

## MINUTES

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

May 24, 2022

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

MEMBERS PRESENT: Mr. Steven Hirakami, Vice-Chairperson  
Mr. Michael Bell  
Ms. Julie Hugo  
Mr. Pono Kekela  
Ms. Kea Keolanui  
Mr. Stephen Lopez  
Mr. Benjamin Ney  
Mr. Kenneth Sugai  
Mr. Keith K. Okamoto, Manager-Chief Engineer,  
Department of Water Supply (ex-officio member)

ABSENT: Mr. David De Luz, Jr., Chairperson  
Director, Planning Department (ex-officio member)  
Director, Department of Public Works (ex-officio member)

OTHERS PRESENT: Ms. Diana Mellon-Lacey, Deputy Corporation Counsel (10:10 a.m.)  
Mr. Jeff Zimpfer (10:06 a.m.)  
Mr. Alex Lesaca (10:20 a.m.)

#### DEPARTMENT OF

WATER SUPPLY STAFF: Mr. Kawika Uyehara, Deputy  
Ms. Candace Gray, Waterworks Controller  
Mr. Kurt Inaba, Engineering Division Head  
Mr. Warren Ching, Energy Management Specialist  
Mr. Gregory Goodale, Chief of Operations  
Mr. William O’Neil, Jr., Water Service District Supervisor II, DWS Waimea  
Mr. Eric Takamoto, Operations Division  
Ms. Janet Snyder, Information & Education Specialist II

- 1) CALL TO ORDER – Vice-Chairperson Hirakami called the meeting to order at 10:00 a.m. Since this was the Board’s first in-person meeting in two years, and his first-ever being on the Water Board, he asked Board and staff to introduce themselves and for Board to state what district they are from. Mr. Lopez introduced himself as Kawena Lopez, joining the Board recently, and welcomed everyone to his district of North Kona. Michael Bell also welcomed everyone to West Hawai‘i. He represents District 7. Julie Hugo lives on Waiānuenue Avenue, which is in District 2, covering Pi‘ihonua, downtown Hilo, and bayfront. Ken Sugai, District 6, lives in Nāpo‘opo‘o, South Kona, and welcomed everyone to close to his area. Steve Hirakami, used to be in District 5, which was Kalapana, Opihikau, combined with upper Puna; but since the redistricting, he is now in District 4, for which there will be two representatives until he terms out and a real District 5 representative comes on board. Benjamin Ney, District 9, North and South Kohala, down to Mauna Lani and towards Hāmākua; it is nice to meet the new Board Members in person and to have resumption of in-person meetings. He had a bit of that at the beginning of his term until COVID struck and the meetings went virtual. Kea Keolanui, District 1, lives in Pu‘u‘eo mauka.

District 1 is from there all the way to Kamuela. She is happy to serve and be here with everyone. Pono Kekela, a newly sworn in Board member, District 4, Hawaiian Paradise Park down to Kaimū and Leilani Estates. Staff: Keith Okamoto, Manager-Chief Engineer, has been with the Department since 1996 and was Deputy from 2012 to 2015, when the Board selected him as Manager-Chief Engineer. Kawika Uyehara, Deputy, has been with the Department since 2007. Prior to his position as Deputy, he was in the Engineering Division in the Water Quality Assurance and Control Branch with Keith as his supervisor and Kurt as the head of Engineering. Kurt Inaba, Engineering Division Head, has been with the Department a little longer than Keith, and losing both Keith and Kawika from his division has left big shoes to fill. Candace Gray, Waterworks Controller, has been with the Department since 2005 where she began as Assistant Waterworks Controller. William O'Neil, Water Service District Supervisor from Waimea. His district covers from Kapehu Camp all the way up to North Kohala, and down to Mauna Lani. Eric Takamoto, Mechanical Engineer II out of the Operations Division, has been with the Department since 2008. Janet Snyder, Public Information Officer, used to work for Harry Kim as his press secretary during his three terms so she has leap-frogged back and forth. She joined the Department of Water Supply in 2008. Warren Ching, currently the Energy Management Analyst. He has been with the Department since 2015. Greg Goodale, Chief of Operations. He has been with the Department only eight to nine months. Prior to that, he was with the Department of Environmental Management for eleven years, and before that he was in Alaska for a long time. It is nice to meet everyone. Doreen Jollimore, Secretary, has been with the Department since 1993 and can retire at the end of the year.

Vice-Chairperson Hiramami mentioned that the Board now has all of its nine members, although Chairperson De Luz, Jr., was unable to attend today's meeting.

2) STATEMENTS FROM THE PUBLIC - none

3) APPROVAL OF MINUTES:

- Minutes of the April 26, 2022, Public Hearing on the Proposed New Cost of Power Adjustment Clause  
ACTION: Ms. Keolanui moved for approval; seconded by Mr. Ney and carried unanimously by voice vote.
- Minutes of the April 26, 2022, Public Hearing on the Fiscal Year 2023, Operating Budget and 5-Year Capital Improvements Budget for Fiscal Years 2023-2027  
ACTION: Mr. Sugai moved for approval; seconded by Mr. Ney and carried unanimously by voice vote.
- Minutes of the April 26, 2022, regular Water Board Meeting.  
ACTION: Mr. Ney moved for approval; seconded by Mr. Bell and carried unanimously by voice vote.

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

5) **DEPARTMENT OF WATER SUPPLY PROPOSED AMENDED OPERATING AND 5-YEAR CAPITAL IMPROVEMENT PROJECTS (C.I.P.) BUDGETS FOR FISCAL YEAR 2023:**

The Department's Fiscal Year 2023 Amended Operating Budget, totaling \$61,711,853, and 5-Year C.I.P. Budget for Fiscal Year 2023-2027, totaling \$176,400,000 has been distributed for the Board's review. A public hearing was held on April 26, 2022, to accept testimony. The Board may change either Budget or adopt them as presented over two readings.

The Manager-Chief Engineer recommended that the Board approve the Department's Amended Fiscal Year 2023 Operating and C.I.P. Budgets on this second of two readings.

ACTION: Ms. Keolanui moved for approval of the recommendation; seconded by Mr. Sugai and carried unanimously by voice vote.

6) **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 \$2.34 to **\$2.48** 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>
May 1, 2022	\$2.34
March 1, 2022	\$2.02
November 1, 2021	\$2.15
June 1, 2021	\$1.85
December 1, 2020	\$1.71
August 1, 2020	\$2.01

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 June 28, 2022, at 9:45 a.m., to receive testimony on increasing the Power Cost Charge from \$2.34 to \$2.48, effective July 1, 2022.

**ACTION:** Mr. Sugai moved for approval of the recommendation; seconded by Mr. Ney and carried unanimously by voice vote.

7) **SOUTH HILO:**

A. **JOB NO. 2020-1146, HILO OPERATIONS BASEYARD EMERGENCY GENERATOR REPLACEMENT – REQUEST FOR ADDITIONAL FUNDS:**

The Contractor, Isemoto Contracting Co., Ltd., is requesting a contract change order for additional work resulting from a difference in interpretation of the electrical code. The Department’s consultant furnished drawings meeting all electrical code requirements, however upon inspection, the County electrical inspector determined that disconnect switches were required to comply with electrical code requirement. In addition to the installation of the disconnect switches, the Department had requested surge protection devices to be added to these disconnect switches as a best practice measure and the replacement of an enclosed circuit breaker and associated junction box that are severely corroded. The description of the additional work and associated fees is as follows:

<b>ITEM</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
	Change Order Proposal #6: New service disconnect switches required by DPW electrical inspector; installation of surge protection devices on new service disconnect switches; and replacement of enclosed circuit breaker and associated junction box for caretaker’s cottage due to corrosion.	\$107,839.00
	<b>TOTAL</b>	<b>\$107,839.00</b>

Original Contract Amount:	\$1,384,052.00
Original Contingency Amount:	\$138,348.00
1 <sup>st</sup> Change Order:	\$7,463.00
2 <sup>nd</sup> Change Order:	\$49,314.00
3 <sup>rd</sup> Change Order:	\$13,677.00
4 <sup>th</sup> Change Order:	\$10,418.00
1 <sup>st</sup> Additional Funds Request:	<u>\$50,363.00</u>
<b>Total Revised Contract Amount:</b>	<b>\$1,572,763.00</b>

Staff reviewed the request for additional funds and found the requested \$50,363.00 justified. *Note: Payment of this work shall be performed by force account.*

The Manager-Chief Engineer recommended that the Board approve an increase in contingency of \$50,363.00 to Isemoto Contracting Co., Ltd., for JOB NO. 2020-1146, HILO OPERATIONS BASEYARD EMERGENCY GENERATOR REPLACEMENT. If approved, the total revised contract amount shall be \$1,572,763.00.

