

MINUTES

DEPARTMENT OF WATER SUPPLY
COUNTY OF HAWAI'I
WATER BOARD MEETING
July 25, 2006

HILO OPERATIONS CENTER CONFERENCE ROOM

MEMBERS PRESENT: Mr. Loren Heck, Chairman
Mr. Thomas S. Goya
Mr. George A. Harai
Ms. Paula Z. Helfrich (10:12 a.m.)
Ms. Millie Kim (10:05 a.m.)
Mr. Bernard "Malu" Konanui
Mr. Ivan S. Mochida
Mr. Riley W. Smith
Mr. Milton D. Pavao, Manager (ex-officio member)

ABSENT: Mr. George A. Wilkins, Water Board Member
Mr. Bruce McClure, Director, Department of Public Works
(ex-officio member)
Mr. Christopher J. Yuen, Planning Director (ex-officio member)

OTHERS PRESENT: Ms. Katherine Garson, Deputy Corporation Counsel
Ms. Amy Self, Deputy Corporation Counsel (10:29 a.m.)
Mr. Steve Bowles, Waimea Water Services, Inc.
Ms. Ann Hajnosz, R. W. Beck, Inc.
Mr. Dave Jochim, R. W. Beck, Inc.
Mr. Art Griffith, R. W. Beck, Inc.

Department of Water Supply Staff:

Mr. Quirino Antonio, Jr., Deputy Manager
Mr. Kurt Inaba, Engineering Division Head
Mr. Lawrence Beck, Engineering Division
Mr. Keith Okamoto, Engineering Division
Mr. Daryl Ikeda, Chief of Operations
Mr. Richard Sumada, Assistant Waterworks Controller
Mr. Clyde Young, Operations Division
Ms. Candace Pua, Finance Division

Department of Water Supply Summer Intern Staff:

Ms. Krystal Moore, Administration

Mr. Jonathan Leithead, Engineering
Mr. Gavin Okabe, Engineering
Mr. Zey Tong, Engineering
Ms. Kristen Bautista, Operations
Ms. Shari Ann Bautista, Operations
Ms. Lissa Onishi, Operations
Mr. Dane Frank, Microlab

CALL TO ORDER: Chairman Heck called the meeting to order at 10:03 a.m.

STATEMENTS FROM THE PUBLIC: None.

APPROVALS OF THE MINUTES:

ACTION: Mr. Goya moved for approval of the Minutes of the June 27, 2006, Public Hearing on the Proposed Operating Budget and Capital Improvements Budget; seconded by Mr. Smith and carried unanimously by voice vote.

ACTION: Mr. Harai moved for approval of the Minutes of the June 27, 2006, Water Board Meeting; seconded by Mr. Mochida and carried unanimously by voice vote.

APPROVAL OF THE ADDENDUM AND SUPPLEMENTAL AGENDA:

ACTION: Mr. Harai moved to add Addendum Item 10(A) Job No. 2003-821 (extension of contract time) to the Agenda; seconded by Ms. Kim and carried unanimously by roll call vote (Ayes: 7 – Ms. Kim, Messrs. Goya, Harai, Konanui, Mochida, Smith, and Chairman Heck; Nays: 0, Absent: 2 – Ms. Helfrich and Mr. Wilkins).

ACTION: Mr. Harai moved to add the Supplemental Agenda for Item 10(E) Automatic Meter Reading (AMR) System Contract – Neptune Technology Group; and carried unanimously by voice vote.

DWS SUMMER INTERN PROGRAM:

The Manager gave a brief history of the summer intern program. The purpose is to get summer help with the various divisions in the Department and also to provide the students with work experience and financial help in attending college. Applications are taken every year around March and screened. A minimum of one year of college and a minimum grade point average is required. The list is sent to division heads where they select the students. There is a policy in effect where a student can only work one summer with the Department. The intent is to help as many students as possible. There are exceptions for recruitments that the Department is having a hard time filling. Engineering is one particular division. If the student expresses a desire to come back to the Department to work as an engineer or other positions that are in shortage, then the Department will try and accommodate that,

especially with the indication that for future employment, that student would be interested in working for the Department.

