

MINUTES

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

September 26, 2006

HILO OPERATIONS CENTER CONFERENCE ROOM

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

ABSENT: Mr. Bernard Konanui, Water Board Member
Mr. Bruce McClure, Director, Department of Public Works
(ex-officio member)

OTHERS PRESENT: Ms. Katherine Garson, Deputy Corporation Counsel
Mr. Daryn Arai, representing Mr. Christopher Yuen, Director,
Planning Department (ex-officio member)
Ms. Toby S. Hazel
Mr. Kiril S. Kuzma
Mr. Paul Sulla
Mr. Eric Willis
Mr. Mike Orōsco
Mr. Sidney Fuke
Mr. Hoolae Paoa
Mr. Jim Baldwin

Department of Water Supply Staff

Mr. Quirino Antonio, Jr., Deputy Manager
Mr. Kurt Inaba, Engineering Division Head
Mr. Lawrence Beck, Engineering Division
Mr. Daryl Ikeda, Chief of Operations
Ms. Elaine Chiu, Operations Division
Mr. Clyde Young, Operations Division
Mr. Richard Sumada, Assistant Waterworks Controller (10:43 a.m.)

CALL TO ORDER - Chairman Heck called the meeting to order at 10:04 a.m.

STATEMENTS FROM THE PUBLIC - *verbatim*

1) Ms. Toby S. Hazel

T. HAZEL: I am Toby Hazel. I have lived in Nanawale for the past 17 years. I am at the very end of the waterline there, which I guess is a good thing because it looks like the people next door are on catchment, which is a little surprising. However, what I came to talk with you about today is that, you know, how much higher my bill is now than when I first lived here. I remember that little piece of cardboard that used to come in the mail for \$19.00 for a very long time, without an envelope. And I don't know where it is now...\$60.00 or \$70.00. I mean, I'm a single person, I'm elderly, I'm disabled. I would like you to make a program for elderly and disabled people. Many of us are on very low fixed incomes, and we are probably going to stay that way the rest of our lives as the cost goes spiraling over our heads. So that's about it, short and sweet. The County has these programs for property tax, HELCO even has programs for people. So I would request that you please consider this. Thank you.

CHAIRMAN HECK: Thank you very much.

2) Mr. Kiril S. Kuzma

K. KUZMA: Thank you very much. Good morning (Board Members replied good morning). I am here to make a statement today regarding a complaint I filed on 9/6 regarding Teen Challenge of the Hawaiian Islands. It's setting up business in Nanawale Estates on Parcel TMK 1-5-009:008. In May of this year, they connected to the County waterline at the corner of Nanawale Boulevard and Kupuna. They ran a line 2,000 feet across several dozen parcels in Nanawale Estates, then turned west down Driftwood Road, across Mazie Road, across another parcel in Nanawale, into Parcel 1-5-009:046. From there, they went about 1,000 feet north with a hose to their Parcel 1-5-009:008, which is also known as 35-3410 Shell Road. This hose has been there since May 10, and they do not have a backflow preventer. The hose was laying on top of the roadways for several months until recently the hose crossing Kupuna Road at Driftwood was put underneath the ground. To this day, it is still on top of the roadway surface on Mazie Road. On August 23, I discovered that some cattle had broken loose and come onto my property and trampled some taro on my neighbor's parcel. So I walked down to confront the neighbors about this issue, and they didn't know where their cows were so they took me back to the cow pen to see if they had all their cows accounted for. What I witnessed was that the hose that was coming to their property went right through the cattle pad with manure and being trampled by cows and then ultimately connected to the house. I also discovered that they had encroached upon my property and cut down several old ohia and coconut trees. So they were building a pad with the wood that they cut off my property, and they had buried it under sand. So I asked them if they had a building permit for this because they are most likely in violation of setback regulations. And they said yes we have permits. I asked to see it; they refused. So I called the Building department, and no permits had been pulled for this structure since 1986. So this is a church group that is purportedly planning on setting up a men's drug rehabilitation home on agricultural lands; and to this date, I don't have any information regarding any use permits, building permits, plumbing permits, or electrical permits, although they

are working very diligently altering the building, putting in catchment tanks, and what have you. So I filed a complaint on the 6th. I submitted a CD Rom full of evidence and maps and photos to the Department of Water Supply on the 11th, in addition to supplying the same CD to Planning and Building department. The main thing that I wanted to find out about today is even though they filled out a water service agreement which states that everyone has to follow ordinances and health regulations, where is the enforcement of the backflow prevention device requirement for church groups and agricultural services?

CHAIRMAN HECK: Are you aware of this situation?

DEPUTY MANAGER: Yes, Mr. Chairman, we did receive Mr. Kuzma's complaint. I passed it on to our Engineering Division to do some investigations, including Customer Service for investigating whether or not they are, in fact, in violation regarding our agreements with the customer. I haven't received a response yet from the Engineering Division. When we do, we will follow up if there are any kind of violations.

CHAIRMAN HECK: Okay. So, you know, it is a matter of time.

K. KUZMA: That is all. Thank you.

CHAIRMAN HECK: Thanks for coming in.

3) Mr. Paul Sulla

P. SULLA: Good morning.

CHAIRMAN HECK: Good morning Mr. Sulla.

P. SULLA: I just have a small matter; I guess I'm on the Dedication of Water Systems on Ekela Place Subdivision, Number 4 under Miscellaneous. And, I don't know -, the water system cost, is it always made lower than it was? Because this is half of what I spent. I just wondered why it is sixty-four instead of one hundred twenty-eight.

