

## MINUTES

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

May 22, 2007

#### Hilo Operations Center

MEMBERS PRESENT: Mr. Thomas Goya, Chairman  
Mr. Riley Smith, Vice-Chairman  
Mr. Loren Heck  
Ms. Paula Helfrich  
Mr. Bernard Konanui  
Mr. Dwayne Mukai  
Mr. Milton D. Pavao, Manager, Department of Water Supply  
(ex-officio member)

ABSENT: Ms. Millie Kim, Water Board Member  
Mr. George Harai, Water Board Member  
Mr. Bruce McClure, Director, Department of Public Works  
(ex-officio member)

OTHERS PRESENT: Ms. Katherine Garson, Deputy Corporation Counsel  
Mr. Daryn Arai, representing Mr. Christopher Yuen, Director,  
Planning Department (ex-officio member)  
Mr. Ralph Kanetoku, Partner, KPMG LLP  
Mr. David Gaynes  
Mr. Bruce Hirano (11:07 a.m.)

#### Department of Water Supply Staff

Mr. Quirino Antonio, Jr., Deputy Manager  
Mr. Keith Okamoto, Engineering Division  
Mr. Clyde Young, Operations Division  
Mr. Richard Tsunoda, Waterworks Controller  
Mr. Richard Sumada, Assistant Waterworks Controller  
Ms. Bettina Arrigoni, DWS Kona Office  
Ms. Dee Degele, Administration Division (11:07 a.m.)

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

## STATEMENTS FROM THE PUBLIC

None.

## APPROVAL OF MINUTES

ACTION: Mr. Smith moved for approval of the Minutes of the April 24, 2007, Water Board Meeting; seconded by Mr. Heck and carried unanimously by voice vote.

## ADDITION OF SUPPLEMENTAL AGENDA

ACTION: Mr. Smith moved to add the Supplemental Agenda to the Agenda; seconded by Mr. Heck and carried unanimously by voice vote.

## **PRESENTATION OF AUDITED FINANCIAL STATEMENTS – JUNE 30, 2006:**

Copies of the Department's audited Financial Statements for the fiscal year ended June 30, 2006, were distributed to Board Members last month. Mr. Ralph Kanetoku was present from KPMG, the Department's independent auditors from Honolulu, to report on their management letter and answer any questions. Mr. Kanetoku stated that there was one recommendation that the Department develop a comprehensive capital asset ledger that accounts for all of the capital assets of the Department to assist in its accountability over those assets and also to facilitate the calculation of depreciation expenses for financial statement purposes. He understands that Management has taken some action in response to that comment.

Mr. Sumada stated that the Board should have received a letter of April 9, 2007, from him addressing the comments from the auditors.

Chairman Goya had a question regarding the public improvement bond of \$25 million. It has really impacted the financial statements when the auditors do their comparison. He asked Mr. Kanetoku to explain more to the Board Members what they should be looking for regarding any increase in the kinds of monies (bond funding versus funding internally).

Mr. Kanetoku commented on the issuance in 2006 for a \$25 million bond as it relates to the Department of Water Supply. He stated that there needs to be assurance that the repayment of the debt service be accounted for and also in compliance with any types of debt covenants that go along with the bond issuances.

Chairman Goya asked how thoroughly they looked at cash management.

Mr. Kanetoku replied that they look at the internal controls over cash receipts, cash disbursements, taking a look at the processes of financial reporting as well as the revenue recognition at billings and collections. As far as how much it is looked at, they do take a look at the controls over the inflows and outflows of cash, the reconciliation process, how the billings are done as well as recorded the recognition of those revenues, and look at the receivables, making sure that there is an adequate allowance for doubtful receivables if collection is collectible.

The Manager felt that the Chairman’s question relates more to cash management efficiency; and if so, it is beyond their scope of work. Maybe at some point of time, it would be a good idea to hire a consultant to look at that area.

Chairman Goya mentioned some receivables, or accounts that have been carried for awhile, and some assumption that they may have to be written off; and that will affect reserve on collectibles as well. He wanted the Board to keep in mind that it is their fiduciary responsibility that it needs to take into account the regular and routine basis in the monthly meetings.

(Mr. Kanetoku left the meeting at 10:15 a.m.)

**SOUTH HILO:**

**A. JOB NO. 2006-893, CONSTRUCTION OF WAIĀKEA OFFICE PLAZA COVERED WALKWAY:**

Bids for this project were opened on May 18, 2007, at 2:00 p.m.; and following are the bid results:

<b>Bidder</b>	<b>Amount</b>
Heartwood Pacific, LLC	\$166,000.00
Site Engineering, Inc.	\$169,514.00
Central Construction, Inc.	\$182,162.00
Isemoto Contracting Co., Ltd.	\$206,950.00
Complete Construction Services	\$245,000.00

**Project Scope:** This project consists of the construction of a new covered structure over the existing entrance walkway and a portion of the looped driveway and a new shed structure as the designated employee smoking area in accordance with the plans and specifications, complete and ready for operation.

**Project Cost:**

1) Low Bidder (Heartwood Pacific, LLC)	\$ 166,000.00
2) Construction Contingency (~8%)	<u>\$ 14,000.00</u>
Total Construction Cost:	<u>\$ 180,000.00</u>

Funding for this project will be from the Department’s C.I.P. Budget. The engineering estimate for this project is \$125,000.00. The contractor will have 120 calendar days to complete this project.

