

MINUTES

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

June 27, 2017

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

MEMBERS PRESENT: Mr. Craig Takamine, Chairperson
Mr. Russell Arikawa, Vice-Chairperson
Mr. Leningrad Elarionoff
Ms. Kanoë Wilson
Mr. William Boswell, Jr. (10:05 a.m.)
Mr. Nestorio Domingo
Mr. Eric Scicchitano
Mr. Keith K. Okamoto, Manager-Chief Engineer, Department of Water Supply (ex-officio member)

ABSENT: Mr. Bryant Balog, Water Board Member
Ms. Brenda Iokepa-Moses, Water Board Member
Director, Planning Department (ex-officio member)
Director, Department of Public Works (ex-officio member)

OTHERS PRESENT: Ms. Jessica Yeh, Deputy Corporation Counsel
Mr. Fred Camero, Beylik Drilling & Pump Service, Inc.
Ms. Karen Winter, Rush Moore LLC
Mr. Steven Lim, Carlsmith Ball LLP
Ms. Katherine Luga, Carlsmith Ball LLP
Mrs. Domingo

Department of Water Supply Staff

Mr. Kawika Uyehara, Deputy
Ms. Kaiulani Matsumoto, Information and Education Specialist
Mr. Kurt Inaba, Engineering Division Head
Mr. Richard Sumada, Waterworks Controller
Mr. Daryl Ikeda, Operations Division Head
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: Mr. Arikawa moved for approval of the May 23, 2017, Water Board Minutes; seconded by Mr. Elarionoff and carried unanimously by voice vote.

- 4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA - none
- 5) **ADOPTION OF PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW AND DECISION AND ORDER FOR 4-25 -17 CONTESTED CASE HEARING REGARDING WATER SERVICE ACCOUNT NUMBER 7000944-10 (TMK 1-3-008:071), (In the Matter of the Appeal of Edward Frazer):**

The above Contested Case Hearing took place on April 25, 2017, in accordance with Chapter 91 of the Hawai'i Revised Statutes and Rule 2-5 of the Rules and Regulations of the Department of Water Supply.

For review and adoption the Findings of Fact, Conclusions of Law and Decision and Order. It was noted that this is the final action in order to move forward with this item. The Findings of Facts was prepared May 17, 2017, and delivered to Mr. Frazer. This final action was held off until this month's meeting for the customer's benefit because of the meeting taking place in Hilo. Final action today will close the books on this matter.

ACTION: Mr. Arikawa moved to approve and adopt the Findings of Fact, Conclusions of Law and Decision and Order; seconded by Ms. Wilson and carried unanimously by voice vote.

- 6) HĀMĀKUA:

A. JOB NO. 2011-971, KAPULENA WELL DEVELOPMENT PHASE 2 AND SUPPORTING FACILITIES:

The contractor, Jas. W. Glover, Ltd., is requesting a contract time extension of 36 calendar days. This is the third time extension request for this project.

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	02/19/2017	06/22/2017	123	Inclement and unworkable weather conditions (5 working days) and excess delays obtaining the building department permit (additional 116 calendar days)
2	06/22/2017	07/03/2017	11	Inclement and unworkable weather conditions (1 working day) and change order work (6 working days).
3	07/03/2017	08/08/2017	36	Delays due to state highway permitting delay and change order work (36 calendar days).
Total Days (including this request)			170	

The contractor's time extension request of 36 calendar days is requested due change order work and delays due to permitting.

The Manager-Chief Engineer recommended that the Board grant this contract time extension of 36 calendar days to Jas. W. Glover, Ltd. for JOB NO. 2011-971, Kapulena Well Development Phase 2 and Supporting Facilities. If approved, the contract completion date will be extended from July 3, 2017, to August 8, 2017.

MOTION: Ms. Wilson moved for approval of the recommendation; seconded by Mr. Arikawa.

The Manager-Chief Engineer explained there was a delay of four days due to the highway permitting work and 32 days for work this Department requested. While doing the tie-in, it was determined that it would be better for the water quality to eliminate a “dead-end” stagnant waterline, and instead “loop” the system.

Mr. Elarionoff asked for an explanation of why there are two change orders. The first was 11 days and the second one is 36 days.

It was noted that extension #2 was brought to the Board last month. That was for the extra bollards around the transformer and was a change in the scope of the project. This current one is a change order due to the request from the Department to eliminate that dead-end system. They are two different change orders.

(Mr. Boswell joined the meeting at 10:05 a.m.)

Ms. Wilson asked if this current change order is also for the State Highway permitting.

Mr. Inaba replied it was not. The State Highways permitting work should be completed four days after the completion date, and that is why it is listed in there. We also had the request to do the change order work to interconnect two lines that are currently separated so one of them is a dead end right now. That portion we need to request for additional days. It takes some time for the material to get in.

ACTION: Motion carried unanimously by voice vote.

7) SOUTH KOHALA:

A. **ASSIGNMENT OF WATER ALLOCATION PURSUANT TO THE PARKER WELLS 3 AND 4 TRI-PARTY AGREEMENT:**

The Assignor, Tokyu Corporation, is intending to grant, assign, transfer and convey its rights to and allocation of water to Assignee, DHL Mahi Propco, LLC, from the Lalamilo Wells A, B, C and D, and Parker Wells 1, 2, 3 and 4. This assignment will not impact other allocation recipients within the Mauna Lani Services, Inc. Development Area prior to the date of this assignment. All other terms and conditions in the Parker Wells 3 and 4 Tri-Party Agreement between the Assignor, Mauna Kea Properties, Inc., and the Water Board of the County of Hawai‘i shall remain unchanged.

