

MINUTES

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

February 26, 2008

Royal Kona Resort - Resolution Room

- MEMBERS PRESENT: Mr. Thomas Goya, Chairperson
Mr. Riley Smith, Vice-Chairperson
Mr. Francis Kuailani
Mr. George Harai
Ms. Millie Kim
Mr. Dwayne Mukai
Mr. Milton Pavao, Manager, Department of Water Supply
(ex-officio member)
- ABSENT: Ms. Paula Helfrich, Water Board Member
Mr. Bernard Konanui, Water Board Member
Mr. Robert Meierdiercks, Water Board Member
Mr. Bruce McClure, Director, Department of Public Works
(ex-officio member)
- OTHERS PRESENT: Ms. Katherine Garson, Deputy Corporation Counsel
Mr. Bennett Mark, (representing Mr. Christopher Yuen,
Planning Director, ex-officio member)
Mr. Jim Stutheit
Mr. Bill Brooks
Mr. Ben Tsukazaki (10:25 a.m.)

Department of Water Supply Staff

- Mr. Quirino Antonio, Jr., Deputy Manager
Ms. Kris "Kanani" Aton, Public Information and Education Specialist
Mr. Kurt Inaba, Engineering Division Head
Mr. Lawrence Beck, Engineering Division
Mr. Keith Okamoto, Engineering Division
Mr. Richard Tsunoda, Waterworks Controller
Mr. Daryl Ikeda, Chief of Operations

CALL TO ORDER - Chairman Goya called the meeting to order at 10:05 a.m.

STATEMENTS FROM THE PUBLIC - none

APPROVAL OF MINUTES:

ACTION: Mr. Harai moved for approval of the Minutes of the January 22, 2008, Water Board Meeting; seconded by Ms. Kim and carried unanimously by voice vote.

APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA:

None.

ACTION TO MOVE AGENDA ITEM UP:

Chairman Goya entertained a Motion to move up Miscellaneous Item N, Manager's Report, #2 Status of the Hawaiian Ocean View Exploratory Well.

ACTION: Mr. Smith so moved; seconded by Mr. Mukai and carried unanimously by voice vote.

MISCELLANEOUS:

N. **MANAGER'S REPORT:**

2) Hawaiian Ocean View Exploratory Well Status

The Manager reported that the drill rig should be on site today at 2:00 p.m. It is being moved from Keauhou to Hawaiian Ocean View. The Request for Proposals (RFP) for the second phase is due on April 15, 2008. Bids will be analyzed and the bidder for the second phase will be determined. It will need to be approved by the County. Once the contract is executed, the funds can be encumbered.

In response to Chairman Goya's question if any blessing is planned, the Manager replied that the contractor had the site blessed for the exploratory drilling portion of the project. It may be difficult holding a blessing now because drilling will be ongoing.

The Deputy Manager suggested doing one at the fill site, and the Manager agreed that would be a good idea.

Chairman Goya thought it would also be a good opportunity for the Board to schedule an appropriate Board meeting in the area and get together with the community.

The Manager stated that July would be a good time, because the contract will be executed and funds encumbered by then.

Chairman Goya mentioned Mr. Jim Stutheit's correspondence to the Water Board, which was handed out to the members today, and also the letter the Department had sent to Mr. Stutheit in reply to his questions last month. He felt that a lot was covered in that letter and asked if the Manager had any further comments.

The Manager stated he did not have anything to add to that letter; however, the Department received calls regarding the article of February 20, 2008, in the West Hawaii Today. He clarified that he had spoken with Mr. Loren Heck and that he understood he was no longer a member of the Water Board and that his replacement had been appointed to the Board. Whoever submitted that article to the newspaper made a mistake in noting Mr. Heck as a "Water Commissioner" because he was not a member of the Water Board at that time.

Discussion followed regarding who should make sure the correction is made in the newspaper. It was decided that the person who submitted the article should make the correction, and it would be a good idea to follow up and see that it was done. The Manager will confirm with Mr. Heck first on who submitted the article and have it corrected.

Ms. Kim asked the Manager if he thinks an extension would be necessary for the funds (which expire June 30, 2008).

The Manager stated that the Department is doing everything possible to avoid needing an extension, but it would be good to go ahead with the request just in case. Whether it is granted or not, it does not hurt to ask. He mentioned that the request for extension is part of the Mayor's Legislative package. The Manager replied he would get the Bill number from the Mayor's Office for Ms. Kim.

Mr. Smith noted that it would be inappropriate for any of the Water Board members to make comments to the media, representing the Water Board. The only person who could do that is the Chairperson when the Board votes on an issue at a disclosed meeting.

Chairman Goya added that this extends to the Legislature as well. Only action covered by the Board can be presented or represented at the Legislature.