The Manager recommended that the Board award the contract for JOB NO. 2006-893, CONSTRUCTION OF WAIĀKEA OFFICE PLAZA COVERED WALKWAY, to the lowest responsible bidder, Heartwood Pacific, LLC, for their bid amount of \$166,000.00 plus \$14,000.00 in construction contingency for a total contract amount of \$180,000.00, and that either the Chairman or the Vice-Chairman be authorized to sign the contract, subject to review as to form and legality of the contract by Corporation Counsel.

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

NORTH KONA:

**A. MAINTENANCE BID NO. 2007-03, REPAIR AND MAINTENANCE OF KAHALU‘U SHAFT HIL-A-VATOR, KONA:**

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One bid was received and opened on May 9, 2007. KONE, Inc., bid \$1,750.00/month to perform the repair and maintenance on the hil-a-vator for two years with a call-out cost of \$238.71/hour.

1. Cost of contract for two years (\$1,750.00 x 24 months)	\$42,000.00
2. Contingency	<u>8,000.00</u>
TOTAL	<u>\$50,000.00</u>

The last contract price was for \$2,000.00/month with a call-out cost of \$250.00/hour.

The Manager recommended that the Board award the contract for MAINTENANCE BID NO. 2007-03, REPAIR AND MAINTENANCE OF KAHALU‘U SHAFT HIL-A-VATOR, KONA, to KONE, Inc., for their bid amount of \$42,000.00, plus \$8,000.00 in contingency, for a total contract price of \$50,000.00, and that either the Chairman or the Vice-Chairman be authorized to sign the contract, subject to review as to form and legality of the contract by Corporation Counsel. The contract period shall be from July 1, 2007, to June 30, 2009.

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

**B. KALOKO TANK #2 HYDROELECTRIC GENERATION PROJECT (JOB NO. 2006-898):**

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This project involves the installation of a 40 kW hydroelectric generation unit at the Kaloko Tank #2 location on Hina Lani Street in North Kona. The project consists of modifying the existing piping configuration of the boosters to allow the insertion of a 40 kW hydroelectric generation unit. The new system will parallel the existing system and allow operation of the system as it is now. The hydro unit will be electrically inter-tied to Hawaii Electric Light Company, Inc. (HELCO), service connection located on the control building. The electricity produced by the hydro unit will be sold back to HELCO based on the wholesale rate established in the HELCO’s Schedule Q rate schedule.

The purpose of HELCO’s Schedule Q contract is to allow DWS to sell the electricity produced by the hydro-unit at Kaloko Tank #2 back to the utility at an agreed upon wholesale rate.

The Manager recommended that the Board approve the HELCO Schedule Q contract and that either the Chairman or the Vice-Chairman be authorized to execute the agreement subject to review and approval by Corporation Counsel.

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

Mr. Smith indicated that he had contacted the Manager; and he is going to have staff follow up on some questions having to do with payback, cost of hydro, and reimbursement from HELCO for power generated, so it can be discussed further when the Board gets that information. He is in favor of this contract.

Chairman Goya agreed with Mr. Smith. It would be nice to do a general write-up so that people understand what the contract is about and the difference between using the energy internally versus selling it directly to HELCO.

The Manager stated that Ms. Bettina Arrigoni, the Department's Energy Analyst, was here today. If it is okay with Ms. Arrigoni, maybe she could have a workshop at the next Water Board Meeting to let the Board know about the kinds of things she is working on and how it saves money for the Department. (The Board indicated it would like a workshop.)

Ms. Garson commented on an indemnification provision that is in this contract where both parties agree to indemnify each other should their negligence of action cause damage to the other person's property or employees, etc. By passing this today, the Board is consenting to that indemnification. There is an insurance provision in there that the Department is required to have, and Mr. Sumada has indicated that there would be insurance for this contract.

Chairman Goya stated that he looks forward to Ms. Arrigoni's presentation somewhere down the road. As a former employee of HELCO, he encouraged this type of program.

In response to Mr. Mukai's question if Mr. Smith's comments were critical to the approval of this item today, Mr. Smith replied they were not. He had just asked to see what the payback period would be.

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

C. **JOB NO. 2003-834 (REVISED), CONSTRUCTION OF THE KONA BASEYARD FACILITY IMPROVEMENTS:**

The Board considered a request from the contractor, Central Construction, Inc., for an extension of contract time due to the building permit not being issued in a timely manner.

This is the contractor's first time extension request. Staff has evaluated this request and finds that the 64-calendar day extension is justified.

The Manager recommended that the Board grant Central Construction, Inc., a 64-calendar day extension for JOB NO. 2003-834 (REVISED), CONSTRUCTION OF THE KONA BASEYARD FACILITY IMPROVEMENTS, from May 11, 2007, to July 14, 2007.

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

Mr. Smith noted that he had emailed the Manager and asked if the hold-up with the building permit had to do with the design consultant, but was informed that it had to do with the Building Division's delays in processing the permit, not deficiencies in the plans and specifications.

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

KA‘U:

**A. JOB NO. 2000-758, CONSTRUCTION OF THE WAIOHINU WELL DEVELOPMENT - PHASE 1:**

Bids were opened on May 10, 2007, at 2:00 p.m.; and following are the bid results:

<u>Bidder</u>	<u>Total Bid</u>
Water Resources International, Inc.	\$777,040.00
Beylik Drilling & Pump Service, Inc.	\$836,700.00

Project Scope:

This project consists of performing the drilling, casing, and pump testing the proposed 14-inch cased well at elevation 1620 feet in Waiohinu Homesteads, Ka‘u.

