

MINUTES

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

September 27, 2016

Hilo Operations Conference Room, 889 Leilani Street, Hilo, HI

MEMBERS PRESENT: Mr. Craig Takamine, Chairperson
 Mr. Russell Arikawa, Vice-Chairperson
 Mr. Bryant Balog
 Mr. Leningrad Elarionoff
 Ms. Brenda Iokepa-Moses
 Ms. Susan Lee Loy
 Mr. Jay Uyeda
 Ms. Kanoe Wilson
 Mr. Keith K. Okamoto, Manager-Chief Engineer, Department of Water
 Supply (ex-officio member)

ABSENT: Mr. Duane Kanuha, Director, Planning Department (ex-officio member)
 Mr. Warren Lee, Director, Department of Public Works
 (ex-officio member)

OTHERS PRESENT: Ms. Amy Self, Deputy Corporation Counsel

Department of Water Supply Staff

Mr. Kawika Uyehara, Deputy
Ms. Janet Snyder, Information and Education Specialist
Mr. Kurt Inaba, Engineering Division Head
Mr. Richard Sumada, Waterworks Controller
Mr. Daryl Ikeda, Chief of Operations
Mr. Clyde Young, Operations Division
Mr. Eric Takamoto, Operations Division
Mr. Warren Ching, Operations Division

- 1) CALL TO ORDER – Chairperson Takamine called the meeting to order at 10:00 a.m.
- 2) STATEMENTS FROM THE PUBLIC - None
- 3) APPROVAL OF MINUTES – ACTION: Ms. Lee Loy moved for approval of the Minutes of the August 23, 2016, Water Board Meeting; seconded by Ms. Wilson and carried unanimously by voice vote.
- 4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA - None

5) HĀMĀKUA:

A. LICENSE AGREEMENT - GRANTING ACCESS ON A PORTION OF TAX MAP KEY (3) 4-5-019:020 TO TAX MAP KEY (3) 4-5-019:019:

The proposed “Licensees,” Wendell Hisaka, Lloyd Hisaka, and Carol Hisaka, owners of Tax Map Key (3) 4-5-019:019, and successors in interest to Ms. Masako Hisaka, are requesting a License Agreement continuing to allow the use of the existing access road for the sole purpose of ingress and egress from Plumeria Road across the Water Board’s property identified as Tax Map Key (3) 4-5-019:020 (Honoka‘a Well and Reservoir Site). Prior to this, a License Agreement for the same purpose existed between the Water Commission (Water Board) and Ms. Masako Hisaka. The previous License Agreement was non-transferrable.

The Manager-Chief Engineer recommended that the Water Board approve a License Agreement to Wendell Hisaka, Lloyd Hisaka, and Carol Hisaka for the sole purpose of ingress and egress across Tax Map Key (3) 4-5-019:020, subject to the approval of the Corporation Counsel, and that either the Chairperson or the Vice-Chairperson be authorized to sign the document.

MOTION: Mr. Arikawa moved for approval of the recommendation; seconded by Ms. Iokepa-Moses.

In response to Chairperson Takamine’s question if this is a transfer, the Manager-Chief Engineer replied that it is. This access has been in existence with the property, but the owner now wants to transfer to the current owner, which is family. The site involved is known as Hospital Tank.

Mr. Inaba showed the Board the property lines on a map and explained that in the past, the Hisakas had a license to access the Department’s driveway to get to their garage. The tank site itself is fenced and is not accessible by them.

The Manager-Chief Engineer stated that this arrangement has existed as long as he can remember. It is a shared driveway that has been mutually benefited from for decades. This Agreement is to provide a license for the Hisakas to legally use the access road. In response to Ms. Iokepa-Moses’ question of whether it is the only entrance into their property, he replied it was.

Ms. Wilson asked why a license agreement versus a right-of-entry.

Ms. Self replied that a right-of-entry is for a specific purpose and is usually for a short period of time, whereas a license agreement would grant access as long as the Department chooses.

Discussion followed regarding whether the new owners would honor the existing arrangement and if the License Agreement contained an indemnification clause to hold the Department of Water Supply harmless if an accident were to happen on the property, and if the parties would need to carry insurance.

