

MINUTES

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

April 24, 2007

Waimea Community Center

MEMBERS PRESENT: Mr. Thomas Goya, Chairman
Mr. Riley Smith, Vice-Chairman
Mr. George Harai
Mr. Loren Heck
Ms. Millie Kim (10:16 a.m.)
Mr. Dwayne Mukai
Mr. Milton D. Pavao, Manager, Department of Water Supply
(ex-officio member)

ABSENT: Ms. Paula Helfrich, Water Board Member
Mr. Bernard Konanui, Water Board Member
Mr. Christopher Yuen, Director, Planning Department
(ex-officio member)
Mr. Bruce McClure, Director, Department of Public Works
(ex-officio member)

OTHERS PRESENT: Ms. Katherine Garson, Deputy Corporation Counsel
Mr. Jim Stutheit
Mr. Don Nitsche
Mr. Rell M. Woodward
Mr. Fred Camero, Jr., Beylik Drilling & Pump Service

Department of Water Supply Staff

Mr. Quirino Antonio, Jr., Deputy Manager
Mr. Kurt Inaba, Engineering Division Head
Mr. Daryl Ikeda, Chief of Operations
Mr. Richard Tsunoda, Waterworks Controller
Mr. Richard Sumada, Assistant Waterworks Controller
Mr. Lawrence Beck, Engineering Division

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

STATEMENTS FROM THE PUBLIC (*verbatim*)

1) Mr. Jim Stutheit:

CHAIRMAN GOYA: We have Mr. Stutheit from Ocean View. Mr. Stutheit, could you step forward to the microphone here and give your comments?

J. STUTHEIT: Okay, what I am going to review a little bit is a review about the water well, of course, in Ocean View. And my recommendation is that you build or drill the water well in Ocean View...the second well; I'm talking about the second well, not the first well...simultaneously with the first one. And the place that I recommend that you put it is the one that we recommended before. (Mr. Stutheit held up a map for the Board.) This is the Ranchos and actually it goes this way, but it's hard to... Anyway, of course, you recognize or remember that the test well, exploratory well, whatever you want to call it, is actually drilled there; and I had blown up a part of that map here so that you can more easily see it. This is the highway, Mamalahoa Highway 11, here. And the test well, if you can see this little red dot, is where the exploratory, or test well, was built/drilled. And my recommendation is that you simultaneously, with the first well, drill another production well on this parcel right here. I outlined the areas of interest in red. This is a three-acre parcel. It is empty--in other words, there is no structure on it. It has several distinct advantages as a production well site. It is right, of course, adjacent to the highway. There is, you can see, this little area here, that is the easement for the service road; and the service road does exist. So if people were to come and pick up water, they would come in off of the highway right here, come on the service road, and right there would be an excellent place to put spigots for public use or for the trucks to come. There would be no trenching involved. I want to point out that it is probably going to cost you something like a half a million dollars just to get the water from the first well down to the highway. And that doesn't include probably a very pretty penny that HELCO is going to want to bring three-phase power to the production well. And on this case, they have got three-phase power here -, see this little black box here? That's an easement already there for HELCO to have a substation. So there is, as far as I'm concerned, a very excellent reason to put the other well here and to put a dispensing area here. I think this would be much faster and a lot cheaper than what you have now planned for the first well. I'm not saying don't do the first well, but do this well simultaneously; and I have a sneaking suspicion that you could do it a lot faster than the present design. And if you've got any questions, I'll be glad to tell you what I know.

L. HECK: That will be a well...oh, go ahead.

CHAIRMAN HECK: Mr. Stutheit, you know, we're just taking public comments at this time, so we're just taking the information. And hopefully you will be working with others in your community regarding your newest plan here. Thank you for coming.

2) Mr. Don Nitsche:

CHAIRMAN GOYA: I would next like to call Don Nitsche regarding the same subject matter--the Ocean View well. Don, good morning and thank you for driving out.

D. NITSCHKE: Well first off, I think Mr. Stutheit's idea has a lot of merit; but mainly I'm here because I'm a little angry. In fact, I'm darned mad that we haven't -, that all of a sudden, we're running against brick walls again. We came up with this problem of a second well, the approval through the park, and getting approval to put it on park land and all these different things that came up that we should have really known about in the first place. But if we had been kept advised like we requested to be done -, Milton had assured us that we would be kept abreast of what was going on when the study got started; and we haven't had any until all of a sudden, we got 11th hour on some of these problems to get things moving because there's a possibility the money could run out if this project isn't underway by a certain time. And then I understood that we -, the people at the Park Department don't want the well on their land. I don't think this is true, but then I think this is a possibility. So we got into this last week and had a special meeting of our water committee which has been -, we almost disbanded because we thought things were really moving along and the Department of Water Supply was moving this project ahead and then we get hit with three or four different bottlenecks holding up the process. So then we did meet again and decided to -, we would like to be included in the people that are working on the plan and getting it done so that we can work hand in hand. We can work a lot quicker in most cases than a bureaucracy. I'm sure you are well aware of that. And we have contacted the -, we're in the process of getting a go ahead on the park if the well is decided to be put on the park instead of where Mr. Stutheit is suggesting, which I think is a very good idea. But anyway, if it's going to stay at the park site, we've already made contact with the prior owners of the subdivision to open up the avenue to allow that to happen on park property. We understand it's not a hard fast situation. When we put our local fire station in out there, we got special approval from the developer to soften up their requirement that certain parcels of the circles be earmarked for certain uses such as the park or schools or whatever. So anyway, I'm a little angry that this got to the point. I think it kind of laid -, I don't know what happened. Anyway, all of a sudden we find out that we're behind the 8 ball again; and I'm very angry about that. I think that we should have been kept -, we were promised that we would be kept in the loop, but we feel that we've been kind of dropped from the loop but now we're going again and back active. So I'd just like to -, Milton, have you made a report on the status yet? Because we were very interested in the status and we would like to be included in any input that we can help contacting and overcoming some of these logs that have been put in the way, so to speak, of the project. Because as you well know, we've been pushing for this for a lot of years--14 or 15 to be exact--and we're really anxious for water. I, for one, have my own old water truck and I haul my own water up that hill from Waiohinu in my poor ancient truck, and I spend about half of my time keeping it going and everything; and I'm really -, it's a dangerous road coming up there too. One of these days, we're going to have a head-on collision with the water hauling trucks coming up that windy road out of Waiohinu. So for safety, the fuel that's being consumed to haul that water day after day after day, so every day that we're delayed on getting it going is a costly project for the community, for the water haulers, for our usage on fuel, and it's just a real problem getting water to Ocean View. And as you know, we don't have the rain up there. We have to haul a high amount of our own water. So I request again that we be kept in the loop; and if we can be of any -, if we're in the loop, we can help do a little of the leg work on some of these things that need to be done possibly. If we know there is a problem coming up, if we can help solve it, we'll jump in quickly and do it. So that's my message today. Thank you very much.