The Manager noted that Mr. Robert Meierdiercks, the replacement for Mr. Heck's district, had his orientation and received Oath of Office last week. He is with the Hawaii Carpenter's Union; and unfortunately, had to miss today's meeting because of a business meeting in Honolulu. He served on the Board in the early 90's and was Chairperson at one time.

Chairman Goya thanked Mr. Stutheit for attending the meeting today. He directed him to work with the members of his Association and the community to make sure the best possible project comes from the \$6 million funding from the State for the well.

Mr. Stutheit clarified that he did not want the Board to take any of what he said to mean that he does not want water available to the community.

(Mr. Stutheit left the meeting at 10:22 a.m.)

Chairman Goya asked that the Manager finish with his Manager's Report before moving on to the rest of the Agenda.

Manager's Report

- 1) Status of the Palani Road Transmission Waterline project - land issues are still holding up advertisement of this project. Ms. Kim mentioned the Tomi Tomi Road, which is being repaved. The Manager stated that was a decision made by the Mayor. When he learned of how long this Department's project would take, he decided to go ahead with having the road fixed, even though the road will be dug up again once this project begins. The Department's contract will specify that the road has to be as good or better than it was when it is eventually paved again.
- 3) Status of the Kona Water Quality - the Department is continuing to work with modifications in the shaft. An emergency repair was recently done on the hil-a-vator.
- 4) Update on negotiations with Kamehameha Investment Corporation - Mr. Ray Soon has indicated that they are aware the ball is in their court and will contact this Department when they are ready to meet again.

Chairman Goya asked that two other issues be placed on the Manager's Report monthly until they are resolved. One is the Kona Hospital. The Manager indicated that he left messages for Mr. Eric Willis but has not heard back. Also, when this Department contacted the hospital about an issue they needed to be aware of, they did not seem to know about the agreement Mr. Willis had made with the Department about the hospital being on some type of alert system when tank levels get low. The Board asked that the Manager send a letter to Mr. Willis and document what has taken place. That way it will show that the Department has been trying to assist them.

The Manager stated that he needs to also speak to Mr. Willis about formalizing something for the Legislature for funding of a storage tank for the hospital.

Chairman Goya asked that anything specific for the Legislature with regard to the hospital be advertised (in the Agenda) so people are afforded the opportunity to provide input.

Ms. Kim suggested that correspondence be copied to Hawaii Healthcare Systems and elected officials regarding the hospital's need for water storage.

- 5) American Water Works Association (AWWA) Annual Conference and Exhibition, Atlanta, Georgia, June 8 to 12, 2008 - the Manager stated that he would have the Secretary send Board Members the policy on travel to this conference. He urged those who intend to go to make their reservations as the prices are increasing.

SOUTH HILO:

A. JOB NO. 2005-863, CONSTRUCTION OF THE HONOMŪ PRODUCTION WELL AND 0.3 MG RESERVOIR:

Bids for this project were opened on February 14, 2008, at 2:00 p.m.; and following are the bid results:

Bidder	Amount
Isemoto Contracting Co., Ltd.	\$3,531,631.00
Jas. W. Glover, Ltd.	\$3,844,043.00
Kiewit Pacific Co.	\$4,908,000.00

Project Scope: This project consists of outfitting a well including controls, control building, and appurtenant piping/equipment and constructing a 0.3 MG reservoir.

Project Cost:

1) Low Bidder (Isemoto Contracting Co., Ltd.)	\$3,531,631.00
2) Construction Contingency (~10%)	<u>368,369.00</u>
Total Construction Cost:	<u>\$3,900,000.00</u>

The Engineer's Estimate is \$2,547,115.00. Funding for this project will be from the Department's C.I.P. budget with possible reimbursement through the State Drinking Water Revolving Fund loan program. The contractor will have 360 calendar days to complete this project.

The Manager recommended that the Board award the contract for JOB NO. 2005-863, CONSTRUCTION OF THE HONOMŪ PRODUCTION WELL AND 0.3 MG RESERVOIR, to the lowest responsible bidder, Isemoto Contracting Co., Ltd., for their bid amount of \$3,531,631.00 plus \$368,369.00 in construction contingency for a total contract amount of \$3,900,000.00, 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.

MOTION: Mr. Mukai moved for approval of the Manager's recommendation; seconded by Mr. Kuailani.

Some discussion took place regarding the spread between the engineer's estimate and the bid prices that were received. It was suggested that if the price is quite higher than anticipated, that an explanation be provided in the write-up. The Board also asked for an explanation of SDWRF. The Manager stated that it is a special revolving fund where money can be borrowed at lower interest rates. To qualify, the project has to be for the betterment of water quality. Paybacks go back into the fund, which is shared by the various counties in Hawai'i.

ACTION: A vote was taken on the Motion. Motion was carried unanimously by voice vote.

