

MINUTES

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

November 27, 2012

West Hawai'i Civic Center, Community Center, Bldg. G, 74-5044 Ane Keohokalole
Hwy, Kailua-Kona, HI

MEMBERS PRESENT: Mr. Bob Meierdiercks, Chairperson
Mr. Art Taniguchi, Vice-Chairperson
Mr. David Greenwell
Mr. Kenneth Kaneshiro
Ms. Susan Lee Loy
Mr. Bryan Lindsey
Mr. Delan Perry
Mr. Rick Robinson
Mr. Jay Uyeda
Mr. Quirino Antonio, Jr., Manager-Chief Engineer,
Department of Water Supply (ex-officio member)

ABSENT:

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
Ms. Brittany Smart, Hawai'i County Council Member
Ms. J.Y.M. Duncan
Mr. Ivar F. "Joe" Kaipo
Mr. Don Angle
Mr. Jeff Santana
Ms. Serenia Santana
Mr. George A. Wilkins
Ms. Marian Wilkins
Mr. Bernie Bays
Ms. Samantha Inouye
Ms. Cindy Farber
Mr. Steven Iona
Ms. Sherry Iona
Mr. Steven Lim, Carlsmith Ball LLP
Mr. Saul Pinto, Kohanaiki Shores, LLC
Mr. Dan Bolton

Ms. Jan Bolton
Ms. Serenia Santana
Ms. Louann Ah Yee
Mr. Jordan Santos Kanakamaikai
Mr. Ed Case, Bays Lung Rose Holma
Mr. Bernie Bays, Bays Lung Rose Holma
Ms. Erin Miller, West Hawai‘i Today
Mr. Aaron Kalau
Mr. Kaimi Judd, Kohanaiki Shores, LLC
Mr. David Matisse, Public Utilities Commission

Department of Water Supply Staff

Mr. Keith Okamoto, Deputy
Mr. Kurt Inaba, Engineering Division Head
Mr. Daryl Ikeda, Chief of Operations
Ms. Candace Pua, Assistant Waterworks Controller
Ms. Kanani Aton, Public Information and Education Specialist
Ms. Julie Myhre, Energy Management Analyst
Mr. Robert Ravenscraft, Water Service District Supervisor II

1) CALL TO ORDER – Chairperson Meierdiercks called the meeting to order at 10:00 a.m.

2) STATEMENTS FROM THE PUBLIC

Chairperson Meierdiercks announced that written testimonies were received from Ms. Cindy Farber regarding the Ocean View standpipe facility, from Ms. J.Y.M. Duncan regarding the Ocean View standpipe facility, and from Mr. George A. Wilkins regarding the status of the development of the Wai‘aha water well and the status of remediation of the problem of excess salt concentrations in water delivered to Ali‘i Drive and Kailua-Kona.

*The following **oral** testimonies are recorded verbatim:*

CHAIRPERSON MEIERDIERCKS: “First testifier is Brittany Smart, testifying on No. 7, Ka‘u, HOVE Water System, and No. 8, Board Ad Hoc (Finance) Committee Report. Brittany?”

MS. SMART: Thank you very much. Um, is this thing on? Okay. Thank you very much for the meeting today. Just wanted to update you. Our Resolution asking for the Legislative Auditor to review the permit award process and the permit compliance procedures did pass. I know they’re in the initial stages of laying out the scope. Um, I would encourage this Board, if they haven’t already, to reach out to the Legislative Auditor.

Now would be a great time to provide input. Um...if you guys have any concerns, that would be a great way to address them. I'm here to answer any questions, should it come up in the Agenda, and should you have any. And I just wanted to provide you an update on that. As to the Ad Hoc Finance Committee Report, I would just like to state my strong support of switching over to Oahu's billing system. I know the Department and DEM have been working for a long time trying to have a joint billing system, so we can appropriately charge for waste water collection fees. Um...I think it's a good move. I am under the impression that DEM is moving into the Water Supply offices in Hilo, and I look forward to this Board approving any measures of moving forward with an Oahu billing system, so we can more appropriately garner the fees that we are due. Thank you.

CHAIRPERSON MEIERDIERCKS: Thank you, Brittany. Number 2
testifier: Ms. J.Y.M. Duncan.

MS. DUNCAN: Good morning. Thank you for the opportunity to speak of my concerns.

CHAIRPERSON MEIERDIERCKS: Okay, now. I'm going to ask all the testifiers to speak up because these are for recording purposes – not for amplification – so people in the back are having a hard time hearing.

MS. DUNCAN: Okay, should I stand?

CHAIRPERSON MEIERDIERCKS: No, you're okay. You're fine.

MS. DUNCAN: Okay. This is the text of my oral testimony. I've also included a text of my written testimony, which is similar. Thank you for hearing our concerns. As a Big Island resident since 1977 (35 years), active in Ka'u/Ocean View area since 2000, a retired DOE teacher, growing fruit and vegetables on two forested acres – I invite you to imagine life in the high dry desert of Kahuku – no County water pipes, meager rainfall, catchment tanks, dependent on professional haulers trucking thousand of gallons of water to pump into the water tank near your house; trusting those truckers to be safe, experienced, legally licensed by the County, State, federal government, whose lawmakers have designed rules and regulations to protect the public – such as a driver's license to operate huge heavy trucks on the highways and streets, one million dollars of liability insurance, safety inspection and P.U.C. license, of course, a General Excise Tax license, an IRS number, all obtained before doing business, *before* getting a meter, not *after*. Sadly, mistakes were made. Nearly everyone wants to correct the situation, make it *pono*, right. The first come, first served method, in the dark outside of regular business hours, next, a proposed lottery? Both of these gambles are more suitable to the big sale or the big show – but are not appropriate to protect

the safety needs of those who depend on water for health, safety, life itself. We need public servants like yourselves to research and to design legal protections for both providers and consumers, and government entities themselves. The last process has presented our community with a near monopoly by one water hauler, multiple meters going to family members and employees, who each may or may not be qualified for any required licensing. Only one new business owner that day had fulfilled all licensing requirements; he contracted for one meter. But our long-term, fully licensed and experienced business haulers were left out, because they couldn't spend the night in the Water Board parking lot to "qualify" for a meter – about their combined records of over three decades of serving elderly, poor, non-profits, fire fighting for free, plus hundreds of households depending on them for regular water deliveries. We need all qualified, licensed haulers, competing with each other to deliver clean water safely, conveniently from the standpipes, hopefully less costly to consumers. Healthy competition is good for the economy – be it local, national, or world. Let each legal, fully licensed water hauling business (not individuals) contract one or two meters to supply water to homes, farms, businesses. We wish for you – energy, ideas – as you hear and read testimonies, research licensing requirements (finding out who actually is licensed), then overhauling the system to devise fair solutions to make licensed...

CHAIRPERSON MEIERDIERCKS: Your time is up. Summarize, please.

MS. DUNCAN: ...Local water haulers to serve their loyal appreciative customers.

CHAIRPERSON MEIERDIERCKS: Is that it?

MS. DUNCAN: That's it.

CHAIRPERSON MEIERDIERCKS: Thank you very much.

MS. DUNCAN: I was not given and remuneration or consideration for my testimony. I do it for God and community, and for the State and County of Hawai'i.

CHAIRPERSON MEIERDIERCKS: Thank you. Next testifier, on the HOVE Water System: Ivan (sic) F. Kaipo, a.k.a "Joe."

MR. KAIPO: Good morning, Mr. Chairperson and members of the Board. Good morning and thanks for taking the time, and energy and ambition to clear up this thing once and for all. I'm a person that believes in competition, and I think that everybody has a right to be able to live and work and do whatever, the best you can in your life to get ahead. But I

also believe, like the president said after his speech, so long as it's done properly... That we're doing it, and on the same page as everybody else. That's all I'm concerned about. I'm not worried about the other companies. Everybody has problems. But I do... I'm speaking personally, for myself... I've done, from Day One, with the P.U.C., which took me almost a year and a half. And there's so many things that go on right now. For the last... since 1986, when I was an operations manager for one of the touring companies, and people with no license... And you write to the P.U.C.; there's nothing done. So what we need to do, once this is done, that the Corporal (sic) Counsel, with the lawyers for the County or the State... has to find, in a right manner, that we are all protected, because water is a necessity. We need something. So for us, we pay million dollar coverage, property damage, liability, da, da, da, da, da. Somebody doesn't have it; it's not proper. Okay? Overhead is very important for us, and sometimes we have hard, hard time. But I do know that I'm legal, and Lehua is my company. Check it out. We have everything that's legal that you want to find out with us. We'd be happy to share with the Water Board or anybody else in the Corp. Counsel... anything. And I do wish everybody would cooperate, and what we're looking for is, Number One, be legal for our customers, okay? Because it's gonna come out of your pockets, and everybody else. And then, go for it. Okay? Uh, thank you very much, you folks. And I hope you folks will find a right decisions (sic), to move this thing on a proper manner... manner, that has taken so much time. Okay? Aloha, have a nice day. Thank you.

CHAIRPERSON MEIERDIERCKS: Thank you. Next testifier on HOVE water: Don Angle.

MR. ANGLE: Good morning. I, uh, I'm just a regular resident out in Ocean View, and I get water like anybody else. I don't have any connection to the water companies, or any of this. But I do know that a friend of mine does drive a water truck, and he was telling me, like, two months prior to all this stuff going down, that he know when the Board meeting was gonna be; that he had to be there. I mean, I've watched, since this has gone... you know, since they started hauling water from there, my water has gone down in price, so I mean, that's fair. And we look around, anyplace you go, even within this past weekend, you know, they're talking about first come, first served. You look around, and that's the way America runs. You know, if you want something, you get in line, and you wait. And there's people, like over in Oahu, just on the news this last weekend, they sit in line for two days outside of a store just to get something. Well, these guys that wanted the meters, they knew it. They knew it two months ahead of time. And they had a choice: to be there, or not be there. So I mean, you know, it's the American way. It's what we do here. You know? And everything was fair. Everybody knew about it. If they didn't show up, so what? And again, like I say, I don't have a water

truck; I don't haul. All I do is just get my water. And I've seen my price of water go down. That's all I gotta say. So it's fair.