CHAIRMAN HECK: This is a complaint?

P. SULLA: No, not a complaint. I was just noticing that. I just want to know how soon I get my water meters. I have to get some meters right away; so if this will be approved, I guess, you come up for a vote on this later?

CHAIRMAN HECK: This could be moved to the top of the Agenda so that you can get the response to that. So we'll do that.

P. SULLA: Okay, thanks.

MANAGER: Mr. Chairman, just for clarification, the water system cost you see here is only for the water system. It doesn't include any other civil work, roads, anything else.

P. SULLA: Well, no, of course not. That was just the water system cost that I had spent--it was one twenty-eight. The rest of it was four hundred thousand. So, I don't know where that figure came from.

MANAGER: We get this from the contractor.

P. SULLA: Okay, well I'll find out what he did with the other money. Thank you.

4) Mr. Eric Willis

E. WILLIS: Good morning everybody. I'm Eric Willis. I'm the regional facilities director for Kona and Kohala hospitals, and we have some grave concerns about our water, our supply pressure. Also the fact there is no cogeneration at the well on the hill. There is apparently a feed off the highway down below. We have a six- or eight-inch backflow device that is located below the facility with no water pressure; and we are concerned that (indiscernible) and after Katrina in a catastrophe, where are we going to get our water supply from? We are a hospital, we are mandated to look into all life safety aspects; and I understand that there is no feasible way to get a generator up on the mountain where the well and tank exist right now. So we are hoping we can come up with some solutions. Personally, after visiting the site, I don't think it is as inaccessible as it is deemed in the reports; and we hope we can come up with a solution. Our water pressure is about 45 pounds. And that also hinders our fire sprinkler system.

CHAIRMAN HECK: This also is on the Agenda, Number 4 on the Manager's Report; and I am going to make a recommendation to move it up on the Agenda so we can discuss this at the top, or soon.

E. WILLIS: Excellent. Okay.

5) Mr. Mike Orōsco

M. ORŌSCO: Good morning. My name is Mike Orōsco. I'm with Shell Windenergy. I'm their business development manager, and I just wanted to make one quick clarification on the Agenda, Item 6(B). There was a comment in the second paragraph of that section about the potential for power purchase from any potential facility that we might develop, and I just wanted to clarify that it is probably premature to discuss that matter. It is going to be subject to a potential power purchase agreement with HELCO. And so I just wanted to make that clarification to the Agenda item and that I would be available if there are any questions when that item comes up for discussion. Thank you.

CHAIRMAN: And that is pretty high up on the Agenda as is, so we'll just keep that where it is. Thank you.

APPROVAL OF MINUTES

ACTION: Mr. Goya moved for approval of the Minutes of the August 22, 2006, Water Board Meeting; seconded by Mr. Wilkins and carried unanimously by voice vote.

ADDITION OF ADDENDUM ITEM

ACTION: Mr. Harai moved to add MISCELLANEOUS, Item 9(A), Dedication of Water System, Number 5 - Grant of Non-Exclusive Easement, State of Hawai'i, Board of Land and Natural Resources, to the Agenda; seconded by Mr. Smith and carried unanimously by roll call vote (Ayes: 8 - Mss. Helfrich and Kim, Messrs. Goya, Harai, Mochida, Smith, Wilkins, and Chairman Heck; Absent: 1 - Mr. Konanui).

ACTION TO MOVE ITEMS UP ON AGENDA

ACTION: Mr. Mochida moved to move up items on the Agenda in the following order: Miscellaneous (A) Dedication of Water Systems #1-5, and Miscellaneous (D) Manager's Report #4 Kona Hospital; seconded by Mr. Smith 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. BILL OF SALE
KIKALA – KEOKEA RESIDENTIAL SUBDIVISION
Seller: State of Hawai'i, by its Board of Land and Natural Resources
TMK: (3) 1-2-043
E.W.O.: 2005-092
Facilities Charge: \$83,303.60
Final Inspection Date: June 19, 2006
Water System Cost: \$517,728.00

 2. GRANT OF EASEMENT AND BILL OF SALE
O'OMA PLANTATION SUBDIVISION
Subdivision Application No. 2004-0073
Grantor: O'oma, LLC
TMK: (3) 7-3-007:080
E.W.O.: 2006-028
Lots: 2 existing, 17 additional, plus 1 Roadway Lot Zoning: FA-2a
Facilities Charge: \$95,880.00 Paid: August 15, 2005
Final Inspection Date: 9/13/2006
Water System Cost: \$225,145.00
- GRANT OF EASEMENT - (O'oma Plantation Off-Site Waterline)
15-foot-wide Waterline Easement
Grantor: Martin Ohan
TMK: (3) 7-3-005:112

Waterline traverses this property to serve O'oma Plantation Subdivision.

