He believed it is still in place to a certain degree. If you look at the County of Hawai'i job opportunities website, there are numerous positions on continuous recruitment and basically what that means is it was open for a period of time; and after that period of time closes, applicants are processed, vetted by the County HR department, and the names are provided to the departments to conduct interviews. When it is continuous recruitment, that means either nobody is applying for that position or maybe one or two might trickle in and departments may interview them if they meet the minimum qualifications. The fact that there is continual recruitment indicates where things are today as far as human resources in the county. Also taking that into consideration, the Department has these positions but that does not necessarily mean they are all filled. The Department has maintained about 165 employees for the past 10 to 12 years. People retire and positions are filled. Most of the employees stay with the Department until they retire. There are a few that might choose to go off to different departments; but usually, the loss of employees at DWS is due to retirements. There is no intention to balloon the Department; but typically, what a superintendent is, like Mr. De Luz mentioned, is an employee who is closer to the boots on the ground and has probably come up through the ranks. They know what it takes to repair a broken water main or what it takes to fix a motor or get some electrical equipment into the control buildings. The Chief of Operations needs to be at the higher level, more administratively, having the big picture, and in line with management, administration, and the direction of the Board. The superintendent is envisioned as being someone to oversee the boots on the ground in all four district offices. The Chief of Operations position is currently open for recruitment. In the meantime, if the Department can move forward with this superintendent position and if there is no success filling the Chief of Operations position and has better success in filling the superintendent position, at least there will be oversight of the Operations Division which will take the burden off management to a great extent. The Department will probably be coming back to the Board in a few months with a possible overall revision to the Table of Organization.

Mr. Ney asked who the interim Operations person will be once Ms. Hayducsko leaves.

The Manager-Chief Engineer introduced Mr. William O'Neil, Water Service District Supervisor II, for the Waimea district. William will be temporarily assigned. His normal day-to-day position is the district supervisor for the Waimea office. He added that Waimea is the one district that has pretty

much all of the different components of a water system infrastructure. Aside from pipes, pumps, and motors, it has the water treatment plant and corrosion control, which is water quality related. His district has everything this Department operates and maintains, which is different from the other districts and the reason he has been chosen to be temporarily assigned to the Chief of Operations in Ms. Hayducsko's absence.

Mr. Ney stated he would like to see some of the requirements relaxed in terms of movement amongst the ranks because sometimes the educational system is a little bit of a racket where you have people that have certain degrees to hold positions; but if a person is competent and can do the job, he felt that it might help, not only with recruitment, but with retention of employees if there is incentive. You read sometimes about someone coming from being a janitor to being the CEO of a large company. People can gain the experience over time.

The Manager-Chief Engineer stated that is what the Department is trying to do within the boundaries of the system.

Mr. Hirakami called for the question.

ACTION: Motion was carried unanimously by roll call vote (Ayes: 9 - Mr. Bell, Mr. De Luz, Mr. Hirakami, Ms. Howard, Ms. Hugo, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell).

**C. WATER HAULING BID NO. 2021-01, PRICE AGREEMENT TO PROVIDE WATER HAULING SERVICES TO VARIOUS LOCATIONS ISLANDWIDE (ON AN AS-NEEDED BASIS) FOR THE DEPARTMENT OF WATER SUPPLY:**

Bids were opened on May 6, 2021, at 1:30 p.m., and the following are the bid results:

- 1. Carnor Sumida dba ACR Water Hauling, Inc.**  
3,750- and 5,000-gallon water hauling trucks (price for all districts):  
Regular Hours \$103.28/hour  
Overtime Hours \$117.48/hour

The Manager-Chief Engineer recommended that the Board approve the price agreement for WATER HAULING BID NO. 2021-01, PRICE AGREEMENT TO PROVIDE WATER HAULING SERVICES TO VARIOUS LOCATIONS ISLANDWIDE (ON AN AS-NEEDED BASIS) FOR THE DEPARTMENT OF WATER SUPPLY, to Carnor Sumida dba ACR Water Hauling, Inc., at the prices listed above, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel. The price agreement shall be from July 1, 2021, to June 30, 2023.

