

MINUTES

DEPARTMENT OF WATER SUPPLY
COUNTY OF HAWAI'I
WATER BOARD MEETING
May 23, 2006

HILO OPERATIONS CENTER CONFERENCE ROOM

MEMBERS PRESENT: Mr. Loren Heck, Chairman
Mr. Thomas Goya, Vice-Chairman
Ms. Paula Helfrich
Ms. Millie Kim
Mr. Ivan Mochida
Mr. Milton D. Pavao, Manager, Dept. of Water Supply (ex-officio member)

ABSENT: Mr. Bernard Konanui, Water Board Member
Mr. George Harai, Water Board Member
Mr. Riley Smith, Water Board Member
Mr. George Wilkins, Water Board Member
Mr. Bruce McClure, Director, Dept. of Public Works (ex-officio member)

OTHERS PRESENT: Ms. Katherine Garson, Deputy Corporation Counsel
Ms. Amy Self, Deputy Corporation Counsel
Mr. Daryn Arai, representing Mr. Christopher Yuen, Director,
Planning Department (ex-officio member)
Mr. Don Nitsche
Mr. Gerald Holleman
Mr. Bill Brooks
Mr. Jason Armstrong (11:00 a.m.)

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. Keith Okamoto, Water Quality Assurance and Control Branch
Mr. Lawrence Beck, Water Resources and Planning Branch
Mr. William Yamamoto (11:00 a.m.)
Mr. Frank Cook (11:00 a.m.)
Mr. Leonard Midallia (11:00 a.m.)
Mr. Roy Miyasaki (11:00 a.m.)
Mr. Norris Gonsalves (11:00 a.m.)
Mr. Theodore (Ted) Lindsey (11:00 a.m.)
Mr. Robert Ravenscraft (11:00 a.m.)
Mr. Kelcy Onaka (11:00 a.m.)
Ms. Angie Onaka (11:00 a.m.)

CALL TO ORDER - Chairman Heck called the meeting to order at 10:13 a.m.

STATEMENTS FROM THE PUBLIC

1. Mr. Don Nitsche

D. NITSCHKE: Good morning. We're very concerned in Ocean View, and we wrote a letter which I believe all of you probably have a copy. We'd like, now that the money has come from the State—that was a real bit of a struggle for a while, and we've finally got that handled. And I understand it's in the hands of the Department of Water Supply now, is that right?

M. PAVAO: No it's not.

D. NITSCHKE: Well I guess the Mayor still has it. And we're concerned about how long it will take to get underway and if we could fast track it somehow or another or if it's really necessary for all these different lengthy procedures to be involved if we can speed that up by -, or if it's cast in stone about taking certain lengths of time for different phases to get our project underway. We're very anxious to get the -, we do have the one test well there, of which I'm sure you are aware of. And it didn't turn out quite as good as we thought, but I guess there's about three and a half feet of water above the ocean level, which is a little marginal, and we're hoping that with putting a new test well uphill from that, we may have a deeper lense of water. And so we're anxious to get that project started. If at all possible, it would be nice to be able to get the contract for the drilling of the well and the test well ahead of having everything else completely planned and done as far as the loading station, the reservoir to hold it so that we know what location it will be picked to put the production well in. As you know, we've been working on it for a long time—in Ocean View, we have a site that the community has put together as a good selection point for -, the first place to put the test well would be up at our community park. So we're hoping -, now I understand that the Mayor wants to kind of get involved again in it with more planning; and we feel that we've done enough planning and we have enough information out there to go forward with this next phase which would be putting in the test well and production well. We have a couple of different alternatives beyond -, once the site for the production well is set, from one more test well, then we can pick out the site for the reservoir and the loading point for the water hauling trucks. We feel that they should be along the highway corridor, which we've mentioned several times before, to keep them out of the residential area. We have pretty much a plan in mind now, what we'd like to do; and Milton has assured us that when the -, we'd like to call him a project manager instead of a consultant; but whenever this guy is picked, that he will work with us and all the information that the community has come up with in the past—we can be very helpful on making a plan to go forward. So that's why I'm here today is just to kind of -, we'd like to get this fast tracked as fast as possible; and we understand that it has to go through certain procedures, but if those could be speeded up, we would really appreciate it. We waited a long time, and every day without a water source in Ocean View is a struggle for us. We are rapidly growing out there. We're over 6,000 people there now and so time is of the essence; and I wanted to make sure that everybody was aware, and that's what I'm here for today is to try and, if at all, push the project forward and put it on fast track.

CHAIRMAN HECK: Thank you very much. You understand that you are not on the Agenda. We're happy to hear what you have to say.

D. NITSCHKE: Right.

CHAIRMAN HECK: I just want to suggest to you that it is in the hands of the Mayor right now. He is the person you want to talk to about all these alternative plans and so on. That would be the place to focus your attention right now, the community. And in the near future, when the project manager is hired, he or she will be the person that should be able to let the community know what the different phases are, approximate time; you know, it is not written in stone because things come up. But there are things the community can do, and that project manager can help facilitate how the community can help the Department of Water Supply. So it is very much on our minds, and we are very much in support of expanding our water system and helping in any way we can. But it is right now in the hands of the Mayor and will be in the hands of the project manager. How is that coming by the way?