The reason for the students coming today is to give them the opportunity to see how a meeting is conducted and to gain some knowledge on the Water Board and its functions.

The students were then introduced by their respective supervisors, and the students stated what college they attended.

From Operations Division:

Ms. Lissa Onishi – attending University of Hawaii-Manoa, majoring in Accounting.

Ms. Shari Ann Bautista – Loyola Marymount University, majoring in Communication Studies.

Ms. Kristen Bautista – Stanford University, majoring in Mathematics.

From Engineering Division:

Mr. Zey Tong – third-year summer student, University of Hawaii-Manoa, Civil Engineering.

Mr. Gavin Okabe – University of Portland, majoring in Civil Engineering.

Mr. Jonathan Leithead – University of Hawaii-Hilo, majoring in Psychology.

Mr. Dane Frank (Microlab) – University of Puget Sound, majoring in Psychology.

From Finance Division:

Ms. Tiffany Yabuta – Pacific University, majoring in Business Administration (accounting & finance).

From Administration Division:

Ms. Krystal Moore – Linfield College, majoring in English/Secondary Education.

Mr. Goya asked for a few words from Mr. Tong on his work experience since the Department has a little more invested in him. Mr. Tong had mentioned that he had expressed interest in gaining employment with the Department in engineering (which is one of the fields in shortage).

Mr. Tong stated that he has had a very good experience at the Department of Water Supply and has so far worked with the Water Resources and Planning Branch; has gone out in the field with inspectors and done some inspections; and has gone out with the survey crew and worked with the survey equipment. This has helped him gain an all-around knowledge about Engineering Division's many functions.

ACTION TO MOVE AGENDA ITEM UP:

ACTION: Mr. Goya moved to take up Miscellaneous Item C, Presentation by R.W. Beck, Inc.; seconded by Ms. Kim and carried unanimously by voice vote.

MISCELLANEOUS:

C. PRESENTATION BY R. W. BECK, INC.:

Mr. Dave Jochim, Project Manager of R.W. Beck, Inc. (Beck), introduced the members of Beck. A handout was provided to the Board covering the final results of the Water Master Plan and the Personnel Needs Assessment.

Mr. Art Griffith, Project Engineer of Beck, spoke on the Water Master Plan. Highlights included the water demand forecast prepared for 5-year and 20-year periods; the design and service criteria; developed hydraulic analysis models for all water systems; completed system analysis for the storage distribution and transmission systems in each of the water systems; development of ways to prioritize capital improvement projects; and an updated Capital Improvement Program (C.I.P.).

Ms. Ann Hajnosz, spoke on the Personnel Needs Assessment for the Department of Water Supply (DWS). This assessment was done to determine if the Department is able to undertake a large C.I.P. and also accomplish things that were outlined in the Business and Strategic Plans. One of the things noticed from the staff during a series of interviews last year was a very strong, positive outlook about their work, what they wanted to do, and how they wanted to contribute. However, there was also some frustration about the communication within the Department, which is due to a significant growth in staff. An Integrated Computer Based Information System would help with that situation. In their recommendations, they see a need for nine more positions within the Department and are in specific areas such as safety, data systems, SCADA, contracts, growth in the Kona district, and structural engineering. Their second recommendation is increased communication within the Department, including the Water Board. Their third recommendation is to get job responsibilities formalized.

Mr. Jochim spoke about the Strategic Plan. A Strategic Plan is a document to help the Department identify and address change. The C.I.P. document they are presenting is going to introduce a huge amount of change within the Department. The question is how to get it done as well as the daily functions of the Department. They stressed to staff from day one is that this Strategic Plan is never complete. They have encouraged everyone to update the Strategic and Business Plans on an annual basis. The "Champions" who were identified when the studies began each had a budget to carry on their tasks. Fifteen strategic initiatives were identified, along with schedules for completion. Right now, they are about one-third to one-half of the way in getting them completed. The reason some things are lagging is because of everyone's day-to-day responsibilities. The Department has been trying to recruit a Public Relations/Strategic Planning Specialist, and one of the responsibilities of that person will be to push the Strategic Plan forward. Their recommendations are to fill this position as soon as possible because they would be key to pushing the Plan forward; and also to resurrect the core planning team of about 20 people that went through the entire planning process.