Project Cost:

1) Low Bidder (Water Resources International, Inc.)	\$777,040.00
2) Construction Contingency (8%)	<u>\$ 62,160.00</u>
Total Construction Cost:	= <u>\$839,200.00</u>

Funding for this project will be from the Department of Water Supply Capital Improvement Project (C.I.P.) Budget. Engineers estimated cost - \$1,000,000.00.

The contractor will have 240 calendar days to complete this project.

The Manager recommended that the Board award the contract for JOB NO. 2000-758, CONSTRUCTION OF THE WAIOHINU WELL DEVELOPMENT – PHASE 1, to the lowest responsible bidder, Water Resources International, Inc., for their bid amount of \$777,040.00 plus \$62,160.00 in construction contingency for a total contract amount of \$839,200.00, subject to review as to form and legality of the contract by Corporation Counsel.

ACTION: Mr. Heck moved for approval of the Manager’s recommendation; seconded by Mr. Smith and 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. 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: Recommend defer  
Water System Cost: \$3,721,569.00  
Zoning: A-1A  
Date Paid: 9/17/99

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

Grantor/Seller: John D. Heide and Janice B. Heide  
TMK: (3) 7-9-005:060  
E.W.O.: 2006-029  
Lots: 7  
Facilities Charge: \$32,100.00  
Final Inspection Date: 5/10/2007  
Water System Cost: \$316,171.00  
Zoning: A-1A  
Date Paid: 3/12/07

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

Lokahi Makai, Phase 5  
Grantor/Seller: Sonny Ventures, LLC  
TMK: (3) 7-3-061:051  
E.W.O.: 2007-031  
Lots: 22, 1-Existing  
Facilities Charge: \$121,000.00  
CAF: \$3,500.00  
Final Inspection Date: 5/08/2007  
Water System Cost: \$134,683.00  
Zoning: RS-10  
Date Paid: 11/20/2006

Chairman Goya noted that there was a request from the Department to defer Item No. 1 relating to Hokulia. He entertained a Motion to **defer No. 1** and **approve No. 2** (Grant of Easement and Bill of Sale, Grantor/Seller: John and Janice Heide) **and No. 3** (Grant of Easement and Bill of Sale, Lokahi Makai, Phase 5, Grantor/Seller: Sonny Ventures, LLC).

MOTION: Mr. Heck so moved; seconded by Mr. Smith.

Mr. Heck asked why Item No. 1 was being recommended for deferral.

Ms. Garson stated that there were some revisions to the Department's standard documents for Grant of Easement, Bill of Sale, and Deed that Hokulia requested. There is an issue with an encumbrance. The final documents and whether or not the Board is going to accept it with an encumbrance are at issue. She asked that it be deferred to the next meeting; and hopefully, those issues will be resolved at that time.

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

**B. VEHICLE BID NO. 2007-05, FURNISHING AND DELIVERING VEHICLES TO THE DEPARTMENT OF WATER SUPPLY:**

Bids were opened on May 9, 2007, at 2:00 p.m.; and following are the bid results:

		Clark Automotive Group, Inc., dba Island Chevrolet, Buick, Cadillac, Pontiac, GMC	Orchid Isle Auto Center
<b>Part "A"</b>			
1.	2007 or later ½-ton compact pickup with lift gate, regular or extended cab, 4WD	\$21,470.54	\$23,850.00
2.	Applicable Taxes and Fees	+894.46	Included
3.	Total delivery price	\$22,365.00	\$23,850.00
4.	Delivery time (calendar days)	180	210
<b>Part "B"</b>			
1.	2007 or later ½-ton compact pickup with lift gate, regular or extended cab, 4WD	\$20,097.73	\$23,700.00
2.	Applicable taxes and fees	+837.27	Included
3.	Total delivery price	\$20,935.00	\$23,700.00
4.	Delivery time (calendar days)	180	210
<b>Part "C"</b>			
1.	2007 or later ½-ton compact pickup with extended cab, 4WD	\$20,779.33	\$20,725.00
2.	Applicable taxes and fees	+865.67	Included
3.	Total delivery price	\$21,645.00	\$20,725.00
4.	Delivery time (calendar days)	180	150

The Manager recommended that the Board award VEHICLE BID NO. 2007-05, FURNISHING AND DELIVERING VEHICLES TO THE DEPARTMENT OF WATER SUPPLY, to Clark Automotive Group, Inc., dba Island Chevrolet, for Parts "A" and "B" at a cost of \$43,300.00, and to Orchid Isle Auto Center for Part "C" at a cost of \$20,725.00 and that either the Chairman or the Vice-Chairman be authorized to sign the contracts subject to approval of the contracts as to form and legality by Corporation Counsel.

***The total amount for the vehicles is \$64,025.00.***

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

Mr. Smith noted the descriptions in Parts A, B, and C were almost exactly the same; however, the prices are different.