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

The Manager-Chief Engineer explained that this additional work was due to the electrical inspection where the inspector called for additional equipment beyond what was originally contracted, and the understanding is that it is not negotiable. Along with that, staff made a prudent decision to add surge protection devices, which is another layer of protection, and replacement of a circuit breaker and junction box. This additional work totals \$107,839.00. There was still some contingency left; therefore, the request is for \$50,363.00 to be added to the contract, amending the overall total.

Mr. Ney asked if this was outside of the specifications of the job.

The Manager-Chief Engineer replied that was correct.

Mr. Ney asked if the Department has ever been approached with a change order that was not clear and was outside the scope of work. If specificity is not written in, it could leave room for argument.

The Manager-Chief Engineer replied that for the most part, the answer is no. For those who are familiar with the Department's contract bid packets, they are as specific as possible, down to the equipment needed. Things like this are clear. If a request does come in, the consultant can be consulted, otherwise, an internal evaluation is done to ensure the cost is fair and reasonable. Sometimes, invoices are requested showing a breakdown of their man hours, equipment, and materials used for the additional work.

Mr. Lopez asked if there were some contingency monies available, from which approximately \$57,500.00 was drawn. He was looking for the contingency of \$57,500.00 in the table. He questioned whether it was wiped out and it has to come back for a total restatement of the bid for an additional \$50,363.00 and it would be done.

The Manager-Chief Engineer stated that it was correct. Looking at the list below the table, it identifies the original contract amount, the amount of contingency, and then the change orders authorized to date. On the last line is the first additional funds request, which is what approval is requested for today.

Mr. Ney asked who originally drafted the electrical plan and if was an oversight, not having all of these items in there. The reason he asked was that he has had this issue a few times where, after planning review of a job and permit issuance, the County might amend or adopt something and then come back with more requirements. He holds them accountable where they cannot retroactively apply things after approval. Usually, in that situation, they look at the date they approved the permit and allow them not having to do the code changes in the midst of the project. He wondered why that was not accounted for on the initial plan from the electrical engineer who drafted it.

The Manager-Chief Engineer stated that he asked similar questions. He explained that the first couple of change orders were increases in costs and materials due to delays caused by COVID. The third

change order of \$13,677.00 was due to the Department’s request for a change in the material type to Stainless Steel for the exterior conduit work. The fourth change order was due to holes in the Butler building that had to be covered up. He noted that every time something comes up, it is a learning experience. This is not a common project for the Department and is something the consultants will be made aware of.

Vice-Chairperson Hirakami asked if this should not take long to complete, once approved.

Mr. Takamoto replied that it should not. Once approved, they can get the materials from inventory.

ACTION: Motion was carried unanimously by voice vote.

8) SOUTH KOHALA:

A. **WATER TREATMENT PROPOSAL NO. 2022-03, FURNISHING AND DELIVERING COAGULANTS TO THE WAIMEA WATER TREATMENT PLANT:**

This project generally consists of furnishing all labor, materials, tools and equipment necessary to deliver coagulants to the Waimea Water Treatment Plant, for a period not to exceed two years.

Bids for this project were opened on May 5, 2022, at 1:30 p.m., and the following are the bid results:

<b>Bidder</b>	<b>Bid Amount (24-Month Contract Period)</b>
Pural Water Specialty Co., Inc.	\$209,992.86

<u>Bidder</u>	<u>Amount</u>
1) Pural Water Specialty Co., Inc.	\$209,992.86
2) Contingency	<u>\$150,007.14</u>
<b>TOTAL CONTRACT PRICE</b>	<u><b>\$360,000.00</b></u>

The reason for the high contingency is that as the source water’s turbidity increases during the year due to unstable weather conditions, more coagulants are used 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. 2022-03, FURNISHING AND DELIVERING COAGULANTS TO THE WAIMEA WATER TREATMENT PLANT, to Pural Water Specialty Co., Inc., for the bid price of \$209,992.86, plus \$150,007.14 in contingency, for a total contract price of \$360,000.00 for the period from July 1, 2022, to June 30, 2024, and that either the Chairperson or Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality by Corporation Counsel.

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

The Manager-Chief Engineer stated that this will be a two-year contract, which is what the amount is for. There were some interim price escalations that needed Board approval. This coagulant is needed as part of the Waimea Water Treatment Plant process for surface water. What this coagulant does is it basically helps clump together the bio-solids in the raw water so that during the treatment process, they settle out, making it easier in the final treatment process, which is membrane filtration. There has been a significant price increase from prior years as a result of supply chain issues and transportation. Staff has done an evaluation to ensure the bid is fair and reasonable since there is only one bidder.

Ms. Keolanui asked what the total contract bid price looked like in previous years.

The Manager-Chief Engineer replied that in the past contract, the overall bid was based on a cost of about \$2,200.00 per tote. This current bid is based on a cost of about \$3,500.00 per tote, which is a significant increase.

Mr. Sugai asked about the unstable weather conditions, if it means when there are drier conditions, you get more stream debris that cleans out lower flow.

The Manager-Chief Engineer replied that if it is low flow, sometimes you do not even get stream flow; but that is why the reservoirs above Waimea are there. The 50-million gallon reservoirs are the raw water storage. If you look at, it is dark brown water because of the bio solids that are suspended. Usually, when there is heavy rain, there is a lot of surface runoff into the streams, and the turbidity gets higher. He asked if Mr. O'Neil had anything to add.

Mr. O'Neil stated that it is not only when a storm is coming in. The turbidity can come up because the streams are running lower and have debris on the sides. When a storm comes, it takes everything and sends it down.

The Deputy added that because it is a surface water treatment plant, it has to follow EPA surface water treatment rules; and turbidity is one of the main requirements that has to be below a certain level every day in order to meet the water quality requirements. There are only certain coagulants that are approved for this system.

Mr. Lopez asked if the high contingency would be true every time there is a bid for this contract.

The Manager-Chief Engineer replied that was correct. It is due to the uncertainty of conditions. What is normally used in construction contracts is 10% contingency because you know what to expect. With this one, there are a lot more unknowns.

Vice-Chairperson Hirakami recalled living in Waimea in the 80s and when hiking, he had stumbled upon one of those reservoirs protected by a chain link fence. It was during dry period and the level was way down, but on the sides were thick layers of build-up. He wondered if there was any way to take advantage during the dry period to actually remove that so when you fill up the reservoir again, it would not have that much material contributing to the water.

Mr. O'Neil replied that when it comes to a dry period and the water level is that low, they do not want to waste water. They wait until the wet season comes to open the drain and try and cycle the water to clean it out while still maintaining the levels.

The Manager-Chief Engineer added that staff are up there every day, and every time there is an earthquake or storm event, they have to physically inspect the reservoirs and embankments as part of the requirements for dam safety. They have their hands full every time there is an earthquake or big rain event.

ACTION: Motion was carried unanimously by voice vote.

**B. JOB NO. 2019-1107, CONSTRUCTION OF THE LĀLĀMILO 10 MG RESERVOIR:**

This project generally consists of furnishing all labor, materials, tools, and equipment necessary for constructing the Lālāmilo 10 MG Reservoir, including 10 MG tank, water mains, demolition work, check valve station, flowmeter station, access roadway, civil site work, SCADA (Supervisory Control and Data Acquisition) improvements, and chain link fencing, mechanical, electrical, and structural work, in accordance with the plans and specifications, ready for operation.

Bids for this project were opened on May 5, 2022, at 3:00 p.m., and the following are the bid results:

<b>Bidder</b>	<b>Bid Amount</b>	<b>Adjusted Bid Amount w/Preferences*</b>
Isemoto Contracting Co., Ltd.	\$18,035,449.00	\$16,994,176.55
Goodfellow Bros. LLC	\$18,601,959.00	\$17,483,839.75
Jas W. Glover, Ltd.	\$18,899,000.00	\$17,760,782.00
Nan, Inc.	\$19,885,679.00	\$18,678,355.75

\*Bids were adjusted (for purposes of award) to provide credits for use of Hawai‘i Products and participation in the State Apprenticeship Program, in accordance with Hawai‘i Administrative Rules.