The Manager-Chief Engineer recommended that the Water Board approve this Assignment of Water Allocation subject to the transfer of title of Tax Map Key (3) 6-8-001:052 to DHL Mahi Propco, LLC, and authorize either the Chairperson or the Vice-Chairperson to execute the document subject to the review and approval of the Corporation Counsel.

MOTION: Mr. Arikawa moved for approval of the recommendation; seconded by Ms. Wilson.

The Manager-Chief Engineer stated that this is straightforward. It is within ability of the original Tri-Party Agreement to transfer these water units within the development area.

Mr. Elarionoff asked for clarification of this transaction and if there was any profit involved.

The Manager-Chief Engineer explained that this is for unused water units that the developer obtained through an agreement with the Department of Water Supply and another party, in this case, the Parker 3 & 4 Tri-Party Agreement. They developed two well sources in the mauka area for the purposes of their development and, as such, received the water units for the development. Because of a proposed change in ownership, in this case, within the original development area, it is basically saying proposed Buyer B will be assigned the units that were with current owner, Buyer A, and all within the scope of the original agreement. As far as any profit involved, the Department does not get involved in those negotiations. It was a developer's transfer request.

Ms. Wilson asked if Tokyo Corporation is selling their interests which would be what is going over to Mauna Lani; and, therefore, the tri-party agreement will be with Mauna Lani and the new party.

The Manager-Chief Engineer replied that the tri-party agreement has the original parties that executed it; but what is happening, is a portion of the development area is now proposed to have transfer of ownership from Tokyo Corporation to DHL Mahi, so they are not the actual signor on the original agreement.

ACTION: Motion was carried unanimously by voice vote.

(Mr. Lim, Ms. Luga, and Ms. Winter left the meeting at 10:10 a.m.)

8) NORTH KONA:

A. **JOB NO. 2017-1062, KALAOA #1 DEEPWELL REPAIR:**

This project consists of paying for all labor, materials, tools and equipment necessary for the replacement of the existing deep well submersible pump and motor, power cable and all appurtenant materials, such as cable guards, strapping, etc; chlorination and testing of the well and pumping assembly; and electrical work; in accordance with the specifications.

Bids for this project were opened on June 15, 2017, at 2:00 p.m., and the following are the bid results:

Bidder	Bid Amount	Adjusted Bid Amount (for purposes of bid award)*
Beylik Drilling & Pump Service, Inc.	\$897,850.00	\$852,957.50
George M. Oye, Inc.	\$898,833.00	

*Bids were adjusted (for the purposes of award) to provide credits for use of Hawai'i Products and participation in the State Apprenticeship Program, in accordance with Hawai'i Administrative Rules.

Project Costs:

1) Low Bidder (Beylik Drilling and Pump Service, Inc.)	\$ 897,850.00
2) Contingencies (10.0%)	<u>\$ 89,785.00</u>
Total Cost:	<u>\$ 987,635.00</u>

Funding for this project will be from DWS's CIP Budget under Deepwell Pump Replacement. The contractor will have 270 calendar days to complete this project. The Engineering estimate for this project was \$750,000.00.

RECOMMENDATION: It is recommended that the Board award the contract for JOB NO. 2017-1062, KALAOA #1 DEEPWELL REPAIR, to the lowest responsible bidder, Beylik Drilling and Pump Service, Inc., for their bid amount of \$897,850.00, plus \$89,785.00 for contingencies, for a total contract amount of \$987,635.00. 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 by Corporation Counsel.

Chairperson Takamine stated that he learned today that the recommendation would be to defer this award.

The Manager-Chief Engineer asked Ms. Yeh if the Board needed to go through the Motion and bring it up during the discussion or just defer this agenda item right away.

Ms. Yeh replied that would be appropriate to go through the discussion and then move to defer.

MOTION: Mr. Arikawa moved for approval of the recommendation; seconded by Ms. Wilson.

The Manager-Chief Engineer requested that the Board defer action on this item due to the protest submitted under the Procurement process. Corporation Counsel will be evaluating that protest, and the Department will bring this back to the Board with a recommendation next month.

In response to Mr. Arikawa's question of whether the protest was from George M. Oye, Inc., he replied it is from Derrick's Well Drilling.

MOTION/ACTION TO DEFER: Mr. Arikawa moved to defer award based on the Manager-Chief Engineer's recommendation; seconded by Ms. Wilson and carried unanimously by voice vote.

B. JOB NO. 2016-1049, KAHALU'U BOOSTERS A, B & D REPAIR:

The contractor, Beylik Drilling & Pump Service, Inc. (Beylik), requests consideration for a time extension due to issues with the pump manufacturer. This is for discussion and possible action.

MOTION: Mr. Arikawa moved to consider Beylik Drilling & Pump Service's request; seconded by Ms. Wilson.

The Manager-Chief Engineer turned it over to Mr. Fred Camero from Beylik as well as the Deputy, Mr. Uyehara, who evaluated the original request and subsequent information provided for the Board.

Mr. Camero thanked the Board for taking the time to consider this time extension. He mentioned that his project timeline should be in front of the Board today. It included some justification documents, purchase orders, and emails between Beylik and the pump manufacturer. He highlighted two major issues that the pump manufacturer encountered, which caused significant delays to this project. The first issue was that the pump manufacturer was unable to meet the specified efficiency for the pumps. They had to re-work both pumps, one of them requiring re-working multiple times in order to meet the efficiency. The second issue was that once the pump manufacturer was able to meet the targeted efficiency, after delivering the pumps to the job site, Beylik found that the discharge head bolt circle was of the incorrect

dimension; therefore, the discharge head did not actually fit onto the existing base plate. After going through resolution with the Department, it was decided the best method to resolve this issue was for the manufacturer to re-work the discharge head to come up with the correct bolt circle dimension. The first issue caused Beylik a delay of 43 days. The second issue caused them a delay of 63 days, for a total of 106 days. **He respectfully requested a time extension for the 106 days.** He added that he had submitted a time extension request to the Department earlier on, which was denied, and he understood the reasoning for it; however, he is here today to submit this request to the Board directly. He offered to go through the timeline or answer any questions.