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

The Manager-Chief Engineer stated this is the Department's yearly bid to get water hauling services, which are utilized in an emergency situation where water needs to be hauled to fill up a tank because of a pump outage or cases such as lava flows or earthquakes where damage assessments are needed on a particular asset. Another use would be if a small community experiences a water outage. A water tanker with hose bibbs will be made available for residents to fill up containers, if necessary.

Mr. Hirakami asked how hourly contracting is justified, for example, what happens if the truck breaks down or if they take the wrong route. He could see it being by volume and hauling "X" amount of water; but he recalled his experience during two outages in the Keauohana Well, which he lives across

the street from. ACR was contracted for water hauling almost 24-hours around the clock. He noticed that at certain points, they were [trimming] it and there were three trucks lined up. The truck pumping into the tank was overflowing, and water was coming across the street. He asked them what they were doing, and they answered they were contracted to fill it no matter what. He wondered if there was any kind of provision that could be in the contract for just hourly work or some kind of clause to prevent waste. He witnessed it two times; during the lava flow and after Hurricane Iselle.

The Manager-Chief Engineer thanked Mr. Hirakami for bringing this to the Department's attention. He was not aware it was happening, and it is quite disappointing. Water haulers are regulated by the Public Utilities Commission, but he did not know if there are other means to administer the contract based on delivery. The challenge is there are not many water haulers that are certified to do business with DWS. He thought this is the only fair way, if they are expected to go the distance from their baseyard in Shipman to such areas as Pa'auilo, Kea'au, or Pāhoā. That is probably why it is based on an hourly rate. There needs to be a way to monitor and track what they are doing so they are not wasting water or abusing the timeframe. He asked Ms. Hayducsko if she had any other comments.

Ms. Hayducsko explained that the well and tanks in Kalapana are set up such that the upper tank, the one Mr. Hirakami might be near, is at a smaller size than the tank at the bottom. As the upper tank fills, it can completely drain to fill the bottom tank. There is generally a phasing that occurs so that water is available for the customers at the upper part of the water system and at the bottom elevation. It may have been a timing issue. It would be a good idea to call the Department's trouble line if this is noticed in the future and the Department can try to address those issues and move water into another area. Typically, there will be multiple trucks when trying to fill a tank that has been empty and it takes a while to do it. Sometimes it works well, and sometimes it does not.

Mr. Ney thought there should be some oversight for potential abuse. He did not think they are on an hourly rate if you look at the cost of fuel, employees, and maintenance of trucks. He did not see the rate as being outrageous, especially with anticipated rising fuel costs, and should probably be locked in.

Mr. De Luz mentioned the Department's water loss management program where trucking of water was identified as an area where the gap needs to be closed and to understand where that water loss potentially was. He believed the matter came up during the Pa'auilo Well outage a couple of years ago. Perhaps there is a way to manage how much water is being pumped into the tanks and how much is unloaded into the tank until it reaches full. It might be an opportunity to close that gap and have a better understanding of where the water loss occurred. The meter would record how many gallons go into the tankers; and upon disbursement, they could verify if it was pumped into the tank. There could be some process to identify at what point the system is having an issue, for example, water is being pumped into the tank at a time when there is no peak demand.

The Manager-Chief Engineer stated that those are factors that go into the water loss management evaluation. There is no exact science to this but what can at least be done is communicate with the owner of ACR Water Hauling to have its operations not waste water, even if the person has to sit there a little longer and let the tank level drain down some before they start filling up the tank and not to fill it so it is overflowing. He added, for the Board's information, that he confirmed with staff that the prices in this bid are the same as they have been over the past several years.

Ms. Howard suggested addressing, in the contract, a provision saying they are to exercise good judgment and not waste water.

The Manager-Chief Engineer thanked Ms. Howard for that suggestion.

Mr. Ney asked if the tanks have a low water level alarm to alert personnel if the water level is getting low or a way to monitor the tank remotely.

The Manager-Chief Engineer replied that, unfortunately, some are and some are not. The system in Kalapana is not one of them. He joked that the Department's water level indicator is Mr. Hirakami. It would be nice to have everything on a SCADA (Supervisory Control and Data Acquisition) system, but the Department has just not gotten there yet.