The Manager-Chief Engineer confirmed with Mr. Inaba that there have been no access issues. Because it is the family of the person the Department had the original agreement with, it is not a concern.

Ms. Self added that the License Agreement can be revoked. She assured the Board that the indemnification language would definitely be in the Agreement.

ACTION: Motion was carried unanimously by voice vote.

6) NORTH KONA:

A. **JOB NO. 2015-1042, KALOKO MAUKA #1 STATION BOOSTERS B & D REPAIR – REQUEST FOR ADDITIONAL FUNDS AND TIME EXTENSION:**

The contractor, Derrick’s Well Drilling and Pump Services, LLC, is requesting a contract change order for the Kaloko Mauka #1 Station Boosters B & D Repair. The contract change order is to cover costs associated with the change in the scope of work associated with replacement of the discharge head for Booster B. It was discovered upon the extraction work that the existing discharge head had a longitudinal crack along the length of the discharge flow tube within the discharge head, making it inaccessible and repair unfeasible. The additional fees are as follows:

Original Contract Amount:	\$80,000.00
Original Contingency amount:	8,000.00
1 st Additional Contingency request:	<u>\$10,055.00</u>
Total Contract Amount	\$98,055.00

The contractor is also requesting a contract time extension of 90 calendar days. Staff has reviewed the request and is recommending approval of 90 calendar days, based on the fact that this additional work exceeds the scope of the original contract and was beyond the control of the contractor.

The Manager-Chief Engineer recommended that the Board approve an increase in contingency of \$10,055.00 for a total contract amount of \$98,055.00 and a contract time extension of 90 calendar days to Derrick’s Well Drilling and Pump Services, LLC, for JOB NO. 2015-1042, KALOKO MAUKA #1 STATION BOOSTERS B & D REPAIR. If approved, the contract completion date will be revised from September 30, 2016, to December 28, 2016.

MOTION: Ms. Iokepa-Moses moved for approval of the recommendation; seconded by Ms. Wilson.

The Manager-Chief Engineer explained that the crack in the discharge head was not visible when the original project’s scope of work was prepared. A discharge head is not a shelf item, and needs to be manufactured for the appropriate sizing.

Mr. Elarionoff asked what would cause the discharge head to crack.

Mr. Young replied it could be caused from vibration, pressure, or corrosion. The pump was fairly old.

ACTION: Motion was carried unanimously by voice vote.

B. **JOB NO. 2016-1053, KALOKO MAUKA #1 BOOSTERS A & B REPAIR:**

This project consists of the replacement of the existing booster pumps, discharge heads, motors, and all appurtenant materials, such as mechanical seals, pre-lube tubing, etc; chlorination and testing of the pumping assemblies; and selective reconfiguration and replacement of above-ground discharge piping assemblies.

Bids for this project were opened on September 15, 2016, at 2:00 p.m., and the following are the bid results:

Bidder	Bid Amount
Beylik Drilling & Pump Service, Inc.	\$120,900.00
Derrick’s Well Drilling and Pump Services, LLC	\$125,000.00

Project Costs:

1) Low Bidder (Beylik Drilling & Pump Service, Inc.)	\$ 120,900.00
2) Construction Contingency (~10%)	<u>\$ 12,100.00</u>
Total Cost:	<u>\$ 133,000.00</u>

Funding for this project will be from DWS's CIP Budget under Pump Replacement. The contractor will have 240 calendar days to complete this project. The Engineering estimate for this project was \$170,000.00.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2016-1053, KALOKO MAUKA #1 BOOSTERS A & B REPAIR, to the lowest responsible bidder, Beylik Drilling & Pump Service, Inc., for their bid amount of \$120,900.00, plus \$12,100.00 for construction contingency, for a total contract amount of **\$133,000.00**. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality of the contract by Corporation Counsel.

MOTION: Ms. Iokepa-Moses moved for approval of the recommendation; seconded by Ms. Wilson.

Mr. Elarionoff asked for an explanation of contingency.