CHAIRPERSON MEIERDIERCKS: Thank you, Don. Next speaker on HOV (sic) water: Jeff Santana.

MR. SANTANA: Good morning. My name is Jeff Santana. Sorry, I had to write this down, or I'd probably forget what I wanted to say. I own one of those meters out in Ocean View, and I drive one of those water trucks that everybody is so-called saying is "illegal." I read the requirements in the newspaper, and I talked to Cyrus, and he told me the requirements. You know... doors opened at 8:00. Everybody knew that; it was posted in the papers. Cyrus called everybody, and I was there at 3:00. Yeah, I wanted to get a meter, you know. I have a handicapped son, okay? I mean, I've been caring for him since he was two years old, and now, because of people having tantrums here... they didn't get their meters. They never showed up. Everybody's saying I can't support my son? Is that, is that what I'm understanding? You know, I was... I'm handicapped myself, but I try every day to work, to keep my son going, you know... to keep my son through school, get his hearing aids, get whatever he needs. You know, I depend on the meter; I depend on my trucks. My truck... Everybody is complaining about P.U.C. Well, I got out from under my brother's corporation; I got my P.U.C. I'm waiting for... you know, I sent all the paperwork in, I got the insurance. I got the business license, the tax clearance. Everything needed, I have. You know? And my truck is legal. I have the safety checks, registration. I've been driving for 24, 25-plus years, running heavy equipment most of my life. And you know, people having tantrums because they didn't get their meters. Well, you know, I try hard every day. And I'm out there, like everybody else. But I'm out there, not for me. I'm out there for my son. If it was just for me, I wouldn't have cared. I wouldn't have gone to get a meter. You know, I do this for my son every day. And now, they're telling me I can't do this because of my son, because I can't support my son because they're saying I don't have everything proper. Everything was proper. I was there at the meeting, you know, at the Board, at the meetings, and I was there to get the meter. My brother didn't know I was gonna be there. I showed up; I got my meter. I went back; I worked. I did my job, for my son. That's all I got. Thank you.

CHAIRPERSON MEIERDIERCKS: Thank you. Next testifier, on Wai'aha: George Wilkins.

MR. WILKINS: Good morning, Mr. Chairman, members of the Water Board. My name is George Wilkins. I was a member, representing North Kona from 2002 to 2007, so much of my one-page testimony will be recollections of things that happened. My glasses... I'm talking about the development of the Wai'aha Water Well status, and status of remediation

of the problem of excess salt concentration in water delivered mainly by the Keauhou wells to Ali'i Drive in Kailua. In 2002, at a meeting held here in Kona, and in response to public testimony about the serious problem of "dangerously high" levels of sodium chloride in Keauhou water being delivered through Ali'i Corridor water pipes, the then Manager of the Big Island Water Department made a public promise that within three years, Wai'aha water would be delivered to Ali'i Drive to dilute the salty water to alleviate a very serious problem. The problem is that the concentration of sodium chloride in the water is five times higher than that recommended by the EPA – so high that public disclosure to the consumers is required, to help them protect their own health. If you had very high blood pressure or a weak heart, you're in deep kimchee. Three years later, about five years ago, the Water Department offered the Water Board a five-year agreement with Bolton, Incorporated, for the design and installation of downhill-running water mains, from Wai'aha Well to existing water lines along Ali'i Drive and the coastal plain. The stated reasons for this five-year delay in the project, were to support development and to dilute the salt content of delivered water in that area, by adding the sweet water from Wai'aha to that from existing wells. This delayed solution of the salty water problem by... I have a correction here... five years, right. The text says three years. Now, five years later, a new agreement is being offered with no statement of progress, and with Kohanaiki added to the mix. Before, it was entirely...uh... Five years ago, I protested this rush to agreement, and moved that public hearings be held. This Motion was refused by the Water Board; the refusal was in the face of testimony offered by North and South Kona Councilpersons, as to the seriousness of the salty water in Kailua. I ask now, what, if anything, has been happening during the past five years? Why is there so little disclosure to the public, and why the new rush to an agreement, which, to the best of my knowledge, has never been presented or defined for the public? Thank you.

CHAIRPERSON MEIERDIERCKS: Thank you. Next testifier, on Agenda Item 6: Bernie Bays.

MR. BAYS: Good morning, Mr. Chairman, members of the Board. My name is Bernie Bays. Ed Case and I represent Palamanui (Global) Holdings LLC. As you may know, Palamanui is the owner and developer of a mixed-use project on 725 acres here in North Kona. The planned UH-West Hawai'i campus adjoins Palamanui on its southern border. We understood that the Wai'aha Agreement that's up for approval by the Board today will supply all of the water needs for the Kohanaiki project. The problem is that Kohanaiki is currently under contract with this Board and with Palamanui for the joint construction of the Palamanui water system. Basically, in those agreements, Kohanaiki agreed to share the cost of the Palamanui system: 54 percent to Kohanaiki, and 46 percent to

Palamanui. What we want to do today is to negotiate a fair resolution with Kohanaiki, to wrap up the Palamanui water agreements. We entered into negotiations with the UH-West Hawai'i campus, and made a commitment to them to invest millions of dollars in water improvements to serve the UH-West Hawai'i campus. In making that commitment, we were relying on Kohanaiki to make its contribution to the construction of the Palamanui system, to serve that campus. At the beginning of this year, Kohanaiki stopped making its contribution toward that...to the cost of that system, which we were required to accelerate, in order to accommodate the opening of the UH-West Hawai'i campus in the fall of 2014. We've now learned that Kohanaiki plans to get all of its water from the Wai'aha system, and no longer needs the Palamanui system. In light of this, we request that the Board defer action today on Item No. 6, and we also ask that the Board request that Kohanaiki, Palamanui and DWS enter into negotiations to accommodate the abandonment of Kohanaiki's participation in the Palamanui water agreement, and the construction of that system. If that's done now, the Board can consider the new Palamanui agreements together with the Wai'aha agreements, since those two are connected. And we believe this can be done quickly and easily, if the parties get together and negotiate fairly. Up until now, Kohanaiki has refused to talk to us about the resolution of the issues involving the Palamanui water agreement. We've spelled out our position in more detail in the written testimony that we've distributed to you, and we again ask for deferral of that Item. If this Item is not deferred, then we ask that this matter be...that the Board initiate a Contested Case Hearing on this matter, and allow Palamanui intervenor status in that matter. Thank you, Mr. Chairman.

CHAIRPERSON MEIERDIERCKS: Thank you. Next testifier, on the Ocean View water meter: Samantha Inouye.

MS. INOUE: Good morning. I'm speaking on behalf of B.J.'s Excavating & Hauling regarding this matter. First of all, this has nothing to do with competition. It has everything to do with work, and supporting everybody in the community that needs water. No competition. You know, we did follow all the rules, of course. You know, we are licensed, we are P.U.C.'s, we have insurance. We have all that. We're young. We wanna work. You know, we have no play. We started at 22, and this is where we are today. And I do have chronic pain syndrome, and my doctor bills are sky high, and I rely on this to help me get through it, because if not, I will not be able to get help, and/or get better. And you know, it's not just for me; it's for our customers, too. You know, we took the day off; we went there. You know, we stood in line. We did everything we had to do to get this, and I think we deserve a chance, because, you know, you don't see too many young people no play. You know what I mean? So honestly, I think that we shouldn't do a lottery. We should do it some other way.

Maybe we could think of something else, you know? I think I'm done.
Thank you.

CHAIRPERSON MEIERDIERCKS: Thank you for showing up. Thank you. Next testifier on the HOVE water meter reallocation: Steven Iona.

MR. IONA: Good morning. Here we are, once again fighting for our rights to make a living. So, um, it keeps coming up – the legality of P.U.C.'s, license, and this and that. Those were not stipulations in the awarding process. We left home the night before to make sure, you know, to...to...for my future, my kids' future, you know what I mean? This day and age, it's very tough. I work construction 15 years. Laid off, no job. So, um, now I find myself driving for somebody else, and uh, the guy I drive for... People talking back there about 30 years. The guy I drive for was the original guy hauling water out there for, like, 40 years already. But you know, he not gonna live forever. Where my future gonna be, from here? So um...once again, I dunno. Hopefully, you guys' decision benefit me. You know what I mean? I gotta chance for me and my kids, and our future. You know, I was born and raised on catchment – 3,000-gallon redwood tank. So I know the importance of water, and I see the opportunity for me to try and make a living doing it. You know what I mean? I drive a truck for nearly 20 years. From the day I turned 21, I went and got my license to drive truck. I'm 39 years. That's pretty much all I know, is trucking. So you wanna talk about safety, skilled individuals... I'm not the best, but I'm hard to beat. And I like to do with Jeffery Santana and the rest of the guys back there. So, uh, once again, thank you for your time. I hope, uh, like I said, I hope it works out in my favor. I hope we don't have to drag this out any longer than it has to. I hope it does not go in my favor to where we have to pursue a possible lawsuit or something, you know what I mean? So anyway, thank you.

CHAIRPERSON MEIERDIERCKS: Thank you. Next testifier: Sherry Iona.

