

## MINUTES

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

November 28, 2006

#### HILO OPERATIONS CENTER CONFERENCE ROOM

- MEMBERS PRESENT: Mr. Loren Heck, Chairman  
Mr. Thomas Goya, Vice-Chairman  
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. George Harai, Water Board Member  
Mr. Bruce McClure, Director, Department of Public Works  
(ex-officio member)
- OTHERS PRESENT: Ms. Katherine Garson, Deputy Corporation Counsel  
Mr. Daryn Arai, representing Mr. Christopher Yuen, Director,  
Planning Department (ex-officio member)  
Mr. Bill Brooks  
Mr. James Rhodes  
Mr. Bob Akinaka, Akinaka & Associates, Inc.  
Mr. Micah Kane, Department of Hawaiian Home Lands  
Mr. Lloyd Yonenaka, Department of Hawaiian Home Lands  
Mr. Neil Gyotoku, County of Hawai'i Civil Defense Agency  
Mr. Eric Willis (10:25 a.m.)

#### Department of Water Supply Staff

- Mr. Quirino Antonio, Jr., Deputy Manager  
Mr. Kurt Inaba, Engineering Division Head  
Mr. Keith Okamoto, Engineering Division  
Mr. Lawrence Beck, Engineering Division  
Mr. Daryl Ikeda, Chief of Operations  
Mr. Clyde Young, Operations Division  
Mr. Richard Tsunoda, Waterworks Controller  
Mr. Richard Sumada, Assistant Waterworks Controller  
Mr. Calvin Uemura, Customer Service  
Mr. David Mellom, Customer Service

CALL TO ORDER - Chairman Heck called the meeting to order at 10:07 a.m.

STATEMENTS FROM THE PUBLIC - None

APPROVAL OF MINUTES

ACTION: Mr. Goya moved for approval of the Minutes of the October 24, 2006, Water Board Meeting; seconded by Mr. Smith and carried unanimously by voice vote.

ADDITION OF ADDENDUM ITEM

ACTION: Mr. Goya moved to add Addendum Item No. 6(F) NORTH KONA, REQUEST TO TRANSFER WATER COMMITMENTS CREATED BY KSA II FROM TMK 7-9-005:008 TO NEIGHBORING TAX MAP KEYS 7-9-005:009, 039, 040, AND 076; seconded by Mr. Smith and carried unanimously by voice vote.

*The following were taken up early:*

MISCELLANEOUS:

**B. STATUS OF DEPARTMENT OF HAWAIIAN HOME LANDS PROJECTS ON ISLAND OF HAWAI'I:**

Mr. Micah Kane, Chairman of the Hawaiian Homes Commission, provided the Board with an informative presentation regarding projects on the Island of Hawai'i (a handout on the Regional Community Development Plan was provided - dated May 2006).

Mr. Yonenaka added that information could also be found on their website by searching for "Department of Hawaiian Home Lands" or by navigating through the State of Hawai'i website in "Departments."

Mr. Kane went over their projects and their priorities:

1. Priority #1 - North Kona Water Source Development and Storage Requirements. The existing Memorandum of Agreement will allow for development of Villages of La'i'ōpua 4 & 5; however, future development of the project will require source development.
2. Priority #2 - Keanalehu Drive Extension to Manawale'a Connector Road. This project will establish a direct connection between the Villages of La'i'ōpua and the mauka Kealakehe Houselots subdivision and will decrease traffic on Palani Road and Queen Ka'ahumanu Highway.
3. Priority #3 - Ane Keohokalole Highway Extension to Henry Street. This will create a north-south arterial roadway from Palani Road to the proposed University Drive, north of the Kona International Airport. It will be parallel to Queen Ka'ahumanu Highway and provide a secondary access to Villages of La'i'ōpua and also the proposed County Civic Center.
4. Priority #4 - West Hawaii Community College. The campus will be located in close proximity to the Villages of La'i'ōpua.

5. Priority #5 - Community Center. This will help support the growing community of Villages of La'i'ōpua with day care, computer lab, after school program, and other services due to lack of community center space.

Mr. Kane concluded that because the State has not allocated any funds to the county for water development over the last 15 years, they want to change that and get the funds to the county to fund their projects. They will be seeking funds at the upcoming Legislative Session.