Mr. Ney mentioned that technology is getting amazing. He just installed a monitoring flood prevention system for a client where they can see, from their smart phone, their water use, per gallon, in real time. If the Department could deploy something within a reasonable cost, he would like that looked at.

The Manager-Chief Engineer thanked everyone for their comments today.

**ACTION:** Motion was carried unanimously by roll call vote (Ayes: 9 - Mr. Bell, Mr. De Luz, Mr. Hirakami, Ms. Howard, Ms. Hugo, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell).

**D. MATERIAL BID NO. 2021-02, FURNISH BASE COURSE, SAND, COLD MIX, HOT MIX, AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY:**

Bids were opened on May 6, 2021, at 2:30 p.m., and the following are the bid results:

		<b>Grace Pacific, LLC</b>	<b>Jas. W. Glover, Ltd.</b>	<b>Puna Rock Company Limited</b>	<b>WHC Ltd. dba West Hawai'i Concrete</b>	<b>Yamada &amp; Sons, Inc.</b>
	<b>DISTRICT I:</b>					
1A.	3/4-Inch Base Course (Cost per ton)	No Bid	\$19.69	\$17.25	Non-Responsive	\$23.60
1B.	1½-Inch Base Course (Cost per ton)	No Bid	\$18.60	\$16.25	"	\$23.05
1C.	No. 3F Rock (Cost per ton)	No Bid	\$31.72	\$20.15	"	\$28.30
1D.	#4 Sand (Cost per ton)	No Bid	\$42.65	\$39.50	"	\$55.50
1E.	Mortar Sand - ASTM C144 (Cost per ton)	No Bid	\$67.81	No Bid	"	No Bid
1F.	Cold Mix - ASTM D4215-87 (Cost per ton)	No Bid	No Bid	No Bid	"	\$149.80
1G.	Blended Material 60% #4 Sand and 40% No. 3F Rock (Cost per ton)	No Bid	\$53.60	\$24.60	"	No Bid
1H.	Hot Mix - County Mix IV (Cost per ton)	No Bid	\$142.00	No Bid	"	\$137.35
	<b>DISTRICT II:</b>					
2A.	3/4-Inch Base Course (Cost per ton)	No Bid	No Bid	No Bid	Non-Responsive	No Bid
2B.	1½-Inch Base Course (Cost per ton)	No Bid	No Bid	No Bid	"	No Bid

		<b>Grace Pacific, LLC</b>	<b>Jas. W. Glover, Ltd.</b>	<b>Puna Rock Company Limited</b>	<b>WHC Ltd. dba West Hawai'i Concrete</b>	<b>Yamada &amp; Sons, Inc.</b>
2C.	No. 3F Rock (Cost per ton)	No Bid	No Bid	No Bid	"	No Bid
2D.	#4 Sand (Cost per ton)	No Bid	No Bid	No Bid	"	No Bid
2E.	Mortar Sand - ASTM C144 (Cost per ton)	No Bid	No Bid	No Bid	"	No Bid
2F.	Cold Mix - ASTM D4215-87 (Cost per ton)	No Bid	No Bid	No Bid	"	No Bid
2G.	Blended Material 60% #4 Sand and 40% No. 3F Rock (Cost per ton)	No Bid	No Bid	No Bid	"	No Bid
<b>DISTRICT III:</b>						
3A.	3/4-Inch Base Course (Cost per ton)	No Bid	No Bid	No Bid	Non-Responsive	No Bid
3B.	1½-Inch Base Course (Cost per ton)	No Bid	No Bid	No Bid	"	No Bid
3C.	No. 3F Rock (Cost per ton)	No Bid	No Bid	No Bid	"	No Bid
3D.	#4 Sand (Cost per ton)	No Bid	No Bid	No Bid	"	No Bid
3E.	Mortar Sand - ASTM C144 (Cost per ton)	No Bid	No Bid	No Bid	"	No Bid
3F.	Cold Mix - ASTM D4215-87 (Cost per ton)	\$157.55	No Bid	No Bid	"	No Bid
3G.	Blended Material 60% #4 Sand and 40% No. 3F Rock (Cost per ton)	\$163.55	No Bid	No Bid	"	No Bid

The Manager-Chief Engineer recommended that the Board approve the contract for MATERIAL BID NO. 2021-02, 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, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel. The price agreement shall be from July 1, 2021, to June 30, 2022.