MS. IONA: Aloha and good morning. I'm here on behalf of my husband Steven. Sorry, but this affects me a lot. There are requirements for obtaining a water meter. We read everything, did everything. In the process of doing the P.U.C. You know, we thought we could get that first, but the water meter allocation came up. So we figured we'd go and get that. In the meantime, we still trying to do our P.U.C. We have obtained insurance. You know, there's steps to take to get certified, licensed, you know. Mr. Joe Kaipo talked about legality. Um, yeah. My husband has almost 20 years of truck driving experience. One of the best truck drivers I know. That's the one thing that he really good at. That benefits my children...and my grandchildren. It's our way of living. I work full-time, not enough to support our family. And we're here; every month we're

here, trying to know how to fight... Fight what, several residents out in the community? Because they never took the time to go to Hilo to get the water meter? If it was that important to them, as it was to me and the future of my family, they should've gone. Basically, that's it. The guidelines never stipulated that you had to have a P.U.C. to obtain a water meter, in the whole State of Hawai'i. That was never an issue. I don't know what else to say. I hope you guys can really look at this, and not make a decision based off of obtaining P.U.C... safety. I believe all these truck drivers that have CDL...they have gone through classes. They go to safety classes every so many years to renew it, and to learn all the new stuffs they're stipulating, coming up with the CDL Department. You know? So it's not only on the water haulers. Every trucker needs to know the safety and the responsibility. You drive a big truck, you know, there's a lotta issues going on. But I just hope that you guys can really take into consideration, us, us people who trying to make a living for our family. Thank you.

CHAIRPERSON MEIERDIERCKS: Thank you. Next testifier, on the Wai'aha water system agreement: Steven Lim.

MR. LIM: Good morning, Mr. Chairman, members of the Board. Thank you for your attention to this matter. We came before you last meeting and...

CHAIRPERSON MEIERDIERCKS: Can you speak up a little bit? People are having a hard time hearing. It's not amplified... Okay? It just needs to be loud enough for people to hear. Thank you.

MR. LIM: Well, since the last meeting with the Water Board, we've been negotiating with the Department of Water Supply, and I have here what we believe to be the final agreement, between at least DWS and Kohanaiki and Wai'aha System. We've come to an agreement on the terms. Um, it's basically... What you'll see is a... and I'll pass it out... is a full agreement. The last time, you saw amendments to the existing agreement, and I think everybody agreed that it's better to just stick everything into one. So what we understand is that the Water Board received a draft of this agreement on Friday, and what you'll see in this package is...are two documents. One is the clean copy, and one is the red-lined, off of what you received on Friday. The red-lined...you'll see a little mark on the bottom, and you'll see the red line mark. So I'll pass that out now... Okay, while that's being circulated, I'll address the written testimony submitted by Palamanui Global Holdings. For the record, I'm here representing Kohanaiki Shores, LLC, one of the participants in the proposed agreement. With us today are Saul Pinto and Kaimi Judd from Kohanaiki Shores, and also Dan and Jan Bolton from Wai'aha System. Dan is being... Dan is appearing as the manager of the Wai'aha System and

Wai‘aha System II LLCs, for purposes of today’s hearing. Effectively, what you’ve seen in the written testimony of Palamanui Global Holdings is what we would consider a bald-faced interference with Kohanaiki’s contractual rights. Clearly missing from the presentation by their attorney and their written testimony is why the Palamanui rights, obligations under this agreement with yourselves and Kohanaiki are related in any way at all, whether contractually or by water system linkage, to the Wai‘aha System Agreement. And I think, if you search through the record, you’ll find there is no...there is no connection. They couldn’t even state that in their written testimony today. They’re here on a bald-faced attempt to gain negotiating leverage with us, in the unwinding out of the Palamanui agreement. It’s clear; they said it to us. I can say it...I can state it no (sic) clearly. The Palamanui, what I’ll call the Palamanui agreement, which is a three-part agreement, is a separate and distinct contract. And we believe that the attempt to intervene as a contested case intervenor in this proceeding is inappropriate, because they have no standing. They have no relationship at all to the Wai‘aha System Agreement. And we ask that you reject any request to either defer, or to grant a contested case hearing to Palamanui Global Holdings in this matter. I reserve the rest of my presentation for our case-in-chief when we come back up. But I’ll go ahead and cede the floor at this point. Thank you.

CHAIRPERSON MEIERDIERCKS: Thank you. Next testifier, on the Wai‘aha System Agreements: Sam (sic) Pinto.

MR. SAUL PINTO: Good afternoon. It’s Saul. Thank you. I’m the CEO of Kohanaiki Shores, the developer of Kohanaiki, and I appreciate the opportunity to appear before you today. I did not intend to speak, but unfortunately, our friends at Palamanui have tried to torpedo things here, so I feel it’s necessary to address just a couple of things that were said here. Under the Palamanui agreement, we spent quite a bit of money and time developing a water system, and the first well that we created did not produce water of a quality acceptable to DWS. This was several years ago. And so both sides decided to try to make other arrangements to satisfy their water needs, while we continued with the development of Well Number Two. And as you know, Palamanui went and arranged another water source at the Catholic school site, and we’ve gone through a variety of attempts to find a solution to water. And we were very fortunate to meet up with Mr. Bolton. In his testimony, he made reference to certain things that are just not accurate. The whole discussion of the West Hawai‘i campus has absolutely nothing to do with Kohanaiki. That’s a separate arrangement between Palamanui and the West...and the Hawai‘i campus. He did say that it caused them to accelerate things. That was over our objection, and with our admonition that if they do so, they’re doing it on their nickel, because that wasn’t the direction we were (inaudible) required to go. He also said we refused to have discussion on a resolution, and

that's completely inaccurate. I've had several meetings with Mr. Steve Colon, who isn't here today, who's the principle of Palamanui. And in those discussions, and in emails, I made it very clear that until we have Wai'aha System in place and we know that it meets our needs going forward, I have nothing to resolve with him. I will live with my existing agreements, and I intend to live with my existing agreement (sic). But we would...we would urge you not to allow them to try to submarine our efforts here, and defer and delay things. All it is, is an attempt to obtain negotiating position and leverage, to get us to agree to things we're not willing to agree to. They have no standing here. As the report shows from Mr. Nance, there's absolutely no tie between the two systems; there's absolutely no tie between the two agreements. So I urge you to approve us today, and then we can move on and seek a resolution with Palamanui at a later date. Thank you very much for your time.

CHAIRPERSON MEIERDIERCKS: Thank you. Next testifier, on Palamanui: Dan Bolton.

MR. BOLTON: Good morning. I'm the original developer and landowner of the Wai'aha Systems, and the corridors that would house the system. And I'm quite surprised to see this group behind us bring up such an issue that none of them have ever contacted me once, in reference to any water. And I find that any future delay on this, on their behalf, is gonna create quite a financial burden on the existing members of the Wai'aha System, who've been working on this for over seven years, to complete. And the quality of the water that we're proposing to bring in for the proven source, I think, has great bearing on the decisions that are going to be made here. So the Wai'aha Systems bring in the water to the Queen K Highway. It's gonna take a great burden off the existing Kahalu'u Shaft, and I don't think any delays are appropriate at this point, especially for something that has no bearing on what we're doing.

CHAIRPERSON MEIERDIERCKS: All right?

MR. BOLTON: Thank you.

CHAIRPERSON MEIERDIERCKS: Thank you. Next testifier on HOVE is Serenia Santana.

MS. SANTANA: Hello, my name is Serenia Santana, on behalf of Pure Hawaiian Water. I am a water meter holder in Ocean View. I feel no need to expand the water meters available. With the community and water haulers utilizing the spigots, I feel the addition of new water meters will crowd the designated area. Water haulers and individuals line up through the entrance...make it difficult to the access of spigots, as it is. I feel the way it is, works fine. Following the procedures throughout this entire

ordeal has been our top priority. As a member of our community, we know how important it is to find the best way possible for everyone to make it here. The water meters in Ocean View was designed to supply water to the people of the community, not solely to the water haulers. The facility (inaudible) is not equipped to accommodate each and every water hauler. The overuse of meters would drain out our tanks, which will lead our community to suffer a most possible need. We talked to the president of the Ocean View Community Center, Gil Robertson. We made a verbal agreement to service that center with all their water needs, as long as we are in business. We attempted to work with some...something out with Lori and the Road Maintenance, but she refused our help. We tried. We have drastically reduced our water prices. If you talk to our customers that we haul water to, they have their receipts and they have their vouchers. I also feel it is unjust to our companies to insult the quality of the water in our Ocean View, to encourage customers to purchase water from them. We had a bit of setback due to these accusations. One of our customers tested the water quality, and realized that the difference of the water due to the quality was because her additives that she put in. With that being said, I feel the current process is working just fine for both the water haulers and the community. Thank you very much.

CHAIRPERSON MEIERDIERCKS: That was the last testifier. Was there anybody else who wished to testify, on Statements from the Public? We have one more? Thank you.

MR. AARON KALAU: My name is Aaron Kalau, testifying for HOVE water spigot. I currently have a spigot under my name, and am starting my own water hauling business up there. I go the legal documents signed and sent away already, and I just want to try and make sure that I got an equal chance in starting my business up, and my spigot's not taken away from me, when I've got all these things going already. With that said, it's just that, uh, you know... I hear...how you say it...? The public's saying that they don't see any price changing or anything. I just try to get it out there that, you know, I want to get my chance in, hopefully, have some competitive prices going, and help our community with that, too. That's it.

CHAIRPERSON MEIERDIERCKS: All right. Thank you.

MS. GARSON: Mr. Chairman, before you leave public testimony, can we take a three-minute break? We understand that there might be some people who are...who mistakenly went to Hawaiian Ocean view, and we're trying to confirm whether or not they are going to...they are on their way here. So if you just allow us a three-minute break, it'll make a difference as to whether or not you defer the Ocean View matter till later on in the Agenda, to allow them to get here, so that they can testify before you begin discussion.

CHAIRPERSON MEIERDIERCKS: Let's take at least a five-minute break.

(Meeting recessed from 10:40 a.m. to 10:55 a.m.)

CHAIRPERSON MEIERDIERCKS: The Water Board will reconvene. We still have a few more testifiers. Subject matter: Ocean View meters. Louann Ah Yee.