B. JOB NO. 2006-889, CONSTRUCTION OF THE ANDRADE CAMP WATER SYSTEM IMPROVEMENTS:

The bid opening date of February 22, 2008, had to be delayed because of an issue with the Federal requirements concerning the performance bond. The new bid opening date is

March 12, 2008. This Agenda item is being withdrawn and will be resubmitted on the March Agenda.

NORTH KOHALA:

A. RESOLUTION NO. 08-02, PROVIDING FOR THE ACQUISITION OF PRIVATE PROPERTY AND EASEMENTS SITUATE IN THE DISTRICT OF NORTH KOHALA, COUNTY AND STATE OF HAWAII, IDENTIFIED AS A PORTION OF TMK NO. (3) 5-2-005:023, LOT 78 FOR BACKUP WELL AND REPLACEMENT RESERVOIR SITE:

This resolution is being introduced for the condemnation of a portion of Tax Map Key 5-2-005:Portion 023, Lot 78, for the purpose of acquiring the property surrounding an existing USGS well which was funded by DWS. This site is adjacent to our existing tank and well site. Even though the new DWS well recently went on-line to support the Makapala-Keokea system, this USGS well is now needed as the back-up source for the Makapala-Keokea system due to the loss of the spring that was previously the primary source for the Makapala-Keokea Water System. In addition, it is necessary to condemn enough land at the same location to provide a site for a replacement tank for the existing Makapala Reservoir because it was damaged during the earthquake. This condemnation is required because the new landowner was unwilling to sell the necessary portion of land to DWS.

The Manager recommended that the Board approve Resolution No. 08-02 and authorize the Department and Corporation Counsel to continue with the condemnation process.

MOTION: Mr. Smith moved for approval of the Manager's recommendation; seconded by Mr. Harai.

Mr. Smith had a question about the USGS well (which would ordinarily be only for exploratory purposes). The Manager explained that these wells were made for observation and modeling back when the North Kohala Transmission project was being considered, and that is the reason they can be used.

Mr. Smith asked about the size of the parcel. Mr. Beck explained that it is 20.138 acres, and this Department would be taking slightly under 0.138 acre so it can leave a full 20 acres to the owner in case he wants to try to subdivide at a later date.

ACTION: A roll call vote was taken on the Motion. Motion was carried by 6 ayes (Ms. Kim, Messrs. Harai, Kuailani, Mukai, Smith, and Chairman Goya); nays: 0; absent: 3 (Messrs. Konanui and Meierdiercks and Ms. Helfrich).

SOUTH KOHALA:

A. JOB NO. 2004-850, CONSTRUCTION OF THE WAIMEA WATER TREATMENT PLANT SLUDGE DRYING BEDS:

Bids for this project were opened on February 15, 2008, at 2:00 p.m.; and following are the bid results:

Bidder	Amount
Bolton, Inc.	\$3,109,175.00*
Goodfellow Bros., Inc.	\$3,029,449.00
Isemoto Contracting Co., Ltd.	\$3,194,854.71
Kiewit Pacific Co.	\$3,741,000.00

*corrected bid amount

Project Scope: This project consists of installing a solar sludge drying bed system to process sludge created by the water treatment process.

Project Cost:

1) Low Bidder (Goodfellow Bros., Inc.)	\$ 3,029,449.00
2) Construction Contingency (~10%)	\$ 303,551.00
Total Construction Cost:	<u>\$ 3,333,000.00</u>

The Engineer's Estimate is \$3,878,422.00. Funding for this project will be from the Department's C.I.P. budget with possible reimbursement through the State Drinking Water Revolving Fund loan program.

The contractor will have 365 calendar days to complete this project.

The Manager recommended that the Board award the contract for JOB NO. 2004-850 WAIMEA WATER TREATMENT PLANT SLUDGE DRYING BEDS, to the lowest responsible bidder, Goodfellow Bros., Inc., for their bid amount of \$3,029,449.00 plus \$303,551.00 in construction contingency for a total contract amount of \$3,333,000.00, subject to review as to form and legality of the contract by Corporation Counsel.

MOTION: Ms. Kim moved for approval of the Manager's recommendation; seconded by Mr. Kuailani.

Discussion on the value of the sludge. Rather than dumping it in the landfill, there must be more value to it than that. Follow up on the disposal or sale of the sludge. Mr. Smith suggested checking with Mr. David Davenport who has a composting facility on Kawaihae Road who may have a use for the sludge.

ACTION: A vote was taken on the Motion. Motion was carried unanimously by voice vote.

NORTH KONA:

A. RESOLUTION NO. 08-01, PROVIDING FOR THE ACQUISITION OF PRIVATE PROPERTY AND EASEMENTS SITUATE IN THE DISTRICT OF NORTH KONA, COUNTY AND STATE OF HAWAII, IDENTIFIED AS PORTIONS OF TMK NO. (3) 7-4-009:072, FOR TRANSMISSION LINE IMPROVEMENTS:

This resolution is being introduced for the condemnation of a portion of Tax Map Key 7-4-009:072 for the purpose of creating an access and utility easement for a transmission

waterline and related access road. This transmission line is to be a key component of the overall plan to bring source water from wells located above Mamalahoa Highway down to the high-demand service areas of North Kona below the highway.

