

MINUTES

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

April 28, 2015

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

MEMBERS PRESENT: Mr. Craig Takamine, Vice-Chairperson
Mr. Russell Arikawa
Mr. Bryant Balog
Ms. Brenda Iokepa-Moses
Ms. Susan Lee Loy
Mr. Jay Uyeda

ABSENT:

Mr. Rick Robinson, Chairperson
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. Fred Camero, Beylik Drilling & Pump Service, Inc.
Mr. Del Green, Esq., Case Lombardi & Pettit
Mr. David Tarnas
Mr. Aidan Barry, Kamakoa Partners, LLC
Ms. Tammy Duchesne, National Park Service
Mr. Jeff Zimpfer, National Park Service
Mr. Ken Kawahara, Akinaka and Associates
Mr. Roger Harris, Palamanui Global Holdings
Mr. Norm Stuard, Palamanui Global Holdings
Mr. Mel Isa

Department of Water Supply Staff

Mr. Quirino Antonio, Jr., Manager-Chief Engineer
Mr. Keith Okamoto, Deputy
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
Mr. Kawika Uyehara, Engineering Division
Mr. Clyde Young, Operations Division
Mr. Eric Takamoto, Operations Division
Ms. Brenda Isa, Finance Division

1) CALL TO ORDER – Vice-Chairperson Takamine called the meeting to order at 10:00 a.m.

2) STATEMENTS FROM THE PUBLIC

(Mr. David Tarnas testified regarding Item 5(A), Lālāmilo Well A (Kamakoa) Water Agreement.)

(The following testimony is verbatim.)

MR. TARNAS: Thank you, Vice-Chair Takamine, members of the Board. My name is David Tarnas. I'm a homeowner in Kamuela...and I'm speaking in support of your first Item under South Kohala...the Lālāmilo Well. And I'm speaking in support of it because I do believe it's a win-win agreement between the Department and the home developer. And I'm speaking of this with... It's consistent with the South Kohala CDP...Community Development Plan, and it would really help to address what we have...is a low inventory on residential properties in South Kohala. I speak in support, from my years of experience in South Kohala as a community leader, a former State Representative from the area, co-convenor of the Waimea Water Roundtable back in the 90's, where we were trying to deal with this issue of how to develop water in South Kohala. A key strategy coming out of the Waimea Water Roundtable was public/private partnerships, and this is a great example of that. And one other piece of my background, which I think was relevant, is that I helped to facilitate the Strategic Plan for the Board of Water Supply, back when you had the Chair, Sandra Scarr, who was running it, with former Manager...that we were, you know, Milton Pavao was very involved with this Strategic Planning work that I facilitated... And one of the key findings of that Strategic Plan was that the only way we were going to be developing in many districts, including South Kohala, was through public/private partnerships. So with those two references in my experience, I would say that this is a great example of how to move forward, developing water in South Kohala, where we really need it. So I encourage you to support it. Thank you for listening. Aloha.

3) APPROVAL OF MINUTES

The Vice-Chairperson entertained a Motion to approve the Minutes of the March 24, 2015, Water Board meeting.

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

4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA

None.

5) SOUTH KOHALA:

A. LĀLĀMILO WELL A (KAMAKOA) WATER AGREEMENT:

The developer, Kamakoa Partners, LLC (Kamakoa) is proposing to enter into a development agreement to upsize an existing well in the DWS Lālāmilo water system to provide the potable water needs for their proposed development. The agreement specifically calls for upsizing the existing Lālāmilo Well A pump, motor and related facilities from 700 gallons per minute (GPM), to 1,000 GPM, making it comparable in size to Lālāmilo Wells B, C, and D.

The Manager-Chief Engineer recommended that the Water Board approve the Water Agreement between Kamakoa Partners, LLC and the Water Board of the County of Hawai'i, subject to the procurement process, and that either the Chairperson or Vice-Chairperson be authorized to execute the documents subject to review as to form and legality by Corporation Counsel.

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

The Manager-Chief Engineer said that the Agreement will help all parties: the Water Board, DWS and the developer. He said that the increase in capacity of the well will be roughly 400,000 gallons per day (gpd), but the developer is not looking for an allocation of 100 percent of that

overage. Instead, the developer is looking at 50 percent of that overage, and the rest will come to the Department. That 50-50 split is a good number, he said.

Mr. Ken Kawahara of Akinaka & Associates introduced Mr. Aidan Barry of Kamakoa Partners, LLC, and Mr. Del Green of Case, Lombardi & Pettit. He echoed the Manager-Chief Engineer's belief that this project will be beneficial to all concerned, including the community.