CHAIRMAN GOYA: Well, Mr. Nitsche, thank you for coming again. I know it's a long drive, and you have a lot of concerns regarding the project here. And hopefully, later in the Manager's Report, we can address some of the things that have occurred in the past few months or so.

D. NITSCHKE: I hope so. We, as probably some of you know, I've been coming to these meetings--I haven't been in the last, lately; but I came to them year after year after year, working to get water in there. We've gone, we've made trips to Honolulu to get the State working with us. We've really worked a long time on it, and so that's why we're pretty much uptight to get the show on the road and keep it going. Thank you.

CHAIRMAN GOYA: Thank you again for your interest and effort and concern for the community.

D. NITSCHKE: Thank you very much.

3) Mr. Rell M. Woodward:

CHAIRMAN GOYA: I'd like to call Mr. Rell Woodward. Thank you again for coming.

R. WOODWARD: Thank you Mr. Chairman. I'll try and keep my comments brief. I'd like to echo what Don Nitsche said. He's obviously been the man that has spearheaded this effort for fifteen years, and any well that eventually is drilled in Ocean View is going to be called the Don Nitsche Memorial Well. But there are a couple of things that he pointed out; and one of the main things that he pointed out, and one of the main things we had--I'm currently the president of the Ocean View Community Development Corporation. We had a water committee meeting earlier this week following Mr. Pavao's appearance at the Chamber of Commerce Meeting. And there were several things that were disturbing. One was the lack of communication and Don brought that up. We have not been in the loop. We met with the consultant several months ago, and they said they would get back with us on a regular basis and keep us advised of progress. Well, they have our emails, they have our phone numbers; we haven't heard a word from them. I think they're an excellent group. I met with the guys, and I thought they were really on top of the situation. But communication has been a problem. The second thing is we recently got thrown a curve ball; and the curve ball was nobody, to my knowledge, was aware that we had to have a second well to provide water to businesses and residences. We just heard about that at the Ocean View Chamber of Commerce Meeting a week or so ago. That's a big curve ball. You know, we've been working on this for fifteen years. If that was a requirement, we should have been informed of that long ago. We could have included that in the provision for drilling the well. Now we did ask Mr. Pavao, okay, so we've got this curve ball, now, what additional money is it going to cost to drill a second well if you've already got the equipment up there? And the answer is not much. Minimal amount of extra expense, and that will allow us, at some point, to supply water to businesses and to residences because we'll have a redundant system. Now we were also informed that it's looking like you guys can't meet the timeline. Well part of that is not your problem. It took a year and a half for the Legislature and the Governor to release the money. It was tied up in the Attorney General's Office for a year and a half on some specious reasons, I think. So part of that is not a problem with the Department of Water Supply, but we can get that done. But you need to keep in touch with us. We do have significant contacts with

Representative Herkes, Senator Kokubun, Andy Smith, the Governor's West Hawai'i Representative, and Don Nitsche is a good friend of the Governor. In fact, he was the one that ended up making this money flow from Honolulu here. It probably will require Legislative action. Since the Legislature ends its session the end of this month, that will be done next year; but if we get the ball rolling now and you let us know what period of time you need, we can get it done. But we need to be in the loop. And so, again, it's going to be communication. And we want to have that second well. We want -, if we're gonna get an extension, we want to have that second well as a condition. And I'd be happy to answer any questions that any of you might have.

CHAIRMAN GOYA: We're just taking your public statement at this time; and when the subject matter occurs on the Agenda and we need further clarification from you, we'll call on you.

R. WOODWARD: Thank you very much.

CHAIRMAN GOYA: And we are going to try to adjust our Agenda to accommodate you being here and not go over some of the other subject matters first. So we are going to try to adjust the Agenda, as I said earlier.

R. WOODWARD: Alright, thank you very much Mr. Chairman.

CHAIRMAN GOYA: Again, thank you for coming all the way from Ocean View.

R. WOODWARD: Thank you sir.

APPROVAL OF MINUTES

ACTION: Mr. Heck moved for approval of the Minutes of the March 27, 2007, Water Board Meeting; seconded by Mr. Smith and carried unanimously by voice vote.

