

**MINUTES**

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

September 28, 2010

Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo

MEMBERS PRESENT: Mr. Dwayne Mukai, Chairperson  
Mr. Robert Meierdiercks, Vice-Chairperson  
Mr. David Greenwell  
Mr. Kenneth Kaneshiro  
Mr. Bryan Lindsey (*left meeting at 10:30 a.m.*)  
Mr. Delan Perry  
Mr. Art Taniguchi  
Mr. Milton Pavao, Manager, Department of Water Supply  
(ex-officio member)

ABSENT: Mr. George Harai, Water Board Member  
Mr. Joe Reynolds, Water Board Member  
Ms. Bobby Jean Leithead-Todd, Director, Planning Department (ex-officio member)  
Mr. Warren Lee, Director, Department of Public Works (ex-officio member)

OTHERS PRESENT: Ms. Kathy Garson, Assistant Corporation Counsel  
Mr. Riley Smith (*left meeting at 10:24 a.m.*)  
Ms. Heba Yacout El-Allaf (*left meeting at 10:30 a.m.*)

Department of Water Supply Staff

Mr. Quirino Antonio, Jr., Deputy Manager  
Mr. Kurt Inaba, Engineering Division Head  
Mr. Daryl Ikeda, Chief of Operations  
Mr. Rick Sumada, Waterworks Controller  
Ms. Kanani Aton, Public Information and Education Specialist  
Ms. Julie Myhre, Energy Management Analyst  
Mr. Larry Beck, Engineering Division  
Mr. Keith Okamoto, Engineering Division

CALL TO ORDER - Chairperson Mukai called the Meeting to order at 10:01 a.m.

STATEMENTS FROM THE PUBLIC:

*The following public testimony is recorded verbatim:*

**CHAIRPERSON MUKAI:** We do have one statement. The subject matter is regarding Item No. 7 on the Agenda. The statement is being done by Riley Smith, and he's representing Lanihau Properties. Mr. Smith?

**MR. RILEY SMITH:** Good morning, everyone. I understand that you received copies of my testimony? Okay. So I'll just kinda summarize it. Really what it boils down to is, I think, as many of you are aware, especially from West Hawai'i, that the State is embarking on a design-build project for Queen K Phase 2. It's a \$67 million project. The project was awarded to a design-build firm comprised of Goodfellow Brothers and also SSFM. They're going through the process of identifying all of the non-participating items that would be included in this work. The extent of the roadway improvements would go from Kealakehe Parkway, where

Phase 1 ended, and go all the way to the Airport Road at Keāhole. It's about five miles. It's gonna include traffic signals, intersection improvements, curb/gutter/sidewalk improvements. The County has an opportunity to partner with DOT to include infrastructure improvements that would typically not go in with a State highway, and this would include both water and waste water. Corporation Counsel has been working with the Department of Environmental Management to include their waste water improvements. Kathy (Garson) has been working with DOT to address the Memorandum of Understanding to address all of the concerns for the Department of Water Supply, to provide their funds to include that five miles of 16-inch waterline within this construction project. If those of you are familiar with Chapter 343 and a lot of the complications that the State has been faced with in compliance with the Hawai'i Super Ferry issue, where you cannot do any construction work within a State right-of-way, unless you have an EIS. Because an EIS was done for this project by the State, it allows the Department of Water Supply to include their infrastructure under that same EIS. So it's an opportunity for the Department to get their infrastructure in. It will benefit the Department. Most of the water sources are mauka; a lot of the water users are makai. It'd help to balance out the demands and pressure levels for your different customers along the route, including Lanihau Properties. So I just ask for your support in approving this matter before you today.

**CHAIRPERSON MUKAI:** Thank you, Mr. Smith.

APPROVAL OF MINUTES:

Chairperson Mukai entertained a Motion to approve the Minutes of the Water Board meeting on August 24, 2010 (includes Minutes of Public Hearing on Final Draft -- Water Use and Development Plan Update: DWS Job 2003-818).

ACTION: Mr. Meierdiercks moved to approve; seconded by Mr. Perry. Motion carried unanimously by voice vote.

ACTION TO MOVE AGENDA ITEMS:

Chairperson Mukai asked to move up Item 7(A), MEMORANDUM OF UNDERSTANDING FOR: QUEEN KA'AHUMANU HIGHWAY WIDENING – KEALAKEHE TO KEĀHOLE 16" WATERLINE INSTALLATION – STATE HIGHWAY PROJECT (QUEEN KA'AHUMANU HIGHWAY WIDENING, PHASE 2) to the top of the Agenda.

APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA:

None.