MS. AH YEE: Good morning. I have my... Aloha, Department of Water Supply Board. I would like to say thank you for taking the time to hear us. My name is Louann Ah Yee, and my family own and operate... Excuse me... My family own and operate Ka'u Water Delivery. I'm writing this letter with regards...or...in regards to the water meter in Ocean View. I feel that certain things were handled unfairly. For our company, if it wasn't for a phone, you know, that Thursday or Friday before the meter went up for sale, we wouldn't have known about it. I understand we did not get there early enough. Who knew you have to sleep there to get a meter? But I would like to say...um, again, I knew we did not get there (early) enough, but what about all of us existing water haulers who have put in their entire life savings for their company? Many of us, who have spent hundreds of thousands of dollars to run our business, and to keep it going...who has put in their blood, sweat and tears to having a reputable water hauling business in Ka'u, who has worked every day since opening this company, to make it in this business...which for so many of us is well over 20 years. Some, maybe 30, 40. What is not fair is having...excuse me... What is not fair is not having the opportunity for us to have gotten one, with us being late, I guess. We don't want you to take away the meters from those who bought their meters honestly. All that we are asking is for a fair chance to purchase a meter in Hawaiian Ocean View Estates, so that we may be able to lower some of the costs to deliver to the people of HOVE. We have great and wonderful customers here in HOVE, who have stuck by us, even though we have not been able to lower our prices. We would like to give them a break in the price, but the only way we can do that, is for...is if we had a meter in HOVE. That way, we could cut the cost of fuel, going up the hill from Nā'ālehu to Ocean View. As of now, we're currently charging the lowest price we can afford to our customers, hauling from Nā'ālehu to Ocean View. I have a suggestion. There are 10 meters in HOVE, and six major water hauler companies who have been working in HOVE for many years. I feel that we all should have gotten a meter automatically. If the concern is about traffic with our water trucks, I suggest...

CHAIRPERSON MEIERDIERCKS: Please summarize.

MS. AH YEE: We alternate... There are seven days, six companies: three days a week, one day open to whomever wants it. In closing, I just...we are just asking you to please give us a fair chance to stay in business, by giving a chance to purchase a meter in Ocean View. People talk about families. I've got my family, my children. I take two of them to Oahu for special care. One sees a cardiologist, one sees a gastroenterologist. But I take them at least once or twice a month for their special care, and so we do need a chance to be able to work up there also. And that is basically what it is. We all need to be able to work. I know everyone has a family. Every single water hauler does it for their family, and so do we. And I just ask for a fair chance. Thank you.

CHAIRPERSON MEIERDIERCKS: Thank you. Next testifier is Jordan Santos...

MR. SANTOS KANAKAMAIKAI: "Kanakamaikai" is how you pronounce the last one.

CHAIRPERSON MEIERDIERCKS: Thank you.

MR. SANTOS KANAKAMAIKAI: My name is Jordan Santos Kanakamaikai. I am sole proprietor of Da Ka'u Water Guy; don't get me mixed up with Ka'u Water Delivery. I don't have a hundred thousand dollars in savings that I could spend. I don't have all that money that I spent; I put myself in debt for open my water company. My P.U.C...I hear all this stuff about P.U.C. and all that... My paperwork is all done, tax numbers all filed, waiting on doc. numbers to come back. Insurance filed. Better Business Bureau, the Consumer Affairs, every registration, every paperwork you need. Everybody's barking about everything, oh, we had no...no ample time. You guys didn't give us any advisement and all this. I saw no public notice for this meeting, or the prior meetings to this, but the two water companies that have been grumbling about no...they had no time... They made it to every meeting to grumble about not getting a meter, but they didn't come to a meeting to get a meter? It's a fact of, how important was it to you? We all did...followed you guys' regulations and you guys' rules, and now we're in limbo on if our hundreds of thousands that we put ourselves into debt is gonna be because someone didn't get a meter. Thank you.

CHAIRPERSON MEIERDIERCKS: Thank you. Are there any further testifiers under Public Statements?

(End of Public Statements.)

3) APPROVAL OF MINUTES

The Chairperson entertained a Motion to approve the Minutes of the October 23, 2012, Water Board meeting.

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

**4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA
(Note: Addendum requires Roll Call Vote)**

None.

Chairperson Meierdiercks asked to move up Item 7(A), HAWAIIAN OCEAN VIEW ESTATES STANDPIPE METER ALLOCAITON – RE-DOING SIGN-UP PROCESS.

7) KA‘U:

A. HAWAIIAN OCEAN VIEW ESTATES STANDPIPE METER ALLOCATION – RE-DOING SIGN-UP PROCESS:

For discussion and possible action. The DWS proposed to terminate the existing allocation of meters, and allow a lottery to re-allocate the standpipe meters, such that five (5) meters will be allocated to Public Utilities Commission-licensed water haulers, one (1) meter will be allocated to a community association, and four (4) meters will be allocated for general usage (i.e., commercial/agricultural/industrial). No more than one meter per hauler/business/individual/family would be allowed.

Chairperson Meierdiercks noted that this Item was for discussion only; the recommendation was not made by the Board. It came from the Department, he said.

The Manager-Chief Engineer agreed that this was for discussion only; if the discussion moved toward some kind of recommendation, it could be dealt with at that point in time. The Department has received comments from outside, he noted. He recommended that the Item be deferred until the Board can hold a public meeting with the Ocean View community to receive more comments. He suggested that it could be a *regular Water Board meeting*, where the Board could take action at that time. The Manager-Chief Engineer recommended that the Board schedule a regular Board meeting out in Ka‘u.

Mr. Taniguchi asked about the status of the Council’s Resolution regarding the Legislative Audit.

The Manager-Chief Engineer said the Council approved the Resolution, which now gets forwarded to the Legislative Auditor. He was not sure whether the Legislative Auditor had received the Resolution yet; the Department has not received it yet. He assumed right now it was a matter of waiting for the Legislative Auditor to contact DWS.

Mr. Taniguchi asked what the time table was.

The Manager-Chief Engineer said the Resolution did not specify any time table. He asked if Ms. Smart was still in the audience.

Ms. Smart said the Legislative Auditor does have the Resolution, and has initiated the preliminary background work, i.e., establishing the scope of the Audit. Once the scope is established, the Legislative Auditor will be able to provide a timeline. Ms. Smart encouraged the Board to have a discussion with the Legislative Auditor; this would be a good opportunity to give the Board's input which could be built into the scope. Once the scope is established, there will be a timeline; it depends on how far the study is going to go, Ms. Smart said. She noted that the Resolution specifically requests a look at DWS's permit award procedures, as well as the permit compliance policies and procedures. Those are the two focuses, she said.

The Manager-Chief Engineer said that based on what Ms. Smart just said, the Board should wait until the Legislative Auditor contacts the Department, so that DWS can have that discussion with the Legislative Auditor and if need be, come back before the Board for any additional information or direction from the Board. He recommended having the discussion with the Legislative Auditor before the Board proceeds with any action or decision. The Manager-Chief Engineer said that he has not yet talked with the Legislative Auditor, and is just waiting to hear from her.

Ms. Smart said she talked yesterday with the Legislative Auditor, who was unaware of today's meeting up to then and was unable to attend today's meeting. She said it was necessary to establish a channel of communications in order to move forward in a timely manner.

The Manager-Chief Engineer suggested going ahead and calling the Legislative Auditor.

Mr. Taniguchi said that when he asked Ms. Smart about the scope of the Audit at the last Board meeting, Ms. Smart had advised the Board that the Legislative Auditor would look at the original meter award procedure, as well as compliance with the procedure. The Legislative Auditor would also review the Department's policies that are in place.

Ms. Smart confirmed all of this.

Mr. Taniguchi asked whether that would constitute the scope, then. He asked whether the Legislative Auditor was going to add more things to the scope, or just review the actual rules and procedures that were set forth.

Ms. Smart said she was not a technical expert on audits, but the Legislative Auditor has a list of questions and a list of what the Audit will look at. She said Mr. Taniguchi's question would be better posed to the Legislative Auditor. Ms. Smart said that her guess was that the Legislative Audit would look at the laws, the DWS rules on the books, as well as the oversight. Those things are in plain sight. However, she believed that besides looking at the existing permits and procedures, the Audit could look at how the procedures got established, how the procedures were used, how the procedures were implemented, and how decisions were made. That is what the Legislative Auditor is working on; this is considered the scope. Ms. Smart and the Council gave the Legislative Auditor a pathway; the Legislative Auditor now has to define the path.

Mr. Taniguchi said he understood what Ms. Smart was saying.

Ms. Smart said this discussion took place at the County Council in the recent past, earlier in November.

The Manager-Chief Engineer said that if the Legislative Auditor does not call him, he would give her a call to see what she has in mind regarding the details of how she plans to proceed with the Audit. If there are questions or concerns, the Manager-Chief Engineer will update the Board on what the Legislative Auditor is working on, and what DWS and the Legislative Auditor decided she should be working on. He said that he would contact Ms. Smart for suggestions as the need arises.

Ms. Smart said she would be available.

Mr. Taniguchi said the Board needs a timeline. He asked what happens in the meantime to the people who got the meters.

The Manager-Chief Engineer said that until the Board can come up with a decision regarding the water hauling, the situation remains status quo at this point in time.

Mr. Taniguchi asked if the water haulers could take water in the meantime.

The Manager-Chief Engineer confirmed this.

Mr. Taniguchi wanted to make sure nobody was being penalized.

The Manager-Chief Engineer assured him on this.

Chairperson Meierdiercks sought to clarify the situation so that everyone in the room understood: nothing had happened regarding how the meters were distributed at this point. He added that he did not expect any decision on the meters would be made today.

Mr. Kaneshiro mentioned the Manager-Chief Engineer's suggestion about holding a regular Board meeting in Ka'u. He asked whether the Board would take action on that suggestion.