M. PAVAO: We are procuring the project manager.

D. NITSCHKE: Okay, can we get kind of a timeframe on what to expect?

M. PAVAO: Once we get the project manager, we will develop a timeframe and let you guys know.

D. NITSCHKE: Okay, when can we expect to have him selected? Him or she.

M. PAVAO: It takes about two months.

D. NITSCHKE: Two months, and it's underway now?

M. PAVAO: Um hum.

D. NITSCHKE: So we got -, a month to go? I hate to keep pushing -,

M. PAVAO: It's in the process, but I would say in two months, we should have somebody on board.

D. NITSCHKE: Okay. Well we'll try to be as patient as we can, but we'll be in there pushing. Thank you very much.

(Messrs. Nitsche and Holleman left the meeting at 10:25 a.m.)

2. Mr. Bill Brooks

B. BROOKS: Good morning. I'm not sure that I need to address anything. We're here for the dedication of our Lokahi Makai Phase 2; and at the same time, I also understand we've got a right-of-entry that we are trying to get approved by you guys for the agreement number one for the

expansion of the Kalaoa Well Site. We were having access problems over there, and this was deemed to be the best way to resolve that issue was to have -, for you guys to issue a formal right-of-entry to us in addition to the agreement that we already have with the Department.

CHAIRMAN HECK: Okay, and you will be around for the meeting, if we have questions of you?

B. BROOKS: Yes. No problem.

CHAIRMAN HECK: Thank you.

APPROVAL OF MINUTES:

ACTION: Mr. Goya moved for approval of the Minutes of the April 25, 2006, Water Board Meeting; seconded by Mr. Mochida and carried unanimously by voice vote.

APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA:

The Board received a Supplemental Agenda for Items (C) MAINTENANCE BID NO. 2006-06 and (D) MATERIAL BID NO. 2006-07 under MISCELLANEOUS on today's Agenda.

SOUTH HILO:

A. JOB NO. 2004-856, WAIAKEA OFFICE PLAZA RENOVATION AND REPAIRS:

One bid was received and opened on May 11, 2006; and following is the bid result:

<u>Bidder</u>	<u>Amount</u>
Site Engineering, Inc.	\$60,800.00

Project Scope: The project consists of furnishing and installing the following items in place, new aluminum multi-slide doors, including all necessary accessories, in place complete and operable per plans and specifications.

The project estimate is \$60,000.00. Funding for this project will be from the Department's C.I.P. Budget. The contractor will have 180 calendar days to complete this project.

The Manager recommended that the Board award the contract for JOB NO. 2004-856, WAIAKEA OFFICE PLAZA RENOVATION AND REPAIR, to the sole bidder, Site Engineering, Inc., for their bid amount of \$60,800.00 plus \$4,200.00 in construction contingency for a total contract amount of \$65,000.00, 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.

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

B. JOB NO. 2003-812, SOUTH HILO G. I. PIPELINE & SERVICE LATERAL REPLACEMENT:

The Department of Public Works (DPW) is requiring scarifying and resurfacing of the roads within the subject project. This information was not provided to the Department of Water Supply (DWS) during the design phase and was approved by DPW with a note that roads in “good” condition or better shall have the entire lane scarified and resurfaced. It was decided that since DPW did not provide the specific information needed to include the exact roads on the plans at the time of bidding, DWS would bid the project out as done in the past, with trench patching only. The current requirement to scarify and resurface the entire lanes is consistent with what they are now requiring for all projects.

The DWS has provided an estimate of \$170,373.00 for the additional cost to the contract should all of the roads (10) be deemed in “good” condition or better. This estimate is for additional work beyond the required trench patching that the contractor is already required to do.

The original contract contingency amount is \$112,869.00, and there are several outstanding change order issues that may require a substantial increase in the contract amount with the remaining work. It is anticipated that the majority of the original contingency will be used by changes in the scope of work other than the additional resurfacing work.

The Manager recommended that the Board approve an additional \$170,373.00 in contingencies for JOB NO. 2003-812, SOUTH HILO G. I. PIPELINE & SERVICE LATERAL REPLACEMENT, so the contractor can proceed with the repair work. The total cost of the project would then be \$1,694,110.00.

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

In response to Chairman Heck’s question if the process has changed with DPW, the Manager explained that it is not a formal thing, but it is something they are now putting on the plans. Basically, what it means is if DWS digs up a road where the pavement is relatively good and they have no plans to resurface, they are requiring the paving of the entire half of the roadway. If they intend to resurface an area, then they will allow DWS to just patch it. This was not known at the time the plans were made, in this case. This Department held several meetings with DPW to see how the financial impact could be minimized. This is something this Department will have to be aware of in the future whenever a project involves County roads.

Chairman Heck asked for clarification of the reference in the write-up to “several outstanding change order issues that may require a substantial increase in the contract amount with the remaining work.”

