

MINUTES

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

August 28, 2007

Royal Kona Resort, Resolution Room

MEMBERS PRESENT: Mr. Thomas Goya, Chairman
Mr. Riley Smith, Vice-Chairman
Mr. George Harai
Mr. Loren Heck
Mr. Bernard Konanui
Mr. Francis Kuailani (10:27 a.m.)
Mr. Milton Pavao, Manager, Department of Water Supply
(ex-officio member)

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

OTHERS PRESENT: Ms. Katherine Garson, Deputy Corporation Counsel
Mr. Craig Masuda, Deputy Corporation Counsel
Mr. Bob Akinaka
Mr. Bill Brooks
Mr. Del Green
Mr. Claude Onizuka
Mr. Bryan Smith
Mr. Ronald Thomas
Ms. Diane Thomas
Mr. Fred Housel
Ms. Barbara Housel
Mr. Bud Patton
Mr. Dan Huddleson
Ms. Diana Huddleson
Mr. Joseph Santimer
Ms. Nohea Santimer

Department of Water Supply Staff

Mr. Quirino Antonio, Jr., Deputy Manager
Ms. Kris Aton, Public Information and Education Specialist
Mr. Kurt Inaba, Engineering Division Head
Mr. Lawrence Beck, Engineering Division
Mr. Daryl Ikeda, Chief of Operations
Ms. Bettina Arrigoni, Energy Management Analyst
Mr. Richard Tsunoda, Waterworks Controller
Ms. Crestita Hudman, Customer Service Supervisor

CALL TO ORDER - Chairman Goya called the meeting to order at 10:15 a.m.

STATEMENTS FROM THE PUBLIC - verbatim

1. Mr. Ronald Thomas

CHAIRMAN GOYA: Mr. Ronald Thomas has a question on the Water Master Plan status. Thank you coming.

R. THOMAS: I am Ronald Thomas. I'd just like to make a quick request. The Board's been doing a good job of keeping us up to date on the Hawaiian Ocean View well status. I wondered if I could make a request to get a more comprehensive update for the Master Plan in general, see what the status is. I feel like there's been an opportunity I guess to kind of give us an overview of what is happening on the Master Plan. That would be a great thing. That's all I have.

CHAIRMAN GOYA: Thank you for your comments. We have Ocean View on our Agenda, later in the Manager's Report; and maybe he could briefly cover an update on our Master Plan at that time. Again, thank you for your attendance.

2. Mr. Bud Patton

CHAIRMAN GOYA: Next is Bud Patton, on the Water Transmission Line (Palani). Good morning.

B. PATTON: Good morning. I am Bud Patton, and I guess my questions come about because of our community; and it doesn't have water service or fire protection service. We're asking that this be looked at seriously. We're having -, our neighborhood, supposedly, is going to be torn up; and while we're doing it, why can we not figure out some way to get water to all our residents and have some mode of fire protection. Not all of our lots are five acres. Mine -, I have three up there that are one acre; and we would be more than glad to donate an area to put a fire hydrant along Tomi Tomi if that was what was needed. So we're willing to do that and would like to work with the Water Department on that, but also we're looking to get an upgrade on our water system. As long as we're tearing the roads up, why don't we do it all at one time? And that's basically all I have to say.

CHAIRMAN GOYA: Thank you for your comments. If you look on our Agenda, No. 1 is the Palani Road project; and maybe at that time, the Manager can address your concerns this morning.

3. Mr. Fred Housel

CHAIRMAN GOYA: Our next person is Fred Housel regarding the same area, Palani Transmission project. Thank you for joining us this morning.

F. HOUSEL: Thank you. Good morning. Thank you for allowing me to speak. I am a neighbor of Bud's and also another neighbor of ours is here too. We expressed -, actually, a year ago, we testified to the Board about our concerns about the Palani Transmission project. Some of the things that Bud mentioned--getting fire hydrants in and possibly water service and also during the construction how the access to and from our homes is going to happen during this construction project--we feel that our issue still has not been resolved so that's why we're here back again; and we'd like to present some new information for you to hear when the time is right.

CHAIRMAN GOYA: Thank you for coming. Milton, hopefully you will be able to address some of these newer concerns or ongoing concerns later in the meeting. Thank you.

4. Mr. Bryan Smith

CHAIRMAN GOYA: Next is Bryan Smith regarding Hokulia (three tanks).

B. SMITH: I'm only here to give advice when that topic comes up if there's any questions.

CHAIRMAN GOYA: Thank you for coming and making yourself available.

5. Mr. Claude Onizuka

C. ONIZUKA: Mr. Chairman, Commissioners, I'm Claude Onizuka, Director of Community Affairs for Hokulia. At this time, I just want to express our appreciation to the Department of Water Supply, Mr. Pavao, the Water Board for getting us to this stage. All the cooperation, help, and guidance has helped us get this far, and appreciate all the help. Just for your information, the Kalukalu Well in Kealakekua drilling has started.

CHAIRMAN GOYA: Thank you for your attendance. Glad to hear the project is ongoing.

6. Mr. Del Green

CHAIRMAN GOYA: Next we have Del Green. Thank you for coming.