3. **BILL OF SALE**
"KAPEHE STREET WATERLINE EXTENSION"
Subdivision Application No. 2004-0075
Seller: Waikii Ventures, Inc., and Fritz & Christine Harries-Glade
TMK: (3) 7-3-027:010
E.W.O.: 2006-034
Facilities Charge: \$5,500.00 Paid: August 30, 2006
Final Inspection Date: 2/22/2006
Water System Cost: \$22,000.00

4. **GRANT OF EASEMENT AND BILL OF SALE**
"EKELA PLACE SUBDIVISION"
Subdivision Application No. 2003-0170
Grantor: Heahea Heights LLC
TMK: (3) 2-4-016:044, 045 & 071
E.W.O.: 2006-053
Lots: 3 Existing, 28 additional, & 2 Roadway Lots Zoning: RS-15
Facilities Charge: \$139,880.00 Paid: March 28, 2006
Final Inspection Date: August 17, 2006
Water System Cost: \$64,000.00

5. **GRANT OF NON-EXCLUSIVE EASEMENT (for waterline purposes)**
Grantor: State of Hawai'i, by its Board of Land and Natural Resources
TMK: (3) 2-5-006:portion 003
This easement is for an existing waterline that was installed to serve the Pacific Plantation Subdivision.

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. Wilkins moved for approval of the Manager's recommendation; seconded by Ms. Helfrich and carried unanimously by voice vote.

(Mr. Sully and Ms. Hazel left the meeting at 10:20 a.m.)

D. MANAGER'S REPORT:

4) ***Report on Water Service to Kona Hospital***

The Manager reported that when the Kona Community Hospital was constructed, about 20 years ago, the State was aware of the problems with water pressure if built it at a higher elevation. They hired a consultant to put in a cross-country line from the Halekii well site to the hospital to reduce friction loss and increase the pressure. As Mr. Willis mentioned earlier,

the pressure is 45 pounds per square inch (psi). The pressure meets the Department's standards (40 psi minimum); however, the Manager agreed that for a hospital, it should be more. He suggested they contact the State of Hawai'i, Department of Accounting and General Services (DAGS), or have DAGS come meet with the Department of Water Supply to see how the service to the hospital could be improved. The problem is further compounded by the backflow preventer, which causes more friction and pressure problems. For anyone in an area lower than 40 psi, the Department requires the signing of an Elevation Agreement. For the hospital, if anything were to happen, the Department would have to depend on Civil Defense, via National Guard, to provide some help. As far as going up to the Halekii site, the Department was told by truck operators that a trailer with a generator would never be able to make it up there because of the narrow, winding road, and the sharp turn to get to the tank.

Mr. Harai asked Mr. Willis if the idea of having a generator up there was from his own observation.

Mr. Willis replied the idea was his own. He stated that this is a huge concern for them. If that tank goes dry, the hospital is out of water. They are in business 24/7; and if there were a disaster, the question would be where to send people. There is no contingency plan; and after Hurricane Katrina, it became apparent that health care facilities need a plan. Even if a helicopter could be brought in there and landed on a slab, it would help.

The Manager stated that most hospitals have backup water storage, such as Hilo Medical, and this has also been suggested to Waimea Hospital. The storage would last for a day or so. He asked if Kona has considered getting backup storage.

Mr. Willis replied that it has been brought to the table, but it may not be the best plan. He would think the best plan would be to get a generator for the Department's wells up on the hill.

The Manager stated that should a disaster happen, people would not be able to get to the site immediately. That is where the hospital would have to depend on its own resources to provide some sort of relief while disaster mitigation is being done. The Department would be happy to work with DAGS on backup storage for the Kona Community Hospital.

Ms. Helfrich mentioned a meeting she had attended regarding disaster scenario planning, and exactly this was mentioned. There is \$2 million in the Civil Defense budget for two or three emergency generators.

The Manager stated that Civil Defense has been in contact about this. The money would purchase three or four generators. For a deep well like those in Kona, the generators are bigger than the room the Board is sitting in today.

Mr. Wilkins thought that the combination of a lower magnitude generator with some kind of storage facility at the well might be a more economic answer to the problem. He mentioned his affiliation with the University of Hawai'i over the last several years where they had cases where they turned to the military to supply heavy-lift helicopters to move things that were not available to the local economy. To the military personnel, this was a training exercise; and they

usually jump at the opportunity, if they are officially asked by the State. Perhaps that should be pursued.

The Deputy Manager stated that the Department has been working with Civil Defense regarding the \$2 million. One of the first things that needs to be done is to retrofit the Department's well sites and controls to be able to receive these generators. The project may need to be done in phases--retrofitting first and then introducing the generator. He added that the Halekii well site has a storage reservoir; and if the well goes down, water can be hauled to the tank site. If the Department has a supplemental backup source, it would be from trucking water from Kahaluu Well No. 3 up to Halekii where the Department has smaller booster pumps and might be able to handle smaller generators at those sites. There are three or four booster pump stations from Kahaluu to Halekii. On occasions where Halekii well went down, the Department was able to pump water from Kahaluu Well.

The Manager added that another fortunate thing about this site is that there is a separate line that goes to the hospital. Should a major disaster happen, the Department can control the effluent to the community versus the effluent going to the hospital and give priority to the hospital.

Mr. Smith thought that it would be a good opportunity to place this on the Agenda for a future meeting and provide the Board background on the facilities there and options that are available.

The Manager agreed, and would also like the opportunity to invite DAGS to see what they recommend. From his knowledge, DAGS is in charge of the hospital system as far as construction.

Ms. Helfrich mentioned that HHSC (Hawaii Health Systems Corporation), a quasi-public agency, attached to the Department of Health, is in charge of hospital construction.

Ms. Kim felt that the Manager's idea of having DAGS present was a good idea and that Mr. Willis should initiate whatever processes are available to the hospital by the State. She did not think it is entirely the Department of Water Supply's responsibility. She was surprised they did not start on this issue sooner. The Board was not aware of this situation until someone came to testify at the last Water Board Meeting.