Mr. Inaba explained that a road was discovered that does not belong to the County. It is a private road that the DWS does not have an easement over. Relocations will be needed that were not in the original plans.

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

C. JOB NO. 2006-886, JANITORIAL SERVICES AT THE WAIAKEA OFFICE PLAZA (2006-2007):

Bids were opened on April 7, 2006 with the following results:

BIDDER	HAMAKUA WING	KAPOHO WING	KA'U WING	GRAND TOTAL
HAWAI'I ISLAND REMOVAL SERVICE, LLC	Upper Level - \$592.61/mo. Lower Level - \$592.61/mo.	Upper Level - \$904.64/mo. Lower Level - \$808.63/mo.	Upper Level - \$856.88/mo. Lower Level - \$844.63/mo.	\$4,600.00/mo.
TIMESAVERS RESIDENTIAL/OFFICE CLEANING	Upper Level - \$684.38/mo. Lower Level - \$684.37/mo.	Upper Level - \$684.38/mo. Lower Level - \$684.37/mo.	Upper Level - \$1,368.75/mo. Lower Level - \$1,368.75/mo.	\$5,475.00/mo.

The Department is proposing to reduce the low bidder's Kapoho Wing, Upper Level, cost of \$904.64 to \$765.19 by eliminating the State of Hawai'i, Department of Corporate and Consumer Affairs (DCCA), office. The proportionate reduction is based on the total area of the Upper Level Kapoho Wing of 3,542 square feet and the DCCA area of 546 square feet. The Grand Total amount of the low bidder would then be adjusted to \$4,460.55.

The Manager recommended that the Board award the contract for JOB NO. 2006-886, JANITORIAL SERVICES AT THE WAIAKEA OFFICE PLAZA (2006-2007) to the low bidder, Hawai'i Island Removal Service, LLC for the adjusted bid amount of \$4,460.55/month or \$53,526.60 for the period July 1, 2006 to June 30, 2007, and that the Chairman or the Vice Chairman be authorized to sign the documents, subject to approval of the Corporation Counsel.

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

NORTH KONA:

A. PETITIONER: KEITH KING:

The Board was provided earlier with a copy of the Declaratory Ruling that Section 3-5 (Connections) and Section 3-6 (Facilities Charge) of the Rules and Regulations of the Department of Water Supply, County of Hawai'i, apply to Keith King's property, despite the fact that his property was included in the Kona Coastview/Wonderview Improvement District and he prepaid the special assessment.

Ms. Self explained that the Board only needed to adopt the Declaratory Order regarding the Board's Declaratory Ruling, and she had the original with her for the Chairman's signature. Copy will be sent to Mr. King after action is taken.

ACTION: Mr. Mochida moved that the Board adopt the Declaratory Order; seconded by Mr. Goya and carried unanimously by voice vote.

B. AGREEMENT FOR ASSIGNMENT AND TRANSFER OF KONA SOURCE AGREEMENT II WATER COMMITMENTS:

Mr. Tom Schmidt (former owner of Tax Map Key 7-3-024:008) wishes to assign six (6) Kona Source Agreement II water commitments currently assigned to said parcel to Mr. Dennis Smith, the current owner of the same parcel.

The Manager recommended that the Board approve this Assignment Agreement, subject to the approval of the Corporation Counsel and that either the Chairman or the Vice-Chairman be authorized to sign the document.

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

C. JOB NO. 2006-884, QUEEN LILI'UOKALANI TRUST (KEAHUOLA) DEEP WELL EMERGENCY REPAIR:

The Board considered a request from the contractor, Water Resources International, Inc., for a contract time extension of 39 calendar days due to delays in the manufacture of the National pump. This first time extension request to the contract was reviewed by staff and is justified.

The Manager recommended that the Board grant this extension of contract time of 39 calendar days to Water Resources International, Inc., for JOB NO. 2006-884, QUEEN LILI'UOKALANI TRUST (KEAHUOLA) DEEP WELL EMERGENCY REPAIR. If approved, the contract completion date will be extended from June 22, 2006, to July 31, 2006.

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

D. RIGHT OF ENTRY AGREEMENT – SEASCAPE DEVELOPMENT, LLC:

The Developer, Seascape Development, LLC, is requesting a right-of-entry to enter onto the Kalaoa Well and Reservoir site. The Water Board, through Executive Order 02795, was granted control and management of the site with an easement.

The Water Board and the Developer entered into a Water Development Agreement, dated October 4, 2005, requiring the Developer to construct necessary water system improvements. In designing the improvements, the Developer needs to conduct necessary site investigations and survey work.

The effective period of the right-of-entry agreement is from the date of execution until no later than January 1, 2007.

The Manager recommended that the Board approve the Right-of-Entry Agreement and authorizes the Chairman or the Vice-Chairman to sign the agreement, subject to review as to form and legality by Corporation Counsel.

