

MINUTES

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

July 22, 2014

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

MEMBERS PRESENT: Mr. Kenneth Kaneshiro, Chairperson
Mr. Rick Robinson, Vice-Chairperson
Mr. Russell Arikawa
Mr. David Greenwell
Ms. Susan Lee Loy
Mr. Craig Takamine
Mr. Jay Uyeda, Water Board Member
Mr. Quirino Antonio, Jr., Manager-Chief Engineer, Department of Water Supply (ex-officio member)

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

OTHERS PRESENT: Ms. Kathy Garson, Deputy Corporation Counsel
Ms. Cynthia Moreira, Derrick's Well Drilling and Pump Services, Inc.
Mr. Bill Shontell, Surety Kohala Corporation
Mr. Shiro Takata
Ms. Felisa Rosario
Mr. Jeff Zimpfer, National Park Service
Ms. Nancy Cook Lauer, West Hawai'i Today
Mr. Tom Nance
Ms. Sharon Tanaka

Department of Water Supply Staff
Mr. Keith Okamoto, Deputy
Mr. Kurt Inaba, Engineering Division Head
Mr. Richard Sumada, Waterworks Controller
Mr. Clyde Young, Operations Division
Mr. Kawika Uyehara, Engineering Division
Mr. Duwayne Tanaka, Customer Service Division
Ms. Kanani Aton, Public Information and Education Specialist

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- 1) CALL TO ORDER – Chairperson Kaneshiro called the meeting to order at 10:01 a.m.
 - 2) STATEMENTS FROM THE PUBLIC

(Mr. Shiro Takata testified regarding Kohala water and about his neighbor, Mr. Chris Brown. The following testimony is verbatim.)

MR. SHIRO TAKATA: This is the third time I'm talking to you folks, and what I'd really like to talk to you is about Kohala. You know, I've been in Kohala for the longest time. I'm born and raised in Kohala, and right now I'm 84 years old. And I better do what I need to do before I get any older. You know, we used to hear that Kona used to say, hey, we don't like to be like another Honolulu; we don't wanna be like Maui. But eventually, Kona is coming more like Maui and Honolulu. What about Kohala? Kohala...I want Kohala to be Kohala for a long time. The only way... The point is this: assuming that the newcomers... The population of Kohala is 6,000 people. It used to be 6,000 people 20 years ago. We didn't increase. But what changed is after the plantation closed, the population is about the same, but the kinds of people are different. We have newcomers that is about 24 percent of Kohala today, because property in Kohala is very expensive. Who can buy the property on resale? Only the newcomers can buy the property. We had (a) self-help program, which was successful. But self-help programs only has people with the... It all depends on how much their income is one year. But the people above that have no place to go. They're not rich enough to buy a property, and they're not poor enough to be part of the program. Here we are. And the point is this: the population is changing in Kohala. I just talked about it last night. Hāwī...the business in Hāwī... We might have 25 businesses in Hāwī; three of them owned by local people. We have Kapa'au...has 15, maybe, businesses. Two of them is local people. But looking at all that, we know the trend of Kohala. What about the middle class people who live in Kohala, who cannot afford to live in Kohala? What can we do about that? If we have water, we can have development...which, I believe... I rely on Surety that they would be able to provide (a) subdivision that would be affordable for the middle-class people. Second, I don't care if it's 10,000 square feet, 12,000 square feet. But they have...they should have the opportunity to purchase property. The school enrollment of Kohala High School is dwindling, because the newcomers send their kids either south to Kamuela, to HPA or Parker School, or home study. So the enrollment of Kohala High School is pushed down. When Kohala High School enrollment goes down, their funds get cut. And their subjects... So they cannot provide more subjects to the students, and people complain about it. We need a rounded community. To stop all this...yes, we asked the Planning Department to stop...to make...to get the agreement, but we need water. We need water badly. Water has been my subject for the past 10 years. Ten years ago, or eight years ago, I met (former DWS Manager-Chief Engineer Milton) Pavao, Billy Kenoi, who wasn't the mayor at that time, but Pavao speak with us. And he told me this: he told me that, um, within two years, we'll have the water in. Hey, how many years already?! Come on! Okay? That's it! The other thing is, Mr. Brown. Chris Brown. I've been pleading for giving the break so that he can subdivide the property, which he owns with his brother. One property...seven acres, and it's possibly that he can make it to Ag-3. Sidney Fuke said to us, if you get water, I guarantee you I can subdivide the property. So we need water. You know who Mr. Brown is? Mr. Brown was a dedicated teacher of Kohala High School for 38 years, and I really...Aunty Jean...I can be walking in the community, and all the kids are, "Hi, Mr. Brown." And to top it off, he know their name, too. You know, he's a great... He helped the community... He helped the community a lot. To top it off, 'cos I get five more seconds, Mr. Brown...if people said, you know something, if you want blood, you know what he said? He gave blood. You know how many pints of blood he gave to the State of Hawai'i? One hundred-sixteen pints of blood. Thank you very much. I hope that you folks consider everything, and do your thing for us in Kohala. Thank you.

3) APPROVAL OF MINUTES

The Chairperson entertained a Motion to approve the Minutes of the June 24, 2014, Water Board meeting.

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

4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA

None.

Ms. Lee Loy requested that Item 6(A), DISCUSSION OF SURETY WELL/HALA‘ULA WELL, and Item 7(B), NORTH KONA HIGH LEVEL GROUNDWATER STUDY, be moved to the top of the Agenda.

6) NORTH KOHALA:

A. DISCUSSION OF SURETY WELL/HALA‘ULA WELL:

Mr. Bill Shontell of Surety Kohala Corporation said it was great to be able to directly follow Mr. Takata’s public statement. For the 25 years that he has been working at Surety, the issue of a lack of water in Hāwī, and the resulting inability to do additional development to help the local population, have prevailed. Mr. Shontell said that is why he is appearing here today before the Board. Surety has some assets that could be useful to DWS in solving some of the issues in Kohala, such as the lack of affordable housing and brain drain, he said. He reminded the Board that he had appeared at the Board’s meeting Kona in May, carrying a copy of the Kohala Mountain News with an article about the lack of water, and the local population’s inability to plan for the future as a result. Mr. Shontell offered to answer any questions about what Surety can put on the table.

Mr. Robinson asked how much water on a sustained basis is available from the well that Mr. Shontell is offering to DWS.

Mr. Shontell said that the hydrologist’s report attached to his letter to the Water Board has a recommendation that the well at Kealahewa could be outfitted with up to a 700 GPM pump, which would translate into one million gallons a day (1 MGD). The water quality from the tests done in 2007 was very good, and the wells in Hāwī were very productive and very clean, he said.

Mr. Greenwell asked for more background on the well. He asked about the access to the well, and asked how close the well is to any existing infrastructure. He asked what string might be pulled to get the well site into DWS’s hands. Mr. Greenwell noted that this was not just a matter of handing the well over to DWS. He asked for more background as to what lies behind the whole thing.

Mr. Shontell said that the reason that Surety drilled these wells was to supply water to a development project that Surety had, down the Kohala coast. The wells were sized accordingly. The well was targeted to supply 1 MGD. However, that proposed project was never built, and now the well is considered in-house as a surplus asset. The well is located mauka of ‘Upolu Airport, at about the 800-foot elevation. The well is a couple of miles west of the Hāwī Well No. 2, which is one of the primary public water systems for Kohala. The Surety well is located on an easement that Surety has with a private land owner; Surety does not own the well site in fee. Surety has an easement for the well site. It is a completed well; the well has been tested and cased. The water quality tests were good. However, Surety has easements for the well site; the fee ownership under the well is held by Mr. John Yap from Oahu, to whom Surety sold the property. Mr. Shontell does not know how this arrangement would affect the possible uses of this well, and he does not know what legal gyrations might be needed to obtain use of the well. That would be a legal question, and a question for DWS.