ADDITION OF ADDENDUM AND SUPPLEMENTAL AGENDA

ACTION: Mr. Harai moved to add Agenda Item 4a) SOUTH HILO, JOB NO. 2004-846, ALAHELENUI G. I. PIPELINE REPLACEMENT, time extension request to the Agenda; seconded by Mr. Smith and carried by roll call vote (Ayes: 6 - Ms. Kim, Messrs. Harai, Heck, Mukai, Smith, and Chairman Goya; Nays: 0; Absent: 2 - Ms. Helfrich and Mr. Konanui).

SOUTH HILO:

A. **JOB NO. 2004-846, ALAHELENUI G. I. PIPELINE REPLACEMENT:**

The Board considered a request from the contractor, William C. Loeffler Construction, Inc., for a nineteen (19) working day time extension. The request is due to twelve (12) rain-out days and seven (7) days where Department of Water Supply's scheduling held up the work schedule.

This is their first time extension request. Staff has reviewed the request and finds that the 19-working day extension is justified.

The Manager recommended that the Board approve a contract time extension to William C. Loeffler Construction, Inc., of nineteen (19) working days from April 28, 2007, until May 24, 2007, for JOB NO. 2004-846, ALAHELENUI G. I. PIPELINE REPLACEMENT.

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

With reference to staff's response to his question about the delay of 7 days, Mr. Smith suggested that the write-up in the Agenda could have been made more clear by indicating that other agencies had to be consulted. The wording in the contractor's letter to the Department was preferable.

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

NORTH KOHALA:

A. **JOB NO. 2002-805, MAKAPALA PRODUCTION WELL AND SUPPORTING FACILITIES:**

Staff requests a 123-calendar day time extension. This request is due to continuing delays with Hawaii Electric Light Company, Inc.'s (HELCO), work to design/install power poles. Staff's latest discussion with HELCO revealed that the design is complete and is now with HELCO's construction division. HELCO construction staff gave a two-month timeframe for their completion. Staff estimates that Isemoto Contracting Company, Ltd., will need approximately one and a half months to complete their work after HELCO.

This is their seventh time extension request. Previous extensions were as follows:

- First time extension - 170 calendar days (delays in the building permit processing, modifications to the access road, and changes in the motor controls).
- Second time extension - 9 working days (rain-out days).
- Third time extension - 56 working days due to asphalt shortage and time to obtain easements.
- Fourth time extension - 59 calendar days due to Hawaii Electric Light Company, Inc.'s, problems in trying to obtain their required easements.
- Fifth time extension - 61 calendar days due to continuing delays with Hawaii Electric Light Company, Inc.'s, work to design/install power poles.
- Sixth time extension - 30 calendar days due to continuing delays due HELCO's work to design/install power poles.

The Manager recommended that the Board approve a contract time extension to Isemoto Contracting Company, Ltd., of one hundred twenty-three (123) calendar days from March 30, 2007, to July 31, 2007, for JOB NO. 2002-805, MAKAPALA PRODUCTION WELL AND SUPPORTING FACILITIES.

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

Mr. Smith noted that he continually sees HELCO as one of the reasons for the delays in various projects. He suggested that everything be worked out in advance to avoid these kinds of delays. This project has already encountered 150 calendar days, plus this 123 requested today, for things out of the contractor's control. After some discussion on scheduling HELCO's work on DWS projects, Mr. Smith suggested that at some future Water Board Meeting, a representative from HELCO should be invited to talk with the Board and the Department about working together in the future on these issues.

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

NORTH KONA:

A. **JOB NO. 2006-891, KAHALU'U SHAFT PUMPS CASING MODIFICATION:**

Mr. Ikeda reported that no bids were received for this project; therefore, staff followed Procurement rules and, with the Manager's approval, went into direct negotiations with the companies that submitted intents to bid. They were not familiar with the work. Staff found two other companies that were willing to submit bids, after being presented with the plans. The informal bids are due next week, and the Board should see something on its next Agenda.

The Manager added that this is a very unusual job, and that is probably why bids were not received. This project will reduce the salinity in the water pumped from the Shaft, which, as Mr. Smith noted, has been a concern of Councilmember Ford for a long time.

ACTION TO MOVE AN AGENDA ITEM UP:

ACTION: Mr. Smith moved that the Board take up next, the Manager's Report, Item No. 6, Hawaiian Ocean View Well Status; seconded by Mr. Mukai and carried unanimously by voice vote.

MISCELLANEOUS:

F. **MANAGER'S REPORT:**

6) Hawaiian Ocean View Well Status

The Manager reported that the project is currently going well. The Department found an alternate site, the consultant has gone out to look at it, and design is moving along. As he mentioned previously, the intent of this project is to do two phases. One phase is to get the

exploratory well going through the normal bid process, which is what is happening right now. The second phase is to go into the design/build process because the Department is faced with a time constraint of two years. This design/build includes the Department putting out the request for proposals and have somebody that will complete the design as well as the second phase. At that point, when the Department awards the design/build, it will have fulfilled the requirements of the State's encumbrance. That is the reason why the Department is taking this approach. It is the only way the funds can be encumbered before June 30, 2008. He added that if there is anyone in the audience that could talk with the Legislature or the Governor and get an extension on the lapse of funds, it would be appreciated. Another year would be great.

He continued that the reason the Department has not contacted the community was because there was nothing to report on since everything done so far was administrative. When the Department found out it could not get the well site from the County, staff immediately looked at something else because time was of the essence. As soon as the alternate site was found, the consultant started working on it. It will not cost very much more because it is adjacent to the park site. The fact that the first site could not be used was a stumbling block; however, staff moved fast to find another site.