D. GREEN: Thank you. We were going to double-team to kind of keep it shorter, but thank you Chairman Goya, Board Members, and certainly the DWS staff and community. We're

here on the Supplemental Well Site Agreement matter. As the Board will recall, earlier this year, you approved a well site development agreement for a 700-gpm well. This agreement provides for the upsizing of that well. And we're just here to address any questions, if there are any, by the Board Members. I would also like to mention that we have with us today, Bob Akinaka from Akinaka & Associates, and Bryan Smith, as well, from Kitchell Construction. Thank you.

CHAIRMAN GOYA: Well, thank you again, Mr. Green, for joining us today.

ACTION TO MOVE UP AGENDA ITEMS:

The Manager suggested moving Agenda items up for those present and interested in the Palani project as well as Hokulia and Ocean View.

Chairman Goya entertained a Motion to move 10) MISCELLANEOUS, Item E. Manager's Report, 1) Palani Road Transmission Waterline project; and 3) Hawaiian Ocean View Exploratory Well, to the top of the Agenda.

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

MISCELLANEOUS:

F. **MANAGER'S REPORT:**

1) **Status of the Palani Road Transmission Waterline Project**

The Manager reported that last week, staff met with Queen Liliuokalani Trust to work out details on easements and they agreed, conceptually. The project is close to advertisement. He called on Mr. Larry Beck, Project Engineer, to add more about the water service as well as the fire hydrant situation.

Mr. Beck mentioned that the Department received a letter in June 2007 regarding some of the things Mr. Housel spoke about this morning. Mr. Beck was waiting to find out how the Department would manage with its easements, because if they are not obtained, then all of Mr. Housel's concerns disappear because the Department would not be able to use that route. It looks like it will be okay as far as getting the easements. He still needs to talk to one of the private landowners and see if he would be willing to allow the Department to pay the appraisal price for the easement. It would be appropriate now to address some of the concerns that the community has, and he had drafted a response last Friday but is has not gone out yet. As far as the easements, the fact that there are landowners willing to give easements for the fire hydrants is great. He is still a little concerned that in the letter, it was mentioned that one of the neighbors, who was a fireman, suggests that the Fire Department would be able to bring a truck up there and use it during a fire emergency and that they would be able to manage traffic. Mr. Beck had been concerned that because some of those roadways are narrow, once you get a fire truck up there attempting to evacuate people, they might be in each other's way. He requested in his draft letter that they possibly have the Fire Department send a letter

assuring this Department that they can go ahead and make use of a hydrant safely and effectively in that location, that they can manage the traffic, and also if they have input on exactly where the hydrant should go so they could best utilize it. Regarding the zoning and whether it is required to have a fire hydrant, Mr. Beck reiterated that for lots zoned greater than AG-1, fire hydrants are not required per current Water System Standards. It was pointed out that lots below Tomi Tomi Drive are zoned residential. Any lots in that area doing new subdivisions would require fire hydrants. It is not required that they go back and put them in once they have been already built. The Department is agreeable to allowing them to have hydrants in that area. The next thing is to find the right location and to get the easements. With regard to the water system, they have indicated they are unhappy with the type of water service they are being granted, which is basically an “out-of-bounds system” where the meter is away from their house and they have to run a private line to their property. It was pointed out that this is not considered substandard--that this Department does that as a huge benefit to landowners who have properties that do not front the Department’s waterlines, because otherwise, they would have to pay to bring a 6-inch waterline to their property to get service. It was also pointed out to them that they can do an Improvement District if they are willing to work together and apply for loans and grants. This Department would be willing to work with them in terms of doing the inspection on the construction and reviewing the water system plans to make sure they are done according to Standards so it can eventually be dedicated and accepted by the Water Board.

Mr. Smith commented that there are many systems in Puna and elsewhere that do not meet the Department’s Standards, and that is typically reflected in the purchase price of the units. As the Department has recently done in the Kona Coastview/Wonderview subdivisions, it cooperated with the USDA and obtained grant funds as well as loan funds and improved the system for the residents there that had similar situations that were substandard and did not have fire hydrants. Those are some opportunities that these residents could take advantage of and work with the Department to get their units up to standard.

Mr. Beck stated that the burden is on them to take the initiative, but they would probably increase their land value by going ahead with it.

In response to Mr. Harai’s question about fire hydrants and who is responsible for them, the Manager explained that fire protection is a function of the Fire Department. The Department of Water Supply, in cooperation with the County, provides the fire hydrants. In this case, the Department of Water Supply will provide fire hydrants if it has the easements for them. The issue is the level of service, and this Department will work with the community on the Improvement District process but it will not be the one putting in the water system as part of this Palani Road Transmission project. The main person for them to contact would be their Councilmember to initiate the Improvement District process.

Mr. Housel asked if the Department considered fire hydrants as part of this water system or part of the Improvement District.

The Manager replied that the fire hydrants were not part of this project. The only reason the Department agreed to do so is that the community requested it. However, if the community

decides to go with a water system, he would suggest they put the fire hydrants off that water system. It is not good to have fire hydrants off the transmission main that flows from tank to tank. It is better to have them on a distribution system.

Mr. Housel stated that the purpose of his letter in June 2007 was to ask the Manager to meet with them so they could discuss details. He asked if a meeting could be set up.

The Manager indicated that he could arrange something where they could meet in Kona.