NORTH KONA:

A. **MEMORANDUM OF UNDERSTANDING FOR: QUEEN KA'AHUMANU HIGHWAY WIDENING – KEALAKEHE TO KEĀHOLE 16" WATERLINE INSTALLATION – STATE HIGHWAY PROJECT (QUEEN KA'AHUMANU HIGHWAY WIDENING, PHASE 2):**

The Water Board at its December 2008 meeting approved the bid amount of \$2,896,723.00 plus a contingency of \$150,000.00 as well as administration costs of \$276,244.00 for the subject DWS CIP project. There was a protest to that proposal, and the State subsequently re-bid the project. The current proposal accepted by the State had a best and final offer of \$3,280,000.00, with a contingency of \$164,000.00 for the waterline portion of work. The administration costs are estimated to be \$300,000.00. Although the waterline design scope has not changed, the contractor's cost for the waterline installation has changed. The original estimate for the project was \$5,000,000.00.

DWS staff reviewed the new Memorandum of Understanding (MOU), and found it acceptable.

The Manager recommended that the Water Board accept the contract bid amount of \$3,280,000.00 plus a contingency of \$164,000.00, and Construction Engineering and Administration Costs of \$300,000.00, and that either the Chairperson or Vice-Chairperson be authorized to execute the MOU, subject to approval of our Corporation Counsel.

MOTION: Mr. Meierdiercks moved to approve, seconded by Mr. Lindsey.

The Manager agreed with Mr. Smith's earlier statement that this project is of great benefit to DWS. One reason is that the Environmental Impact Statement (EIS) is already done. If DWS were to get involved after the road is completed, DWS would be faced with much higher prices, and would have to expend funds to do an entirely new Environmental Assessment (EA) and maybe a new EIS. Not to participate now would be bad for public perception, too, because DWS would have to go in and tear up the road. Participating now makes the most logical sense, and so the Manager urged the Board to approve the MOU.

Ms. Garson said that the State emailed her yesterday with the date when DWS is supposed to provide the funds to DOT. The date to be filled into Paragraph 1 of the draft MOU is October 28, 2010. That is the date that DWS will provide its share of the funding to DOT. She confirmed with Mr. Sumada that it was feasible.

The Manager noted that DWS was not happy with the fact that DOT is calling for the funds up front, before the project has even started. In previous cases, DWS only had to certify that the funds were available, and the funds would be paid as they were invoiced by the contractor. This is the first time that DOT is requiring the funds for the entire project up front. Under this arrangement, DWS loses interest, and loses cash flow. DWS does not consider this fair or reasonable, the Manager said. However, in the interest of DWS being able to participate in the project, DWS is agreeing to this arrangement. The timeline is tight, he said. DWS will have to transfer the \$3,280,000.00, with a contingency of \$164,000.00 and \$300,000.00 in administration costs. There is not much DWS can do, the Manager said.

Mr. Greenwell asked if this requirement to pay up front (and not allowing certification of the funds) was someone's opinion, or something that was put down in writing by the Legislature.

Ms. Garson said it was DOT's interpretation of the law. DOT's position is that DOT cannot just accept DWS's certification of the funds.

Mr. Greenwell asked if it was because of the hard economic times. He asked why, all of a sudden, DOT is asking DWS to put up all the money at once, before completing the project. He asked whether DWS's money will be tied up, even if the project gets stretched out for three years or more.

The Manager confirmed that the money would be tied up. He noted that it is money that DWS would have paid for the pipeline anyway, but this is the first time DOT is saying they want the entire lump sum transferred up front to DOT.

Ms. Garson said that DOT is insisting on the same terms with the County, notably with the Waste Water Division of the Department of Environmental Management. DWS's only option here is to accept DOT's terms, or walk away from the project.

The Manager said he did not mean to create problems with the project, but he wanted DWS's position to be on record – i.e., that DWS does not agree with what DOT wants DWS to do.

Mr. Taniguchi asked what DOT's rationale was.

Ms. Garson said that DOT said that the certification was not going to be sufficient, and that DOT needed the entire funds, and that the certification needed to come from the State, and not from the County.

Mr. Taniguchi proposed opening a joint account with DWS and the State, to reap the benefits of the interest, with disbursements made from that joint account. Doing this would mean that at least DWS got the interest from the funds. He noted that there was a precedent for such an arrangement between the State and the County, which Mr. Taniguchi had done for clients. That would be one way of getting around it.

Ms. Garson said the other issue is that in the previous MOU, DWS was supposed to be a signatory to the construction contract. It was a cooperative agreement with DWS as a signatory, she said. She said that because DWS was a signatory on the contract, DWS could certify. When the project went out for the second bid, the contract was only with the State, and DWS was not a party to the contract. That might be another reason that DOT is not allowing DWS to certify funds.

Chairperson Mukai asked the Manager if DWS could look into the possibility of doing a joint account arrangement, as suggested by Mr. Taniguchi.

The Manager said that unfortunately, in this case, there was not enough time. However, in future cases, DWS could look into it.

Ms. Garson said that the timeline is very short; the contract has already been awarded.

Mr. Inaba confirmed that the State is in a big rush to get the funds, because the contract has been awarded, and DOT has asked the contractor to proceed.

Mr. Taniguchi reiterated his suggestion to do a joint account, since getting something is better than nothing.

Chairperson Mukai said the discussion had wandered away to future projects, rather than the project at hand. What is on the table right now is the project as described, with the money being given to the State.