Ms. Hajnosz also spoke about the Water Rate Study. They are in the process of collecting data from the Finance Department. The plan is to run three financial scenarios, the high, medium, and low case in terms of what levels of C.I.P. staff can do, finance it, and what the ultimate impact would be. They are planning to have rate increases starting next July and look at what impact it should have on the Department. Public hearings are important before any change can happen with the water rates.

They concluded that their next presentation to the Water Board would be at its January 2007 meeting, where they will discuss ratemaking policies with the Board. In March they will have preliminary rates for the Board to consider, and April is when they anticipate public hearings, followed by the Board adopting new rates for July of 2007.

Questions/Answers:

Ms. Kim questioned whether the 35 existing vacancies would be filled within the Department before the other nine that are being considered.

Ms. Hajnosz replied that both should be looked at and then consider them for the next budget cycle. Within each category, the Department needs to do some prioritization. This all may not happen until five years from now. It is part of a long-term plan.

Chairman Heck asked about their recommendation that there be someone to expedite filling those vacancies. He asked who would be responsible.

Ms. Hajnosz replied that it is not someone in particular. Administration would probably need to look at it with their Division Heads and come up with recommendations on how to go about hiring.

The Manager stated that DWS has been having a difficult time in recruiting anybody. He stated that the job market is doing well and there are fewer applicants for County jobs. Five years ago, a lot of people wanted County jobs; but the trend is changing.

Ms. Helfrich stated that the Pacific Resource Partnership is an organization of labor and management in Honolulu that deals with this kind of issue. She wondered if there was any kind outreach through the unions, such as apprenticeship programs.

The Manager mentioned the County's efforts in conducting job fairs, and this Department has participated in almost every one. For critical positions, such as engineers, the Civil Service Department has advertised on the West Coast.

Ms. Helfrich also mentioned the Big Island Labor Alliance and also a program called Kamaaina Come Home, which is doing outreach on the mainland. There is a disconnect between people who want to come back home and the job market. She stated that she would love to help.

Mr. Smith asked if Beck's projections coincide with those of Fukunaga & Associates who were hired to do the water master plan update.

Mr. Griffith replied that they used the County General Plan population and growth projections and zoning to evaluate the plan and evaluate the infrastructure.

Mr. Smith asked if the hydraulic analysis models (software) they used would be provided to staff.

Mr. Jochim replied that Mr. Lawrence Beck has already used it. Mr. Beck added that the water use and development plan looks at the entire County and a lot of users that will be taking the water from the aquifers but are not necessarily the Department's customers. Beck's study focuses on Department of Water Supply customers.

Mr. Smith commented that his concern is traffic issues in Waimea. State and County projects can be in the same vicinity (Waimea Bypass, Kawaihae Bypass, Lalamilo Connector), and they all use

different traffic consultants so they all have different base data so their answers do not jive because of that.

The Manager stated that the Water Use and Development Plan and the Water Master Plan both use the same basic data, which is the County General Plan and the projections, so they are on the same basis.

Mr. Goya's concern was the number of vacancies that are budgeted, which gives each department a lot of flexibility if the positions are not filled on an annual basis. The other thing is public perception if asking for a rate increase if you have all of these unfilled, budgeted positions. Another question is how to compete in an environment where projects are costing almost two times more than were forecast. He thought the thing to do is get "in-house" in order first and prioritize what can be done and how to fill existing positions before asking for more money. Also, it should be shown that the money the Department has was effectively used before asking for more.

The Manager mentioned the facility charge fund, which, to a layman person, might seem like a surplus of money; however, those funds are committed and are not readily available for anything else.

Ms. Hajnosz mentioned that is one of the things they will have to work on regarding the public involvement issue. They have also realized that instead of budgeting for vacant positions for a full year, the understanding is that most times, the position may not be filled in the first half of the year because it takes time to recruit. Therefore, they try and cut back and fund half of a year so the Department does not have this large slush fund.