Chairperson Meierdiercks said Mr. Kaneshiro could make a Motion to hold a regular meeting in Ka'u, although the earliest it could be would be in January. However, he did not think that the Legislative Auditor's report would be ready by that time; the Board might just have a meeting in Ka'u for further input.

Ms. Smart said that the Board could agendize a discussion with the Legislative Auditor for when a meeting in Ka'u takes place.

Mr. Kaneshiro said he had concerns about airing more input; he noted that the room was full of people from Ocean View today who had taken time from work to come to Kona to testify. He thought it was unfair to these people; in essence, the Board would be saying thanks for coming today but we need more input. Other people in Ka'u maybe did not think it important to come today to testify, and did not come. He noted that people could have also sent written testimony if they wanted to. He said that he felt for the people who came all the way to testify today.

The Manager-Chief Engineer said he felt the same way, but there are some other concerns in the community, and there are people out there who want their concerns to be heard. He suggested that the Item be deferred until the Board holds a public meeting in Ka'u.

Mr. Kaneshiro said the Board today was talking specifically about the hauling of water and the meters. He said he did not know what other concerns there were. The people who came today are the water haulers and the people who want a permit to use the spigots. He did not know what else the community is talking about.

Mr. Greenwell agreed with Mr. Kaneshiro. He said he did not think the Board should entertain the idea of holding a meeting in Ka'u until the Board has information that would benefit the community. If the

Legislative Auditor is not ready with her report by the January meeting, there was no sense holding the January Board meeting in Ka'u.

The Manager-Chief Engineer said he did not know what kind of time line the Legislative Auditor will come up with, or whether she will be ready by January. However, the Board has this Item before them right now; the Board has heard testimony and could take action or defer.

Ms. Smart said she understood the Board's concerns. The Legislative Auditor has heard from Ms. Smart as the Council member representing Ka'u and from the Department, regarding how they would like the review to be. The only body that the Legislative Auditor has not heard from is the Water Board. As recipients of the Legislative Audit, it will be the Water Board that approves any actions or changes. Therefore, Ms. Smart strongly encouraged the Board, even as individuals on a one-on-one basis, to contact the Legislative Auditor and get her involved in the process. Ms. Smart noted that the Legislative Auditor had attended the previous meeting in Hilo, but the Board did not ask the Legislative Auditor any questions. Ms. Smart strongly encouraged the Board to call the Legislative Auditor one-on-one, or put the Legislative Auditor on the Board's Agenda either in Ka'u or at the December meeting or whenever it may be agendized. She strongly recommended that the Auditor's report be agendized, and that it be agendized for a meeting in Ka'u.

Ms. Garson said that she would recommend, instead of contacting the Legislative Auditor individually, that the Board discuss the matter now, if the Board has an area that they would like the Legislative Auditor to look at. Ms. Garson said that she would discourage the Board from calling the Legislative Auditor to give her that kind of input. Ms. Garson recommended that the Board can discuss any areas to bring up to the Legislative Auditor today and come to some sort of an agreement.

Mr. Robinson said that the Board cannot take any action until after the Legislative Audit. He recommended deferring this Item, pending receipt of the Legislative Audit.

The Manager-Chief Engineer agreed that it would be prudent to wait for the Auditor's report. If the Board were to make a decision today, and the Legislative Auditor found that decision improper, it could make matters worse, he said.

Chairperson Meierdiercks asked the Board if there were any suggestions they wanted to direct at the Auditor at this time.

Mr. Robinson suggested expediency.

Mr. Taniguchi said Mr. Robinson took the words out of his mouth. He also agreed with Mr. Kaneshiro's opinion that the Board had received enough testimony already. The key now is to get the Legislative Auditor's report. Mr. Taniguchi, addressing Ms. Smart, reiterated that the scope she described to the Board last month was whether DWS's rules on awarding meters were followed, along with recommendations. He said that the more things are added to the scope, the longer the Legislative Audit is going to take. The main thing is to get to the bottom of the matter: to determine whether DWS follows all its rules regarding awards of meters. The Legislative Auditor will give the Board the findings, and the Board can make a decision from there.

Ms. Smart, addressing Mr. Taniguchi said that besides looking at DWS's rules, the Legislative Auditor will also be looking at how the rules were implemented the Ocean View area, and whether the implementation was appropriate for the area. While the Department may have followed its rules that are in place – rules that DWS follows islandwide – the question is whether it was appropriate to do so in these circumstances, Ms. Smart said. The Legislative Auditor might even make recommendations for DWS islandwide, she said. She said the Legislative Audit would not necessarily only cover whether DWS followed its rules; Ms. Smart said she did not think there was any question that DWS followed its current procedures. However, there may be areas of improvement, to ensure fairness, Ms. Smart said.

Mr. Robinson said he wanted to make a Motion.

MOTION: Mr. Robinson moved to defer action on this Item, pending receipt of the Legislative Audit; seconded by Mr. Kaneshiro.

Ms. Garson said that the Motion will be basically a **Motion to defer to the call of the Chairperson**. That is, the Chairperson will agendize the Item when the Legislative Audit is ready. Alternatively, the Board could dispense with this Item altogether, and agendize a differently Agenda Item later based on the Legislative Auditor's recommendations.

Chairperson Meierdiercks asked if there was further discussion.

Mr. Taniguchi asked whether the Board should put a time frame on the Legislative Audit; he asked what if the Audit takes ten years.

Mr. Robinson said the Board cannot control the Audit.

Mr. Taniguchi said the time frame would be so the Audit comes out in a timely manner. He observed that the Board does not have to follow what the Auditor says, in any event. He said the Auditor should present her

report in a timely manner, in a reasonable amount of time, for everybody's sake.

ACTION: Motion to defer to the call of the Chairperson carried unanimously, by voice vote.

5) SOUTH HILO:

A. JOB NO. 2012-10, REPAIR AND MAINTENANCE OF AIR CONDITIONING SYSTEM, WAIĀKEA OFFICE PLAZA, DEPARTMENT OF WATER SUPPLY:

(This Item was deferred from the October 23, 2012, Board meeting.)

Bids were opened on October 18, 2012, at 2:00 p.m., and the following are the bid results.

Bidder	Monthly Maintenance Amount	Total w/estimated repair cost
Oahu Air Conditioning Service, Inc.	\$1,608.75	\$5,172.75
Heide & Cook, LLC	Non-Responsive	N/A

Maintenance Cost to June 30, 2013 (inclusive):

Oahu Air Conditioning Services, Inc. \$1,608.75/mo. = **\$11,261.25**

Hourly Labor Rates for repair:

Regular Journeyman	\$ 118.00/hr.
Regular Helper	\$ 80.00/hr.
Emergency Journeyman	\$ 118.00/hr.
Emergency Helper	\$ 80.00/hr.
Emergency O.T. Journeyman	\$ 177.00/hr.
Emergency O.T. Helper	\$ 120.00/hr.

Option Contract Year Monthly Maintenance Cost

(July 1, 2013 – June 30, 2014): \$1,481.67/mo.

The Manager-Chief Engineer recommended that the Water Board award the contract for Maintenance Bid No. 2012-10, REPAIR AND MAINTENANCE OF AIR CONDITIONING SYSTEM, WAIĀKEA OFFICE PLAZA, DEPARTMENT OF WATER SUPPLY, to the lowest responsible bidder, Oahu Air Conditioning Services, Inc. for \$11,261.25, and the associated labor costs for repairs as necessary during the maintenance period. It is further recommended that either the Chairperson

or Vice-Chairperson be authorized to sign the contract subject to review as to form and legality by Corporation Counsel.

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

Mr. Inaba said that the contract also addresses repairs, if necessary. The repair cost is not reflected in the \$11,261.25, which is only for the maintenance cost over the seven-month period of the contract. For bidding purposes, DWS added assumed, possible repair time. This would be a possible additional cost.

Chairperson Meierdiercks said that the repairs would be in excess of the \$11,261.25 listed for maintenance cost.

ACTION: Motion carried unanimously by voice vote.

6) NORTH KONA:

A. AMENDMENT TO AGREEMENT REGARDING DEVELOPMENT OF SOUTH WAI‘AHA SYSTEM AND AMENDMENT TO AGREEMENT REGARDING DEVELOPMENT OF NORTH WAI‘AHA SYSTEM:

(Deferred at the October 23, 2012, Board meeting.)

The Manager-Chief Engineer recommended that this matter be withdrawn, as on November 14, 2012, Kohanaiki Shores, LLC, submitted a revised agreement for consideration.

Mr. Lim asked that the Board defer its decision on Item 6(A) until after Item 6(B), because 6(A) is related to 6(B).

Chairperson Meierdiercks called for a Motion to move 6(A) to follow 6(B).

Ms. Garson suggested that the Motion be to table Item 6(A) until after Item 6(B).

ACTION: Mr. Taniguchi moved to table Item 6(A) until after Item 6(B); seconded by Mr. Perry, and carried unanimously by voice vote.

B. AMENDED AND RESTATED AGREEMENT REGARDING DEVELOPMENT OF SOUTH WAI‘AHA WATER SYSTEM AND TERMINATION OF THE AGREEMENT REGARDING THE DEVELOPMENT OF THE NORTH WAI‘AHA WATER SYSTEM:

The developers of the South Wai‘aha System and North Wai‘aha System, Wai‘aha System, LLC and Wai‘aha System II, LLC, respectively, would like to amend the existing agreements. There will be new members, as previous members

of each agreement have executed “redemption agreements,” releasing them from the respective agreements. There will be one amended agreement inclusive of both existing agreements identifying the terms and members of the agreement. The parties to this proposed Amended Agreement are the Water Board of the County of Hawai‘i, Waiaha System, LLC, Waiaha System II, LLC and Kohanaiki Shores, LLC.