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

Ms. Garson explained that the original Right-of-Entry Agreement that had been sent with the Agenda was since revised by Mr. Quidiquit, their attorney, and was discussed by Ms. Garson and the Department. What was handed out at the meeting was a red-lined version and a clean version. She wanted to ensure that the Board knew it was taking action on the modified right-of-entry.

Chairman Heck gave the Board a few minutes to review the modified document.

Ms. Garson suggested that the Board may want to make a friendly amendment to the Motion to accept the amended version of the Right-of-Entry Agreement.

AMENDMENT TO MOTION: Mr. Goya moved that the Board approve the amended version of the Right-of-Entry Agreement and that either the Chairman or the Vice-Chairman be authorized to sign the document subject to review as to form and legality by Corporation Counsel; seconded by Ms. Kim and carried unanimously by voice vote.

E. GRANT AGREEMENT WITH THE US DEPARTMENT OF AGRICULTURE FOR THE KALOKO TANK #2 HYDROELECTRIC GENERATION PROJECT IN NORTH KONA, TAX MAP KEY 7-3-09:30:

The subject agreement allows the Department of Water Supply (DWS) to receive \$175,000 from the State of Hawai'i, Department of Agriculture, for the Kaloko Tank #2 Hydroelectric Generation Project. DWS in-kind contribution is expected to be about \$25,000.00. Funding is coming from DWS Operations budget. This project was outlined in the DWS' energy savings program.

The Manager recommended that the Board give the Manager or Deputy Manager the authority to sign the Grant Agreement and all documentation deemed necessary to effectuate the grant.

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

MISCELLANEOUS:

A. DEDICATION OF WATER SYSTEMS:

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

1. ONO LANE SUBDIVISION (Subdivision of Lot B)

Subdivision Application No. 2003-093

Grantor: Ono Lane, LLC

TMK: (3) 7-7-007:014

E.W.O.: 2005-097

Lots: 3

Facilities Charge: \$12,190.00

Final Inspection Date: August 9, 2005

Zoning: A-1A

Paid: July 25, 2005

Water System Cost: \$46,886.00

2. GRANT OF EASEMENT AND BILL OF SALE

LOKAHI MAKAI PHASE 2

Subdivision Application No. 2003-107

Grantor: Sonny Ventures, LLC

TMK: (3) 7-3-010:047 & 049

E.W.O.: 2005-070

Lots: 54 (50 + 4 Road) Zoning: RS-10, CN-10

Facilities Charge: \$280,610.00 (44 x \$5,500.00) + (9 x \$4,290.00), Paid: 3/15/05

Capital Assessment Fee: \$26,500.00 (53 x 500.00), Paid: 3/15/05

Final Inspection Date: 3/13/06

Water System Cost: \$499,669.00

3. GRANT OF EASEMENT AND BILL OF SALE

KAHAKAI PLACE SUBDIVISION

Grantor: Surf and Land, LLC

TMK: (3) 7-6-017:068

E.W.O.: 2006-023

Lots: 14 Zoning: RS-7.5

Facilities Charge: \$72,690.00 (1-Extg. \$1,190.00) + (13 x \$5,500.00) Paid: 5/12/06

Capital Assessment Fee: \$6,500.00 (13 x \$500.00) Paid: 5/12/06

Final Inspection Date: 5/11/06

Water System Cost: \$127,000.00

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

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

(Mr. Brooks left the meeting at 10:33 a.m.)

B. WATER TREATMENT PROPOSAL NO. 2006-02, FURNISHING AND DELIVERING POLYMERS TO WAIMEA WATER TREATMENT PLANT:

Bids were opened May 10, 2006; and the results were enumerated in the Agenda.

<u>Bidder</u>	<u>Amount</u>
Phoenix V LLC dba BEI Hawaii (low bidder)	\$202,242.80
Contingency	<u>57,757.20</u>
TOTAL CONTRACT PRICE:	<u><u>\$260,000.00</u></u>

The reason for the high contingency is that due to past experiences, the dosage of polymers used at the time of the plant test is lower than at other times of the year. As the quality of water goes down during the year due to unstable weather conditions, more polymers are used to meet the water quality requirements of the State of Hawai‘i, Department of Health.

The Manager recommended that the Board award the contract for WATER TREATMENT PROPOSAL NO. 2006-02, FURNISHING AND DELIVERING POLYMERS TO WAIMEA WATER TREATMENT PLANT, to Phoenix V LLC dba BEI Hawaii, for the bid price of \$202,242.80 plus \$57,757.20 in contingency for a total contract price of \$260,000.00 and that either the Chairman or the Vice-Chairman be authorized to sign the documents, subject to approval of our Corporation Counsel. The contract period is from July 1, 2006, to June 30, 2008.

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

C. MAINTENANCE BID NO. 2006-06, MAINTENANCE OF RESERVOIR SITES AND PUMP STATIONS SITES IN THE DISTRICTS OF PUNA, NORTH AND SOUTH HILO, NORTH AND SOUTH KONA, AND NORTH KOHALA FOR THE DEPARTMENT OF WATER SUPPLY:

Bids were opened on May 18, 2006, at 2:00 p.m.; and the results were listed in the Supplemental Agenda. The listed prices are the total contract amount for a two-year period from July 1, 2006, to June 30, 2008.