Mr. Domingo asked Mr. Camero if he gives the specification to the manufacturer when he orders these pumps and if it is up to the manufacturer to meet those specifications, in this case, the specified efficiency. He also asked what efficiency Beylik was looking for.

Mr. Camero replied they were looking at a target bowl efficiency of 77 percent and there were two pumps for this particular order. Initially, when the pump manufacturer did the pump test at the factory, they did not meet that 77 percent target.

Mr. Domingo asked if they are responsible for designing the pump and giving Beylik what it is asking for.

Mr. Camero replied that was correct. Previous to proceeding with the order, they are supposed to provide submittals, information which goes through all of the different specifications, the flow head requirements, material requirements, and the pump manufacturer submits that for approval by the Department.

Mr. Domingo asked if it is submitted to the contractor or the Department.

Mr. Camero replied that they submit it to the contractor (Beylik), and then Beylik submits it to the Department for approval. Once approved by the Department, it is sent back to the pump manufacturer to proceed with manufacturing.

Mr. Domingo asked if the pump manufacturer proceeds at that time to manufacturer the pump.

Mr. Camero replied that is correct.

Ms. Wilson noted from Mr. Camero's timeline that he has highlighted in his email of April 11 about the failed test low efficiency. She asked if that was from the manufacturer.

Mr. Camero replied that was correct. All of the highlights are emails from the manufacturer to him in response to his questioning the status of the order, and those are the manufacturer's responses.

Ms. Wilson commented, in looking at this timeline, Beylik has this email of April 11, but then Beylik did not contact the Department until almost a month later. There was a request on May 9 for the 43-day extension. That is a month in between from when Beylik received the failed test results for the pump. She asked why the delay, or why not notify the Department right away once the test results were received.

Mr. Camero replied that he believed he did keep the Department notified on the status of the pump test as they were going through it, but he did not actually submit an extension request

until May 9. The actual completion date of this contract was June 2, and this was about three weeks before that date. In his optimistic thinking, he thought that if they had a successful test, they could ship it and he could still meet that deadline. That is the reason why he waited about a month before he realized he could not wait any longer and needed to submit the extension request.

Mr. Domingo asked what was deficient in that item that made it unable to meet the efficiency he was asking for.

Mr. Camero noted these are mechanical components with tight tolerances, and are cast products, cast impellers, cast bowls. Any imperfections in the manufacturing of this pump, any shaft straightness issues, etc., will affect pump efficiency and performance. The pumps, in this particular case, are 8-stage pumps. You have 8 pumps, one on top of one each other in a series and any variance or imperfection can affect it.

Mr. Domingo asked how long Mr. Camero had been ordering pumps from this manufacturer.

Mr. Camero replied he has personally been in this business for 11 years and has been ordering for that amount of time. This is the first time he is in front of the Water Board for this particular pump manufacturer. As shown from his emails, he was surprised at how difficult a time they had in trying to get this pump to meet the target efficiency. He believes the pump manufacturer was also surprised, otherwise, they would have not spent the time and effort to continue testing the pumps.

Mr. Domingo asked if he thought it is, in a sense, a hit and miss thing.

Mr. Camero replied that from his experience, it is more of a hit.

Chairperson Takamine stated that the way he sees it, the Board is in a tough position. There are four wells down on the west side of the island, water restrictions are in place, and the Department is facing increased public scrutiny, partly because the public may not totally understand the way these repair projects work. Either way, the Department is under the gun to get these wells repaired. He sees this as two parts. There was the first time extension for 43 days, which was given a negative recommendation by the Department. One thing he was concerned about is, according to Mr. Uyehara's timeline, it shows that the pump should have been delivered to the site about February of 2017.

Mr. Camero replied it should have been delivered the end of March.

Chairperson Takamine asked if that was when it was supposed to be shipped.

Mr. Camero replied that the expected delivery date to the job site was March 28, originally.

Mr. Uyehara added that, according to Beylik's schedule, it was supposed to be shipped out early March. The initial evaluation of Beylik's time extension request was not to recommend approval because of the reasons given. The time extension request did not fall within the Department's General Requirements and Covenants (GRC's). The GRC's allow time extensions for unsuitable whether or change in scope of work requested by the Department. Unfortunately, these types of issues that the manufacturers or suppliers may have, which the contractor may not have direct control over, are not permissible within the GRC's as they are written.

Chairperson Takamine asked if it would work if the Board defer this and give the Department another month to review the second extension request, for action at next month's meeting.

The Manager-Chief Engineer replied that would be okay. He noted that the information in front of the Board today includes a letter dated June 27, which brings up another issue beyond Mr. Uyehara's initial review and denial of the 43-day extension. This latest letter has information regarding the bolt holes not lining up, which, as Mr. Camero mentioned, was one of his two major delay items. The Department can take a look at that. The unfortunate part about the GRC's is that there is no provision for things beyond the contractor's control; and therefore, the Department has taken action on new procurement bid documents to include such language. For well drillers, in particular, it is especially difficult because there are only a few pump manufacturers out there and it appears that Hawai'i, as a whole, may not have the volume to carry any priority. It sounds like they are at the mercy of the manufacturer's schedule. But at the same time, the Department still needs to ensure there was proper communication or if, in fact, the specification was hard to meet to begin with. In this case, from discussions with staff, this was not an unusual performance specification. The pump curve was from the manufacturer's catalog. That weighs into the Department's evaluation on time extension requests. The Department tries to give the benefit of the doubt, but at the same time needs to follow rules as established. The contractor is offered the opportunity to bring his concerns and challenges to the Board because this body can decide to offer some options to consider beyond what Administration can under its Rules and Regulations, etc.