The Manager-Chief Engineer said that the Department and the Board had this morning received the redrafted Agreement from Kohanaiki’s attorney; the Department had reviewed it and the terms were acceptable. The redrafted Agreement was based on discussions that DWS, Corporation Counsel and Kohanaiki’s attorney had last week, he said. DWS is now recommending approval of the redrafted Agreement with Wai‘aha and Kohanaiki.

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

Mr. Uyeda said he only got the initial draft on Friday, and had not had time to review the revisions. He asked what the capacity of the existing Wai‘aha source was.

The Manager-Chief Engineer said the capacity of the existing Wai‘aha source is 2 million gallons per day, or in terms of single-family units: about 3,200 equivalent units (EUs).

Mr. Uyeda asked why there was a need for DWS to provide another source – assuming the original source has sufficient capacity.

The Manager-Chief Engineer said that that was put in as an option, just in case.

Mr. Inaba explained that the capacity of the transmission system is going to be greater than 2 million gallons a day; DWS did not want to give out more units prematurely. He noted that the developer was going to do a second transmission corridor, i.e., the North Wai‘aha system. This arrangement allows DWS some time to at least try to get a second source (i.e., a well) into the same system that can utilize this transmission system, Mr. Inaba said.

Mr. Uyeda noted that it appears that Kohanaiki has, under the Palamanui agreement, 250 existing water units. Under this new Agreement, Kohanaiki has the rights to 250 equivalent units as well. Mr. Uyeda said Kohanaiki cannot have it both ways; the Board needs to look at the Palamanui agreement in tandem with the new Wai‘aha Agreement, to see if there is any overlapping. He said there should not be any overlapping; the commitments should be in one agreement or the other, but not both.

Mr. Inaba, seeking to clarify, said that the 250 water commitments are independent of the Palamanui agreement.

The Manager-Chief Engineer said the 250 units were not part of the Palamanui agreement; the 250 units referred to here are outside of the Palamanui agreement; the 250 units are separate. In fact, because the existing capacity of DWS's transmission system, DWS allowed Kohanaiki to utilize the 250 units. Kohanaiki actually started off with 500 units, but the number was cut back to 250 units.

Mr. Uyeda said there was another agreement that should be reviewed in tandem with the current Wai'aha agreement – to make things clear. Mr. Uyeda did not believe that Kohanaiki should get 250 equivalent units in both agreements.

The Manager-Chief Engineer said no, that is not the case. Kohanaiki is not getting more than 250 units. Instead, Kohanaiki is being allowed to use 250 units, but under this new redrafted Agreement, Kohanaiki is not going to get more than 250. In actuality, the number of units that Kohanaiki will be getting in this redrafted Agreement from Wai'aha is going to be reduced by that 250 units. Kohanaiki is not going to get more, he said.

Mr. Lim said that Mr. Uyeda is worried about the 250 units coming from the Palamanui agreement; it is not coming from the Palamanui agreement. This is separate and apart; this is going to be a system allocation.

Mr. Uyeda said it sounds like there is a third agreement with DWS, allocating those 250 equivalent units somewhere.

The Manager-Chief Engineer said that the 250 units were committed to Kohanaiki by DWS; it was not necessarily another agreement. The fact was that because of the existing capacity of the system, DWS was able to allow Kohanaiki to utilize those 250 units. This was done administratively by DWS, he said.

Mr. Uyeda said that the schedule allocates equivalent units, and therefore it should be reduced to 250 units.

The Manager-Chief Engineer said yes, that was exactly the case.

Mr. Uyeda noted that the agreement says there is a total of 1,500 units. The 993 units go to Kohanaiki, and the 257 units go to Wai'aha. He asked where the balance of 250 would go.

The Manager-Chief Engineer said that out of the total of 1,500 units, a certain number go to Wai'aha.

Mr. Uyeda said that is the 257 units.

The Manager-Chief Engineer said that the remainder will go to Kohanaiki.

Mr. Inaba said that 1,243 units go to Kohanaiki. The 250 units were placed in advance, so that is where the balance of 993 comes from.

(Mr. Okamoto, off-mike, explained the 250 units to Mr. Uyeda.)

Mr. Uyeda asked what the Wai‘aha lands are zoned for, and what water allocation should be going to those existing parcels.

Mr. Inaba said the members of the Wai‘aha water system may not necessarily have zoning. DWS is letting the members know that DWS needs to allocate at least two units per proposed lot greater than 10,000 square feet in that development. Therefore, if there was a proposal to subdivide a 10 acre lot into (10) 1 acre lots, there would be 20 units, instead of 10, he said. This allocation was based on the typical water usage of similarly sized lots, because DWS knows that the owners use more than one unit per lot.

Mr. Uyeda said that he was concerned that there is enough capacity and source to support the developments there.

The Manager-Chief Engineer said that the minimum requirement is that DWS provides one unit of water per lot, or per existing single-family dwelling. Because of the Department’s experience of water usage in Kona, DWS came up with some lots that use more than one unit of water. That is why DWS came up with this language whereby, in certain size lots, the parcels get two units of water. This is to ensure that DWS has enough capacity in its source that will provide for these developments.

Mr. Uyeda, referring to Section 16, Return of the Deposits, noted that there was no language that dealt with what happens if the entities go away. He asked how, in such a case, HELCO refunds would be distributed.

The Manager-Chief Engineer said he was not clear on that, but normally DWS reimburses developers for whatever reimbursement comes in from HELCO.

Mr. Uyeda asked what happens if there are no developers to reimburse. He noted that over time, developments can be sold, go away, or file for bankruptcy. He said there needs to be some language that addresses refund checks in such a case.

The Manager-Chief Engineer agreed.

Mr. Uyeda noted the requirement for the Waia‘aha system to have a rate-of-flow control valve, to control flow out of the proposed new 1-milliongallon tank. He said there should be language in the Agreement as a fail-safe, to deal with the possibility that the rate-of-flow control valve fails. He asked what kind of back-up system will be required to be in place, in order to be accepted by DWS.

The Manager-Chief Engineer said he was not sure whether such language should be worked into the Agreement. However, there should be safeguards in place when DWS reviews the construction drawings, in case certain components in the system fail. He mentioned the warranties involved. DWS is looking at providing SCADA equipment to monitor DWS's components.

Mr. Uyeda said some language to that effect should be included, before this Agreement is approved.

Mr. Lim, referring to Mr. Uyeda's question about the HELCO refunds, cited Paragraph 21, entitled Runs with the Land. This section assigns a refund to whoever comes in as successors to the existing parties. He said he assumed that whoever the successors are will get the refund.

Mr. Robinson, referring to Mr. Wilkins' public testimony earlier on the salinity and system entitlement, asked whether the new Wai'aha system will help reduce the salinity of the water in Kailua Town.

The Manager-Chief Engineer said yes, the new Wai'aha system will enable DWS to **reduce** its pumpage from the Kahalu'u Shaft and the Kahal'u Wells. Those two sources have higher chlorides. DWS is already using water from the mauka areas through the soon-to-be completed Palani Transmission System. DWS is already bringing that better water down into Kailua. Therefore, that is an alternative that is in place already. Unfortunately, the original Wai'aha Agreement did not pan out as hoped, and the Wai'aha water is not in use yet. But in the meantime, the Palani system is providing an option, he said.

Mr. Robinson asked which well will be the source for the Wai'aha system.

The Manager-Chief Engineer said the Wai'aha Well is the source. The great thing about Wai'aha Well is its location, from which it will be able to transmit water north, south and also down makai.

Mr. Uyeda asked if any other water facilities besides the Waia'aha transmission system will be needed to support this new leg of water coming on line.

The Manager-Chief Engineer said there will be improvements along the Queen Ka'ahumanu Highway, including the rate-of-flow control valves at the Palani junction, as well as additional transmission lines in the highway and additional storage in the area.

Mr. Uyeda asked if there are any easements that DWS would need to get from the State of Hawai'i.

The Manager-Chief Engineer said that presumably, the pipelines will be within the State Highway right-of-way, so DWS will have to work out whatever Use and

Occupancy agreements that are called for, with the State Highways' right-of-way branch. DWS does not anticipate any additional site acquisition requirements, except possibly for the storage requirement that is being built in the Palamanui development and right above Keāhole.

Mr. Lim corrected the Manager-Chief Engineer, saying that the storage requirement has still to be determined at the Palamanui system. He noted that Kohanaiki has an option to either build a new storage facility, or to help someone else to build a storage tank, or to increase the size of the storage. That is why, in Paragraph 6, entitled KOH Storage Requirements, it is called the "off-site storage."

Mr. Robinson asked what happens to the 1999 agreement to which the Water Commission (sic) is signatory to, if the Water Board today approves the Wai'aha Agreement.

Mr. Lim said the whole point is that the Wai'aha System is legally and system-wise unrelated to the Palamanui System. Kohanaiki still is a party to the contract with Palamanui and the Water Board, and once the Wai'aha Agreement is completed, Kohanaiki is going to negotiate with Palamanui on how to allocate the equivalent units and how to transfer things, Mr. Lim said. Kohanaiki has been participating with Palamanui over the past several years in developing Palamanui's system. Once the Kau Wells proved to be not very good, Kau Well No. 1 was basically crossed off the list, Mr. Lim said. Kohanaiki now is looking at Kau Well No. 2 with Palamanui, but even that is subject to a 10,000-hour pumping requirement – just to see what will happen, he said. It involves putting a lot of money in the ground, with a mandated treatment system that DWS has not even seen yet, Mr. Lim said. A prudent developer would look for other options, he said. He noted that Palamanui, being a prudent developer closed on the Kalaoa Well 2 site, and is ready to proceed on that if they want to. Kohanaiki also sought other options, dealing with other well developers, and ended up with Mr. Bolton. That is why Kohanaiki is here with the Water Board; it is a win-win-win situation for everybody, Mr. Lim said. DWS needs the Wai'aha source, a great high-quality source which has never been developed. Kohanaiki needs the money, and has found a developer (Mr. Bolton), who is willing and able to put the money into the system, and who is ready to go now. Mr. Lim asked the Board to approve the Agreement without delay; to delay would force Kohanaiki into a negotiating session with Palamanui. Kohanaiki is going to get to Palamanui to deal with the Palamanui issues – after the Wai'aha System.