Mr. Inaba said that if a joint account were arranged, it would still comply with the MOU, with the funds being deposited for the State. He considered that still to be a possibility.

Mr. Taniguchi said he would like to see if DWS could set up such an account, since there is a precedent for doing so.

The Manager said DWS could simultaneously stay on the current track with the MOU, while exploring the possibility of doing a joint account.

Ms. Garson said the Board can approve the MOU subject to the ability to put the funds into a joint account.

Chairperson Mukai said that would not be possible.

Mr. Inaba said it was an either/or situation.

The Manager agreed, saying that DWS does not want to jeopardize doing the project with DOT.

Mr. Taniguchi again asked that DWS look into the possibility of a joint account.

The Manager said that it would be an either/or situation.

Ms. Garson said that gave her no bargaining power.

Mr. Taniguchi said she had no bargaining power already, and that DWS can either do the project or not do the project.

Chairperson Mukai asked the Secretary to read the Motion on the table.

Ms. Garson said the Motion was to approve the Department's recommendation.

Chairperson Mukai said okay, there was no new Motion on the floor.

The Secretary said the Motion is the one that is on the Agenda.

Mr. Taniguchi said that maybe someone should make a Motion to amend.

Ms. Garson noted that the Board wants to amend the approval of the MOU, with the condition that the Department explore the possibility of establishing a joint account with the State.

Mr. Taniguchi finished Ms. Garson's sentence saying, "with interest earned to go to" the Department. He suggested that the amended Motion could even go as far as negotiating to split the interest fifty-fifty between DWS and the State, so that DWS would at least get half of the pie.

Mr. Inaba said that he doubted that the State would allow DWS to take all of the interest.

Ms. Garson said that in the course of negotiating the MOU, there was a provision whereby all of the interest earned would go to DWS, but the State removed that provision.

Mr. Meierdiercks suggested that another way to go would be to set up an account whereby the interest would be added to the contingency monies, and if those contingency monies were not used, DWS would get the monies back. If the monies were used, DWS might have to come back to the Board to ask for more monies. This would be a different spin on it, where nobody gets anything and the monies go into the contingency, Mr. Meierdiercks said.

The Manager confirmed that if the contingency were exceeded, DWS would have to come back to the Board.

Chairperson Mukai observed that contracts with DOT are going to be like the current MOU. He said he preferred that the Board look at ideas like the joint account for *subsequent* projects. He did not want to jeopardize this project on the basis of terminologies. His understanding is that DWS's back is against the wall, and if the Board changes the wording of its Motion and if that wording is not to DOT's liking, DWS might wind up needing to do an entirely new EIS. He said he preferred not to jeopardize the project over a few hundred or thousand dollars of interest.

The Manager said the Board was not going to disapprove the project. He said the Board could approve the project, while at the same time give DWS the option to talk to DOT to propose ideas like the joint account.

Chairperson Mukai asked Ms. Garson to correct the verbiage of such a Motion.

Ms. Garson said the Board could probably leave the wording of the Motion the way it is, without amending it. The Department has heard and understood the Board's discussion here today, and that may be enough. The Department can tell DOT that the Board has strongly encouraged DWS to establish a joint account, and can tell DOT that the Board was not too happy with DOT's requirement of the money up front.

The Manager said that this would be consistent with the original Motion.

Turning to what she characterized as a minor point, Ms. Garson referred to Paragraph 11 of the MOU, whose heading is Refund of DWS Contribution, which starts out with the words: "To the extent that the DWS funds provided pursuant to this MOU are not expended for any reason..." Under this section, DOT will refund DWS the unexpended money within 60 days. She recalled that the County's contract with the State stipulated 30 days instead of 60 days. Ms. Garson said that she wanted 30 days, and DOT might agree to that. In any case, the period will be no more than 60 days, she said. She asked the Board for the authority to change it to being between 30 days and 60 days.

ACTION: Motion carried unanimously, by voice vote.

HĀMĀKUA:

A. **AGREEMENTS WITH DEPARTMENT OF HEALTH SAFE DRINKING WATER BRANCH FOR USE OF SOURCE WATER PROTECTION FUNDS:**

*(This item was deferred from the 8-24-10 Water Board meeting.)*

The Board is being asked to consider approval of two agreements for the use of Source Water Protection funds from the State Department of Health, Safe Drinking Water Branch.

The first agreement will be to utilize the funds (grant monies) to remove and dispose of an abandoned underground storage tank (UST) in Honoka'a, located upgradient of the Department's Haina Well source. The UST was discovered during the County of Hawai'i, Department of Environmental Management's Honoka'a sewer project.

The second agreement will be to utilize the funds (grant monies) for non-specific projects related to source water protection. Examples include educational pamphlets, work related to land use guidelines to protect drinking water sources, physical improvements to contain known contaminants in the influence area, etc. Exclusions include land acquisition.

The Manager recommended that the Water Board approve the execution of the FUNDING AGREEMENTS, and further that either the Chairperson or the Vice-Chairperson be authorized to execute the Agreements, subject to review as to form and legality by Corporation Counsel.