The Manager recommended that the Board award the contracts to the following bidders for MAINTENANCE BID NO. 2006-06, MAINTENANCE OF RESERVOIR SITES AND PUMP STATIONS SITES IN THE DISTRICTS OF PUNA, NORTH AND SOUTH HILO, NORTH AND SOUTH KONA, AND NORTH KOHALA FOR THE DEPARTMENT OF WATER SUPPLY, for the period July 1, 2006, to June 30, 2008, and that either the Chairman or the Vice-Chairman be authorized to sign the documents, subject to approval of our Corporation Counsel:

Bidder	Part	Amount
WWW Lawn and House Maintenance	A	\$66,000.00
WWW Lawn and House Maintenance	B	\$30,000.00
T. Kobayashi Yard Maintenance	D	\$57,360.00
Frank Mizoshiri	E	\$65,472.00
Frank Mizoshiri	F	\$53,568.00
Tom’s Tree Trimming and Maintenance Services	C	\$36,000.00
Tom’s Tree Trimming and Maintenance Services	G	\$36,000.00
TWO-YEAR TOTAL:		\$344,400.00

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

D. MATERIAL BID NO. 2006-07, 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 18, 2006, at 2:30 p.m.; and the results were listed in the Supplemental Agenda. The contract period for all Sections is one year, from July 1, 2006, to June 30, 2007. All Sections are to establish price agreements for materials on an “As-Needed Basis.”

The apparent low bidders as shown on the bid summary sheet did not necessarily receive the staff’s recommendation because it did not meet the specifications as required in the bid documents.

The Manager recommended that the Board award the contracts to the following bidders for MATERIAL BID NO. 2006-07, 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, 2006, to June 30, 2007.

SECTION NO.	DESCRIPTION	BIDDER	AMOUNT
1	DUCTILE IRON PIPES	Ferguson Enterprises, Inc.	\$ 176,940.20
2	DUCTILE IRON FITTINGS	Ferguson Enterprises, Inc.	\$ 382,076.40
3	COPPER TUBING	Ferguson Enterprises, Inc.	\$ 146,188.25
4	COPPER FITTINGS	Ferguson Enterprises, Inc.	\$ 51,215.88
5	GALVANIZED PIPES	Ferguson Enterprises, Inc.	\$ 48,538.30
6	GALVANIZED FITTINGS	Ferguson Enterprises, Inc.	\$ 69,428.87
7	BRASS FITTINGS	Ferguson Enterprises, Inc.	\$ 33,415.58
8	5/8" WATER METERS	Badger Meter, Inc.	\$ 43,902.00
8	1" – 2" WATER METERS	Badger Meter, Inc.	\$ 9,368.75
10	METER BOXES AND COVERS	Ferguson Enterprises, Inc.	\$ 56,213.00
11	COMPOUND WATER METERS	Ferguson Enterprises, Inc.	\$ 9,232.68
12	TURBINE METERS AND STRAINERS	Badger Meter, Inc.	\$ 8,380.00
13	DETECTOR CHECK METERS	Ferguson Enterprises, Inc.	\$ 5,436.57
14	FIRE SERVICE METERS	Ferguson Enterprises, Inc.	\$ 26,463.03
15	FIRE HYDRANTS AND EXTENSION KITS	Ferguson Enterprises, Inc.	\$ 40,908.71
16	AMERICAN DARLING FIRE HYDRANT EXTENSION KIT	Ferguson Enterprises, Inc.	\$ 3,728.00
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.	\$ 19,200.12
20	BALL VALVES	A. P. Water Supply, Inc.	\$ 89,985.00
21	BALL VALVE, PACK JOINT X METER COUPLING	A. P. Water Supply, Inc.	\$ 17,873.40
22	CORPORATION AND CURB STOPS	Ferguson Enterprises, Inc.	\$ 53,822.22
23	STRAIGHT METER COUPLINGS	Ferguson Enterprises, Inc.	\$ 19,744.50
24	LOK-PAK METER COUPLING	Ferguson Enterprises, Inc.	\$ 4,637.28
25	PACK JOINT COUPLING	Ferguson Enterprises, Inc.	\$ 11,814.30
26	TRANSITION COUPLINGS	Ferguson Enterprises, Inc.	\$ 5,139.30
27	FULL CIRCLE CLAMPS	Ferguson Enterprises, Inc.	\$ 12,794.34
28	HOSE BIBBS	Ferguson Enterprises, Inc.	\$ 487.62