The Board thanked Mr. Kane for his comprehensive presentation and asked that he let the Board know if there are any ways it could assist in their moving forward, and to please keep the Board informed, periodically, on what is going on with its projects.

Mr. Wilkins asked if they have made any attempt to formalize joining the Hawaiian community together to lend assistance in the building of "self-help" homes.

Mr. Kane replied that they are trying to build capacity and show service providers that they can make money on the projects. In the case of east Kapolei I, which is 403-unit subdivision on the Big Island, you are probably going to have 60 or 70 self-help units out there to the extent that they have adjacent land owners and could probably do a cooperative type of development within HCDC (Housing and Community Development) housing.

Mr. Smith commented that by doing these regional plans, it provides a master plan so subsequent administrations have a road map and do not have to start at square one every time there is an administration change. He asked about talk of a Costco or similar outlet in east Hawaii.

Mr. Kane replied that there is a 16-acre parcel that will be going out for RFP (request for proposals) in the next couple of months. He would have to get back to the Board on the status. Costco has expressed interest on many of their properties and have expressed interest in the Hilo area.

In response to Ms. Helfrich's question about the Regional Plans on their website, Mr. Kane stated that all 18 of them will be on there and are placed on as they are approved. Three of them are posted on the site right now.

RECESS: The Board took a short break from 10:50 a.m. to 11:00 a.m.

#### NORTH KONA:

#### **E. IRRIGATION AGREEMENT – SONNY VENTURES, LLC:**

Sonny Ventures, LLC, is requesting irrigation meters for two (2) landscape parcels within their Lokahi Makai Phase 2 development in which the water system has been constructed and dedicated to the Water Board. The Agreement specifies the terms and conditions for two (2) water meters for one (1) unit each.

The Manager recommended that the Board approve this Agreement and authorize either the Chairman or the Vice-Chairman to sign the document subject to approval of the document for form and legality by Corporation Counsel.

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

Ms. Garson stated that there was a typographical error on the description of the Tax Map Key (TMK) in the Agenda and recommended a friendly amendment to the Motion.

Mr. Inaba stated that the Irrigation Agreement was drafted before subdividing into 49 lots--part of the reason being that as the document was being drafted, they had not obtained the new TMK's yet. Subsequently, the new TMK's were assigned; and the document should now read "Tax Map Keys (3) 7-3-061;portion of 001 and portion of 050." Those are two easements within those parcels just along the entranceway to their subdivision. Now it actually became a 5/8-inch meter to each of those parcels. (Ms. Kim noted it is on Page 2 as well.)

An error was noted on the signature page. The name of the Chairman needs to be changed from John S. Tolmie, Jr., to Loren Heck.

A question arose on why the Water Board's approval is needed on this type of document. The Manager explained that because it deviates from the Rules and Regulations and water rates, the Board needs to approve these types of special agreements.

Ms. Garson added that there could be two ways to handle this--either make a change to the Rules and Regulations, or that she draft a Resolution for the next meeting that will have the Board give the Manager authority to execute these types of agreements so they do not need Board approval. It is done with the Elevation Agreements already.

After discussion, it was decided that a Resolution should be adopted so that this may be done administratively. Ms. Garson will work on a Resolution.

Chairman Heck entertained an amendment to the recommendation, with the amended tax map key noted by Mr. Inaba and also the correction of the Chairman's name on the signature page.

AMENDMENT: Ms. Kim so moved; seconded by Mr. Wilkins.

ACTION: A vote was taken on the Motion to approve the Irrigation Agreement, with the amended tax map key and the correction in the designation of the Chairman, and authorize either the Chairman or the Vice-Chairman to sign the document subject to approval of the document for form and legality by Corporation Counsel. Motion was carried unanimously by voice vote.

MISCELLANEOUS:

**C. EQUIPMENT BID NO. 2006-09, SALE OF USED DRILL RIG AND APPURTENANCES FROM THE DEPARTMENT OF WATER SUPPLY:**

The Board discussed a letter from Mr. Richard A. Lopes Jr., Relo Construction Inc., regarding this equipment bid, which was awarded at the October 24, 2006, Water Board Meeting. Mr. Lopes requested that his letter be placed on the Agenda for consideration.