Mr. Arikawa stated that he would approve the additional 63 days but not the original 43 days as requested. He would like to say yes to the additional one because of the problem with the alignment.

Mr. Boswell commented that it seems Goulds is the manufacturer so they failed to cast it within their own specifications, and they did not produce a bolt template that matched. It is a very large company, and he wondered how they could have failed at this. In their business, they cannot miss. If that was an oil drilling rig that was at \$25,000 an hour, they would be jumping all over this thing to have it to the tee. They would have a backup plan. He wondered if it could be that Hawai'i does not get the same attention. He asked if the Department has a preference between Goulds, Schlumberger, and the few that are in the market.

The Manager-Chief Engineer responded that what the Department typically does in its bid documents is put out a specific manufacturer as the basis for design, or for bidding purposes, but is always open to substitution requests. If another product meets specifications, a prospective bidder only needs to submit a substitution request for evaluation by the Department. If acceptable, an addendum would be issued.

Mr. Boswell asked if the bidding documents listed Goulds.

Mr. Ching replied yes.

Mr. Boswell asked if a high percentage of pumps in service by this Department are Goulds pumps.

The Manager-Chief Engineer noted the Department has a fair amount of Goulds pumps in service. They are a large pump manufacturer.

Mr. Elarionoff noted on the schedule, second to the last entry, it says “pump sent to EMS.” He asked what that stands for.

Mr. Camero replied it stands for Electric Motor Services out of Hilo. They refurbish and repair motors.

Mr. Elarionoff asked about another comment on the materials given to the Board where, in red writing, it says “pump manufacturer takes the responsibility by not charging for the replacement head.”

Mr. Camero explained that they are not being charged for the replacement head with the correct bolt pattern. However, they are still going to charge him for two original heads once they ship them.

Mr. Boswell commented that time costs the Department money, and they are just making good on their original commitment.

Mr. Camero stated that they had talked about what could be done with the existing head to modify so that it would fit. Ultimately, they made the decision to go back to the manufacturer for warranty consideration and have them correct the mistake they made.

Mr. Domingo asked if Mr. Camero had sent working drawings on the specified diameter of discharge head bolt circle to the manufacturer.

Mr. Camero replied that the submittals were sent from the manufacturer and then Beylik approved them pending the confirmation of the dimension of the existing head. The timeline notes that the submittals were approved before the Notice to Proceed actually occurred. For whatever reason, they could not start on this project for about a month after the contract was executed. The submittals were approved pending field dimension confirmation. That was done November 15, and that information was sent back to the pump manufacturer. The pump manufacturer acknowledged receiving it and said they were going to update their drawings, which apparently, they never did.

Mr. Domingo stated that it was very disturbing to him that Beylik received this component only to find out that the discharge head bolt circle diameter did not match. Maybe a critical design review or perhaps a site visit to the manufacturer to physically identify the component might be an important part of the process.

Mr. Elarionoff noted on Beylik’s schedule where it indicated that on May 16, they found the problem with the new discharge head bolt circle and was unable to use it. Then on May 18, delivery of Booster Pump A found a similar problem with the discharge head bolt circle but no indication of inability to use it.

Mr. Camero stated that they were unable to use both of them. Where the discharge head mounts onto the base plate, there are existing holes where you bolt the discharge head onto the base plate, and the bolt’s circle was an incorrect dimension. It was off by half an inch.

Chairperson Takamine asked if the Department would have accepted a retrofit, if that were possible.

The Manager-Chief Engineer stated that the difficult part is all these flanges are pressure rated. You would not want to mess with machining or basically you would have to turn a round hole into an oval, unless the base plate was smaller than the discharge head and then you are going to start getting closer to the riser portion of the discharge head. You are really kind of taking a chance with that. He thought that what Messrs. Domingo and Boswell were talking about really does sound like the manufacturer kind of dropped the ball on Mr. Camero because it sounds like they gave him the submittal and re-verified it with the bolt pattern and the diameter, center to center. They take that and manufacture the bottom flange and weld it to the riser with the suction end and the discharge end, motor mounted on top. All these were done in the submittal process, it was verified by the manufacturer back in November, and they shipped out one that did not fit. When the contractor took receipt, initially they are not going to know. It has eight holes, it looks close, but when you go to put it down and try to mount it, that is when you would discover it is half an inch off. All of the submittal process is supposed to verify those dimensions. That would be his take on this.

Mr. Boswell summarized that the issue here is the contractor does not appear to be at fault. It was the manufacturer in both cases, but the contractor is the only one who is set up to be penalized.

Mr. Elarionoff asked if the dimensions in the handouts, in red writing, could have been mixed up. One is a 14.25 and the other, 14.75. He asked if the two and the seven could have been mixed up.

Mr. Camero replied no. It was clear they intended 14.75, and it was clear that he had asked for 14.25. He acknowledged 14.25, but it did not translate into the finished product.

Mr. Arikawa stated that the discussion seems like it is based on the manufacturer messing up; therefore, he moved to defer this until next month's meeting in order for the Manager-Chief Engineer to review this information with his staff.

