

MINUTES

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

August 26, 2014

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

MEMBERS PRESENT: Mr. Kenneth Kaneshiro, Chairperson
Mr. Rick Robinson, Vice-Chairperson
Mr. Russell Arikawa
Mr. David Greenwell
Ms. Brenda Iokepa-Moses
Ms. Susan Lee Loy (*arrived at 10:16 a.m.*)
Mr. Craig Takamine
Mr. Jay Uyeda, Water Board Member
Mr. Quirino Antonio, Jr., Manager-Chief Engineer, Department of Water Supply (ex-officio member)

ABSENT:

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

OTHERS PRESENT: Ms. Amy Self, Deputy Corporation Counsel
Mr. Jeff Zimpfer, National Parks Service
Ms. Rhonda Kavanaugh, Kealakekua Ranch Center
Mr. Nick Greenwell, Kealakekua Ranch Center
Mr. Ken Melrose, Kealakekua Ranch, Ltd.
Mr. Riley Smith, Lanihau Properties
Mr. Peter Young
Mr. Bret Yager, West Hawai'i Today

Department of Water Supply Staff

Mr. Keith Okamoto, Deputy
Mr. Kurt Inaba, Engineering Division Head
Mr. Richard Sumada, Waterworks Controller
Ms. Kanani Aton, Public Information and Education Specialist
Mr. Kawika Uyehara, Engineering Division
Mr. Calvin Uemura, Customer Service Supervisor
Mr. David Mellom, Customer Service

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- 1) CALL TO ORDER – Chairperson Kaneshiro called the meeting to order at 10:00 a.m.
 - 2) STATEMENTS FROM THE PUBLIC

Mr. Ken Melrose, representing Kealakekua Ranch, Ltd. testified regarding Item 8(A), RESOLUTION NO. 430-14 (DRAFT 3), URGING THE WATER BOARD OF THE COUNTY OF HAWAI'I (WATER BOARD) TO TAKE ANY AND ALL ACTIONS NECESSARY TO ACQUIRE LAND AND DEVELOP A NEW WATER WELL, RESERVOIR, SUPPORTING FACILITIES, AND A

NEW TRANSMISSION MAIN IN CAPTAIN COOK, SOUTH KONA, HAWAI'I, regarding the well site on TMK 8-2-001:113.

(The following testimony is verbatim.)

MR. MELROSE: Good morning. My name is Ken Melrose, here representing Kealakekua Ranch Limited, owner of the referenced parcel. Rhonda Kavanaugh, CEO, and Nick Greenwell, Co-Owner, are here with me as well. Kealekekua Ranch has been a contributing member of the South Kona Community for generations. Kealekekua Ranch owns the shopping center on parcel 125, which is the southern edge of the Urban-designated and Commercially-zoned land in South Kona. The Kona CDP calls for future growth to occur within existing Urban-designated lands, so this is as far south as any density goes. Full use of the commercially-zoned parcel is constrained by water availability, and we have been working to secure additional commitments. Kealekekua Ranch did exploratory studies in 2007, and confirmed the presence of the high-level aquifer under Kealekekua Ranch ag lands mauka of the Shopping Center, including the referenced parcel. Kealakekua Ranch has made prior offers of a well site, which to date have not been accepted by the Department of Water Supply. Kealakekua Ranch needs about 200 water commitments, and does not have the resources to develop and dedicate a well. South Kona is water resource-constrained, and this well site is located outside of the Keauhou Aquifer. The introduction of this Resolution to the County Council was a welcome surprise to Kealakekua Ranch. We hope the Board of Water Supply will embrace this opportunity, and direct the Department of Water Supply to work out a mutually-beneficial agreement. We look forward to constructive discussions, so that this mutually beneficial opportunity can be realized. The Greenwell Family wants to thank you for this opportunity to appear before you. Aloha.

3) APPROVAL OF MINUTES

The Chairperson entertained a Motion to approve the Minutes of the July 22, 2014, Water Board meeting.

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

4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA

Chairperson Kaneshiro entertained a Motion to approve the following Supplemental Agenda Items: 5(A), JOB NO. 2005-870, CONSTRUCTION OF THE LAUPĀHOEHOE (MANOWAI'OPAE) 0.5 MG RESERVOIR; 6(B), WATER TREATMENT PROPOSAL NO. 2014-10, FURNISHING AND DELIVERING POLYMERS TO WAIMEA WATER TREATMENT PLANT; and 9(B), MATERIAL BID NO. 2014-09, FURNISHING AND DELIVERING COMPOUND, DETECTOR CHECK AND FIRE SERVICE METERS FOR THE DEPARTMENT OF WATER SUPPLY STOCK. Mr. Arikawa so moved; seconded by Mr. Uyeda, and carried unanimously by voice vote.

5) NORTH HILO:

A. JOB NO. 2005-870, CONSTRUCTION OF THE LAUPĀHOEHOE (MANOWAI'OPAE) 0.5 MG RESERVOIR:

This project generally consists of the construction of a new 0.5 million gallon reinforced concrete water tank and control building, installing an asphalt concrete paved access from Spencer Road (Homestead Road) to the site, as well as appurtenances and site work. It also includes the demolition and removal of an existing 0.10 million gallon reinforced concrete tank, pump control

and chlorinator buildings, existing site piping, and appurtenances, and realignment of existing well piping orientation.

Bids were opened on August 21, 2014, at 2:30 p.m., and the following are the bid results.

Bidder	Bid Amount
Yamada Paint Contracting, Inc. dba GW Construction.	\$3,598,567.00
Kiewit Infrastructure West Co	\$6,096,098.00

Project Costs:

1) Low Bidder (Yamada Paint Contracting, Inc. dba GW Construction.)	\$3,598,567.00
2) Contingency (10%)	\$ 359,856.00
Total Cost:	<u>\$3,958,423.00</u>

Funding for this project will be from DWS's CIP Budget and State Revolving Fund (SRF) loan. The contractor will have 360 calendar days to complete this project. The Engineering estimate for this project was \$2,500,000.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2005-870, CONSTRUCTION OF THE LAUPĀHOEHOE (MANOWAI'OPAE) 0.5 MG RESERVOIR, to the lowest responsible bidder, Yamada Paint Contracting, Inc. dba GW Construction, for their bid amount of \$3,598,567.00, plus \$359,856.00 in contingency, for a total contract amount of **\$3,958,423.00**. It was 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: Mr. Robinson moved to approve; seconded by Mr. Greenwell.

The Manager-Chief Engineer noted that there were two responsible bidders for this project. He noted that the low bid was \$3.6 million, but the estimated cost had been \$2.5 million. He said he anticipated questions from the Board regarding this discrepancy.

Mr. Inaba explained that the biggest discrepancy was in the Reservoir itself; the estimate for the Reservoir was \$900,000.00, but the bid came in at \$1.5 million, i.e., a \$600,000.00 difference. The other large discrepancy was with the MCC (Motor Control Center) building, which came in \$228,000.00 higher than the estimate. Those two items account for most of the difference. The Department now realizes that \$900,000.00 was a low estimate for the reservoir, noting that the bid for the recent Kynnersley Reservoir project came to \$1 million. DWS plans to have its estimates reflect recent bids.

Mr. Greenwell asked if DWS could bring down the cost by upsizing the reservoir to a one million-gallon tank, instead of a half-million gallon tank.

Mr. Inaba said no, it would probably cost \$1 million more, because that would call for a redesign, etc.