Mr. Konanui asked if staff had problems getting easements and how long would it take.

Mr. Beck replied that there are a couple different types of easements. One is for the pipeline coming down from Mamalahoa Highway, which will give the Department the useable terrain to bring its pipeline down. The issue of easements for the fire hydrants is a little different. Those roads are so tight, you need to get the fire hydrant back off the road so that cars can pass. That would place them in someone's property.

The Manager added it is a 15' x 15' easement to allow access for repairs and use.

Chairman Goya thanked everyone for coming relating to this project. Hopefully, the concerns can be addressed when the Department comes out to meet with them.

Mr. Beck added that the County is planning to pave Tomi Tomi Drive as one of the "roads in limbo" and, hopefully, pipeline projects will be in before that repaving is done.

3) Status of the Hawaiian Ocean View Exploratory Well

Bids were opened last week for the exploratory well in Hawaiian Ocean View. The bids came in for \$1.87 million from Beylik Drilling & Pump Service and \$2.1 million from Water Resources International. Because funds are with the County, this Department sent a letter to the Mayor with a recommendation for them to award the contract to the apparent low bidder. In the meantime, the design/build process is being worked on and planned for advertising sometime later this year. This Department and SSFM International are working diligently to meet the June 30, 2008, deadline. This Department has been receiving updates from SSFM International, and they are sent to Mr. Woodward.

Mr. Heck asked where the Department is getting the information from now, regarding the well.

Mr. Thomas stated that his question earlier was more with regard to other issues on the Kau to South Kona Water Master Plan, not concerning the well itself. The issue about the extension of the waterline beyond Hookena and other parts of the Plan have not been mentioned in quite a while.

Mr. Heck explained that, as he understands it, this well is the first phase of that Plan and he does not think anything else has been addressed yet. He added that there are a couple of other

sources where Mr. Thomas could get information from--the Ocean View Community Center has a newsletter that comes out regularly with water information, and the Road Corporation in HOVE is a good source. Also, if Mr. Thomas wanted to be on the email list of Dr. Woodward, he can get that information from Mr. Thomas.

Chairman Goya indicated that the Board would be meeting out there by the end of this year. This is Mr. Heck's last year on the Water Board, and he has put considerable effort in getting this project going.

Mr. Heck stated that there are people who want to replace him after he leaves the Water Board, so there should not be any problem in keeping up with this in that region.

The Manager stated that he hopes they are as good as Mr. Heck has been for the Water Board.

ACTION TO MOVE UP AGENDA ITEM:

The Manager asked if the Board could take up 8) SOUTH KONA, Item B. FIRST SUPPLEMENTAL WELL SITE DEVELOPMENT AGREEMENT, and 10) MISCELLANEOUS, Item A. DEDICATION OF WATER SYSTEMS (No. 1, Grant of Easement and Bill of Sale, Indemnification Agreement, Deed, and Bill of Sale, Hokulia Phase 1, Package 1), for those present.

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

SOUTH KONA:

B. FIRST SUPPLEMENTAL WELL SITE DEVELOPMENT AGREEMENT:

The First Supplemental Well Site Development Agreement provides for the oversizing of the well in Kealakekua as provided for in the original agreement between the Greenwells, Oceanside, and the Water Board. The oversizing stated in the First Supplemental Well Site Development Agreement will increase the well capacity from 700 gallons per minute (approximately 1.0 million gallons per day) to 1,000 gallons per minute (approximately 1.40 million gallons per day). The First Supplemental Well Site Development Agreement specifies the share of the increased capacity that the DWS will receive and also the share of the oversizing cost that the DWS will reimburse Oceanside.

The Manager recommended that the Water Board approve the First Supplemental Well Site Development Agreement 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. Heck asked for clarification on what the Department would be getting for paying 24% of, at this point, an unknown cost.

The Manager explained that even if the Department does not address the First Supplemental Agreement, it would still get 15% of the water for its use and total discretion without doing anything. This Agreement addresses the oversizing whereby if the Department decides to pay 24% of the cost for the oversizing, but it would get 50% of the difference between 1 million gallons and 1.4 million gallons, so basically that is an extra 200,000 gallons. It is a fair agreement for all parties.

Mr. Smith commented that when this well is integrated into the existing transmission distribution system, the DWS will get full utilization of the well from the first day, whereas the developer, who is paying the majority of the cost, utilizes their allotment allocation over time. The community benefits and the developer has certainty that the water will be available that he paid for when he wants it.

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

MISCELLANEOUS:

A. DEDICATION OF WATER SYSTEMS:

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

1. **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

Zoning: A-1A

Facilities Charge: \$ 952,876.00

Date Paid: 9/17/99

Final Inspection Date: _____

Water System Cost: \$3,721,569.00

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

Mr. Bryan Smith thanked the Manager, Mr. Inaba, and Ms. Garson for being extremely helpful in this dedication.

(Messrs. Akinaka, Smith, Onizuka, and Green left the meeting at 10:51 a.m.)

APPROVAL OF MINUTES

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

APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA

None.

SOUTH HILO:

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

The Department is requesting a 1-year extension to its Waiakea Office Plaza janitorial services contract with Hawaii Island Removal Services, LLC. The original contract term was from July 1, 2006, through June 30, 2007, for a total of \$53,526.60. The contract extension will be from July 1, 2007, through June 30, 2008, for the same total amount.