SECTION NO.	DESCRIPTION	BIDDER	AMOUNT
29	INVERTED MARKING PAINT	Ferguson Enterprises, Inc.	\$ 6,500.00
30	GATE VALVES – 3” AND LARGER	A. P. Water Supply, Inc.	\$ 27,934.00
31	GATE VALVES – 3” AND LARGER 250# CLASS	No Bid	No Bid
32	GATE VALVES – 2½” AND SMALLER	No Bid	No Bid
33	BUTTERFLY VALVES, 125# CLASS	A. P. Water Supply, Inc.	\$ 48,900.00
34	BUTTERFLY VALVES, 250# CLASS	A. P. Water Supply, Inc.	\$ 65,570.00
35	PUMP SEALS	No Bid	No Bid
36	TABLET CHLORINATORS	Phoenix V LLC dba BEI Hawaii	\$ 4,411.30
37	CHLORINE RESIDUAL ANALYZER	TK Process Hawaii, LLC	\$ 2,651.02
38	CHLORINATORS	Phoenix V LLC dba BEI Hawaii	\$ 18,063.61
39	MAG METERS	No Bid	No Bid
40	SURGE ARRESTORS	TK Process Hawaii, LLC	\$ 21,549.93
41	MOTORS	Kaman Industrial Technologies	\$ 534,637.20
42	BOOSTER AND DEEPWELL PUMP CONTROL BALL VALVES	No Bid	No Bid
43	AUTOMATIC CONTROL VALVES	Ferguson Enterprises, Inc.	\$ 468,700.85
44	ANTI-CAVITATION VALVES	A. P. Water Supply, Inc.	\$ 402,279.00
45	POWER MONITORING EQUIPMENT	No Bid	No Bid
46	SCADA SYSTEM	Total Control Solutions, Inc.	\$ 12,720.00
47	SUBMERSIBLE MOTORS (NEW ONLY)	Beylik Drilling and Pump Service, Inc.	\$2,983,392.00
48	SUBMERSIBLE MOTORS (REFURBISHED AND REWIND ONLY)	Beylik Drilling and Pump Service, Inc.	\$5,126,202.00
49	CENTRILIFT VARIABLE SPEED DRIVE PARTS	Beylik Drilling and Pump Service, Inc.	\$ 36,843.00
50	COMMUNICATIONS HARDWARE	TK Process Hawaii, LLC	\$ 21,104.11
51	VARIABLE FREQUENCY DRIVES	TK Process Hawaii, LLC	\$4,012,065.81
52	LOW HORSEPOWER VFD (1/4 HP–15 HP)	TK Process Hawaii, LLC	\$ 10,725.00
53	LEAK NOISE DATA LOGGERS	TK Process Hawaii, LLC	\$ 11,543.32
54	SOLID STATE REDUCED VOLTAGE SOFT STARTER – LOW VOLTAGE	TK Process Hawaii, LLC	\$ 296,365.73
55	SOLID STATE REDUCED VOLTAGE SOFT STARTER – MEDIUM VOLTAGE – 2300V	TK Process Hawaii, LLC	\$ 84,151.25
55A	SOLID STATE REDUCED VOLTAGE SOFT STARTER – MEDIUM VOLTAGE – 4160V	TK Process Hawaii, LLC	\$ 93,306.69

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

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

In response to Mr. Goya’s question of why such a discrepancy in the pricing of the 5/8-inch water meters, Mr. Ikeda explained that the two main competitors (Badger Meters and Ferguson Enterprises) are close in price, but for Berkley Engineering, it seems like meters are not their main product so they may have extra mark-up on them. The Manager added that he did not think the Department has ever bought meters from Berkley Engineering.

Chairman Heck stated that, if possible, it would be better for the Board to have this information ahead of time rather than taking up time to review it at the meeting.

The Manager explained that staff tries to open bids prior to an Agenda being prepared; however, there are usually several projects out to bid this close to fiscal year end, and it makes it difficult to meet those deadlines.

Mr. Goya mentioned tying this in with the inventory procedures. In this contract, about \$.5 million is being spent, so it would be nice to have some understanding of how the inventory is managed.

The Manager clarified that in some Sections of this bid, although the prices come out very high, the Department does not buy all of the items at once. Mr. Ikeda added that maybe a quantity of one or two would actually be purchased; and in some cases, not at all.

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

E. **MONTHLY PROGRESS REPORT:**

Chairman Heck asked about Waiohinu Production Well and Supporting Facilities (Page 4) with respect to land acquisition from the State of Hawai‘i, Department of Land and Natural Resources (DLNR).

The Manager explained that normally, the County gets Executive Orders, signed by the Governor, that allow the use of the land. He hoped that would be granted for this project. DLNR is trying to negotiate for land that they allow DWS to use because they do not give the land; they just allow its use.

Mr. Goya asked about Job No. 98-721, Kawaihoni 0.50-MG Reservoir. He stated that when he passes by the project site occasionally, he notices it still does not look like it is ready to be turned over to the Department.

The Manager explained that this one looks like there may be some legal action in the future. The contractor cannot satisfactorily repair the new reservoir, and there are issues between them and their suppliers and manufacturers over a certain product. There were also problems with the design. The Board will be hearing more about this project in the future. When asked who was at fault, the Manager stated that is the issue right now.