Mr. Robinson noted the wide gap between the original estimate of \$2.5 million, and Yamada's bid of \$3.6 million and Kiewit's bid of \$6 million.

Mr. Inaba said that Kiewit's bid was really high across the board. DWS did not expect anything that high, and would not have awarded the project if Kiewit's bid were the only bid.

Mr. Robinson said that Yamada's bid was also higher than the estimate.

Mr. Inaba said that DWS's estimates for the tank and the MCC were really low; DWS will be expecting higher prices now.

Mr. Greenwell said it was strange that there were only two bids.

The Manager-Chief Engineer said that actually, there had been four, but two bidders failed to comply with the bid instructions.

Mr. Inaba said there were seven intent-to-bids, and four bids came in, but two of those four were non-responsive.

Mr. Uyeda asked Mr. Inaba about the dollar-per-gallon calculation for this whole project. He figured it was \$8 per gallon, and asked if that was too high.

Mr. Inaba said that DWS looks at the tank itself, which comes to more like \$3 per gallon. He said the scope involves realigning the piping from the existing wells with the new tank location; a new MCC is also going to be built. DWS will need to demolish an existing small tank that will not be in use because its height is incompatible, and the existing MCC will also be removed.

Mr. Uyeda asked if there was a potential for hazardous material contamination from the old tank.

Mr. Inaba said not from the tank itself, but there was a hazmat potential for the MCC.

Mr. Takamine asked when the Engineering estimate was done.

Mr. Inaba said it was done a couple of years ago; DWS looked at the estimate again to update it, but the Department did not have much to compare it with, in terms of new projects out there. Therefore, the estimate did not go up much at all, he said.

ACTION: Motion carried unanimously by voice vote.

B. RESOLUTION NO. 2014-03, APPROVING THE RECEIPT AND EXPENDITURE OF MONIES FOR THE LAUPĀHOEHOE 0.5 MG RESERVOIR (FUNDED BY THE DRINKING WATER STATE REVOLVING FUND (DWSRF):

(Note: Resolution requires roll call vote)

Resolution No. 2014-03 is for the project for which DWS has submitted a loan application, under the Drinking Water State Revolving Fund (DWSRF). One of the prerequisites for the loan is a Resolution approved by the Water Board. This Resolution is specifically identified for the following project: JOB NO. 2005-870, LAUPĀHOEHOE (MANOWAI'OPAE) 0.5 MG RESERVOIR, and authorizes the Manager-Chief Engineer or Deputy to execute loans and/or grants with the State Department of Health for up to \$2,894,958.00.

The Manager-Chief Engineer recommended that the Water Board adopt DRINKING WATER STATE REVOLVING FUND RESOLUTION NO. 2014-03, subject to approval by Corporation Counsel as to form and legality.

MOTION: Mr. Robinson moved to approve; seconded by Ms. Iokepa-Moses.

The Manager-Chief Engineer said that DWS just found out that the State Revolving Fund loan program is being made available for this project, and therefore this Resolution was necessary. He

said even without this loan, DWS would have been able to fund the project through CIP funds. However, this loan will allow DWS to use its CIP funds for other projects.

ACTION: The Secretary took a roll call vote: Mr. Greenwell (Aye); Chairperson Kaneshiro (Aye); Mr. Robinson (Aye); Mr. Uyeda (Aye); Mr. Arikawa (Aye); Ms. Iokepa-Moses (Aye) and Mr. Takamine (Aye). Motion carried with Seven (7) Ayes, Zero (0) Nays; and One (1) Absent, Ms. Lee Loy.

(Ms. Lee Loy arrived at 10:16 a.m.)

6) **NORTH KOHALA:**

A. **DISCUSSION OF SURETY WELL/HALA'ULA WELL:**

The Manager-Chief Engineer said that he met with Mr. Bill Shontell regarding Surety's offer to turn its well over to DWS. It was a good discussion, but at this point, DWS plans to proceed with its Hala'ula Well project. DWS is still working on the appraisal for the Hala'ula Well, he added. In response to Mr. Shontell's offer of the well, DWS told Mr. Shontell that DWS will keep the offer in its back pocket right now. Mr. Shontell had mentioned that Surety wants to pursue some projects in North Kohala, and the Manager-Chief Engineer assured Mr. Shontell that if the Hala'ula Well is completed, the numbers should work out to allow water to be made available for whatever project that Surety is pursuing. He reiterated that he wanted to keep Surety's offer in the back pocket at this point. The Manager-Chief Engineer said that he was not sure when DWS will be able to pursue the acquisition of the Surety Well. Meanwhile, DWS is closer to accomplishing the Hala'ula Well.

Mr. Greenwell asked if there was any timeline regarding the acquisition of the land for the Hala'ula Well. He asked what the timeline would be for after the land comes into DWS's hands.

Mr. Inaba explained that on Hala'ula, DWS had gotten confirmation that the property owner in Florida had received DWS's proposal regarding the land acquisition. DWS will be following up in the next week or two. If DWS's proposal is accepted, Mr. Inaba estimates that it will be two months as far as actually acquiring the land, and putting the project out to bid. Once it goes out to bid, Mr. Inaba guessed that it would probably be another three months before construction. Construction will take about a year, he said.

The Manager-Chief Engineer told Mr. Greenwell that the answer is that there will be no definite timeline until DWS gets a definitive Yes from the property owner. That is the key piece; once the property owner agrees to the land acquisition, DWS will be closer to establishing a definite date. DWS is close to that, but still not quite there, he said.

Mr. Greenwell asked whether, after the land acquisition, Engineering would be ready to move immediately on putting in infrastructure, given the pressing need for water in Kohala.

Mr. Inaba said there are a few loose ends that DWS would tie up, in terms of getting all of the final plan approvals. DWS is about 90 percent done on the complete plan at this point, but everything is on hold pending the land acquisition.

The Manager-Chief Engineer said that DWS already has a consultant on board to tie up the loose ends, and to complete the design on the project; DWS would not be starting from scratch on procuring a consultant, etc.

Mr. Greenwell asked if this Item would be put on the Agenda in about two or three months, in the Manager-Chief Engineer's Report.

The Manager-Chief Engineer said that DWS will keep the Board posted.

B. WATER TREATMENT PROPOSAL NO. 2014-10, FURNISHING AND DELIVERING POLYMERS TO WAIMEA WATER TREATMENT PLANT:

Bids for this contract were opened on August 21, 2014, at 1:30 p.m., and the following are the bid results.

Bidder	Amount
Pural Water Specialty Co., Inc.	\$257,193.09
Phoenix V LLC dba BEI Hawai'i	\$270,197.24

<u>Bidder</u>	<u>Amount</u>
Pural Water Specialty Co., Inc.	\$257,193.09
Contingency	\$142,806.91
TOTAL CONTRACT PRICE:	<u>\$400,000.00</u>

The reason for the high contingency is that due to past experiences, the dosage of polymers used in the jar testing is much lower than the actual amount used in the Water Treatment Plant. Also, as the quality of water goes down during the year due to unstable weather conditions, more polymers are used to meet the water quality requirements of the State of Hawai'i, Department of Health.

The Manager-Chief Engineer recommended that the Board award the contract for WATER TREATMENT PROPOSAL NO. 2014-04, FURNISHING AND DELIVERING POLYMERS TO WAIMEA WATER TREATMENT PLANT, to Pural Water Specialty Co., Inc., for the bid price of \$257,193.09, plus \$142,806.91 in contingency, for a total contract price of \$400,000.00, 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. The contract period is from September 1, 2014, to June 30, 2016.