Mr. Ikeda noted that Mr. Lopes had most of the equipment removed right after he paid the balance after the October 24, 2006, Water Board Meeting. A couple of small items remain, but the majority of the equipment is gone.

Ms. Garson stated that she has four pictures of the equipment, discussed last month, but not the videotape, which Mr. Lopes claimed they had. She had asked for it, but it was not turned over.

The Manager stated that the Department proceeded with the auction of this equipment properly; and if they are not satisfied, the only alternative is to wait and see what they proceed with. This Agenda item today was only for information.

Ms. Garson added that she felt that everyone was dealt with fairly. If the videotape were available, it may help with piecing together what happened and if anything is missing. Then she might have recommended some compensation. However, since nothing was pieced together, she could not make a recommendation.

Chairman Heck recognized Mr. Rhodes who was present today and knew Mr. Lopes. He asked Mr. Rhodes if he saw any resolution to this or if he had any power to promise for those tapes to be relinquished.

Mr. Rhodes replied that he knew there were tapes taken before and what they bid on, and there was some discrepancy between the video and what was actually there. That was all he knew of at this point. He was surprised Mr. Lopes did not share the video with the Department of Water Supply.

Chairman Heck asked if Mr. Rhodes could let them know that the Board would like to have the videotape turned over.

Mr. Smith felt it was best to leave this in the hands of the Manager.

Ms. Kim asked that the Board be kept informed as things move along.

No further discussion took place. (Mr. Rhodes left the meeting.)

*The Board continued on with the rest of its Agenda.*

NORTH AND SOUTH KOHALA:

A. **JOB NO. 2006-888, NON-REVENUE WATER LOSS PHASE II:**

The Department requests \$12,994.71 to locate the post October 15, 2006, earthquake pipeline leaks in the North and South Kohala and Waimea districts. The original contract work was done prior to the earthquake. The additional work will allow DWS to provide FEMA evidence of earthquake damage to our pipelines. As a result, FEMA will provide reimbursement for those repairs.

The Manager recommended that the Board approve funds for the additional work of \$12,994.71 for JOB NO. 2006-888, NON-REVENUE WATER LOSS PHASE II, to TK Process HI, LLC, and that either the Chairman or the Vice-Chairman be authorized to sign the change order, subject to review as to form and legality by Corporation Counsel. If approved, the new contract amount would be \$220,083.91, which will be covered in the 2006-2007 Operations Budget under "Contractual Services."

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

NORTH KONA:

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

Bids were opened on November 9, 2006; and the results were enumerated in the Agenda.

The Manager recommended that the Board award the contract for JOB NO. 2003-834 (REVISED), CONSTRUCTION OF THE KONA BASEYARD FACILITY IMPROVEMENTS, to the lowest responsible bidder, Central Construction, Inc., for their bid amount of \$192,513.40 (Base Bid plus Alternate No. 1 bid amounts) plus \$15,486.60 in construction contingency for a total contract amount of \$208,000.00, and that either the Chairman or the Vice-Chairman be authorized to sign the contract, subject to review as to form and legality of the contract by Corporation Counsel.

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

B. **KONA HOSPITAL WATER SERVICE:**

The Manager reported that, along with Mr. Eric Willis of the Kona Community Hospital, who was here today, the Department also sent letters inviting the State Department of Accounting and General Services (DAGS), the County Civil Defense Administrator, and the Hawaii Health Systems Corporation (suggested by Ms. Helfrich). This was in an effort to work on a feasible

solution to service to the hospital in an emergency situation. Along with Mr. Willis, the Civil Defense Agency is represented today by Mr. Neil Gyotoku.

He added that years ago, a direct pipeline was installed from the Halekii tank to the hospital, so the Department has the ability to shut off residential use and provide it only to the hospital, if needed. However, the hospital, itself, does not have storage capability. He asked if Mr. Willis had anything to add.