- District I - Parts 1A, 1B, 1C, 1D, and 1G to Puna Rock Company, Limited  
- Part 1E to Jas. W. Glover, Ltd.  
- Parts 1F and 1H to Yamada & Sons, Inc.  
District III - Parts 3F and 3G to Grace Pacific, LLC

For Parts 2A, 2B, 2C, 2D, 2E, 2F, 2G, 3A, 3B, 3C, 3D, and 3E, where no bids were received, staff will seek alternative procurement per Hawai'i Administrative Rules §3-122-35 to secure pricing in the best interests of the Department.

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

The Manager-Chief Engineer stated that this is the Department's annual material bid for use in its day-to-day operations. For parts where bids are not received, the Hawai'i Revised Statutes provide the option of direct negotiations with the non-responsive bidder but not with those who did not submit a bid. The non-responsive bidder failed to submit their actual proposal with the bid. The Department

has historic prices on this to help determine if prices are fair and reasonable, taking inflation into account.

ACTION: Motion was carried unanimously by roll call vote (Ayes: 9 - Mr. Bell, Mr. De Luz, Mr. Hirakami, Ms. Howard, Ms. Hugo, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell).

**E. RESOLUTION NO. 2021-01, APPROVING RECEIPT AND EXPENDITURE OF MONIES FOR THE DEPARTMENT OF WATER SUPPLY CAPITAL IMPROVEMENT PROJECTS FUNDED BY THE DRINKING WATER STATE REVOLVING FUND (DWSRF); AND AUTHORIZING THE MANAGER-CHIEF ENGINEER OR DEPUTY TO REDUCE, REPLACE, AND ALLOCATE UP TO \$25,000,000.00 IN MONIES FOR SAID PROJECTS, IN THE FORM OF A LOAN AGREEMENT OR GRANT BETWEEN THE STATE OF HAWAI‘I AND DEPARTMENT OF WATER SUPPLY, COUNTY OF HAWAI‘I:**

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DWS is submitting a loan application to fund Capital Improvement Projects with the Drinking Water State Revolving Funds (DWSRF). One of the prerequisites for the loan is a Resolution approved by the Water Board. This Resolution authorizes the Manager-Chief Engineer or the Deputy to execute loans and/or grants with the State Department of Health for up to \$25,000,000.00.

The Manager-Chief Engineer recommended that the Water Board adopt DRINKING WATER STATE REVOLVING FUND RESOLUTION NO. 2021-01, subject to the approval of Corporation Counsel.

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

The Manager-Chief Engineer explained that this is basically a pre-requisite for the Department to continue utilizing the State Revolving Fund Loan Program, which is administered through the State of Hawai‘i, Department of Health (DOH). The DOH is provided money through the federal Environmental Protection Agency (EPA). Some of this is tied to President Biden’s American Jobs Plan to continue to feed money into the EPA to provide for the various states’ revolving fund loan programs in both safe drinking water and waste water. The State DOH requires DWS to have this Resolution in place before DWS can even start to apply or put in projects to take advantage of this funding program. Staff has done the evaluation of projects that could be potentially utilized in coordination with the DOH and has come up with \$25 million as a good round number to work into the Resolution to apply for projects that will cumulatively add up to that amount. It is not to say DWS will utilize the full \$25 million; but basically, that is the amount this Resolution will allow DWS to apply for.

Mr. Ney asked if this is a loan or grant or a hybrid of the two.

The Manager-Chief Engineer replied it is a hybrid. It is a low-interest loan at very good rates, as discussed in the past. The interest rate goes into paying for the administrative cost to run the program. The principle is paid back to the State and they, in turn, put that in another pool of money where they can continue to lend out to other entities, including this Department, to do further future projects. He hopes some of the funds coming from the federal government this year through the American Jobs Plan will result in more grants. Terminology-wise, it is called a principle-forgiveness loan; not a grant.