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

The Manager-Chief Engineer pointed out that this project is in South Kohala, not North Kohala as stated in the Agenda. He said that DWS re-bid this project due to the discrepancy in testing the polymers the first time around. This time, the polymers underwent jar tests, and DWS was thereby able to get a better idea of what the vendors were able to provide. He noted that DWS had put in a large contingency amount of more than 50 percent.

Mr. Ikeda explained that the jar testing was done on August 5, 2014. One of the bidders, BEI, qualified their jar test at 34 parts per million (PPM), while the other bidder, Pural, qualified at 30 PPM. To illustrate the difference between a jar test and a plant test, DWS currently is using BEI's polymers at the plant, and on the same day as the jar test, BEI's polymers at the plant were running close to 50 PPM (as opposed to the jar test at 34 PPM). That is why DWS is putting in the high contingency amount, because although the tests are comparing the same water just for bidding purposes, DWS by experience knows that when the polymers run through the plant, much more polymers will be used.

The Manager-Chief Engineer said that when DWS ran the jar test, the water quality was okay. However, over the course of the year, the quality of DWS's raw water might vary greatly. That is why DWS knows that it will be using a lot more than the stated amount of polymers; and that is the reason for the high contingency amount. If DWS were to put in the normal 10 percent contingency, chances are that DWS would have to come back to the Board. It is not a definite

thing that DWS will run through all of its polymers, but DWS is being careful because of the water quality of the raw water that DWS has at the Waimea Treatment Plant.

Mr. Greenwell asked whether DWS uses less polymers when it is running the wells.

The Manager-Chief Engineer said yes. The polymers are meant to treat the raw water.

Mr. Robinson asked whether the water quality varies, based on rainfall.

The Manager-Chief Engineer said that the organic material in the raw water varies because of the rainfall; DWS will use more polymers when that happens.

Mr. Robinson asked if that was because the organic material washes into the well itself, or because it washes through the ground.

Mr. Ikeda said it washes into the reservoir.

Mr. Robinson said he now understood; he had thought it washed into the wells.

The Manager-Chief Engineer said that rainfall does not affect DWS's wells.

ACTION: Motion carried unanimously by voice vote.

7) NORTH KONA:

A. QUEEN KA'AHUMANU HIGHWAY WIDENING, PHASE 2 – TRI-PARTY AGREEMENT:

At the February 25, 2014, Water Board meeting, the Board was informed that the Department of Water Supply (DWS), the State Department of Transportation (DOT), and Goodfellow Brothers, Inc. (GBI) were working on a Tri-Party Agreement for the redesign of the project.

The Tri-Party Agreement was done because DWS and GBI did not agree to the redesign costs of the waterline resulting from the realignment of the highway. Based on the Department's negotiations, DWS and GBI agreed that the cost would be lowered substantially, if DWS basically provided a "red-line" design to GBI, and work with them to incorporate that into the overall highway design.

The current proposal is for DWS to contribute \$54,804.00 which would come out of the existing contingency from the original contract.

The Manager-Chief Engineer recommended that the Water Board approve the Tri-Party agreement for \$54,804.00, and that either the Chairperson or Vice-Chairperson be authorize to sign the documents, subject to approval by Corporation Counsel.

MOTION: Ms. Iokepa-Moses moved to approve; seconded by Mr. Arikawa.

The Manager-Chief Engineer explained that the Tri-Party Agreement is basically the result of DWS having to have the project redesigned, due to the realignment of the highway itself. DWS initially did not agree to the redesign amount that DOT proposed. Working closely with the contractor, the redesign amount was pared down from the original \$300,000.00 to the current figure agreed upon by DWS, the contractor and DOT: \$54,000.00. DWS has not seen a Notice to Proceed date yet. Informally, DWS has been told that the date is close, but it has not been firmly established yet.

Mr. Greenwell praised whoever managed to renegotiate the redesign amount; he said he was also proud of the Board for standing fast in opposition to the amount that was originally asked.

The Manager-Chief Engineer said that that DWS can use the contingency funds that it has already forwarded to DOT, to pay this \$54,000.00 for the redesign.

Mr. Robinson said it is a credit against the \$3.4 million that DWS has already given DOT.

The Deputy said it was included in those funds.

The Manager-Chief Engineer said yes, the \$3.4 million that DWS already sent to DOT will go towards consulting fees; there is already a contingency amount, he said.

Mr. Inaba said that the contingency is within the \$3.4 million.

Mr. Robinson noted that on that \$3.4 million, if one considers a 6 percent cost of funds, DWS is already out something like \$840,000.00 over that four-year period. He said that \$840,000.00 is something that DWS's customers have to pay.

The Manager-Chief Engineer agreed, saying that is a huge amount of money, which could otherwise fund a huge project.

Mr. Robinson said yes, it would help with DWS's Kohala well.

Mr. Uyeda said he was concerned that DWS still does not have a Notice to Proceed date, and meanwhile, DWS is now entering into *another* agreement with DOT. He asked what the urgency was to sign this Memorandum of Understanding (MOU), if DWS does not even have a start date.

The Manager-Chief Engineer said that with this agreement in place, the amount cannot be changed. This is it; this is the redesign amount that the parties agreed to, he said.

Mr. Uyeda said that he was also concerned about what happens if this project never goes through, or goes through 20 years from now, or takes as long as the H-3 Highway. He asked where that would leave DWS as far as getting the money back in the end. He asked if the MOU allows for DWS to get its funds back.

The Manager-Chief Engineer agreed that is a big concern. He said he would ask Corporation Counsel to get the money back in that event; he was not sure if the MOU that DWS initially signed allows for DWS to get its money back if this project does not go through. He said he would leave it to DWS's attorneys.

Mr. Arikawa asked about the DWS pipes stockpiled in the baseyard along the highway. He asked whether DWS would need to replace those pipes, which are several years-old already.

Mr. Inaba said they are probably three years-old.

The Manager-Chief Engineer said they are several years-old, but ductile iron pipes are very durable; the only thing that really needs to be replaced are the gaskets. If the contractor needs to replace the gaskets, DWS will ensure that the gaskets used to install the pipes are of good quality.

Mr. Arikawa said he hopes so.

Chairperson Kaneshiro asked the Manager-Chief Engineer if he thinks the \$93,000.00 that DWS had signed for construction will remain firm, whether or not it takes a year or however long to sign the Notice to Proceed.

The Manager-Chief Engineer said he would like to think that the construction amount will remain firm; the \$54,000.00 for redesign is the amount that it will take to do the redesign, so he assumed that the construction amount will also remain. He said he did not know whether DOT has something over the contractor, but he said he was pretty sure that there are legal avenues or documents in place to ensure that that is the construction amount.

Mr. Greenwell asked about a scenario whereby the project drags on for years and Goodfellow, the contractor with whom DWS has made this deal, tells DWS that Goodfellow is not going to do the project because of cost overruns. If Goodfellow were to ask that the project be re-bid, Mr. Greenwell asked if DWS would be involved in the bidding process because it has money tied up. He asked whether DOT would have to stand up and be involved.

The Manager-Chief Engineer said he was not sure about the process of re-bidding this project. The money technically would have to come back to DWS. He said that depending on the re-bid, DOT would probably come back to DWS to demand the re-bid amount. He did not know how the process would work, but he said he would feel safer to have that money back in DWS's hands first – before doing a re-bid.