Mr. Willis stated that as of today, their water pressure was 30 pounds per square inch. Due to the earthquake, there may be a leak somewhere from the tank to the hospital. This will not give them the capability for the fire sprinkler system. After thinking through what recommendations they could come up with, he thought of the backflow device from the tank, which is located about 200 feet above the hospital. In his view, he could see no way they could ever backfeed into that tank. With that backflow device alone, they are losing probably 15 pounds of water pressure. He would recommend it be moved. Another recommendation would be to have a backup generator at the tank itself, which is easily accessible. He walked up there himself--there are two roads in, and it is not as hard to get to as he was told. During the earthquake, water was one of their major concerns. They lost power and did not know how long they would have water. Upon contacting the Department of Water Supply, they did say they could isolate the rest of the plumbing to the rest of the town but leave the hospital line on, but they still did not know how much water they had. The hospital regained power, but they still did not know how much water they had. It is a concern to them and the community. It is the only hospital on that side. He asked that the Department and the Board recognize their needs and the needs of the community.

The Manager stated that what the Department could do is have the backflow prevention staff have a look at alternatives. Backflow preventers do use up pressure. Capacity of the tank serving the hospital is 250,000 gallons. Based on that, the Department could get back to Mr. Willis with alternatives on the backflow preventer. He asked if Mr. Gyotoku had anything to add.

Mr. Gyotoku stated that he had known in the past where Hilo Hospital had gone down and the system of portable tanks kept the supply going during emergency. However, this is short term.

The Manager commented that the difference with Hilo Hospital is the water could be fed into the storage tank that they have. Kona Hospital does not have a storage tank. Therefore, any potable water would have to be fed out of the storage tank itself, which is not a good situation. He wished DAGS could have been here to discuss providing some sort of storage on site, similar to what Hilo has.

Chairman Heck stated that if DAGS is a crucial element, maybe a meeting could be held with the three agencies outside of a Water Board meeting to try and come up with recommendations before the next Water Board Meeting.

The Manager stated he would have Kona personnel go out with leak detection equipment to test the line from the Department's tank to the Kona Hospital.

Mr. Willis stated that they were put to the test during the earthquake. He understood that the hospital has run out of water before. The other issue is bringing potable water up there in tankers because of the road to the hospital.

Chairman Heck mentioned the need for a backup generator. Last month, discussion was that a generator of that size would be as large as this room.

The Manager stated that it is being worked on by staff as part of the Mayor's allocation to the Department of \$2 million.

The Deputy Manager reiterated that the system has backups and water can be diverted away from other areas and fed to the hospital, should an emergency occur. The thing is that when a power outage occurs, everything goes down.

Mr. Mochida mentioned that even if all the lines were in place, if a hypothetical 8.0 earthquake were to occur, the lines could break; possibly roads could go out. The hospital would need to sustain itself for a couple days until help could get there. He suggested the best route to take would be for Mr. Willis to write a letter to the Governor and try and get that storage tank in place. It would be safest for the hospital at this point.

Mr. Willis agreed about the storage tank. Also, for loss of power, the backup generation would be an ideal solution.

The Manager stated he would try to schedule a meeting involving the Department of Water Supply, Kona Hospital, DAGS, Civil Defense, and Hawaii Health Systems Corporation. In the meantime, he would have the backflow prevention and the leak detection personnel do a check. He asked Mr. Okamoto and Mr. Ikeda to coordinate with Mr. Willis.

Mr. Goya mentioned Ms. Brenda Ford's comments to the Board at a recent meeting in Kona, regarding the hospital. He suggested that all of the elected officials should be appropriately informed of action that is being taken and that everyone is working in a cooperative nature.

(Mr. Willis thanked the Board and left the meeting at 11:30 a.m.)

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

The Department respectfully requested that Isemoto Contracting Co., Ltd., be granted a time extension of 90 calendar days so they may remove the remaining service laterals of existing Department of Water Supply customers, including Matsumoto Water Co. (anticipated meter removal, December 11, 2006). The delay is due to the number of existing customers not switched over and the Department giving them proper and adequate notice to switch over. 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 by February 28, 2007. This is the fourth time extension request.