Mr. Young explained that the difference in price is due to one of the vehicles having a requirement for bucket seats. The reason for this request was to accommodate the operator for this vehicle, who has a medical issue. The other vehicle has a bench seat. Part C is a vehicle for a supervisor. In that case, there is an extended cab. He noted that the bid documents indicate "regular or extended cab." That is because Dodge only provides an extended cab on their vehicles, and the Department did not want to exclude them from bidding.

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

**C. MATERIAL BID NO. 2007-02, FURNISH BASE COURSE, SAND, COLD MIX, HOT MIX, PORTLAND CEMENT, AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY:**

Bids were opened on May 9, 2007, at 2:30 p.m.; and following are the bid results:

		<b>Yamada &amp; Sons, Inc.</b>	<b>Grace Pacific Corporation</b>	<b>Island Cement</b>
<b>DISTRICT I - Hilo:</b>				
A.	3/4-Inch Base Course (Cost per ton)	\$18.25	No Bid	No Bid
B.	1½-Inch Base Course (Cost per ton)	\$17.75	“	“
C.	No. 3F Rock (Cost per ton)	\$20.30	“	“
D.	#4 Sand (Cost per ton)	\$31.25	“	“
E.	Mortar Sand - ASTM C144 (Cost per ton)	No Bid	“	“
F.	Portland Cement 94 lb. bags (Cost per bag)	No Bid	“	\$10.34
G.	Cold Mix - ASTM D4215-87 (Cost per ton)	\$83.33	“	No Bid
H.	Blended Material (Cost per ton)	\$36.45	“	“
I.	Hot Mix	\$73.00	“	“
<b>DISTRICT II - Waimea:</b>				
A.	3/4-Inch Base Course (Cost per ton)	No Bid	No Bid	No Bid
B.	1½-Inch Base Course (Cost per ton)	“	“	“
C.	No. 3F Rock (Cost per ton)	“	“	“
D.	#4 Sand (Cost per ton)	“	“	“
E.	Mortar Sand - ASTM C144 (Cost per ton)	“	“	“
F.	Portland Cement 94 lb. bags (Cost per bag)	“	“	\$14.00
G.	Cold Mix- ASTM D4215-87 (Cost per ton)	“	\$120.00	No Bid
<b>DISTRICT III - Kona:</b>				
A.	3/4-Inch Base Course (Cost per ton)	No Bid	No Bid	No Bid
B.	1½-Inch Base Course (Cost per ton)	“	“	“
C.	No. 3F Rock (Cost per ton)	“	“	“
D.	#4 Sand (Cost per ton)	“	“	“
E.	Mortar Sand - ASTM C144 (Cost per ton)	“	“	“
F.	Portland Cement 94 lb. bags (Cost per bag)	“	“	\$11.30
G.	Cold Mix–ASTM D4215-87 (Cost per ton)	“	\$114.00	No bid
H.	Hot Mix - County Mix IV (Cost per ton)	“	\$104.00	“

The Manager recommended that the Board award the contract for MATERIAL BID NO. 2007-02, FURNISH BASE COURSE, SAND, COLD MIX, HOT MIX, PORTLAND CEMENT, AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY, by Parts to the following for the amounts shown above, and that either the Chairman or the Vice-Chairman be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel.

**District I – Parts A, B, C, D, G, H, and I to Yamada & Sons, Inc.**

**Part F to Island Cement**

**District II – Part F to Island Cement**

**Part G to Grace Pacific Corporation**

**District III –Part F to Island Cement**

**Parts G and H to Grace Pacific Corporation**

For the Parts where no bids were received, staff shall obtain quotations in the best interest of the Department. The contract period shall be from July 1, 2007, to June 30, 2008.

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

Mr. Mukai asked why there were so many parts with no bids.

The Manager explained that more and more, the Department is seeing no bid on these types of material bids. He was going to make the suggestion after the next Agenda item (Material Bid No. 2007-01) that the Department look into possibly ceasing these material bids and go with getting three quotes from vendors. He is wondering if the material bids are an advantage to the Department. His feeling is that vendors do not want to commit to one particular price for a whole year. The advantage to having a contract is that you can just purchase straight from it rather than calling three vendors and getting quotations. However, if three quotes were obtained, at any given time, the Department would probably be getting better prices than it would with these contracts.

Ms. Garson mentioned that if the small purchases add up to more than \$25,000.00 over the course of a year, they do not fall within the small purchase criteria under Procurement Law. If it is found that these bids are not advantageous, maybe the Department could apply for an exemption.

Ms. Helfrich asked if there was a possibility of piggybacking with the Department of Public Works for the road work materials.

The Deputy Manager replied it may be possible. This Department purchases diesel fuel from the Department of Public Works.

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

**D. MATERIAL BID NO. 2007-01, FURNISHING AND DELIVERING WATER METERS, BRASS GOODS, FIRE HYDRANTS, VALVES, CHLORINATORS, PUMPS, PIPES, FITTINGS, SCADA, MOTORS, AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK:**

Bids were opened on May 17, 2007. The contract period for all Parts is one year, from July 1, 2007, to June 30, 2008. All Parts are to establish price agreements for materials on an "As-Needed Basis."

The Manager recommended that the Board award the contracts to the following bidders for MATERIAL BID NO. 2007-01, FURNISHING AND DELIVERING WATER METERS, BRASS GOODS, FIRE HYDRANTS, VALVES, CHLORINATORS, PUMPS, PIPES, FITTINGS, SCADA, AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK, on an as-needed basis, as listed below, and that either the Chairman or the Vice-Chairman be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel. The contract period shall be from July 1, 2007, to June 30, 2008.