This condemnation is required because the landowner was requesting a selling price that was 250% of the assessed value determined during a recent appraisal of the affected property.

The Manager recommended that the Board approve Resolution No. 08-01 and authorize the Department and Corporation Counsel to continue with the condemnation process.

MOTION: Mr. Kuailani moved for approval of the Manager's recommendation; seconded by Ms. Kim.

It was noted that this will help expedite the Palani Transmission project. In answer to Ms. Kim's question of whether this goes before the Council, Ms. Garson explained that the Water Board has the authority to condemn. The Resolution has to be published two times and then come back before the Board. There is a requirement for two readings.

In response to Mr. Mukai's question of whether the Department notifies the landowner that the condemnation process has been initiated, Mr. Beck replied that they were notified by letter.

Mr. Smith mentioned the write-up where it mentions "assessed value." He thinks of that as real property tax assessments. Chairman Goya suggested the term "market value" would be better.

ACTION: A roll call vote was taken on the Motion. Motion was carried by 6 ayes (Ms. Kim, Messrs. Harai, Kuailani, Mukai, Smith, and Chairman Goya); nays: 0; absent: 3 (Messrs. Konanui and Meierdiercks and Ms. Helfrich).

B. SUPPLEMENTAL AGREEMENT SETTING FORTH A LETTER OF CREDIT AMOUNT FOR WELL DEVELOPMENT AGREEMENT – LANIHAU PROPERTIES, WEST HAWAII BUSINESS PARK, PALANI RANCH COMPANY:

On August 22, 2006, Lanihau Properties, LLC, West Hawaii Business Park, LLC, Palani Ranch Company, LLC ("Owners") and the Water Board entered into a Well Development Agreement for the development of a new potable water well and certain Well Site and Water Transmission Improvements. The Owners have completed the drilling, casing and pump testing of an exploratory well meeting the DWS' requirements with respect to water quality and sustainable pumpage. The Owners are undertaking the development of the exploratory well to a production facility and are prepared to construct the Well Site and Water Transmission Improvements. This Supplemental Agreement specifies a letter of credit amount of \$7.5 million dollars to complete the remaining infrastructure required to put the subject well into production and get water into the existing DWS water system on Mamalahoa Highway. The well completion report has been filed with the State Commission on Water Resource Management.

Staff has reviewed the Supplemental Agreement as well as the letter of credit amount and finds it acceptable.

The Manager recommended that the Water Board approve the Supplemental Agreement subject to review and approval by Corporation Counsel.

MOTION: Mr. Kuailani moved for approval of the Manager's recommendation; seconded by Mr. Smith.

Chairman Goya noted that Mr. Ben Tsukazaki was present, representing the developer.

Ms. Garson stated that the Department is still waiting for a letter from the Department of Health for water quality. If this is approved today, the Department will wait for that letter before execution of the Supplemental Agreement.

The Manager added that the water quality should not be a problem. This well is in the high-level perched water in Kona.

Mr. Smith commented that this is an agreement that the Board voted on over a year and a half ago at a Water Board Meeting where Mr. Greenwell and the Chair of Hawaiian Home Lands, Mr. Micah Kane, appeared; and he explained that the development of this well source not only benefits the Lanihau lands but also the adjacent Villages of Laiopua and Department of Hawaiian Home Lands because there is a joint agreement there. He thought that from the Department's perspective, when a well source is developed and the improvements are put in place, the utilization of that by the developer occurs over time but the water department gets the benefit of all the improvements on the first day it is dedicated. This is really a good thing for everyone and he thought the only clarification on this supplemental agreement is that it is obtaining prior approval of a letter of credit in lieu of a bond and not changing any of the other terms of the agreement.

ACTION: A vote was taken on the Motion. Motion was carried unanimously by voice vote.

(Mr. Tsukazaki left the meeting at 11:00 a.m.)

C. JOB NO. 2006-891, KAHALUU SHAFT PUMPS CASING MODIFICATION:

The contractor, Beylik Drilling and Pump Service, Inc., has requested a contract time extension of 61 calendar days. This delay will allow the Department of Water Supply to have repair work done to the track of the Hil-A-Vator cable car system.

This will be the first time extension to the contract. Engineering staff has reviewed the request and finds that the 61 calendar days are justified. If approved, the contract completion date will be extended from February 27, 2008, to April 28, 2008.

The Manager recommended that the Board grant this extension of contract time of 61 calendar days to Beylik Drilling and Pump Service, Inc., for JOB NO. 2006-891, KAHALUU SHAFT PUMPS CASING MODIFICATION.