The Manager-Chief Engineer explained that contingency is typically 10 percent, placed on top of the base bid for unforeseen circumstances, resulting in the total contract amount. That total amount is brought before the Water Board for approval. In the event that changes occur, are reasonable, and fall within the contingency amount, the change orders can be processed administratively. The Water Board Chairperson, or his designee, needs to sign off on the change order document; but it does not need to come before the Water Board for formal action. However, if anything goes beyond the contingency amount, it needs to be brought to the Water Board for formal action. He added that there is an industry standard that no job is perfect; therefore, contingency is added.

Ms. Lee Loy noted on Item No. 6(A), the title is Kaloko Mauka #1 Boosters B & D Repair, and this item is Kaloko Mauka #1 Boosters A & B Repair. She asked if "B" is being covered twice by two different contractors.

Mr. Ikeda explained that it is two different pump stations. One of them is called Kaloko Mauka #1 Station Boosters, and one is called Kaloko Mauka #1 Boosters.

The Deputy added that one pumps water north of Māmalahoa Highway and the other pumps mauka of the site. The Manager-Chief Engineer noted that it is an engineering naming system, and he could understand where it could get confusing.

Mr. Uyeda noted from last month's meeting, there was a protest on booster pumps. He asked if the same specifications and efficiencies apply to this one. He also noted that the 210 calendar days on that repair were for what seemed like a larger booster station, whereas this is a longer contract, 240 calendar days, for a smaller booster station.

Mr. Ching explained that the efficiencies change for each job based on the type of pump equipment used. The Department prefers efficiencies in the high 70's or low 80's. Each station has its own unique pump efficiency, amount of gpm (gallons per minute), and discharge head. The contract period also varies. For this contract, the Department will be using a newer material, different from the typical material used. Stainless steel (on the discharge head) will be used to help with corrosion resistance. By going with this new type of material, it will take longer to get it on site.

ACTION: Motion was carried unanimously by voice vote.

7) MISCELLANEOUS:

A. DEEPWELL AND BOOSTER OVERVIEW:

Mr. Ching presented the Board with an overview of the Department's deep well and booster equipment. He reviewed the two types of pumps: submersible and line shaft. He explained that the line shaft is the preferred pump due to accessibility of the motor, which is at the top of the well. If the motor needs servicing, it does not have to be pulled up from the bottom of the well. Submersible pumps are used for a couple of reasons. If the well is too deep, a line shaft connecting the motor and the pump would be too long, thus not allowing lubrication to get to the bottom; and another reason is misalignment of the well, which can pose a problem. Booster pumps move the water mauka. They are run alternately to maximize energy.

Mr. Uyeda asked what parts the Department would be getting for the \$121,000.00 job that was awarded today, and how long the equipment lasts.

Mr. Ching replied it would be basically everything above ground, including the pump. On the contract that was awarded today, the pump being replaced was from 1990 or 1991. Twenty years is considered good for a pump. Motors generally are replaced more often, or are rebuilt.

Mr. Young added that if there is time, the Department tries to replace the motor with a more efficient one. They may cost a little more, but offer more savings in the long-run. Considering when the well needs to be back online, it may be quicker to rebuild the motor.

Discussion followed regarding the discharge heads. It was explained that they are designed for the pump, and are not a standard item. Every well and piece of equipment have slight differences, and are designed for maximum energy efficiency.

The Board thanked Mr. Ching for his presentation.

B. POWER COST CHARGE:

The Department proposed reducing the Power Cost Charge from \$1.70 to **\$1.61** per thousand gallons, to reflect a decline in power costs for the Department's wells and pumps. A Public Hearing was held prior to this Board meeting to accept public testimony on this change.

The Manager-Chief Engineer recommended that the Board approve the reduction of the Power Cost Charge from \$1.70 to **\$1.61**, effective October 1, 2016.

ACTION: Ms. Iokepa-Moses moved for approval of the recommendation; seconded by Ms. Wilson and carried unanimously by voice vote.

C. AWARD FOR SERVICES TO PROVIDE BILL PAYMENT BY PHONE AND INTERNET:

The Department issued a request for proposal (RFP) in February 2016 to select a vendor that could provide website and interactive voice response (IVR) bill payment services for customers using a credit card, debit card, or electronic check. The Department received 11 proposals; and after the initial evaluation, narrowed the potential vendors down to three (3) finalists. The three finalists were allowed to conduct a demonstration of their products and then submit a Best and Final offer (BAFO). The BAFOs were then evaluated, and a vendor was selected.