Chairperson Kaneshiro noted that the report says that Well No. 1 had a higher-than-allowable chromium level, and Well No. 2 did not, yet both wells came from the same aquifer. He also

noted that the report said that the chromium reading might have been a laboratory error. He asked if the water was re-tested to see if the chromium level had dropped.

Mr. Shontell said that the water was not re-tested. The report said that it was possible that the chromium reading may have been as a result of either a mistake in the testing, or an issue with the equipment that was used for the pump test. He reiterated that the water was not re-tested.

Chairperson Kaneshiro asked, if the well had high chromium, whether there was a way to alleviate it.

Mr. Shontell said he is not a hydrologist, but he would assume that there is a way to alleviate it; he thought the first thing to do would be to re-test the water to make sure the testing is done correctly.

Chairperson Kaneshiro asked if anyone on the DWS staff knows if there is a way to alleviate a high chromium level.

Mr. Young said that the Department could purge and bail the contaminant out. He noted that on Kaua'i at one time, there was mercury detected in one of the wells. The purge-and-bail method was used there to get all of the mercury out. He did not know if this would work if the contaminant were embedded in the bedrock.

Mr. Uyehara said that there are treatment processes to deal with chromium. He said he believed the Federal standard was 100 parts per million of chromium; that is what is regulated now. If the chromium level is over the maximum contaminant level (MCL), there are treatment processes to remove the metal from the source water. However, prior investigation should be done to find the source of the metal; the source could stem from something mechanical, he said.

Ms. Lee Loy asked for confirmation that Surety does not own the well in fee, and instead just has an easement.

Mr. Shontell said that Surety does not own the land in fee. Surety paid for and owns the hole, and the improvements that went into that hole. However, Surety does not own the surrounding property, and instead carved out an easement before Surety sold the roughly 70-acre parcel to the Yap Ranch.

Ms. Lee Loy asked about the relationship that Surety has with Mr. Yap.

Mr. Shontell said that Surety has a long-standing relationship with Mr. Yap. Mr. Yap purchased the property from Surety in the late 1990s. He noted that he, Mr. Shontell, had gone to high school with Mr. Yap's son-in-law; they have known each other for a long time. Mr. Yap's daughter and son-in-law run a business on one of Surety's properties in Kohala, so there is a long history of working with the family. He said that there are occasional disagreements, and times of getting back into agreement; this is a typical relationship.

Ms. Lee Loy asked what the density of the proposed project was.

Mr. Shontell said that the density of the proposed site allowed for up to 311 hotel rooms, and 240 or so estate lots. The density was approximately 500 at the project; Surety sized the well to take care of that density, and actually added more on later. It is a pretty large well, he added.

Ms. Lee Loy noted that Mr. Shontell's letter mentioned that Surety has some commercial zoning and existing agricultural zoning.

Mr. Shontell said that Surety was a much larger entity, but it is far smaller now. Surety has some remaining assets, and Surety wants to divest itself of those assets. The plan is to avoid getting involved in any re-zoning or public venue-type situations, which involve obtaining land use approvals, etc. Instead, the idea is to divvy up the assets, sell them, and move on. However, Surety still has some assets that could be useful for other purposes, including a couple hundred acres around Hāwī that could be used for affordable housing. If water is available, it might be worth the trouble to undertake that. The well too could be used, to try to solve some of the issues in Kohala; Surety would be willing to cooperate. The two things that could help would be the zoned properties and the surplus well, he said.

Mr. Greenwell asked how the 800-foot elevation would fit into DWS's existing system.

The Manager-Chief Engineer said that the existing Hāwī Well No. 2 is at 800 feet elevation, so it matches perfectly. Surety had drilled its two wells, and had purportedly located the wells to match DWS's existing system.

Mr. Greenwell asked if there was any infrastructure close by.

The Manager-Chief Engineer said no. If the Surety wells were to be developed, several things would need to be done, including power to the site, an access road to the site, and a transmission pipeline. Judging from the map, it would call for roughly 4,000 feet of transmission pipeline, from the well site down to Akone Puli Highway, he said. The Manager-Chief Engineer said there is obviously interest in developing these wells, noting that Mr. Takata, Surety, the Water Board and he himself were all interested. The Manager-Chief Engineer said that he would sit down with Mr. Shontell to see where this interest can lead to. He was confident that with some planning, DWS and Mr. Shontell could come up with some ideas on how to develop the well. Returning to Ms. Lee Loy's question, the Manager-Chief Engineer said the capacity of the well is 700 GPM, which equates to 1 MGD, which could provide water for about 1,600 residential units. It is a lot of water, he added. Surety has some ideas about how lots of land could be developed. Obviously, water is needed to do that, he said. The Manager-Chief Engineer said that he would schedule a meeting with Mr. Shontell and his higher-ups. He noted that DWS is still working on the Hala'ula Well. While he could not guarantee anything at this point, DWS is still in contact with the land owner of the Hala'ula Well, he said. The Manager-Chief Engineer reiterated that he was confident that he and Mr. Shontell could move things forward on the Surety well.

Mr. Uyeda asked for more background regarding the number of wells (production-wise or back-up) that DWS has in the area. He also asked the status of the Hala'ula Well and its projected capacity, and he asked how the Hala'ula Well would fit in or supplement the DWS wells in the area.

The Manager-Chief Engineer said that DWS has two wells in operation: Hāwī No. 1 and Hāwī No. 2. He established that the capacity of each of the wells is 700 GPM, or 1 MGD. He noted that Hala'ula Well is designed for 700 GPM, and Surety's well can provide another 700 GPM. That is a lot of water, he said. He said that right now, DWS only has the two existing wells. Consumption is 1 MGD, so DWS definitely needs to run the two wells. DWS is alternating use on Hāwī No. 1 and Hāwī No. 2. Two additional wells (i.e., the Hala'ula Well and the Surety Well) may be overkill right now, but in the future, DWS can certainly use them. He noted that wells do break down, and the two wells would provide additional back-up, which will help the DWS system.

Mr. Robinson asked if there might be a problem with the Public Utilities Commission (PUC) if DWS gets the wells on easements, instead of in fee. He said he always heard that the PUC wanted it in fee.

Ms. Garson said no, there would not be problems with the PUC.

The Manager-Chief Engineer confirmed this, but said that DWS prefers to have land in fee, instead of easements. Because DWS prefers to have land in fee, *if* DWS does pursue the Surety wells, the land will have to be subdivided. He said he is pretty sure that DWS can get a subdivision on that site.

Mr. Uyeda said that hopefully the discussion with Mr. Shontell would be about turning over one of the two wells over to DWS. He asked who would control the other well. He asked how close the two Surety wells were to each other.

Mr. Shontell said that the Surety Well, otherwise known as the Kealahewa Well, is about six miles away from the Hala'ula Well. The two Hāwī Wells are in Hāwī Town, and the Kealahewa Well is a couple of miles west of Hāwī Town. The Hala'ula Well is 3.5-4 miles east of Hāwī Town, he said. He noted that the lion's share of the area's population is in Hāwī.

The Manager-Chief Engineer asked what the distance was between the two Surety wells.

Mr. Shontell said the distance between those two wells, Kealahewa 1 and Kealahewa 2, is about 200 feet.

Mr. Uyeda asked if Surety controls one of the wells.

Mr. Shontell said yes, Surety only owns one of the wells; the other well was sold to the entity that owns the land where the Hala'ula Well is supposed to go.