Ms. Garson asked the Board if they had any questions for Palamanui.

Mr. Lim said he would object to any questions posed to non-parties to this contract; Palamanui is not part of this contract.

Ms. Garson said she understood, and said she was only asking if the Board needed more information.

Mr. Lim cited Section 4.1.5 of the 1999 agreement with Palamanui, whereby Kohanaiki has the specific right to obtain water commitments from other sources, provided that there is transmission capacity in the DWS system. Therefore, Kohanaiki is just enforcing and taking advantage of its existing rights, even under the 1999 agreement with Palamanui.

Mr. Bays, representing Palamanui, requested an opportunity to respond.

Mr. Lim said he did not want to get into that.

Chairperson Meierdiercks told Mr. Bays that he was out of order, because the Board was just discussing the Wai'aha System and the contract involving Kohanaiki. He asked whether anybody on the Board had any objections. He asked the Board whether they wanted to continue and finish discussion on this issue, or if the Board wanted to incorporate the (Palamanui) issue in this issue.

(Some Board members signified that they did not want to incorporate the Palamanui issue into the discussion.)

Mr. Uyeda observed that the Board only just got the final draft of the Agreement today; he needed more time to review the final draft. He said the Board got one draft on Friday, and the final draft today; he wanted to see what the changes were.

Chairperson Meierdiercks asked whether Ms. Garson had reviewed the final draft.

Ms. Garson said that she had discussed the substance of it with DWS, adding that she too just got the final draft today. However, it is the Board that will be making the decision.

The Manager-Chief Engineer said that DWS looked at the final draft this morning. The final draft came out the way it was discussed previously, but the Board did not get to see this final draft until this morning, he said. He noted Mr. Uyeda's comment that he had not had time to look at the final draft submitted this morning.

Mr. Lim said he wanted the Board to move forward today; he did not see the need for delay. He said it would be prejudicial to some of the other Wai'aha members, who are smaller developers who need to move forward. Not to approve the Agreement today would prevent the smaller developers from moving forward with their projects. The changes that were made to the Agreement, as shown in the red-lined version, are changes that DWS had asked for, and to which Kohanaiki had agreed. Mr. Lim felt that the changes did not alter the substance of the deal, and he felt that the Board has had the opportunity to review the

Agreement. Therefore, he asked the Board to act on the Agreement now. A delay would not be a good thing, he added.

Chairperson Meierdiercks said that the Recommendation on the floor is affirmative, to approve the Agreement. He called for a vote, but it was clear that the vote was not unanimous.

ACTION: A roll call vote was taken: Ms. Lee Loy (Aye); Mr. Perry (Nay); Mr. Uyeda (Nay); Mr. Robinson (Aye); Mr. Lindsey (Aye); Mr. Taniguchi (Nay); Chairperson Meierdiercks (Aye); Mr. Greenwell (Nay); Mr. Kaneshiro (Nay). Motion to approve the Recommendation failed with five (5) Nays and four (4) Ayes.

Chairperson Meierdiercks asked if there were another Motion.

Mr. Lim suggested a Motion to Reconsider its action, at the next regularly scheduled Board meeting.

MOTION: Mr. Perry moved to defer; seconded by Mr. Uyeda.

Chairperson Meierdiercks noted that it had been moved and seconded that this Item be deferred to the next Board meeting.

Mr. Taniguchi asked Mr. Lim not to introduce any changes to the Agreement on the day of the Board meeting. He said it really was not fair to expect someone to review something like that; that was the reason he voted Nay to the Recommendation. It was not okay to say everything is fine, without having a chance to review the Agreement. If the final draft had come in Friday or earlier, the Board probably would not have had a problem. It was unfair to expect anybody to review with no time to review it, he said. Mr. Taniguchi asked if this final draft is exactly what the Board will be looking at for the next Board meeting.

Mr. Lim asked for clarification – whether the current Motion was a Motion to Reconsider.

Chairperson Meierdiercks said it was a Motion to defer.

Mr. Lim asked whether it was actually a Motion to Reconsider, meaning that the prior denial will be erased.

Chairperson Meierdiercks said that was correct.

Mr. Lim said okay, he just wanted to be clear, for the record.

Chairperson Meierdiercks noted that the Board had not yet voted on the Motion.

Ms. Garson said that Mr. Lim was correct; the Motion is to Reconsider.

Chairperson Meierdiercks added that the Motion is to Reconsider the existing final draft of the contract at the next Board meeting. He asked if there may be further changes.

Mr. Taniguchi said no.

Mr. Lim reiterated that the changes that were made in the final draft were changes that DWS made; they were not Kohanaiki's changes.

The Manager-Chief Engineer said that the parties needed to ensure that the final draft is it, so that when Kohanaiki comes back to the Board in December, it must be with the same document that the Board has today.

Mr. Lim said he would commit to that.

Ms. Garson asked for clarification on the Motion to Reconsider; she asked who moved and seconded it.

Chairperson Meierdiercks said Mr. Perry had so moved, and Mr. Uyeda had seconded.

ACTION: Motion to Reconsider at the next Board meeting carried unanimously by voice vote.

A. AMENDMENT TO AGREEMENT REGARDING DEVELOPMENT OF SOUTH WAI'AHA SYSTEM AND AMENDMENT TO AGREEMENT REGARDING DEVELOPMENT OF NORTH WAI'AHA SYSTEM:

Mr. Lim asked that this Item, tabled earlier in the meeting, be deferred to the December meeting.

Chairperson Meierdiercks said that the Item first needed to be *removed from the table*.

MOTION: Ms. Lee Loy moved to remove the Item from the table; seconded by Mr. Taniguchi.

(Note: No voice vote to take Action on this Item took place.)

Chairperson Meierdiercks entertained a Motion to defer the Item to the December meeting.

ACTION: Mr. Robinson moved to defer; seconded by Mr. Greenwell, and carried unanimously by voice vote.

7) **KA‘U:**

A. HAWAIIAN OCEAN VIEW ESTATES STANDPIPE METER ALLOCATION – RE-DOING SIGN-UP PROCESS:

(Handled earlier in the meeting.)

B. EXECUTIVE SESSION RE: RE-DOING SIGN-UP FOR HAWAIIAN OCEAN VIEW ESTATES STANDPIPE METERS:

The Water Board had anticipated convening an executive meeting, closed to the public, pursuant to Hawai‘i Revised Statutes, under 92-5(a)(4) to consult with the Water Board’s attorney on questions and issues pertaining to the Water Board’s powers, duties, privileges, immunities and liabilities. A two-thirds vote, pursuant to HRS Section 92-4, was necessary to hold an executive meeting.

(No Executive Session held.)

8) **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.

LICENSE NO. 775

Lālāmilo Off-Site Water System

Licensors: State of Hawai‘i Department of Hawaiian Home Lands

Tax Map Key: (3) 6-6-001: portion 077 and 010

Final Inspection Date: November 15, 2012

Water System Cost: \$ 814,651.00

MOTION: Mr. Greenwell moved to approve; seconded by Mr. Lindsey.

Ms. Lee Loy said that as in the past, she would be recusing herself from the vote because this is a Hawaiian Home Lands issue; Ms. Lee Loy’s husband is a Hawaiian Homes Commissioner.

Mr. Inaba said this Item involves a pipeline from the tank to the distribution system.

ACTION: Motion carried with eight (8) Ayes; one recusal (Ms. Lee Loy).

B. AD HOC FINANCE COMMITTEE REPORT:

Mr. Taniguchi said his Committee had not met, but he met with the Honolulu Board of Water Supply's Chief Financial Officer to discuss their handling of DWS's billing. As of right now, Oahu cannot handle DWS's billing due to internal challenges on Oahu, but there is a possibility that it could happen in the latter part of 2013. There will be more information at a later date, he said.

C. PROPOSED RULE CHANGES TO DEPARTMENT OF WATER SUPPLY RULES 3-5 AND 3-11, REGARDING NEED FOR COMPLIANCE WITH ALL LAWS, RULES AND REGULATIONS:

The Department proposed adding the following language to Rules 3-5 and 3-11 (a Ramseyer version of the proposed rules is available on the Department's website):

3-5 (15): An applicant for water service from a Department of Water Supply standpipe facility shall pay a fee, prior to installation, equal to the Department's estimate of the cost to install, maintain and remove the meter. In addition, the applicant shall pay the monthly standby and consumption charge at rates established by the Board. **All applicants/consumers shall comply with all applicable federal, state and county laws, rules and/or regulations.**

3-11(2) Water service may be discontinued for any of the following reasons:

(b) Noncompliance with federal, state and county laws, ~~rules and regulations.~~ If the consumer fails to comply with any applicable federal, state or county, laws, rules and/or regulations, ~~of these Rules and Regulations,~~ the Department has the right to discontinue service...

MOTION TO AMEND: Mr. Taniguchi so moved; seconded by Mr. Perry.

The Manager-Chief Engineer said these amendment were basically to allow DWS to more easily administer the Rules and Regulations regarding shut-offs and removal of meters. It would also give the Department and the Water Board more latitude to go to the Public Hearing process, he said.

Mr. Greenwell asked how these amendments tied in to criminal activity. He gave the example of a tenant on leased land who is growing marijuana or some other illegal activity. He asked what happens to the land owner, in whose name the water meter is registered.

Ms. Garson said that in that case, the water service would be discontinued.

The Manager-Chief Engineer said he would defer to Ms. Garson, but he believed that the amended rule allows DWS to discontinue service if the water is being utilized to engage in illegal activity. He believed the amended rule gives DWS every right to discontinue water service in such cases.