Mr. Willis mentioned that he had just joined the hospital's administration three months ago, and they have been trying to improve healthcare in Kona. This is one of many topics they have been trying to tackle.

Ms. Helfrich commented that it may be good to have HHSC present, as well as DAGS and Civil Defense.

It was decided to place this item on the November Agenda and have a status report at the October meeting. It was suggested that Mr. Willis go back and research exactly who is responsible as far as upgrading the hospital facility, and whoever needs to be on board.

It was also suggested that the South Kohala community emergency response team be involved or exposed to the information being discussed, so they are properly informed.

The Manager stated that he could do that. He will also send out letters as soon as possible, inviting those who were mentioned to the November meeting.

Mr. Willis asked about the backflow preventer below the hospital that does not seem to have any pressure to it. He asked where it is being fed from. From what he read in his backflow annual report, it has been checked, but there is no water to it.

The Manager stated the Department could double-check. He remembered the backflow going in when the hospital was moved. The Department of Health's regulations require a hospital to have a backflow preventer. Unfortunately, they do use up a lot of water pressure.

Mr. Willis thanked the Board and left the meeting at 10:40 a.m.

SOUTH HILO:

A. JOB NO. 2004-846, CONSTRUCTION OF THE ALAHELENUI G.I. PIPELINE REPLACEMENT:

Bids were opened on September 15, 2006; and *the bid results* were enumerated in the Agenda. This project generally consists of installation of 6-inch D.I. pipeline and appurtenances to replace the existing 2-inch G.I. pipeline, which is in poor condition. Funding for this project will be from the DWS C.I.P. Budget. The contractor will have 150 calendar days to complete this project.

The Manager recommended that the Board award the contract for JOB NO. 2004-846, *CONSTRUCTION OF THE ALAHELENUI G.I. PIPELINE REPLACEMENT*, to the lowest responsible bidder, William C. Loeffler Construction, Inc., for their bid amount of \$303,735.00 plus \$30,373.50 for construction contingency for a total contract amount of \$334,108.50, and that either the Chairman or the Vice-Chairman be authorized to sign the contract, subject to review as to form and legality of the contract by Corporation Counsel.

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

SOUTH KOHALA:

A. WATER DEVELOPMENT AGREEMENT: BRIDGE AINA'LEA, LLC:

Bridge Aina'lea, LLC ("Bridge"), owns approximately 3,000 acres of land in Waikoloa, South Kohala, Tax Map Key 6-8-001:portions of 025, 036, 037, 038, 039, and 040 ("Land"). Further, Bridge owns well sites in Ouli, South Kohala, Tax Map Key 6-2-001:087, 088, and 089, and has rights to well development options upon Tax Map Key 6-2-001:075 ("Ouli Well Field").

To facilitate the development of its Land, Bridge is willing to develop the Ouli Well Field and design, construct, replace, and otherwise create and establish a transmission system and other necessary storage and distribution facilities required to connect to the Department's existing water system within the Mauna Kea Uplands subdivision. With this connection, Bridge will be allowed to connect to the water system facilities in Lalamilo, which is being upgraded by Mauna Lani Services, Inc., and Mauna Kea Properties, Inc., under terms and conditions of the agreement executed with the Water Board on April 6, 2006.

The Lalamilo Water System currently services the areas from the Mauna Lani Resort and Puako Beach Drive to the Mauna Kea Resort to the Kawaihae Harbor/Industrial Subdivision. With the proposed improvements, the Mauna Kea Resort to the Kawaihae Harbor/Industrial Subdivision area will be served primarily from the Ouli Well Field. The Mauna Lani Resort and Puako Beach Drive area and Bridge's Land will be served primarily from the Lalamilo/Parker Well Field. More importantly for the Department of Water Supply, the entire water system operations will become more efficient with the Ouli and Lalamilo/Parker well fields providing back-up water sources to the system.

The Manager recommended that the Water Board accept the terms and conditions of the Water Development Agreement with Bridge Aina'lea, LLC, and authorize either the Chairman or the Vice-Chairman to execute the Agreement subject to review and acceptance by the Office of the Corporation Counsel as to form and legality.

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

Mr. Smith stated that this draft agreement refers to various wells in the Mauna Lani well field and also Parker Wells 3 and 4. He is employed by Parker Ranch, and those wells used to be on Parker Ranch property. It is owned by Mauna Lani, dedicated to the Department of Water Supply; therefore, Parker Ranch has no interest so he would be supporting and voting on this matter.

Ms. Garson pointed out a couple of typographical errors in the agreement that was provided to the Board. The paragraph numbering was thrown off. The first change is to Page 3, 4th line down, Paragraph "1(L)" is being changed to "1(J)." On Page 7, 4th line down, "and action" should be "any action". The substance of the document does not change. The parties will correct these errors and provide a clean version for final execution.

Mr. Smith noted that in various parts of the agreement, it talks about 20% of the allocation of the well source going to DWS and 80% to the developer. He asked if that was the standard.

The Manager replied that it used to be 10%/90%, but this is the direction the Department is going in now.

Mr. Smith mentioned his involvement in land developments and everyone's concern about the cost of housing. Every time an exaction is placed on a developer, it increases the cost of what their product is, which in some form becomes housing. He wanted to ensure that what the Department

is doing is fair and equitably charged to all developers of infrastructure that benefits more than just their own projects.