Mr. Arikawa noted that since this project started, four Board members have come and gone; he wondered aloud if DOT was trying to outlast the Board.

The Manager-Chief Engineer said the fact that this project has been out there so long is a genuine concern. The biggest thing is the amount of money that DWS has lost in interest, by not having that money in its possession. That was the initial concern that DWS had with DOT: the demand to forward the money to DOT up front, he said. It would have been better for DWS to keep the money, and be earning interest on it, but DOT insisted on having the money in their hands, he said.

ACTION: Motion carried unanimously by voice vote.

8) SOUTH KONA:

A. **RESOLUTION NO. 430-14 (DRAFT 3), URGING THE WATER BOARD OF THE COUNTY OF HAWAII (WATER BOARD) TO TAKE ANY AND ALL ACTIONS NECESSARY TO ACQUIRE LAND AND DEVELOP A NEW WATER WELL, RESERVOIR, SUPPORTING FACILITIES, AND A NEW TRANSMISSION MAIN IN CAPTAIN COOK, SOUTH KONA, HAWAII:**

The Manager-Chief Engineer said that this Item is for the Board's information; he had worked closely with Council Member Brenda Ford in drafting this Resolution. He noted that it does not deal specifically with the Kealakekua Well site that Mr. Melrose had testified about earlier. The Manager-Chief Engineer said that he had made sure that the Resolution did not specify that particular property, because this Resolution is an overall matter. The Resolution could involve *any* other property, but DWS did look at the Greenwells' property, and it is favorable. However, the Resolution was not specific to the Greenwells' property. He said that going forward, this Resolution is helpful for planning purposes; DWS is directing Engineering to place the project on the Department's future five-year CIP, depending on how urgent or important an additional well is to DWS. The Manager-Chief Engineer said that DWS has four or five wells in the area that can sustain the system right now. However, he felt it is good to have an additional well in the Department's back pocket, just in case there is a need to pursue it. This additional well is not yet in DWS's five-year CIP. This Resolution will at least help DWS out in placing the well in the Department's sights, he said.

Mr. Greenwell said that Ms. Ford was quoted in various newspapers, etc., as saying something about running a line from Ho'okena to Miloli'i. He said his concern was that if such a line were run, DWS would have a lot of people applying for ag water rates. Until the area is developed, that would be a big outlay of money. A lot of those areas in South Kona are rural and agricultural, he said. He asked whether the County or the County Council will help bankroll such a project.

The Manager-Chief Engineer said he does not know what is going to happen, but the important thing is to get an additional well connected to DWS's system. He said that any extension from DWS's system down to Ho'okena and on to Miloli'i goes beyond the fire-related CIP that DWS wants to do. Although the Resolution mentions that extension, there are no guarantees that that is something that DWS wants to pursue at this point. What this Resolution does is help DWS get another well connected to its system.

Mr. Greenwell asked whether the additional well that the Manager-Chief Engineer is talking about is the Kealakekua Well, or another well further south.

The Manager-Chief Engineer reiterated that the Resolution was not specific to the Kealakekua Well or any other property; it can involve any property that is acceptable, to tie in to DWS's system.

Mr. Greenwell said that to him, the Kealakekua Well would be a cheap investment, versus running that pipeline.

The Manager-Chief Engineer said that DWS has already looked at some of the numbers regarding Kealakekua Well, but DWS did not want to have anything specific in the Resolution, because of procurement requirements. DWS did not want to be specific in the Resolution as far as working directly with the Greenwells or somebody else in the South Kona Water System.

Ms. Lee Loy said that she understood that the Resolution dealt with a general area, but she noted that there is a specific elevation mentioned. She asked whether an additional well would be located within that band of elevation.

The Manager-Chief Engineer said yes, when DWS looked at the elevation, they were looking at a well to the north, where DWS has its Haleki'i Well, at the approximately 1,750-foot elevation, going southward. He noted that the Ke'ei Well D is also close to that elevation.

Mr. Inaba said that it might be lower. He said that in this general area, the wells, depending on where within the system they are, would be one thing, but in any event, DWS would need to match a new reservoir at that elevation with an existing reservoir, so that hydraulically everything would balance.

Ms. Lee Loy said she understood.

The Manager-Chief Engineer said that several months ago when Ke'ei D and another Ke'ei well went down, DWS was able to push water from its Haleki'i Well southward into South Kona. That is why DWS looks at the elevation; the 1,750-foot elevation is the perfect elevation to match everything and complement everything.

Mr. Robinson asked whether Ke'ei D was actually three or four wells.

The Manager-Chief Engineer said that there were four wells: Ke'ei A, B, C and D. Ke'ei D is the most recent well in that aquifer, and Haleki'i is another well, closer to the North Kona Water System, which can be used to supplement the Ke'ei Wells.

Mr. Robinson asked if it were correct that Mr. Melrose had asked DWS for 200 water units, but DWS was not able to supply them.

The Manager-Chief Engineer said that was correct.

Mr. Robinson asked if that was just due to the lack of a well.

The Manager-Chief Engineer said that among the four Ke‘ei Wells he mentioned, the water quality of Wells A and B is not that good. Therefore, those wells are not figured into the mix as far as the total capacity of the sources in the area. The total amount of water in the area is not sufficient for what Mr. Melrose asked for, i.e., the 200 units of water. He recalled that there had been a project proposal by Kealakekua Ranch, and one of DWS’s comments at the time was that an additional well would have to be provided before Kealakekua Ranch could proceed with their proposed development.

Mr. Robinson posited the scenario whereby this project was put on DWS’s five-year CIP budget; he asked whether DWS would then look into acquiring a property, developing a well system, and then feeding into the DWS system during that five-year period.

The Manager-Chief Engineer said yes.

Mr. Greenwell asked for clarification that this Resolution under discussion does *not* involve the Kealakekua Well. He asked whether this Resolution involves the extension of the water system.

The Manager-Chief Engineer said no, the Resolution is generally about including an additional well. Although the Resolution *does* mention an extension to Miloli‘i, DWS’s priority is getting a well connected to the *existing* South Kona Water System.

Mr. Greenwell said okay, then the Board should maybe put only the well on the Agenda for discussion at the next meeting or so.

The Manager-Chief Engineer said no, not necessarily.

Mr. Greenwell said that what he is saying is to proceed with this Kealakekua Well; he said he was a little confused.

The Manager-Chief Engineer said the Resolution is general; it is not specific as to Kealakekua Ranch. It is specific to the South Kona Water System, and at this point, there is no need for further discussion to propose another well at this point in time, he said. However, as the Department moves along with planning its five-year CIP, an engineer will be directed to place the project on the five-year CIP, he said. What will come before the Board will be when DWS puts the project on its five-year CIP; that is the idea, the Manager-Chief Engineer said.

Mr. Robinson, returning to Mr. Melrose’s testimony, said that if in the future there is an additional well in the area, that well could provide the additional 200 units of water that Mr. Melrose needs.

The Manager-Chief Engineer said sure.

9) MISCELLANEOUS:

A. DEDICATION OF WATER SYSTEMS:

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

1. **LICENSE NO. 792**

Waikoloa Reservoir No. 1 Seepage-Stability Berm Construction
Licensor: State of Hawaii Department of Hawaiian Home Lands (DHHL)
Tax Map Key: (3) 6-5-001: 017 Portion

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

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

The Manager-Chief Engineer said that this License is part of the design of the Waikoloa Reservoir No. 1 project that has been ongoing; it allows for the additional work that is needed to be done within the area that encroaches into the Hawaiian Homes property.