The Department recommends approval of a 1-year extension to the contract with Hawaii Island Removal Services, LLC, for JOB NO. 2006-886, JANITORIAL SERVICES AT THE WAIAKEA OFFICE PLAZA (2006-2007), for \$53,526.60.

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

Mr. Smith noted that it seems like the bid went through the Procurement process and was assumed to be fair. As prices are increasing, they still feel it is fair to keep the same price, so he is in support of this extension.

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

B. RESOLUTION 07-01: RESOLUTION AUTHORIZING THE DEPARTMENT OF WATER SUPPLY TO REQUEST THE COUNTY COUNCIL OF THE COUNTY OF HAWAII TO ISSUE A GENERAL OBLIGATION BOND FOR THE ANDRADE CAMP WATERLINE IMPROVEMENT PROJECT AND TO NEGOTIATE A REPAYMENT PLAN:

Because of United States Department of Agriculture (USDA), Rural Utilities Service (RUS) loan requirements, a General Obligation Bond is required to secure the loan for the Andrade Camp Water System Improvements. The USDA has proposed to loan \$147,000.00 to the Department of Water Supply for a General Obligation Bond with a term of thirty-five (35) years and with an approximate interest rate of 4.125%. In turn, the Department will administer the loan to the residents of the Andrade Camp Community Association.

The Manager recommended that the Board adopt Resolution No. 07-01, and that either the Chairman or the Vice-Chairman be authorized to sign the loan documents, subject to approval of our Corporation Counsel.

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

Mr. Smith asked what the security or collateral is for the loan and who is obligated to repay.

Mr. Masuda replied that by this Resolution, the Water Board is asking the County to go forward with the General Obligation Bond.

The Manager added that it is the Department's obligation to pay it back. The security is something that the Department is working out with their Community Association.

Mr. Heck asked why the Department would not just go ahead and do the improvements itself rather than go through a General Obligation Bond at 4% interest.

The Manager replied that the Department does not retrofit old subdivisions. That mechanism would be the Improvement District process. However, in this case, the residents have decided not to do the Improvement District but to pursue the loan/grant program through the Rural Utilities Services, and their requirement is that this Department get the bond.

Mr. Heck commented that, as a matter of interest, there is nothing in place in the Department's standard operating procedure where it can put in a water system or expand a water system to some location that does not have a facility.

The Manager explained that the Department has done expansions but only for transmission. An example is the Keaau-Pahoa Highway where the Department expanded the water system to put the transmission on the highway, which now enables the people in Hawaiian Paradise Park to go through the Improvement District process to get water. However, to develop the property has always been the property owner's responsibility.

Mr. Harai asked what would happen if the loan/grant funds are not sufficient when it comes time for construction.

The Manager replied that the loan portion will increase. There are 28 homes that will benefit from this project, and those 28 will repay the loan portion.

Mr. Smith commented that by going through this route and leveraging the USDA funds through this County Council General Obligation Bond, it does not impact the Water Board's borrowing ability, so it is a win/win situation for everyone.

The Manager stated that the Department has the right to float Revenue Bonds, but this County General Obligation Bond gets a more attractive rate of interest.

ACTION: A roll call vote was taken on the Motion. Motion was carried unanimously by voice vote (Ayes: 6 - Messrs. Smith, Harai, Heck, Konanui, Kuailani, and Chairman Goya; Nays: 0; Absent: 3 - Mss. Kim and Helfrich and Mr. Mukai).

NORTH KOHALA:

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

Staff requests a 92 calendar-day time extension. This request is due to delays due to Hawaiian Tel's work to install telephone service required for SCADA portion of contract.

This is the 8th time extension request for this project. Previous extensions were as follows:

- First time extension - 170 calendar days (delays in the building permit processing, modifications to the access road, and changes in the motor controls).
- Second time extension - 9 working days (rain-out days).
- Third time extension - 56 working days due to asphalt shortage and time to obtain easements.
- Fourth time extension - 59 calendar days due to Hawaii Electric Light Company, Inc.'s, problems in trying to obtain their required easements.
- Fifth time extension - 61 calendar days due to continuing delays with Hawaii Electric Light Company, Inc.'s, work to design/install power poles.
- Sixth time extension - 30 calendar days due to continuing delays due HELCO's work to design/install power poles.
- Seventh time extension - 123 calendar days due to continuing delays with Hawaii Electric Light Company, Inc.'s. (HELCO), work to design/install power poles.

The Manager recommended that the Board approve a contract time extension to Isemoto Contracting Company, Inc., of ninety-two (92) calendar days from July 31, 2007, to October 31, 2007, for JOB NO. 2002-805, MAKAPALA PRODUCTION WELL AND SUPPORTING FACILITIES.

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

Mr. Smith stated that the extensions add up to 630 days, approaching two years. Some are calendar days and some are working days. If he were a contractor and a project dragged on an additional two years, he would be concerned about it. This contractor's employees are bargaining unit employees, so they are faced with wage increases. He stressed that in dealing with the consultants that prepare these plans that they need to be complete and all the utility agreements need to be worked out so the contractor can do his work as anticipated.