SECTION NO.	DESCRIPTION	BIDDER	AMOUNT
1	DUCTILE IRON PIPE	Ferguson Enterprises, Inc.	\$196,631.70
2	DUCTILE IRON FITTINGS	Ferguson Enterprises, Inc.	\$421,595.90
3	COPPER TUBING	NO BID	NO BID
4	COPPER FITTINGS	NO BID	NO BID
5	GALVANIZED PIPES T & C	Ferguson Enterprises, Inc.	\$55,160.14
6	GALVANIZED FITTINGS	NO BID	NO BID
7	BRASS FITTINGS	NO BID	NO BID
8	5/8" WATER METERS	Ferguson Enterprises, Inc.	\$58,122.00
9	1" - 2" WATER METERS	Badger Meter, Inc.	\$13,872.50
10	METER BOXES AND COVERS	Ferguson Enterprises, Inc.	\$63,269.70
11	COMPOUND WATER METERS	Ferguson Enterprises, Inc.	\$14,041.25
12	TURBINE METERS & STRAINERS	Ferguson Enterprises, Inc.	\$17,246.23
13	DETECTOR CHECK METERS	Ferguson Enterprises, Inc.	\$5,623.50
14	FIRE SERVICE METERS	Ferguson Enterprises, Inc.	\$27,502.80
15	FIRE HYDRANTS & EXTENSION KITS	A. P. Water Supply, Inc., dba HIW-Hawaii	\$49,891.00
16	AMERICAN DARLING FIRE HYDRANT EXTENSION KIT	Ferguson Enterprises, Inc.	\$4,203.25
17	KENNEDY SAFETOP FIRE HYDRANT EXTENSION KIT	NO BID	NO BID
18	M & H FIRE HYDRANT EXTENSION KIT	NO BID	NO BID
19	NUTS, BOLTS, AND THREADED RODS	A. P. Water Supply, Inc., dba HIW-Hawaii	\$29,765.96
20	BALL VALVES	Ferguson Enterprises, Inc.	\$88,350.00
21	BALL VALVE, PACK JOINT X METER COUPLING	Ferguson Enterprises, Inc.	\$18,903.40
22	CORPORATION AND CURB STOPS ~ BALL TYPE	Ferguson Enterprises, Inc.	\$51,507.32
23	STRAIGHT METER COUPLING & METER FLANGES	Ferguson Enterprises, Inc.	\$16,426.30
24	LOK-PAK METER COUPLING	Ferguson Enterprises, Inc.	\$4,152.96
25	PACK JOINT COUPLING	Ferguson Enterprises, Inc.	\$18,486.10
26	TRANSITION COUPLINGS	NO BID	NO BID

SECTION NO.	DESCRIPTION	BIDDER	AMOUNT
27	FULL CIRCLE CLAMPS	NO BID	NO BID
28	HOSE BIBBS	NO BID	NO BID
29	INVERTED MARKING PAINT	NO BID	NO BID
30	GATE VALVES ~ 3" AND LARGER, 125# CLASS	A. P. Water Supply, Inc., dba HIW-Hawaii	\$29,024.00
31	GATE VALVES ~ 3" AND LARGER, 250# CLASS	NO BID	NO BID
32	GATE VALVES ~ 2 1/2" AND SMALLER	NO BID	NO BID
33	BUTTERFLY VALVES, 125# CLASS	A. P. Water Supply, Inc., dba HIW-Hawaii	\$46,410.00
34	BUTTERFLY VALVES, 250# CLASS	A. P. Water Supply, Inc., dba HIW-Hawaii	\$63,820.00
35	MECHANICAL SEALS	NO BID	NO BID
36	PUMP SEALS	D & M Industrial Repair Services Inc.	\$90,727.00
37	TABLET CHLORINATORS	NO BID	NO BID
38	CHLORINE RESIDUAL ANALYZER	TK Process Hawaii, LLC	\$4,358.44
39	CHLORINATORS	NO BID	NO BID
40	MAG METERS	TK Process Hawaii, LLC	\$193,191.24
41	DIRECT CURRENT MAG METERS	Hawaii Engineering Services, Inc.	\$112,265.00
42	SURGE ARRESTORS	TK Process Hawaii, LLC	\$21,547.48
43	MOTORS	NO BID	NO BID
44	BOOSTER AND DEEPWELL PUMP CONTROL BALL VALVES	D & M Industrial Repair Services Inc.	\$371,153.00
45	AUTOMATIC CONTROL VALVES	A. P. Water Supply, Inc., dba HIW-Hawaii	\$498,995.00
46	ANTI-CAVITATION VALVE	A. P. Water Supply, Inc., dba HIW-Hawaii	\$420,995.00
47	POWER MONITORING EQUIPMENT	Total Control Solutions, Inc.	\$41,870.00
48	SCADA SYSTEM	Dynatek, Inc./DYN-NDC Automation LLC	\$12,381.00
49	SUBMERSIBLE MOTORS (NEW ONLY)	Beylik Drilling & Pump Services	\$3,888,755.00
50	SUBMERSIBLE MOTORS (REFURBISHED AND REWIND ONLY)	Beylik Drilling & Pump Services	\$6,515,205.00
51	CENTRILIFT VARIABLE SPEED DRIVE PARTS	Beylik Drilling & Pump Services	\$31,416.00
52	VARIABLE FREQUENCY DRIVES	TK Process Hawaii, LLC	\$6,422,235.30
53	LOW HORSEPOWER VFD (1/4 HP – 15 HP)	TK Process Hawaii, LLC	\$14,696.50
54	LEAK NOISE DATA LOGGERS	TK Process Hawaii, LLC	\$11,601.95
55	SOLID STATE REDUCED VOLTAGE SOFT STARTER ~ LOW VOLTAGE	TK Process Hawaii, LLC	\$303,300.18
56	SOLID STATE REDUCED VOLTAGE SOFT STARTER ~ MEDIUM VOLTAGE	TK Process Hawaii, LLC	\$75,540.19
57	COMPACT SOLID STATE REDUCED VOLTAGE SOFT STARTER	TK Process Hawaii, LLC	\$60,073.19
58	HATCH FRAMES AND COVERS	BK, Inc.	\$5,250.00
59	HYDROELECTRIC TURBINE GENERATOR	Soar Technologies, Inc.	\$734,488.92