Mr. Greenwell asked whether the Police Department comes to DWS to tell the Department to shut the water off in such cases.

The Manager-Chief Engineer said the amended rule would probably allow that.

Ms. Garson agreed that it probably would allow that. She said that DWS would send out a shut-off notice for non-compliance with this rule, and then there would be a Contested Case Hearing; that would be the process.

Mr. Robinson noted that he had been through situations where he was the representative of a lessor, and the lessee (tenant) had committed illegal activities on the property, primarily drug-related. In such cases, the Attorney General sends the lessor a letter saying that the State will confiscate the property. When an individual is involved, the Attorney General sends that person notice that the State intends to confiscate the property. The State has confiscated properties in quite a few cases that Mr. Robinson is familiar with. He noted that if DWS put it into its rules that the water would be shut off when water is used to conduct illegal activity, this would also be covered by the Attorney General's ability to seize property for illegal activity.

Ms. Garson said she believed the seizure laws were different; she was not sure how these laws would affect DWS. If the Attorney General writes to DWS saying that illegal activity has taken place on a property and if the Attorney General requests that DWS shut off the water, the Attorney General would probably go through the same process, i.e., send a shut-off notice and then hold a Chapter 91 Hearing, she said. Ms. Garson said the amended rule changes are in two different parts: Rule 3-5 (15) involves the standpipe facilities, and Rule 3-11(2) involves everybody else among DWS's household users. Originally, the idea was that there lacked any specific language in Rule 3-5 (15) regarding use of the standpipe facility in a manner contrary to law; the idea was to have language to be able to terminate service.

Mr. Greenwell said that while he saw where this might be necessary, he did not want DWS or the Water Board to be in a position to, for example, shut off water if the Planning Commission reports an illegal bed and breakfast operation. He envisioned DWS being told by multiple agencies what to do if such a rule were in place.

The Manager-Chief Engineer said that water service could continue until the Planning Commission or the courts prove that illegal activity took place on the property; with such a judgment, DWS would be safe in discontinuing service.

Ms. Garson said that Mr. Greenwell made a very good point. That is why the Department is bringing this to the Board, to see whether or not changing the rules is something the Board wants to do. She said the proposed amendments to the

rules come up amid allegations that people hauling water from the Ocean View standpipes are not properly licensed by the PUC, in accordance with State statute. The question is whether the Board wants to amend the rules to allow DWS to terminate service in such cases.

The Manager-Chief Engineer said that if the PUC reports to DWS that a certain business is not in compliance, DWS can probably discontinue water service. DWS will not be the ones proving illegal activity; it is not in DWS's or the Water Board's jurisdiction. If an agency shows DWS documents that show illegalities were done, DWS will have no choice but to discontinue water service, he said.

Chairperson Meierdiercks said that he does not believe the Board or DWS want the responsibility of policing such activity.

The Manager-Chief Engineer agreed.

Mr. Taniguchi asked what brought these proposed amendments about. He said that if the amendments were for a specific purpose, then the language should state it specifically. He said that if there is forfeiture of property involved, the water bill will go unpaid – and the water will be shut off anyway. He did not think such broad language was called for; if the problem was illegal hauling, the language should state “illegal hauling.” Such far-reaching language will make everything fall back on DWS, and it will be opening up a can of worms, he said.

Mr. Robinson agreed; next thing, DWS is going to be told by the Department of Health to shut off the water because somebody is running an illegal kitchen. He did not want DWS to be involved in enforcement.

Mr. Perry asked what would be the consequences of *non-action* on the proposed amendments to the rules.

Chairperson Meierdiercks said that would mean that the rules stayed as written, as-is. If the Board votes against the Recommendation to approve the rule changes, then the rules will stay the same as before; no changes will go into effect.

Ms. Garson said that was correct; if the Board wishes more specific language to add a “hammer” to impose shut-offs, that would be fine.

Mr. Robinson sought to make a Motion.

Chairperson Meierdiercks said there already was a Motion on the floor, to accept the proposed changes to the rules. He called for the question.

ACTION: Motion failed by eight (8) Nays; one (1) Aye (Mr. Kaneshiro).

Chairperson Meierdiercks confirmed that the Motion failed, and therefore the rules would remain unchanged.

D. ENERGY MANAGEMENT ANALYST UPDATE:

Ms. Myhre presented an abbreviated version of her Green Initiatives Report. The summary showed that DWS's energy usage was at a similar rate to last year's usage, and the price of electricity has remained about the same during the entire year.

Mr. Perry asked where DWS's 610 leak detection devices were located, and whether most of them were in Hilo.

Ms. Myhre said the devices were strategically placed as a function of infrastructure, where they are likely to find leaks, such as in older pipes in Hilo. DWS's old perma-loggers have been replaced, she noted. She said the leak detection devices were located all over the island.

Mr. Perry said he assumed the devices were located close enough to each other, on systems that need them.

Ms. Myhre turned to the Hawai' County Energy Advisory Commission, which has worked with the Kohala Center on a five-year road map towards sustainability. The road map can be viewed at www.hawaiienergyplan.com, and Kohala Center is seeking comments on the document until December 5. The document describes initiatives in transportation, renewable energy, energy efficiency, five-year costs, etc.

Regarding the Lālānilo Wind Farm, DWS is currently reviewing requests for information from three offerors, who the Department asked to provide questions about the Request for Proposals (RFP). DWS is responding to their question, Ms. Myhre said. The offerors have a deadline of January 5 to submit their proposals, which DWS will review. DWS will then interview the offerors, and allow them time to amend their proposals. The final decision will probably be made in March.

Ms. Myhre said that DWS had written a letter to HELCO, recognizing their efforts in helping DWS on several issues around the island where DWS is doing trouble-shooting.

E. MONTHLY PROGRESS REPORT:

No discussion.

F. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

No discussion.

G. MANAGER-CHIEF ENGINEER'S REPORT:

The Manager-Chief Engineer provided an update or status on the following:

- 1) Palani Road Transmission Waterline Project – Mr. Inaba said that some clean-up at the new 935 site remains to be done, while the 595 site is cleaned up and looks good. There are some warranty issues, including a meter that is not functioning properly. DWS is in contact with the manufacturer to get it replaced. All of the major work has been completed. As noted earlier, better water from Palani is now flowing down into Kailua town. The Manager-Chief Engineer said that Microlab personnel are collecting data to ensure that the water quality is improving, now that the mauka water is coming down into Kailua town. There is baseline data regarding the existing chlorides; DWS wants to see the chloride content drop thanks to the mauka water coming in.
- 2) Kawailani Tank update – Mr. Inaba has been in weekly contact with the general contractor, who has not gotten responses from one of his sub-contractors. DWS will be discussing its options with Corporation Counsel, to see what action can be taken to move things along. Mr. Inaba said he had spoken with the contractor twice in the last week. The Manager-Chief Engineer agreed that DWS needs to see what its options are, to push for this project to be completed. The electrical contractor still has to do some revisions. The general contractor did get a response from the painting sub-contractor, but the painting sub-contractor is still looking into a different paint for the exterior of the tank. The general contractor is looking for a new fencing sub-contractor. Mr. Taniguchi asked who hired the general contractor. Mr. Inaba said this was the original contractor. Mr. Taniguchi said he thought DWS hired a new contractor. Mr. Inaba said no, a different contractor was hired by the consultant only to do the remedial work to repair the roof; DWS is still working with the original contractor.
- 3) Pu'ukala/Kona Ocean View Properties Subdivision Improvement District Update – Mr. Inaba said that DWS expects to go out to bid for this project next month, and will open bids in January. The original plan was to open bids in December, but could not due to the need to modify documents.
- 4) Public Information and Education Specialist Update – Ms. Aton noted that DWS participated in de-briefings at Civil Defense after the October 27 tsunami emergency. DWS had water main breaks in Kona on November 7 and in Hilo on November 15. After those incidents, DWS updated its list of procedures and software as a follow-up to those experiences and responses. DWS held several meetings in Ocean View regarding the Recommendation on
- 5) Employee of the Quarter – Mr. Ikeda introduced the Employee of the Quarter for the Third Quarter, Mr. Bob Ravenscraft, who is the supervisor for Kona District. Mr. Ravenscraft has dealt very well

under pressure amid disasters such as the 2006 earthquake and multiple well failures in Kona over the past year. Mr. Ravenscraft has served in DWS for almost 25 years, working his way up from the position of Waterworks Helper to his current position heading operations in Kona. Mr. Ravenscraft said all the credit is due to his dedicated crews in the field.

Mr. Taniguchi, turning to the Chapter 11 bankruptcy of Naniloa Volcanoes Resort, asked how DWS was handling it.

The Manager-Chief Engineer said DWS was not doing anything special on this case; the Department is just waiting to see how the proceedings play out. Once DWS receives notice of a bankruptcy, the Department is put on notice that DWS cannot shut off water service.

Ms. Garson said that Customer Service handles a lot of bankruptcies, and is very familiar with the process, whereby there are pre-petition and post-petition accounts established.

H. CHAIRPERSON'S REPORT:

Chairperson Meierdiercks asked the Board to go over the Wai'aha Agreements ahead of the December meeting.

Pending a possible determination by the Legislative Auditor, the venue for the January meeting will be determined at the December Board meeting

9) ANNOUNCEMENTS:

1) Next Regular Meeting:

The next meeting of the Water Board will be held at 10:00 a.m. on December 18, 2012, at 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 at 10:00 a.m. on January 22, 2013, at a venue to be announced.

10) ADJOURNMENT

ACTION: Mr. Taniguchi moved to adjourn; seconded by Mr. Greenwell; and carried unanimously by voice vote.

Chairperson Meierdiercks adjourned the meeting at 12:38 p.m.

Secretary

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 Janet Snyder, 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.