The Manager also mentioned his attendance at the Ocean View Chamber of Commerce meeting where the question of the second well came up. He had informed the community that the Department would try to get at least the drilling of the second well put into the second phase, which is the design/build phase. To do it now would slow down the initial phase, and there is no time to slow down anything.

Chairman Goya thought it might also be good for the Manager to address the comments that were made earlier today.

The Manager stated that the first comment made was to have a second well at the site where the initial USGS well was drilled (Hawaiian Ranchos) and put a fill station in there. He stated that it is not possible because of the Department of Health's rules regarding chlorination, contact time, and pressure. If a well is put there, a tank would be needed there and it would not have enough pressure to fill the trucks right at that same location. The truck would wait hours before it gets filled, so it is not practical. You also need 30 minutes of contact time for the chlorination to react with the water, and that is a Department of Health rule and cannot be deviated from. If you did have a second well there, water would have to be pumped up to a tank at a higher elevation to allow for the contact time, and that would mean double pipeline--one just to take it to the tank and one to bring it back because you cannot take water from the line that is used to pump to the tank because you do not have the contact time and you would be violating Department of Health rules.

As far as granting water service, if everyone recalls, the initial request to the Department was to create a fill station and a place where people can get water; and that is exactly what this Department is doing. Now the community wants it changed. That means the Department's plan would need to change also, and that would mean a second well if it is expected to grant service. As mentioned earlier, the Department will try to have the second well incorporated into Phase 2, which is the design/build section, so hopefully that can be taken care of.

He understands the community's concern about being involved; but up until now, there was really nothing they could do. The Department was faced with decisions that needed to be made right away. It was all administrative. The Department may have been at fault for not letting them know what the problems were, but it was never the intent to seek their input because there was no luxury of time. Now that everything is going smoothly, the Department can keep the community involved. The consultant feels they can make the deadline of June 30, 2008, for encumbrance of the funds, but that is only because the second phase will be design/build. The consultant plans to have 30% of the design for the development of the well, tank, and the control building, and leave the remaining 70% for the contractor that is awarded the bid. He added that there was a lot of thought put into how this all can be done, and this was the only way. If a second well is to be built, it will probably be constructed on the same site as the initial well. It will be a backup well in case one well goes down. The Department will try to have that done in Phase 2 of the project. It will be a hole only. Some other appropriations would have to be made to develop that second well, but at least the Department can have it drilled.

The Manager reiterated that the Department's intent right now is to do exactly what the community wanted from the beginning--have a fill station, a location where they can get water from spigots, as well as provide fire protection for the Community Center. That is exactly what is being done. If a second well goes in, then service can be granted. The intent right now is not to provide service.

Mr. Mukai stated that communication is what the community is looking for, and that is a reasonable request. Even though some things may be administrative, by keeping them in the loop will help avoid misunderstandings. They have also indicated that they have a lot of special connections with State representatives, and that may be beneficial to the Department.

The Manager indicated that the Department would be happy to set up an email process. The intention was to start holding community meetings once the design phase was going smoothly, which it is now. Staff can meet with the community to give them updates. The only update now from what was previously discussed is that the tank and the well would be at a different site. The consultants and geologist have already looked at the site and determined that it is a viable place. In the meantime, the consultant is drafting specifications and plans to advertise for the drilling. Concurrently, they are going to do specifications and proposals for the Request for Proposals that would encumber the remaining funds. Things are flowing fine now that the second site has been chosen. Staff has had monthly meetings with the County because this is an unusual situation where the money is going to the County and not to the Department of Water Supply. The County has their own requirements. Mr. Yada, Land Agent with the Finance Department, is acquiring the parcels that are needed for the well site and the fill station. The owners are receptive to selling.

Ms. Garson added that this issue with the park parcel was not something that sat around and was not that much of a time delay. The Department did not want to alarm the community and wanted to have all of the facts before they were informed. While negotiations are pending on both of the parcels, she has issued the condemnation resolution on one of the two parcels just to make sure that there is no delay in being able to get the parcel. It is going on the Planning

Committee's agenda, and she will let the Board know when that will be in case they wanted to attend it in support of the condemnation resolution. It is merely a preventative measure so the Department does not get behind in negotiations.

The Manager stated that he still has some concerns about meeting the June 30, 2008, deadline. That means that the Request for Proposals would have to go out sometime in March 2008 because the Department would need to open bids and award and execute the contract because the State's recognition of "encumbrance" is when the contract is executed (signed)--not awarded. He suggested that if Mr. Nitsche can work to have the deadline extended, that would be great. All of the Department's efforts to have the deadline extended have not worked.

Mr. Heck stated that what he sees happening is a reflection of the Department's thought that it can take care of all of these things, but the Department still does not have the person on staff that is so important whose responsibility it is to communicate with the public; and that is the Public Information and Education Specialist. He mentioned that Ms. Shari Komata is trying to do the job of being a communication officer with the Hawaiian Ocean View Estates, but she is an engineer and has a lot of other things to do. He is not surprised that the community does not get the information immediately. He added that the community gets more concerned when they do not know what is happening. When it comes to the park situation, a call really could have circumvented a lot of time. It did not take long to find out who the developers were and where they were that were responsible for holding up the contract. It is very possible they can backtrack and pursue the property that the well is going to be on for a second well. A call does not hold things up. It just allows the Department to have more "feelers" out there to get answers. He thanked the Manager and Ms. Komata for attending their Community Association meeting and for responding to the many questions from the community. This is just the tip of the iceberg. Personally, he thinks an extension is going to happen because the community has had contact with the Governor and State representatives, and they do listen. He asked the Manager who would be responsible for keeping the lines of communication going and if the community could contact SSFM International themselves.