For the Parts where no bids were received, staff shall obtain quotations in the best interest of the Department.

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

**E. JOB NO. 2006-900, EMERGENCY BACKUP POWER FOR CRITICAL SITES:**

Bids for this project were opened on May 17, 2007, at 1:30 p.m.; and following are the bid results:

<b>Bidder</b>	<b>Total Sum Bid</b>
Hawthorne Pacific Group	\$1,784,410.43
Power Generation Services, Inc	Disqualified

Project Scope: This project consists of the purchase of emergency back up generation for critical well sites that includes 7 generators varying in size from 1000 kW to 750 kW. The phase of the project includes the purchase of equipment only. Costs include delivery, taxes, and fees. The bid amount is considered reasonable for the scope of work.

Funding of up to \$2 million for this project will be from the County of Hawai‘i Civil Defense Agency. The contractor will have 270 calendar days to complete this project.

DWS will be recommending that the County award the contract for JOB NO. 2006-900, EMERGENCY BACKUP POWER FOR CRITICAL SITES, to the lowest responsible bidder, Hawthorne Pacific Group, for their bid amount of \$1,784,410.43.

The Manager added that there is no recommendation in the Agenda because the money is not with the Water Board, but rather with the County of Hawai‘i. This is just for information saying that the Department will be recommending that the County award the bid. Further, the recommendation to the County will be to accept the seven generators that were offered in the bid and possibly do a change order to acquire an additional generator to bring it up to the \$2 million, since there is remaining money.

In response to Chairman Goya’s question of whether further action is needed from the Board, the Manager replied none is necessary. It is for the Board’s information only.

The Deputy Manager added that there might be further action when the Department does the installations. If the Board would recall, the Department allotted \$500,000.00 for the installation of these generators, which still needs to be put out to bids.

In response to a question on whether or not these are fixed sites, Ms. Arrigoni replied that there is one fixed site, and the rest are portable; but the infrastructure has to be set up at those other sites. The Manager added that the fixed site is at the Halekii Well, which serves Kona Community Hospital.

In response to Chairman Goya’s question of whether the Department is keeping the Kona Community Hospital apprised of what is happening, the Manager replied that first, the Department needed assurance that the County is going to award it.

Mr. Smith stated that it might be a good idea to have Ms. Arrigoni report on the progress of this project, along with her report on the Kaloko Tank #2 Hydroelectric Generation Project, at the

June 19, 2007, Water Board Meeting. He also asked why Power Generation Services, Inc.'s, bid was disqualified.

The Manager stated that it was because they did not conform to the bid process; therefore, their bid was not accepted.

Mr. Smith asked if the generators were coming with stock enclosures that generators usually come with. (Ms. Arrigoni replied in the affirmative.) Mr. Smith commented that at his workplace in Waimea, they have a couple of facilities that have generators; and the more you protect them, the longer they last. Even if you have the stock metal cabinet, it does not control the noise as well and you get higher corrosion with that cabinet. Depending on the environment, if you are near the ocean, or in windy areas, you would probably want to have supplemental coverage and also noise attenuation because the Halekii site is close to houses.

Ms. Arrigoni replied that she has not seen the generators first hand; but the electrician, Wallace Oki, is very aware of the location and talked about the sound issue, etc.

In response to Mr. Smith's question of whether these were to be used in the type of situation where power is out at a site, they are taken there and plugged in like a day tank, Ms. Arrigoni replied in the affirmative.

No further questions.

F. **MONTHLY PROGRESS REPORT:**

No questions. Chairman Goya thanked Mr. Okamoto for having the report updated to reflect current projects.

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

Based on information from Ms. Garson and procedures under the County Charter, the Water Board held a public hearing on the proposed budgets this morning. The next opportunity for review of the budgets will be at the regular Water Board meeting on June 19, 2007, at which time the public will be afforded an opportunity to provide input.

Chairman Goya was glad the Department's budget is a little more detailed and is closely aligned to when people are actually filling positions. He thanked the Department for taking the Board's input into consideration; and hopefully, the C.I.P. budget can be addressed in 2008. He asked how projects are selected in order of priority and if it is to the satisfaction of everyone in the Department. The Manager explained the criteria or evaluation points given to each project, which helps prioritize them in the proper order. The system works well for the Department.