MOTION: Mr. Meierdiercks moved to approve, seconded by Mr. Taniguchi.

Mr. Okamoto noted that this item was deferred from the August 24, 2010, meeting. He reported that as of today, DWS has still not received an agreement from DOH. He asked that the item be withdrawn until an agreement is received.

MOTION WITHDRAWN: Mr. Meierdiercks withdrew his Motion to approve, and Mr. Taniguchi withdrew his second.

B. **JOB NO. 2007-923, CONSTRUCTION OF THE ĀHUALOA WELL DEVELOPMENT – PHASE 2 (PRODUCTION WELL AND 1.0 MG RESERVOIR) -- DRAFT LETTER TO HELCO:**

The Department of Land and Natural Resources (DLNR) completed the drilling, casing and testing of the Waimea Exploratory Well in 1999. However, plans to complete the development of the well were put on hold. In 2003, the Department of Water Supply (DWS) requested to complete the development of the well.

Since then, there has been no dedication or conveyance of DLNR's improvements.

The subject Inter-Governmental Agreement is to convey and dedicate DLNR's improvements to DWS. DWS will grant a number of water units in direct proportion to DLNR's financial contribution.

Mr. Inaba noted that at the August 24, 2010 Water Board meeting, the Board had requested that the Department draft a letter to HELCO asking the utility to expedite this project. However, events overtook the need for such a letter because the project went forward in the interim. Mr. Inaba said that the contractor now has HELCO's drawings and is working on the submittals to get everything done.

Ms. Garson suggested that in the case of future delays, the Department might come to the Board earlier to request such a letter. While the Board has the option to draft a generic letter asking whoever is causing the delay to hurry up, Ms. Garson suggested that it would be better that such a letter be **project-specific** as the need arises.

Mr. Meierdiercks said he did not see why the Board needs to draft or approve any letter to a contractor or sub-contractor to get them moving on projects. He suggested that DWS write the letter, and if there is no movement or response, DWS can bring it to the Board.

The Manager said that in this case, the Board had requested that DWS draft a letter to HELCO.

#### SOUTH KOHALA:

##### **A. INTER-GOVERNMENTAL AGREEMENT BETWEEN THE STATE OF HAWAII – DEPARTMENT OF LAND AND NATURAL RESOURCES AND THE COUNTY OF HAWAII – DEPARTMENT OF WATER SUPPLY: REGARDING DEDICATION OF WAIMEA EXPLORATORY WELL:**

The Department of Land and Natural Resources (DLNR) completed the drilling, casing and testing of the Waimea Exploratory Well in 1999. However, plans to complete the development of the well were put on hold. In 2003, the Department of Water Supply (DWS) requested to complete the development of the well.

Since then, there has been no dedication or conveyance of DLNR's improvements.

The subject Inter-Governmental Agreement is to convey and dedicate DLNR's improvements to DWS. DWS will grant a number of water units in direct proportion to DLNR's financial contribution.

The Manager recommended that the Board approve the agreement subject to the review and approval of the Manager and Corporation Counsel and to allow either the Chairperson or the Vice-Chairperson to execute the document.

MOTION: Mr. Kaneshiro moved to approve; seconded by Mr. Meierdiercks.

The Manager noted that this well was drilled many years ago, but for a long time it just sat there. During the 2007 drought, DWS requested the State's permission to outfit the well. The well has a pump, but it is not the designed capacity pump. Recently, the Department of Hawaiian Home Lands (DHHL) requested the State to give them some water allocation from the well. DWS met with DHHL yesterday, he noted. With everything being reactivated, DWS decided that the well should be dedicated. This agreement will enable DWS to continue using the well, which is just makai of the Waimea Treatment Plant. DWS jury-rigged the well during the 2007 drought so that the Department could use it. DWS put in temporary controls, a temporary pump and a temporary motor. DWS is currently using the water from the well. This agreement is a formal acceptance of the well from the State, the Manager said.

Mr. Greenwell asked how much more infrastructure needs to be put in to make the well permanent.

The Manager said DWS needs to put in a permanent pump, noting that the designed capacity is for 1,000 gallons per minute (GPMs). The current pump's capacity is 900 GPMs. The well needs a good control building and proper controls, and the piping needs to be redone. The reason that DWS has not

done this so far is that DWS does not want to jeopardize anything in the Waimea area, while the quake-damaged reservoirs are being fixed. Right now, there is limited storage in Waimea while Reservoirs 2 and 1 get fixed. DWS wanted this well operational to supplement the river flow in the event of dry periods. That well has helped DWS a lot because Waimea has been dry for some time. There is a lot of work to be done, but DWS does not want to do it until the two reservoirs are fixed, and DWS has the full 150 million gallons of storage. That will be 2 ½ to 3 years from now, the Manager said.

Chairperson Mukai noted that this agreement was merely a formality.

Ms. Garson said there would be one more document forthcoming, an actual bill of sale which formally transfers the well. The current agreement sets forth the obligations of both parties.

