

HAWAI'I COUNTY COUNCIL

NOTICE OF PUBLIC HEARING

Monday, July 12, 2004, 6:00 p.m.

Kealakehe Intermediate School

74-5062 Onipaa Street, Kailua-Kona, Hawai'i

WATER SYSTEM IMPROVEMENT DISTRICT

KONA COASTVIEW and KONA WONDERVIEW SUBDIVISIONS, NORTH KONA, HAWAI'I

TMK Plat Nos. (3)7-3-13, -014, -015, -016, -022, -023, -028

TO THE OWNERS OF LANDS TO BE ASSESSED WITHIN SAID WATER SYSTEM IMPROVEMENT DISTRICT AND TO ALL PERSONS INTERESTED GENERALLY:

Pursuant to Resolution No. 197-04 adopted on June 16, 2004, the Hawai'i County Council shall conduct a Public Hearing to inform the owners of properties to be assessed for the costs of the Kona Coastview and Kona Wonderview Water System Improvement District of the final project costs and financing thereof, project timetable, proposed amended preliminary assessment roll, prepayment terms, procedures for application of reduced assessment, and opportunity and procedure for protest of the Improvement District as provided in Chapter 12, Hawai'i County Code.

Pursuant to the requirements of Chapter 12, Hawai'i County Code, notice is hereby given of the following:

1. General Details of Proposed Improvements

This Water System Improvement District was established and defined by Hawai'i County Council Resolution No. 220-02, Draft 2, adopted on June 19, 2002 and Resolution No. 237-02 adopted on September 25, 2002 to consist of the design, construction, acquisition and installation of a public water delivery system meeting Hawai'i County Department of Water Supply standards for the Kona Coastview and Kona Wonderview subdivisions, and thereafter conveyed, operated and maintained by the Department of Water Supply.

This Improvement District consists of 437 assessment units consisting of existing lots and condominium units within the Kona Coastview and Kona Wonderview subdivisions contained in Tax Map Key Plat Nos. 7-3-13, -14, -15, -16, -22, -23 and -28. The special improvements shall include the removal of all existing meters and laterals within the improvement district, and the installation of water meters for each of the 437 assessed units within the improvement district. The Improvement District includes acquisition of two reservoir sites from TMK Nos. (3) 7-3-022:046 and (3) 7-3-023:088. The water system improvements will include, but not be limited to:

- 10,726 lineal feet 8" ductile iron pipeline;
- 11,320 lineal feet 6" inch ductile iron pipeline;
- 1,862 lineal feet 4" inch ductile iron pipeline;
- Three (3) pressure reducing valves (PRV);
- Thirty-four (34) fire hydrants;
- 225 service laterals; and
- Two (2) 100,000 gallon concrete reservoirs.

2. Revised Determination of Project Costs

Resolution No. 237-02 authorized the Manager, Department of Water Supply to proceed to call for bids on the project and to acquire two lots for reservoir sites. Thereafter, right-of-way acquisition of two 100,000-gallon reservoir sites was undertaken at a total cost of \$243,384.00. On April 7, 2004 construction bids for the project were opened. The low bid from Isemoto Contracting Co., Ltd. was \$4,942,024.00. Other bids were received from Goodfellow Brothers, Inc. (\$5,795,806.00); Jas W. Glover, Ltd. (\$5,888,560.90); and Kiewitt Pacific Co. (\$6,940,582.00). The low bid

from Isemoto Contracting Co. Ltd. (\$4,942,024.00) was slightly higher than the estimate (\$4,788,492.00) prepared by Inaba Engineering, Inc., the project's independent engineering consultant.

Based upon these actions noted above, final project costs are detailed below:

Water System Construction Cost	\$ 4,942,024.00	(bid; Isemoto Contracting Co. Ltd.)
10% Construction Contingency	\$ 494,202.00	(10% per Department of Water Supply)
ROW Acquisition (Reservoir Sites)	\$ 243,384.00	(actual)
Design and Survey	\$ 322,385.00	(actual)
Inspection	\$ 0.00	(in-kind; Department of Water Supply)
Environmental Assessment	\$ 18,100.00	(actual)
Reserve Fund	\$ 0.00	(ID Loans: USDA/RUS & Water Board)
Bond Counsel, Underwriting, Printing	\$ 35,000.00	(estimate)
County Clerk Administrative Cost	\$ 5,000.00	(estimate)
Total Development Cost	\$ 6,060,095.00	

3. Proposed Assessments of Improvement District Property Owners

Based upon a previous project cost estimate of \$4,600,000 prepared by the Department of Water Supply in 2001, and a United States Department of Agriculture Rural Utilities Service (USDA/RUS) Letter of Conditions dated April 9, 2002, Council Resolution No. 237-02 anticipated a USDA/RUS grant in the amount of \$1,823,600 to be applied against the project costs, and the remaining \$2,776,400 to be provided by a 35-year USDA/RUS loan at 4.75% interest. Accordingly, the Notice for the August 2, 2002 Public Hearing estimated the Improvement District assessment to be approximately \$6,353.00 per property owner.

In anticipation of bids determining final project costs, Resolution No. 237-02 stated that "Net Project Costs" meant "the Project Costs, less any grants which reduce the actual cost of the Water System" and determined that "assessment units within the Improvement District shall be subject to an assessment calculated by dividing the Net Project Costs by the number of assessment units within the Improvement District as of the Commencement Date.

Pursuant to the receipt of the low construction bid on April 7, 2004 the Total Development Cost of the Improvement District, as shown above, is \$6,060,095.