BREAK: At 10:53 a.m., Chairman Goya entertained a Motion for a short break; moved by Mr. Heck and seconded by Mr. Smith and carried unanimously by voice vote. The Board reconvened the meeting at 11:07 a.m.

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

No questions.

**I. WRITE-OFF DELINQUENT ACCOUNT #77030030-2, KALUA KALAE RANCH:**

Background: Account #77030030-2, Kalua Kalae Ranch, services a Department of Hawaiian Home Lands (DHHL) pasture located off Mana Road in the Puukapu-Nienie (Waimea) area. The account was established in August 1990 by account holder, Lynn Flores. The account was closed in November 1998 and assigned to the Frank Huff collection agency in October 2001. A total of \$784.01 was collected between January 1998 and November 2002. Frank Huff returned the account to the Department in February 2007. The account was then referred to Corporation Counsel for additional collection/investigation. Corporation Counsel determined that the account holder, Lynn Flores, died in January 1997 and that no further recourse was available to the Department. Corporation Counsel recommends write-off of the account.

Per recommendation from Deputy Corporation Counsel, Diane Noda, the Department requests approval to write off Account #77030030-2, Kalua Kalae Ranch for \$10,157.27.

MOTION: Mr. Mukai so moved for approval of the recommendation; seconded by Mr. Konanui.

Mr. Smith noted that this account was delinquent for a long period of time and wondered how many months of nonpayment it reflects.

Mr. Mellom replied it is hard to determine. The payment history goes back only to January of 1997. At that time, there was an \$8,523.00 balance. From his understanding, there was a problem with a leak, and that is why the balance was so high at the time.

Mr. Smith stated that whatever happened in the past is done with. He wants to make sure that, going forward, the Department does not allow delinquent accounts to get to this point. He noted that Mr. Flores had a residential homestead at Kuhio Village as well as this pasture lot so he did have assets on his residence when he passed away. The Department may have been able to recoup some of its loss if that had been acted on sooner.

Mr. Mellom agreed that was the time something could have been done. A lot of the times, the Department may not know when people are deceased because there may be relatives that continue the payments and years go by before it is found out, like as in this case.

Mr. Smith commented that this is a utility; and like HELCO, when an account is delinquent two or three months, the power goes off. We need to remember that this is a business; and as much as we want to avoid cutting off people from essential services, there is a point in time where if you do not collect from them, everyone else is paying for it.

The Manager stated that since the Department has had Mr. Mellom on staff, he has been on top of the current accounts and works with customers to get payments.

Mr. Smith stated that he knows a number of the Department's staff Waimea are homesteaders and would probably know if a metered customer is no longer living. Mr. Flores was well known in Waimea and had a lot of agricultural interests.

The Manager asked Mr. Mellom if there would be any other situations like this one.

Mr. Mellom replied that there are still some accounts with Frank Huff Agency, and there is one that he could think of that may be similar. However, going forward, there should not be any cases like this.

Mr. Mukai asked if there were many closed accounts \$5,000.00-plus in arrears.

Mr. Mellon replied there may be a handful with high amounts. There are over 2,000 accounts currently with Frank Huff Agency.

The Manager commented that it is hard to cut off someone's water, especially when they come in and they have children. The Department makes every effort to help its customers. Through the Department's Rules and Regulations, people are afforded payment plans and accommodations to help them make payments. If service needs to be cut off, the Department follows the Rules and Regulations for proper procedures in doing so.

Chairman Goya understood and sympathizes with the Department. It is a tough job, but it has to be done; and if it needs to be done, then with the necessary support from the Department and necessary documentation regarding termination of service for non-payment. It is the Board's fiduciary responsibility to make sure accounts are collected on in a timely manner and carefully managed. If they need to be written off, sooner is better than later. That way, it is more accurately reflected in the Department's income and balance statements.

ACTION: A vote was taken on the Motion to write off Account #77030030-2, Kalua Kalae Ranch for \$10,157.27. Motion was carried unanimously by voice vote.

J. **MANAGER'S REPORT:**

- 1) Status of Palani Road Transmission Waterline project - close to advertising the project. The delay is an easement from two individual parties; hopefully, it will be resolved soon.
- 2) Status of the Waimea Clearwater Reservoir Repair - bids for the repair are out, and bids should be coming back soon.
- 3) Status of the Hawaiian Ocean View exploratory well - staff met with SSFM International last week. They think they can make the deadlines discussed last month. They were asked if they could include Phase 2 in the second part of the project, and they indicated they would. Also, the Department of Water Supply will be holding a public meeting on May 23, 2007, at the Hawaiian Ocean View Community Center. Representatives of SSFM will also be there to discuss the Environmental Assessment process. There is still a question as to use of the park site. Ms. Garson stated that Mr. Heck provided her with some information prior to the meeting, and she would follow up on it. The Manager continued that if the park site is available, the second well will probably be drilled on the initial site the Department wanted.

Mr. Heck thanked the Manager for the letter sent to Mr. Rell Woodward. It was very informative. He asked about the condemnation process of the land adjacent to the park. Ms. Garson stated that it is before the Finance Committee and the County Council. There is one more Council meeting. The Finance Committee had some questions initially, but none at the Council meeting. In response to Mr. Heck's question if there is a need for either he or someone from the community to be at the Council Meeting to support this, she replied that it is totally within anyone's right to go and give public statement or provide written testimony. Mr. King, who is the owner of the land that is being condemned, attended the first meeting and gave some testimony. The Council's questions after that testimony have been answered, and they are okay with the process.