The Manager stated that one issue that should have been paid more attention to was the building permit process. The reason why some extensions are in working days and some are in calendar days is because they use working days when it affects their schedule directly because of something like rainout days. However, delays from other utilities or something similar would be in calendar days.

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

(Mr. and Mrs. Thomas left the meeting at 11:03 a.m.)

SOUTH KOHALA:

A. **JOB NO. DWS-5A, EMERGENCY REPAIR TO THE WAIMEA CLEARWATER TANK:**

The contractor, Aquatic Inspections, Inc., was requested by the Department to provide additional sediment removal services and repairs in the Waimea Clearwater Tank, which were not included in the original project scope of work. The contractor's additional costs were \$42,527.00.

Due to there being leftover sediment in the tank from a previous contractor's cleaning of the tank, it was necessary that the sediment be removed so that damaged expansion joints inside the tank could be properly inspected and repaired. In addition, the contractor identified and repaired an area in the tank where there was additional damage, which was not identified in previous inspections using remotely operated vehicles and not included in the original project scope of work.

Engineering staff has reviewed the request and finds that \$42,527.00 for the additional work provided is acceptable. The contract contingency (10%) allowed for \$5,920.00 in extras and additions; therefore, an additional \$36,607.00 is required to cover the contractor's costs.

This project is NOT on the Department's 5-year C.I.P list.

The Manager recommended that the Board grant the addition of \$36,607.00 to the contract price for JOB NO. DWS-5A, EMERGENCY REPAIR TO THE WAIMEA CLEARWATER TANK. If approved, the total contract price will increase from \$59,200.00 (without contingency) to \$101,727.00.

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

Mr. Smith commended staff for recognizing extra work that was needed, because to remobilize them does not make sense.

In answer to questions from the Board on why some sediment was still leftover in the tank, staff explained that the contractor can only see what the robot is projecting on video. Some of the sediment that did not get cleaned from the incline may have shifted down to the floor. Aquatic Inspections, Inc., was given a video of the previous contractor's cleaning of the tank, which they based their quote on.

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

SOUTH KONA:

A. JOB NO. 2007-911, NON-REVENUE WATER LOSS PHASE III:

In the Department's continuing efforts to reduce non-revenue water loss, we are continuing with a Phase III of a Leak Detection Program for South Kona. The overall mission of the program is to identify leaks, remit leak reports to field operations for repair, and reduce the unaccounted for water and energy costs. An initial study was performed to identify the areas with the greatest non-revenue system losses. Phase I was implemented for the Hilo District. Phase II was completed for the South Kohala District. This project is to cover the South Kona area.

Bids for this project were opened on July 19, 2007, at 2:00 p.m.; and following are the bid results:

<u>Bidder</u>	<u>Amount</u>
TK Process Hawaii, LLC	\$168,578.35

Project Scope: The project consists of the contractor supplying all labor, materials, tools and equipment necessary for the mobilization, preparation, and installation of loggers and updating of electronic maps for a leak detection system covering approximately 45 miles of water distribution pipeline and approximately 225 loggers.

Project Cost:

1) TK Process Hawaii, LLC	\$168,578.35
2) Construction Contingency	<u>16,421.65</u>
Total Construction Cost:	<u>\$185,000.00</u>

Funding for this project will be from the 2007-2008 Operations Contractual Services Budget.

The contractor will have 180 calendar days to complete this project.

The Manager recommended that the Board award the contract for JOB NO. 2007-911, NON-REVENUE WATER LOSS PHASE III to the lowest responsible bidder, TK Process Hawaii, LLC, for their bid amount of \$168,578.35 plus \$16,421.65 in construction contingency for a total contract amount of \$185,000.00, 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.

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

Mr. Heck commented that this is an excellent program.

The Manager agreed, that the program saves more than what the Department spends on it. It is a project that pays for itself. He praised Mr. Ikeda and his staff for keeping on top of this and recapturing unaccounted water.

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

B. FIRST SUPPLEMENTAL WELL SITE DEVELOPMENT AGREEMENT:

Taken up earlier.

C. HOOKENA STANDPIPE INTERIM LETTER AGREEMENT:

The Department is in negotiations to purchase the piece of property that its Hookena Standpipe facility is located on. In the interim, the owners of the parcel are requesting payment of \$1,500.00 per month as rent for the use of the property from September 1, 2007, through December 31, 2007. Should an agreement not be reached by December 31, 2007, the Department shall either vacate the property or initiate condemnation proceedings.

The Manager recommended that the Water Board approve the monthly rent payment of \$1,500.00 from September 1, 2007, through December 31, 2007, and that the Manager be authorized to execute a final interim agreement letter, subject to review and approval by Corporation Counsel.

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

Mr. Heck asked if this Agreement was written by the property owners and if any negotiations took place on the \$1,500.00.

Ms. Garson replied that it was written by their attorney.

The Manager added that the Department was trying to acquire the site in fee. It is across from the Hookena Junction. He added that another site was initially chosen, but it had to be given up because a large cave was found. Although this new site is on a curve in the road, the Department could not find another site, and that is the reason this is being pursued.

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

NORTH KONA:

A. TAX MAP KEY 7-5-015:008 – WAIAHA SITE:

This item was for information only, in follow-up to the August 22, 2006, Water Board Meeting.