Ms. Kim agreed with Mr. Goya's concerns and stated that she did not hear a strong rationale for the proposed increases. She asked if there were specific things that could be pointed to that are increasing costs for the Department which justify a 2.4% increase every year for five years, or 12% over five years such as inflation, power costs, etc.

Ms. Hajnosz explained that part of the Water Master Plan was an overall financial plan to see how the C.I.P. could get accomplished. It was kind of a big picture for 5 to 20 years. In order to meet projected future demand, you need to spend money for C.I.P.; and the level of capital expenditures has been significantly higher than in the past; therefore, they expect that the Department is going to need more money.

The Manager added that the next meeting scheduled for the Board (January of 2007) should cover more specifics. Right now, the 2.4% is just an estimate.

Ms. Helfrich mentioned planning efforts around the State and seeing a huge change in attitudes towards the course of development and the rate of development. It has been pretty constant over the last 10 or 12 years; however, there may be enormous change in the kind of development. It may be good to have some alternatives, whether it is a 2% growth rate or a 5% growth rate, for example.

Mr. Goya stated that the Board really wants to support the Department and what the Manager and his staff needs to get done but still holds the Department accountable and fiscally responsible to its customers.

Chairman Heck asked the Board to carefully absorb what was given out today and asked that representatives of Beck let the Board know, ahead of time, the particular portion of the report it will be covering at future workshops with the Board.

Mr. Jochim concluded that they have enjoyed working on the project with the Department and the Board and are available to help implement it in the future.

RECESS: Chairman Heck called a recess at 11:17 a.m. The meeting reconvened at 11:28 a.m.

SOUTH HILO:

A. JOB NO. 2002-804, THE CONSTRUCTION OF THE KAIEIE MAUKA PRODUCTION WELL AND SUPPORTING FACILITIES:

The Board considered a request from the contractor, Isemoto Contracting Co., Ltd., for an extension of contract time of 110 additional calendar days due to changes in realignment of the ductline at the Papaikou Well Site, shipment of the deep well pump, and to re-manufacture the Motor Control Center (MCC). This was the first time extension request for this project and was found by staff to be justified.

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

HAMAKUA:

A. JOB NO. 2005-866, AHUALOA WELL DEVELOPMENT – PHASE 1, RIGHT-OF ENTRY AGREEMENT FROM DLNR:

The Department of Land and Natural Resources (DLNR), owner of the parcel where the well will be drilled, has submitted a Right-of-Entry Agreement to allow surveying, drilling, casing, and testing of an exploratory well. At the request of Corporation Counsel, the Department of Water Supply would like the Board to review DLNR's Right-of-Entry Agreement for action.

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

Mr. Smith had a question about the wording. He interpreted the write-up as meaning the DLNR was requesting the Right-of-Entry from DWS; but actually, DWS is asking for a Right-of-Entry over DLNR's property. He thought it may be clearer to say "offered" or "provided" at the request of the Department.

Ms. Garson clarified that one of the reasons she wanted this on the Agenda was because DWS needs this Right-of-Entry for its project. Normally, the Department uses its own form; but in this case, the State submitted their own form. The language was broader; therefore, she wanted to make sure that the Board reviews and understands the indemnification portion.

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

NORTH AND SOUTH KOHALA:

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

The Board considered a request from the contractor, Isemoto Contracting Co., Ltd., for a 9-working day time extension due to rain out days. Staff has reviewed the request and finds that the 9 working days are justified.

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

KAU:

A. JOB NO. 2000-765, PAHALA 0.5 MG CONCRETE RESERVOIR:

The Board considered a request from the contractor, Isemoto Contracting Co., Ltd. (ICC), for a contract time extension of 298 calendar days to demolish the crust of the cave/lava tube beneath the reservoir and backfill the cavity per the consultant's requirements and a design change in the footing of the reservoir as requested by DWS. The excavation and backfilling of the cave was done after the State Historic Preservation Division (SHPD) requirements to record the petroglyphs were completed and took approximately 90 calendar days (June-August). The design change in the footing required the ordering of seismic cables in lieu of the specified Stainless Steel clad rebar. DWS felt that the seismic cables should be used in lieu of the Stainless Steel clad rebar and was uncomfortable with the fact that the rebar could not be installed per the construction plans. The manufacturing and shipment of the seismic cables delayed the contract by 208 calendar days.