The Manager stated that this is the direction the Department is taking in allocation. In previous allocations, he did not think the Department received its fair share of the well's capacity and was always behind. In consideration of the 80/20 split, the Department takes full responsibility once the system is dedicated and takes care of maintenance and operations of the system.

The Deputy Manager commended both Mr. Inaba and Ms. Garson on their diligence in working on this Agreement. He also mentioned that the developers were present today if the Board wished to hear from them.

Mr. Hoolae Paoa, CEO for Bridge Ainalea, LLC, came forward. He explained that they are providing over 385 affordable homes. That will be the first project, among the 2,000 homes to be built. He felt that negotiations were fair and equitable. In answer to Mr. Goya's question regarding a timetable, Mr. Paoa stated that they have one well that has been tested but will be retested. They also have a pilot hole in Well No. 2 and have worked an agreement out with Water Resources International to begin redrilling that well and test it to make sure they have adequate capacity. They will then go on to Well No. 3. As soon as they reach a time schedule with Water Resources, they will begin drilling Well No. 2.

In response to Mr. Wilkins' question of whether the well would tap into fresh water, the Manager replied that it is a basal situation.

Ms. Helfrich asked if water reuse would be part of their planning and design.

Mr. Paoa replied it will be used for the golf course. They also have five non-potable wells on their site already so they will have it available for landscaping and some common areas.

Mr. Goya commented that this is a unique situation and commended everyone involved in bringing this to fruition. The Board appreciates these types of efforts to bring water to areas that are being developed.

ACTION: A vote was taken on the Motion, including the minor corrections noted by Ms. Garson. Motion was carried unanimously by voice vote.

(Messrs. Baldwin, Fuke, and Paoa left the meeting at 10:55 a.m.)

B. RIGHT-OF-ENTRY AGREEMENT: SHELL WINDENERGY, INC.

Shell Windenergy, Inc. ("Grantee"), is requesting vehicular and pedestrian right-of-entry over, across, and through the roads on the Water Board's lease from the State of Hawai'i, Department of Land and Natural Resources, for the Lalamilo Wells. The Grantee is in the due diligence process for a proposed wind powered electrical generation facility on portions of an adjacent property. The right-of-entry will terminate in 18 months from the date of approval. Termination may also occur if the granting of this right-of-entry is found to be contrary to or not in strict compliance with the

Water Board/Department's lease with the State and agreements with Hawaii Electric Light Company, Inc.

Should the Grantee proceed with the project, a permanent access will need to be pursued from the State. Further, due to its close proximity to the Lalamilo Well Field, the Department may be able to purchase less expensive energy.

The Manager recommended that the Water Board accept the terms and conditions of the Right-of-Entry Agreement with Shell Windenergy, Inc., and authorize either the Chairman or the Vice-Chairman to execute the Agreement subject to review and acceptance by the Office of the Corporation Counsel as to form and legality.

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

Mr. Smith disclosed that this project involves Parker Ranch Land; and since he is employed with Parker Ranch, he would be abstaining from voting on this matter but was in favor of it. The Governor's goal is 20% self-sufficiency by 2020, so it is consistent with long-term goals for the State.

Mr. Goya noted a clarification mentioned earlier during testimony that the Department may be able to provide less expensive energy. It is a little premature at this time.

The Manager stated that although it is premature, it is still a possibility. This particular Agreement was as recommended by the State. If the Board would recall, this is to do due diligence, so it is the initial part of the project. Should the project go through and becomes a reality, the State will grant access to the company through the land the Department of Water Supply currently leases. This is temporary (18-month time limit).

In response to Mr. Goya's question of whether this would affect road maintenance costs, the Manager replied that it would affect the use of the road; but based on what they plan to do, he did not foresee a lot of machinery going in.

Mr. Goya asked if the access would be from Queen Kaahumanu Highway.

The Manager replied that is the current plan, unless, during the due diligence period, they find some other way of doing it. They would also need an agreement with the State at the termination of this 18 months.

Mr. Goya stated that he has privy to a lot of information regarding the area, transmission line, and the previous agreement with the Department of Water Supply, because of his former employment with HELCO, and he supports additional renewable resources.

The Manager stated that the Department supports anything that reduces power costs.

ACTION: A vote was taken on the Motion. Motion was carried by 7 Ayes: Messrs. Goya, Harai, Mochida, Wilkins, Chairman Heck; and Mss. Kim and Helfrich; 1 Abstention: Mr. Smith; 1 Absent: Mr. Konanui.

NORTH KONA:

A. **JOB NO. 2004-853, BRIDGE CRANE REPAIR FOR KAHALU‘U WATER SHAFT:**

Bids for this project were opened on August 24, 2006; and the results were enumerated in the Agenda.

Funding for this project will be from the Deep Well Pump Replacement budget. The contractor will have 90 calendar days to complete this project.

The Manager recommended that the Board award the contract for JOB NO. 2004-853, BRIDGE CRANE REPAIR FOR KAHALU‘U WATER SHAFT, to the lowest responsible bidder, Aloha Machine and Welding, Ltd., for their bid amount of \$164,770.00 plus \$15,230.00 in construction contingency for a total contract amount of \$180,000.00, and that either the Chairman or the Vice-Chairman be authorized to sign the contract, subject to review as to form and legality of the contract by Corporation Counsel.

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

In response to Mr. Wilkins’ question if Aloha Machine and Welding has experience in below-ground well work and installation, Mr. Young replied they have done a number of pump repairs. This job has issues with lead paint, and protection of the source is vital. He is confident in their ability to do the work.