- The first time extension request granted 92 calendar days to overexcavate and place additional structural backfill for the lava tubes encountered at Reservoir Site Nos. 1 and 2. This first time extension extended the contract completion date from March 29, 2006, to June 29, 2006.
- The second time extension request granted 90 calendar days to re-pave the roads and therefore, extending the contract completion date from June 29, 2006, to September 27, 2006.
- The third time extension request granted 64 calendar days for Department of Water Supply to relocate their existing services to the new meters fronting the respective properties.

The Manager recommended that the Board grant Isemoto Contracting, Co., Ltd., this extension of contract time of 90 calendar days for JOB NO. 2001-790, CONSTRUCTION OF THE KONA COASTVIEW/WONDER VIEW SUBDIVISION WATER SYSTEM IMPROVEMENTS, from November 30, 2006, to February 28, 2007.

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

**D. MATSUMOTO WATER COMPANY:**

The Manager reported that the Department has gone through the legal process in order to remove the six meters. If the Department does not receive payment by December 8, 2006, the meters will be removed.

Mr. Mochida praised the Department for setting a date. It was very important to have that in place.

Discussion followed regarding any individuals who might not have tied into the new water system. Mr. Inaba indicated there were four that are not tied in to the new system yet. Mr. Uemura added that about 20 people do have meters in the meter boxes but just have not activated the services yet. They still need to pay the activation fee. They will all be contacted before December 8 so they are aware of the date that the Matsumoto Water Company meters will be removed.

Mr. Smith and Ms. Helfrich advised the Department to send out a press release to both newspapers on this matter, in advance, on what the Department has done over the past years and indicate the amount of people who are not hooked up. Otherwise, the Department would look like the bad guy if it just goes ahead and removes the meters without making every effort to have everyone on the new system. The Manager indicated he would draft a press release and have it reviewed by Ms. Garson before sending out. Mr. Smith requested it be sent to the Council Members of both Kona districts, so they may also have an opportunity to try and solve the problem.

In response to Mr. Goya's request to have a report on the write-off of the delinquent Matsumoto Water Company accounts, the Manager stated he would have Mr. Sumada report at the December 19, 2006, Water Board Meeting.

**E. IRRIGATION AGREEMENT – SONNY VENTURES, LLC:**

Taken up earlier.

**F. REQUEST TO TRANSFER WATER COMMITMENTS CREATED BY THE KONA SOURCE AGREEMENT (KSA) II FROM TAX MAP KEY 7-9-005:008 TO NEIGHBORING TAX MAP KEYS 7-9-005:009, 039, 040, AND 076:**

(By Addendum) The Department of Water Supply/Water Board have been asked to consider allowing the transfer of 24 water commitments, out of a total of 25 water commitments, which were established through the KSA II Agreement in favor of Tax Map Key 7-9-005:008. Tax Map Key 7-9-005:008 is a 7.408-acre parcel now owned by Kona Residence Trust (KRT). The property is zoned CONSERVATION and is therefore unable to make use of the water commitments through additional subdivision because subdivision is not allowed. Parcel 008 is located at the shoreline. The desire is to transfer the units to properties that extend mauka of Parcel 008 in the fashion of ahupua'a land divisions. The transfers requested from Parcel 008 are as follows:

TMK	ZONING	AREA (acres)	Maximum Number of Allowable Subdivided Lots per TMK	Water Commitments Pre-Transfer	Proposed Transfer	Water Commitments Post Transfer
<b>7-9-005:008</b>	<b>Conservation</b>	<b>7.408</b>	<b>1</b>	<b>25</b>	<b>(24)</b>	<b>1</b>
7-9-005:039	Conservation	0.306	1	0	1	1
7-9-005:040	Conservation	0.345	1	0	1	1
7-9-005:009	Ag-5	49.67	9	0	9	9
7-9-005:076	Ag-5	108.55	21	0	13	13
		<b>Total:</b>	<b>33</b>	<b>25</b>		<b>25</b>