ACTION: Mr. Mukai moved for approval of the Manager's recommendation; seconded by Mr. Smith and carried unanimously by voice vote.

D. IRRIGATION AGREEMENTS FOR AUPAKA & LESSER PRESERVES WITHIN VILLAGES OF LAIOPUA:

PROJECT BACKGROUND: The Department of Hawaiian Home Lands (DHHL) has a project to preserve and mitigate an endangered plant specie, known as the Aupaka Preserve, on those certain lands situated in and around TMK (3) 7-4-21:05 and the Lesser Aupaka Preserve, on those certain lands situated in and around TMK (3) 7-4-20:06 (Portion).

DHHL is asking for water service for these parcels. The service will be to provide irrigation water only.

DHHL has revised some of the items in our typical irrigation agreement. It is being submitted for the Water Board's review and approval.

The Manager recommended that the Water Board approve the irrigation agreements as DHHL "agrees to hold harmless" the Department of Water Supply.

MOTION: Ms. Kim moved for approval of the Manager's recommendation; seconded by Mr. Smith.

Ms. Garson explained that the reason this is before the Board is because it is not the Department's standard language agreement. They had some additional language included in the agreement, and because there is some additional exposure to the Department or the Board, she thought it prudent to bring it before the Board.

Mr. Smith asked why they could not just apply for a meter since they have a subdivided lot.

The Manager replied that irrigation meters are charged at a different rate; and traditionally, all irrigation agreements were brought to the Board for approval because it deviates from the standard usage charges. A while back, the Board granted the Manager the authority to execute irrigation agreements; but because this one is not a standard agreement, it comes before the Board.

Discussion followed regarding the Department's exposure. Ms. Kim noted that the main point is that the "hold harmless" language covers the Department in case of things like waterline breaks, storms, and drought. She felt it was a good idea to bring this before the Board.

Mr. Smith stated that his only concern is the amount of time spent on approval of this agreement; and meanwhile, the plants need the water. He would prefer if the Manager could decide on it.

Ms. Garson indicated that this is a very unique situation with the State. She did not think the Board should give sort of a blanket license to change things because then every single person signing one of these is going to ask for different language.

ACTION: A vote was taken on the Motion. Motion was carried unanimously by voice vote.

MISCELLANEOUS:

A. **DEDICATION OF WATER SYSTEMS**:

The Department has 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. **BILL OF SALE**
Kona Palisades High Pressure By-pass Waterline and PRV
Grantor: Seascape Development, LLC
TMK: (3) 7-3-035:014
E.W.O.: 2008-042
Final Inspection Date: 2/15/2008
Water System Cost: \$66,800.00
2. **GRANT OF EASEMENT**
(For Water meter Purposes)
Grantor: Keauhou Heights Limited Partnership
TMK: (3) 7-7-007: 018 Portion

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

ACTION: Ms. Kim moved for approval of the Manager's recommendation; seconded by Mr. Kuailani and carried unanimously by voice vote.

B. **PROFESSIONAL SERVICES AGREEMENT**:

Professional Services Agreement contract for the following Department of Water Supply project is currently being processed. However, the project is not listed on the Department's current fiscal year Capital Improvement Projects list.

- 1) Waimea Water Treatment Plant Compliance Upgrades Phases I and II
Phase I consists of studying the necessary upgrades to meet DOH water quality rules and to develop a master plan as well as prepare updated operations and maintenance, and emergency response plans and documents.

Phase II will consist of necessary design and construction improvements that were developed via the Phase I effort.

Consultant: To be determined

Fee: \$75,000.00 (estimate, subject to negotiation)

The Manager recommended that the Board approve the new project, the professional services contract, subject to results of the procurement process and that either the Chairperson or the Vice-Chairperson be authorized to sign the documents, subject to approval of our Corporation Counsel.

MOTION: Mr. Mukai moved for approval of the Manager's recommendation; seconded by Mr. Smith.

In response to Mr. Smith's question about whether the Board is approving a fee limited to no more than \$75,000.00, the Manager suggested that it may be best if the Board approves the fee up to that amount; but if the cost comes in higher than that, it be brought back to the Board.

ACTION: A vote was taken on the Motion. Motion was carried unanimously by voice vote.

C. **PROFESSIONAL SERVICES AGREEMENT:**

1) Keopu-Puuhonua Production Well and 1.0 MG Reservoir, DWS Job No. 2004-839

Keopu-Puuhonua Production Well and 0.5 MG Reservoir was previously approved at the May 25, 2004, Water Board Meeting. A change order was also approved at the October 26, 2004, Water Board Meeting to modify the scope to increase the tank size to 1.0 MG and to do an NPDES permit.

The project is currently under construction. This change order request is to add geotechnical engineering services during construction to observe, test, and report on subgrade conditions for the new reservoir. Previous projects in Kona (Waiaha and Kona Coastview/Wonderview) encountered subsurface cavities below the reservoirs. This change order is to hire expertise to properly evaluate the subgrade on this project. This change order will be conducted on a time and materials basis with a not to exceed amount.