The Manager-Chief Engineer stated that he does not like to waste time. As Mr. Boswell had put it so simply, it became clear to him that it is as simple as the manufacturer dropping the ball; and per GRC's, the only person the Department can take recourse on is the contractor. Mr. Uyehara's evaluation was based on that. If you use the same evaluation for the second extension request, the recommendation would be the same, to deny. If the Board would consider, right now, it is the manufacturer is who was at fault in this situation, and Beylik is the one standing to be adversely affected.

Mr. Elarionoff stated he was willing to go along with the Manager-Chief Engineer's comments based on what Mr. Camero had said about the 14.25 versus the 14.75. It was the other guy's fault.

Chairperson Takamine asked if there was a second on Mr. Arikawa's Motion (no second).

ACTION: Mr. Arikawa withdrew the Motion to defer and made another Motion to approve this 106-day extension request from Beylik Drilling & Pump Service, Inc., seconded by Ms. Wilson and carried unanimously by voice vote.

The Manager-Chief Engineer provided some information in response to Chairperson Takamine's concerns about the current situation in Kona. Per the Department's request, a portion of this particular project was to repair Booster "D," which was the critical,

high-capacity booster for the Kona situation. They have completed that portion, and it is up and running, which has really helped the situation.

Chairperson Takamine noted that in the timeline, it indicates July 19th will be the expected installation of Booster Pump “B.” At July’s meeting, he hopes for confirmation of that. Also, in August, he hopes for confirmation that Booster Pump “A” was completed.

In response to Mr. Arikawa’s question of whether they expedite the shipment, the Manager-Chief Engineer stated they are going to send it by air freight.

Mr. Camero added that the manufacturer, having taken responsibility, said they are going to absorb the air freight costs.

9) MISCELLANEOUS:

A. DEDICATIONS:

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

1. BILL OF SALE

(1.0 MG Concrete Water Tank and appurtenances)

Kona View Estates Subdivision

Grantor: RCFC Kaloko Heights, LLC

Tax Map Key: (3) 7-4-026: 031 (Tank Site);

7-4-026: 033 portion (Access and Utility Easement “B-9” Part 2);

7-4-026: 040 portion (Access and Utility Easement “B-9” Part 1);

7-4-026: 033 portion (Access and Utility Easement “A-1” Part 2);

7-4-026: 004 portion (Access and Utility Easement “B-10”)

Final Inspection Date: 4/28/2017

Water System Cost: \$4,400,000.00

2. GRANT OF NON-EXCLUSIVE EASEMENT

(Portion of Piihonua-Kukuau Water Transmission Line Project)

Grantor: State of Hawai‘i, Board of Land and Natural Resources

Tax Map Key: (3) 2-5-006: portion 142

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

ACTION: Mr. Arikawa moved for approval of the recommendation; seconded by Ms. Wilson and carried unanimously by voice vote.

B. **WATER USE AND DEVELOPMENT PLAN UPDATE - KEAUHOU AQUIFER SYSTEM AREA:**

The Water Use and Development Plan Update for the Keauhou Aquifer System has been granted authorization by the Commission on Water Resource Management and the Water Board subsequently held public hearings at its April 25, 2017, meeting in Hilo and its May 23, 2017, meeting in Kona. Per the County Code, Chapter 29-3, after holding the public hearings

(one each in East and West Hawai‘i), the Water Board shall transmit the proposed amendments to the County Council for approval. Upon approval by the Council, the plan update will be submitted to the Commission on Water Resource Management for adoption and incorporated in the Hawai‘i Water Plan.

Based on the public hearings at the Water Board Meetings, comments have been addressed and the Water Use and Development Plan Update for the Keauhou Aquifer System is ready for submission to the County Council.

The Manager-Chief Engineer recommended that the Water Board authorize the Department to submit the Water Use and Development Plan Update for the Keauhou Aquifer System to the County Council for their action.

ACTION: Ms. Wilson moved for approval of the recommendation; seconded by Mr. Arikawa and carried unanimously by voice vote.

C. MATERIAL BID NO. 2017-01, FURNISHING AND DELIVERING PIPES, FITTINGS, WATER METERS, FIRE HYDRANTS, BRASS GOODS, VALVES, ELECTRICAL SUPPLIES, ELECTRICAL EQUIPMENT, SCADA, WATER QUALITY EQUIPMENT, CHLORINATORS, MOTORS AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK:

At the Water Board meeting on May 23, 2017, the Water Board deferred the award for Parts 14 and 15 for the subject bid (Part 14 – Badger Recordall Series Meter Parts for the amount of \$4,264.60 and Part 15 – 1”-2” Water Meters for the amount of \$22,010.75) to Badger Meter, Inc. dba National Meter & Automation. Since that time, the reason for the deferral has not changed.

The Manager-Chief Engineer recommended that the Board **defer** the award for Parts 14 and 15 for MATERIAL BID NO. 2017-01, FURNISHING AND DELIVERING PIPES, FITTING, WATER METERS, FIRE HYDRANTS, BRASS GOODS, VALVES, ELECTRICAL SUPPLIES, ELECTRICAL EQUIPMENT, SCADA, WATER QUALITY EQUIPMENT, CHLORINATORS, MOTORS AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK, until its next meeting.

MOTION: Ms. Wilson moved to defer; seconded by Mr. Arikawa.

In response to Mr. Elarionoff’s question of what SCADA means, the Manager-Chief Engineer replied it stands for Supervisory Control and Data Acquisition, which enables the Department to remotely monitor devices and turn on or off pumps and motors.

Mr. Arikawa asked why the recommendation is to defer.

The Manager-Chief Engineer replied that it is a compliance issue where the lowest responsible bidder is still needing to become compliant with the Hawai‘i Compliance Express who looks at Department of Taxation, IRS, and DCCA compliances. Ms. Yeh has been in contact with them to follow up on their status.

