

**MINUTES**

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

February 24, 2015

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

MEMBERS PRESENT: Mr. Rick Robinson, Chairperson  
Mr. Craig Takamine, Vice-Chairperson  
Mr. Russell Arikawa  
Mr. David Greenwell  
Mr. Kenneth Kaneshiro  
Ms. Susan Lee Loy  
Mr. Jay Uyeda  
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  
Mr. Jeff Zimpfer, National Parks Service  
Mr. Alan Okamoto  
Mr. Kevin Hayes  
Mr. Sidney Fuke  
Ms. Tomoko Matsumoto

Department of Water Supply Staff  
Mr. Kurt Inaba, Engineering Division Head  
Mr. Richard Sumada, Waterworks Controller  
Mr. Daryl Ikeda, Chief of Operations  
Ms. Kanani Aton, Public Information and Education Specialist

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1) CALL TO ORDER – Chairperson Robinson called the meeting to order at 10:01 a.m.

2) STATEMENTS FROM THE PUBLIC

None.

3) APPROVAL OF MINUTES

The Chairperson entertained a Motion to approve the Minutes of the January 27, 2015, 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

None.

5) SOUTH KOHALA:

A. REQUEST TO CONSENT FOR ASSIGNMENT AND TRANSFER OF WATER UNITS – MAUNA KEA PROPERTIES, INC.:

Mauna Kea Properties, Inc. (MKP), MK Parcel F, LLC (Parcel F LLC), and One Puako Bay Associates, LLC (One Puako LLC) requests DWS consent to allow One Puako LLC, to receive an assignment of 11 water units from MKP's allocation from the Parker Wells 3 and 4 Tri-Party Agreement (Agreement) dated April 6, 2006. Parcel F LLC and One Puako LLC have shared ownership and under the management of the same individual, Mr. Kevin J. Hayes. Parcel F LLC will limit their development to 74 units of water or 40 residential units, whichever results in fewer units of water. The original estimate for water assignment to Parcel F LLC was 102 water units.

Tokyū Corporation, successor in interest to Mauna Lani Service, Inc. (MLS) and the third party in the Agreement, has also consented to the 11-unit assignment to One Puako LLC.

Although One Puako LLC is not in the development area as defined in the Tri-Party Agreement, it is being served by the same system that provides MKP's allocation of water from the Tri-Party Agreement.

Staff has reviewed the proposal and finds it acceptable.

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

Ms. Garson noted that there was a Motion to approve on the table at the December 16, 2014, Water Board meeting, before the Board deferred, so that Motion is still on the table.

Chairperson Robinson confirmed this, saying the Board would be continuing its discussion on that original Motion.

The Manager-Chief Engineer said that the Department stands by its Recommendation on this Item, which is to approve and accept the consent documents. He noted that there had been two areas of concern on the part of the Board at the December meeting. One area of concern, raised at the time by Ms. Iokepa-Moses, involved setting precedents. The other area of concern was raised by Ms. Lee Loy regarding the Department's Rules and Regulations. Regarding the matter of setting a precedent, the precedent had already been set regarding the allowing of this kind of transfer. The most recent example involved the Wai'aha agreement, whose parties were primarily Mr. Dan Bolton and Kohanaiki. The boundaries on the initial Wai'aha agreement extended from Wai'aha on the south side, to Palani Road. The amendment to that agreement, which brought in Kohanaiki as a party, expanded the area from Palani Road, all the way to Keāhole. He said the Wai'aha situation was among other previous instances which set the precedent for the current scenario; the Wai'aha case was recent enough for most of the Board to recall. Regarding the concern about the Rules, the Manager-Chief Engineer said that there is a Rule whereby DWS does not allow transfers, once a commitment is made to a property. DWS does not transfer commitments to another property *where no special agreements apply*. He said that the Rule was established so that DWS does not transfer commitments from one property to another; if a commitment is made, the commitment stays with that property. The assignment in question today is made through a special water development agreement; this agreement can be amended with the Board's approval, he said. DWS has done this kind of special agreement

before. The Manager-Chief Engineer said that the developer of the subject property, Mr. Hayes, is in attendance, and can answer any questions that the Board may have. In the meantime, he said that DWS remains supportive of its Recommendation as stated.

Mr. Greenwell, quoting from Item 4(d) in the Rules, said: “A water commitment issued for a specific lot cannot be transferred to another lot.” He said that he was reading that as a guideline. It is quite clear that a water commitment from a lot cannot be transferred, Mr. Greenwell said. He said that for the Board’s sake, he wanted to consult with Ms. Garson on some of the interpretations of the chapter on Water Commitments.

The Manager-Chief Engineer said that he said that DWS does not transfer any commitments from one parcel to another parcel, *unless there is a specific water development agreement involved*. DWS *has* done transfers like the current Mauna Kea Properties case before, where there is a specific water development agreement, he said.

Mr. Greenwell asked why, if the water is available, the parties cannot just apply for a meter and take water off the line like anybody else. He also asked why the parties here cannot apply for 11 water units instead of seven.

The Manager-Chief Engineer said the water in this specific water system is available to the developers in the Tri-Party Agreement, of which DWS is a signatory, conditional on the developers doing certain things. He said water is not available to a land owner who is not a party to the agreement; the Rule does not make water available to just any lot owner who wants to subdivide his lot into two lots. That is because that lot owner is *not* in a specific water development agreement.

MOTION: Mr. Greenwell moved to go into Executive Session to consult with Corporation Counsel; seconded by Mr. Kaneshiro.

Ms. Lee Loy said that she too wanted to consult with Ms. Garson, but first she wanted to hear from the developers.

Chairperson Robinson said okay, the Board could hold off on the vote regarding the Motion, and in the meantime, the Board could hear from the parties who made the application.

Ms. Garson said it would be better to just withdraw the Motion for Executive Session.

Mr. Greenwell withdrew his Motion, and Mr. Kaneshiro withdrew his second.

*(Messrs. Alan Okamoto, Kevin Hayes and Sidney Fuke moved up to the speaker’s table.)*

Mr. Okamoto introduced himself as the attorney for One Puakō, and said that Mr. Hayes’s company was One Puakō Bay Estates; Mr. Hayes is also involved with MK Parcel F. Mr. Okamoto said the plan today was to briefly address the concerns raised by the Board during the last two times this matter has come before the Board. He prefaced his remarks with the initial disclosure that he had done legal work for Board Vice-Chairperson Takamine and his wife since the Takamines started their business years ago. Mr. Okamoto also disclosed that his former partner, now a judge, had done legal work for Board Member Arikawa and his wife. Mr. Okamoto attested that he had never discussed Board matters with either Mr. Takamine or Mr. Arikawa.