Consultant: TNWRE

Original Fee: \$246,581.00

Previous change order: \$39,280.00

This change order: \$26,900.00

Revised Contract Amount: \$312,761.00

The Manager recommended that the Board approve the change order and that either the Chairperson or the Vice-Chairperson be authorized to sign the documents, subject to approval of our Corporation Counsel.

MOTION: Mr. Harai moved for approval of the Manager's recommendation; seconded by Mr. Kuailani.

In response to Mr. Smith's question for clarification of who the geotechnical engineering services would be hired by, Mr. Okamoto replied that this authorizes the consultant, Tom Nance Water Resource Engineering (TNWRE), to hire the geotechnical engineer. The contract is between the Department and TNWRE (consultant).

The Manager added that the reason this came before the Board was because consultant agreements do not carry contingency. Contingency is only on construction contracts.

Mr. Okamoto added that if it exceeds \$25,000.00 and 10% of the initial amount, it needs approval by the Board.

Mr. Smith asked if change order is normally the term used for this type of contract, rather than amendment to the contract or additional services. He normally associates the term Change Order with a construction contract. The Manager agreed that maybe it should not be a change order but a change in scope.

ACTION: A vote was taken on the Motion. Motion was carried unanimously by voice vote.

D. PROFESSIONAL SERVICES AGREEMENT:

Professional Services Agreement contract for the following Department of Water Supply project is currently being processed. However, the project is not listed on the Department's current fiscal year Capital Improvement Projects list.

Waiakea Office Plaza Landscaping

Project consists of evaluating the Department's property at 345 Kekuanaoa Street in Hilo, develop recommendations, consult with necessary parties, and prepare plans and specifications for improvements, removal, and/or replacement of existing trees and plants.

Consultant: To be determined

Fee: \$30,000.00 (estimate, subject to negotiation)

Construction estimate: To be determined

The Manager recommended that the board approve the new project, the professional services contract, subject to results of the procurement process and that either the Chairperson or the Vice-Chairperson be authorized to sign the documents, subject to approval of Corporation Counsel.

MOTION: Ms. Kim moved for approval of the Manager's recommendation; seconded by Mr. Mukai.

Mr. Inaba suggested that this one also come back to the Board if the fee comes in higher than anticipated.

ACTION: A vote was taken on the Motion. Motion was carried unanimously by voice vote.

E. MATERIAL BID NO. 2008-01, SALE OF USED VEHICLES, EQUIPMENT, OFFICE EQUIPMENT, OFFICE FURNITURE, TRANSFORMERS, SCRAP COPPER, AND SCRAP BRASS FROM THE DEPARTMENT OF WATER SUPPLY:

Bids were opened on February 14, 2008, at 2:30 p.m. All items for which the Department received bids and the successful bidders are as follows:

Item	Description	Bidder	Amount
1	Scrap Brass Goods	Atlas Recycling Center LLC	\$1.10/lb.
2	Scrap Copper	Atlas Recycling Center LLC	\$1.75/lb.
3	1975 Chevrolet 2½-ton truck with boom, DWS 10	Tyrone Rapozo	\$1,556.56
7	1996 Chevrolet ¾-ton pickup with utility box, DWS 111	Tyrone Rapozo	\$1,456.56
11	1984 Chevrolet ½-ton pickup, stake body, DWS 29	Robert Rivella	\$451.00
16	36-inch Radial Drill Press, Model No. 155873, ½ HP, 110 Volts	Mark Yoshioka	\$51.00
17	Pavement Cutter, Stow 8.0 Hp, Model No. 190438, Type 5536-01	Atlas Recycling Center LLC	\$75.00
18	Pavement Cutter, Stow 8.0 HP, Model No. 190438, Type 5536-01	Atlas Recycling Center LLC	\$75.00
24	Heath Tech Aquascope Leak Detector, SN 5586	David Faisca	\$150.00
32	Lockers, Unit 1-4	Earl Fukunaga	\$8.00
34	Lockers, Unit 16-19	Mark Yoshioka	\$27.00
35	Lockers, Unit 24-27	Earl Fukunaga	\$8.00
38	Pitney Bowes Mailing Scale, Model A510, SN 26173	Mark Yoshioka	\$32.00
39	4-Leg Steno Chair, Item No. 302 (Orange Fabric)	Doreen Shirota	\$5.00
40	5-Leg Steno Chair, Item No. 323838 (Tan Fabric)	Doreen Shirota	\$10.00
41	5-Leg Steno Chair, Model No. 8600 (Beige Fabric)	Doreen Shirota	\$8.00

The Manager recommended that the Board approve all of the high bids for MATERIAL BID NO. 2008-01, SALE OF USED VEHICLES, EQUIPMENT, OFFICE EQUIPMENT, OFFICE FURNITURE, TRANSFORMERS, SCRAP COPPER, AND SCRAP BRASS FROM THE DEPARTMENT OF WATER SUPPLY, as listed above and also authorize the Manager to dispose of all items for which no bids were received.