The Manager said there will be yet another agreement, for the allocation of waters from this well to DHHL.

ACTION: Motion carried unanimously by voice vote.

**B. JOB NO. 2004-850, WAIMEA WATER TREATMENT PLANT SLUDGE DRYING BEDS:**

The contractor, Goodfellow Bros., Inc., requested an 11 working-day time extension. This was due to rain-out days, as well as days needed to do additional work.

Staff reviewed the request and found that the 11 working days were justified. The 11 working days convert to 18 *calendar* days (including weekends, holidays and furlough days).

This is the second extension request.

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	5/19/2009	3/4/2010	289	Process Building permit
2	3/5/2010	6/18/2010	107	Process Building permit
3	6/19/2010	8/5/2010	48	Additional work including: silt fencing, parking, concrete jacketing, piping and electrical
4	8/6/2010	10/14/2010	70	Delays for Hawaiian Telcom service
5	10/15/2010	11/1/2010	18	Rain out days and additional work
Total Days (including this request)			532	

The Manager recommended that the Board approve a contract time extension to Goodfellow Bros., Inc., of eighteen (18) calendar days from October 15, 2010 to November 1, 2010, for JOB NO. 2004-850, WAIMEA WATER TREATMENT PLANT SLUDGE DRYING BEDS.

MOTION: Mr. Meierdiercks moved to approve; seconded by Mr. Perry.

The Manager said this was a straightforward time extension, due to rain delays.

Mr. Okamoto noted that the issue with Hawaiian Telcom was resolved.

ACTION: Motion carried unanimously by voice vote.

**NORTH KONA:**

**B. MEMORANDUM OF UNDERSTANDING FOR: QUEEN KA‘AHUMANU HIGHWAY WIDENING – KEALAKEHE TO KEA‘HOLE 16” WATERLINE INSTALLATION – STATE HIGHWAY PROJECT (QUEEN KA‘AHUMANU HIGHWAY WIDENING, PHASE 2):**

*(Item covered earlier in the meeting.)*

SOUTH KONA:

A. **EXTENSION OF WELL SITE DEVELOPMENT AGREEMENT – 1250 OCEANSIDE PARTNERS AND REVOCABLE TRUST OF E. JEAN GREENWELL:**

On April 12, 2007, William N. Greenwell and Ethelyn Jean Greenwell, trustees of the Revocable Trust of E. Jean Greenwell dated September 11, 1992, and 1250 Oceanside Partners (collectively the “Developer”) entered into a Well Site Development Agreement with the Water Board to develop and dedicate a potable water well referred to as the Kalukalu Well, in addition to other off-site water system improvements located in South Kona.

The Developer was previously granted a time extension to complete the construction and testing of the Exploratory Well, from October 12, 2009 to October 12, 2010. The Developer is requesting a six-month time extension from October 12, 2010 to April 12, 2011.

Pumping and testing of the well have been completed. The Developer is requesting a time extension to receive final report and approvals. The Developer believes that these will not be received before the development agreement extension expires on October 12, 2010.

The Manager recommended that the Water Board grant the Developer a six-month time extension to April 12, 2011 regarding EXTENSION OF WELL SITE DEVELOPMENT AGREEMENT – 1250 OCEANSIDE PARTNERS AND REVOCABLE TRUST OF E. JEAN GREENWELL to receive final approvals from the Department of Health.

MOTION: Mr. Kaneshiro moved to approve; seconded by Mr. Taniguchi.

The Manager said that DWS has no objection to the Developer’s request for a time extension to get DOH’s final report and approvals. This extension involves no cost to DWS, he said. He said that the only reason this item is before the Board is because it is a condition of the agreement that DWS has with the other parties.

ACTION: Motion 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**

KA‘OKO‘A Subdivision  
Pana‘ewa Farm Lots, Improvements Lots 6A to 6D  
Grantor: Sonomura Rentals, LLC  
Tax Map Key: (3) 2-2-048: 010  
No. of Lots: 4      Zoning: A-3a  
E.W.O. 2007-013  
Facilities Charge: None (Existing Services)  
Final Inspection Date: 7/18/2007  
Water System Cost: \$89,500.00

**Note:** This Bill of Sale document was approved by the Water Board at its meeting on October 23, 2007 for this subdivision, but it was not recorded.  
This Grant of Easement and Bill of Sale document is a replacement.

**2. GRANT OF EASEMENT AND BILL OF SALE**

Grantors: Alan Z. Inaba, Gordon Inaba, Jason K. Inaba, and Melvin K. Inaba

Tax Map Key: (3) 6-4-017:040

No. of Lots: 8 and 2 Road Lots      Zoning: A-5a

E.W.O. 2010-019

Facilities Charge: \$33,000.00      Date Paid: 9/14/2010

Final Inspection Date: 7/23/2010

Water System Cost: \$27,290.00

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

ACTION: Mr. Meierdiercks moved to approve; seconded by Mr. Kaneshiro, and carried unanimously by voice vote.