Parcels 039 & 040, also zoned CONSERVATION, are adjacent to Parcel 008. These two parcels are also owned by KRT. The other two properties, Parcels 009 & 076, are owned by Kona Trust (KT) and are zoned AG-5. Due to the current water availability in the subject area, which is subject to change without notice, these two parcels would be allowed a maximum of 7 water units which does not meet their subdivision potential based on current zoning and their land area. Therefore, KT would like to obtain additional water units by transfer of the existing water commitments. However, these parcels are not adjacent to the proposed donor parcel. Parcel 009 is across the Keauhou-Kainaliu Old Beach Road from Parcel 008; and Parcel 076 is above and separated from Parcel 009 by the future bypass highway. The new bypass highway bifurcated the KT land by condemnation in which KT voluntarily cooperated at the request of the County of Hawai'i and others. Note that Parcel 009 is only partially, about 50%, in the same pressure zone as Parcel 008; and Parcel 076 extends mauka into the next two higher pressure zones. There are no existing water system improvements which can currently provide adequate service to any of

these lots, and extensive improvements will be required to provide water to the upper section of Parcel 009 and to any part of Parcel 076. The owners were made aware of this and that transfer of these water commitments is a one-time transfer. They were also made aware that it will be the responsibility of the prevailing owner of each property to construct the required improvements necessary to utilize the commitments at which time a development is proposed. The owners still wish to proceed with the transfer.

The Manager recommended that the Water Board approve the one-time transfer of the 24 water commitment units from Parcel 008 in the amounts shown in favor of the parcels identified above.

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

MISCELLANEOUS:

A. DEDICATION OF WATER SYSTEMS:

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

1. **GRANT OF EASEMENT AND BILL OF SALE**  
WAIMEA PARKSIDE SUBDIVISION  
Subdivision Application No.: 2005-0039  
Grantor: Waimea Parkside, LLC  
TMK: (3) 6-5-004:029, 030 & 050  
E.W.O.: 2006-069  
Lots: 3 existing plus 37 additional = 40 Total    Zoning: RS-7.5  
Facilities Charge: \$205,880.00                      Paid: 7/03/2006  
Final Inspection Date: July 12, 2006  
Water System Cost: \$233,935.00
  
2. **DEED AND BILL OF SALE**  
(Reservoir Site and 0.10 MG Reservoir)  
HUALALAI HEIGHTS/PUALANI ESTATES  
Grantor/Seller: International Development Projects, Ltd. and Pualani Estates, Inc.  
TMK: (3) 7-5-043:030  
E.W.O.: 2005-062  
Final Inspection Date: 11/16/2006  
Cost of Reservoir and Related Facilities: \$772,150.00
  
3. **GRANT OF EASEMENT AND BILL OF SALE**  
HANAULA VILLAGE SUBDIVISION  
Subdivision Application No.: 99-027  
Grantor: Hanaula Village Partners, LLC  
TMK: (3) 5-4-006:021 & 036  
E.W.O.: 2006-024

Facilities Charge: \$178,380.00      Paid: 4/04/2006  
Final Inspection Date: 11/06/2006  
Water System Cost: \$119,111.80

4. **GRANT OF EASEMENT AND BILL OF SALE  
ASSIGNMENT OF UTILITY EASEMENT**

KE KAILANI SUBDIVISION

Subdivision Application No.: 2004-079

Grantor/Seller/Assignor: Ke Kailani Development LLC

TMK: (3) 6-8-022:040

E.W.O.: 2006-020

Lots: 41

Zoning: RM 3 & RM 4

Facilities Charge: \$554,400.00

Paid: 9/19/2005

Final Inspection Date: 11/14/2006

Water System Cost: \$883,700.00

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.

Mr. Smith mentioned that his employer has a joint venture with D. R. Horton and are involved with Pualani Estates; therefore, he would excuse himself from voting on that issue, Item No. 2.

ACTION #1: Mr. Wilkins moved to accept Item No. 1, Grant of Easement and Bill of Sale for Waimea Parkside Subdivision; seconded by Ms. Kim and carried unanimously by voice vote.

ACTION #2: Mr. Goya moved for approval of Item No. 2, Deed and Bill of Sale for Hualalai Heights/Pualani Estates; seconded by Mr. Wilkins and carried by voice vote of 6 ayes (Mss. Kim and Helfrich, Messrs. Wilkins, Goya, Mochida, and Chairman Heck); 1 abstention (Mr. Smith); 2 absent (Messrs. Konanui and Harai).

ACTION #3: Mr. Wilkins moved for approval of Item No. 3, Grant of Easement and Bill of Sale for Hanaula Village Subdivision; seconded by Mr. Mochida and carried unanimously by voice vote.