Mr. Hayes began his presentation with thanks to the Board for their patience. He said that the matter at hand is very nuanced and complex. Since the Board deferred the matter at the December 16, 2014, meeting, Mr. Hayes and his colleagues had worked with Ms. Garson to

resolve any concerns that the Board may still have. He said that the parties had gone to great lengths to craft an agreement that would be amenable to the Board. This agreement entails not simply a transfer; this agreement is carefully designed to conserve water resources within the Lāilānilo Water System for the benefit of DWS and the public, he said. He said that he wanted to articulate this by showing the math involved in the proposed agreement. Before going through the math for the Board, Mr. Hayes noted that he first appeared before the Board in February of last year, with Mr. Aaron Chung as his legal counsel. At that time, Mr. Hayes and his colleagues were unable to obtain the signature of one of the three parties of the Tri-Party Agreement, namely, Tokyū Holdings. The Board had been concerned about that issue, and Mr. Hayes and his colleagues went to great lengths to secure that signature from Tokyū Holdings. Mr. Chung has since moved on (to his current elected post at County Council), and so Mr. Okamoto has been engaged as counsel. Mr. Fuke has been involved in this matter throughout the entire duration, Mr. Hayes said. The Manager-Chief Engineer pointed out that the Board had expressed two concerns at the December Board meeting. One of the concerns was about whether the Board had the legal authority to act on the measure at hand; Mr. Hayes said he and his colleagues expect that the Board will go into Executive Session today to confirm that. The second concern was about setting precedents. Mr. Hayes said he did not believe that any precedents would be set here, but if any precedents were to be set, they would be positive ones that the Board would want. Two other issues were addressed by Mr. Hayes and his colleagues in a letter that was in the Board's packets this month. One issue was about whether the transfer would benefit DWS; Mr. Hayes said that he would address that today. The other issue involves what guarantees Mr. Hayes and his colleagues would provide to ensure that these development restrictions would last. Mr. Hayes said that he and his colleagues had addressed those specific concerns when drafting with Ms. Garson the agreement to restrict development on both of these parcels into the future.

Mr. Fuke explained the math and the mechanics behind the transaction. Pointing to a map of the area, Mr. Fuke explained that the *donor* parcel is the Mauna Kea parcel, which currently has an allocation of 102 water units. If the transfer never happened, that parcel would be eligible for 102 water units. The project that Mr. Hayes is proposing, which has gotten preliminary subdivision approval and planned unit development approval, involves a total of 36 single-family residences. The amount of water that Mr. Hayes will voluntarily assign to the property would be only 74 water units. That works out to a balance of 28 extra units that are currently assigned to the property. Tom Nance Water Resource Engineering did a study which determined how much water was realistically required for this Mauna Kea property; the study concluded that the property only really needs 56 units. Mr. Fuke said that the amount of savings that would be accrued by the Mauna Kea property would be a total of 17 units and 18 units. Recapping, Mr. Fuke said that of the 102 units that are currently assigned, there would be a total savings of 35 units that would go back into the system, either to the Mauna Kea system or, at some point, to the DWS system. Mr. Fuke next spoke of the *receiving* property, which falls within the same service region. Mr. Hayes wants to do a seven-lot subdivision on the receiving property; it is already entitled for the seven lots. Mr. Fuke said that Mr. Hayes already has the SMA permit for it, and has the subdivision application on file. The final subdivision approval could be issued upon receipt of the additional four water units for the project that Mr. Hayes is proposing. Because the property is already entitled to three separate water meters, Mr. Hayes wants to assign a total of 11 water units, for a total of 14 units to service his property. Therefore, each of the seven lots would be eligible for up to two units of water, Mr. Fuke said. The Tom Nance study found that for the Mauna Kea area, only 1.5 units of water per dwelling would be needed. The receiving parcel has two units per dwelling. The Mauna Kea site has an irrigation system, whereas this receiving parcel is non-irrigated, so it needs a little more water, Mr. Fuke said. The receiving parcel's lots are considerably larger than the lots at Mauna Kea. Mr. Fuke pointed out that as a result of the total amount of water that Mr. Hayes has right now for the property, there will be a realized

savings of about 35 water units, which would be codified through a *system of agreement* that Mr. Okamoto will talk about later.

Mr. Hayes asked to go over a third point. He said that currently, Puakō has three lots, three equivalent water units servicing those lots, and the average lot size is 2.3 acres. Under this new agreement, there will be seven lots, with an average size of one acre per lot, and the developer plans to double the amount of equivalent water units serving Puakō. He said that it is obvious that this arrangement will improve the situation in Puakō; Mr. Hayes said that he and his colleagues believe that by over-dedicating water resources on these parcels, it means giving back or basically retiring equivalent water units to DWS. He expressed hope that the Board understood the fundamentals of the business points here.

Mr. Okamoto drew the Board's attention to the summary that was submitted to the Board, in which the areas of concern were addressed by Mr. Hayes, Mr. Fuke and himself. The Rules issue was looked at vis a vis this transaction. He noted that the other two parties to the Tri-Party Agreement, i.e., Mauna Kea Properties and Mauna Lani Services, have now signed off on this transaction, whereas last February, Mauna Lani Services had not yet signed off. Mr. Douglas Ing, the long-time attorney for Mauna Lani obtained the Mauna Lani signoff on the document, thereby establishing that the other two parties are in agreement that this is an appropriate thing to do with this water, Mr. Okamoto said. What remains now is the Water Board's consent, which is required for the transaction to go forward. Mr. Okamoto said that he took a look at Rule 3-1, which is the basic rule under which water service is available. He said that based on the DWS staff's Recommendation, it is apparent that they are satisfied that water can be provided to Puakō without system improvements. The question is where the water resource comes from the Lālāmilo well system. Because of the Tri-Party Agreement, DWS under its Rules is not free to just approve the units; the parties must come before the Board because of the Tri-Party Agreement, Mr. Okamoto said. He said that all of the criteria would be met for the issuance of the water commitment, provided that the parties can satisfy where that water allocation comes from. The water allocation comes from the Mauna Kea allocation, Mr. Okamoto said. Mr. Okamoto said that he and his colleagues had looked at the benefits to the Department and the residents of Hawai'i, aside from the residents within Mauna Kea Resorts. Mauna Kea Resorts benefits, obviously, by getting 17 more units to take care of the resort area's needs, he noted. In addition, there are the additional 18 units due to water conservation, thanks to provisions that are built into the Mauna Kea property, Mr. Okamoto said. Turning to the issue of whether the assurances from Mr. Hayes and his colleagues would last, Mr. Okamoto said that the simple solution was covenants, which would bind both lots to creating no more than seven lots for Puakō, and no more than 36 residential units for MK Parcel F and its community center. That assurance would be baked into the declaration, he said. Mr. Okamoto said his proposal would be, with the Board's approval, to go ahead and sign these covenants and record them, as a condition to the assignment. Mr. Okamoto said that after 30 years of practicing law, the covenants work; they are nothing new or novel. Covenants in real estate development are very common, and they are enforceable. He said that if the parties agree to go this route, the assurances will stick, no matter who owns these two parcels down the road. Turning to the issue of precedent, the Manager-Chief Engineer already addressed that, Mr. Okamoto said. He thought it appropriate that DWS has looked at modifying terms of initial developments; Mr. Okamoto said he had been around long enough to know that when a lot of these sources were under development, things did not work out as expected. He cited the example of the Kahalu'u Shaft in Kona, which had been looked to as the answer to everything back in the day; it did not work out that way. Mr. Okamoto said that it is appropriate that the Board consider the impact of what it does, as well as possible alternatives in Puakō. As far as alternatives, there are not many alternatives in Puakō; one cannot dig a well there, because such an attempt would yield only salt water from the ocean. It is not