MOTION: Ms. Kim moved for approval of the Manager's recommendation; seconded by Mr. Mukai.

Chairman Goya suggested donating items under \$100.00.

The Manager explained the procurement process for disposal/sale of equipment, and upon Chairman Goya's request, he will research it with Ms. Garson for clarification of whether items can be donated (to charitable organizations/non-profit).

ACTION: A vote was taken on the Motion. Motion was carried unanimously by voice vote.

F. GASOLINE BID NO. 2006-05, FURNISHING AND DELIVERING GASOLINE AND DIESEL TO THE DEPARTMENT OF WATER SUPPLY:

Due to the increase in gas prices, which is allowed by contract, the Department of Water Supply will be experiencing a shortage in the contract amount with Aloha Petroleum, Ltd., and Hawaii Petroleum, Inc. Aloha Petroleum, Ltd., has the contract for the gasoline for the Hilo, Kona, and Waimea Baseyards; and Hawaii Petroleum, Inc., has the contract for the low-sulfur diesel at the Kona Baseyard.

The gasoline prices have increased from the contract price of \$2.7512 per gallon to \$3.1553 per gallon at the Hilo Baseyard, \$2.8658 per gallon to \$3.2654 per gallon at the Kona Baseyard, and from \$2.8449 per gallon to \$3.2453 per gallon at the Waimea Baseyard. The low-sulfur diesel price has increased from the contract price of \$2.569 per gallon to \$3.67 per gallon.

At the present rate of usage, which will be projected until the end of the fiscal year (June 30, 2008), it is estimated that the Department will require an additional \$40,000.00 for gasoline and \$5,000.00 for low-sulfur diesel to the existing contracts.

The Manager recommended that the Board award an additional \$40,000.00 to Aloha Petroleum, Ltd., for gasoline and \$5,000.00 to Hawaii Petroleum, Inc., for low-sulfur diesel to GASOLINE BID NO. 2006-05, FURNISHING AND DELIVERING GASOLINE AND DIESEL TO THE DEPARTMENT OF WATER SUPPLY. Aloha Petroleum, Ltd.'s, contract will increase from \$476,973.00 to \$516,973.00 and Hawaii Petroleum, Inc.'s, contract will increase from \$10,276.00 to \$15,276.00.

ACTION: Mr. Smith moved for approval of the Manager's recommendation; seconded by Mr. Mukai and carried unanimously by voice vote.

G. REALLOCATION REQUEST - PERSONNEL MANAGEMENT SPECIALIST II, POSITION NO. WS-03190:

The existing duties and responsibilities of the Personnel Management Specialist II, position No. WS-03190, have expanded significantly in recent years. The position:

- Oversees the daily operations of the Personnel Services Branch and supervises the staff in the performance of human resources activities.
- Advises Administrative, supervisory, and other departmental personnel in all aspects of human resources including collective bargaining law and contracts; civil service laws; rules, regulations and procedures; workers' compensation laws and procedures; etc.
- Evaluates, revises, recommends, and implements policies and operating procedures for all functions in the branch to ensure compliance with applicable laws, departmental procedures, collective bargaining agreements, ordinances, etc.
- Performs duties typical of other Personnel Management Specialist III positions in the County that have direct responsibility for the management and operations of a human resources program.

The County's Department of Human Resources performed a recent desk audit of the position and has determined that the more appropriate classification for this position is Personnel Management Specialist III, SR-24, and that a reallocation is warranted.

The Manager recommended that the Water Board approve the proposed reallocation and amendment to the existing Table of Organization.

ACTION: Ms. Kim moved for approval of the Manager's recommendation; seconded by Mr. Mukai and carried unanimously by voice vote.

H. **BANKING AND CASH MANAGEMENT:**

This Executive Session was deferred by the Board at its January 22, 2008, meeting.

Executive Session

The Board anticipates convening an Executive Session for the purpose consulting with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities and liabilities as per HRS 92-5(a)(4).

ACTION TO DEFER: Ms. Kim moved to defer this to the March 25, 2008, Water Board Meeting; seconded by Mr. Kuailani and carried unanimously by voice vote.

I. **MONTHLY PROGRESS REPORT:**

No questions.

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

Ms. Kim asked about cash investments restricted with reference to Sunrise Estates Subdivision Reservoir (Page 5 of the report). The Manager explained that the term "restricted" means monies the Department received (from the developer) specifically for that reservoir and cannot be used for anything else. The funds will be held for when it is completed.

Chairman Goya mentioned consideration of writing off the Matsumoto account. Ms. Garson stated that the Department has a judgment in this case. The Manager suggested she provide the Board with an update at the next meeting.