This was a second time extension for the contract. Engineering staff has reviewed the request and finds that the 298 calendar days are justified. The first contract time extension was for 280 calendar days for the reporting and recording of the petroglyphs in accordance with SHPD requirements.

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

Mr. Smith's concern was that the Department is the client/owner and is hiring a consultant for professional design services. DWS and the design consultant agreed to use seismic cables in lieu of Stainless Steel clad rebar.

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

NORTH KONA:

A. JOB NO. 2003-821, CONSTRUCTION OF THE KUAKINI HIGHWAY 16-INCH WATERLINE IMPROVEMENTS:

By Addendum, the Board considered a request from the contractor, E. M. Rivera & Sons, Inc., for a contract time extension of 31 calendar days due to an additional delay of asphalt delivery caused by an asphalt storage tank fire, which occurred on June 12, 2006, at the Tesoro Refinery on Oahu. Subject to this, the paving subcontractor cannot schedule completion of the remaining portion of the paving. At this time, Tesoro Corporation is producing asphalt for the islands. However, subject to an apparent backlog of paving requirements by the subcontractor, an additional contract time is required.

This is the third time extension to the contract. The first time extension was for 25 days due to ancient remain recovery and a delay in crude oil delivery to Tesoro's refinery in Oahu. A second extension for 31 days was requested and approved due to the asphalt shortage. Engineering staff has reviewed the third request and finds 31 calendar days are justified.

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

Mr. Smith commented about all contractors having problems with asphalt, and this particular contractor is trying to keep timely with their records by requesting extensions every month. Some other contractors come in asking for 90 to 120. He asked if it was the Department's idea for them to request their time extensions every month.

The Manager replied that this is the contractor's first project with the Department, and they are just trying to be diligent.

ACTION: A vote was taken on the Motion. Motion was 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. BILL OF SALE
UHH ROADWAY AND INFRASTRUCTURE IMPROVEMENTS FOR USDA FACILITY
Seller: University of Hawai'i
TMK: (3) 2-4-001:122
E.W.O.: 2005-101
Facilities Charge: \$44,000.00 Paid: 09/23/05
Final Inspection Date: 02/06/06
Water System Cost: \$268,317.00

2. BILL OF SALE
NOBRIGA SUBDIVISION
Subdivision Application No. 2004-142
Grantor: Karl M. and Rita S. Nobriga
TMK: (3) 3-5-004:077
E.W.O.: 2006-054
Lots: 1 existing plus 2 additional = 3 total
Facilities Charge: \$11,000.00 Paid: 06/28/06
Final Inspection Date: 07/06/06
Water System Cost: \$17,900.00

3. REVOCABLE RIGHT-OF-ENTRY AGREEMENT
KAIWIKI WATER SYSTEM
Owner: Trustees of the Estate of Bernice Pauahi Bishop
TMK: (3) 2-6-009:008

Right-of-Entry Agreement to enter upon lands owned by the Trustees of the Estate of Bernice Pauahi Bishop to conduct a field survey for land acquisition. The additional land is for the expansion of our Kaiwiki Water System Tank Site No. 2.

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

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

Ms. Kim asked for background on Item No. 3 because she resides in the area and there are a lot of newcomers moving into the area.

Mr. Beck stated that there is a particular property that has not yet been purchased from Kamehameha Schools Bishop Estate, therefore, the Department is going ahead with that. At the same time, they realize they lack storage in the area, and the Department wants to purchase an adjacent parcel big enough for a second tank at the same location. DWS is getting permission to enter KSBP property and survey another lot and then purchase both of them.

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

B. WAIAKEA OFFICE PLAZA LEASE AMENDMENT NO. 1 OF LEASE AGREEMENT NO. 91-30-0011, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS (DCCA):

The DCCA, State of Hawai'i, is a tenant at the Waiakea Office Plaza leasing 546 square feet of office space on the upper level of the Kapoho Wing, Suite 12. This lease amendment extends the term of the lease through June 30, 2008, and provides for rent increases beginning in July 2004 (\$1.80 psf), July 2005 (\$1.90 psf), and July 2006 (\$2.50 psf).