ACTION #4: Mr. Mochida moved for approval of Item No. 4, Grant of Easement and Bill of Sale, Ke Kailani Subdivision; seconded by Mr. Goya and carried unanimously by voice vote.

B. **STATUS OF DEPARTMENT OF HAWAIIAN HOME LANDS PROJECTS ON ISLAND OF HAWAI'I:**

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Taken up earlier.

C. **EQUIPMENT BID NO. 2006-09, SALE OF USED DRILL RIG AND APPURTENANCES FROM THE DEPARTMENT OF WATER SUPPLY:**

Taken up earlier.

**D. WATER RATE STUDY:**

The Manager stated that this evolved from a discussion with Mr. Richard Cuthbert of R. W. Beck, Inc. (Beck), who wanted to make sure he gets to address any questions the Board may have relating to the Water Rate Study before the January 23, 2007, Water Board Meeting. Mr. Cuthbert will be present at that meeting. The Manager invited the Board to either have a discussion today and/or send comments to the Department, which would be forwarded to Beck.

Chairman Heck invited discussion by the Board.

Ms. Helfrich asked, as part of the Water Rate Study, if there was any identification of the old waterlines that need replacement that impact the Department and if there was a formal application underway to FEMA for earthquake related damages.

The Manager mentioned the Department's leak detection program that identifies water loss within the system. There are also applications underway for areas that qualify for FEMA reimbursement due to the earthquake, which have guidelines for qualification.

Mr. Ikeda added that the Board's approval today of Job No. 2006-888, NON-REVENUE WATER LOSS PHASE II, will allow the Department to compare leaks that were identified in the Waimea area before the earthquake and now staff can take a look again and compare leaks before/after to justify for FEMA funds.

Mr. Goya felt it was worthwhile for the Board to review Beck's information and make sure the Department is following through with its plans and strategic objectives. It could take a whole meeting discuss, and now two members will be ending their terms the end of this year. Newer members may have difficulty responding at this time as they would not be as familiar with the amount of work done so far.

The Manager suggested that the Board discuss some things today and have more discussion at the December meeting. There would still be time to forward comments to Beck for them to address before they come to the Water Board Meeting in January.

Mr. Goya suggested that one of the things for the Board to consider is if the capital budget is being appropriately invested in (example, replacement of some of the old facilities for customers that have been with the Department 30 to 40 years versus investing in newer systems). If the Department will be seeking water rate increases over the next five years, it needs to make sure the money will be spent appropriately and in a timely manner. He mentioned delays and costs of newer systems because of the booming construction industry. Another point to consider would be weaning current agricultural customers from potable water. As far as special water rates for low income or disabled persons, he suggested setting aside money for a humanitarian fund to be used by the credit department rather than specifying what kind of water rate a person has.

The Manager mentioned Ms. Garson's letter sent to the Board that addresses concerns over seniors/low income rates. He thought it could also apply to agricultural rates, although maybe

agricultural rates would be a little easier to regulate because the key is being able to regulate it.

Ms. Helfrich felt that agricultural water is probably the most important thing for the future there is, but that is not necessarily the mission of this Department.

Chairman Heck commented that this subject would be an important one for Beck to focus on. He also asked about rates based on the cost of providing the water in each water system.

Manager stated it would be a nightmare because you have to start spreading out the administrative, engineering, and inspection costs. He would have R. W. Beck also address that issue when they come.

No further discussion. Place on Agenda again for December 19, 2006, Water Board Meeting.

E. **MONTHLY PROGRESS REPORT:**

Mr. Goya asked about the Honokaa Production Well & Supporting Facilities project. This year, the Board appropriated some monies. He asked if there has been any progress.

The Manager replied there has been no activity and no reports but that he would call the State of Hawai'i, Department of Land and Natural Resources, to check on the status.

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

Mr. Goya asked for background on the Kohala Coast Water Transmission project write-off.

Mr. Sumada explained that this project has been on the books for several years and never did make progress. The project was cancelled, but it still remained on the books. This is merely an accounting function.

(Mr. Sumada left the meeting at 12:15 p.m.)