possible to do a huge project for four additional lots either, he said. What Mr. Hayes and his colleagues are left with is asking the Board to consider the transfer of these 11 units, under what is built into this structure, Mr. Okamoto said. By transferring 11 units, 35 units are saved. He said it was a reasonable deal, under the circumstances.

Addressing Mr. Greenwell's concern about Rule 4(d), Mr. Hayes said that the only references in the Rules and Regulations that limit the transfer of water units are *guidelines*. Guidelines by their very nature imply that the Board has discretion, he said. The conservation practices that are enshrined in the agreement, whereby 35 water units are saved, trump a guideline, Mr. Hayes said. That is precisely why it is a guideline, and not an explicit Rule; the Board has the latitude to overlook a guideline in order to save water units for the public at the end of the day, he said.

Chairperson Robinson asked for more details on the Tri-Party Agreement.

Mr. Hayes said that the Tri-Party Agreement parties are DWS, Mauna Kea Real Estate Services and Mauna Lani Services, Inc. Mauna Lani Services, Inc., was dissolved around 2010, and that is why Mr. Hayes and his colleagues struggled to get a signature from Mauna Lani. The colleagues searched and found two documents. One of the documents was the assignment document, which assigned all of Mauna Lani Services' water rights to Tokyū Corporation. That means that today, the third party in the Tri-Party Agreement is Tokyū Corporation. Mr. Hayes and his colleagues secured the signature of a Mr. Toba, who was the former general manager here. Mr. Toba is now in a position of authority at Tokyū in Japan, and he signed off on the Tri-Party Agreement transfer documents as an officer of Tokyū Corporation. Mr. Hayes said that he had furnished a copy of those documents to Ms. Garson, and Mr. Hayes said that he holds the actual copy which will be furnished as soon as, hopefully, the transfer is approved by the Board.

Chairperson Robinson asked about Mauna Kea Properties.

Mr. Hayes said that Mr. Don Takahashi is president of Mauna Kea Properties, and he has signed off on the transfer as well. A copy of that document has been provided to Ms. Garson.

Mr. Okamoto clarified that the documents with the consents have been presented to the Board as well; it is in the record.

Mr. Uyeda asked Mr. Hayes to go over the math again. He asked Mr. Hayes to explain how 35 or 36 units were arrived at.

Mr. Hayes said okay, and pointed at the spot on the map that shows F Parcel. He said F Parcel is a 17-acre parcel, which is the Upland section of Mauna Kea. Currently, the zoning there allows for 122 residences to be built. Years ago, Mauna Kea Properties assigned 102 water units to this particular parcel as part of its master plan, Mr. Hayes said. He said that obviously, with those 102 units, a denser development could be done. Instead, as a condition of this arrangement, Mr. Hayes and his colleagues want to reduce the density on this site to 36 residences. Furthermore, Mr. Hayes and his colleagues in this agreement have required that non-potable water only be used for all landscaping in F Parcel. That means non-potable water is to be used in all common areas and in every yard; the only potable water supply is being used in residences for domestic use. He gave details on the math again. Of the 102 equivalent water units, according to the master plan, Mr. Hayes and his colleagues are assigning 74 units to F Parcel as part of this agreement. They are deliberately *over-assigning* those 74 units, in spite of the Tom Nance study based on historical data throughout the entire Upland section, which found that there is a use of 1.5 equivalent water units per residence, plus 2 units for the community center. Mr. Hayes said that is how the 56 units were arrived at. He said that of the 74 units that were assigned, there are 28 surplus units. Of those 28 surplus units, 11 units are assigned to Puakō. That leaves 17 units

which will remain in the general pool of Mauna Kea, Mr. Hayes said. He said that even though DWS does not get back those 17 units, (i.e., the 17 units stay at Mauna Kea), that is a benefit to the public because Mr. Hayes and his colleagues are giving Mauna Kea more supply, at their control, to distribute to the other residents within the Mauna Kea area that they service. Returning to the 74 units, Mr. Hayes said that of those 74 units, only 56 units are required. He noted that if the agreement does not happen today, Mauna Kea is essentially no longer bound by this agreement. In that case, Mauna Kea will not assign the 102 units, and will not assign the 74 units. Mauna Kea will only assign 56 water units to F Parcel, if Mr. Hayes and his colleagues continue with this 36-lot subdivision. Mr. Hayes said that at the end of the day, all of the remaining difference between the 102 units and the 56 units will go back to the Mauna Kea pool, and no water units would be retired. The deal today was deliberately engineered so that those 18 surplus units with the 74 units *would* be retired; they would go away; they would be baked back into the Lālāmilo water system. That is where Mr. Hayes and his colleagues are trying to provide public benefit, he said. Mr. Hayes noted that he and his colleagues had considered trying to assign those 18 units back to DWS; that question was posed to Mr. Hayes and his colleagues by Corporation Counsel. However, that arrangement proved to be too complex, and that would set a precedent. That would pose a difficulty, he said. The net effect of this current agreement would be that Mr. Hayes and his colleagues would be effectively giving the units back to DWS. Mr. Hayes asked Mr. Uyeda if that answered his question.

Mr. Uyeda said sort of. He asked for confirmation that, based on the covenants or proposals, Mr. Hayes and his colleagues would not limit the project to 56 additional units. He asked if Mr. Hayes and his colleagues would instead ask for the 74 units. He asked whether the surplus would only be 17 units, and not 35 units; he noted that the 18 units go back to Mauna Kea, and DWS does not get the benefit.

Mr. Hayes said that the 17 units go back to Mauna Kea, and DWS does not get the benefit.

Mr. Uyeda said plus the 18 units.