This lease amendment was previously approved by the Water Board at its October 2005 meeting. The amendment extended the lease through June 30, 2006, at \$1.90 psf. The signed lease was forwarded to the State on October 25, 2005, but was never approved. After contacting the State regarding the status of the lease, they then wished to extend the term of the lease through June 2008, which results in this amendment for consideration.

Current market rates for office space in Hilo start at \$1.25 per square foot plus common area maintenance. Waiakea Office Plaza common area maintenance approximates \$0.80 per square foot.

The Manager recommended that the Board approve DCCA Amendment No. 1 of Lease Agreement No. 91-30-0022.

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

In response to Mr. Smith's questions regarding lease amounts and why it was let go for so long, Mr. Sumada stated that the Department of Accounting and General Services was the agency holding up the lease because it had to go through their authorities.

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

C. PRESENTATION BY R.W. BECK, INC.:

Taken up earlier.

D. MONTHLY PROGRESS REPORT:

No comments.

E. AUTOMATIC METER READING (AMR) SYSTEM CONTRACT – NEPTUNE TECHNOLOGY GROUP:

The Department has agreed to terms with Neptune Technology Group (Neptune) to have them supply and install 2,200 AMR Meters and related equipment. These meters will allow the Department's meter readers to obtain meter readings via radio signal to either a hand-held device or drive-by receiver. Meter readings are then loaded directly into the billing system providing clerical in addition to field efficiencies. Cost to the Department for 2,200 AMR meters, related equipment, software, training, installation, and support is \$644,600.00.

Per Supplemental Agenda handed out at the meeting, the recommendation by the Manager was revised to include provisions of contract execution.

The Manager recommended that the Board approve the AMR contract with Neptune Technology Group and that either the Chairman or the Vice-Chairman be authorized to sign the contract subject to approval by Corporation Counsel.

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

Mr. Smith questioned if this was a sole source contract.

The Manager replied that it was. The reason for it is because several years back, the Department purchased the hand-held device from Neptune; and they have the capability of doing the automatic meter reading. All procedures and postings were done to comply with the Procurement Code.

In response to Mr. Smith's question of what the \$644,600.00 covers, the Manager stated that DWS would be getting the meter head, brand new meters, and in some cases, the meter box cover because the DWS did not want any kind of hazard in the sidewalk or any kind of protrusion so they made a special box cover. It also includes installation ("turn key"). Should something happen, Neptune would be fully responsible. It is a very good price and may be to encourage the purchase of more meters.

Mr. Smith asked if there was an option to buy more at this price.

Mr. Sumada stated that there was a provision, put in by Ms. Garson, where the Department has the option to buy more.

Mr. Harai asked what the percentage of AMRs is islandwide.

The Manager stated that it is 2,200 out of 38,000 accounts. The reason the Department settled on 2,200 because initially it did not want to spend more than \$1 million. The Department looked at the extremely hazardous situations (high-traffic areas) such as Palani Road (Kona), Kaumana Drive (Hilo), also possibly Keaau-Pahoa Highway (Puna). If everything goes well, the Department may get more until the entire island is done.

Mr. Harai asked if the billing system for these 2,200 would change.

The Manager replied it would not change because the hand-held devices are already in place.

Mr. Goya stated that he is pro-active of this kind of technology and it demonstrates two things; the workforce that technical innovation helps in many different ways and stimulates interest that the Department is pro-active in looking at these kinds of opportunities. He strongly encouraged the staff to be involved with the process, and he would like to see consideration given to installing additional meters.

Chairman Heck asked if the additional meters would have to be purchased by the end of the year.

Ms. Garson replied that there was no time limitation.

The Manager stated that the reason why the Department went with Neptune was because their product reads other meters, as well as their own; and the Department did not want to be locked in with anyone.

Mr. Goya asked the Manager to elaborate on Honolulu Board of Water Supply's experience.

The Manager stated that they have been having a problem with the meter casing cracking. Neptune assured this Department that it would be getting a different generation of meters that would not have that particular casing.