Mr. Uyeda said he was concerned that Surety does not have control over the private entity's use of its well; he was concerned about what happens if both wells were pumping at the same time; he asked if this might influence the water quality in the long run. He was concerned that if there was over-pumping in the area, the chloride level might go up.

The Manager-Chief Engineer said that was a good question. Mr. Tom Nance, who was involved in the drilling of the two Surety wells, is on hand today, and could speak about whether or not the privately-held well was monitored while the pump testing took place (in 2007). The Manager-Chief Engineer did not know if there was an effect on the water quality during the pump testing; he suggested asking Mr. Nance.

Mr. Uyeda said that DWS should just keep that in mind during the discussions with Mr. Shontell. DWS may not have control over the other well, which may influence the aquifer area that the two wells share.

The Manager-Chief Engineer agreed, and said that question could be asked during his talks with Mr. Shontell. He said he would report back to the Board.

Mr. Shontell said that in his letter to the Board he wrote that it would take time, effort and some imagination to make this arrangement work. He said it was a good idea for everybody to figure out how to use the assets that Surety has to offer. He did not think there were any insurmountable problems that DWS and he could not figure out together.

Mr. Robinson asked for background on Kohala in general, citing the Kohala Task Force and the entities that were set up there. He noted that Kohala Nursery was the one success story there. He asked if any of the other entities were still operating or in existence. He mentioned Kohala Feed Lots as one of the entities.

Mr. Shontell that Kohala Feed Lots, which was also known as Biogenics, eventually disappeared, and the available State lands out there ended up with Cloverleaf Dairy. The Kohala Task Force goes back a long time, he said, and the Kohala Nursery is the only entity that is still in operation. He said that it is still doing fine; at one time, Kohala Nursery was the largest export nursery in the State.

Ms. Lee Loy asked Mr. Uyehara about treatment for chlorides. She asked what was involved in the treatment, and she asked whether it would require more land.

Mr. Uyehara asked if Ms. Lee Loy meant chromium, instead of chlorides.

Ms. Lee Loy said sorry, she meant chromium.

Mr. Uyehara said that treating for chromium would be something brand-new for DWS. Right now, aside from the Waimea Treatment Plant, DWS pumps the water and then chlorinates it. Anything beyond that is considered “advanced water treatment,” and would involve new capital improvements, labor, etc., to run such a treatment plant.

The Manager-Chief Engineer said those were details that DWS could explore.

Mr. Uyehara said that it would be a bigger issue.

Chairperson Kaneshiro asked if there were any stipulations in the sale of Well No. 2 about a safe pumping level, so that pumping would not affect the adjacent well, which is pretty close by.

Mr. Shontell said there was nothing specifically in the sales documents. However, Mr. Shontell will have to go back and get the proper permitting from the Commission on Water Resource Management (CWRM), etc., for the pumping of the well. He said he would presume that would be where a pumping limit could be set, to make sure that one well is not affecting the other well. Mr. Shontell explained that Surety drilled both of the wells, put the holes in the ground, paid for the wells, etc. Surety then created a subsidiary company to develop its resort, and sold one well over to that development entity; Surety never got around to selling the second well to the development entity. Therefore, Surety still owned the well. When the financial crisis hit in 2008, Surety lost the development entity in a foreclosure, and lost the well along with it. It was basically an internal transfer that got out of control, and it ended up in somebody else’s hands, Mr. Shontell said. Surety had sold the well to its subsidiary; the bank took over the subsidiary, and now owns it.

Mr. Arikawa noted that Mr. Shontell’s letter to the Board mentioned that there are about 200 acres left in inventory (with a mix of commercial and agricultural zoning, as well as State land use urban designation land). The letter also mentions that Surety plans to reconfigure the pre-existing lots within the remaining 198 acres into a half dozen large agricultural parcels. The letter also mentions another 25 acres that have been designated as land use designations. Mr. Arikawa asked if there was any other acreage besides this.

Mr. Shontell said that was the inventory that Surety has left in the Hāwī area; Surety has other properties in Hala’ula, near Pololū (near Kamehameha Park). However, out of the thousands of acres that Surety used to own in Hāwī, this is all that remains. Surety has a 203-acre parcel called the Hāwī 1 parcel, and of those 203 acres, there are about 3.5 acres of commercial-zoned property. That is how one gets the 198 acres, he explained. That 198 acres is agricultural land, zoned AG-20, and Surety has pre-existing lots inside there, which can be reconfigured and sold off as large ag lots, Mr. Shontell said. He noted that in addition, within the 203-acre parcel, there are areas that were designated “urban expansion” many years ago by the local plantation. Those

parcels are located where the former Hāwī Camp was; that is where, from a land use point of view, affordable housing can be built – so long as there is water, and subsequent re-zoning, etc. That comprises about 25 acres, he said.

Chairperson Kaneshiro called on Mr. Tom Nance to answer any questions the Board may have.

Mr. Takamine apologized to Mr. Nance and asked him about his professional background.

Mr. Nance said that was a fair question, and said that he works in the development of wells and the design of water systems served by those wells. He said he has been doing this work for 42 years, and has done some 500 wells in Hawai‘i, and another 300-plus wells overseas. He said he was the consultant for these two wells.

Mr. Greenwell asked Mr. Nance how this Surety well would fit into the DWS system; he asked whether it would be a “Kealahewa-Plus” well or a “Hala‘ula-Plus” well.

Mr. Nance said that it kind of depends on where the demands in DWS’s system are. Both Halaūla Well and Kealahewa Well would bolster DWS’s ability to move water. He said he did not know if the Board had talked about a tank at these wells, but with a tank, DWS would be able to flow water both ways, and basically double the capacity of transmission along the highway. These two wells would be a terrific addition to the DWS system up there, Mr. Nance said.

Chairperson Kaneshiro said that one of the concerns is that the two Surety wells are so close to each other. He asked what effect excessive pumping in one well would have on the other well.

Mr. Nance said that is really *the* question, from his perspective. He said he had not been aware that the second well had been sold. He said he did not hear the answer to the question about whether there were any restrictions imposed on the pump capacity of the well that was sold. When the two wells were tested, Mr. Nance did measure a hydrologic-interference effect between the wells. However, the reality is that it is just a fraction of a foot in the draw-down, which is absolutely of no significance whatsoever, he said. The issue is what happens to the salinity long-term. If there is no restriction on the other well, and both wells were to pump at 700 GPM, the reality is that both wells would need to be tested pumping at the same time. Pumping one well and observing the other well will not work, Mr. Nance said. Both wells need to be pumping at what may be the pumping rates for both wells. If people are going to settle on 350 GPM, then there is nothing to worry about. If the pumping speeds of both wells are to be 700 GPM, then Mr. Nance advises that a concurrent pump test be done at those rates in order to be sure that, long-term, there is not going to be an issue. That means pumping both wells for at least four days, possibly longer, depending on what is tracking, Mr. Nance said. If the other owner is only going to pump 200-250 GPM, then there is nothing to worry about. It is not a big deal, he added. But if both wells are pumping at 700 GPM, at the proximity to each other that they are, concurrent pump testing needs to be done, at those rates, Mr. Nance said.

Mr. Arikawa asked Mr. Nance if all of the charts accompanying Mr. Nance’s letter of April 25, 2007, were all from around the same time as the letter.

Mr. Nance confirmed this.

Mr. Arikawa asked if there would be further pump testing before the well is turned over to DWS.

Mr. Nance said that is a question for Mr. Shontell or the Manager-Chief Engineer. He said he would happily do the testing.

Mr. Arikawa asked what the chances are that more lead would be found in the system.