Mr. Hayes said that the 18 units are actually being carved away; those units will no longer be available to be assigned anywhere else. He recapped, saying that the 56 units are being assigned, along with the 18 units, to F Parcel, in effect deliberately over-supplying F Parcel with water units. This will reduce the demand on the overall system, he said.

Mr. Uyeda said he understood about the 18 units, but was unclear about the 17 remaining units.

Mr. Hayes said that the 17 units go back into the general pool of Mauna Kea.

Mr. Uyeda said that those units could be used up if usage increases, based on the Tom Nance report.

Mr. Hayes said that was correct. He noted that the 1.5 units in the Tom Nance report have a considerable margin of safety in it; the actual use is closer to one unit. He said he would be happy to provide that report, which shows all of the historical use in the Uplands of Mauna Kea.

Ms. Lee Loy asked about Parcel F, noting that the original zoning shows that 122 units were allowed, but that Mr. Hayes and his colleagues plan to reduce that down to 36 units. She asked if Mr. Hayes down-zoned the property as well, or reduced that by covenants.

Mr. Hayes said that he and his colleagues have provided two covenants to Ms. Garson. One of the covenants is a permanent deed restriction, stipulating that only 36 residences can be built on this site. The zoning on that will not change, but only 36 residences can be built on this site,

Mr. Hayes said. The other covenant limits Puakō, which is zoned commercial; Mr. Hayes and his colleagues by rights *could* build a hotel on that Puakō site. The zoning on that site will not change; but the covenant has limited it by the same kind of deed restriction, to only seven residences.

Ms. Lee Loy asked how far as the crow flies F Parcel is from the Puakō site.

Mr. Hayes figured it was about two miles as the crow flies; from gate to gate, it is probably about one mile.

Mr. Uyeda noted that in the covenant for F Parcel, irrigation water will be used. He asked if there was a source right now that was providing water to these areas.

Mr. Hayes said that Mauna Kea owns and operates its own non-potable water supply; the water supply system already exists, and the F Parcel will tap into that.

Mr. Uyeda asked if it was just brackish water that is not treated wastewater.

Mr. Hayes confirmed this.

Chairperson Robinson called for a Motion to enter Executive Session.

ACTION: Mr. Greenwell so moved; seconded by Mr. Kaneshiro, and carried unanimously by voice vote.

*(Executive Session began at 10:39 a.m., and ended at 11:32 a.m.)*

Ms. Lee Loy said she had a couple more questions for Mr. Hayes. One of the questions was related to the certainty of the 18 surplus units; she asked what kind of certainty the Board has that the 18 units would remain surplus ones. She said she was concerned about a scenario whereby one of the other projects decided to expand a bit more, and wound up needing those surplus units.

Mr. Hayes said that Mr. Don Takahashi of Mauna Kea signed one of these documents, which stipulates that there are 74 water units being assigned to F Parcel. *That* is the Board's assurance, and the assignment of the 74 units would happen immediately. Mr. Hayes said that he and his colleagues could make that assignment of 74 units a condition to the Board's approval.

Ms. Lee Loy said the Board likes that; she said she likes conditions.

Mr. Hayes said he believed that was in the consent documents.

Ms. Lee Loy said that one thing that she and Mr. Greenwell had brought up was related to Rule 5, Item 4(d) regarding the terms of the water commitments. She quoted Item 4(d) as saying: "Water commitments issued for a specific lot cannot be transferred to another lot." She said she wanted to be clear on Mr. Hayes's references to the E.U.'s; she asked about his use of the terms "units," "water commitments," and "equivalent units."

Mr. Hayes said that those three terms all mean the same thing: 600 gallons per day of water use equals one unit of water. He apologized for mixing up the terms.

Ms. Lee Loy asked if he was using them interchangeably.

Mr. Hayes said yes, he was using all of these terms interchangeably; they all mean 600 gallons per day of water use.

Mr. Uyeda said that it appeared that the additional 11 units of water being transferred to Puakō from Mauna Kea/Mauna Lani did not entail payment of the normal Facilities Charge. Normally, a developer would be paying a Facilities Charge for these equivalent units. Mr. Uyeda asked Mr. Hayes if he would consider paying the Facilities Charge for these 11 units. He said that if Mr. Hayes was in agreement, the Board could defer today's Action and come back next month with some kind of agreement that allows for the payment of the Facilities Charge. He said he would feel more comfortable with that in the agreement.

Mr. Hayes asked what the math would be on the Facilities Charge.

The Manager-Chief Engineer said that the Facilities Charge would be \$5,500.00 per unit times 11 units.

Mr. Inaba said the total would be \$60,500.00.

Mr. Hayes asked if that were something he could agree to today.

Chairperson Robinson said that Mr. Hayes could agree to anything today.

Mr. Hayes told Mr. Uyeda that the short answer to his question is yes; he would agree to pay the Facilities Charge.

Ms. Lee Loy thanked Mr. Hayes, and said that the Board would now want to insert some language into the agreement that everybody could agree on as fair and equitable. She said that the heartburn for the Board was the moving of credits out of an area that was contemplated as a developable area. She said there were examples where that scenario happened, and the developable area actually expanded as the agreements were amended or contemplated again. She said that in this situation today, that was not the case.

Mr. Hayes said that he understood that position. He noted that Puakō is something of an unrepresented party in the Tri-Party Agreement; Puakō does not have any representation, even though Puakō is being serviced by the Lālāmilo Water System. He said that he would be happy to pay the administrative fee, i.e., the Facilities Charge.

Chairperson Robinson said that at this point he would entertain a Motion regarding this matter.

Ms. Garson said that the Board was just entertaining a Motion regarding deferring this matter to next month; in the meantime, Ms. Garson would come back with all of the documents. She envisioned the consent document would say something like "Consent subject to paying the Facilities Charges for the 11 units." She said that the Board would be able to see all of the documents together next month.

Mr. Hayes asked whether, instead, the Board could approve the transfer, conditioned on Mr. Hayes resolving with the DWS staff the satisfactory resolution toward payment of the Facilities Charge.

Chairperson Robinson said that was his point exactly; the Board could approve, and just leave the paperwork up to Mr. Okamoto and Ms. Garson.

Mr. Uyeda said that the Motion right now is to approve the transfer of the 11 units from the Tri-Party Agreement to the Puakō property.

Ms. Garson said yes, someone would need to Amend the Motion, because of that condition (i.e., the payment of the Facilities Charge). She asked if there were *another* condition.

Chairperson Robinson said it was not an Amendment because there was no Motion yet.

Ms. Garson said no, the Motion was the one brought back from the December meeting. That Motion was to approve the consent.

Mr. Uyeda said that he would just Amend that Motion.