**B. PUBLIC HEARING: FINAL DRAFT -- WATER USE AND DEVELOPMENT PLAN**

**UPDATE: DWS JOB 2003-818:**

The County of Hawai'i Water Board is the review committee for the Water Use and Development Plan (WUDP), and the Board is preparing to submit the Final Draft of the amended plan to the County Council for adoption by ordinance.

The amended plan incorporates public review and comment received during eight Public Meetings held at four separate locations around the island (i.e., two meetings each, held in Hilo, Kona, Waimea, and Nā'ālehu) in 2006 and 2007.

The Board will be holding another public hearing in Hilo at the next Water Board meeting on September 28, 2010, prior to submittal of the ordinance to County Council for adoption. The Final Draft is available on the Department of Water Supply's website at [www.hawaiidws.org](http://www.hawaiidws.org).

The Water Board accepted statements from the public during the STATEMENTS FROM THE PUBLIC portion of this Agenda and during this Agenda item.

*The following is the verbatim transcript of the Public Hearing:*

**CHAIRPERSON MUKAI:** This is a public hearing on the Final Draft of the amended Water Use and Development Plan.

If there is anyone who would like to testify or make comments on the plan, now is your opportunity to do so. Will you please wait until you are recognized by the Chairperson; and for the record, please step forward, state your name and the organization you represent, if any. Each person will be given 5 minutes to present their testimony. Mr. Meierdiercks here will give you a warning at the 4 minute mark that you have 1 minute left to summarize.

Is there any public testimony at this time? (*No public testimony.*)

Thank you for coming, and I guess that's it.

**C. POWER COST CHARGE:**

The Department held a Public Hearing at 9:45 a.m., just prior to this Board meeting, to adjust the Power Cost Charge from the current \$1.91 **to a range between \$1.55 and \$1.91**. The Power Cost Charge for August 2010, the latest figure available, was **\$1.66**.

The Manager recommended that the Water Board approve an adjustment of the Power Cost Charge to **\$1.66**, from the current \$1.91.

ACTION: Mr. Meierdiercks moved to approve; seconded by Mr. Taniguchi, and carried unanimously by voice vote.

**D. REPORT ON WALK-IN PAYMENTS IN WAIMEA AND KONA:**

No discussion.

**E. REPORT ON DELINQUENCIES:**

The Manager asked that this item be deferred to next month's meeting, because the person slated to make the presentation had to take a leave of absence. This item will be on next month's Agenda, he said.

**F. REPORT OF AD HOC FINANCE COMMITTEE:**

The Water Board's Ad Hoc Finance Committee Chairperson, Mr. Art Taniguchi, has been investigating the three focus areas (DWS's policies on credit card use, cash control and vehicle take-home), which encompass the scope of the Committee's work. At this meeting, the Committee may do the following:

- Discussion/action on vehicle take-home policy.
- Discussion of DWS's cash handling procedures and proposed changes.

Mr. Taniguchi said that the Committee had met with the Manager yesterday regarding the vehicle take-home policy. The Department is still in the process of finalizing a proposal for the Committee to review later with the Board, he said.

The Committee also met with Mr. Sumada and the Manager to discuss the possibility of a lock box system. The Committee had previously asked Mr. Sumada to obtain information on Kauai and Maui water departments' use of Honolulu Board of Water Supply's billing system. Mr. Taniguchi noted that Maui has 36,000 customers, Kauai has 20,000 customers and the Big Island has 41,000 customers. Honolulu Board of Water Supply is currently converting to a new system, about which they will report at the upcoming conference on Kauai. Mr. Sumada will be there, and will make contact with the principals of that project, and also will gather more information for the Committee. The Committee will then review the feasibility of having Honolulu handle DWS's billing. Currently, DWS does it all in-house, using a machine whose software vendor is based in Canada. If that machine breaks, DWS is up the creek without a paddle, he said. If DWS goes to a lock box system, DWS's billing system will need to be revised, because the bottom of the bill will have to be straight. Right now, when customers tear off the billing portion to mail in, it is perforated. If it is not cut cleanly, it does not go through the scanning machines. Mr. Taniguchi said progress is being made, and he thanked Mr. Sumada for his good work getting information. More information is forthcoming, he added.

**G. ENERGY MANAGEMENT ANALYST UPDATE:**

Ms. Myhre covered the following areas:

- Lālāmilo Site Clean-up and DLNR Lease Application Status
- DWS's Green Initiatives
- Draft Energy Policy Statement for DWS

Ms. Myhre reported that she visited the Lālāmilo site on September 15, 2010 with DLNR's land manager, Mr. Kevin Moore. All of the towers have been removed, and the clean-up crew expects to

completely finish the clean-up by November. Mr. Moore has not yet reviewed the DLNR Lease Application, but expects to have it on the Board's Agenda by the end of the year.