Mr. Nance said he thought that the responses by Messrs. Young and Uyehara to the question regarding chromium were right on. Mr. Nance said he did not believe that this was a ground water aquifer situation. He said that the only time one sees chromium in ground water is when there is military activity or something similar, aside from chromium as an artifact of a test pump. He said he did not believe that chromium was going to be an issue here. He said it is probably a test pump issue or even a laboratory issue. He said that although the pump tests took place seven years ago, he does not believe that there are any issues that would be different today. The genuine concern is if both wells pump at 700 GPM; that is beyond what Mr. Nance tested in 2007, and *that* should be tested for.

Mr. Greenwell asked what would happen if DWS were to develop the Surety well, and obtain permits from CWRM, etc., to pump at 700 GPM, while the private owners of the other well did nothing to develop its well.

Mr. Nance said that the wells are not in a Ground Water Management Area, so the level of regulation by CWRM is a step down from one involving a Ground Water Management Area. If DWS applies for a pump installation permit of 700 GPM, CWRM would look at the 2007 data and might ask for another pump test, once the permanent pump goes into the hole. DWS would get the permit. If, sometime in the future, the owner of the other well applies to put in a 700 GPM pump, the private owner would be required to do a pump test to demonstrate that their (the private owner's) use at 700 GPM would not adversely affect DWS's well.

Mr. Greenwell asked for confirmation that the private owner would be required to do a pump, *not* DWS.

Mr. Nance confirmed this. He said he was presuming that CWRM would be on the ball, and was doing their job right. A pump test would be the obligation of the guy second in line (i.e., the private owner), he said.

Chairperson Kaneshiro returned to the subject of chromium, and asked if it naturally occurred in Hawaiian lava.

Mr. Nance said no, not really. When Mr. Nance sees it, the chromium is usually a residue tossed off from a temporary pump; it also occurs around military spills and the like. In any case, the chromium is not at the maximum contaminant level (MCL). It is not an issue in Hawaiian ground water, he said.

Mr. Robinson asked for confirmation that the development of the well will encourage economic growth and development in Kohala, which in turn will spur population growth in Kohala.

Mr. Shontell said that if there is more water available to do development in Kohala, then that is a potential result. He said that the simple answer to Mr. Robinson's question is yes. He noted, meanwhile, that controlling development is the purview of the County Planning Department, insofar as zoning, etc.

7) NORTH KONA:

A. NORTH KONA HIGH LEVEL GROUNDWATER STUDY:

A draft scope of work has been developed for the subject study. The scope includes monitoring of the six (6) high level wells, four (4) basal wells (3 of which are monitoring wells) and one (1)

high level monitoring well (for analysis purposes) for a 12-month period, and to include an analysis of any impact on the basal wells due to pumping of the high level wells. Periodic reports will be made and data will be submitted monthly.

The Board approved this study at its May 27, 2014, meeting, and requested details on the study's scope. Staff has reviewed the scope and finds it acceptable.

The Manager-Chief Engineer recommended that the Water Board approve the scope of work for the professional services agreement for the North Kona High Level Groundwater Study.

MOTION: Ms. Lee Loy moved to approve; seconded by Mr. Arikawa.

Mr. Inaba said that DWS was bringing to the Board this proposed scope for the study, which was worked out with Mr. Nance. The scope includes the wells that DWS has access to, as well as wells that Mr. Nance has access to. The scope involves DWS's system, what DWS is pumping, and how the pumping could potentially affect basal wells, if at all. This scope is basically based on Mr. Nance's recommendations. Although Mr. Nance wanted to do a lot more, DWS wanted to stick to the wells that DWS has control over.

Mr. Uyeda noted that the Board's recommendation, made at a Board meeting a couple of months ago, was to have the scope include both high-level and basal wells. He asked to clarify whether the study will just test the influence on the basal lens when DWS is pumping the high-level wells.

Mr. Inaba confirmed that that is the main scope of the study.

Ms. Lee Loy asked when the Board would start getting information from the study, assuming the Board approves the scope today. She asked if the data would start coming before the Board next month.

Mr. Inaba said that once the approval is given, he estimated that it would take two to three months to start getting the information to the Board.

Ms. Lee Loy asked for confirmation that the study would last a whole year.

Mr. Inaba confirmed this.

Mr. Uyeda asked if the Board would see data before the CWRM meeting in December.

Mr. Inaba said that was the intent, and that is why DWS is asking to receive the data on a monthly basis. That was part of the negotiations on the scope.

Chairperson Kaneshiro asked if the pumping quantity for the overall system (i.e., the wells involved in the study) changes dramatically during the year.

The Manager-Chief Engineer said that he would not call it dramatic, but there are some changes. For example, DWS has had to shut down a couple of wells for repairs, and the other wells have to keep up. There will be changes in the pumpage of these wells, he said. He noted that all of the information that comes from the study will become public record, and the information will be provided to CWRM, and will be shared with other entities and individuals.

Mr. Takamine asked how much the study will cost.

Mr. Inaba said that the cost has not yet been pinned down; the cost has not been negotiated yet. There had been an estimate of \$50,000.00 for the update of the Water Use and Development Study (WUDP), but DWS is not yet sure how much this study will cost. The study will take a lot of physical time going out to the sites, setting the instruments, etc., he said.

ACTION: Motion carried unanimously by voice vote.

5) SOUTH KOHALA:

B. **JOB NO. 2014-1010, LĀLĀMILO A DEEPWELL REPAIR:**

This project generally consists of the replacement of the existing well vertical hollow shaft motor, pump, column pipe, enclosing tube, lineshaft, lineshaft bearings and all appurtenant equipment, such as strapping, chlorination of the well and pumping assembly, in accordance with the plans and specifications.

Bids for this project were opened on July 10, 2014, at 2:00 p.m., and the following are the bid results:

Bidder	Bid Amount
Beylik Drilling and Pump Service, Inc.	\$333,909.00
Derrick's Well Drilling and Pump Services, LLC	\$345,000.00

Project Costs:

1) Low Bidder (Beylik Drilling and Pump Service, Inc.)	\$ 333,909.00
2) Contingencies (10%)	\$ 33,390.90
Total Cost:	\$ 367,299.90

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 \$424,000.00.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2014-1010, LĀLĀMILO A DEEPWELL REPAIR, to the lowest responsible bidder, Beylik Drilling and Pump Service, Inc., for their bid amount of \$333,909.00 plus \$33,390.90 for contingencies, for a total contract amount of **\$367,299.90**. 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.

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

C. **JOB NO. 2014-1008, LĀLĀMILO D DEEPWELL REPAIR:**

This project generally consists of the replacement of the existing deepwell submersible motor, pump, power cable, column pipe and appurtenances and chlorination of the well and pumping assembly, in accordance with the plans and specifications.

Bids for this project were opened on July 10, 2014, at 2:30 p.m., and the following are the bid results:

Bidder	Bid Amount
Beylik Drilling and Pump Service, Inc.	\$261,509.00
Derrick's Well Drilling and Pump Services, LLC	\$278,000.00

Project Costs:

1) Low Bidder (Beylik Drilling and Pump Service, Inc.)	\$ 261,509.00
2) Contingencies (10%)	\$ 26,150.90
Total Cost:	<u>\$ 287,659.90</u>

Funding for this project will be from DWS's CIP Budget under Deepwell Pump Replacement. The contractor will have 360 calendar days to complete this project. The Engineering estimate for this project was \$330,000.00.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2014-1008, LĀLĀMILO D DEEPWELL REPAIR, to the lowest responsible bidder, Beylik Drilling and Pump Service, Inc., for their bid amount of \$261,509.00 plus \$26,150.90 for contingencies, for a total contract amount of **\$287,659.90**. 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 to approve; seconded by Mr. Greenwell.