- 4) Status of the Kona Water Quality - because the Department did not receive bids for the Kahaluu Shaft Pumps Casing Modification, under Procurement rules, the Department was able to negotiate for bids and received one quotation. Mr. Young is working with that contractor on a price. This project will allow the Department to modify how the water is pumped from the Shaft. There is no doubt that the water quality will improve as a result of that project. As for the Waiaha System LLC agreement, it is still within the 120-day period. On the Kamehameha Investment Corporation (KIC) negotiations, they will submit a proposal to the Department based on discussions with Mr. Kurt Inaba. There is a possibility that it may happen where there is a joint effort where this Department pays for the oversizing and KIC does its part to provide water to their subdivision and their interests. The Department would benefit from the oversizing and the three wells that they have. In addition, the Department is working with Hiluhilu, Hinalani, and still in open discussions for the private corridor coming down by Kona Heights.
- 5) AWWA Hawaii Section Conference (May 23 to 25, 2007 - Honolulu) – Mr. Mukai and Chairman Goya will be attending the conference this week. Ms. Helfrich will also be registered for the conference.
- 6) AWWA National Conference (June 23 to 28, 2007 - Toronto, Ontario, Canada) - the Secretary has put packets together for those who are going. Board Members received their today (those not present will be sent by Certified Mail).
- 7) Retiree of the Department of Water Supply - The Manager stated that Mr. Bruce Hirano retired a couple of months ago; but because of scheduling, he was being honored today. Mr. Okamoto stated that Mr. Hirano started with the Department in 1970; and his effective retirement was April 1, 2007. He remembered Mr. Hirano as having a very good memory for things going back 30 years, and he also cared very much about his work. The Manager added that the Board sees a lot of dedication documents on the Agenda, and Mr. Hirano was behind that paperwork. He had started out his career in the survey field. The Department is thinking about bringing him back under contract to train someone else to do the paperwork and thorough checking of legal documents that is needed. He thanked Mr. Hirano for all the years he put into his work. Chairman Goya congratulated Mr. Hirano and presented him with the Department's retirement gift. Mr. Hirano thanked the Department and the Board. He stated he enjoyed working for the Department and learned a lot about government and how it operates. He appreciates everything the Department has done for him over the years.
- 8) Employee of the Quarter Presentation (1<sup>st</sup> Quarter 2007) - the Manager introduced Ms. Dolores (Dee) Degele, Contracts Technician, Administration Division. The Deputy Manager stated that Ms. Degele has been with the Department since 2005. In such a short time, the accomplishments that she has made are very well appreciated. She does the contracts

and works very well with the project engineers, Corporation Counsel, and everyone involved in the process. Both the Deputy Manager and the Manager mentioned how organized and efficient she is. Chairman Goya congratulated Ms. Degele and presented her with a certificate.

In response to questions about two issues 1) Air Conditioning System for the Waiakea Office Plaza, and 2) Hawaiian Homes project (State funding), the Manager reported that for #1, the new system is in design and should cost approximately \$3 million to retrofit. The current AC system is inefficient. Hopefully, it can be advertised soon. The Department insisted that the employees do not get relocated while work is being done. Instead, work will probably be done nights and weekends. Regarding #2, there was an article in the West Hawaii Today where it said this Department received \$14 million (approximately), but that was not a true statement. What the article did not say was that the funding was restricted, which means the funds are not being appropriated from C.I.P. but comes from someone's budget. While on paper it looks good, the reality is this Department is not going to get it. However, Mr. Micah Kane met with the Manager yesterday; and he indicated he is working with the Governor to help this Department. The Manager doubts if it will be as much as \$14 million but will be a help. The Department is still working with Hawaiian Homes because they still have initial commitments from this Department for the Villages of Laiopua project. The Deputy Manager added they will not be served until the Palani Transmission System is in use. He also mentioned the Keopu-Puuhonua Production Well and 1.0 MG Reservoir bids will be opened and will be on the Agenda next month. It will provide additional capacity to the system in the mauka Kona area.

In response to a question about the Public Information and Education Specialist, the Deputy Manager stated that the physical exam will be scheduled this week. Because the person chosen had a prior commitment, they will not be available until the second week of July.

Mr. Mukai mentioned that he had visited the Department's main office one day and noticed the exit from the circle driveway was partially blocked by a Department car parked along the driveway near the backflow prevention device. The Manager stated that he would have Operations Division paint a line with "no parking" beyond that point.

K. **CHAIRMAN'S REPORT:**

None.

**ANNOUNCEMENTS:**

1. **Next Meeting:**

The next meeting of the Water Board will be held on June 19, 2007, 10:00 a.m., in the Hilo Operations Center Conference Room; 889 Leilani Street, Hilo, Hawai'i.

The Board chose to hold its July 24 meeting in Hilo and its August 28 meeting in Kona (place to be determined). Maybe later in the year, the Board will want to consider holding another meeting at Ocean View.

STATEMENTS FROM THE PUBLIC

None.

ADJOURNMENT

ACTION: Mr. Konanui moved for adjournment of the Meeting; seconded by Ms. Helfrich and carried unanimously by voice vote.

(Meeting adjourned at 11:44 a.m.)

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Secretary

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