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

B. **JOB NO. 2001-790, CONSTRUCTION OF THE KONA COASTVIEW/WONDER VIEW SUBDIVISION WATER SYSTEM IMPROVEMENTS:**

The Board considered a request for a time extension of 64 calendar days for the contractor, Isemoto Contracting Co., Ltd., so the Department may adequately notify its existing customers that the deadline to switch over to the new service laterals fronting their properties is October 31, 2006. In November, the contractor shall work to remove the old service laterals that are not within the Kona Coastview/Wonder View Subdivisions and complete the final requirements of their contract. This is the third time extension request for this project. The first time extension request granted was for 92 calendar days to overexcavate and place additional structural backfill for the lava tubes encountered at Reservoir Site Nos. 1 and 2 and extended the contract completion date from March 29, 2006, to June 29, 2006. The second time extension request granted was 90 calendar days to re-pave the roads, extending the contract completion date from June 29, 2006, to September 27, 2006.

The Manager recommended that the Board grant Isemoto Contracting, Co., Ltd., this extension of contract time of 64 calendar days for JOB NO. 2001-790, CONSTRUCTION OF THE KONA COASTVIEW/WONDER VIEW SUBDIVISION WATER SYSTEM IMPROVEMENTS, from September 27, 2006, to November 30, 2006.

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

In response to Mr. Wilkins' question of whether Isemoto has solved its asphalt supply problem, the Deputy Manager replied that they have and are finalizing the paving. Hopefully, this will be the last Agenda item for this project. Is near completion.

Chairman Heck asked how many are not connected to the lateral lines.

The Deputy Manager replied that it is a small percentage. Most have signed up. A few complained that they did not have the plumbing or the money to connect. With some help from other sources, they are getting over that.

Chairman Heck asked what happens once the old service lateral lines are removed or where people would get their water from.

The Manager replied that the Department has been making every effort not to let that happen. The only way it can be guaranteed against is not to cut off Matsumoto Water Company (Matsumoto) until everyone is connected. In all fairness to Isemoto, this time extension is not their fault. There were some problems with permitting, and it is not their fault.

Mr. Mochida asked if October 31, 2006, is the ultimatum. If they do not hook up, Matsumoto's water will be shut off.

The Manager replied that the Board needs to tell the Department to do that.

Discussion followed regarding the Matsumoto water meters. Mr. Mochida's opinion was that the residents should be notified that after October 31, 2006, Matsumoto's meters would be removed. If it needs to be on the Water Board's October agenda to give authority to the Manager to cut them off, then it should be done. He felt that one penny more lost to the Department is one too many. The Department has provided the residents with a good water system.

The Manager stated that Ms. Garson would need to give her guidance as to what is legal and proper.

Mr. Wilkins recalled a promise made in the past by the Water Board not to cut off their water service. He was thinking more of the political impact. There are people living there who would starve if they had to pay two people at the same time. They are literally scraping by on Social Security. The project is so close to satisfactory completion. He commented that the Manager has been very outstanding in his support of the local community, and it has been many years that the Department has been supplying water through the Matsumoto pipes. He thought the Board should

be very careful in naming a near-term absolute cut-off date for people who have not yet installed their waterlines.

Mr. Goya felt that the Board needs to be a little more firm on this. The residents need some incentive to move on their end and seek all possible avenues for funding the conversion. He agreed with Mr. Mochida's point of view and asked if the Manager could provide the Board, at its October meeting, with a reasonable date for the transfer.

The Manager replied that the Department could provide that information. He added that staff has been working very diligently with the community and is in constant contact with the residents.

Mr. Wilkins mentioned that if he could have numbers of the people who are potentially subjects of cut-off, he could canvas the neighborhood, since it is in his district, and try to find out what their economic situation is. He knows of a number of people down there who are crippled who cannot get around without help from the community, and he worries about them.

ACTION: There being no further discussion, a vote was taken on the Motion. Motion was carried unanimously by voice vote.

KAU:

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

The Board considered a request from the contractor, Isemoto Contracting Co., Ltd., for a 35-calendar day time extension. This fourth time extension request is due to scheduling and implementation of the railing modification work as requested by DWS for safety reasons. The first time extension (280 calendar days) was for recording petroglyphs. The second time extension (298 calendar days) was for excavation/backfill of lava tube and seismic reinforcing. The third time extension (28 calendar days) was for rescheduling waterline connection. Staff has reviewed the request and finds that the 35 working days are justified.

The Manager recommended that the Board approve a contract time extension of thirty-five (35) calendar days from September 29, 2006, to November 3, 2006, to Isemoto Contracting Co., Ltd., for JOB NO. 2000-765, PAHALA 0.5 MG RESERVOIR.

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

MISCELLANEOUS:

A. **DEDICATION OF WATER SYSTEMS:**

Taken up earlier.

B. **MONTHLY PROGRESS REPORT:**

Ms. Helfrich hopes this document is the first thing the new public communications person will undertake to inform the community so people realize just how much work the Department does. It is great information.

Mr. Goya asked about the Kynnersley Union 0.3-million gallon reservoir project, which has been on the books since 2001.

The Deputy Manager replied that the Department has been negotiating for land for the tank site; and, hopefully, it will come before the Board at its October meeting for purchase of land. Once that is done, the project may proceed.

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

In response to Mr. Goya's question about vacancies, the Manager replied that the position description for the Public Information and Education Specialist came back from Civil Service; and he hopes that it will be the next position the Department interviews for (about three months).