**Project Costs:**

1) Low Bidder (Isemoto Contracting Co., Ltd.)	\$18,035,449.00
2) Construction Contingency (~10%)	<u>1,804,551.00</u>
<b>Total Cost:</b>	<b><u>\$19,840,000.00</u></b>

Funding for this project will be from a State of Hawai‘i Appropriation and the State of Hawai‘i DWSRF (Drinking Water State Revolving Fund) loan. The contractor will have 600 calendar days to complete this project. The engineering estimate is \$17,193,290.00.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2019-1107, CONSTRUCTION OF THE LĀLĀMILO 10 MG RESERVOIR, to the lowest responsible bidder, Isemoto Contracting Co., Ltd., for their bid amount of \$18,035,449.00, plus \$1,804,551.00 for construction contingency, for a total contract amount of \$19,840,000.00. It is further recommended that either the Chairperson or Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality of the contract by Corporation Counsel.

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

The Manager-Chief Engineer stated that this is a project the Department is excited about. It is going to be the largest water storage tank by far, and it is tied into making use of the Lālāmilo Wind Farm to utilize green energy as part of the overall State goal to increase use of sustainable energy sources. He expressed thanks to Senator Lorraine Inouye who helped get \$8.75 million of State Appropriation funds for this project. She recognized the importance of the project and hopefully this can be leveraged to future potential energy-related projects. The system uses six million gallons a day, and this is essentially energy storage and well water storage.

Mr. Ney stated that this project falls within his district and the resorts are doing quite a bit of expansion. This extra capacity will be good. He asked what the existing storage capacity is.

Mr. Inaba replied that in that system, at a different elevation along this transmission, there are two 2-million gallon reservoirs, two 1-million gallon reservoirs, with a .5 million gallon reservoir at the top.

Mr. Sugai asked if it will be at the location of the current reservoirs.

The Manager-Chief Engineer replied that it is about four miles mauka of Puakō, and is going to be on Parker Ranch land. It is going to be close to Parker Well No. 3. In response to Mr. Sugai's question of whether there are any stream sources, he replied no. This is from the eight wells, Lālāmilo Wells A through D and Parker Wells 1 through 4. This will be the Department's first 10-million gallon reservoir, and he looks forward to seeing it under construction.

Mr. Inaba added that during the construction of a 2-million gallon reservoir, there was a show and tell day, and there was talk about possibly having something like that during this project.

Vice-Chairperson Hirakami asked if the renewable energy source is the Lālāmilo Wind Farm and if there are any large solar projects around there.

The Manager-Chief Engineer replied that the wind farm is the energy source and there were no solar projects, but that could possibly dovetail off this if there is excess capacity.

Vice-Chairperson Hirakami asked if it would save money on the power cost charge.

The Manager-Chief Engineer replied that is the plan.

Mr. Ney asked if there is a lease with Parker Ranch for the site.

The Manager-Chief Engineer replied that an agreement will be negotiated with Parker Ranch, which will be brought to the Board. They want to retain their property so there is likely to be some long-term lease that will be recorded.

Ms. Mellon-Lacey thought it would be more like a conditional lease, conditioned on the Department of Water Supply maintaining that usage and if they cease using it for that purpose, then it might revert back.

Mr. Sugai asked about the aquifer in that area with regard to salinity.

The Manager-Chief Engineer replied that this is one of the aquifers that the Commission on Water Resource Management has reduced the sustainable yield by a significant amount. He knew they were talking about combining the Anaehomalu and Waimea aquifer systems but was not sure how far they have gotten. The dry side of the island is not always as robust in sustainable yield as the east side. Both he and Mr. Inaba noted that this project is for storage and not for more pumping.

ACTION: Motion was carried unanimously by voice vote.

9) MISCELLANEOUS:

A. DEDICATIONS:

The Department received the following documents for action by the Water Board. The water systems have been constructed in accordance with the Department's standards and are in acceptable condition for dedication:

1. **Grant Easement**

**Grantors: Marco Franklin Muna Castro and Tarin Kahealani Castro**  
Kupulau Uka Subdivision

SUB -03-000150r  
Tax Map Key (3) 2-4-035 : 019 (portion)  
Waiakea, South Hilo, Island of Hawaii, Hawaii

**2. Bill of Sale**

**Transferor: 938 Kupulau LLC**

Kupulau Uka Subdivision  
SUB-03-000150r  
Tax Map Key (3) 2-4-035: 019  
Facilities Charge: \$22,000.00 Date Paid: 1/14/2020  
Final Inspection Date: 8/03/2020  
Water System Cost: \$110,000.00

**3. Grant of Easement and Bill of Sale**

**Grantor: Hilo One Incorporated**

Sub. No. SUB-19-001924  
(Waiakea Nani Estates)  
Tax Map Key 2-4-039: 026  
Waiakea, South Hilo, Island of Hawaii, Hawaii  
Facilities Charge: \$176,755.00 Date Paid: 10/28/2021  
Final Inspection Date: 2/16/2022  
Water System Cost: \$359,131.61

**4. Bill of Sale**

**Transferor: Mark Rodrigues and Kim Irene Rodrigues, Trustees of the Rodrigues Family Joint Revocable Trust dated June 1, 2011**

Water system improvement at Kaumana Drive – Country Club Drive Intersection at  
Kaumana, South Hilo, Island of Hawaii, State of Hawaii  
Facilities Charge: \$22,000.00 Date Paid: 12/01/2020  
Final Inspection Date: 10/30/2020  
Water System Cost: \$84,475.00

**5. Grant of Easement/Bill of Sale**

**Grantor: Mark Rodrigues and Kim Irene Rodrigues, Trustees of the Rodrigues Family Joint Revocable Trust dated June 1, 2011**

Tax Map Key (3) 2-5-003: 110 (portion)  
Kaumana, South Hilo, Island of Hawaii, State of Hawaii  
Facilities Charge: *same as above* Date Paid: *same as above*  
Final Inspection Date: *same as above*  
Water System Cost: \$ *same as above*

**6. Bill of Sale**

**Seller: Kabumoto-Uriu LLC**

Water system improvement along Old Government Road  
Kohanaiki, North Hilo, Island of Hawaii, State of Hawaii  
Facilities Charge: \$11,000.00 Date Paid: 2/19/2016  
Final Inspection Date: 8/14/2015  
Water System Cost: \$64,890.00

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

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

The Manager-Chief Engineer gave the new Board members some background. These are documents related to when someone wants to develop property and it requires improvements for water infrastructure. These are the documents required to turn them over to the Department for it to take them under its ownership to operate and maintain, or at least have an easement over the facilities to operate and maintain. The Bill of Sale is to transfer the ownership from that private entity over to the Water Board.

Mr. Lopez asked what the dollar amount represents for water system cost and who it is going to and where it is coming from.

Mr. Inaba replied that it is the developer's cost to build the water system and when it is accepted, the value of the water system is added to the Department's overall facilities.

Mr. Ney asked if the Department has any participation in the inspection.

The Manager-Chief Engineer replied that if it has anything to do with a subdivision, it is in the Code that the water system be built to the Department's standards. The Department will have construction plans and the inspectors do as-builts of them. A pressure test also is required to make sure there are no leaks, and chlorination is done before it is tied into the system.

Vice-Chairperson Hirakami asked Ms. Gray if this half a billion dollars' worth of assets goes on the Department's balance sheet.

Ms. Gray replied that they are included in the net contributions in aid of construction.

Mr. Lopez asked what happens if, down the line, there is expansion and someone wants to subdivide a parcel and tap into the same source--whether there is some discussion of that in the design-build of how they size the system.

The Manager-Chief Engineer replied that each one is unique; but if it is something the Department can benefit from, such as upsizing a waterline to extend and make the system better, there are provisions for participating.

ACTION: Motion was carried unanimously by voice vote.