G. **MANAGER'S REPORT:**

- 1) Construction/status of the Kona Coastview/Wonderview Improvement District project - discussed earlier.
- 2) Kona water quality and various steps being undertaken to improve said water quality, including the obtaining of corridors from various developers/private landowners - Mr. Young stated he hoped to give the Board a short presentation next month on what they are doing with the Kahaluu Shaft modifications project and hoped to get the project out to bid early next year.
- 3) Update of negotiations with Kamehameha Investment Corporation (KIC) - Mr. Smith and Mr. Goya suggested that staff maintain contact with KIC and inform them of the progress and when to expect responses.
- 4) Palani Road Transmission Waterline project - engineers are still reviewing the plans and are trying to get it out to bid by the end of this year.

- 5) Water Board Schedule for 2007 - schedule the January and February 2007 meetings for Hilo and leave the rest of the months "to be determined."
- 6) Progress of Automatic Meter Reading Program - the test will be when the system is integrated into the Harris Computer System.
- 7) Employee of the Quarter (3<sup>rd</sup> quarter 2006) - Mr. Clyde Young mentioned that Mr. Dean Nakamura, Water Plant Operator, was selected for the award. He is a very steady and consistent worker. Mr. Nakamura was not present at the meeting.
- 8) Update on Earthquake Damage - engineers are working with FEMA to see what qualifies for funding. For the tanks, a structural engineer will be hired to give ideas on how to repair the damage. For the reservoirs in Waimea, one is still completely drained and the other has 20 million gallons in it. The Department is working to get a consultant on board to do a structural analysis of the dam to determine what remedial action needs to be taken--whether or not a liner is needed or if the shotcrete can be repaired.

#### H. **CHAIRMAN'S REPORT:**

Chairman Heck reported that he has a high appreciation for Water Board Meetings being held in places other than Hilo. The meeting last month in Ocean View was extremely valuable, and the community really appreciates the Board going out there. The report given to the Board last month was very clear and concise and will be going to the Chamber of Commerce website. Keeping the community informed is really beneficial, and he appreciated everyone's efforts.

#### I. **EXECUTIVE SESSION:**

Upon request by the Manager, evaluations were discussed in open session (see below).

#### J. **MANAGER'S EVALUATION:**

Ms. Kim provided the Board with a summary of the evaluations. She summarized that it is clear Mr. Pavao is thought very highly of in his performance by this Board. The ratings have ranged from 4.0 to 5.0 in all categories, and the comments should be helpful for him in the near future. This is a very high rating all around, and she thanked the Manager for his work and his leadership. Ms. Kim also commented that this is a very good system that has been developed over the years and hits on all the right points.

Chairman Heck commented that it appears from the evaluations that the Board wants to get things done faster; however, it is not always Mr. Pavao's unique responsibility but more of a conglomeration of things that are beyond his control. He noted that the Agenda provided for discussion on the Manager's evaluation and compensation. The Board decided to place this on the December 19, 2006, Water Board Meeting Agenda and get requested information on pay raises for different bargaining units from Civil Service, as well as salaries for the department heads for the other water districts in the State of Hawai'i. Chairman Heck was not sure if pay raises should be discussed in executive session or in open session.

The Manager stated that Oahu has a policy in place where the Manager will get 10% higher than the highest paid civil servant and the Deputy Manager gets 5% higher than the highest paid civil

servant. At no time does the Manager or Deputy have to come to the board for any raises. It is good because it always keeps that position attractive. When asked who had set that policy, the Manager replied it was their Board that had developed it.

Mr. Smith asked the Manager to find the policy, or write-up, by Oahu and have it provided to the Board for next month's meeting.

ANNOUNCEMENTS:

1. **Next Meeting:**

The next meeting of the Water Board will be held on December 19, 2006, 10:00 a.m., in the Hilo Operations Center Conference Room, 889 Leilani Street, Hilo, Hawai'i.

STATEMENTS FROM THE PUBLIC

None.

ADJOURNMENT

**ACTION:** Mr. Goya moved for adjournment of the meeting; seconded by Mr. Mochida and carried unanimously by voice vote. Meeting adjourned at 12:28 p.m.

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Secretary

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