Mr. Uyeda, noting that there are two Lālāmilo wells down, asked how many wells were in the Lālāmilo system, and he asked what the demand was.

The Manager-Chief Engineer said that DWS runs a total of eight wells in the area: four Lālāmilo wells and four Parker wells, with a total capacity of 10 MGD. Current consumption for the area is about 5 MGD. DWS is able to supply water to all of its customers, even with the two wells down.

Mr. Uyeda said his concern would be if these projects run longer and meanwhile, demand exceeds capacity. That would be an entirely different story, he said.

The Manager-Chief Engineer said yes, in such a case, DWS may impose water restrictions if additional wells were to go down.

Mr. Greenwell asked whether these wells went down one after the other; he asked if the wells had been down for a while, and DWS was playing catch-up.

Mr. Young said, no, the two wells both went down pretty recently; they had not been put on the back burner. He did not have exact dates, but the two wells were not too far apart time-wise. He noted that Lālāmilo A can actually be run, but it is vibrating pretty badly. DWS decided to shut it down, for fear of causing additional damage, and in the interest of saving parts. The same thing applies to Lālāmilo D, he said.

Ms. Lee Loy noted that the time period to repair one of the wells is 270 days, and the time period for the other well is 360 days. She asked why there was such a difference in price. One well's repair time is shorter, but costs less, while the other well's time period is shorter, but costs more, she said.

The Manager-Chief Engineer said he had exactly the same question; he asked Mr. Young to explain that.

Mr. Young gave a bit of background on the two wells, which are a bit different from each other. Lālāmilo D is a submersible, whereby the motor sits in the hole in the water, and pumps the water to the top. Lālāmilo A is called an “oil-lubed lineshaft pump,” whereby the motor sits on top, on the ground, and there is a shaft that goes all the way down to the pump. The Department can order pretty much all of the parts to repair that well. In the case of the submersible, DWS has to pull out the pump from the hole, and get the pump rebuilt. It has to be shipped over for repairs and back, etc. Assuming that the motor is rebuilt, a lot of the time is spent shipping it back and forth.

Ms. Lee Loy said she now understood.

ACTION: Motion carried unanimously by voice vote.

D. **WATER TREATMENT PROPOSAL NO. 2014-04, FURNISHING AND DELIVERING POLYMERS TO WAIMEA WATER TREATMENT PLANT:**

At the May 27, 2014, Water Board meeting, the Board awarded the contract for Water Treatment Proposal No. 2014-04, Furnishing and Delivering Polymers to Waimea Water Treatment Plant, to Pural Water Specialty Co., Inc., at the bid price of \$387,672.39, plus a contingency of \$62,327.61, for a total contract price of \$450,000.00.

Subsequent to the award, a letter of protest was received by the Department, contesting that the disparity of the water quality at the time of the full-scale plant testing for each of the bidders was so substantial that the comparison was unfair.

After reviewing the protest, the Department has upheld the protest, and will be re-bidding the contract using the jar test method of determining the optimal dosage of each polymer. The polymers will be tested using the same water on the same day. This method will eliminate any discrepancy of the water quality for each polymer that will be submitted for the bid.

The Manager-Chief Engineer recommended that the Board cancel the award for WATER TREATMENT PROPOSAL NO. 2014-04, FURNISHING AND DELIVERING POLYMERS TO WAIMEA WATER TREATMENT PLANT, to Pural Water Specialty Co., Inc., and re-bid the contract, using the jar test method of determining the optimal dosage of the polymer to be used for the bid.

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

The Manager-Chief Engineer explained that the higher bidder submitted a letter of protest, because the two vendors’ polymers were tested with different times and water qualities. The discrepancy in water quality caused a difference in the amount of polymers needed. DWS upheld the protest, and now the project is being re-bid. The polymers will now be tested via a jar test, whereby the water quality will be the same, he said. The Recommendation is to cancel the previous award, and to re-bid the project. The Manager-Chief Engineer did not know when the re-bid is scheduled for, but the Department will come back to the Board with the results of the re-bid.

Mr. Greenwell asked whether the Department is purchasing a different polymer, and he asked whether a different quantity is used.

The Manager-Chief Engineer said that he was not sure about the make-up of the products that the two vendors are providing; he was not sure if they are exactly the same polymer. He said he is not a chemist, but he believed that polymers are polymers, and that they should be acting or reacting the same way. He said that if the water quality is worse, obviously one would be using more polymers. When the bidders bid, they were bidding on the amount of polymers required at the time of testing their product. The test took place at the Waimea Treatment Plant, he said.

Ms. Garson said that just for the record, DWS brought this back to the Board just as a formality. It turns out that the Board voted to award the bid, and that same afternoon, the protest letter came in. Therefore, no letter of award went out, and so the project was not actually awarded. However, the Minutes show that it was awarded. Therefore, the Department brought the Item back to the Board, to make sure that the Board was clear about what DWS was doing; it was to make the record clear, and was just a formality.

ACTION: Motion carried unanimously by voice vote.

6) NORTH KOHALA:

A. DISCUSSION OF SURETY WELL/HALA‘ULA WELL:

(This Item was handled earlier in the meeting.)

7) NORTH KONA:

A. JOB NO. 2013-995, KAHALU‘U D DEEPWELL REPAIR & IMPROVEMENTS UPDATE:

The contractor, Derrick’s Drilling and Pump Services, LLC, addressed the Board to update the Department on the status of JOB NO. 2013-995, KAHALU‘U D DEEPWELL REPAIR & IMPROVEMENTS, and to request a time extension.

The Manager-Chief Engineer noted that the Board had approved a time extension to the end of July, and the contractor had since sent a letter stating that the time extension needed to be to the end of August. He noted that Ms. Cynthia Moreira was on hand today to give details about the additional work that needs to be done to finish the project.

Ms. Moreira reported that the sub-contractor, who is working with Derrick’s on the transformer, is pretty much done and is mobilizing off. The project is pretty much on schedule, with Derrick’s ready to move on this week. Derrick’s is asking for a completion date of August 29, 2014; the project will be done after the testing, etc., required by DWS, she said.

The Manager-Chief Engineer said that he had no objection to the August 29 completion date; he expressed confidence that Derrick’s will be done by August 29. The Department’s Recommendation is to approve the time extension to August 29, he said.

MOTION: Mr. Greenwell moved to approve the time extension to August 29, 2014; seconded by Mr. Arikawa.

Mr. Uyeda asked for his memory to be jogged; he asked when the original contract completion date was. He said he recalled that the Board had approved a certain extension to a certain date. He asked if this current Motion is to extend the time out further.

The Manager-Chief Engineer said yes, the most recent time extension was to the end of July, and there had been previous other time extensions. He noted that on the previous time extension, DWS had to do certain things, which caused some delays. He asked Mr. Young for the details.

Mr. Young said that he believed the reason that Derrick's is asking for the current time extension is because they had the electrical sub-contractor come out, but the sub-contractor could not work in parallel to Derrick's, due to a safety hazard. The well site is really small and tight, and it was impossible to have the 60-foot rig out there pulling the pump at the same time that the electrical sub-contractor was there. It would have been dangerous for the electrical sub-contractor; this situation had not been accounted for. Therefore, the pulling of the pump off-site had to be done, and Derrick's was going to go back to the site to re-install it. Mr. Young figured that Derrick's would be able to get the project done before August 29.

Ms. Moreira confirmed this.

Mr. Young said the date is probably conservative in the interest of making sure that everything is okay on all of the testing, etc.