Chairperson Robinson confirmed that he would be Amending the Motion from two months ago.

AMENDMENT TO MOTION: Mr. Uyeda moved to Amend the Motion, to approve the transfer of the 11 units, on condition that a Facilities Charge be paid for the 11 units.

Ms. Lee Loy asked to add to the Motion.

Chairperson Robinson asked Ms. Lee Loy to wait; Mr. Uyeda had moved to approve the transfer of the 11 units, subject to the Facilities Charge being paid.

Mr. Kaneshiro seconded.

Chairperson Robinson asked if there was any Amendment to the Motion.

Ms. Lee Loy said yes, she wanted the extra assurances that the 18 surplus units remain in surplus. She asked Mr. Okamoto to refine the language in the contract or the amendment to the contract, to capture that assurance.

Mr. Okamoto said that based on Mr. Nance's study, requiring that two equivalent water units be assigned to each of the units would result in 74 units in F Parcel; this would achieve the 18 units of savings. The best projection indicates that the project will not come close to that; there will be the 18 surplus units, Mr. Okamoto said.

Mr. Hayes said that he believed that Ms. Lee Loy wanted to covenant that the 74 units get assigned to F Parcel. He asked if Ms. Lee Loy was simply asking for that.

Ms. Lee Loy said simply put, that was correct.

Mr. Hayes said yes, he understood that was what Ms. Lee Loy was asking for; he suggested that this is *in* the document.

Ms. Lee Loy said it is in there, but the language in the various documents speaks to each other. That is the problem that the Board has had in the past, where some agreements have certain language that points to certain other conditions, while other documents stand alone. She just wanted all of the language to be consistent throughout all of the documents. She was concerned that if that property continues to be zoned as such while the covenants hold, somebody could go back and amend the covenants while the original zoning remains. The developer could take that density right back up, Ms. Lee Loy said.

Mr. Okamoto said that he and his colleagues had submitted proposed covenants on both parcels, which say in no uncertain terms that any amendments to those covenants can only be made with the Board's permission, in writing. He said that is why the covenants were done.

Ms. Lee Loy said okay.

Chairperson Robinson asked Ms. Lee Loy if she made a Motion.

Ms. Lee Loy said she did not.

Chairperson Robinson asked Ms. Lee Loy if she were okay with everything.

Ms. Lee Loy said yes.

Chairperson Robinson returned to Mr. Uyeda's Amendment to the Motion, which was seconded by Mr. Kaneshiro.

ACTION: Amendment to the Motion carried unanimously by voice vote.

Ms. Garson said that now the Board needs to vote on the original Motion as Amended; the original Motion is the one to approve the consent, from two months ago.

ACTION: Main Motion as Amended carried unanimously by voice vote.

6) MISCELLANEOUS:

A. DEDICATION OF WATER SYSTEMS:

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

1. **GRANT OF EASEMENT AND BILL OF SALE**

Grantors/Sellers: Edward J. Rapoza and Rhondall K. Rapoza, Robert D. Triantos and Richard S. Fallon and Nancy T. McKinley

Tax Map Key: (3) 7-6-011: 03 (portion), 009 (portion) and 019 (portion)

Facilities Charge: \$79,380.00                      Date Paid: 02/04/2015

Final Inspection Date: *TBA*

Water System Cost: \$ *TBA*

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

Mr. Inaba requested that this Item be deferred to the March Board meeting, because the final stakeout and the final inspection are still pending.

ACTION: Ms. Lee Loy moved to defer to March Board meeting; seconded by Mr. Uyeda, and carried unanimously by voice vote.

B. DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING AND 5-YEAR CAPITAL IMPROVEMENT PROJECTS (CIP) BUDGETS FOR FISCAL YEAR (FY) 2016:

The Department's FY 2016 Operating Budget, totaling \$53,174,000, and 5-Year CIP Budget for FY 2016 – 2020, has been distributed for the Board's review.

The Manager-Chief Engineer recommended that the Board approve a public hearing to be held on Tuesday, March 24, 2015 at 9:45a.m., prior to the Water Board's regular meeting, to accept public testimony regarding the Department's FY 2016 Operating and CIP Budgets.

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

The Manager-Chief Engineer said that there may be questions or amendments to the Budget arising from the Public Hearing, which can be taken up at the regular meeting right after the Public Hearing.

ACTION: Motion carried unanimously by voice vote.

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

The Manager-Chief Engineer said that the Mayor's office has worked closely with the Deputy and himself to schedule the initial meeting with National Parks Service (NPS). The meeting is scheduled for March 3 in the Mayor's Office at the West Hawai'i Civic Center, and will be attended by DWS as well as Mr. Roy Hardy, the Acting Deputy Director of the Commission on Water Resource Management (CWRM).

Mr. Greenwell said that he assumed that this would be a private meeting.

The Manager-Chief Engineer confirmed this; besides the Mayor's Office, he, the Deputy, and Ms. Aton will be there, plus NPS staff and Mr. Hardy from CWRM.

Ms. Lee Loy asked about the recent CWRM meeting regarding the scope of services for DWS's Water Use and Development Plan (WUDP).

The Manager-Chief Engineer thanked Ms. Lee Loy for the reminder.

Mr. Inaba, who attended the meeting on Oahu on February 18, 2015, said it was basically about the scope of the WUDP. CWRM approved the scope, with a couple of amendments that the Commission wanted to include. One of the amendments involved an attempt to assess Traditional and Customary Practices. The Commission gave DWS a couple of leads as to where to start. DWS needs to submit to CWRM a preliminary assessment of where DWS is by May 30<sup>th</sup>. That will be 15 days after DWS's draft scope is submitted for Phase 1. DWS has broken the scope up into Phase 1 and Phase 2. Phase 1 is what DWS originally scoped with Fukunaga & Associates; the scope has already expanded within Phase 1. Meanwhile, DWS needs to work out the scope of Phase 2. DWS also needs to come up with a budget or an estimate, so that DWS can enter into another agreement to do Phase 2 of the WUDP. He noted that Phase 2 is something that CWRM is requiring of DWS. CWRM is saying that they understand DWS's budgetary constraints. CWRM wants DWS to do Phase 1, and by the time DWS finishes the draft of Phase 1, CWRM also wants the scope of Phase 2 submitted *two weeks after that*.

The Manager-Chief Engineer clarified that a *draft* of Phase 1 is to be submitted prior to May 30<sup>th</sup>.

Mr. Inaba said the deadline for the draft of Phase 1 is May 15<sup>th</sup>.

The Manager-Chief Engineer asked if Phase 2 was due sometime after May 30<sup>th</sup>.

Mr. Inaba confirmed this.

Ms. Lee Loy, noting that Phase 1 has expanded in terms of scope of services, asked whether that meant that the cost has also expanded.