**B. MATERIAL BID NO. 2021-04, FURNISHING AND DELIVERING SPARE PUMP AND MOTOR SETS FOR PARKER RANCH DEEPWELL, WAIMEA DEEPWELL, AND KEŌPŪ #1 DEEPWELL, AND REFURBISHING PUMP AND MOTOR SET FOR HALEKI'I DEEPWELL FOR THE DEPARTMENT OF WATER SUPPLY:**

Bids were received and opened on May 12, 2022, at 2:30 p.m., and the following are the bid results:

SECTION	DESCRIPTION	Beylik Energetic A JV	Derrick's Well Drilling & Pump Services, LLC	Wastewater Solutions, LLC
1	PARKER RANCH DEEPWELL	\$277,780.00	Non-Responsive	Non-Responsive
2	WAIMEA DEEPWELL	\$299,360.00	Non-Responsive	Non-Responsive
3	KEŌPŪ #1 DEEPWELL	\$255,530.00	Non-Responsive	Non-Responsive
4	HALEKI'I DEEPWELL	\$211,740.00	Non-Responsive	Non-Responsive

The estimated costs for the pump and motor set and refurbished motor, respectively, were as follows:

- Parker Ranch Deepwell: \$175,000
- Waimea Deepwell: \$250,000
- Keōpū #1 Deepwell: \$160,000
- Haleki‘i Deepwell: \$145,000

The Manager-Chief Engineer recommended that the Board award the contract for MATERIAL BID NO. 2021-04, FURNISHING AND DELIVERING SPARE PUMP AND MOTOR SETS FOR PARKER RANCH DEEPWELL, WAIMEA DEEPWELL, AND KEŌPŪ #1 DEEPWELL, AND REFURBISHING PUMP AND MOTOR SET FOR HALEKI‘I DEEPWELL FOR THE DEPARTMENT OF WATER SUPPLY, by Sections to the following bidders for the amounts shown above, and that either the Chairperson or Vice-Chairperson be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel:

Section 1 – Parker Ranch Deepwell to Beylik Energetic A JV

Section 2 – Waimea Deepwell to Beylik Energetic A JV

Section 3 – Keōpū #1 Deepwell to Beylik Energetic A JV

Section 4 – Haleki‘i Deepwell to Beylik Energetic A JV

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

The Manager-Chief Engineer stated that the bids came in significantly higher than the estimates. What happens with material and construction projects is the Department allows for the bidders to submit substitution requests for review. What happened here was a request to substitute a slimline pump and motor, which is basically smaller in diameter. That was approved and everyone was informed they could bid on that substitution. He asked Mr. Takamoto to explain why a slimline is more expensive and go over the pros and cons.

Mr. Takamoto showed the Board a diagram of the difference between a standard submersible motor and a slimline. A submersible motor is two pieces of equipment which are about 10 feet long and ten to twelve inches in diameter. The slimline equipment comprises of three pieces of equipment--the motor, the protector, or what is called the seal section, and the pump. The motor itself is about 34 feet long compared to 10 feet, and there is an extra piece of equipment, the seal section, which is another 10 feet, and then the pump. Due to the extra material and the length of the equipment, it incurs more material and shipping costs. For the standard submersible motors, the bearings that take up all of the trust load of the equipment are built into the motor and because of this, it has a limited capacity, whereas the slimline equipment has a large separate section that can take up all of the extra load; therefore, it is able to handle loads better than the traditional equipment.

Mr. Ney thought that the main component of going with something would be durability, longevity, and repairability first, before thinking about shipping cost savings.

The Manager-Chief Engineer replied that was correct; but if it is something totally out of the ballpark, such as price, the recommendation would be to not award and to try and find another solution.

Vice-Chairperson Hirakami noticed that this is one of the few bids where he saw no contingency and asked why that was.

The Manager-Chief Engineer replied that this a material bid, which includes shipping and the unit.

Vice-Chairperson Hirakami asked if there is a threshold that you look at if something comes way over the engineering estimate. Here, the engineering estimate for the total list is \$730,000.00 and the list of what the Board is approving totals \$1,044,410.00. That is a \$314,410.00.

The Manager-Chief Engineer replied that there is no black and white as far as threshold, just good practice. Also, procurement requirements are that if you only have one bidder and the bid exceeds a certain dollar amount, you confirm whether that cost is fair and reasonable, but the Department does that anyway.

Vice-Chairperson Hirakami asked if there is any threshold on the quality of the purchase, for example, they bid \$250,000.00 for a certain piece of equipment, and then you find something that is substandard but it is cheaper.

The Manager-Chief Engineer replied that what is approved is a specific make and model, and they have to submit that make and model equipment.

ACTION: Motion was carried unanimously by voice vote.

**C. MATERIAL BID NO. 2022-01, FURNISHING AND DELIVERING PIPES, FITTINGS, WATER METERS, FIRE HYDRANTS, BRASS GOODS, VALVES, ELECTRICAL SUPPLIES, ELECTRICAL EQUIPMENT, SCADA, WATER QUALITY EQUIPMENT, CHLORINATORS, MOTORS AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK:**

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Bids were opened on May 4, 2022, at 1:30 p.m. The contract period for all Parts is one year, from July 1, 2022, to June 30, 2023. All Parts are established price agreements for materials on an “As-Needed Basis.”

The Manager-Chief Engineer stated that this one would probably need to be deferred because there are a significant amount of vendors that were to be awarded who are not compliant with Hawai‘i Compliance Express (HCE). As required by State Statute, in order for the Department to award a contract to an entity, they have to be compliant with HCE, which is essentially a one-stop to make sure they are in good standing as far as labor and tax. He asked Ms. Mellon-Lacey if this agenda item should go through to the recommendation and then have discussion or should it be deferred.

Ms. Mellon-Lacey asked if it is something he thinks is resolvable or whether there were some that are okay to go ahead with award.

The Manager-Chief Engineer replied that because this table is so large, this is not typically laid out as other awards are, naming the vendors and their dollar amount. They are listed by those who submitted the lowest bid. Therefore, it is not on the agenda for the public to see who the other bidders were with their amounts.

Mr. Ney noted that it only shows the aggregated costs but not the quantity.

Vice-Chairperson Hirakami asked if a motion needed to be made in order to have discussion.

Ms. Mellon-Lacey asked the Manager-Chief Engineer if he wished to proceed with this item or defer it to another Board meeting.

The Manager-Chief Engineer suggested having a motion to at least allow discussion.

Vice-Chairperson Hirakami called for a Motion on the Recommendation for discussion purposes, and it could then be moved to defer. Recommendation is for the Board to award the contract(s) to the following bidders for MATERIAL BID NO. 2022-01, FURNISHING AND DELIVERING PIPES, FITTINGS, WATER METERS, FIRE HYDRANTS, BRASS GOODS, VALVES, ELECTRICAL SUPPLIES, ELECTRICAL EQUIPMENT, SCADA, WATER QUALITY EQUIPMENT, CHLORINATORS, MOTORS AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK, on an as-needed basis, as listed below, and that either the Chairperson or Vice-Chairperson be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel. The contract period shall be from July 1, 2022, to June 30, 2023. For the Sections where no bids were received, staff shall seek alternative procurement pursuant to HAR 3-122-35 to procure the required materials in the best interests of the Department.

<b>PART NO.</b>	<b>DESCRIPTION</b>	<b>BIDDER</b>	<b>AMOUNT</b>
1	DUCTILE IRON PIPE, PUSH-ON TYPE JOINT	Core & Main LP dba Pacific Pipe Co., Inc.	\$86,800.00
2	DUCTILE IRON FITTINGS	Core & Main LP dba Pacific Pipe Co., Inc.	\$152,901.00
3	DUCTILE IRON SOLID BODY SLEEVES	Core & Main LP dba Pacific Pipe Co., Inc.	\$57,020.00
4	FLANGE GASKETS	No Bids.	
5	NUTS, BOLTS, AND THREADED RODS	Fastenal Company	\$76,423.12
6	COPPER TUBING	Core & Main LP dba Pacific Pipe Co., Inc.	\$183,050.00
7	GALVANIZED PIPES T&C (THREADED & COUPLED)	Core & Main LP dba Pacific Pipe Co., Inc.	\$23,210.00
8	METER BOXES	M&H Investment Corp. dba ICO Supply	\$45,500.00
9	METER COVERS	Ferguson Enterprises, Inc.	\$19,017.50
10	AUTOMATIC METER READING UNIT	Ferguson Enterprises, Inc.	\$98,638.80
11	SMART WATER METERS	No Bids.	
12	5/8" WATER METERS	Badger Meter, Inc.	\$54,360.00
13	NEPTUNE T-10 SERIES METER PARTS	Ferguson Enterprises, Inc.	\$96,661.00
14	BADGER RECORD ALL SERIES METER PARTS	Badger Meter, Inc.	\$4,306.39
15	1"-2" WATER METERS	Badger Meter, Inc.	\$10,427.80
16	COMPOUND WATER METERS	Badger Meter, Inc..	\$11,211.30
17	TURBINE METERS	Badger Meter, Inc.	\$20,199.14
18	DETECTOR CHECK METERS	Core & Main LP dba Pacific Pipe Co., Inc.	\$5,170.00
19	FIRE SERVICE METERS	Badger Meter, Inc.	\$62,366.24
20	FIRE HYDRANTS	Core & Main LP dba Pacific Pipe Co., Inc.	\$121,150.00
21	TAMPER-RESISTANT FIRE HYDRANTS	Core & Main LP dba Pacific Pipe Co., Inc.	\$158,325.00
22	MUELLER FIRE HYDRANT PARTS	Ferguson Enterprises, Inc.	\$8,041.84
23	MUELLER FIRE HYDRANT EXTENSION KITS	Ferguson Enterprises, Inc.	\$10,342.43
24	M&H VALVE FIRE HYDRANT PARTS	No Bids	
25	BALL METER VALVES	Core & Main LP dba Pacific Pipe Co., Inc.	\$75,500.00