The Manager replied that SSFM had indicated they did not want to be the direct link to the community. It would be better if information to and from the community and the consultant is routed through this Department. Now that things are going the way they are supposed to, some sort of email process could be set up or if the community has periodic meetings, staff would be glad to attend and provide information.

Mr. Heck stated that the Public Information and Education Specialist position, which the Manager indicated would be hired soon, will be helpful. That person can concentrate on dealing with legal and engineering issues and really focus on these communities because Ocean View is not going to be the last community seeking water. He stressed that communication is key, whether it is good/bad/indifferent or may worry the community--just put it out there because they will figure out ways to get things done. He also asked if the second well funds need to be encumbered by a certain date and if SSFM feels it can be done within the current timeframe.

The Manager replied it does, and hopefully it will be in the design/build and will be within the time. The beauty of the design/build process is once you award that, the funds are encumbered. That is why the Department is shooting for the design/build to be awarded probably March or April of 2008 to allow time for contract execution prior to June 30, 2008. Once it is executed, they can take two years to do it, which they probably will because you need to have the design as well as the construction.

Mr. Heck asked if there is room on the property being looked at for an additional well to drill. He heard it is very tight.

The Manager replied he thinks there is room; and if not, something will be figured out.

Mr. Heck stated it is important to the community to get the rights to adjust the uses of those County properties on the surface. They do not want to have it limited to schools and parks. That right of power is being worked on right now from the original developers; and they are happy to turn it over to either the road corporation or the community center or some entity there. Whether or not Parks and Recreation want it on their property is another thing but that is being worked on, and he knows that the extension is going to be a heavy-duty priority for the community because they want the full amount of time for the project to be done plus have the potential to have it zoned and have water available for future development.

Manager stated that if it could be made possible to use the park as a well site, the other parcel would be great for the second well because it would relieve the congestion in the initial site; and the farther apart they are, the better it is.

Mr. Heck replied that was their thought also. The people of that community have connections; and they are adamant. They can get things done.

Mr. Smith stated that communication is important. He suggested that what SSFM could probably do is come up with a format of a monthly report, send it to the Department for approval, and the Department have it emailed out. It would be better than verbal reports because the story always gets changed as it is passed along. By sending email, everyone would have the same facts. If something is not changed since the last report, then state "unchanged." If something is an administrative matter that is of consequence, just put it in bold, so if you look at the report, you can see the bold has to be paid attention to and everything else is the same. Hopefully that will minimize a lot of the frustration.

Ms. Kim stated that today's summary is very concise. She was thinking that today's summary is excellent and may be what could be emailed out to the community association as a first step. What was covered today may be very helpful.

Chairman Goya asked if anyone in the audience had any further comments today.

Mr. Nitsche stated that he had a question of legal counsel. They have made contact with the original developer who is on the mainland. He asked what would be required from them--a notarized letter or what would be the paperwork required for them to have the developer sign

over their responsibilities to the community--either the Chamber of Commerce or one of their organizations out there.

Ms. Garson stated that she could talk to Mr. Nitsche more after the meeting. She did not feel comfortable answering that question because their community association is structured differently. One of her concerns is that there was a corporation who put a deed restriction on and owned that property in the first place. She understands that the two gentlemen who formed that corporation are alive. She has concerns whether they, as individuals, can do an amendment to a deed that was given in the name of the corporation and whether or not it can be done at all, which is why, since the other site was available, they took the path of least resistance. That is not to say that it still cannot be worked on, but that is her big concern.

Mr. Nitsche stated that they would like to find out because there are other properties within Ocean View that are designated for public use. The corporation that took over after the two original men left is a defunct corporation. He worked for the two gentlemen in the past when they formed their road maintenance corporations. He knows they would be willing, but have been gone for years. The two originators are still active and willing to help this along. The community needs to find out what is actually required so they can get it done. Something has to be done on this matter.

Ms. Garson stated that they would have to consult their own attorney also because normally what happens is when a developer gets out of the picture, there is an association that was created at the time of the development is made and all of the developer's rights and responsibilities go to an association. That did not happen in this case at all. The only real association the community has is the road maintenance association who has a very specific function for road maintenance. There are a lot of issues that concern how the association was put together in the first place, but she was not prepared to give Mr. Nitsche that kind of information. The deed restriction that came to the County cannot be lifted by another party that was not around at the time the restriction was put on. She suggested that Mr. Nitsche have their attorney contact her if they come up with a solution to this problem.

Mr. Nitsche stated that they are a unique community. Up to this point, they have done everything themselves. They have built their own community association, the park, fire station, etc. Their organization, Ocean View Community Development Corporation (OVCDC), is made up of all the non-profits within Ocean View. They feel OVCDC's board is made up of all these representatives so they represent the community better or as well as any other organization. They have a very active Chamber of Commerce and an active community association. They have good representation of the community and have their own meetings. In every community, there is a certain small number of people who do the work; but that is what Ocean View is all about.

Ms. Garson stated that she understands, but one of her issues was it is really a voluntary membership instead of mandatory. The deed restrictions on the County could be any owner of any parcel in Ocean View who is not happy with the fact you are putting a tank on a park site and could possibly throw a cog in this whole idea. These are the types of issues that she has been thinking about and trying to come up with solutions for. She invited Mr. Nitsche to call

her or call Ms. Komata if he has a solution. There are so many unusual factors in this problem that the easiest thing was to find another site.