Mr. Uyeda said that this time extension is roughly 40 days beyond the previous date of July 22 or 23.

Mr. Inaba said that the previous extension was to August 29, but the Board had asked Derrick's to come back to the Board to provide a status update at today's meeting, to make sure that they were on schedule. The Board wanted to make sure that everything was in place, and on schedule to complete by that original date (of August 29).

Mr. Uyeda acknowledged that he had not been at the last Board meeting.

Ms. Lee Loy said yes, it was her understanding that Derrick's had asked for the time extension of up till August, and that the Board wanted to ensure that everybody was working hard and staying on course. She said that the Board had last heard that the pump was in transit, but today, Ms. Moreira says that the pump has arrived.

Ms. Moreira said yes, everything is now here; Derrick's has all of the equipment at the site. However, Derrick's has not mobilized all of the equipment on site because the sub-contractor was there working on the transformer, etc. Derrick's had been basically just waiting for the sub-contractor to provide their schedule and time frame; Derrick's has now confirmed the schedule and time frame as of yesterday, July 21. She said Derrick's was able to move on, and should be mobilizing on-site this week.

Ms. Lee Loy said she framed this episode as a "successful failure," with a lot of things that went wrong along the way. Everybody kept working hard, she said. She said the takeaway for Mr. Young and his colleagues is to be more mindful of the size problem, and to be mindful that all of the equipment has to be there. The takeaway for Derrick's is that they need to be more on top of things in transit, Ms. Lee Loy said.

Ms. Moreira agreed.

Ms. Lee Loy said that the situation had been out of Derrick's control.

Ms. Moreira said that this situation was entirely different from what Derrick's had bid for; everything was set prior to bidding, she added.

Ms. Lee Loy said there were many lessons learned.

Ms. Moreira said yes, exactly.

Mr. Greenwell asked if Derrick's was okay now with National Pump and the turbine company that it merged with.

Ms. Moreira said that everything went smoother once National Pump started handling things; communications improved, and the estimated times came in on schedule. For example, when National Pump told Derrick's that the pump was ready to be picked up, there was only a four-day difference on the timing.

Mr. Greenwell asked if Derrick's was okay with National Pump going forward.

Ms. Moreira said yes, National Pump is one of the pump companies that Derrick's normally deals with. It was the merger that caused the friction, she said.

ACTION: Motion carried unanimously by voice vote.

B. NORTH KONA HIGH LEVEL GROUNDWATER STUDY:

(This Item was handled earlier in the meeting.)

8) **MISCELLANEOUS:**

A. DEDICATION OF WATER SYSTEMS:

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

1. GRANT OF EASEMENT

Grantor: Hale Wailani Partners, LLC
Tax Map Key: (3) 6-2-001: 075 Portion

2. GRANT OF EASEMENT

Grantor: University of the Nations, Inc.
Tax Map Key: (3) 7-5-010: 003 Portion

3. GRANT OF EASEMENT

Nakahara Commercial Subdivision
Grantor: S. NAKAHARA, LLC
Tax Map Key: (3) 6-5-007: 006

The Manager-Chief Engineer recommended that the Water Board accepts 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. Robinson moved to approve; seconded by Mr. Arikawa, and carried unanimously by voice vote.

(Mr. Arikawa asked the Chairperson to call a short break. Meeting recessed from 11:22 a.m., and resumed at 11:28 a.m.)

1. **DISCUSSION REGARDING LEGISLATIVE AUDITOR'S LETTER DATED JUNE 17, 2014, REGARDING PERFORMANCE AUDIT OF THE DEPARTMENT OF WATER SUPPLY METER AWARD PROCEDURES AND METER COMPLIANCE REVIEWS, AND PROCEDURES REGARDING THE HAWAIIAN OCEAN VIEW ESTATES (HOVE) WATER SYSTEM STANDPIPE STATION (RESOLUTION 312-12):**

The Legislative Auditor, Bonnie S. Nims, sent a letter to the Manager-Chief Engineer on June 17, 2014, which states in part: "We have completed our preliminary survey regarding the proposed performance audit and our review did not identify any significant threats or risk areas. Due to other priority audits, we terminated our audit of Department of Water Supply (DWS) standpipe station in June 2014. Given our commitment to oversight of the County of Hawai'i, we may re-announce this audit at a later date. We will notify you by separate memorandum if we initiate a new audit."

The Manager-Chief Engineer said this letter basically says that the Legislative Auditor had completed the audit as far as it could be taken, and the letter says that DWS was in compliance with Department procedures when DWS signed up the HOVE standpipe accounts. The most important thing was that DWS complied with its own procedures, he said. The audit arose after a County Council Resolution expressed concern about the sign-up of the standpipe services. DWS is in the clear for now, the Manager-Chief Engineer said.

Mr. Robinson asked for confirmation that everything is going fine with the water haulers, and that the payments to DWS from the water haulers for the water they take are going fine.

The Manager-Chief Engineer said that DWS is monitoring the system; the water haulers are conducting business as usual. The only exception has been when the need for minor repairs led to shutting down the spigots, but right now, business for the water haulers is going as usual.

Mr. Greenwell asked about the wording of the letter, which said that the Department would be notified by a separate memorandum if a new audit is to be initiated. He asked if there was anything happening now that would warrant a new audit.

The Manager-Chief Engineer said that as far as DWS is concerned, there is nothing going on. He said he did not know what that part of the letter meant, but for now, he assumed that everything was good to go.

Chairperson Kaneshiro noted that the letter said that there were other priority audits ongoing, and that the audit might be re-announced at a later date. This leaves the door open for the Legislative Auditor to come back and change the audit, but for the time being, the audit results are okay. He asked if that is what the letter meant.

Ms. Garson said that the Chairperson would have to ask the Legislative Auditor what that means.

Chairperson Kaneshiro said he thought the Legislative Auditor's statements were very unusual.

The Manager-Chief Engineer said that this is a newly-hired Legislative Auditor, who is obviously looking at what is on her plate, and is looking at what audits can be completed. He assumed that

there were other, higher-priority audits than the DWS audit, which could be put to the side and labeled as completed, for now.

2. **DISCUSSION OF AMENDING RULES AND REGULATIONS REGARDING PLACING RESPONSIBILITY WITH PROPERTY OWNERS FOR TENANTS' DELINQUENT BILLS:**

Ms. Lee Loy noted that the committee that had been working on the Senate Bill in the Legislature since January looked at amending DWS's Rules as part of a multi-pronged approach; the Senate Bill was meant to be the very final step. As it turned out, the Senate Bill failed to pass, and will be reintroduced at the next Legislative Session. Ms. Lee Loy said she and fellow committee members, Messrs. Uyeda and Robinson, felt it was prudent to look at amending the Rules.

The Manager-Chief Engineer agreed, saying that despite what happened at the Legislature, DWS can still look with Ms. Garson and staff at making some amendments to the Rules. The Department could come back with draft Rules in a couple of months or so, he said.