Ms. Yeh stated that they had recently registered with Hawai‘i Compliance Express and are still going through their paperwork to become compliant.

Mr. Arikawa asked what happens if they are not compliant by the July meeting.

The Manager-Chief Engineer replied there is a second bidder for the 1- to 2-inch meters and for the other components, the Department would go out for quotations, as needed, and can still move on if this company does not become compliant.

ACTION: Motion to defer was carried unanimously by voice vote.

D. **MATERIAL BID NO. 2017-02, FURNISH BASE COURSE, SAND, COLD MIX, HOT MIX, AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY:**

At the last Water Board meeting on May 23, 2017, the Water Board voted to defer awarding Parts 2A, 2B and 2C for District II of the bid. Upon further evaluation, it was determined that the lowest responsive, responsible bidder is WHC LTD dba West Hawaii Concrete with the bid amounts below:

Part A – ¾ -Inch Base Course (Cost per ton)	\$14.97
Part B – 1½ -Inch Base Course (Cost per ton)	\$13.57
Part C – No. 3F Rock (Cost per ton)	\$23.62

The Manager-Chief Engineer recommended that the Board award the contract for MATERIAL BID NO. 2017-02, FURNISH BASE COURSE, SAND, COLD MIX, HOT MIX, AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY, to WHC LTD dba West Hawaii Concrete for Parts 2A, 2B and 2C for District II for the amounts shown above and 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. Wilson moved to award the contract to WHC LTD dba West Hawaii Concrete; seconded by Mr. Arikawa.

Mr. Boswell commented that the intuition was correct to defer last month. The law is pretty clear and it was a good call.

ACTION: Motion was carried unanimously by voice vote.

E. **MONTHLY PROGRESS REPORT:**

Ms. Wilson asked if the Olaa No. 2 Water System Improvements' estimated advertisement for first quarter 2018 is on track.

Mr. Inaba replied that the waterline portion is ready; arrangements to meet with Shipman are underway. In response to Ms. Wilson's question of whether that was his land, he replied it was and the scope of work was revised to eliminate a reservoir site which the Department was in the process of obtaining. The Manager-Chief Engineer added that the waterline portion is within the right-of-way. The Department will be able to meet the schedule.

Mr. Arikawa asked about the Queen Ka'ahumanu Highway project. The Report notes that the MOU (Memorandum of Understanding) is being routed for additional funds. He asked who would be providing the additional funds.

Mr. Inaba replied that the additional funds were authorized with the State a year ago, coming from this Department. These are cost increases due to the delay in the project.

Mr. Domingo asked about Job No. 1016-1049.

The Manager-Chief Engineer explained that this listing is for projects that are planned for in the CIP (Capital Improvement Projects). The report does not include well repairs, which are classified under repair and maintenance.

Chairperson Takamine asked about the Waimea Water Treatment Plant Compliance Upgrades and how the repair of Waimea and Parker Ranch wells impact the completion schedule.

The Deputy replied that the general contractor's overall construction of the building and pumps is going very well; however, there are scope items in the original contract that required the surface water treatment plant to be shut down and taken offline so they could do that work. When the project was bid out, the initial plan was to have the two wells running in order for the surface water plant to be offline so the work could be done. Unfortunately, having the two wells under repair meant the Department had to have the contractor hold off on that work. It is going to have an effect on their schedule.

Mr. Arikawa mentioned the Lālāmilo Windfarm award.

The Manager-Chief Engineer noted that credit is due with the Mayor's Office. A few months ago, Ms. Janet Snyder asked if it would be okay with the Department if they submit the project to the United States Conference of Mayors. The County received honorable mention for the large city category. There will be a write-up in the newspaper.

Ms. Wilson asked about the Laupāhoehoe and Āhualoa projects and whether the contractors want to get paid in full or not.

Mr. Inaba noted that they are essentially complete but some paperwork is still due before final payment can be made. They have been asked to submit their final payment request. He will follow up with them again.

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

Mr. Arikawa asked about Accounts Payable decreasing by 22% from prior year due to HELCO.

Mr. Sumada noted the HELCO bills have declined in the past two years because of the lower fuel costs.

Ms. Wilson asked if the construction in progress was only CIP projects. She noticed there is a 44% increase from prior year, and the Waimea Water Treatment Plant Compliance Upgrades is almost all of it.

Mr. Sumada replied that is correct. The Waimea Water Treatment Plant Compliance Upgrades is one of the larger ones on the books and just from last year to this year, it has accelerated progress wise and cost wise. It is just a function of the work being done and payments being made to the contractor.

G. POWER COST CHARGE:

Departmental power costs have increased as a result of Hawai'i Electric Light Company, Inc. (HELCO), billings. The Department proposes to increase the Power Cost Charge from \$1.69 to \$1.73 per thousand gallons to reflect this increase. In order to accept public testimony on this change, a Public Hearing should be scheduled before the new Power Cost Charge is increased.

The Manager-Chief Engineer recommended that the Board approve holding a Public Hearing on July 25, 2017, at 9:45 a.m., to receive testimony on increasing the Power Cost Charge from \$1.69 to **\$1.73**, effective August 1, 2017.

ACTION: Mr. Arikawa moved for approval of the recommendation; seconded by Ms. Wilson and carried unanimously by voice vote.