Mr. Nitsche stated they have two other organizations that have gone through the court system, and everyone in Hawaiian Ranchos and Hawaiian Ocean View Estates belong to it automatically if they are an owner there. That is through the road maintenance corporation, and they represent every lot owned in those two large subdivisions.

Mr. Heck stated that it is up to the community to work on that to make it legal. They do have a template that could possibly be followed that he would email to Ms. Garson. It is the process that the fire station used, and there are names and addresses. They had a variance on those deed restrictions. If they did it, the assumption is it can be done by someone else.

Chairman Goya summarized that the Board recognizes the necessity for additional communication. The dialogue was good today. He asked the Manager if he could prepare a report with a cover letter to the Board and copy to elected officials as well as those involved in the project so that if they are talking to their legislators or anyone else regarding the contract extension, the use of the money, or the current status, that everything is up to date so there will be a clear picture moving forward.

Mr. Woodward and Mr. Heck decided that Mr. Woodward and the others present would give their emails to Mr. Heck and he would forward them to Ms. Komata so that she has all of the proper emails to keep everyone in contact.

Mr. Stutheit asked about easements for a ditch that has to be dug.

Mr. Heck stated that the road corporation is on their Association's agenda for next Tuesday to address that, and there would be a legal opinion based on some research as to whether or not the road corporation there has the legal right to grant the trenches on that easement.

Chairman Goya thanked everyone for coming today.

Those present from Ocean View thanked the Board for taking the time to explain the situation to them. They left the meeting at 11:23 a.m.

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. **GRANT OF EASEMENT AND BILL OF SALE
INDEMNIFICATION AGREEMENT
DEED** (for 3-Tank Sites)
BILL OF SALE (for 3-Tank Sites)
Hokuli'a, Phase 1, Package 1

Subdivision Application No. 98-124
Grantor: 1250 Oceanside Partners
TMK: (3) 8-1-004: Portion 003
E.W.O.: 2001-049
Lots: 284
Facilities Charge: \$952,876.00
Final Inspection Date: *Pending - SCADA?*
Water System Cost: \$3,721,569.00

Zoning: A-1A
Date Paid: 9/17/99

2. **GRANT OF EASEMENT AND BILL OF SALE**
PUALANI PHASE 2 (Subd. Appl. No. 1990-143(2))
Grantor/Seller: D.R. HORTON – SCHULER HOMES, LLC
TMK: (3) 7-5-017:028 & 029
E.W.O.: 2005-035
Lots: 157
Facilities Charge: \$
Final Inspection Date: 2/15/03
Water System Cost: \$911,725.00

Zoning: RS 7.5
Date Paid:

3. **BILL OF SALE**
Pualani Estates at Kona Phase 2 (100,000 Gallon Tank (Mauka))
Subdivision Application No. 2002-001
Seller: D.R. HORTON – SCHULER HOMES, LLC
TMK: (3) 7-5-017: 028 & 029 Parcels 32 and 34
E.W.O.: 2005-062
Final Inspection Date: 11/16/06
Water System Cost: \$772,150.00

4. **BILL OF SALE**
Pualani Estates at Kona Phase 2 (Booster Pump)
Seller: D.R. HORTON – SCHULER HOMES, LLC
TMK: (3) 7-5-017: 029
E.W.O.: 2006-046
Final Inspection Date: 4/12/07
Water System Cost: \$561,002.00

5. **GRANT OF EASEMENT
INDEMNIFICATION AGREEMENT**
Royal Kamehameha Gardens
Grantor: SUNRA COFFEE, LLC
TMK: (3) 7-5-001: 063 & 044
E.W.O.: 2005-100

6. **BILL OF SALE**
Royal Kamehameha Gardens
Grantor: SUNRA COFFEE, LLC

TMK: (3) 7-5-001: 063 & 044
E.W.O.: 2005-100
Lots: 41
Facilities Charge: \$216,880.00
Final Inspection Date: *Not Available YET*
Water System Cost: \$ *Not Available YET*

Zoning: A-5A
Date Paid: 9/01/05

7. **GRANT OF EASEMENT**

(For Access Purposes)
Hualalai Vistas Subdivision Intersection Improvements
E.W.O.: 2006-074
Grantors: Don Leon Fisher and Merry Ann Fisher
TMK: (3) 7-3-007: 056 portion

8. **GRANT OF EASEMENT**

(For Access Purposes)
Hualalai Vistas Subdivision Intersection Improvements
E.W.O.: 2006-074
Grantors: Lawrence G. Barnes and Susan E. Barnes
TMK: (3) 7-3-007: 057 portion

9. **GRANT OF EASEMENT**

(For Access Purposes)
Hualalai Vistas Subdivision Intersection Improvements
E.W.O.: 2006-074
Grantors: William Napua Cantor and Gail Satsu Cantor
TMK: (3) 7-3-007: 058 portion

10. **GRANT OF EASEMENT**

(For Access Purposes)
Hualalai Vistas Subdivision Intersection Improvements
E.W.O.: 2006-074
Grantors: Peter Cantor and Iris Cantor
TMK: (3) 7-3-007: 034 portion

11. **GRANT OF EASEMENT AND BILL OF SALE**

Seascape Condominium, Phase 1
Grantor/Seller: Seascape Development, LLC
TMK: (3) 7-3-010:051
E.W.O.: 2007-046
Facilities Charge: \$220,000.00
Final Inspection Date: 4/13/07
Water System Cost: \$132,591.00

Date Paid: 4/13/07

The Manager stated that the Department would like for Item No. 1, Grant of Easement and Bill of Sale, Indemnification Agreement, Deed, and Bill of Sale, Hokuli'a, Phase 1, Package 1, to be deferred to next month because they did not complete the SCADA requirement.