<b>PART NO.</b>	<b>DESCRIPTION</b>	<b>BIDDER</b>	<b>AMOUNT</b>
26	BALL VALVE, PACK JOINT X METER COUPLING/ FIP (Female Iron Pipe)	Ferguson Enterprises, Inc.	\$52,939.25
27	COMPRESSION JOINT COUPLING	Core & Main LP dba Pacific Pipe Co., Inc.	\$7,550.00
28	METER FLANGE COUPLING	Ferguson Enterprises, Inc.	\$5,385.75
29	PACK JOINT COUPLING	Ferguson Enterprises, Inc.	\$48,795.05
30	CORPORATION AND CURB STOPS – BALL TYPE	Core & Main LP dba Pacific Pipe Co., Inc.	\$125,657.15
31	PRESSURE REGULATORS	No Bids	
32	HOSE BIBBS	No Bids	
33	INVERTED MARKING PAINT	Safety Systems & Signs Hawaii, Inc.	\$13,344.00
34	AIR RELIEF VALVES	Core & Main LP dba Pacific Pipe Co., Inc.	\$17,400.00
35	SLOW CLOSING AIR/VACUUM VALVES	No Bids	
36	SILENT CHECK VALVES	Core & Main LP dba Pacific Pipe Co., Inc.	\$103,280.00
37	DUCKBILL CHECK VALVES	No Bids	
38	GATE VALVES – 3” AND LARGER, 125# CLASS	Ferguson Enterprises, Inc.	\$47,939.36
39	GATE VALVES – 3” AND LARGER, 250# CLASS	Ferguson Enterprises, Inc.	\$88,365.76
40	AUTOMATIC CONTROL VALVES	Ferguson Enterprises, Inc.	\$1,887,644.02
41	ROTARY PUMP CONTROL VALVES AND ACTUATION	No Bids	
42	RESERVOIR LEVEL INDICATOR	TK Process Hawaii, LLC	\$11,118.29
43	HATCH FRAMES AND COVERS	Core & Main LP dba Pacific Pipe Co., Inc.	\$41,900.00
44	EMERGENCY EYEWASH/SHOWER STATIONS	Safety Systems & Signs Hawaii, Inc.	\$157,205.70
45	TOXIC GAS MONITORS	No Bids	
46	SIGNAL DEVICES	Graybar Electric Company, Inc.	\$151,250.00
47	ARC FLASH PPE – DAILY WEAR	No Bids	
48	SUPPLEMENTAL PPE	Safety Systems & Signs Hawaii, Inc.	\$10,968.94
49	ELECTRICAL GLOVES	Safety Systems & Signs Hawaii, Inc.	\$1,222.48
50	DIGITAL MULTIMETER & TESTING	No Bids	
51	ELECTRICAL SAFETY EQUIPMENT	Graybar Electric Company, Inc.	\$4,270.00
52	ELECTRICAL EQUIPMENT TESTING SERVICES	No Bids	
53	INDUSTRIAL MOTOR LEAD CABLE	Graybar Electric Company, Inc.	\$140,840.00

<b>PART NO.</b>	<b>DESCRIPTION</b>	<b>BIDDER</b>	<b>AMOUNT</b>
54	INDUSTRIAL CONTROL WIRING	Graybar Electric Company, Inc.	\$12,105.00
55	HEAVY-DUTY SAFETY SWITCH	No Bids	
56	SOLID STATE REDUCED VOLTAGE SOFT STARTER	No Bids	
57	MAGNETIC CONTACTORS	No Bids	
58	MEDIUM-VOLTAGE REDUCED VOLTAGE SOFT STARTER	TK Process Hawaii, LLC	\$115,491.43
59	VARIABLE FREQUENCY DRIVES	TK Process Hawaii, LLC	\$5,395,265.87
60	POWER QUALITY EQUIPMENT	TK Process Hawaii, LLC	\$303,127.92
61	PAD-MOUNTED STEP-UP TRANSFORMER	No Bids	
62	SURGE PROTECTION DEVICES	TK Process Hawaii, LLC	\$89,620.94
63	POWER MONITORING EQUIPMENT	No Bids	
64	PROGRAMMING SERVICES	No Bids	
65A	PRESSURE TRANSDUCER – WELL LEVEL	SCADA & Control Solutions, LLC	\$39,650.71
66	PRESSURE TRANSDUCER – RESERVOIR LEVEL	No Bids	
67	PRESSURE TRANSMITTER	TK Process Hawaii, LLC	\$4,762.56
68	FLOW SWITCH	TK Process Hawaii, LLC	\$2,163.48
69	LEGACY ELECTROMAGNETIC FLOW METER PARTS	No Bids	
70	UNIVERSAL ELECTROMAGNETIC FLOW METERS	No Bids	
71	REAGENTLESS CHLORINE RESIDUAL ANALYZERS	No Bids	
72	WATER QUALITY EQUIPMENT	No Bids	
73	REAGENTS AND STANDARDS	No Bids	
74	MULTISTAGE BOOSTER PUMPS	No Bids	
75	CHEMICAL FEEDER PUMP	No Bids	
76	DIGITAL CHLORINE CYLINDER SCALE	No Bids	
77	CHLORINE GAS FEEDER	No Bids	
78	TABLET CHLORINATOR & PARTS	No Bids	
79	MECHANICAL SEALS	No Bids	
80	MOTORS	No Bids	
81	LEGACY LEAK NOISE DATA LOGGER & PARTS	Wong's Equipment & Services, LLC	\$1,895.69
82	LEAK NOISE DATA LOGGERS	TK Process Hawaii, LLC	\$70,439.53
83	REMOTE PRESSURE MONITORING SYSTEM	No Bids	
84	LIGHT EMITTING DIODE LUMINARIES	Graybar Electric Company, Inc.	\$3,825.00
85	INDUSTRIAL LUBRICANTS	No Bids	

MOTION: Ms. Keolanui so moved; seconded by Mr. Ney.

The Manager-Chief Engineer stated that three companies on this list, as of this morning, were not compliant with HCE, one of them being a multiple awardee on this table. Staff's recommendation at this time would be to defer this agenda item one month. It should be resolvable by the potential awardees to become compliant within that time.

Vice-Chairperson Hirakami suggested that it might be easier if the vendors are listed and what they supply, rather than to list the items by number and the vendors next to them. In this format, the vendors are all over the place and you cannot see the aggregate, for example, how much is being awarded to one vendor over another.

Ms. Mellon-Lacey stated that since it is according to what the Department needs, she did not think there was anything definite being awarded. It is just on an as-needed basis.

The Manager-Chief Engineer explained that for this bid, the Department has to come up with a list of materials, then a unit price, and then a guesstimate of how much the Department may order throughout the contract term in order to do a calculation to make an award. Take for example, a compound water meter. The Department may say it wants 10 of them in the course of one year and will ask for bids on them. (Mr. Takamoto showed the Board what the bidders would be bidding on in detail, for that compound water meter. It shows a breakdown of the various materials.)

Vice-Chairperson Hirakami asked if this is kind of micro-managing the Department's ability to purchase, for example, if you have a vendor listed here for detector check meters but you go to them and they are out of stock. He wondered if that would preclude the Department from going to another vendor to get the same item. It seemed to be kind of rigid.

The Manager-Chief Engineer replied that the Department has to follow State Procurement Laws, and it was found that this process is probably the most efficient. If it had to go to individual procurement for each item, it would take time; and these items are needed fairly quickly. This is almost like a price term agreement with the entities. If an item is needed, you know who was the low bidder and they have to sell it to the Department at that cost. If they do not, it could be a breach of contract.

Ms. Mellon-Lacey stated that was correct. It would be a breach of contract, and the contract could be terminated. Usually, people honor the contract. The only thing that led to some recent difficulties were the unforeseen increases in some goods and services or the ability to even get the goods here on the island because of supply chain issues. There is a mechanism within the protocols that allows you to procure in emergencies; and health and safety emergencies allow you to go outside of the system. You just have to document what you did to ensure it was fair and reasonable.

Vice-Chairperson Hirakami stated that this is an extensive list and a lot of it is outside of the Board's comprehension. If the process has been like this in prior years, he was satisfied with that.

Ms. Hugo asked if waiting 30 days is a reasonable time to defer this item.

The Manager-Chief Engineer replied that he thought so because it is really in the supplier's hands whether or not they want to follow through with their compliance. Otherwise, it would have to be awarded to someone else. Thirty days should be a reasonable amount of time.