(Mr. Brooks left the meeting at 11:28 a.m.)

K. **DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING AND CAPITAL IMPROVEMENT BUDGETS FOR FISCAL YEAR 2008 - 2009:**

Chairman Goya had concerns about filling vacant positions. It seems like most of the positions will be filled by January 1 and that is how the budget was derived, versus coming online throughout the year. It seems unrealistic to have a full employment budget rather than when they would be hired throughout the year.

The Manager stated that the information was obtained from Division Heads on when they think they anticipated having the positions hired.

Mr. Tsunoda stated there are some positions on the Table of Organization shown as vacant but there are no plans to fill them.

Mr. Mukai suggested that in the future, for the ones where there is no intention of filling, place an asterisk beside them. It looks like there are a lot of vacancies.

The Manager explained how the Department creates a career series. Some of the positions look vacant, but it is because it is a series.

Chairman Goya asked to make sure the budget represents when people get hired.

Ms. Kim asked about the apparent reduction in janitorial services, and the Manager explained that since the Department hired personnel instead of contracting out, it now reflects under the labor category and not janitorial.

Mr. Harai asked about \$120,000.00 line item for injuries and damages (personnel).

Mr. Tsunoda explained this is Worker's Compensation and settlements. Some discussion took place about the Department being self insured for Worker's Compensation.

Mr. Harai suggested that the Board should have some discussion on insurance and placing it on the Agenda.

Chairman Goya mentioned the Waiakea Office Plaza landscaping - \$500,000.00 and if it was realistic.

The Manager stated that it is expensive to cut the eucalyptus trees, and Mr. Inaba added that the cost includes replanting and maintenance.

Chairman Goya noticed there was another 5,000 meters added in the Automatic Meter Reading program.

The Manager stated that the Department budgeted for \$2 million and wants to implement them in the next fiscal year.

Mr. Tsunoda concluded that a Public Hearing will be held on the Budget on March 25, 2008, at 9:30 a.m., followed by the Regular Meeting at 10:00 a.m.

L. **WATER RATE STUDY:**

No discussion. Keep on the Agenda each month.

M. DEPARTMENT OF WATER SUPPLY MOTTO:

Ms. Aton reported that from the 173 ballots that went out to employees, 120 came back (a 72% response rate, or 2/3 of the Department). “Water, Our Most Precious Resource” received 41% of the votes, followed by “Water, Source of Life,” and “Water Sustains Life” was third. Twenty percent expressed their desire to retain the original motto. Ms. Aton recommended that the Board address the motto change and receive input from the Board level on implementation of this change. Discussion on the management level can take place on how the change can be carried out and what resources can be assigned, staffing, and funding needs. There may be a need to develop tools around this new motto and how the meaning of it is conveyed. Discussion on the division level can also occur on how the change may impact daily operations such as signage on car doors, letterhead for Administration, agreements and what they say, as well as signs up in the communities. From a public education and information perspective, successful facilitation of this new motto needs to be informative and up to date with internal focus at this time. She believed that collateral (brochures and small pieces of information) needs to be developed to explain this new motto and how it ties in with a bigger picture of sustainability.

The Manager recommended it be placed on the Agenda for the March 25, 2008, Water Board Meeting to be formally adopted.

Discussion took place regarding the term, “Kane,” which takes on more than one meaning but may be interpreted by some as a male/female issue; and the Board wondered if there might be some type of generic term. Ms. Aton will look into it.

Ms. Kim suggested that at the next meeting when the Board takes a vote on the motto, to also have some information on what the impacts might be and whether they may affect the budget.

N. MANAGER’S REPORT:

Discussed earlier.

O. CHAIRMAN’S REPORT:

Chairman Goya mentioned the Department of Public Works invitation to Water Board Members for its 34th Annual Public Works Officials Conference, April 30 to May 2, 2008, in Keauhou. The dates conflict with the American Water Works Association Hawaii Section conference on Oahu. Hopefully, someone can attend one of these conferences.

ANNOUNCEMENTS:

1. Next Meeting:

The next meeting of the Water Board will be on March 25, 2008, 10:00 a.m., in the Hilo Operations Center Conference Room, 889 Leilani Street, Hilo, Hawai‘i. The Public Hearing on the Proposed Operating and Capital Improvement Budgets for Fiscal Year 2008 - 2009 will precede the meeting, at 9:30 a.m.

The Board decided to hold its April 22, 2008, meeting in the Hilo Operations Center.

STATEMENTS FROM THE PUBLIC

None.

ADJOURNMENT

ACTION: Mr. Smith moved for adjournment of the Meeting; seconded by Mr. Kuailani and carried unanimously by voice vote. (Meeting adjourned at 11:52 a.m.)

Secretary

The Department of Water Supply is an Equal Opportunity employer and provider.