Mr. Inaba said that was most likely. It will not be clear until Fukunaga & Associates take a look at the scope and give a good estimate on what it will cost. He said that the expanded scope is beyond what DWS contracted Fukunaga & Associates for.

Ms. Lee Loy asked what the contract amount was.

Mr. Inaba said it was \$50,000.00.

The Manager-Chief Engineer said that the Department would come back to the Board if additional funding is required.

Mr. Inaba said that it was likely that the Department will come back to the Board next month.

Mr. Greenwell asked if an Executive Session would be necessary.

Ms. Garson said that she did not have anything that she needed to tell the Board.

Mr. Uyeda asked about the additional charges related to the expanded scope of services; he asked if CWRM could be asked for that additional funding, since CWRM is the one requiring DWS to do expanded work.

Mr. Inaba said that that subject was actually raised at the meeting. One Commission member said to the rest of the Commission that it would be reasonable for CWRM to ask the Legislature for funding to help out with this, he said.

Mr. Uyeda said that DWS should ask whoever the Department needs to ask.

Chairperson Robinson and Ms. Lee Loy said they were not too proud to ask.

Chairperson Robinson recommended that the Board watch a news clip of Senator Brian Schatz's discussion at the high school in Hilo; he did not elaborate.

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

The Water Board had anticipated convening an executive meeting, closed to the public, pursuant to Hawai'i Revised Statutes, Sections 92-4, 92-5(a)(2), to discuss mediation as directed by the Commission on Water Resource Management regarding the National Park Service's petition to designate Keauhou Aquifer as a Ground Water Management Area, and for the purpose of consulting with the Water Board's attorney on questions and issues pertaining to the Water Board's powers, duties, privileges, immunities and liabilities.

*(The Board did not go into Executive Session.)*

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

Ms. Lee Loy said that she is still trying to get a hearing date for the new bill, Senate Bill 110 (SB110). Unfortunately, the Legislature was busy with Governor Ige's appointments and other, more pressing matters, to get the new governor's administration up and running. Ms. Lee Loy said that as soon as she gets a date, she will notify the Manager-Chief Engineer and Department staff. She also asked Ms. Bobby-Jean Leithead-Todd, the Director of Environmental Management, to help nudge legislators for a hearing date; she noted that SB110 helps the Department of Environmental Management (DEM) with collecting delinquent sewer bills.

Ms. Garson pointed out that Ms. Lee Loy was speaking to the next Item on the Agenda, 6(F).

Chairperson Robinson said yes, Item 6(E) should be under discussion.

Ms. Lee Loy apologized for getting it mixed up.

Ms. Garson noted that she did not think that there was a Sub-Committee to look at the Rules regarding owners and tenants' delinquent bills.

Chairperson Robinson did not think there was such a Sub-Committee.

Ms. Garson said she did not have a chance to get together with Ms. Lee Loy to look at the Rules and Regulations; everybody seemed to look in Ms. Lee Loy's direction on this Item.

Ms. Lee Loy has been acting as kind of a Sub-Committee of one person, with Ms. Garson as sort of the other member, she said. Ms. Garson said in any case, she had not had a chance to meet with Ms. Lee Loy on this matter.

Chairperson Robinson said he seemed to recall he was on that Sub-Committee, too. He said that the amendment of the Rules and Regulations is an important item for the Board.

Ms. Lee Loy agreed, and noted that there was a framework of the amendment that came up a year ago.

Ms. Garson said that was correct.

Ms. Lee Loy said that it would really be a matter of refining and bringing back that framework. She said that there are a few other things going on right now that have prompted her to look at other sections of the Rules and Regulations, with an eye to refining them and creating processes that would help future Boards to deal with various issues.

Chairperson Robinson asked that Ms. Garson, Ms. Lee Loy and he have a conference call at the earliest convenience. He asked that Ms. Garson email him and Ms. Lee Loy with a time that would work.

Ms. Garson said yes. She noted that at the end of last year, she had said that the Board really should be looking at a comprehensive review of all of the Rules and Regulations, because of various things that had come up. Ms. Garson said that the Board should take a look at the Rules, and start marking them up. She suggested that if anyone needed her help, Board members could just email her, and she would be happy to help work on it.

F. **AD HOC COMMITTEE PURSUANT TO HRS SECTION 92-2.5(B) TO PRESENT, DISCUSS AND/OR NEGOTIATE FOR LEGISLATION REGARDING THE PLACEMENT OF SUCH LIENS ON REAL PROPERTY FOR NON-PAYMENT OF WATER BILLS:**

The Ad Hoc Committee is exploring legislation pursuant to HRS Section 92-2.5(B) which would allow the placement of an automatic lien on property for non-payment of water bills. The Ad Hoc Committee will present, discuss, and/or negotiate for such legislation with any necessary person including, but not limited to, any water or wastewater department or division of any county, and/or with any legislators in the State of Hawai'i.

The Ad Hoc Committee is also exploring a revision of the Department of Water Supply Rules and Regulations to hold a property owner responsible for any water bill for water service to such property, whether or not the property owner resides on the property; and that no water service will be granted to such property until all such delinquencies are paid or other agreement is reached.

Chairperson Robinson noted that this Item was handled earlier.

Ms. Lee Loy requested that any Board members who had contacts among the legislators should call them and ask for their help in getting SB110 heard.

**G. MONTHLY PROGRESS REPORT:**

Mr. Arikawa asked Mr. Inaba about progress on the Queen Ka‘ahumanu Highway Widening project.

Mr. Inaba said that DWS is still negotiating with State Highways on the Tri-Party Agreement, which involves contractor Goodfellow Brothers, DWS and State Highways Division of the Department of Transportation. Under negotiation is the cost to redesign, caused by the realignment of the Highway. Mr. Inaba said that there are minor legal language differences between Goodfellow’s attorney and the Attorney General.

Chairperson Robinson asked if it was for the construction contract itself.

Mr. Inaba said it is for just the realignment portion, which comprises about half of the contract. The realignment on the south end of the Highway entails moving the road more mauka. As a result, Goodfellow had to get their design team to redesign the entire highway. Mr. Inaba noted that the cost to redesign the waterline was unacceptable; DWS decided to participate in the redesign to bring the cost down. That is the Tri-Party Agreement, he added.

Mr. Greenwell asked if there were any problems with DWS’s pipes that are stored down by the Highway; he asked if that pipe would be usable.

Mr. Inaba said the pipes would be inspected; they are in fair condition. The problem is with the gaskets, he said. DWS had told the State that the Department would not accept the gaskets; the State will have to replace all of the gaskets, which are exposed to the elements.