The Net Project Cost of the Improvement District, after deducting the USDA/RUS grant in the amount of \$1,823,600, is \$4,236,495. This is the amount to be financed by two USDA/RUS loans evidenced by general obligation bonds totaling \$3,696,400 (per USDA Rural Development Letter of Conditions dated April 9, 2002 and Addendum to the Letter of Conditions dated April 20, 2004). In addition, a loan authorization, if needed, up to the amount of \$600,000 evidenced by a general obligation bond for a term of five years at a rate of no less than 3% and no more than 4.5% was made by Water Board Resolution No. 04-02 dated May 25, 2004. The sum of these authorized federal and Water Board loans is \$4,296,400 and is sufficient to finance the Net Project Cost of \$4,236,495.

Accordingly, the pro rata assessment for each of the 437 assessed property owners (\$4,236,495 / 437 within the Improvement District is \$9,694.50. This amount, \$9,694.50, is the amount proposed to be assessed to each of the 437 property owners within the Improvement District.

The County of Hawai'i shall adopt general obligation bonds and administer the collection of funds from assessed owners to service the debt.

4. Anticipated Timeline for the Improvement District

Pursuant to affirmation of the proposed Improvement District by proposed assessed homeowners at the Public Hearing on July 12, 2004, the County Council anticipates that it shall adopt a Resolution of Determination of such affirmation to proceed on July 23, 2004, followed by a bill for an ordinance to set the Improvement District assessments and concurrent bond ordinance(s) on August 4, 2004 (1st reading) and August 18, 2004 (2nd reading).

Upon adoption of all such ordinances, it is expected that a three-week bond closing process will follow, with the bond closing expected to occur on September 9, 2004 and the Notice to Proceed to be given to the contractor on September 10, 2004 for construction of the Water Improvement District to commence.

5. Installment Payments or Prepayment

Unless paid in full, assessments will be payable in monthly installments sufficient to meet the principal and interest requirements for the County's general obligation bonds issued for the Improvement District until they mature.

Under Chapter 12, Hawai'i County Code, a property owner's assessment may be paid to the Director of Finance in full, without additional charges, at any time within 30 days after the date of the last publication of the ordinance to set the Improvement District assessments. After this 30-day period, property owners will also be permitted to prepay the unpaid balance of their assessments in full, plus a 3% premium on the unpaid balance (unless waived) and interest at the rate on the bonds until they can be redeemed with the assessment prepayment.

6. Testimony, Protests and Objections

At the Public Hearing to be held on July 12, 2004 the testimony of all interested persons and owners of assessment units for or against the establishment of the Improvement District, the extent of the Improvement District, and the levy of the special assessment shall be heard. This Public Notice hereby advises all interested parties that, in accordance with §12.10(e) and §12.12, Hawai'i County Code, a protest against making all or part of the proposed improvements or against the methods by which such assessments are to be made, or the inclusion of certain costs therein must be submitted in writing to be considered by the Council. Such written protests or objections may be mailed to: County Clerk, County of Hawai'i, 25 Aupuni Street, Hilo, Hawai'i 96720 prior to the date of the Public Hearing, or such written protest may be submitted in person at the date and time of the Public Hearing.

In the event that less than 50% or more of the owners of assessment units file written protests at or before the Public Hearing against making all or part of the assessments, or part of the proposed improvements, or against the methods by which such assessments are to be made, or the inclusion of certain costs therein, the County Council may proceed to establish the Improvement District and levy assessments by ordinance.

7. Time and Place of Public Hearing

A Public Hearing will be held before the Hawai'i County Council on Monday, July 12, 2004 at 6:00 p.m. at Kealakehe Intermediate School at 74-5062 Onipaa Street, Kailua-Kona, Hawai'i to consider the matter of the Improvement District.

Please examine Council Resolution No. 197-04 (enclosed), a Resolution Amending the Establishment of a Water System Improvement District for the Kona Coastview and Kona Wonderview Subdivisions and Setting a Public Hearing to Present Final Net Project Costs, Financing Thereof, Proposed Assessments, and Related Matters. Related addenda and documents available for public review and inspection include:

- (1) USDA addendum dated April 20, 2004 to its Letter of Conditions dated April 2, 2002 increasing the Rural Utilities Service loan to \$3,696,400 from Lorraine P. Shin, State Director, USDA Rural Development Office;
- (2) Water Board Resolution No. 04-02 dated May 25, 2004 authorizing a loan up to the amount of \$600,000 from the Department of Water Supply to the County of Hawai'i evidenced by a general obligation bond for a term of five years beginning from the full disbursement of the loan at a rate of no less than 3% and no more than 4.5%;
- (3) Amended Preliminary Assessment Roll dated July 12, 2004 for the Kona Coastview Kona Wonderview Water Improvement District; and
- (4) Bids (tabulation) received by the Department of Water Supply for Construction of the Kona Coastview/Wonderview Water System Improvements, Job No. 2001-790, dated April 7, 2004.

These documents may be seen and inspected at: (a) the Office of the County Clerk, Hawai'i County Building, 25 Aupuni Street, Hilo, Hawai'i; (b) the Kona Councilmembers' Office, 77-6399 Nalani Street, Suite 104, Kailua-Kona, Hawai'i; and (c) the Office of the Mayor, Hanama Place, 75-5706 Kuakini Highway, Suite 103, Kailua-Kona, Hawai'i.

All interested persons are invited to attend and they shall be afforded the opportunity to be heard. The meeting place is accessible for persons with physical disabilities. Persons who need special accommodations to attend this Public Hearing should call 961-8255 by July 8, 2004. Persons using TDDs may call 961-8521.

BY AUTHORITY OF THE HAWAI'I COUNTY COUNCIL

COUNTY CLERK, COUNTY OF HAWAI'I

(Hawai'i Tribune Herald – Publication Dates: June 25, 2004 and July 4, 2004)

(West Hawai'i Today – Publication Dates: June 25, 2004 and July 4, 2004)

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