The Deputy agreed that it should be reasonable, and it is in the vendor's control and responsibility.

Mr. Ney noticed that there is a mix of local and national/international vendors and wondered if the Department tries to assist them in getting their compliance through to resolution or whether they are merely notified that this is time sensitive and needs to be completed.

The Manager-Chief Engineer replied that they will be informed that their award is being held up because of this issue and that it is basically in their hands to resolve. In response to Mr. Ney's question of whether there is any restriction on procurement from outside local markets, he replied no, they only have to meet the qualifications to do business in the State of Hawai'i.

Ms. Keolanui shared her experience with Hawai'i Compliance Express and that it takes sometimes as little as a few days or up to two weeks.

The Manager-Chief Engineer stated that has been the Department's experience as well. He added that these vendors are accustomed to this as it is not their first time being awarded a bid for this Department.

Ms. Hugo asked if this could be approved subject to compliance and if that could be another route to take.

Ms. Mellon-Lacey replied that they need to meet the requirements.

Vice-Chairperson Hirakami asked if the Board wished to withdraw the original motion.

MOTION WITHDRAWN: Ms. Keolanui withdrew her motion; Mr. Ney withdrew his second.

Vice-Chairperson Hirakami entertained a motion to defer this material bid for 30 days.

ACTION TO DEFER: Mr. Ney so moved to defer; seconded by Mr. Sugai and carried unanimously by voice vote.

**D. MAINTENANCE BID NO. 2022-02, REPAIR & MAINTENANCE OF EMERGENCY STANDBY GENERATOR SETS:**

This maintenance contract consists of furnishing all labor, materials, tools and equipment necessary to inspect, service, maintain, repair and test the Department of Water Supply's thirteen (13) emergency standby generator sets for a two-year term, from July 1, 2022, to June 30, 2024.

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

- Material allowance: \$45,000.00
- Labor allowance: 48 regular hours and 48 emergency/overtime hours, at the Contractor's hourly rate provided in its bid.

Bids were opened on April 28, 2022, at 2:00 p.m., and the following are the bid results:

<b>Bidder</b>	<b>Bid Amount (including Allowances)</b>
Power Generation Services, Inc.	\$157,851.28*
Generator and Power Systems	\$251,220.00

\*Bid arithmetic errors were corrected in accordance with Hawai'i Administrative Rules.

Project Costs:

1) Low Bidder (Power Generation Services, Inc.) \$157,851.28

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. 2022-02, REPAIR & MAINTENANCE OF EMERGENCY STANDBY GENERATOR SETS, to the lowest responsible bidder, Power Generation Services, Inc., for a total contract amount of \$157,851.28. It is further recommended that either the Chairperson or 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. Hugo.

The Manager-Chief Engineer stated that this is the annual maintenance contract for the Department's 13 standby emergency generators that are positioned strategically throughout the island. Staff comes up with an estimate of hours and call-outs. This bid does not include contingency; and if it goes over this amount during the fiscal year, it needs to be brought to the Board for additional funds. Mr. Ching was present if there were any specific questions.

Vice-Chairperson Hirakami asked if the vendor included their hourly cost of labor and overtime in their bid and if the generators are gas, diesel, or propane.

Mr. Ching replied that they submitted their unit labor price, and the generators are diesel.

Vice-Chairperson Hirakami asked if the fuel has to be changed out regularly because diesel does not have a long shelf life.

Mr. Ching replied they are exercised regularly, which uses some of the fuel, and they are topped off. In response to whether they would work on propane, which does not deteriorate like gas, he replied that he has not seen any of this size run on propane. They are significant in size--a 1 MW generator, 750 kW, and a couple of 200s and 400s.

Mr. Goodale added that propane generators are typically less efficient than diesel.

ACTION: Motion was carried by unanimously by voice vote.

**E. WATER TREATMENT BID NO. 2022-04, FURNISHING LIQUID CHLORINE (ON AN AS-NEEDED BASIS) FOR THE DEPARTMENT OF WATER SUPPLY:**

This project consists of furnishing liquid chlorine on an as-needed basis to the Department of Water Supply, for a period not to exceed two years.

Bids for this project were opened on May 12, 2022, at 2:00 p.m., and the following are the bid results:

Bidder	Bid Amount	
	150 lb. Cylinder	1000 lb. Cylinder
JCI Jones Chemicals, Inc.	\$506.00	\$3,785.00

Estimated contract use:

150 lb. Cylinder: \$506.00/cylinder X 475 cylinders/year X 2 years = \$480,700.00  
1000 lb. Cylinder: \$3,785.00/cylinder X 16 cylinders/year X 2 years = \$121,120.00  
Total: \$601,820.00

The Manager-Chief Engineer recommended the Board award the contract for WATER TREATMENT BID NO. 2022-04, FURNISHING LIQUID CHLORINE (ON AN AS-NEEDED BASIS), to the lowest responsible bidder, JCI Jones Chemicals Inc., for the unit prices listed above, for the period from July 1, 2022, through June 30, 2024, and that either the Chairperson or Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality by Corporation Counsel.

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

The Manager-Chief Engineer stated that this is the primary disinfectant that is used in all of the Department's sources. This is an annual bid brought to the Board around this timeframe in advance of the new fiscal year. Staff is good about knowing the quantity needed annually and can come up with a fairly good estimate. The 1,000-pound cylinders are only used in Waimea at the treatment plant. He asked Mr. Goodale if he recalled how these prices compare to prior years.

Mr. Goodale replied that for the 1,000-pound cylinders, there were four different increases throughout the past year, primarily because of supply chain increases. The original price from last year was \$2,858.00 per cylinder and is ending at \$3,508.00 so you can see how that compares. For the 150-pound cylinders, the original price was \$433.00 per cylinder; and after the fourth increase, the price was \$482.00 per cylinder. For this current bid, the price is \$506.00. It has been a pretty steady increase. Another thing to mention is that this is the only company that the Department can get it from. There used to be a local company that provided the chlorine (BEI Hawai'i), but they chose to defer to the company they were getting it from (JCI Jones). The Department is buying it direct from JCI Jones.

Mr. Ney asked if the \$121,120.00 would be the cost just for Waimea.

Mr. Goodale replied that was correct, for the one-ton cylinders.

Mr. Ney asked if other disinfectants like ozone have been explored for Waimea since there is a lot of filtration that has to happen there.

The Manager-Chief Engineer replied that specific technology has to be either be pre-approved by the Department of Health, or it has to go through a testing procedure to get it approved by them. Even if it is an accepted national method, they want to see it site specific. One thing the Department is trying to evaluate is actually manufacturing sodium hypochlorite, which is liquid, almost like bleach. That can be done on site. Options are being explored to get off this type of disinfection product, but we are not quite there yet.

ACTION: Motion was carried unanimously by voice vote.

**F. WATER TREATMENT BID NO. 2022-05, FURNISHING AND DELIVERING OF VARIOUS TREATMENT CHEMICALS (LIQUID AMMONIA; 50% LIQUID CAUSTIC SODA; C-9 POLYPHOSPHATE; 38% SODIUM BISULFITE; 50% SULFURIC ACID; 12.5% SODIUM HYPOCHLORITE; 50% SODIUM HYDROXIDE, ACCU-TAB TABLETS, AND SODA ASH) TO THE WAIMEA WATER TREATMENT PLANT, DISTRICT OF SOUTH KOHALA (ON AN AS-NEEDED BASIS):**

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This project generally consists of furnishing all labor, materials, tools and equipment necessary to deliver various treatment chemicals to the Waimea Water Treatment Plant, for a period not to exceed two years.