Mr. Inaba filled in the blanks in the rest of the items. In No. 2, Pualani Phase 2, there is no facilities charge shown. It came out of 302 prepaid units from the previous development. In No. 6, Final Inspection Date is 4/20/07, and the Water System Cost is \$40,110.00.

The Manager recommended that the Water Board accept these documents for Items 2 to 11, subject to the approval of the Corporation Counsel and that either the Chairman or the Vice-Chairman be authorized to sign the documents.

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

Mr. Smith commented that his employer, Parker Ranch, is in a joint venture with Schuler Homes. This is a separate entity of Schuler Homes for Items 2, 3, and 4, so he does not envision a conflict; but he is disclosing that he will vote on these issues.

ACTION: A vote was taken on the Motion to approve Items 2 to 11. Motion was carried unanimously by voice vote.

ACTION TO DEFER ITEM NO. 1: Mr. Heck moved that the Board defer Item No. 1, Grant of Easement and Bill of Sale, Indemnification Agreement, Deed, and Bill of Sale, Hokuli'a, Phase 1, Package 1; seconded by Mr. Smith and carried unanimously by voice vote.

B. CONTRACTS SPECIALIST AND CONTRACTS CLERK, CONTRACTS SERVICES BRANCH – ADMINISTRATION DIVISION:

The Department proposes to amend its Table of Organization to create positions for a Contracts Specialist and a Contracts Clerk within the Contracts Services Branch. The positions are necessary in light of the amount of construction, goods and services, and professional services that require formal contracts. The existing Contracts Technician, hired in 2005, often times is overwhelmed with having to prepare the contracts, research procurement requirements, prepare bid advertisements, open bids, prepare bid tabulations, post procurement information, and interacting with project engineers, consultants, contractors, our Corporation Counsel, and County/State personnel. Assistance in the Branch is needed.

The proposed positions are identified in the Personnel Needs Assessment Study, July 2006, prepared by R. W. Beck, Inc. As stated in the study, the positions will further improve the contract administration process, thus freeing up more time for engineers to focus on engineering-related duties.

The salary ratings for the proposed positions are subject to consultation with Civil Service and the appropriate Bargaining Units. The intent is to recruit the positions as soon as approvals from Civil Service and the Union are received.

The Manager recommended that the Water Board approve the amendment to the Table of Organization to create the Contracts Specialist and Contracts Clerk positions within the Contracts Services Branch.

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

Mr. Mukai mentioned R. W. Beck, Inc.'s, recommendation in the Personnel Needs Assessment. It says "needs to upgrade current position and possibly hire a contract clerk. He asked if this means two new positions or if it means one new position, what happens to the Contracts Technician position.

The Manager replied that the Department has a Contracts Technician position so this will create a Contracts Clerk and a Contracts Specialist. The Department currently has a Contracts Technician, and she is basically working by herself. She is doing a wonderful job. It was found that by having someone in charge of contracts makes the job go smoother for engineers. Engineers used to do some of this work before, and the secretaries used to do it. Now there is one person that does it. Everything is organized, in one place, and being done properly. The problem is that the Contracts Technician is overwhelmed. If this is approved, what the Department intends to do initially is hire a Contracts Clerk as soon as possible to assist the Contracts Technician. The creation of these positions will create a career series so eventually, the Department could fill the Contracts Specialist. It is not the Department's intent to fill it now.

Chairman Goya stated that it would have been helpful if staff had provided the Board with a chart showing the positions. He asked if it is shown under the Budget for 2007/2008. (The Manager indicated it was.)

Ms. Kim asked if it is common practice to have new positions approved by the Board and also if the Contracts Specialist would require someone who is experienced with the Procurement Law or things of that nature.

The Manager replied in the affirmative and that the Board needs to approve any deviations from the current table of organization.

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

C. **MONTHLY PROGRESS REPORT:**

Chairman Goya stated that he had a couple of things he covered with Mr. Okamoto prior to the meeting. The first thing was that the report only shows the budget update until 2005. It should be updated to the 2006/2007 fiscal year. The second thing was that some of the projects should drop off from the earlier listing, and it should give a more current picture of what is pending. That will allow a current picture of what is planned or work in progress. There is a large carry-over in the capital improvement budget.

D. DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING AND CAPITAL IMPROVEMENT BUDGETS FOR FISCAL YEAR 2007-2008:

Chairman Goya noted that this was deferred from last month's meeting, and Mr. Tsunoda was asked to provide a little more information for the Board to have a chance to review it. Considering that this was presented to the Board at this meeting, he asked if Mr. Tsunoda could update the Board today and highlight some information so it could be acted on at next month's meeting.

Mr. Tsunoda apologized for not getting the information to the Board sooner. He went over a number of revisions that were made to the initial budget draft, as shown in his handout to the Board.

Chairman Goya thanked Mr. Tsunoda for the update. He felt it is important for the Board to have additional time to review this report and the previous report a little more carefully. He appreciated the additional comments provided, plus the list of new positions.

Mr. Tsunoda stated that the schedule for the budget is to have it adopted at the June 19, 2007, Water Board Meeting. Given that timeframe, staff would like to submit the budget notice to the newspapers on May 14; and then there is time for more review at the May 22, 2007, Water Board Meeting.

Ms. Garson had a concern that if the Board defers this today, it may not make the deadline. She requested that the Board take a short break.

BREAK: 11:42 a.m. to 11:49 a.m.