Mr. Ney asked if this Department would be competing against the other counties for these funds. If so, it would be good to get the Department’s name in the hat for this money.

The Manager-Chief Engineer replied that is correct, and this Department has been using the program for over 20 years and is very familiar with it and the personnel at DOH. It works well and is one of the better funding opportunities.

Mr. Hirakami understood how the funds could be reduced but did not understand “replace.” He asked what it would be replaced with. In other words, what funds would be used to replace any monies in this \$25 million.

The Manager-Chief Engineer explained that this is a revolving fund loan where you basically pay back into the program. That would be what he thinks is meant by “replace.” How it is done is the Department pays a contractor up front, for example: a \$1 million contract; they submit progress payment requests on a monthly basis, say \$100,000.00. The Department pays that \$100,000.00 to the contractor. As long as the Department has an active application that has been approved by the State, the Department can ask for reimbursement to replenish the funds it paid out. He asked Ms. Gray if there was anything to add.

Ms. Gray added that on the last State Revolving Fund loan agreement, the interest rate was .75%, along with a loan fee rate of 1%. They are really low rates for funding for projects.

Mr. Ney asked if there is always a guarantee that the Department will be reimbursed by the State.

Ms. Gray replied that the Department tries to have the funding in place earlier instead of going back and applying for reimbursement.

The Manager-Chief Engineer stated that it is not a process without structure. Each year the Department has to submit a list of projects to the Department of Health for consideration because there is criteria to qualify for this funding. They have what is called an intended use plan. It is a list of projects that the Department submits and is approved in advance. There is no specific application with the State yet, but there will be a list of projects that the Department will schedule and go back to the State for a formal application. There is also another mechanism that allows several smaller projects to be consolidated into one bigger funding allotment, called programmatic financing.

ACTION: Motion was carried unanimously by roll call vote (Ayes: 9 - Mr. Bell, Mr. De Luz, Mr. Hirakami, Ms. Howard, Ms. Hugo, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell).

F. **MONTHLY PROGRESS REPORT:**

Mr. Inaba showed the Board some photos of the progress on the Hala‘ula Well Development, Phase 2, project. This project is the well and reservoir, along with about two miles of pipeline and several service lateral replacements. The highway pipeline has been installed, and four of the five tank walls have been poured. Columns for the roof support are being poured.

Mr. Ney noted this project is in his district and asked what the window of time would be between leaving the existing infrastructure and having the new line pressurized, in case he is asked by people in the district.

Mr. Inaba replied that it will be at least a couple of months; but the Department will have a better idea after the first week or so on and how many customer connections the contractor can do in a day.

There may be some situations where it would require “chasing” the customer line to find a good enough section of it to connect to.

Mr. Ney had a feeling there may be issues as there was an incident where a UPS vehicle ran over a meter and it was not repairable. The waterline all the way up to the house had to be redone. He wondered if Goodfellow Bros., Inc., is prepared to absorb that cost, if it would be them paying it.

Mr. Inaba replied that Goodfellow Bros., Inc., is prepared to do all of that. The conditions will have to be looked at to see if they will need more time.

Mr. Ney suggested the Department having some kind of release where it will not be assuming responsibility for the customers’ line for the next five to ten years so it does not have this come back on the Department in the future.

Mr. Inaba replied that the Department does have everything up to current standard and does its best with the tie-in with materials that will fit the customer side and not have any issues with corrosion.

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

No questions.