Bids for this project were opened on April 28, 2022, at 1:30 p.m., and the following are the bid results:

	<b>Phoenix V LLC dba BEI Hawaii</b>	<b>Shannon Chemical Corporation</b>	<b>JCI Jones Chemicals, Inc.</b>	<b>South Pacific Gold Combine LLC DBA Chemstation Hawaii</b>
Part A – Liquid Ammonia, delivery once per month, (90 cylinders per year) Cost per 100 pound cylinders	No Bid	No Bid	No Bid	No Bid
Part B – 50% Liquid Caustic Soda (4 dry tons per 5 weeks) Cost per dry ton	<b>\$2,101.52</b>	No Bid	No Bid	No Bid
Part C – C-9 Polyphosphate (7 drums per month) Cost per 30 gallon drum	\$1,225.07	\$1,577.27	No Bid	<b>\$1,042.00</b>
Part D – 38% Sodium Bisulfite (Delivery once per 3 weeks) Cost per 50 gallon drum	\$609.69	No Bid	No Bid	<b>\$519.40</b>
Part E – 50% Sulfuric Acid (Delivery once per 3 weeks) Cost per 750 pound drum	\$799.10	No Bid	No Bid	<b>\$722.00</b>
Part F – 12.5% Sodium Hypochlorite (3 drums per month) Cost per 53 gallon drum	<b>\$389.62</b>	No Bid	No Bid	No Bid
Part G – 50% Sodium Hydroxide (Delivery once per month) Cost per 650 pound drum	<b>\$385.65</b>	No Bid	No Bid	No Bid
Part H – Accu-Tabs SI Tablets (14 buckets per month) Cost per 60 pound bucket	<b>\$197.08</b>	No Bid	No Bid	No Bid
Part I – Soda Ash (62 bags per 3 weeks) Cost per 50 pound bag	<b>\$25.20</b>	No Bid	No Bid	\$31.80

The Manager-Chief Engineer recommended that the Board award the contract for WATER TREATMENT BID NO. 2022-05, FURNISHING AND DELIVERING OF VARIOUS TREATMENT CHEMICALS (LIQUID AMMONIA; 50% LIQUID CAUSTIC SODA; C-9 POLYPHOSPHATE; 38% SODIUM BISULFITE; 50% SULFURIC ACID; 12.5% SODIUM HYPOCHLORITE; 50% SODIUM HYDROXIDE, ACCU-TAB TABLETS, AND SODA ASH) TO THE WAIMEA WATER TREATMENT PLANT, DISTRICT OF SOUTH KOHALA (ON AN AS-NEEDED BASIS), to Phoenix V LLC dba BEI Hawaii for Parts B, F, G, H, and I; and to South Pacific Gold Combine LLC dba Chemstation Hawaii for Parts C, D, and E, for the unit prices listed above for the period from July 1, 2022, to June 30, 2024, and that either the Chairperson or Vice-Chairperson be authorized to sign the contracts, subject to review as to form and legality by Corporation Counsel.

No bids were received for Part A. Staff will seek alternative procurement pursuant to Hawai'i Administrative Rules (HAR) 3-122-35 to procure the required services.

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

The Manager-Chief Engineer reported that for Part C - C-9 Polyphosphate, the apparent low bidder, South Pacific Gold Combine LLC dba Chemstation Hawaii, wishes to withdraw their bid because after they submitted their bid, it was revealed to them that the cost is actually going to be higher. He asked Ms. Mellon-Lacey if this part could be awarded to Phoenix V LLC dba BEI Hawai'i instead because all of the bidders are listed in this agenda item.

Ms. Mellon-Lacey replied that an amended motion could be made.

**AMENDMENT TO MOTION:** Ms. Keolanui moved to amend the motion to award **Parts B, C, F, G, H, and I to Phoenix V LLC dba BEI Hawaii and Parts D and E South Pacific Gold Combine LLC dba Chemstation Hawaii; seconded by Mr. Sugai.**

In response to Vice-Chairperson Hiramaki's question of what will be done with Part A where no bids were received, the Manager-Chief Engineer replied that staff will seek alternative procurement pursuant to Hawai'i Administrative Rules.

Mr. Lopez asked if there is a shelf life on these products and if they work independently or if they need to be used in conjunction with others. He wondered if it was worthwhile buying the other items without having the chlorine and if they would lose their potency from sitting.

The Manager-Chief Engineer and Mr. O'Neil explained that this will be a contract for the fiscal year, and the products will be purchased when needed. They are not all picked up at the same time.

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

**G. MATERIAL BID NO. 2022-06, FURNISH BASE COURSE, SAND, COLD MIX HOT MIX, AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY:**

Bids were opened on May 12, 2022, at 1:30 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	\$20.95	Non-Responsive	No Bid	\$25.15
1B.	1½-Inch Base Course (Cost per ton)	No Bid	\$20.95	Non-Responsive	No Bid	\$24.65
1C.	No. 3F Rock (Cost per ton)	No Bid	\$40.84	Non-Responsive	No Bid	\$29.85
1D.	#4 Sand (Cost per ton)	No Bid	\$48.17	Non-Responsive	No Bid	\$57.10
1E.	Mortar Sand - ASTM C144 (Cost per ton)	No Bid	\$65.50	Non-Responsive	No Bid	No Bid
1F.	Cold Mix - ASTM D4215-87 (Cost per ton)	No Bid	No Bid	Non-Responsive	No Bid	\$201.45
1G.	Blended Material 60% #4 Sand and 40% No. 3F Rock (Cost per ton)	No Bid	\$56.55	Non-Responsive	No Bid	No Bid
1H.	Hot Mix - County Mix IV (Cost per ton)	No Bid	\$164.00	Non-Responsive	No Bid	\$187.10
	<b>DISTRICT II:</b>					
2A.	3/4-Inch Base Course (Cost per ton)	No Bid	No Bid	Non-Responsive	\$19.55	No Bid
2B.	1½-Inch Base Course (Cost per ton)	No Bid	No Bid	Non-Responsive	\$17.72	No Bid
2C.	No. 3F Rock (Cost per ton)	No Bid	No Bid	Non-Responsive	\$33.88	No Bid
2D.	#4 Sand (Cost per ton)	No Bid	No Bid	Non-Responsive	\$38.27	No Bid
2E.	Mortar Sand - ASTM C144 (Cost per ton)	No Bid	No Bid	Non-Responsive	\$65.39	No Bid
2F.	Cold Mix - ASTM D4215-87 (Cost per ton)	No Bid	No Bid	Non-Responsive	No Bid	No Bid
2G.	Blended Material 60% #4 Sand and 40% No. 3F Rock (Cost per ton)	No Bid	No Bid	Non-Responsive	No Bid	No Bid
	<b>DISTRICT III:</b>					
3A.	3/4-Inch Base Course (Cost per ton)	No Bid	No Bid	Non-Responsive	\$29.06	No Bid
3B.	1½-Inch Base Course (Cost per ton)	No Bid	No Bid	Non-Responsive	\$26.81	No Bid
3C.	No. 3F Rock (Cost per ton)	No Bid	No Bid	Non-Responsive	\$47.06	No Bid
3D.	#4 Sand (Cost per ton)	No Bid	No Bid	Non-Responsive	\$54.90	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>
3E.	Mortar Sand - ASTM C144 (Cost per ton)	No Bid	No Bid	Non-Responsive	\$79.07	No Bid
3F.	Cold Mix - ASTM D4215-87 (Cost per ton)	\$174.00	No Bid	Non-Responsive	No Bid	No Bid
3G.	Blended Material 60% #4 Sand and 40% No. 3F Rock (Cost per ton)	\$174.00	No Bid	Non-Responsive	No Bid	No Bid

The Manager-Chief Engineer recommended that the Water Board approve the contract for MATERIAL BID NO. 2022-06, 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 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, 2022, to June 30, 2023.

District I - Parts 1A, 1B, 1D, 1E, 1G, and 1H to Jas. W. Glover, Ltd.  
Parts 1C and 1F to Yamada & Sons, Inc.

District II - Parts 2A, 2B, 2C, 2D, and 2E to WHC Ltd. dba West Hawaii Concrete

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 Parts 2F and 2G no bids were received. Staff will seek alternative procurement per HAR §3-122-35 to secure pricing in the best interests of the Department.

**ACTION:** Mr. Lopez moved to accept the recommendation of the Department; seconded by Mr. Bell and carried unanimously by voice vote.

**H. SERVICE BID NO. 2022-07 (ALT), HAUL & DELIVER ONE-TON CHLORINE CYLINDERS AND 150 LB. CHLORINE CYLINDERS TO VARIOUS LOCATIONS ISLANDWIDE (ON AN AS-NEEDED BASIS):**

This project consists of furnishing all materials, labor, transportation, tools, taxes, machinery, and equipment necessary to collect 20-foot containers from harbor; offload chlorine gas cylinders from the container; and deliver chlorine gas cylinders to various locations in accordance with the specifications. The bidder will provide services on an as-needed basis.

Bids for this project were opened on April 14, 2022, at 1:30 p.m., and no bids were received. Staff pursued alternative procurement pursuant to HAR 3-122-35 to procure the required services. Request for Quotations for this project were due May 9, 2022, at 11:00 a.m., and following are the bid results:

<b>Bidder</b>	<b>Bid Amount</b>
Kona Transportation Co., Inc.	\$40,048.00
Conen's Freight Transport, Inc.	\$74,643.64
ACR Water Hauling	NO BID
Keaau Service Station, Inc.	NO BID

Service Costs:

1) Low Bidder (Kona Transportation Co., Inc.)	<u>\$40,048.00</u>
<b>Total Cost:</b>	<b><u>\$40,048.00</u></b>

The contract for SERVICE BID NO. 2022-07 (ALT), HAUL & DELIVER CHLORINE TO DWS, will be awarded to the lowest responsible bidder, Kona Transportation Co., Inc., for their bid amount of \$40,048.00.