Ms. Garson said that she had already done some draft Rules; the discussion about amending the Rules goes back two years or so. She said that at that time, she had distributed some draft Rule amendments for discussion by the Board. One of the concerns that arose at the time involved practical issues with DWS's software. It was more of an operational issue, regarding two people on the statements and how that was going to work. Ms. Garson said that draft Rule amendments are not a problem; she could have a draft ready for next month's Board meeting. She said she needs to sit down with Mr. Sumada and his staff about some of the practical issues. The arrangement would be that new applicants would have to have the property owner sign up, or involve looking backwards by having owners come in and sign something, she said. Ms. Garson noted that Maui has a guarantor-type of arrangement, where the owner signs a guarantor agreement. She said one of the things would involve getting in touch with the owners, but drafting Rules amendments is not a problem. She said she could get a draft to the Board, and the Board could discuss what operational things need to be done to implement the amended Rule. If DWS looks at combined billing between water and sewer bills, this kind of thing will need to be worked out. One of the issues that DWS had with combining the bills with Waste Water was that in some instances, there were different account holders; DWS had the tenant as the account holder, while Waste Water had the owner as the account holder. That problem needed to get fixed before combined billing could take place, Ms. Garson said. She reiterated that she would sit down with Mr. Sumada and his staff to discuss an amended Rule, and how to actually implement it.

Ms. Lee Loy said that she wanted to see something before the end of the year, ahead of the reintroduction of the Senate Bill to the Legislature in January. She noted that the Senate Bill was intended to help all of the counties; this Rule amendment will have the most impact on DWS and this island. The Senate Bill is that extra layer that is helpful for all of the other counties as well.

3. **PROFESSIONAL SERVICES AGREEMENT -- ENERGY STUDY UPDATE FOR THE DEPARTMENT OF WATER SUPPLY:**

Professional services for energy study update.

- Consultant: To be determined.
- Estimated Fee: \$65,000.00.

The Department recognizes the need to conduct an island-wide energy study update during Fiscal Year 2014-2015, to make sure DWS maximizes energy savings opportunities. The last study

was completed in 2004. Funding will be provided by Hawaii Energy, a company tasked with managing HELCO's energy rebate program.

The Manager-Chief Engineer recommended that the Board approve signing a Professional Services Agreement to Conduct an Energy Study Update for the Department of Water Supply, and authorize the Chairperson or Vice-Chairperson to sign the document, subject to review as to form and legality by Corporation Counsel.

MOTION: Mr. Arikawa moved to approve; seconded by Ms. Lee Loy.

The Manager-Chief Engineer said that this would basically update some of the information in the previous energy study. The new energy study would fortunately be funded by Hawai'i Energy; this is basically "free money," albeit "free money" that originates from a line item on everyone's HELCO bill.

Mr. Greenwell asked when the study would start and end.

Mr. Young said that Hawai'i Energy wants DWS to start the study this fiscal year, and be done by the end of the fiscal year. DWS will start the study as soon as possible. Once the Board approves this project, DWS will work on the consultant process, and get the contract out within a couple of months. The study will get underway within a few months after that, and be done by the end of June 2015.

ACTION: Motion carried unanimously by voice vote.

4. **DEPARTMENT OF WATER SUPPLY LEASE FOR SCANNER/COPIERS:**

The Department of Water Supply requested quotations for leasing six full-function copy machines for a five-year period. The copy machines will replace existing leased/rented machines in Hilo (4 machines), Waimea and Kona. The quotations are listed below:

- | | |
|---------------------------|-----------------------|
| • Canon Solutions America | No Bid |
| • Ricoh USA, Inc. | \$1,352.50/mo. |
| • Xerox Corporation | \$1,345.07/mo. |

Staff has reviewed the quotations and finds the quotations/lease agreements acceptable, and recommends award to the low bidder, Xerox Corporation.

The Manager-Chief Engineer recommended that the Board award the lease to Xerox Corporation for six scanner/copy machines at **\$1,345.07/mo.**, and authorize the Manager-Chief Engineer to execute the lease agreement, subject to the approval of Corporation Counsel.

MOTION: Mr. Robinson moved to approve; seconded by Ms. Lee Loy.

Mr. Inaba said that there are six machines included in this contract, which are the major copy machines the Department has. There are four machines in Hilo, including one at the Microlab, Operations Division, Engineering and Administration/Finance. In addition, Kona and Waimea each have smaller machines, he said.

The Manager-Chief Engineer said that this contract includes all of the toner.

Mr. Inaba confirmed this, adding that the contract also includes maintenance. The price is based on price per copy/scan. All of the machines have copying and scanning capabilities. The cost is basically a standby cost. Xerox copies cost about a half-cent per page, and Ricoh copies cost about .075 cents per page. He noted that the price difference will come out greater than what is

shown here. He noted that these are WSCA (Western States Contracting Alliance) contracts and prices; the prices in the five-year lease agreements were approved by the State Procurement Office this past fiscal year. DWS participates in the WSCA program, and is listed on the WSCA website. When DWS goes out to bid on such contracts, the copier companies really do not have a choice but to provide DWS with these numbers, Mr. Inaba said.

Mr. Arikawa asked what brand of machines DWS is currently using.

Mr. Inaba said DWS is using Xerox machines right now.

Mr. Arikawa asked how many copies DWS makes in a month.

Mr. Inaba said he was not sure.

Mr. Arikawa asked for confirmation that both Xerox and Ricoh's prices were based on price per copy, not a flat rate such as per 15,000 copies.

Mr. Inaba confirmed that the prices were based on price per copy, saying that DWS provided an estimate of how many copies it consumed when going out to bid.

Mr. Arikawa said his company was going through the same bid process for copiers/scanners, but Ricoh came out cheaper than Xerox.

Mr. Inaba said that the main thing for DWS, of course, is price. This is assuming that everything else is the same, he added.

Ms. Lee Loy asked if all of the machines had faxing capabilities.

Mr. Inaba said yes, the majority of DWS's machines can fax and are networked.

ACTION: Motion carried unanimously by voice vote.

F. **MONTHLY PROGRESS REPORT:**

No discussion.

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

Mr. Sumada reported regarding Mr. Robinson's question last month about the difference between the December 2012 and December 2013 receivables on the Aging Report. Normally, Finance runs its Aging Reports on the first day of each month, but the Aging Report that Finance ran for December 2012 actually got run a few days into the month, on January 7 or thereabouts. Within that interval, about \$685,000.00 worth of billings got processed, so that threw off the Aging Report for December 2012. December 2012 included \$685,000.00 worth of billing, that should have been included in the following month. Therefore, most of the difference between the December 2012 Aging Report and the December 2013 Aging Report was due to the *timing* of when the December 2012 report got run, Mr. Sumada said.

H. **MANAGER-CHIEF ENGINEER'S QUARTERLY REPORT:**

The updated Strategic and Business Plan spreadsheet had been distributed to the Board.

The Manager-Chief Engineer said that Administration was focusing on training, updating the Department's Information Systems, and procurement. He said that Engineering was focused on water quality, water availability (i.e., water policies), water system standards, development

agreements, and construction/plan review. He said that Finance was focused on the water rate study.

The Manager-Chief Engineer said that DWS and the Department of Environmental Management (DEM) talked about combined billing, but for the time being, the two departments will continue doing separate billing. However, DWS and DEM are still cooperating with each other on matters such as delinquencies, he added.

The Manager-Chief Engineer said that Operations is focusing on emergency preparedness, leak detection, energy, and proactive maintenance of DWS's water systems. He noted that the updated Energy Study, discussed earlier in the meeting, will cost about \$65,000.00.

He cautioned that this spreadsheet is a moving target, and it will be amended or updated as needed. However, the Department will let the Board know if there are any changes to DWS's tactics, the Manager-Chief Engineer said.