**H. 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. Of the fourteen wells in the North Kona system, eight are online and six are offline, with an asterisk. He gave kudos to staff who continue to ensure the customer’s water needs are met by adjusting the system as necessary. For the six wells that are offline, Kahalu‘u B is repaired but is not in use at this time (thus the asterisk). Kalaoa Well - the contractor is working on the pump and motor installation with anticipated start-up in early- to mid-June. Palani Well - the pump and motor are expected on island around mid-June with installation thereafter. Wai‘aha Well is on litigative hold. Keahuolū Well - the replacement motor was received mid-May and the contractor is working on installation this week with anticipated start-up of early June. Makalei Well - staff continues to work with the developer on their timeframe of bidding out their repairs. Chairperson Boswell commented that it looks promising to have three of the wells coming back online soon and will be a nice percentage to get into.
2. COVID-19 Update – the Manager-Chief Engineer reported on several major milestones the Department is moving forward with. As mentioned at the last Board Meeting, there is an emergency rental assistance program available and, as the Board suggested, the Department placed an advertisement in the May 16 newspapers. Also, notes were included in every water bill about the program and a direct mailout to the delinquent customers was done, highlighting this opportunity. Starting June 1, the Department plans to allow people to come in person without having to make an appointment. After continuing to track the level of new COVID-19 cases and the amount of vaccinations happening in this County overall, this County is in a good place. The Department’s district offices that manage walk-in services have almost been operating without appointment already. The most challenging location is the main office in Hilo because of the layout of the office. There are three wings, with a central lobby, large sliding glass doors, and a covered walkway. Staff had to come up with a plan using delineators and signage to direct people. This week, it will be tried to see if there are any kinks that need to be worked out and will open it up for people to in June. The hope is that everyone has been well trained at other locations

on the proper protocols of face mask wearing, staying home if feeling ill, etc., and he is confident this transition will go well. Again, due to the great work of staff in following the protocols, the Department continues not to have any positive COVID-19 cases in the workplace. Another item of note is that the Department is following the electrical utility as far as beginning to advise its delinquent customers that they may be subject to shut-off if they do not pay their bills. They will be given additional time and not cut off on the spot. First will be to send additional notification that they need to come current on their bill or at least get in touch with the Department to come up with some kind of payment arrangement; otherwise if it cannot be resolved, it may lead to shut-off. The Department wants to be empathetic; but at the same time, be fiscally responsible. As long as they can pay something on a regular basis, the Department will not shut them off.

Mr. De Luz suggested to Ms. Gray that, if possible, a doubtful account on the balance sheet be set up for liabilities. The reason for his suggestion is to plan for assistance in regard to these items. For example, the Department is coming up with a rate study and he wondered, although it seems that the Department is recovering in regard to its inflow/revenue, there is a 1.7% decrease in gallons sold that should be considered within the rate review, and perhaps some type of reserve where people could apply for hardship purposes. As much as he would hate to see a rate increase, it might be good to consider looking at understanding how to self-help within the community in that regard. It seems, other than the construction in aid, the cash position is actually improving. The Department has done an excellent job in managing its cash; but perhaps there might be an ability to assist. Essentially, you take from the fund, debit the delinquency, and credit the account.

Ms. Gray stated that is something to take into consideration with the rates.

The Manager-Chief Engineer thanked the Board and welcomes comments such as this.

3. Department General Information Presentation – the Manager-Chief Engineer did an informal presentation for the benefit of the new Board Members, as well as the rest of the Board:
  - Mission Statement - “Provide customers with an adequate and continuous supply of safe drinking water in a financially responsible manner, comply with all relevant standards, and assist and facilitate development of water systems in areas not currently served.” The Motto is “Water, Our Most Precious Resource...Ka Wai A Kāne.”
  - There are 23 separate water systems. Some of them are interconnected and may be just separated by a closed valve. The water systems are regulated by the Department of Health. The Department serves approximately 45,000 customers, which is an estimate of about 121,000 of the island’s population. Personnel staffing level of about 165, maintained over the past 10 to 12 years. The average daily water consumption is 25 million gallons a day. The Department has almost 1,300 miles of pipeline, 75 different sources across the island, and about 200 storage tanks. Current operating budget proposed for Fiscal Year 2022 is \$54.9 million, which is a 1% decrease from the current fiscal year budget of \$55.4 million. The different water system components are source, storage, and transmission. Source is in the form of wells, springs, tunnel, and surface water. Primarily wells are used in the systems. On the Hāmākua side, there are several springs still being utilized. Waimea has the Department’s only surface source. The Department’s jurisdiction ends at the water meter, and it is a source of measuring what is provided to the customers and is basically the source of information utilized for the billing, the Department’s revenue base. He asked if there were any questions.