The Manager-Chief Engineer stated that this was placed on the agenda for information purposes. No bids were received and alternative procurement was used. In response to Mr. Ney’s question of whether this is a ceiling amount that is subtracted from when they deliver, he replied that was correct. When the Board takes action to award a dollar amount, that is what the contract is going to be limited to. Ms. Gray will certify the contract just for that amount. If it goes beyond that, it has to be brought back to the Board for approval.

**I. MAINTENANCE BID NO. 2022-08, REPAIR AND MAINTENANCE OF KAHALU’U SHAFT INCLINED LIFT:**

This project generally consists of furnishing all transportation, labor, equipment, tools and consumable materials necessary to provide monthly maintenance and repair services to the inclined lift system and its related appurtenances at the Department of Water Supply’s Kahalu’u Shaft facility.

Bid Opening for this project was May 5, 2022, at 2:30 p.m. No bids were received. Staff will seek alternative procurement per Hawai’i Administrative Rules (HAR) §3-122-35 to procure the required services in the best interests of the Department.

**J. 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. We are requesting to renew this Agreement from July 1, 2022, to June 30, 2023. 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)	=	\$8,861.76
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 2021-2022. 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, 2022, to June 30, 2023, at a total cost of \$96,899.88, and that either the Chairperson or Vice-Chairperson be authorized to sign the documents, subject to approval by Corporation Counsel.

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

The Manager-Chief Engineer explained that there is no increase from the prior fiscal year. Brantley Center is a rehabilitation organization which is why they can perform this type of work for the Department, even though the Department has civil service positions that do maintenance. The Department can still contract them because of their standing as a rehab organization. Once the Department stops using their services, it would have to hire staff to do that work. The Department would like to continue this as long as possible. They have been providing a good service.

ACTION: Motion was carried unanimously by voice vote.

**K. MONTHLY PROGRESS REPORT:**

Mr. Ney asked if the Commission on Water Resource Management permit is still held up on the Hala'ula Well Development project.

Mr. Inaba replied that the contractor has seen a couple of their permits moving through and hopefully that gets released soon.

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

Ms. Gray reported on the Financial Statements for April 2022. For the Balance Sheet, Income Statement, and Budget Status Report, on the cover sheet there are explanations for any changes from prior year of \$10,000 or 20% more. There are two items noted for this month--the Accounts and Construction Contracts Payable, which decreased 38% from prior year due to payments the Department made to contractors; and on the Income Statement, Power and Pumping Expenses increased 20% from prior year, which increased the Purchase Power, contractual services, and equipment expenses.

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

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

1. North Kona Wells – the Deputy reported that eleven of the fourteen sources are operational or ready to use. Makalei Well is offline. Staff is meeting with the developer this week to go over the status of the well repair. For Kalaoa Well, which went offline last month, there was a failure in the power cable and the Department will need to procure repair of the well. In response to Mr. Ney's question of when the last time it was repaired, he replied it was eight months ago. The third well down is Wai'aha Well.
2. COVID-19 Update – the Manager-Chief Engineer reported that, similar to everybody else, the Department is seeing an uptick, whether it be potential exposures or actual COVID-positive cases. The Department is following CDC and Department of Health guidelines where, if one of its employees has been potentially exposed, what to do as far as isolation or quarantine, and it is dependent on vaccination status. It is dealt with it on a case-by-case, person-by-person, incident-by-incident basis. It does affect the workflow, but the Department is pushing forward in this new normal.
3. Department of Water Supply Energy Report – Mr. Ching reviewed the Energy Report. For the first quarter of 2022, the total power cost was a little less than \$5.5 million, which was up 42.3% from the same quarter last year. Compared to the previous quarter, it was up about 3.5%. Customer water consumption and energy use for first quarter 2022 was about 2.3 billion gallons, which was up about 9.2% from the same quarter 2021; and compared to the previous quarter, it was up 1.6%. Total energy use by the Department was about 14.7 million kilowatt hours, which is up 15.7% from the same quarter of 2021. Compared to the previous quarter, it was down about 1%. A new item on this report is the correlation between customer consumption and energy use. They generally follow the same path and can be compared to the above power costs. As water

consumption increases, it will lead to an increase in kilowatt hours, and will lead to an increase in power costs to some extent. The other big factor in the power cost is the Hawaiian Electric rate. This figure also speaks to the efficiency, or energy intensity of the Department, which Chairperson De Luz had mentioned some interest in at a previous meeting. Moving on to Hawaiian Electric rates, the Department still has 158 separate accounts with Hawaiian Electric, broken down into the three schedules seen in Table 1. The average Hawaiian Electric energy rate for the first quarter of 2022 was up about 31.5% from the same quarter of 2021. Compared to the previous quarter, it was up about 9%. The average demand rate for the first quarter of 2022 was the same basically as this same quarter last year and compared to the previous quarter. Page 3 shows Power Cost Charge history. Currently, it is at \$2.34 and there will be a public hearing next month to adjust that. On Page 4 is where it gets into energy redundancy. The generators on inventory are broken down into stationary generators and portable generators. There are 13 generators that feed water sources. The other two feed office buildings and the water quality building. These 13 were up for the service contract earlier in the agenda. The other two are maintained separately. Their location and capacity are shown in the figure, and those depicted with an “H” are at hospitals. He expressed appreciation to FEMA who have been instrumental in getting transfer switches where the generators can be switched from Hawaiian Electric safely and quickly. The Department is in the midst of another go around transfer switches and is working with the consultant to design those out and get them constructed, again with the FEMA Hazard Mitigation Grant Program funds. Ongoing power savings projects are also highlighted in the report.

Mr. Ney thought there should be more of a buffer in the energy cost adjustment in case energy costs were to double, rather than having to make up for it. He would rather give it back as a credit rather than chasing the adjustments.

The Manager-Chief Engineer could see Mr. Ney’s point but was not sure if going above and beyond the actual power cost to give a buffer is legally allowable.

Ms. Mellon-Lacey stated that she would have to check again but thought it is limited to what the actual cost is and did not think the Department could build in a hedge. It would require public hearing for each adjustment, but she would double check the Statute.

4. Update on Establishment of Permitted Interaction Group (PIG), Regarding Capacity Expansion – Vice-Chairperson Hiramami stated that Ms. Mellon-Lacey had arranged a meeting with the members of the PIG for May 25, 2022. This will be a formation meeting to decide what should be tackled first. There should be a report for the Board next month.

**N. EXECUTIVE SESSION REGARDING POTENTIAL DISPUTED SETTLEMENT -  
JOB NO. 2016-1056 WAI‘AHA DEEPWELL REPAIR, DISTRICT OF NORTH KONA:**

The Board anticipates convening an executive meeting for the purposes of an attorney-client confidential discussion regarding the above-entitled matter. Pursuant to Section 92-5(a)(4) Hawai‘i Revised Statutes, the purpose of the executive meeting is to consult with the Board’s attorney on questions and issues pertaining to the Board’s duties, privileges, immunities, and liabilities. A two-thirds vote is necessary to hold an executive meeting, provided that the affirmative vote constitutes a majority of the Board.

**ACTION:** Ms. Hugo moved that the Board go into Executive Session; seconded by Mr. Ney and carried unanimously by voice vote.

(Executive Session began at 12:25 p.m. and ended at 12:48 p.m.)

O. **CHAIRPERSON'S REPORT:**

Vice-Chairperson Hirakami had nothing to report.

10) **ANNOUNCEMENTS:**

1. **Next Meeting:** - June 28, 2022, 10:00 a.m., at the Liquor Control Conference Room, Hilo Lagoon Centre, 101 Aupuni Street, Room 230 (lobby level), Hilo, Hawai'i. The Public Hearing on the Power Cost Charge will also be June 28, 2022, at 9:45 a.m.

Ms. Mellon-Lacey stated that parking can be difficult at Hilo Lagoon Centre and recommended either carpooling or using paid metered parking at the County Building. The Manager-Chief Engineer offered if anyone was interested, the Department could use vans to transport from its main office to the meeting place.

Mr. Lopez announced that he will not be present at the June meeting.

11) **ADJOURNMENT**

**ACTION:** Ms. Hugo moved to adjourn the meeting; seconded by Ms. Keolanui and carried unanimously by voice vote.

(Meeting adjourned at 12:53 p.m.)

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Recording Secretary

APPROVED BY WATER BOARD  
JUNE 28, 2022