ACTION: Motion carried unanimously by voice vote.

B. MATERIAL BID NO. 2014-09, FURNISHING AND DELIVERING COMPOUND, DETECTOR CHECK AND FIRE SERVICE METERS FOR THE DEPARTMENT OF WATER SUPPLY STOCK:

Bids for this contract were opened on August 21, 2014, at 2:00 p.m., and the following are the bid results.

Bidder	Bid Amount
Ferguson Enterprises, Inc.	\$59,119.13

Project Costs:

1) Low Bidder (Ferguson Enterprises, Inc.)	\$ 59,119.13
Total Cost:	<u>\$ 59,119.13</u>

Funding for this project will be from DWS's Operations Budget

The Manager-Chief Engineer recommended that the Board award the contract for MATERIAL BID NO. 2014-09, FURNISHING AND DELIVERING OF COMPOUND, DETECTOR CHECK AND FIRE SERVICE METERS FOR THE DEPARTMENT OF WATER SUPPLY STOCK, to the lowest responsible bidder, Ferguson Enterprises, Inc., for their bid amount of \$59,119.13. It was 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: Mr. Robinson moved to approve; seconded by Ms. Lee Loy.

Mr. Inaba said DWS got one bid, and the price was what DWS expected. He explained that normally, these items would have been part of the big Material Bid that DWS does annually (in May). However, this year there was some missing information, so the bid for this Section was

deemed non-responsive. If DWS does not do Material Bids like this, it becomes more difficult throughout the year to procure items. Without a Material Bid, DWS would have to go out and get quotes from three vendors for items such as a large meter. Once this contract is in place, DWS can order the meter or whatever through the vendor.

Mr. Greenwell asked who the successful bidder was.

Mr. Inaba said the bid went to Ferguson Enterprises, Inc.; the bid results were in the Supplemental Agenda.

Ms. Lee Loy said that if she understood correctly, DWS does not order these items and put them on the shelf.

Mr. Inaba said they are only ordered on an as-needed basis. He said that the \$59,119.13 is just a sum of one each of all the meters that were listed on the bid. It is unlikely that DWS will order one each of those meters; instead, DWS may order multiples of the more commonly-needed meters, such as the 6-inch detector check.

Ms. Lee Loy said so these items do not just sit by the side of the road.

Mr. Inaba said that once DWS orders the items, they must be fabricated. Nothing is kept in stock, he said.

Mr. Arikawa asked if this amount was already in the Budget.

Mr. Inaba said yes.

Mr. Arikawa said okay, he figured the Department pretty much knew how much the items would cost, so there were no surprises.

ACTION: Motion carried unanimously by voice vote.

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

The Manager-Chief Engineer said that this amendment of DWS's Rules, drafted by Deputy Corporation Counsel Kathy Garson, places the ultimate responsibility for a tenant's delinquent bills on the property owner. The amendment allows DWS to pursue payment from the property owner. He said that Mr. Sumada and his staff were available to answer any questions regarding how this Rule change would affect existing Customer Service procedures. If this draft Rule is acceptable to the Board, it would then go to Public Hearing, and then be agendized for final Board approval.

The Deputy explained that Mr. Sumada and his staff had prepared some information to clarify the Department's situation regarding delinquencies, and to help the Board to make an informed decision. He called on Mr. Sumada to explain the handout he provided to the Board.

Mr. Sumada noted that the one-page handout had been distributed to the Board this morning. Mr. Sumada and Customer Service staff looked at the draft Rules, and did an analysis of how the amendments would apply to Customer Service staff. The analysis outlined the different points that Customer Service thought should be considered before adopting the amendment; Customer Service had some concerns about the amendments, outlined in the handout under headings A, B, C and D, Mr. Sumada said. Section A lists the greater-than-90-day categories of Finance's Aging Summary, along with the percentage those amounts represent versus the Department's overall

Receivables. It is approximately 25-30 percent every month, which may appear to be high. Of the 90-day average total of \$1.2 million, approximately \$355,000.00 are leak adjustments, and another \$711,000.00 is at the collection agency. The remaining \$134,000.00 is what is left for DWS to collect in-house. The next table on the handout shows how much is billed every year. This table shows how much is still outstanding to collect from that annual amount, and what that amount represents on a percentage basis. It is this amount, Mr. Sumada said, that is quite a bit lower, and more realistic in showing the delinquencies that DWS is trying to pursue. The handout also notes that the Board had approved a new collections clerk position in February 2013, to assist Mr. David Mellom in going after those outstanding bills. Mr. Sumada said that filling that position would make a big difference in boosting collections, but the position remains unfilled. Mr. Mellom, the sole collections clerk in the Department, focuses most of his time on active, open accounts. He spends very little time on pursuing closed accounts. The additional collections clerk would be able to focus on going after those closed accounts, the bulk of which currently go to the collection agency.

Under Section B, Mr. Sumada said that while DWS does not have much statistical data on this category, Customer Service believes that the higher credit deposit that was implemented about a year and a half ago has helped reduce delinquencies. The implication is that the higher deposit is covering outstanding balances, which enables DWS to make more refunds.

Under Section C, the handout gives reasons that making owners responsible for tenants' unpaid balances would be difficult to administer. One of the major hardships that Customer Service envisions involves the shortcomings of DWS's billing system, i.e., of not being able to track two people for each account. There is also the matter of having to mail statements and bills to two different people for each account, Mr. Sumada said. There are also questions listed under Section C that involve other issues that need to be answered.

All of these considerations lead Finance to conclude that the amended Rule would be difficult to implement. Before making a change to the Rule, Finance would like to have more experience with the higher credit deposit, and would like to have the additional collection person in place – to see what effect they would have on delinquencies. That is essentially what the handout is about, Mr. Sumada said. He noted that Mr. Calvin Uemura, the Customer Service Supervisor, and Mr. Mellom, Collections Clerk, were on hand to answer questions.

Mr. Greenwell asked how the delinquency rate was among agricultural-rate customers.

Mr. Uemura said that DWS does not currently do a breakdown of delinquencies based on ag, residential or commercial customers.

The Deputy, addressing Mr. Sumada, asked if it was correct to surmise that the proposed Rule change would not really help DWS with the \$355,000.00 (in leak adjustments) plus the \$711,000.00 already with the collection agency, a total of \$1.07 million.

Mr. Mellom said it definitely would not have any impact on the \$355,000.00. The Rule change is aimed at closed accounts, so any account that is pending a leak adjustment or an account that is on a payment plan would not be affected by the Rule change. The Rule change would not have any effect on any active account, he said. He noted that the \$711,000.00 that is with Frank Huff Agency, the collection agency, is made up of numerous historical accounts that go back years; these are broken down into a year-by-year amount. Out of a total billing for 2013 of \$47 million, this Rule change would potentially affect only \$166,000.00, which comes to about a third of a penny on every dollar billed. Out of that \$166,000.00, it is not clear what percentage of that is made up of owners' or tenants' delinquencies. The owners' delinquencies could be due to foreclosure, bankruptcy, Mainland ownership, etc. The Rule Change will affect a very small

portion of that \$166,000.00; it could be as low as a tenth of a cent on every dollar billed, Mr. Mellom said. That is what the proposed Rule change would affect, he said.