The Department anticipates absorbing a portion or all of the proposed transaction fees, on bills up to a maximum bill amount, in order to encourage the use of these payment options.

The Manager-Chief Engineer recommended that the Board award the contract for RFP No. 2015-09, ELECTRONIC CREDIT CARD PAYMENT PROCESSING SERVICES, to Paymentus. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality by Corporation Counsel.

MOTION: Ms. Lee Loy moved for approval of the recommendation; seconded by Ms. Iokepa-Moses.

The Manager-Chief Engineer said that the Department is excited about this contract. It will make it easier for customers to pay their water bills. It has been a while in coming, and he thanked the Department's team for their great job in evaluating the proposals from various vendors. He is very confident that this is in best interests of the Water Board, the Department, and the customers. The contract term is up to eight years, and includes the option to review the performance yearly, and to move on to another vendor if not pleased with the service.

In response to Mr. Uyeda's question of whether this company does business with any of the other departments, and if the fee schedule is based on percentage collected or another means, Mr. Sumada stated that this company is based on the mainland. They currently serve Maui's Department of Water Supply and Hawaiian Tel, so they have a presence in Hawai'i. The fee structure is going to be \$2.25 per transaction, per payment, by telephone or on the website, which will limit payments to \$250.00. Each time a customer calls in or goes online, they will be able to pay up to \$250.00. Paymentus will assess \$2.25 to process that transaction. At this point, it is the Department's intent to absorb the fee entirely, as an incentive for customers to use the service.

The Manager-Chief Engineer added that the Department values its customers, and feels the fee is worthwhile absorbing. There was no pay-by-phone service before this; therefore, the exact cost to the Department is not yet known. After the first year, the Department will have some actual numbers to report. This fee structure of this new contract will be better than what is currently in use.

Mr. Elarionoff mentioned that customers do not pay for the water. They pay for the delivery. He asked if, when this fee becomes added in, it becomes part of the delivery.

The Manager-Chief Engineer replied that part of the delivery is the administration of the Department to provide that delivery service.

Mr. Balog asked if this service will be on a new website and how the word would be sent out the customers.

The Manager-Chief Engineer replied that the Department is preparing a press release, and the notice will be sent out to all of its customers.

Ms. Wilson asked about the bidding process. Mr. Uyehara explained that the Department went with the RFP (Request for Proposals) process as opposed to the closed, sealed bid process. This allows the Department to go out to the industry and receive several proposals. Those proposals were evaluated, and narrowed down to pre-finalists. Demonstrations were provided by the pre-finalists. This is a State Procurement Law-approved method that allows for more criteria for evaluation, rather than only lowest price.

Mr. Inaba added that for the RFP, one of the reasons the other offerors are not shown is because their proposals include proprietary information.

The Manager-Chief Engineer stated that this is not intended to be a secretive process, but rather a process where you can choose the company that provides the best value for what the Department is seeking, and not just the lowest price. Price also has to be a factor, and is one of the evaluation criteria, but is not *the* governing criteria.

In response to Mr. Arikawa's question of how long the Maui Department of Water Supply has had the service, what their fee is, and if they charge it, Mr. Sumada stated that they have done it for a couple of years. Their terms are up to \$500.00 a payment, plus a \$2.95 fee, per transaction. They charge that fee to the customer.

The Manager-Chief Engineer stated that the Department took a look at the bulk of its customers, and the vast majority, exceeding 90%, fall within the \$250.00 and below payment amount. That was used as part of the evaluation.

Mr. Arikawa asked if the Department would be looking into the fee after a period of time, and possibly making adjustments to it.

The Manager-Chief Engineer replied that the fee is locked in based on the RFP, but the Department will be looking into what the actual cost is, after reviewing how many customers will be utilizing the service and what its actual cost to the Department will be. It is estimated right now to be between \$20,000.00 to \$30,000.00 a year.

Mr. Arikawa asked if there is a chance the fee may be reversed and charged to the customer.