Mr. Hiramaki mentioned the Department’s mission of providing more service to underserved areas and sees a large void in Puna in areas like Orchidland, Hawaiian Acres, and Paradise Park. Because there is so much land available and so much rainfall, he wondered if there could be

something like the system in Waimea--a surface water combined with treatment, storage, and distribution. He wondered if that would be feasible for Puna, the district he represents on the Board.

The Manager-Chief Engineer replied that a lot of things are possible now, and membrane filtration has come a long way in efficiency and cost effectiveness. A lot of the challenge faced is with land acquisition. Part of a surface water system requires where the water comes from. In Waimea, streams feed the treatment plant. A surface water system without stream intakes would require some kind of roof area, like catchment, to get the water into a storage reservoir prior to treatment and then into the distribution system. The wells in Puna are very effective because they are a lower lift than the Kona wells and require less power demand. The footprint of a well is smaller than a large catchment system. The Department is looking to see if there are other potential mechanisms besides the Council Improvement District to extend water infrastructure but has not found anything yet. There has been talk in the community about using some of the 428 FEMA funds, but that is being coordinated with the current Administration. If something like that is done, it has to be for the overall benefit of the community. Expanding and extending water systems is usually the Department's most fiscally challenging subjects.

Mr. Bell thanked the Manager-Chief Engineer for the presentation. He found it very interesting.

The Manager-Chief Engineer invited the Board Members to email any questions they may have.

4. Department of Water Supply Energy Report – Mr. Ching covered his energy report. The total power costs for the first quarter of 2021 were almost \$3.8 million, which was down 13.4% from the same quarter of 2020. Compared to the previous quarter, it was down about 8.2%. The Department has 158 HELCO accounts, which has not changed from the last quarter. HELCO's energy rate for the first quarter of 2021 was about 27.2 cents per kilowatt hour, down 12.2% from the same quarter of 2020; and compared to the previous quarter, was up about 2.1%. The demand rate for the first quarter of 2021 was \$20.50 per kilowatt, which is up 1.9% from the same quarter of 2020; and compared to the previous quarter, it was up .6%. The Power Cost Charge (PCC), which is at \$1.71 per thousand gallons, last adjusted December 1, 2020, will be adjusted beginning next month to \$1.85 per thousand gallons. Getting into some energy redundancy for 2021, the hurricane season is upon us. The Department relies on the electric utility to power all of its sources to some degree. The Department has emergency generators stationed at the Hilo Baseyard and at the Treatment Plant in Waimea; and then there are portable generators, either trailers or in a manufacturer prebuilt outdoor enclosure on a trailer. There are a total of 12 around the island, staged at what are thought to be critical sites for water use. The Department has been installing transfer switches and is currently working on the Honokōhau Well Site. Just completed were Keonepoko Nui, Pana'ewa, and Pi'ihonua No. 3. These transfer switches were put in with the help of FEMA and HIEMA (Hawai'i Emergency Management Agency). They have a grant program that the Department was lucky to be a part of. They are helping fund the 75% to the Department's match of 25%. These transfer switches will enable the Department to transfer power to the generators quicker and are a good asset to energy redundancy. Ongoing power cost savings projects are a solar PV system at the baseyards and offices at five locations. Work is ongoing at the Waimea and Kona baseyards. The project is anticipated to be finished the end of this year. The next project is the Air Conditioning Equipment Replacement. Construction has been completed, and there are some minor punchlist items to complete. The Leak Detection Loggers for 2021 have been deployed. There are 200 new loggers which were purchased with the help of Hawai'i Energy. The Hawai'i Energy rebate is being processed. Pi'ihonua #3 Booster Replacement is another aging infrastructure that will be replaced. Notice to Proceed is next month for the project. In response to the Manager-Chief Engineer's question of the amount of

reimbursement expected for the loggers, Mr. Ching replied it should be in the order of around \$80,000.00, half the amount of the loggers and half the amount of the battery kits that were received to replace batteries that have since gone out for older loggers.