Mr. Robinson asked whether Customer Service really needs the additional collections clerk position, since the position was approved in February 2013 but never filled.

Mr. Mellom said the short answer is yes.

Mr. Robinson said that it has been a year and a half since it was approved.

Mr. Mellom said that if the Board wants the delinquency number on closed accounts to decline, the additional person will focus on those closed accounts, managing them in a timely manner. That person, along with the positive effect of the higher credit deposit, will dramatically lower the number of delinquencies.

Mr. Robinson asked what happens now when a tenant runs up water charges and melts away; he asked if DWS turns around and asks the property owner for payment of the tenant's bill.

Mr. Uemura said no, not yet.

Mr. Robinson asked about the scenario of when a new tenant comes to the property and applies for water service; he asked if the tenant can get water service without having to pay the previous tenant's outstanding water bill. He asked if that delinquent account becomes a write-off, and then DWS pursues the tenant who left.

Mr. Mellom said no, not exactly.

Mr. Uemura said the account is not written off.

Mr. Mellom said that DWS writes off, based on the Statute of Limitations, which is six years, or some event such as a bankruptcy or a death where there is no estate. DWS does pursue the person via the collection agency or Corporation Counsel; it could be either a tenant or an owner.

Mr. Robinson asked whether, in the case of a tenant delinquency, DWS goes after the owner.

Mr. Mellom said no.

Mr. Robinson asked whether the new tenant just comes in for a water meter, pays the \$150 deposit, and that is it.

Mr. Mellom said that is correct. He noted that the vast majority of DWS's customers, whether they be tenants and owners, pay their water bills. The vast majority of tenants who leave, do pay their final water bills. Delinquencies make up an extremely small percentage of customers, whether tenants or owners. Mr. Mellom said that the sum total of *years* of delinquencies looks large, but when broken down to what is billed per year and the amount that DWS goes after per year, it is a very small amount.

Ms. Lee Loy thanked Mr. Sumada for putting things into perspective. This Rule change involved lots of moving parts: the Sewer Division and DWS had been thinking of doing joint billing, and the Board had moved forward with the Senate Bill to help DWS make property owners responsible for tenants' delinquent bills. Ms. Lee Loy thanked Mr. Sumada for quantifying the amounts involved. She asked how much of the \$711,000.00 in collection does DWS stand to get back.

Mr. Sumada said 25 percent goes to the collection agency.

Ms. Lee Loy noted that out of \$100,000.00, DWS would only collect \$75,000.00; therefore, DWS loses 25 percent by using the collection agency.

Mr. Sumada said yes.

Ms. Lee Loy said that the idea of having the property owner be responsible for the tenant's bill is a big motivator, as Mr. Robinson alluded to. She wondered how DWS can "put the hook" into the property owner. She noted that DWS Rules clearly say that water service is "appurtenant" to the property, so this Rule amendment was a way of encompassing that philosophy, rather than to make more work. She said she understood that DWS's billing does not allow for adding the owner. However, she said she and her colleagues are a Board, whose job is to craft policies to keep DWS moving forward. Therefore, she said she was trying to find a balance. She said she was standing firm on the principle that this water came out of the pipe, and somebody owes DWS for that water. She said she wanted to see some form of these Rules being moved forward, because she thought it will help. She acknowledged that these amended Rules do not match up with the business part, or the daily functions, of how Customer Service does business. She said she was willing to work hard on the amended Rules, because she thought it was a good idea. She said she did not want to walk away from \$700,000.00, or let somebody else (i.e., a collection agency) take a portion of that money. She said the water came out of the ground, and the water got used; the collection agency did not do a thing to make that water come out of the ground. DWS did, and DWS should be compensated for it, Ms. Lee Loy said. She said she was willing to be part of a sub-committee.

Mr. Greenwell agreed with Ms. Lee Loy that it is the Board's responsibility to make sure that water does not get away, and that money does not get away. He said he understood what Customer Service was saying, but the Board has a responsibility to make sure that DWS gets paid for every drop of water the Department sells.

The Manager-Chief Engineer said he agreed, and said that creating a sub-committee to help DWS through this issue will help a lot to reduce delinquencies. He noted that a lot of work was done already on the Senate Bill which did not pass last session, and DWS has had a lot of discussions with the Department of Environmental Management (DEM) on joint billing and sewer delinquencies. He said that DWS still wants to pursue the Senate Bill. Amid all of the questions regarding the amended Rules, the best thing to do is create the sub-committee to see how things can be worked through.

Mr. Robinson said he would join the sub-committee, if the meetings could be done via conference call.

Ms. Lee Loy said she would join the sub-committee, too.

Mr. Arikawa said he agreed that DWS needs to collect the money. The reason that the Senate Bill did not pass was that the Hawai'i Realtors' Association was firmly against it, because the bill put the blame on the property owner. He noted that he belongs to the Association, and agreed with what the Board sub-committee was trying to do in framing the Senate Bill. However, the Association was against the Senate Bill because it put the blame on owners.

The Manager-Chief Engineer said the Senate Bill did not really put the blame on owners, but just put some kind of responsibility on owners, who had the means to pursue their tenants.

Ms. Iokepa-Moses said that she understands Ms. Lee Loy's position, but she also sees the other side's position, as a property owner herself. If DWS notifies the owner that the tenant is

delinquent on his bill, the burden is then put on the owner. DWS cannot wait until the water is turned off to hold the owner responsible for a delinquent bill that the owner had no inkling about. She suggested that DWS might want to require a tenant to provide contact information on the property owner, so that the owner can be sent a notification of a late notice as well.

The Manager-Chief Engineer noted that tenants and owners often fail to see eye-to-eye, and that can put DWS into a quandary as to what to do.

Mr. Arikawa noted that his company had problems with tenants' sewer bill delinquencies, and worked closely with the Sewer Division on its billing software. His company has tenants fill out a form with the Sewer Division which makes tenants accountable. His company gets a report on delinquencies among the tenants, as agents of the owners. When such a report comes in, Mr. Arikawa's company, acting on behalf of the owner, chases the tenant to pay the delinquent sewer bill. He said he believes DWS could have two names on an account; DWS could check with DEM on how they do their billing to get two names on the account.

The Manager-Chief Engineer said this is something that can be worked out; maybe somewhere on the application form, two names could appear.

Mr. Arikawa said his company, working with the Sewer Division, brought the sewer bill delinquency rate way down.

Deputy Corporation Counsel Amy Self said that she used to do collections for the County, and the best department in terms of collections was DWS. DWS has the advantage of shutting off the water; no other department has such power. She noted that a lot of the aforementioned \$711,000.00 is not comprised of delinquent debts. There are also leak adjustments, so a lot of this amount is uncollectible. She said that collecting is a very difficult task; it is almost impossible if somebody does not own the property. She noted that even when dealing with a property owner, it is difficult to collect. She noted that she has liens on two properties that have been there since 2005, and the place is still a junkyard; the owners owe some \$89,000.00, but they cannot be foreclosed because it is the owner's home. DWS has to accept that there are going to be amounts that DWS simply cannot collect.

Ms. Lee Loy said she heard Ms. Self loud and clear, because it also costs money to go chase people. However, a balance has to be found, she said. She said she believes that if DWS sets the expectation in the Rules, customers will know the Rules when they come to sign up for service. If a customer breaks the Rules, there will be consequences, she said.