The Manager-Chief Engineer said he hoped that Mr. Inaba told the State that DWS is not going to pay for new gaskets.

Mr. Inaba said that he had told the State that the gasket problem was caused by the project delay; that is the position that DWS is taking. He said that he believed that the contractor would want that, too, because the contractor would otherwise be responsible for any leaks.

Chairperson Robinson said that it was so unfortunate that this project could have gotten underway when the economy was really slow; the construction project would have gotten 250 workers off the bench and put them to work. That money would have filtered into the community, he said.

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

Mr. Sumada told the Board that the auditors will be presenting their financial report at next month’s meeting. Also next month, Ms. Ann Hajnosz of Brown & Caldwell will present her five-year rate study recommendations. This presentation should take 30 minutes to about an hour, Mr. Sumada said. There will be two Public Hearings to hear testimony about the rate study, tentatively scheduled for May 19 in Hilo and May 20 in Kona, both at 6:00 p.m. If those dates do not work, Mr. Sumada needs to notify Ms. Hajnosz, who will fly in from the Mainland.

The Secretary said that the May 19 Public Hearing would be at the Aupuni Center in Hilo, and the May 20 Public Hearing would be at the Council Chambers of the West Hawai‘i Civic Center in Kona.

The Manager-Chief Engineer noted that the regular Board meeting is scheduled for the following week.

Chairperson Robinson said that he would be out of town for the two Public Hearing dates.

Ms. Lee Loy said that she could commit to those dates right now.

Mr. Sumada said that the dates could be changed.

The Manager-Chief Engineer said that if the Board does not have a quorum, the dates would have to be changed.

Ms. Lee Loy noted that Messrs. Kaneshiro and Greenwell will be off the Board by then.

Chairperson Robinson said that yes, there will be three Board absences for the May dates. He suggested first getting the two new Board members on board, and then setting the dates for the Public Hearings.

The Manager-Chief Engineer said that the venues for the Public Hearings were reserved, but the reservations could be changed.

Mr. Sumada said yes, the dates for the Public Hearings could be changed. He noted that Ms. Hajnosz had asked that the Public Hearings be set up, but she understood that if there were problems with the dates, the dates could be changed.

Ms. Lee Loy asked Mr. Sumada if there were any timing elements regarding adoption of the Rate Study, concurrently with DWS's CIP Budget. She asked if there were any deadlines that the Board has to meet.

Mr. Sumada said that it had been hoped to have the rates approved by June 30, 2015, for implementation on July 1, 2015.

Chairperson Robinson said that if the Board replacements are in the offing by next meeting, the Public Hearing dates could be set for June.

Mr. Sumada said that in the past, time was allowed between the Public Hearings and the Board approval of the rates, in case the Public Hearings led to changes in the rates. He said that it would take Brown & Caldwell at least a month if the Board decides to make any changes in the Rate Study assumptions, recommendations, etc. Brown & Caldwell will need to re-work the numbers, and it takes a while for them to come up with something new for the Board to look at, Mr. Sumada said.

Chairperson Robinson said that Brown & Caldwell would have time if the Public Hearings were held in June.

Mr. Sumada said that the July 1<sup>st</sup> start date is not hard and fast; that date could be pushed back.

Chairperson Robinson asked that DWS wait on scheduling the Public Hearings, until the two new Board members are on board.

Mr. Kaneshiro noted that five years ago, he was brought on the Board in May, and Mr. Greenwell was brought on in June. It could be July or August or later when the Public Hearings could be held, he said.

Chairperson Robinson suggested waiting until the next Board meeting to see where matters stand.

Mr. Sumada asked if there were any questions about the Financial Statements.

Chairperson Robinson asked about the \$78,000.00 for Workman's Compensation (Workman's Comp); he asked if that entry was due to DWS being self-insured.

Mr. Sumada said that number represents all of the settlements for Workman's Comp.

Chairperson Robinson asked whether DWS does it in-house or the County personnel office does it.

Mr. Sumada said that the County has a Workman's Comp. Office; all of the claims flow through them. That office generates the paperwork for DWS to pay for claims. He confirmed that the Workman's Comp Office does the assessments, and DWS makes the payments.

Mr. Arikawa noted an increase in the Aging Summary for January 2015, versus January 2014.

Mr. Sumada explained that consumption was a little higher in January this year, versus January last year. Meanwhile, rates are slightly higher this year than last year. The combination of those two things explain the increase in the Aging Summary, he said.

Chairperson Robinson noted that the over-90 day delinquencies were down.

**I. MANAGER-CHIEF ENGINEER'S EVALUATION FOR CALENDAR YEAR 2014:**

*(This Item was continued from the January 27, 2015, Board meeting.)*

Chairperson Robinson asked that this Item be continued to the March Board meeting.

The Manager-Chief Engineer said that was fine with him.

**J. EXECUTIVE SESSION:**

The Board had anticipated convening an executive meeting to consider the evaluations of the Manager-Chief Engineer, as authorized by Hawai'i Revised Statutes, Sections 92-4, and 92-5(a)(2), 92-5(a)(4) and Hawai'i County Charter Section 13-20(b), where consideration of matters affecting privacy will be involved, and for the purpose of consulting with the Water Board's attorney on questions and issues pertaining to the Water Board's powers, duties, privileges, immunities, and liabilities.

The Executive Session was waived by the Chairperson's continuance of Item 6(I), MANAGER-CHIEF ENGINEER'S EVALUATION FOR CALENDAR YEAR 2014 to the March Board meeting.

**K. 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 pre-final walkthrough was scheduled for this Thursday or Friday; all of the homeowners' connections have been hooked up. Chairperson Robinson noted that the paving got a nice write-up in the paper. Mr. Inaba said the paper had misunderstood; the reporter thought that DWS was doing a paving project, and asked whether other things would be taken care of as well. DWS called to set the record straight.
- 2) Lava Update – The Manager-Chief Engineer said that amid the stalling of the lava flow, the temporary emergency water system had been dismantled.
- 3) Public Information and Education Specialist Update – Ms. Aton distributed her North Kona Water System Information Sheet, with Frequently Asked Questions (FAQs)

regarding the NPS petition, before posting it online, Ms. Aton wanted to give the Board the chance to review and critique the Information Sheet. She noted that the FAQs include the status of the petition, the designation issue itself, the protections that are in place, the Keauhou Aquifer's state of health, the perceived impacts of designation, and the implications of designation on customers' water service. Ms. Aton said that this Information Sheet is a draft. There is a graphic included that shows the North Kona Water System, indicating the general locations of the wells. Ms. Lee Loy said that this was extremely helpful; she gets many calls from people seeking information about the petition as they prepare to testify. She said that she and Mr. Uyeda had thought it would be good to have a graphic that transposes the 'Iao Aquifer, which is the major designated ground water management area on Maui, over the Keauhou Aquifer. This would illustrate the magnitude of the Keauhou Aquifer's area. She said that such a graphic would help people understand the scale of what is at stake here.