The Manager-Chief Engineer replied that after one year of implementation, the Department can bring this back to the Board with actual costs for the Board's consideration.

ACTION: Motion was carried unanimously by voice vote.

D. DEDICATION OF WATER SYSTEM:

The Department received the following document for action by the Water Board. The water system has been constructed in accordance with the Department's standards and is in acceptable condition for dedication.

1. Bill of Sale
Seller: Waiakea Uka Bible Church
Tax Map Key: (3) 2-4-056:030
Final Inspection Date: August 10, 2016
Water System Cost: \$62,120.00

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

ACTION: Ms. Iokepa-Moses moved for approval of the recommendation; seconded by Ms. Wilson and carried unanimously by voice vote.

E. **UPDATE RE: NATIONAL PARKS SERVICE'S PETITION TO DESIGNATE KEAUHOU AQUIFER AS A GROUND WATER MANAGEMENT AREA:**

No updates.

F. **EXECUTIVE SESSION RE: NATIONAL PARKS SERVICE'S PETITION TO DESIGNATE KEAUHOU AQUIFER AS A GROUND WATER MANAGEMENT AREA:**

Executive Session waived.

G. **MONTHLY PROGRESS REPORT:**

Mr. Balog asked about progress on the Waikoloa Reservoir. Mr. Inaba explained that the trees need to be cut in order to allow inspection of the embankment. Staff is working with the various agencies and consultants.

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

Mr. Elarionoff asked about Accounts Receivable Aging. Mr. Sumada explained that it reflects what is owing to the Department from its customers. It is grouped by how old the bills are. The table also shows water consumption for the month. In response to Mr. Elarionoff's question of when the water would be shut off on an aging account, Mr. Sumada replied that after the account is due over one month, the Department sends out a delinquent letter and gives the customer a period of time to make contact to resolve it. If that is not done, a shut-off letter is sent. Within a couple of months, their service is subject to shut-off.

I. **MANAGER-CHIEF ENGINEER'S REPORT:**

1. Lālāmilo Windfarm - The Manager-Chief Engineer announced that a grand opening of the Lālāmilo Windfarm will be held September 28, 2016, 11:00 a.m., at the site. The Department will be coordinating transportation to the site.
2. Water Use and Development Plan - A public informational meeting is scheduled for October 5, 2016, at the West Hawai'i Civic Center, Building G, at 5:30 p.m. Public Notice will be advertised in the October 2, 2016, West Hawai'i Today. The purpose of the meeting is to receive public input on the plan before the Department submits the pre-final draft to the State of Hawai'i, Commission on Water Resource Management (CWRM).
3. Hawai'i Water Works Association/Hawai'i Rural Water Association Joint Conference – November 2 to 4, 2016, to be held at the Wailea Beach Marriott Resort & Spa on Maui. There are four budgeted slots for the Water Board. Please contact the Secretary if interested.
4. Demonstration of Fire Hydrant – Mr. Owen Daimaru reviewed the components of a fire hydrant. There are two types: dry barrel and wet barrel. The wet barrel is what you may be familiar with if you see on the news one that has been hit by a vehicle, with water shooting out like a geyser. The Department's standard now is for dry barrel. There are components on the unit that break away when hit, rather than the unit falling over. They can be repaired fairly easily without being dug up.

J. **CHAIRPERSON'S REPORT:**

Chairperson Takamine thanked the Department and its staff for taking care of the water main breaks in downtown Hilo and on Ali'i Drive, Kona this past month, and the quick action in remedying the outages.

8) ANNOUNCEMENTS:

1. **Next Regular Meeting:**

The next meeting of the Water Board is scheduled for 10:00 a.m. on October 25, 2016, at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI.

2. **Following Meeting:**

The following meeting of the Water Board will be held at the West Hawai'i Civic Center, Community Center (Building G), 74-5044 Ane Keohokalole Highway, Kailua-Kona, Hawai'i, on November 22, 2016, at 10:00 a.m.

9) ADJOURNMENT

ACTION: Ms. Lee Loy moved to adjourn the meeting; seconded by Mr. Arikawa and carried unanimously by voice vote. Meeting adjourned at 11:37 a.m.

Secretary