F. **DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING AND CAPITAL IMPROVEMENT BUDGETS FOR FISCAL YEAR 2006-2007:**

Mr. Tsunoda reported that the Notice of Public Hearing on the Budgets will be advertised in the West Hawaii Today and the Hawaii Tribune-Herald on May 26 and 28, 2006. The Public Hearing will be held at 9:30 a.m. on June 27, 2006, to receive public input, followed by the Board’s regular meeting and adoption of the budgets.

Mr. Goya suggested separating out the purchase power costs when this comes around next year because it is something not in the Department’s control. It is currently grouped in with material, supplies, and services on Page 2 of the budget report dated April 18, 2006. Although it is shown

in the back, a lot of people do not get beyond the summary at the front. As the Department moves forward and starts looking at areas of increasing expenses for rate making purposes, other people may look at this document and jump to conclusions. The more items beyond the Department's control can be separated out, the better it will be.

The Manager stated it was too late for this time because the ad was sent to the newspapers, but next year, it will be separated out next year.

Mr. Goya suggested even a footnote would be beneficial and the same with related personnel services because people may assume all of the \$11.3 million is related to salaries. He also commented that the C.I.P. Budget was only a one-page document; and if someone did not have any background, it could be misinterpreted. Some projects listed for the 2007 C.I.P. have been on the Department's books for a period of time. It is not necessarily new projects being proposed for this Budget. It is important to clarify these things with the public as well as public officials with respect to projects happening in their areas.

G. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

No questions.

H. INVENTORY PROCEDURES:

Mr. Goya stated that he brought this forward for educational purposes for the Board to understand how things move through the system, whether for maintenance or it can be capitalized. The biggest concern would be with treating things as ordinary maintenance versus something that can be capitalized. He asked if Mr. Sumada could explain how a capitalized project moves through the system and then any subsequent upgrades or maintenance included and to separate that from ordinary inventory for just routine maintenance.

Mr. Sumada explained that a construction project will have its costs accumulated in the account, Construction Work in Progress, on the Balance Sheet. It will be in either that account or in the Preliminary Survey Account until such time as the project is completed and the asset is placed in service. At that time, information is gathered from Engineering Division listing which assets need to be capitalized for part of the costs that they apply to. There are accounts such as Pumps, Hydrants, Meters, Buildings; and they are depreciated over however many years apply to that asset.

Routine maintenance is captured on work orders. There are three basic types—Repair and Maintenance Work Orders, Job Work Orders, and Plant Work Orders. As described in Mr. Sumada's handout, each type of work order is handled differently. Repair and Maintenance Work Orders are expense; Plant Work Orders are capitalized; and Job Work Orders are billed to third parties. That is where inventory items like the ones approved by the Board today would accumulate on those work orders as they are being used.

Mr. Goya asked about the Kawaihoni Reservoir project that was discussed earlier. The Department has expended money, but it is not on the books yet because it has not been turned over to the Department.

The Manager stated that at that time, all of the Engineering Work Orders and everything accumulated in the total cost is put into the system.

Mr. Goya asked if that project is treated only as an expense in the year that it has occurred and is considered a liability until it is completed. (The Manager replied in the affirmative.)

I. AWWA - HAWAII SECTION TAPPING TEAM CHAMPIONS:

The Manager reported that on May 11, 2006, at the American Water Works Association (AWWA) Hawaii Section Annual Conference at the Renaissance Ilikai Hotel on Oahu, this Department's tapping team won the Section championship. By winning this championship, the tapping team received the honor to represent the Hawaii Section at the national AWWA 126th Annual Conference in Toronto, Canada, in June 2007. In Toronto, they will compete with other Section champions for the national championship. He added that the Department of Water Supply, Island of Hawai'i, has been competing in this contest for the last nine years. The team being honored today has been together for the last five years. He introduced the members, from the Department's Waimea Baseyard:

- Mr. Leonard Midallia, Lead Pipefitter (Coach)
- Mr. Roy Miyasaki, Lead Pipefitter (Tapping Machine)
- Mr. Norris Gonsalves, Pipefitter (Machine Cranker)
- Mr. Theodore (Ted) Lindsey, Pipefitter (Pipe Man)

The Water Board, as well as the Department, congratulated the tapping team and thanked them for representing the Department so well. Best wishes were extended for their eventual competition in Toronto, Canada, in 2007.

Mr. William Yamamoto and Mr. Frank Cook, their supervisors, were also recognized as giving the team support over the years.

Mr. Yamamoto extended his appreciation to the team. All of the Department is very proud of their accomplishment. They have made history by being the first team from an outside island to win this competition. They won by 1 minute, 45 seconds. He explained that the time is not that great as the team averages 1 minute, 15 seconds. They did have a time of 1 minute, 7 seconds while practicing at their baseyard. Mr. Yamamoto extended his thanks to the American Water Works Association for having this contest; to the Chief of Operations and the Manager for allowing them to go in the competition; and to the Waimea staff who cover for the team while they are practicing. He commented that the employees in their office work closely together and exemplify the "TEAM" motto, "Together Everyone Accomplishes More." He also thanked everyone for having the team present today before the Water Board.