The Department of Water Supply had no objections to the subdivision of the Waiaha Site as long as the County had no objections, and the Water Board gave the Manager the authority to act on behalf of the Water Board to provide any information as requested by the County Council. It is now brought to the Department's attention that the parcel cannot be subdivided and then sold to an individual as a remnant piece. It would have to be auctioned, and that would not guarantee that the individual wanting the property would be the winning offeror. The County is working with

Ms. Sarah Peck's attorney on different options that would allow the possible subdivision of her lot.

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. (taken up earlier)
2. **GRANT OF EASEMENT AND BILL OF SALE**
"KAHAOPEA GARDENS" (SUB 04-000138)
Grantor: Kahaopea '03, LLC
TMK: (3) 2-4-010:001 & 132
E.W.O.: 2007-037
Lots: 29 plus 3 Roadway Lots & a 40-Foot Road Reserve
Facilities Charge: \$144,190.00 Paid: 10/03/06
Final Inspection Date: 5/25/2007
Water System Cost: \$250,345.00
3. **GRANT OF EASEMENT AND BILL OF SALE**
CAHOON SUBDIVISION (SUB 03-000144)
Grantor: Bartley T. Cahoon
TMK: (3) 7-3-005:097 portion
E.W.O.: 2006-082
Lots: 7 plus 1 Roadway Lot Zoning: RS-15
Facilities Charge: \$33,000.00 CAF: \$3,000.00 Paid: 6/05/2007
Final Inspection Date: 5/17/2007
Water System Cost: \$61,468.00
4. **GRANT OF EASEMENT AND BILL OF SALE**
"LOKAHI MAKAI," PHASE V
Subdivision Application No. 05-000076
TMK: 7-3-010:047 & 049 (PORTION LOT 506)
Grantor: Sonny Ventures, LLC
TMK: (3) 7-3-061:051 & 054
E.W.O.: 2007-031
Lots: 21 plus 3 Roadway Lots Zoning: RS-10
Facilities Charge: \$121,000.00 Paid: 11/20/2006
Final Inspection Date: 5/10/2007
Water System Cost: \$134,683.30

savings per year. The Queen Liliuokalani Trust Well is back on the Rider M Program and saves approximately \$4,000.00 per month. She is looking at getting more of the Kona pumps on this program. The Waiaha Tank, which has just gone in, is going to allow the Department to put that well on the Rider M Program in the next couple months.

Hydrogeneration Projects - there are two in the process right now, the Kaloko project on Hina Lani (waiting for the hydrogenerator to be shipped and start-up expected this October) and also the Kahaluu Shaft is ongoing, and that unit should be shipped within the next three weeks.

Onsite Performance Contracting - it allows agencies to accomplish energy saving projects without upfront capital costs and guarantees the savings. The County has been involved in performance contracting for the past 10 years (upgrading their buildings) and have saved around \$1.3 million. It is an innovative way for the DWS to look at upgrading infrastructure and energy saving opportunities without needing up-front capital.

Monitoring of the utility bills is a continuous project. They are good indicators to show things are working as far as keeping things in check and monitoring and controlling energy costs.

Emergency generators--\$2 million was allocated by the County to purchase generators, and the Department has purchased eight (five 1,000-KW units and three 750-KW units). The one 1,000-KW unit is planned to be a fixed one at Halekii Well and the rest are portable. They should be delivered October or November. Staff is working on the bid for the installation of the infrastructure and the bid for the maintenance contract for those units.

The Manager added that the other benefit of the leak detection program is that it delays necessary future improvements thereby saving money. The program is working well.

Mr. Smith reinforced the discussion about the Rider M program and how critical it is to have adequate and maybe excess storage capacity. He also asked about the Performance Contracting and if a consultant is chosen based on qualifications rather than low bid.

Ms. Arrigoni replied that in RFP (Request for Proposals), typically what you do is put the RFP out and offerors respond. There is an initial study amount that the agency would be responsible for. If the company says, for example, it is going to cost \$70,000.00 for them to do the initial survey of the Department's systems and as a result of that survey they come back and say it is going to cost a certain amount to overhaul the systems, if the Department decides not to go forward, they would be on the hook to pay for that study. If the Department wants to pursue it, then that cost gets rolled into the cost of the contract so there is no up-front cost.

Chairman Goya stated that he had developed the Rider M Program for HELCO 25 years ago. All of this fits into their company's integrated resource plan process, which he lead. The knowledge he gained there has been helpful here on the Water Board. One of the first positions he wanted this Department to have was an Energy Management person, and now the Department has Ms. Arrigoni. He also had wanted the Department to have a Public Information and Educational Specialist, and now the Department has Ms. Aton.

In response to Mr. Heck's question on how Ms. Arrigoni determines her priorities, she replied that the things that have the quickest payback get high priority. She looks at the bills and watches the systems all the time. She also works very closely with Operations Division personnel.

Mr. Heck agreed that it is a very valuable service that Ms. Arrigoni provides to the Department.

The Manager added that she also assists the Department in getting grants through the Rural Utilities Service and had done so during this last drought.

Chairman Goya thanked Ms. Arrigoni for her report.

C. **MONTHLY PROGRESS REPORT:**

No questions.