On the Green Initiatives report, Ms. Myhre said that the Energy Advisory Commission did not meet on September 23, 2010, due to a lack of quorum. However, Ms. Myhre expects to have a report at the next Board meeting. The Mayor's Green Team is meeting every other month or every three months, so a report will be made after the next time the Green Team meets. Mr. Taniguchi asked about what appears to be an increase in the Department's energy use. Ms. Myhre explained that the Department is using more energy with new wells coming on line, and amid a dry season. Mr. Inaba confirmed that consumption is up. Ms. Myhre said that the main reason was that new wells have come on line in Pāhala. Mr. Meierdiercks said the real number to look at is a comparison between the average kilowatt-hours per gallon, and he noted that while consumption is up, DWS's capacity is also up dramatically. Ms. Myhre said she would put back into the Green Initiatives her entry showing how many kilowatt-hours per gallon.

Regarding the draft Energy Policy Statement, the Manager asked the Board to review it, and give any feedback to Ms. Myhre.

Ms. Myhre noted that DWS is researching the options for installing photo-voltaic solar panels at the baseyards and the main office. Ms. Myhre has been doing an analysis of the best financial way to install solar panels, to run DWS's lights and air conditioning. She will meet with the Manager to discuss her findings.

Mr. Greenwell asked about DWS's leak detection program. He said he was surprised to hear at a recent meeting in Kona that DWS is losing 1.2 million gallons of water per day in the Kona area. Ms. Myhre explained how she calculates water loss, taking the consumption numbers and comparing them with Operations' pumpage report. She notes that because DWS bills every other month, she does a two-month total. Ms. Myhre noted that historically, Kona has not had a lot of leaks because the pipes are newer. By contrast, the highest incidence of leaks is in Hilo and in older systems. The Manager said the Kona system is pretty tight right now, so he was not sure where that 1.2 million gallon figure came from. DWS has a very good leak detection program, and the Manager suggested having someone from the program give a presentation to the Board at a future meeting. Mr. Perry asked if there was any other explanation for water losses. Ms. Myhre said that water is lost when contractors take the water without getting a meter, a problem which DWS is working to address. The Manager said the Fire Department uses hydrants to fight fires and to do practicing. The hydrants are not metered. Mr. Greenwell noted that the Department of Public Works (DPW) does not have a meter either, noting that he sees DPW hook up their tanker truck to the hydrant. The Manager said they are not supposed to do that; everybody besides the Fire Department is supposed to have a meter. Ms. Myhre said that DWS is addressing the issue directly with DPW and other departments. The Manager said that DWS tries to measure all water use, except for fire fighting. Mr. Beck noted that 1.2 million gallons of water lost per day was still within the acceptable standards for unaccounted water set by the American Water Works Association, which is 10 percent. Mr. Taniguchi noted the free water spigot program. The Manager said that DPW pays DWS for the water that is provided free to the public. DWS issues the meters for this program to DPW, he added. The Manager urged the Board to report to DWS any meter that lacks a backflow preventer, which poses a health hazard.

#### H. **MONTHLY PROGRESS REPORT:**

No discussion.

#### I. **REVIEW OF MONTHLY FINANCIAL STATEMENTS:**

Mr. Taniguchi asked what was included in the Power & Pumping expenses, listed under the Statement of Operations. Mr. Sumada said that it includes the salaries and benefits of any personnel associated

with Power & Pumping, as well as supplies and equipment related to Power & Pumping. Also included is the Power Cost Charge. All of these things are lumped together under the Power & Pumping category, Mr. Sumada said. The figure for Power Purchased from HELCO is found on Page 7 of the Monthly Financial Statements, under item 5300. Mr. Taniguchi expressed concern that last month DWS had more expenses than what DWS collected. He asked if there was a discernible trend on the power cost. The Manager noted that DWS was making money with the power cost from HELCO at \$1.66 while the Power Cost Charge has stood at \$1.91; it is a real give-and-take. The cost of power fluctuates so much, and so it is really fortunate that DWS now has the ability to adjust the Power Cost Charge every two months.

**J. MANAGER'S REPORT:**

The Manager provided an update or status on the following:

1. Palani Road Transmission Waterline Project – The Manager, Ms. Garson and Mr. Beck met in Kona with CTS, the contractor, who promised to take care of issues including dust and restoration work. Mr. Beck said that most of the section of Kuni Road fronting Mr. Fred Housel's property has been paved, and the area within Mr. Mark Jernigan's property will be done next month. CTS is on track with the new schedule they presented to DWS, Mr. Beck said. There have been no recent complaints about dust or restoration work.
2. Hawaiian Ocean View Estates Project – Two weeks ago, the Manager met in Ocean View with the owners of the property right next to the fill station. The owners asked that the facility be fenced. Although the plans did not call for a fence, DWS agreed to fence the area, and now must find some money to do it, the Manager said. The owners did not want the fill station to be open continuously because people driving in and out at night would disturb their sleep. There is no doubt that headlights would shine into the house of the owners. The person who did the EIS/EA wrote a letter to the owners saying that the fill station would be shut, but did not specify the hours that it would be shut. DWS has to honor that promise, but the question is who will open and shut the facility. DWS's nearest personnel are very far away. DWS checked with Ms. Garson, who said that a contract or agreement could be made on shutting the facility. DWS is meeting again with the community on October 11 to see what hours they want the fill station to be open. It has not been determined who DWS will have an agreement or contract with to open and close the facility. The community association is one possible option, the Manager said. The owners have offered to open and close the facility, but DWS would prefer somebody with a bit more authority to do it. There are liability and other factors to consider, he added. Chairperson Mukai asked about the project completion date. The Manager said the contract completion date is September 2011.
3. Recognition of Service Retirement – The Manager reported that Mr. Leslie Nakano, Engineering Support Technician II, retired as of September 1, 2010. Mr. Nakano joined DWS in 1977, starting as a Clerk –Meter Reader. Over the years, Mr. Nakano held a variety of positions in Customer Service, and in 2004 joined the Engineering Division, where he worked until his retirement. The Manager praised Mr. Nakano as a very dedicated and hard-working person, and his retirement is a loss to the Department.