H. MANAGER-CHIEF ENGINEER'S REPORT:

The Manager-Chief Engineer reported on the following:

1. Site Visit – if the Board is interested, a field trip can be scheduled and placed on the Agenda for next month for the Board to view an ongoing project, the Pi'ihonua-Kukuau Reservoir and Pipeline Replacement. The intent is to show the Board a project that is under construction, and this is a major one for Hilo. Lunch will be provided. The Board was interested.
2. North Kona Water Restriction – the Manager-Chief Engineer apologized to the Board for the bad press on this issue recently. Basically, the buck stops with him, and he assured the Board that the Department will do better in the future. There are a lot of good explanations that could be offered as to why the Department is in this situation with four wells down, and they are all plausible and justifiable, but the bottom line is the Department is in this situation. It has been asking, or pleading, for the residents to help out by reducing their use by 25%. Recent review of pumpage and consumption numbers indicated that there really has not been a drop in usage and, therefore, another press release was issued with a higher sense of urgency.

The Department will be attending a West Hawai'i Community Forum on July 20 from 6:00 p.m. to 8 p.m. at the West Hawai'i Civic Center. All Board Members are free to attend.

The Department will be better at educating the public; but at certain point, no matter what information or facts are out there, some have kind of made up their minds that the Department messed up, and we have to own that. The Deputy has been tasked with being the lead and has been involved in lot of the behind the scenes effort. He thanked Mr. Uyehara and Ms. Matsumoto, the Department's Information and Education Specialist, who has been the Department's voice out there. He also gave credit to the Engineers involved with the well repairs, who have really stepped up. There is a lot going on that people do not realize. The Department is not sitting around and hoping everything will end up okay. Everyone is aware of what needs to be done and implemented moving forward.

Mr. Boswell suggested a press release with enough time prior to the meeting to feed the community some information. It is easy to tell that there are few people complaining. It may be 10 people out of a whole community. It would be interesting to see how many

people really take issue, but he does not see a general compliance anywhere or anyone putting in an effort to conserve. He has turned off his own irrigation system, and his yard is still alive. That is the best he could do with only two people in the house. To reduce more would be difficult, but everybody seems to be complacent about it.

The Manager-Chief Engineer stated that there is no system to penalize people for noncompliance. The key is to try to educate the public on how to conserve. There are mechanisms in the Rules and Regulations to shut off water for wasteful use or service detrimental to others, but there are Chapter 91 proceedings involved.

Mr. Domingo commented that it is kind of ironic to be asking customers in that area to conserve 25% of their usage. When they get rain, they say “what water restriction”? He thanked the Department for owning that problem because we are failing our community in this respect and he hears all the chatter out there. Water Supply should implement some ways where it could mitigate disruptions or these failures like implementing redundancy to its system. He thinks the Department’s consideration of two smaller capacity pumps rather than one large one is an option to consider. Another option may be thinking about standardizing the sizes of the pumps. There are three wells out there that are 1,700 feet deep, two are 20-inch [diameter] and the other is 8 inches so maybe implement a two-pump system so the problem can be minimized.

The Manager-Chief Engineer acknowledged that is a common question - why not standardize the pumps. In Kona, the Department could probably standardize basal sources easier because the sea level does not change, but on the high-level wells, the standing water is at different levels at different elevations. Even though the Department tries to keep its tanks at a similar elevation for hydraulic purposes, the water level might be 300 feet high in one spot and 100 feet in another spot, and they are pumping at different heights and at different gpm’s. Some are on medium voltage, some on 480-V. As Mr. Takamoto, Mechanical Engineer, confirmed, Hualālai, Haleki‘i, and QLT are all 600. Motors are interchangeable but the pumps are not. They are pumping at different heads. Moving forward, efforts will be made to improve with analyzing equipment to hopefully predict potential failures.

The Deputy reported on the water restriction, which began in January. There were a lot of media releases conducted at that point and variable message signs were used along the road. Since then, the Department’s contingency plans have ramped up. The planning effort now involves all divisions in the Department, Finance, Engineering, and Operations, in preparing for the worse. A bid for additional spare pumps and motors will be awarded in July. The Department is actively working with the contractors and the manufacturers to ensure they understand how critical the situation is. A couple of the manufactures have given their commitment to expedite production of equipment. He also had a chance to talk with the National Pump representatives at the national conference in Philadelphia who are building the Palani pump. They understand our situation and are doing what they can on their side to expedite.

On the public relations and outreach side, in the last couple of weeks, there has been a press release and various news articles, and interviews with the media, TV stations, and newspapers. The Department’s website has been used to post information and fact sheets on each well repair project. They are updated every couple of weeks. Frequently Asked Questions (FAQ) sheets were added to the website in the past week. In addition to that, the Department is in the process of printing letters for each account (about 11,000

accounts) to remind them of the water restriction and asking for their kokua in reducing water use. Ms. Matsumoto stated the letters will be mailed out this coming Thursday.

Chairperson Takamine stated that the Department is also trying to identify heavy users; not necessarily golf courses. There is one agricultural user that may account for about eight percent of usage on the island. He appreciates the Department having conversations with this owner in an effort to see how they can be more efficient within their own system. He also commented on the opportunity he had while attending the national conference in Philadelphia to speak with some of the different pump manufacturers, along with Mr. Uyehara. He also sat in on a session about pump optimization software and learned about putting pumps on regularly scheduled replacement. If you look at the data from before and after a pump repair and see a significant cost savings in electricity, maybe it can be put on a schedule. That may be something that pays for itself, especially for the critical wells.

In response to Mr. Domingo's question of whether the Department considered adding another well, the Manager-Chief Engineer stated that two additional wells for Kona are in the Department's 5-year CIP budget. One of them is referred to as the Wai'aha 2 (A) and (B). The Department is thinking about putting in two smaller wells instead of one large well.

Mr. Scicchitano asked if there is an existing maintenance plan or would it be published somewhere.