Ms. Garson stated that she was concerned because the notice was going to go out in the newspapers prior to the May 22, 2007, Water Board Meeting, and the Board would not have anything yet that it would have decided on. It is okay that the Board not take any official action, but she is more concerned that if there is anything major that the Board sees now, to let the Department know so there are no major changes made at the last minute.

After discussion about how to handle further review or concerns by the Board, Ms. Garson explained that the Board would only need to give the Department a go ahead to advertise; and as long as there is a consensus that it is okay with the Board, that is what she was more concerned with.

ACTION: Mr. Mukai moved that the Department advertise the proposed budget as presented; seconded by Mr. Smith and carried unanimously by voice vote.

E. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

No questions.

F. **MANAGER'S REPORT:**

- 1) Kamehameha Investment Corporation (KIC) - staff will get information out to Mr. Francis Kauhane of KIC by the end of this week for his review.
- 2) Palani Road Transmission Waterline project - appraisals on land through Queen Liliuokalani Trust are very high. This is being worked on because it needs to be settled before going out to bid.
- 3) Public Information and Education Specialist - the Department had 15 applicants for the position. Two of the 15 dropped out, and the Department interviewed 13. The Deputy Manager was in charge of the interview panel. They have made a selection, and the Personnel Management Specialist will contact that individual to verify interest in the job. If so, and provided that reference checks and everything turn out okay; hopefully, the Department will have someone on staff by May 15, 2007.
- 4) Waimea Clearwater Reservoir Repair - Mr. Inaba stated that requests for quotations were sent last week. The Department should expect quotes within a week or two.
- 5) Mauna Lani Wells - currently, there is one well in operation (Well #2). Two wells are still being built. Mauna Lani Service brought two pumps in as backup. One was installed in one of the existing wells, but that one broke down. It was sent back to the manufacturer for evaluation and repair. In the meantime, prior to installing the second spare pump, the problem was discovered; and the pump manufacturer wanted to fix the second spare pump prior to it being installed. The first repaired pump has just been received and should be installed in a couple of weeks. The other spare pump will be sent back to the manufacturer for repairs.
- 6) Hawaiian Ocean View exploratory well - discussed earlier.
- 7) Kona Water Quality - the Department is still working with various landowners for water corridors. Water quality in South Kona is good since the Department got Keei Well D online, which replaced Keei Wells A, B, and C. Well C is not bad, but Wells A and B are salty, so the Department no longer uses them. The only problem right now is right in Kailua, which is the area served by the Kahaluu Shaft. Hopefully, the project discussed earlier today will help.
- 8) The Manager mentioned a request from Hawaiian Shores Community Association to turn over their water system to the County. The Manager replied to them with the conditions they would have to meet if they are serious about turning it over. This is just for the Board's information.
- 9) Haina Well - the well went down so the Department is trucking water to both Haina and Kukuihaele. Intent is to start an emergency well at Kukuihaele, which is high in chlorides, and blend the water so the water does not have to be hauled to Kukuihaele--just to Haina. Expected time for repairs is two weeks. In the meantime, a Water Restriction

Notice was sent out, calling for 25% reduction in water use, and Civil Defense was asked to announce it publicly.

- 10) Low Pressure Concerns Above Mamalahoa Highway, Kona - last month, the Board received testimony about low water pressure mauka of Mamalahoa Highway. Mr. Beck provided the Board with an overview of what is happening in the area and how the Department is trying to alleviate the low pressure problem. He explained that some customers are *located above the highway on the upper fringe of the DWS' pressure zones*, whose properties *are not completely within the DWS' service area, and whose water service meter locations may not front their property*. For these customers, *even a small decrease in pressure may be enough to create service problems*. The recent drop in pressure is due to operational *changes and improvements* that are *being made to the overall water system in the area*. Up to now, DWS was *moving the water uphill, north from the Holualoa area by boosting the water pressure with electric pumps*. Now, with the new *Waiaha Well and reservoir going online*, DWS *plans to send high quality water both north and south along Mamalahoa Highway by gravity from Waiaha*. This has caused *changes in flow conditions along Mamalahoa Highway south of the Waiaha Well* and a reduction in pressure (about 10 pounds per square inch). Due to *a number of customer complaints regarding* this loss of pressure, DWS has *temporarily altered* its system *operation plans to restore some of the pressure previously available in the subject area*. This will *allow affected customers time to install remedial equipment on the customer side of the meter that will allow them to provide water to their properties*. In response to Chairman Goya's question of whether those customers would be apprised of the efforts being taken by the Department, staff indicated they would be. However, the work to remedy this problem is still ongoing by the Engineering and Operations divisions.
- 11) AWWA Hawaii Section Conference - May 23 to 25, 2007 - Water Board Members should have received the conference program. If interested, please let the Secretary know so they may be registered.

G. **CHAIRMAN'S REPORT**: None.

ANNOUNCEMENTS:

1. **Next Meeting:**

The next meeting of the Water Board will be held on May 22, 2007, 10:00 a.m., in the Hilo Operations Center Conference Room; 889 Leilani Street, Hilo, Hawai'i.

2. **June Water Board Meeting**

The June 19, 2007, Water Board Meeting will be held at 10:00 a.m. in the Hilo Operations Center Conference Room; 889 Leilani Street, Hilo, HI. The Public Hearing for the Budget will be held the same day at 9:30 a.m.

STATEMENTS FROM THE PUBLIC

None.

ADJOURNMENT

ACTION: Mr. Smith moved for adjournment of the Meeting; seconded by Mr. Wilkins and carried unanimously by voice vote.

(Meeting adjourned at 1:07 p.m.)

Secretary

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