The Manager reported that the Kona Water Roundtable held last week was a success, drawing 85 attendees, including Mr. Meierdiercks and Mr. Greenwell. The theme, "Understanding our Resource," focused on water quality in Kona. United States Geological Survey (USGS) scientists reported on five years of research, which yielded a surprise discovery of artesian water at a depth of nearly 12,000 feet during the digging of test well in Hilo. Mr. Perry asked if such a roundtable was slated for East Hawai'i. The Manager said no, the event deals specifically with water issues in Kona, and there has been no interest on the Hilo side for any kind of roundtable discussion. The roundtables are held every 3-4 months, with different sponsors each time. This time Lanihau Properties was the sponsor. Mr. Meierdiercks said the National Parks Service (NPS) regularly attends the Kona Water Roundtable. NPS had originally thought that DWS was affecting the water in the park near Keāhole through the

pumping that DWS was doing at the high levels, Mr. Meierdiercks said. It seems that amid all of the studies being done in the area, NPS is now aware that NPS may in fact be affecting their own water by the pumping they themselves do. Chairperson Mukai asked the Department to go over the issue with NPS, for the benefit of the newer Board members. Ms. Garson asked that the subject be an Item on next month's Agenda, under Manager's Report.

**K. CHAIRPERSON'S REPORT:**

Chairperson Mukai covered a couple of protocol issues. He asked Board members wishing to speak during the discussion phase of the meeting to be first recognized by the Chairperson, to make life easier for the people taking the Minutes. He also asked that Board members refrain from contacting DWS personnel directly with questions or concerns, and asked that Board members observe protocol by going through the Manager or the Chairperson. The Board does not want to put Department personnel in an awkward situation, he said.

Chairperson Mukai, noting that public perception and communication is very important, asked that Ms. Aton be put on the Agenda to report on what is going on with DWS public relations and communications with the public. The Deputy Manager suggested putting Ms. Aton on the Manager's Report, to give whatever information she might have. The Manager said he would create a sub-category of Public Relations, under the Manager's Report.

Mr. Meierdiercks, returning to the protocol issue involving direct contact with DWS personnel, noted that DWS personnel email the Board to get confirmation of attendance at upcoming Board meetings, etc. Chairperson Mukai said that kind of contact is fine, and is not a breach of protocol.

**ANNOUNCEMENTS:**

**1. Next Meeting:**

The next meeting of the Water Board will be held on October 26, 2010, at 10:00 a.m. at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI.

**2. Following Meeting:**

The following meeting of the Water Board will be held on November 23, 2010, at 10:00 a.m. at the Royal Kona Resort, Resolution Room, 75-5852 Ali'i Drive, Kailua-Kona, Hilo, HI.

The Manager announced that Ms. Aton will be the recipient of the 2010 William Y. Thompson Award, to be awarded at the upcoming Hawai'i Water Works Association (HWWA) convention on Kauai. Each of the districts nominates personnel for this prestigious award, named after the founder of the HWWA, and this year, DWS's nominee is the honoree. The convention takes place October 13-15, 2010.

**STATEMENTS FROM THE PUBLIC:**

None.

**ADJOURNMENT**

Chairperson Mukai adjourned the meeting at 11:20 a.m.

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Senior Clerk-Stenographer

*Anyone who requires an auxiliary aid or service for effective communication or a modification of policies or procedures to participate in this Water Board Meeting should contact Doreen Shiota, Secretary, at 961-8050 as soon as possible, but no later than five days before the scheduled meeting.*

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

*Notice to Lobbyists: If you are a lobbyist, you must register with the Hawai'i County Clerk within five days of becoming a lobbyist. {Article 15, Section 2-91.3(b), Hawai'i County Code} A lobbyist means "any individual engaged for pay or other consideration who spends more than five hours in any month or \$275 in any six-month period for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials." {Article 15, Section 2-91.3(a)(6), Hawai'i County Code} Registration forms and expenditure report documents are available at the Office of the County Clerk-Council, Hilo, Hawai'i.*