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

Chairman Goya asked if the number of pages could be reduced. There are some "Explanation" pages that indicate "(none)" in the explanation area, and maybe they could be consolidated.

E. **MANAGER'S REPORT:**

- 1) Status of the Palani Road Transmission Waterline Project – covered earlier.
- 2) Status of the Waimea Clearwater Reservoir Repair - covered earlier.
- 3) Status of the Hawaiian Ocean View Exploratory Well – covered earlier.
- 4) Status of the Kona Water Quality - staff is working with several individuals in an effort to bring the high-level water makai in an effort to reduce Kahaluu Shaft pumping. The Project in the Kahaluu Shaft was awarded last month and that should help lower the salinity.
- 5) Update on Kamehameha Investment Corporation - staff needs to meet with Mr. Greg Chun of KIC again and present its proposal based on two of Mr. Chun's concerns.
- 6) Update on the Automatic Meter Reading Project

Ms. Hudman, Customer Service Supervisor, provided the Board with an update on this project. The pilot program by Neptune Technology Group (Neptune) was started in November of 2006 and was recently completed. A total of 3,200 units were installed in Hilo and Kona.

It was a rough start. Although all of the conceivable details were discussed prior to the project, she quickly learned that you always have to expect the unexpected. From the contractor deviating from procedures, delayed datelines, miscommunication, parts or tools availability, they experienced it all but endured the "growing pains" and are pleased with the results.

One of the toughest hurdles she encountered was to integrate this new radio-read program into the Harris Billing System. With the help of Mr. Ray Cheung of Neptune, who became the computer interpreter, they managed to make it work.

Some of the benefits of this project--the meters were installed in what was considered high risk or hazardous (heavy traffic or very narrow shoulder roadways) areas. Meter reading is collected by a drive-by unit and is downloaded into the billing system. The units have a reading range up to 3 miles. In a matter of minutes, meter readers could obtain readings from a route that normally took a whole day to read.

The immediate benefit of this program is that meter readers decreased their reading time each time they become more familiar. For example, Routes 910 and 920 from the south end of Captain Cook to Hookena junction and from Mamalahoa Highway to Napoopoo Bay to City of Refuge, with over 800 accounts, used to take 3½ days to read, but are now down to 1.5 hours. One reading, which was done in August was cut down to 21 minutes, a 58.2% savings in time. This program also ensures continued accuracy in billing and also benefits the Department by leaving more time for other customer needs and site maintenance.

Although it was a rough start, this has left a positive impression on Ms. Hudman. She credited Mr. Ray Cheung for seeing that the project ran much more smoothly. He took control and ran it himself instead of hiring a subcontractor. Neptune had previously estimated that installation of the last 1,000 meters would take approximately six weeks to complete. Mr. Cheung had it done in three weeks. During that time, he was able to hire qualified installers, he ensured that the meter was working after installation, he re-trained the Department's personnel to troubleshoot the meters, and he ensured that the meter records were accurate and ready for billing. Also during this last phase, the Department had a dedicated staff member who saw to it that the meter records were received and entered into the system on a timely basis. That was the key ingredient to a successful ending.

Being that this is still all brand new to this Department, she and Mr. Calvin Uemura, Assistant Customer Service Supervisor, are currently logging issues as they arise. This may be useful information for future meter replacement projects. They have compiled a log of potential problematic issues, along with recommended solutions, as well as positive comments that will also assist to make things run more smoothly.

She ended by saying that the meter readers are happy and she is happy and looking forward to the next phase.

In response to Mr. Smith's question of what the meter readers are doing with the excess time, Ms. Hudman explained that when they were doing manual reading, they had less time to do paperwork and site maintenance (cleaning and poisoning around meter boxes). They have incorporated more site maintenance now.

Mr. Kuailani asked if these meters are for residential, business, or general.

Ms. Hudman replied that this project addresses only residential meters, which is the 5/8-inch meter, and chose hazardous areas where there is potential for accidents. They tried to even out the numbers so that half were in Hilo and half were in Kona, but found that Kona had more potentially hazardous areas. Therefore, more were installed in Kona. In this last installation, they were in North Kona, which covers from Matsuyama Store down to Palani Junction going down the Palisades/Kona Acres area.

The Manager added that in Hilo, one of the most dangerous areas is Kaumana Drive because of the turns and the shoulders along the road.

Mr. Harai asked if any were installed down Palani Road yet.

Ms. Hudman replied that before, Palani Road was really narrow where meter readers had to park along the side and walk to read the meters; but since the Palani Road improvements, where the road was widened and some of the meters were relocated closer to the residences, it is much easier now. There are only a handful now, less than 20 meters, where they actually have to walk to them to read. If there is another phase, Palani Road will be addressed.

Chairman Goya thanked Ms. Hudman and her staff for all their hard work. He was pleased to hear that she has is a more optimistic opinion since going through this program. Change is important and there are more opportunities out there to benefit from in efficiencies and safety.

7) Update on drought conditions in specific districts

The Manager reported that there is enough rainfall so drought is no longer an issue. In Waimea, the Waimea Treatment Plant Well is in operation should it be needed. Also available are the Waimea Country Club and Parker wells. Unfortunately, the Department was not able to secure approval yet to use the State of Hawaii, Department of Agriculture, well. The Department had some electrical problems as well as some water quality problems, which are still being worked on. The water restriction is back to water conservation again. The Department did notice that consumption has increased in Waimea--hovering at about 2.2 MGD where it was about 2 MGD.