Ms. Self said there is the added problem of people moving to the Mainland; that will cost DWS a lot of money to chase people. She said usually the delinquent bill is not that high, somewhere along the order of \$100.00. It would cost more to serve them on the Mainland than the amount past due.

Ms. Lee Loy said that during the Senate Bill process, it came up that the owners should have been invited into the process sooner.

D. **DEPARTMENT OF WATER SUPPLY RESPONSE TO NATIONAL PARKS SERVICE'S PETITION TO DESIGNATE KEAUHOU AQUIFER AS A GROUND WATER MANAGEMENT AREA:**

The Deputy said that idea behind this Item was to provide an opportunity for the Board to discuss the petition as the December meeting of the Commission on Water Resource Management

(CWRM) approaches. This Item was essentially a placeholder, in case Board members wished to raise any issues, etc.

The Manager-Chief Engineer noted that there is a Kona Water Roundtable meeting tomorrow, where the National Park Service (NPS) will make a presentation. CWRM will be holding meetings in Kona in September, October and December, he said. The December meeting is where CWRM will decide whether to proceed with the petition for designation of the Keauhou Aquifer. DWS will present at the three CWRM meetings, in September, October and December. DWS will make a point-by-point response to the petition, specifically the criteria mentioned in the petition, he said. DWS has worked closely with CWRM staff regarding what is needed to help CWRM decide on whether the petition should go forward. One specific thing that DWS has talked about closely with CWRM involves *what constitutes* **authorized planned use**. In looking at the Keauhou Aquifer's sustainability, some very rough numbers were looked at, including General Plan numbers, zoning numbers, etc. However, DWS now has a template from which to work to show the actual, better numbers that will be provided to CWRM regarding authorized planned use. DWS will be presenting these numbers as early as the September CWRM meeting, the Manager-Chief Engineer said. The template in question is the template used regarding authorized planned use on Maui.

Mr. Robinson said that he would have to run to another meeting at noon, but before he left he wanted to say that the NPS petition is like a torpedo in the engine room of the Kona Community Development Plan. The Kona CDP was created by the Kona community after numerous meetings and extensive participation by Kona community members. The petition is aimed at sabotaging the CDP, he said. Mr. Robinson said he sees a lot of people addressing the petition at numerous meetings; meanwhile, Mr. Robinson said he has seen very weak participation by NPS to promote their position. At the one meeting held by NPS that Mr. Robinson attended, NPS failed to address the specifics of the scientific research, he said. Mr. Robinson said he wanted the Board to be clear with CWRM that there is a lot of misinformation that NPS is touting to CWRM; that was his real concern.

(Mr. Robinson left the meeting at 11:33 a.m.)

Mr. Greenwell asked the Manager-Chief Engineer if there were anyone in DWS besides the Manager-Chief Engineer who is assigned to be point person on the NPS petition issue. He asked if there were anyone who was keeping all of the files on the issue, or somebody that the Board could go to ask questions. He asked if anyone was designated as the spokesperson.

The Manager-Chief Engineer said that all of the information is being compiled and stored by Ms. Aton. The Secretary and the Private Secretary also maintain files regarding the petition. He said that DWS has a team, comprised of the Deputy, Ms. Aton, the Manager-Chief Engineer and the staff; providing any information that the Board might need is a team effort.

Mr. Greenwell asked whether Ms. Aton or the Deputy would be the presenter to CWRM.

The Manager-Chief Engineer said that the last presentation that DWS made was a team effort, with Ms. Aton and the Deputy presenting, and the Manager-Chief Engineer in the background. At the last two conferences that DWS participated in, DWS brought up the updates and amendments to the Water Use and Development Plan (WUDP). DWS has hired a consultant to help DWS with the WUDP updates/amendments, and the consultant will also be on hand to help with presenting the information. This is a team effort, he reiterated.

Ms. Aton said that DWS has organized information over the years since the inception of the Kona Water Roundtable, including the scientific presentations (organized by year), as well as

correspondence to CWRM regarding applications or permits in the area. DWS has also kept meeting and forum agendas, and presentations that DWS has done, along with testimony for and against the NPS petition itself. On the question of spokespeople, it depends on the nature of the question or inquiry, she said. DWS basically responds as a team, and the consultant is speaking to specifics on the WUDP update, Ms. Aton said.

Ms. Iokepa-Moses commented that she hopes that CWRM will put the burden of proof on the petitioner, NPS. She said it seems that everybody else is providing research, time and effort in going up against something that is *not there*. Meanwhile, NPS keeps talking its book, using the same script, no matter what issues are raised by any other group or organization. NPS has the same spiel, and never addresses the issues with any proof. She said that hopefully, CWRM will put the burden of proof back on the petitioner, and not on everybody else. NPS wants to make the change; the burden of proof should be on them. She said she hopes CWRM will take that into consideration, so that the Board can spend its time and effort on something else.

The Manager-Chief Engineer said that is a good note that hopefully can be repeated when CWRM holds its meetings in September and October.

The Deputy said that the CWRM meeting in September is slated for Wednesday, September 17, and the October meeting is scheduled for Thursday, October 9. DWS will disseminate more information as it becomes available, he added.

Ms. Lee Loy asked when the Department's point-by-point response to the petition would be presented to CWRM.

The Manager-Chief Engineer said it would be as early as the September 17 CWRM meeting.

The Deputy said that was why DWS wanted to bring this Item up at today's meeting, so that the Board could discuss or provide input on the point-by-point presentation before the CWRM meeting. He suggested agendaizing this Item for the September Board meeting, which will be in time for the October 9 CWRM meeting.

Ms. Lee Loy said that she was trusting that the good scientific information that the Board has been getting will be folded into the point-by-point response.

The Manager-Chief Engineer confirmed this.

Ms. Lee Loy asked if the consultant was aiming toward that CWRM meeting in September.

The Deputy said that the consultant is already working on the WUDP update, but it is highly unlikely that a finalized, packaged document will be ready by then. However, DWS will definitely have some numbers prior to December. DWS will fold whatever it has available, pertaining to DWS and the Water Board, into its point-by-point response for the September CWRM meeting. DWS does not want to speak on things that are not in the Department's area of expertise, but DWS does have a draft already prepared, which will be refined as it goes along.

Mr. Greenwell asked if the September Board meeting will have a placeholder item regarding DWS's response to the petition.

The Manager-Chief Engineer confirmed this.

The Deputy said that the Chairperson, as usual, can communicate with the Secretary or the Manager-Chief Engineer regarding specific items on the Agenda.

Chairperson Kaneshiro asked if DWS is going to give testimony in September and October.

The Manager-Chief Engineer said yes, DWS will present testimony at the three CWRM meetings in Kona in September, October, and December.

E. MONTHLY PROGRESS REPORT:

Mr. Greenwell noted that there are a lot of projects on the CIP list that are 94 percent, 98 percent, and even 100 percent completed; he asked what can be done to remove them from the list.

The Manager-Chief Engineer said that they are still listed because there are final documents that have not yet been submitted, and therefore, DWS is unable to make final payment to the contractors in question. He said that the construction of those projects is done; it is just a matter of paperwork at this point.

Mr. Greenwell asked again what could be done to clear the documents; he asked if it was something that would take a while.

The Manager-Chief Engineer said he would discuss it with Mr. Inaba, and if the project cannot be removed from the list, DWS will make notes to the document itself.

Mr. Inaba said it all depends on what is outstanding.

Mr. Greenwell cited the Ainako-‘Āina Nani Waterline, which was listed as 100 percent completed, and yet was still on the list.