Chairperson Robinson noted that the 'Iao Aquifer is not even one-seventh of the size of Keauhou Aquifer. Mr. Uyeda asked how many wells were down in the Keauhou Aquifer at this time. The Manager-Chief Engineer said that four wells are down: Hualālai, Honokōhau, Kahalu'u B and Hōlualoa; DWS is monitoring the situation closely. Meanwhile, DWS is currently able to maintain supply in the area. Mr. Uyeda asked if any of the wells were close to being brought back online. The Manager-Chief Engineer said that DWS is in the process of bringing the wells, but there are issues with equipment, etc. He expressed hope that the West Coast dock lockout would end soon so that equipment can be shipped over. Mr. Greenwell asked for an update on the Halaula land negotiations. The Manager-Chief Engineer said that DWS is close to getting the third appraiser on board. Mr. Inaba said that DWS is still waiting for the quote from the third agreed-upon appraiser. The third appraiser was brought in to break an impasse between the Department and the land owner; it was not just a matter of price. It was also a matter of methodology. The parties have agreed to share the costs on the third appraisal. Mr. Inaba said that the third party's appraisal must be done by specific means, because federal funds will potentially be involved. If the third appraisal falls between the DWS appraisal and the landowner's appraisal, that is where it is, Mr. Inaba said. Mr. Greenwell asked about the Puakō Pipeline project. Mr. Inaba said that it is in the NPDES (National Pollutant Discharge Elimination System) permitting stage. Mr. Uyeda noted it could take a year to get the NPDES permit.

The Manager-Chief Engineer asked the Secretary to distribute to the Board a letter announcing his retirement. He said that his last day of work would be June 30, 2015; he noted that he had served 40 years with DWS. The Manager-Chief Engineer said that he was leaving with a very clear conscience that he was leaving the Department in good hands. He expressed appreciation for having the chance to serve as Manager-Chief Engineer, and he said he really appreciated the Board. He said that he would carry on working as normal, and help the Board through the transition. Ms. Lee Loy said that 40 years is amazing; adding that she and Mr. Takamine often joke that they have not been alive long enough to serve 40 years in one job. The Manager-Chief Engineer noted that 40 years is nothing, alluding to his late mother, who passed away last week at nearly 109. Mr. Greenwell said it has been good working with Mr. Antonio; he said that before he was selected for the job, there was some contention among the Board. However, the Board finally got together to select Mr. Antonio as Manager-Chief Engineer, Mr. Greenwell said. Mr. Greenwell offered his condolences on the passing of Mr. Antonio's mother. The Manager-Chief Engineer said that 108 years is nothing to be sad about, and 40 years is nothing to be sad about. Chairperson Robinson said that he was new to the Board when the selection process took place; he noted that the Board received letters from the Legislature urging the Board to look outside the Department for the Manager-Chief Engineer. Chairperson Robinson said that the Board selected Mr. Antonio, and it was the right choice. The Manager-Chief Engineer thanked him. Chairperson Robinson said that Mr. Antonio

had assembled a great team. The Manager-Chief Engineer said yes, he is leaving behind a good team, and hopefully, that team will continue on with whoever the Board selects. The Manager-Chief Engineer directed Ms. Garson to go through the selection process; he said he was not sure how the Board would go about the selection, adding that it was really up to the Board. He noted that the process may involve advertising for the position, conducting interviews, etc. Alternatively, someone might express willingness to serve as Manager-Chief Engineer, and the Board might just approve that person, the Manager-Chief Engineer said. Chairperson Robinson said yes, the Board went through the whole process, including advertising, etc., for the recruitment last time. The Manager-Chief Engineer said he was giving the Board sufficient time for the recruitment; the last time, the advertising went out in August or September, and he had submitted his application in October of that year. The Manager-Chief Engineer said that if the Board seeks his endorsement, he supports his Deputy, Mr. Okamoto, right now and all the way through. The Manager-Chief Engineer said that he stands ready to provide Mr. Okamoto all the support he can; he said he would back Mr. Okamoto all the way through.

Mr. Takamine said that as the newest Board member, he had been somewhat intimidated as he came onto the Board; he thanked the Manager-Chief Engineer for having welcomed him with open arms and for having an open door. He said that the Manager-Chief Engineer made him feel at home on the Board.

The Manager-Chief Engineer told Mr. Takamine that he is young and should consider seeking another term on the Board, after waiting the required one year after his current term expires.

Mr. Arikawa said it has been an honor and a pleasure working with the Manager-Chief Engineer. He thanked Mr. Antonio for being so warm and welcoming from the very first day that Mr. Arikawa stepped into the office.

Mr. Kaneshiro said that he had known Mr. Antonio for a very long time; the Manager-Chief Engineer knows a lot about all of the water systems here. Mr. Kaneshiro said that the Board had made the right decision to select Mr. Antonio as Manager-Chief Engineer. Mr. Kaneshiro noted that many things have come up during the past four and a half years, during which the Manager-Chief Engineer needed the knowledge to answer questions, etc., amid the ongoing Keauhou Aquifer issue. Mr. Kaneshiro expressed confidence that Mr. Antonio as a private citizen will participate in meetings, etc., and provide advice to the Board.

The Manager-Chief Engineer said that if he were given the opportunity, he would like to serve on the Water Board; he would have no problem serving on this Board, assisting the Department.

Mr. Kaneshiro thanked the Manager-Engineer.

**L. CHAIRPERSON'S REPORT:**

No report.

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

**A. CONTESTED CASE HEARING RE: 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 Mr. Raymond and Ms. 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.

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

Ms. Garson reported that the hearing was continued to the May 26, 2015, Water Board meeting, at the request of the Kalmans' attorney, who had a scheduling conflict.

Chairperson Robinson said that the Kalmans' attorney actually asked to move the Contested Case Hearing to 2:30 p.m. today, but that was not feasible.

Ms. Garson said she told the attorney that there might be quorum issues at 2:30 p.m., so the extension to May was granted.

The Manager-Chief Engineer noted that he, one of the witnesses, would not have been here at 2:30 p.m. anyway, because he was due back in Hilo.

8) ANNOUNCEMENTS:

1. **Next Regular Meeting:**

The next meeting of the Water Board is scheduled for 10:00 a.m., on March 24, 2015, at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI.

2. **Following Meeting:**

The following meeting of the Water Board will be held at 10:00 a.m. on April 28, 2015, at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI.

10) ADJOURNMENT

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

The meeting adjourned at 12:34 p.m.

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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.*