Ms. Garson added that she and Mr. Sumada had spoken with the Honolulu Board of Water, as well as their legal counsel, when this contract was being drafted to determine what kinds of problems they had and try to incorporate solutions into the contract.

In response to Ms. Kim's question of whether Neptune was giving a similar deal with other counties, the Manager stated that Maui floated a bond and did the entire island. However, they were locked in to one type of meter, which was Badger Meters. The Manager did not want to go that route over here because the island is much larger, and the cost would have been higher. He would not want the Department to be in a situation where, if any problems occur, it would be faced with problems with 38,000 meters rather than 2,200. The Kauai Department of Water will probably be next to go with this system. They are watching to see how the other departments will do.

Mr. Smith asked about how staffing would be impacted by using automatic meter reading.

The Manager stated that it is not the intent of the Department to let go of any employees. This 2,200 will have no effect. Should the Department go and eventually do the whole island, it will have an effect; but the intent is to retrain current employees and find different positions for them.

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

F. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

Mr. Goya asked about the Public Relations Specialist, which he prefers to be called Public Information Specialist, and also other positions the Department anticipates filling soon.

The Manager reported the first one is currently with the Civil Service Department. He is also anxious about the Information Technology Support (IT) section that was approved by the Board. The timetable for advertising is about three months. Thereafter, plans are to fill the assistant to the Engineering Division Head and a Civil Engineer IV position.

The Deputy Manager added that the Operations Division has just hired a new Civil Engineer IV, who would be starting next week. Also, the Energy Manager will be starting work soon.

Mr. Smith commented that the Department of Public Works has hired Ms. Noelani Whittington. He did not know what her title is, but he gets emails from her regarding paving projects; and knowing how to word things and follows details is a very good asset.

The Deputy Manager stated that she is under contract by that department.

G. MANAGER'S REPORT:

- 1) Mr. Kurt Inaba – Mr. Inaba was recognized as having completed the Hawaii Island Leadership Series Class Graduate (10 months of classes). Mr. Smith encouraged this type of training for the Department's young staff in helping them become assets to the Department.
- 2) Kona Coastview/Wonderview Improvement District project – the Department is in the process of installing meters and relocating some meters at the request of the customers. It is still in an interim period before everything can be switched over to the new system.
- 3) USGS Drilling Program – the Department is in the process of calling for bids to sell off the equipment from the drilling program. Staff has been in contact with the Maui and Kauai water departments because this Department has equal ownership with them.
- 4) Kona Water Quality – staff is still meeting with developers to try and get corridors. Two are at a standstill, but hopes are to have more meetings and keep it moving along. As far as the Kahaluu Shaft, staff is doing some modifications to the Shaft to improve the quality.
- 5) Employee of the Quarter Presentation – Ms. Candace Pua was presented with Employee of the Quarter Presentation for the second quarter of 2006. The Manager stated that Ms. Pua is new to the Department; but since she has joined staff, she has made a tremendous difference. He called on Mr. Sumada to introduce Ms. Pua. Mr. Sumada reported that Ms. Pua is an Accountant in the Finance Division and has been with the Department about two years. She was described as being very hard working, and the Department is fortunate to have her on staff.

H. CHAIRMAN'S REPORT:

None.

ANNOUNCEMENTS:

Next Meeting:

The next meeting of the Water Board will be held on August 22, 2006, 10:00 a.m., at the Royal Kona Resort, Resolution Room; 75-5852 Ali'i Drive, Kailua-Kona, Hawai'i.

Mr. Smith indicated that Mr. Brennan Morioka, Deputy Director for the State of Hawai'i, Department of Transportation, would be attending the August meeting. He suggested that staff and Board Members be prepared with questions or comments for Mr. Morioka.

Chairman Heck announced that R. W. Beck, Inc., would be hosting a luncheon today at Nihon Restaurant.

STATEMENTS FROM THE PUBLIC:

None.

ADJOURNMENT:

ACTION: Mr. Mochida moved for adjournment of the meeting; seconded by Mr. Goya and carried unanimously by voice vote. Meeting adjourned at 12:15 p.m.

Clerk-Stenographer

Secretary

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