Mr. Inaba said that project was actually a design project, not a construction project.

F. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

No discussion.

G. MANAGER-CHIEF ENGINEER’S REPORT:

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

- 1) Pu‘ukala/Kona Ocean View Properties Subdivision Improvement District Update – Mr. Inaba said that the contractor is installing laterals, and is going house-to-house to make sure the laterals are being installed in locations that the homeowners prefer. He said that there are line items for double laterals and single laterals. DWS may end up paying a little more for the single laterals, but the Department wants to work with the contractor to have the laterals put in where the laterals would best fit the property. Mr. Inaba expressed hope that the project can be done in October. He said that along with the laterals, pressure reducing valves (PRV) are also being installed.
- 2) North Kona Water Systems Update – The Manager-Chief Engineer noted that the Palani Road Transmission System was aimed at bringing down fresh water from mauka to makai, to improve the water quality (i.e., lower chloride content) in the Kailua-Kona area. Mr. Kawika Uyehara, who is in charge of the Department’s Water Quality branch, gave a presentation to show the improvement that the Palani Transmission Waterline has made in the chloride level in the Kailua-Kona area. Mr. Uyehara noted that historically, the area had been served by the Kahalu‘u Shaft, whose water was high in chlorides. The intent of the Palani Transmission System was to improve the water quality in the area, as well as reduce DWS’s dependence on the Kahalu‘u Shaft. Since the project came online in mid-2012, DWS staff have been monitoring the chloride levels monthly. The results have been very good. He pointed to three locations on a map of the area: Kealakehe Elementary School, Palani Tank No. 1 at the Henry Street/Palani Road intersection, and

the southern end of the Māmalahoa Highway, where chloride levels dropped below 10 parts per million (PPM). That shows that the high-level water is getting down to these areas, Mr. Uyehara said. At other locations, there is evidence of blending of the high-level water with the Kahalu‘u Shaft water. In those areas, which include the King Kamehameha Hotel, the Royal Kona Resort, and the Kona Aquatics Center, the chloride levels now are below 100 PPM, whereas before Palani Transmission came online, the chloride levels were higher than 100 PPM. Mr. Uyehara said that there are still points along the southern portion of Ali‘i Drive where higher chloride levels show that Kahalu‘u Shaft water is present. However, the hope is that the Wai‘aha Waterline Transmission project will bring the same positive effectives that the Palani Road Transmission System brought. The Wai‘aha project is expected to bring the lower-chloride water from mauka down to DWS’s customer base, where the majority of the homeowners and businesses are located. To summarize, the Palani project, involving investments in capital improvements for transmission waterlines and source development, have shown positive impacts by bringing lower-chloride water down into DWS’s main customer base, Mr. Uyehara said. Chairperson Kaneshiro asked if County Council Member Brenda Ford had been informed that DWS had taken positive steps to reduce the chlorides in the Kailua-Kona area. The Manager-Chief Engineer said that he had spoken briefly with Ms. Ford this morning about the improvements in the chloride level, and he told her that DWS would be presenting this information to the County Council. Mr. Uyehara said that he had another sheet showing the trends of the different locations’ chloride levels; in the Kealakehe Elementary and environs that Mr. Uyehara described earlier, the chloride levels plummeted from over 200 PPM to around 10 PPM right after the Palani Transmission System came online. Chairperson Kaneshiro, Ms. Lee Loy and Mr. Arikawa congratulated DWS for this. Mr. Inaba said that the update that Mr. Uyehara provided represented additional monitoring that Mr. Uyehara and his staff did. DWS asked them to do baseline monitoring prior to the system being put into service, and the staff has worked hard at all of the additional monitoring work since then, Mr. Inaba said.

- 3) Public Information and Education Specialist Update – Ms. Aton said she had done a lot of messaging before and after Tropical Storm Iselle, and things have been busy with NPS petition-related meetings. DWS participated in a Project WET workshop in Kona with teachers. Mr. Greenwell said that DWS needs to publicize water quality, to assuage public fears. Ms. Aton said that Mr. Uyehara had participated in the Project WET workshop, providing specific information that teachers could use in their classrooms. Ms. Lee Loy praised the Department for its hard work during Iselle, and for the lack of static regarding water service at that time.
- 4) Recognition of Service Retirement – The Manager-Chief Engineer announced that Owen Suzuki, Water Plant Electrical/Electronics Supervisor, who served 24 years with DWS, is retiring at the end of this month. He offered the Department’s congratulations to him.

H. **CHAIRPERSON'S REPORT:**

Chairperson Kaneshiro noted that the Department should look into potential projects such as the Surety well, the Ola'a Springs proposal and the South Kona Resolution, and should secure these properties if there is a potential to move forward with these projects.

Referring to developments around the recent ACE14 conference in Boston, Chairperson Kaneshiro noted that President Obama had signed House Resolution 380, the Water Resources Reform and Development Act. This legislation is aimed at helping states and counties to fix their aging water infrastructure. He said he hoped that DWS would contact the Hawai'i Congressional delegation about the legislation, and find out if DWS can participate and receive funding to replace the Department's aging infrastructure.

The Manager-Chief Engineer said that DWS would monitor that very closely. He was not sure which agency would be the administrative lead on those funds.

Chairperson Kaneshiro said it was the U.S. Environmental Protection Agency (EPA).

The Manager-Chief Engineer said he had not heard anything from the EPA as far as the procedures or qualifications for the funding. He noted that the Pāpa'ikou GI-Pipeline Replacement project is now ready to go out to bid in the next month or so. This is a big project, valued at \$7 million.

Turning to the effects of Tropical Storm Iselle, DWS sustained some damage to its systems, but ended up spending less than \$50,000.00. There was one pipeline that DWS had to repair in Āhualoa, and DWS needed to do some water hauling. DWS also needed to set up a small generator at one of its sources. However, fortunately, the damage to DWS's systems amounted to less than \$50,000.00.

10) **CONTESTED CASE HEARING (NOTICED FOR 11:30 A.M.):**

A. **WATER SERVICE ACCOUNT NO. 86530820-10 (TMK 7-8-017:020):**

The above Contested Case Hearing was to take place 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.

The issues involved in the above-referenced hearing were Raymond and Victoria Kalman's appeal of the amounts shown due and owing on account #86530820-10 and consequently, the appeal of the shut-off notice dated March 4, 2014, for failure to pay said amount.

This hearing was set pursuant to Mr. and Mrs. Kalman's written request of July 10, 2014.

The Manager-Chief Engineer said that the Contested Case Hearing was deferred indefinitely, at the request of the customers.

Chairperson Kaneshiro asked whether DWS had shut the customers' water off.

The Manager-Chief Engineer said no, their water is still on. The customers continue to pay a nominal fee to bring down the amount on the leakage, he said.

11) ANNOUNCEMENTS:

1. **Next Regular Meeting:**

The next meeting of the Water Board will be held at 10:00 a.m. on September 23, 2014, at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI.

2. **Following Meeting:**

The following meeting of the Water Board is scheduled for October 28, 2014, at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI.

The Manager-Chief Engineer noted that the Hawai'i Water Works Association (HWWA) conference will be held on Kaua'i on October 15-17, and he encouraged Board members who plan to attend to contact the Private Secretary.

12) ADJOURNMENT

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

Chairperson Kaneshiro adjourned the meeting at 12:03 p.m.

Secretary

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

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