Mr. Smith mentioned that there have been a lot of fires in Waimea recently.

The Deputy Manager added that Waimea Country Club well needs to be repaired. The Department may be temporarily not having the use of that well.

Mr. Smith asked about repair of the open reservoirs.

The Manager replied that FEMA funds are being pursued. The consultant for the repair is Kleinfelder.

Mr. Smith asked if Ms. Aton could send the Board information monthly so it could be disseminated to the community because they are always asking when the storage capacity is going to increase. The crisis is over, but they would appreciate being kept informed.

Chairman Goya suggested working out an agreement with the State beforehand so that it would be easier implementing a scenario where this Department needs to use their facilities.

8) Update on Kawaihewa Reservoir

Mr. Inaba met with the consultant and the contractor for this project. He explained that the issue with reservoir now is the roof. There is some sagging that occurred. It looks like the movement has kind of stopped. The issue now is to make sure there is no standing water on the roof. There are some cracks that allow some of the water sitting on the roof to enter the tank and becomes a water quality issue. The Department of Health inspected the roof and gave their warning on it. The consultant brought in specialists in these types of concrete repairs. They will be providing their recommendation on different types of fillers and coatings to fill up the cracks to help resolve the problem. They are not too concerned with the added weight on the roof because of the water sitting on there now.

Chairman Goya noted that the tank has not been accepted by the Department yet, and the water is not being utilized. It is not in service.

In response to Mr. Smith's question of who is incurring the cost, Mr. Inaba replied that the consultant, Wesley R. Segawa & Associates, Inc. (Segawa), is taking care of everything right now as far as getting the specialists in; and there is no charge to this Department for it.

Mr. Smith asked if there may be any opportunities that might lapse if a claim is not filed against their insurance carrier.

Manager replied he did not think so because the contract with Segawa is still open until the Department accepts the contract.

Mr. Smith suggested that staff make sure the Department has a current certificate of insurance for this project that identifies the expiration date. If you ever see the expiration date canceled, you want to file a claim because after six months when it is canceled, you cannot claim. It appears to him that they have acknowledged that is potentially a design defect, not a construction installation problem.

Mr. Inaba reported that they have not necessarily come out and said it, but he thinks they may be realizing that sagging could be a design issue; but they are still gathering more information. He thinks their intent is just to make sure it is not going to fail.

Mr. Smith commented that if the roof does not have the slope that was built into it, at some point down the road, you did not get what you paid for.

Mr. Harai noted that in the case of the insurance certificate, all of the holders will be notified in case the policy is canceled.

The Manager asked Mr. Inaba to check on that.

9) Update on Hurricane Flossie

The Manager reported that the Department was prepared for this hurricane but was fortunate it did not hit. He noted it was the worst week he has ever seen because of the three events that took place; first the earthquake, then the hurricane threat, and then an earthquake that struck Peru, which could have triggered a tsunami, but fortunately did not. And now there is a lava flow situation, and staff has met with Civil Defense on procedures to take should this happen. The flow is within six miles of Ainaloa Subdivision.

Ms. Aton added that current updates and webcams can be viewed on lavainfo.us.

10) DWS Audit as asked for by Hawaii County Council

The Manager indicated that Chairman Goya asked that this be included on the Agenda. He asked if Ms. Garson had any idea if they have the authority to do an audit with this Department.

Ms. Garson stated that she was not sure what they are trying to do; but upon Chairman Goya's request, she indicated that she would try to find out.

Mr. Harai mentioned the media attention given to the hiring practices of the Department of Public Works and Parks and Recreation. They had complaints. He was wondering if this was coinciding with that.

Mr. Masuda stated that in the Resolution that the Council passed, it is not clear whether it is an operational audit or just a financial audit. He believes they have authority to request a financial audit, but he is not really clear what the intent is.

Chairman Goya stated that if it is for a financial audit, he can understand that; but if they are dwelling on other matters, that is the Water Board's jurisdiction. He commented that he wanted to make sure everyone is on the same page here regarding the Water Board's responsibilities. Each Water Board Member has individual responsibilities, not only to the various districts they represent, but also fiduciary responsibilities, which are financial, to the operation of the Department.

Ms. Garson suggested placing this on next month's Agenda for her to provide an update if she has one.

F. **CHAIRMAN'S REPORT:**

Chairman Goya mentioned the Hawaii Water Works Association (HWWA) conference on Oahu, October 3 to 5, 2007. Both he and Mr. Mukai will be attending. The primary topic is sustainability.

Mr. Kuailani apologized for coming late. He did not realize they rerouted Queen Kaahumanu Highway, and he got stuck in traffic.

ANNOUNCEMENTS:

1. **Next Meeting:**

The next meeting of the Water Board will be held on September 25, 2007, 10:00 a.m., in the Waimea Community Center (next to the ball park); Kamuela, Hawai'i.

STATEMENTS FROM THE PUBLIC - none

ADJOURNMENT

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

(Meeting adjourned at 12:00 p.m.)

Secretary

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