The timetable for the Data Processing Systems Analyst III, also mentioned by Mr. Goya, is four to six months.

Mr. Goya asked about the meter reader positions, with regard to technology shifting towards automatic meter reading. The Department will need the flexibility in the position descriptions, such as Clerk-Meter Readers.

The Manager replied that the Department has both Meter Readers and Clerk-Meter Readers and intends to reallocate people when the system is completely on board, which would be several years from now. A lot depends on how this pilot program goes with Neptune Technology.

D. **MANAGER'S REPORT:**

1) ***Kona Coastview/Wonderview Improvement District project***

Mr. Goya asked that the Manager report at its November meeting how the Department will be handling the write-off of the Matsumoto Water Company account.

2) ***USGS Drilling Program*** - bids will be opened October 11, 2006.

3) ***Kona Water Quality***

The Manager asked Mr. Clyde Young to give the Board an update on what is being done with the pump casing at the Kahaluu Shaft. Mr. Young reported that efforts are being made to take the water more from the top where there is less salt content. It is in initial design phase. Hopes are that it will make the dramatic change needed by the Department. In response to Mr. Wilkins' question if any tests have been done in the "pool" to check salinity versus depth, the Manager replied that the study is not looking at depth; just looking at skimming the infiltration gallery and preventing the pump from pumping directly under itself.

Chairman Heck stated that last month, the Board received a lot of testimony and questions from Ms. Brenda Ford regarding the quality of water in Kona. He noticed a number of ads recently to elect Ms. Ford to County Council, stating that Kailua-Kona's water is 300 to 600 parts per million of salt. Medically safe water is less than 30. He would like to see the facts presented as to what the Department has been doing and what the real facts are regarding the

water. The Manager stated he would send a letter to the Editor of both West Hawaii Today and the Hawaii Tribune-Herald. Mr. Wilkins added that most people are confused, when referring to salt; when the fact is that you have sodium content, you have chloride content, and you have sodium chloride still present as a molecule. They need to be differentiated very clearly in any article on the subject.

Relating to water quality, Mr. Smith asked for a status of negotiations with Kamehameha Investment Corporation (KIC). The Manager gave the Board some history. They have three wells mauka of Keauhou with very good water. The water hits the high-level aquifer. They were one of the first to discover this high-level water more than 20 years ago. In 1982, an Agreement was made with the Department whereby KIC had fully paid up for 1,700 water credits. In consideration for that, KIC agreed to give the Department three well sites. Unfortunately, when the first well was drilled by the Department (Keauhou Well A), the water was salty so it was abandoned. Unfortunately, after that was done, the Agreement was never revisited. The Department still has the Agreement, but he questions whether or not it is still legal. For a contract, you need consideration on both sides, but the Department never did get the three well sites in exchange for the 1,700 water credits. In the meantime, KIC approached the Department to develop the three wells. First they were going to drill the wells and this Department would pay for oversizing. They provide the system to take care of their subdivision and DWS oversize the facilities to make use of water in the area; again, giving allocation to them and DWS keep an allocation. Also discussed was how they would allocate the units to the property because the Department knows for a fact that people in the Keauhou area use a lot more than 600 gpd. The Department was trying to have them dedicate at least 2 units per lot. That was a stumbling block with them because they did not want to; however, they finally agreed, but with some kind of covenants and have this Department monitor the wells. It came to a point where KIC did not have money to do the system. This Department proposed that it do the system and KIC pay for the portion it would have to had paid anyway. They did not want to do that so negotiations got stalled for awhile. Talks started up again, and they wanted this Department to do it but they wanted this Department to take the majority of the risk and pay the costs.

The Manager stated that there is nothing more this Department would want than those three wells. They would be a valuable supplement to the Kahaluu Shaft. It would not be on any State highway but would just cross the State highway. It could be piped directly down into the Kahaluu Shaft area into a reservoir there. The question is what price does the Department pay for this valuable asset. He would love to sit back down with KIC to come up with a fair price or fair conditions, but it is now at a standstill. He concluded that if the Board wanted more concise details, it should be placed on the next Agenda and have the Board provided with a copy of the Agreement from 1982.

Ms. Garson stated that the base agreement has never been litigated so there is no way to resolve the issue from the base agreement without having a court decide. Above and beyond that, the negotiations have come to a standstill. There are competing interests, and one of the things is you have to be sure that whatever the Department does benefits the public at large. They are not going to spend a significant amount of public monies for a system that will benefit only one entity.

The Manager added that this Department, and Ms. Garson, are always aware that if something is done for one developer, it has to be done for everyone else.

Mr. Smith agreed that it would be a favorable addition to the Department's system. The roll of the Water Board is not to micromanage but to set policy and long-range direction. The Manager's direction in its dealings with KIC seem fair. It seems a waste of resources not to work it out.

Mr. Goya asked for a continuing update on this under the Manager's Report.

Ms. Garson asked that the Board be aware that if discussion ever comes to the subject of negotiations, it may need to be discussed during an Executive Session.

4) ***Water Service to Kona Hospital*** - discussed earlier.

5) ***Status of the Palani Road Transmission Waterline project***

The Department is in the process of dealing with the comments on the Environmental Assessment with the consultant, Mr. Ron Terry. It is the Department's intent to hold two more meetings--one before bid opening and one prior to construction, to get the issues resolved. Mr. Beck added that a letter to Mr. Fred Housel (who had questions last month) went out yesterday, and letters to various County agencies will go out today. Mr. Wilkins asked for copies of those letters, since two County Council Members and the community have requested him to get involved.