Mr. Hirakami asked if it could be checked if Air Conditioning Equipment Replacement is covered under the federal Cares Funds. He mentioned his experience recently they received almost half a million dollars under one of the priorities to create clean air systems. This was for the Department of Education, but there might be some general money specifically targeted toward creating cleaner air in offices.

Mr. Ching replied it was something to look into. He is also planning to get a Hawai'i Energy rebate under that project.

Mr. Ney asked who the Department uses for electrical engineering (consultant) when doing a project or reviewing systems to get a second opinion on how to save money.

Mr. Ching replied that the Department had Mr. Steve Bolles from Process Engineering Services do an energy report back in 2015, and the Department has been working on knocking things off that list. An overall energy report or update to this may be a good idea.

Mr. Ney thought someone with expertise in the field may have details on reconfiguring the electrical and wiring on facilities for more savings.

4. Retiree of the Department of Water Supply – the Manager-Chief Engineer announced that Mr. Inaba has one retiree in his division. Mr. Inaba announced that Mr. Oren Tsunozumi of the Department's Water Quality Branch is retiring at the end of this month. He is not able to join in on the Board Meeting today. Oren started with the Department in 1989 as a Clerk Meter Reader. In 1994, he became a Customer Service Representative; and in 1997, he joined the Engineering Division at the Microlab as a lab technician. He worked his way up from Laboratory Technician I to Laboratory Technician II, and then to Water Microbiologist I. Since 2018, he has been in the Water Microbiologist II position. As the Manager-Chief Engineer mentioned earlier, a lot of the positions are career positions or series; and when there are retirees such as Oren, it is a big loss. To say what kind of person he is, he is very quiet but very efficient and effective. He has been the "go to guy" where at the end of the day, if someone needs to go to the outer districts to collect a sample, it has been Oren who will drive to Kohala, Kona, or Hawaiian Ocean View Estates. Recently, the Department hired three positions within that branch; and Oren has set a good example for the new hires. He may have stayed on a little longer than he needed to, helping out with the new hires, and he is comfortable retiring at this point. He made 32 years this month with zero sick leave for all 32 years. He will definitely be missed and he is much appreciated. An addition to the retirees is a retiree for last year who wished to retire quietly, from the same Water Quality Branch and was very instrumental to the lab. That is two people in two months.

#### **I. EXECUTIVE SESSION REGARDING CIVIL NO. 3CCV-20-0000132:**

The Board anticipates convening an executive meeting, closed to the public, for the purpose of consulting with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities and liabilities relative to Civil No. 3CCV-20-0000132, as authorized by Hawai'i Revised Statutes ("HRS"), Sections 92-4 and 92-5(a)(4). A two-thirds vote of the members present, pursuant to HRS Section 92-4, is necessary to hold an executive meeting, provided that the affirmative vote constitutes a majority of the board.

**ACTION:** Ms. Howard moved that the Board enter into Executive Session for the purpose of consulting with the board’s attorney on questions and issues pertaining to the board’s powers, duties, privileges, immunities and liabilities relative to Civil No. 3CCV-20-0000132, as authorized by Hawai’i Revised Statutes (“HRS”), Sections 92-4 and 92-5(a)(4); seconded by Mr. Ney and carried unanimously by roll call vote (Ayes: 9 - Mr. Bell, Mr. De Luz, Mr. Hiramami, Ms. Howard, Ms. Hugo, Mr. Ney, Mr. Scicchitano, Mr. Sugai, and Chairperson Boswell.)

(Executive Session began at 11:00 a.m. and ended at 11:28 a.m.)

**J. CHAIRPERSON’S REPORT:**

1. Chairperson Boswell did not make a report and moved into announcements.

**8) ANNOUNCEMENTS:**

1. **Next Meeting:** - June 22, 2021, 10:00 a.m., via Web Conferencing

**9) ADJOURNMENT**

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

(Meeting adjourned at 12:34 p.m.)

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Recording Secretary

APPROVED BY WATER BOARD  
JUNE 22, 2021