J. **MANAGER'S REPORT:**

- 1) **Kona Coastview/Wonderview Improvement District Project** – The Manager reported that the Mayor had some concerns so he selected a task force to assist the residents with the transition. Mr. Roy Takemoto is taking the lead on looking into low interest loans. From this Department, Ms. Shari Komata is the contact person.
- 2) **USGS Drilling Program** – the Manager reported that he went out to look at the drill rig with Mr. Ikeda. It is parked at the Panaewa Well Site. Letters have been sent to Maui and Kauai water departments expressing the need to get the sale done fast. Proceeds will be split three ways. Someone local is interested in the equipment. Next is to have someone knowledgeable in the business give an appraised value of what is there, and plans are to go out to bid with an upset price. In response to Mr. Goya's question of a ballpark dollar value on the equipment, the Manager indicated it was in the neighborhood of \$300,000 to \$500,000, but will wait for an appraised value. A new rig costs \$500,000 to \$600,000; but there is also a tractor, container, forklift, truck with welder, tons of drilling column and plastic pipe included. Mr. Ikeda had some interest in the forklift, so if a price can be agreed upon, it could be deducted from the proceeds this Department would receive. In response to Mr. Goya's question if there was any consideration on Maui's earlier concerns regarding reimbursement of \$25,000.00, the Manager replied the Board denied it, so it is no longer an issue.
- 3) **Kona Water Quality** – the Manager is very hopeful about the design that is underway to modify the way water is pumped from the Shaft (timetable until completion of the actual modifications – about 20 months). Staff is still negotiating with developers to acquire corridors to bring the high level water down to the lower areas. There are a lot of different entities because of the interest in Kona. In response to questions about the Palani project, Mr. Beck showed the Board a map of the area and reviewed the alternatives being worked on to avoid having the corridor run down Palani Road. Staff is still in the process of getting easements. The Manager added that the Department's goal is to have this project advertised for bids by the end of 2006. In answer to Ms. Helfrich's question of how much increased water this project would bring to the area, Mr. Beck estimated 12 million gallons or more. The Manager added that the project allows for future expansion.
- 4) **2006 Water Board Meeting Schedule** – the Board chose to set the place for its July 25, 2006, meeting at Hilo Operations Center since R. W. Beck, Inc., will be there to make a presentation to the Board. Chairman Heck suggested meeting at the Ocean View Community Center in August since the consultant for the well project would be procured by that time, and it would afford the Board an opportunity to view the areas in discussion relating to the upcoming project in the area. Regarding questions on whether the Ocean View Community Center would be available for August 22, Chairman Heck saw no problems with getting the facility.
- 5) **Employee of the Quarter** – Mr. Kelcy Onaka was presented with the Employee of the Quarter Award for the first quarter of 2006. Mr. Onaka is a Lead Building Maintenance Worker with the Department's Kona District Office. Mr. Robert Ravenscraft, District Supervisor II, reported that Mr. Onaka started with the Department as a Waterworks Helper with every intention of working with a journeyman to move his way up. Unfortunately, their journeyman left, and Mr. Onaka was left to do things on his own. Everything he has learned

has been done by his own effort. He can be counted on for just about anything, and that is a very good quality to have in an employee.

Mr. Onaka thanked the Department and the Board for this award and for the opportunity to work for the Department and have good managers like Mr. Pavao, Mr. Antonio, and Mr. Ravenscraft.

K. **CHAIRMAN'S REPORT:**

None.

L. **EXECUTIVE SESSION:**

The Board convened an executive meeting regarding the following case, pursuant to Section 92-5(a)(4), Hawai'i Revised Statutes (HRS), as amended, for the purpose of consulting with its attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities, including the current status of the litigation. A two-thirds vote, pursuant to HRS Section 92-4, is necessary to hold an executive meeting.

1) Department of Water Supply vs. Lillian Matsumoto, Civil No. 05-1-0080K

ACTION TO ENTER EXECUTIVE SESSION: Mr. Mochida moved that the Board enter into Executive Session to discuss said matter; seconded by Mr. Goya and carried unanimously by voice vote. (Executive Session began at 11:45 a.m. and ended at 12:17 p.m.)

ACTION: Mr. Mochida moved that the Board deny Corporation Counsel's request to go forward with the Stipulated Judgment; seconded by Mr. Goya and carried unanimously by voice vote.

ANNOUNCEMENTS:

Next Meeting:

The next meeting of the Water Board will be held on June 27, 2006, in the Hilo Operations Center Conference Room, 889 Leilani Street, Hilo, Hawai'i, as follows:

1. 9:30 a.m. - Public Hearing on the proposed Fiscal Year 2006/2007 Operating and Capital Improvement Budgets
2. 10:00 a.m. - Regular Water Board Meeting

STATEMENTS FROM THE PUBLIC

None.

ADJOURNMENT

ACTION: Mr. Mochida moved for adjournment of the meeting; seconded by Ms. Kim and carried unanimously by voice vote. Meeting adjourned at 12:19 p.m.

Secretary

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