6) ***Hawaiian Ocean View Estates***

The Agreement was sent to the consultant for signature, and they should be on board by next month's Water Board Meeting. It has been discussed with them to have a representative attend that meeting in Ocean View.

7) ***Hawaii Water Works Association (HWWA) Conference*** - October 11 to 13, 2006

8) ***Mr. Kiril Kuzma's Public Testimony*** - Mr. Smith asked for clarification on Mr. Kuzma's testimony today about his water meter in Nanawale. From his understanding, the Department of Water Supply's responsibility is up to the meter. Whatever happens downstream of the meter is up to the customer. If they go 1,000 feet away and do things that are not proper, that is their business, as long as they follow the standard details for construction, which includes a double check valve.

The Manager stated that there is one condition on that. If the Department knows they are in agricultural activity when they have a residential service, the Department may investigate to determine if this is some sort of business. In this case, it seems like it may be some type of business, so they should have gotten a backflow preventer. If it is found that they should have gotten one, the DWS' Cross Connection Section will notify them.

Mr. Kuzman clarified that in the 1980's, it was a dwelling, which then was transferred out of private ownership into the Hawaii Assembly of God. So right now, it is a church group, so

they are also required to have a backflow prevention device, in addition to the agricultural activities they are performing at this point.

The Manager stated that staff would go back and check the application; and if it is residential, based on the investigation, a determination will be made.

Mr. Arai added that the Planning Department would be looking into the matter from their side and would report back to the Deputy Manager.

Mr. Smith also mentioned the following:

- *Automatic Meter Reading Contract* - the Department may want to purchase more units, based on the money that was allocated, and may want to check with Neptune Technology if they would allow increase in the number of units while staying within the \$1 million budgeted amount.
- *Waimea Community Association meeting - October 5, 2006* - Mr. Troy Kindred, Civil Defense Administrator, is giving an assessment of Civil Defense preparedness. He will be commenting on dam safety for the reservoirs in Waimea. It may be pertinent for him to have a good understanding of how the DWS is compliant with regulations on dam safety in Waimea.
- *Ulumau Hawai'i Island Leadership Series* - Mr. Richard Sumada will be the next DWS staff member to participate in the sessions. Both Mr. Inaba and Mr. Okamoto have completed the Series.

Ms. Kim mentioned two outstanding sessions she attended and recommended Board Members attend if they come up again--one being the Corporation Counsel's Annual Statewide Municipal Attorney's Conference; and also a half-day "Leadership Works" workshop, put on by the Department of Water Supply.

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

ANNOUNCEMENTS:

1. **Next Meeting:**

The next meeting of the Water Board will be held on October 24, 2006, 10:00 a.m., at the Ocean View Community Center; Leilani Parkway, Ocean View, Hawai'i.

The Board unanimously agreed to form a committee of four (Ms. Helfrich, Messrs. Harai and Wilkins, and Chairman Heck) to meet that same day at 9:00 a.m. at Kahuku Park to see the site, which is being suggested by the Ocean View community, to place the well, transmission lines, et al. The committee will report to the Board at its meeting of 10:00 a.m. the same day.

STATEMENTS FROM THE PUBLIC - verbatim

1. **Mr. Kiril S. Kuzma**

K. KUZMA: One question. There are regulations for backflow devices, and I noticed that they have sort of been grandfathered in over the years and this Legislation has just been passed recently

so there is no cause or reason for existing sites to have backflow prevention devices installed. Is that a correct understanding?

M. PAVAO: No. What we are doing is since we established the program, we are going -, we are revisiting those sites that did not qualify previously and we are trying to get those sites to comply.

K. KUZMA: One other thing. I'd like to make a suggestion. In California, everyone had to get a backflow prevention device and have it certified every year by inspection.

M. PAVAO: Yeah.

K. KUZMA: And it would make sense for the Department of Water Supply to adopt a similar situation because then it would put plumbers to work installing backflow prevention devices and it would allow them yearly inspections of said backflow devices which would be up to the owner of the device; and if they did not provide certification to the Department of Water Supply yearly, in regards to inspection of the device, then you could levy fees against the customer. That would pay for itself in a year.

M. PAVAO: That is the program we are following. We are requiring a yearly inspection. It is in its infancy; but unlike California, we are following the Department of Health's requirements. It does not call for 100% of the consumers to have backflow preventers. There is a category of consumer that requires a backflow preventer. That is determined by Department of Health.

K. KUZMA: Yes, I understand. It seems inconsistent in its application--new structures require backflow faucets; for example, like in Paradise Park, you have a backflow faucet, it would make more sense to have backflow prevention devices at the meter, like everybody is required to.

M. PAVAO: Yeah. But unfortunately, or fortunately, we don't require everybody. It's just the critical people, and it depends on the use of the water.

K. KUZMA: As for cross contamination and cross -,

M. PAVAO: And you know, you mentioned giving plumbers work. I'd hate to do that because as it is now, to get a plumber, you have to wait two months. So if you're gonna get more fellows working, you're gonna be waiting six months for a plumber.

ADJOURNMENT

ACTION: Ms. Helfrich moved for adjournment of the meeting; seconded by Mr. Mochida and carried unanimously by voice vote. Meeting adjourned at 11:55 a.m.

Secretary

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