I. MANAGER-CHIEF ENGINEER'S REPORT:

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

- 1) Pu'ukala/Kona Ocean View Properties Subdivision Improvement District Update – Despite some rain-out days, the project is moving along on schedule. It should be completed sometime in September, the Manager-Chief Engineer said.
- 2) Waikoloa Reservoir No. 1 Update – DWS's request to do construction work on forest land belonging to the Department of Hawaiian Homelands (DHHL) is being taken up today at a DHHL meeting. Next month, DWS should have a report on the results of the meeting. DWS should be able to go out to bid for the repairs of the reservoir soon, the Manager-Chief Engineer said. He noted that fortunately, it continues to rain up there, and the two reservoirs in operation in the area are virtually at full capacity right now.
- 3) Kawailani Tank Update – Only minor work remains to be done, such as the soils report, but the important thing is that the reservoir is in operation. The Manager-Chief Engineer said this Item can be taken off the Agenda next month.
- 4) Public Information and Education Specialist Update – The Lālāmilo Windfarm information sheet is posted on the DWS website, Ms. Aton said. The comment period for the draft Environmental Assessment (EA) for the Windfarm, released on June 23, ends tomorrow, she said. DWS held a public meeting regarding the Lālāmilo Windfarm in Waimea; about 18 people attended. The consultants for the EA have been asked by the public for additional simulated imagery. Generally, the project appears to be accepted by the community, Ms. Aton said. On the Waiākea Office Plaza Landscape and Improvements Project, there have been numerous comments from the public about the loss of the trees; native landscaping will replace the trees that were removed. A poster was displayed, showing the various native plants that could be selected, she said. There have been many meetings regarding the National Park Service's petition to designate Keauhou Aquifer as a Ground Water Management Area. Ms. Aton said she had emailed to DWS partners and networks Rep. Colleen Hanabusa's recent letter to the Department of the Interior's National Parks Service Director opposing the designation. The next Kona Water Roundtable will be held on July 30; a planning meeting on July 2 drew 60-70 people. More than 100 people attended a West Hawai'i Association of Realtors forum in Kona on July 6, Ms. Aton said. A Joint Water Conference sponsored by DOH will take place in Kona on August 14 (*and in Hilo on August 19*), which will deal with the Keauhou Aquifer and other issues.

Mr. Robinson said his realtor friends have been calling up, alarmed at the possibility that DWS might not be able to issue water commitments in the event of a designation of Keauhou Aquifer.

The Manager-Chief Engineer said that DWS had based its statement on the discussion at the previous Kona Water Roundtable, where someone asked what happens to existing service laterals that have no meter right now. The response from CWRM was that if designation takes place, they would stand at the back of the line, behind applicants for existing use; any open lateral would be considered *new* water use. The Manager-Chief Engineer was asked what would happen to all of these open service laterals if there is designation of the aquifer, and the answer is basically that people with open service laterals would stand in line behind the existing water users. CWRM said that even existing water users would have to go through an application process that could take months or even years, as experienced on Maui, he said. New users too will need to wait for months or even years, so the consequences are great if there is designation, the Manager-Chief Engineer said. That is basically what the situation will be under designation, unless there is new information from CWRM or elsewhere that enables DWS to issue new water service.

Mr. Robinson said that a lot of people want to know why all of this is happening after the years of work they put into the Kona Community Development Plan process. It is like all of the community's years of hard work were for naught, he said.

The Manager-Chief Engineer said exactly, this affects not only all of the island's Community Development Plans, but also all of the processes that developers are going through with regards to land use changes, zoning changes, etc. Those processes take a lot of time and effort as well.

Regarding the Waiākea Office Plaza landscaping project, Mr. Uyeda cautioned that DWS be careful to select native trees that do not wind up on a future endangered species list.

The Manager-Chief Engineer said that was a very good point. He said he had not yet met with staff to hammer out the details, but he agreed that it was important to plant the right native plants.

Ms. Aton said that the poster she mentioned earlier was from the Landscape Industry Council of Hawai'i (HICH), which sets the industry standard for native landscaping. The plants that HICH recommends are specific to conditions such as elevation, rainfall, ease of use and general landscaping practices.

Mr. Greenwell, noting that he learned a lot at water conferences such as the recent conference in Boston, urged Ms. Aton to be relentless in educating the public. He said he attended the recent meeting in Waimea, and there were questions about birds and bats in the Lālāmilo Windfarm area. He said that people need to understand that they need water first. He said he was not worried about whether the top of the windmills are visible over the ridge, nor about whether the birds or the bats were in the way of the propellers. People need water first, and people need to understand that they are going to have to pay more for water and infrastructure. Mr. Greenwell said Ms. Aton needs to teach the people why DWS is here, and that people need quality of water before anything else.

The Manager-Chief Engineer said he would take Mr. Greenwell's comments to heart. In years past, DWS used to hold Water Week activities at different public venues such as KTA and Wal-Mart, where DWS distributed flyers and talked to customers about water. He said that Mr. Arikawa suggested holding such events again, and the Manager-Chief Engineer agreed that DWS should do so. Educating people helps not only DWS customers, but people on catchment as well, he said.

Ms. Lee Loy, noting without elaboration that there was a communications hiccup at the last Kona Water Roundtable, asked for a status update on where DWS is on the response to the NPS petition at next month's Board meeting; she asked that it be kept as a working document. She also noted that Mr. Jeff Ing issued a kind of challenge at the Kona Water Roundtable to DWS's large water users, particularly the

resorts, regarding water conservation. She wondered if DWS would consider something like that challenge; she considered water conservation to be a good thing. Ms. Lee Loy noted that there are a number of resorts in the NPS petition area; she thought that maybe they would take a better look at what they are doing vis a vis water use, and might even reduce their water consumption.

The Manager-Chief Engineer said that DWS has been gathering information regarding its big water users, not only the resorts; DWS is trying to work with these large water users.

Ms. Lee Loy said she thought it was interesting that Mr. Ing issued it as a challenge, rather than just an invitation to talk-story. Mr. Ing was kind of pushing the resorts to be better than the next one; she thought that takeaway from the Kona Water Roundtable was really great. On the landscaping at the Hilo main office, she expressed the hope that it would be coqui-free and fire ant-free.

- 5) Employee of the Quarter – Mr. Sumada introduced Mr. Duwayne Tanaka, joined by his wife Sharon. Mr. Tanaka has worked for DWS for 12 years, 10 years in Hilo as a Clerk-Meter Reader.

J. **CHAIRPERSON'S REPORT:**

Chairperson Kaneshiro mentioned the next Kona Water Roundtable, to be held on July 30 at the King Kamehameha's Kona Beach Hotel, and also noted the Joint Water Conference in August sponsored by DOH. He said he hoped that the Board would consider attending the Kona Water Roundtable, as well as the Hawai'i Water Works Association (HWWA) conference in October.

The Manager-Chief Engineer said that the exact dates are still to be announced, but the Board will be notified next month.

Chairperson Kaneshiro expressed hope that the Manager-Chief Engineer's talks with Mr. Shontell regarding the Surety Well will be successful. It is very important that DWS look ahead to secure water sources for the future when expansion comes.

Chairperson Kaneshiro thanked Ms. Aton for the nice front-page article that appeared after last month's meeting regarding the Honoka'a Tank.

Chairperson Kaneshiro noted that there will be a Contested Case Hearing at next month's Board meeting in Kona.

9) **ANNOUNCEMENTS:**

1. **Next Regular Meeting:**

The next meeting of the Water Board will be held at 10:00 a.m. on August 26, 2014, at 10:00 a.m. at the West Hawai'i Civic Center, Community Center, Bldg. G, 74-5044 Ane Keohokalole Hwy, Kailua-Kona, HI.

2. **Following Meeting:**

The following meeting of the Water Board is scheduled for September 23, 2014, at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI.

10) **ADJOURNMENT:**

ACTION: Ms. Lee Loy moved to adjourn; seconded by Mr. Arikawa, and carried unanimously by voice vote.

Chairperson Kaneshiro adjourned the meeting at 12:16 p.m.

Secretary

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