The Manager-Chief Engineer replied not a published one. He mentioned that he has asked the Operations personnel to keep a folder for each well, something like a doctor's patient file. Every patient has their own unique characteristics, and the same goes with wells. The folder could contain the pump efficiency, when it was last repaired, etc. There is one well out to bid for repair, ahead of schedule--the Kalaoa Well. It is not broken yet; but based on how old it is and how many hours it has been running, it was time to repair it. If there was a file on each well, the Department would have a better handle on preventive methods.

Mr. Domingo mentioned that the Palani Deep Well, built in 2014, seems to be too soon to be breaking down.

The Manager-Chief Engineer agreed. The Department was caught off guard on that one. It was expected to have a longer life.

Ms. Wilson thanked the Department for the work being done. This is probably a tough time to be asking the communities once again to help, but are there also ways to work with the communities on providing other services to help them mitigate and reach the 25% goal. She remembered being at the Honolulu Board of Water Supply where they did free leak detection services, especially for those families directly impacted. It might be nice to go out and help them take care of that type of thing. The other thing would be low flow items such as shower heads and toilets. She wondered if there might be another way to offer incentives so more people may take it upon themselves to install low-flow items. Since Kona is dry, one other consideration is getting residents to think more about using drought tolerant plants, or xeriscape plants. There are more ways the community can be empowered to take water reduction upon themselves.

The Manager-Chief Engineer agreed that was a good point. In the Department's medium-term plans for the Education and Information Specialist is a conservation plan, not only for Kona, but island wide. The Department can definitely roll out some incentives there.

Mr. Arikawa mentioned that he attended classes at the conference in Philadelphia and one was about what they are doing in Asia. In Korea, they took several small towns as their models and replaced their pipelines. In this 5-year project, they had figures from before and after. By replacing with a more expensive material, in the long term, it will not break down as often. They found their water loss was reduced by 10.9 million gallons a year. The other thing he learned about was the Water Sense products. Toilets now use 1.28 gallons per flush as opposed to 1.6 gallons. Showerheads use 1.75 gallons per minute instead of two.

The Manager-Chief Engineer explained the Department's challenge and frustration with this current situation is because it is the Department's responsibility due to mechanical issues. It is not Mother Nature causing the problem. People are upset and irritated with this Department keeping the water restriction in place; but at the same time, there has been no discontinued service to anyone. Yes, the Department owns the problem, but is just asking for some help from the people it serves. As mentioned last month, Ms. Matsumoto has gone door to door to some places and it looked like that might have worked. If only she could multiply herself by about 11,000. He added that the Mayor has been brought up to speed on the situation, and the most recent Frequently Asked Questions posted online includes some of his input. The Mayor has also offered assistance from Civil Defense and other departments to help the Department in its monitoring.

Mr. Elarionoff suggested changing some of the terminology--for example, "asking for their cooperation" instead of "help" and asking them to "work with us."

The Manager-Chief Engineer agreed that words do make a difference.

Ms. Wilson suggested words like "malama," to care for it, and "kokua," which means help. She noticed Derrick's Well Drilling is the main contractor for these wells that are down. No pressure there.

Ms. Matsumoto mentioned what the Department has been issuing every week with Civil Defense. Given out to the Board today was a sample of what was sent to Civil Defense last week; and each Wednesday, they will be sent an updated version.

The Manager-Chief Engineer commended the Department's Water Plant Electricians out in Kona, Mr. Alvin Inouye and Mr. Jimmy Riley. They cover everything from chlorination to well repairs, booster repairs, and ClaValves, from Ho'okena all the way to Keahole. They are awesome.

3. Retiree of the Department of Water Supply – Mr. Ikeda announced that this month, Mr. Mark Arakaki, Lead Pipefitter in Hilo, is retiring the end of this month after 30 years of service. Luckily, he has been passing along his years of knowledge to the people he works with, and that is much appreciated. He is on vacation today and will not be joining the Board.

4. Ms. Wilson noticed that the Water Board's August meeting will be in Kona. She asked if the Department could set up a field trip to one of the wells following the meeting and go take a look at what is happening. Mr. Boswell added that he would like to see the Department's biggest problem.

The Manager-Chief Engineer replied that would be great, and the Department will figure out which one might be the best to visit. He also offered to Messrs. Domingo and Boswell to view an ongoing well repair before August if they liked. They can send word through the Secretary on what they wanted to take a look at and the Department will see if it can be set up. It was noted, however, that the Kahalu'u Shaft is not a good one to visit because of the Hil-A-Vator.

I. **CHAIRPERSON'S REPORT:**

Chairperson Takamine mentioned the beneficial trip he had to the American Water Works Association national conference in Philadelphia this month. He urged other Board members to take advantage of upcoming conferences as they are a very good learning experience. There are four spots budgeted for Board Members. He also urged more attendance by Division Heads and staff. He also mentioned the HWWA/HRWA conference to take place in November of this year in Kona.

10) **ANNOUNCEMENTS:**

Next Meeting:

July 25, 2017, at the Department of Water Supply, Operations Center Conference Room; 889 Leilani Street, Hilo, Hawai'i. **A Public Hearing on the Power Cost Charge will precede the meeting at 9:45 a.m.**

2. **Following Meeting:**

August 22, 2017, at the West Hawai'i Civic Center, Community Center (Building G); 74-5044 Ane Keohokalole Highway, Kailua-Kona, HI

11) **ADJOURNMENT**

ACTION: Mr. Arikawa moved for adjournment of the meeting, seconded by Ms. Wilson and carried unanimously by voice vote. Meeting adjourned at 11:34 a.m.

Recording Secretary