Mr. Kawahara noted that the Agreement stipulates that DWS will receive upgraded and new equipment, to replace equipment that is upwards of 30 years old. DWS will also get additional capacity, with the increase in the pump size. In return, Kamakoa Partners will receive a 50 percent share of the water units, and DWS will get 50 percent, he said.

Mr. Arikawa asked about Kamakoa Partners, LLC.

Mr. Kawahara said that Kamakoa Partners is the land owner.

Mr. Aidan Barry of Kamakoa Partners explained that his company is an entity that was formed for the acquisition of the property immediately adjacent to the site in question today. The parent company, The True Life Companies (TTLC), is based in the Bay area of California. TTLC forms LLC's on each of the acquisitions that it is involved with. Therefore, Kamakoa Partners, LLC, is a single-entity purpose, involved with this property immediately adjacent to the project site. TTLC was founded around a decade ago, he said.

Mr. Arikawa asked if the company has any other projects in Hawai'i.

Mr. Barry said no, this is the only project in Hawai'i at this point. He explained that the company is in six different markets in the western United States; it is a land developer. In this specific case, the company is very familiar with the background of this property. The company is working very closely with Messrs. Kawahara and Green, as a commitment in the spirit of how the company does business: a transparency and a desire to establish the best local team in any of its endeavors. The process that his team followed with DWS staff and Corporation Counsel is the way his company does business, by working with the best team to come up with a win-win situation. Mr. Barry said that he believes that this Agreement is a very good example of how a public/private partnership can benefit both sides of the aisle.

Ms. Lee Loy asked what Kamakoa Partners' long-range development plans were for the water units.

Mr. Barry said they were to be residential.

Ms. Lee Loy recalled that Mr. Tarnas earlier talked about filling a void as far as housing in the area; she was curious as to what Kamakoa's long-range plans were.

Mr. Barry said his company had acquired the property two years ago. There was an existing entitlement there that his company let lapse, because the company felt that the process that was followed to attain that entitlement was not as transparent as his company wished. He said that there are many concerns within the local community regarding the future of this property. Kamakoa sees it as a residential development; Kamakoa plans to adhere to a very community engagement-based process of outreach. This will be a residential development, he said.

Ms. Lee Loy asked about the density.

Mr. Barry said it would be premature to give much detail regarding the units; he gave a ballpark figure of approximately 160 residential lots on this site.

Ms. Lee Loy asked if there would be adequate water units to support that number of lots.

Mr. Barry said yes.

Mr. Uyeda noted that under the Agreement, a new control building and equipment will be installed. He asked what happens if the existing equipment has hazardous materials. He asked how that would be handled, and who would be responsible for the cost of cleaning up the site. His other question involved the calculation of the amount of equivalent units; he suggested that Mr. Kawahara answer the first question first, and then Mr. Uyeda could give more details on his second question.

Mr. Kawahara drew the Board's attention to Page 7, Section 2.6, of the Agreement, which references hazardous materials. He said he wanted to be very clear that any of the improvements and new equipment such as the new pump and motor, the pump control building and all of the appurtenances will be entirely the responsibility of Kamakoa Partners. DWS is not contributing anything towards the upgrade, Mr. Kawahara said. Any hazardous materials will be handled by the contractor and Kamakoa Partners, he said.

Mr. Uyeda asked Mr. Kawahara to explain the report that Mr. Tom Nance had done as an attachment to the Agreement.

Mr. Kawahara referred to the letter from Tom Nance Water Resource Engineering, dated April 16, 2015. The letter, citing 40 years of historical data done by the hydrologist in the area, took up the question of whether there would be any impact to the ground water discharge along the coastline. On Page 1 of the letter, Mr. Nance commented on the potential impacts of increasing the pump capacity, Mr. Kawahara said. The letter does not mention it, but according to CWRM files, when the well was originally drilled by the State of Hawai'i, it was actually pump-tested at 1,000 gallons per minute (gpm). However, somewhere along the way, DWS chose to put in a pump that did 700 gpm; an increase of 300 gpm (to bring it to 1,000 gpm) would still be within that original pump-testing. It would bring Well A to the same capacity as Wells B, C, and D in that well field. Mr. Kawahara quoted the second paragraph from the bottom of Page 1 as saying: "Based on the (sustainable yield and the calculated rainfall recharge) numbers above, increasing the draft by Lālāmilo "A" with a larger 1,000 gpm pump would result in a decrease of the shoreline charge on the order of one (1) percent. That small a reduction will not be detectable by measurements, or as changes in anchialine ponds, or in the nearshore environment." Mr. Kawahara said that on the last page of the letter, Mr. Nance commented that the aquifer's boundaries, as defined by CWRM, should be changed and realigned, to reflect actual field conditions. If CWRM were to include the other wells in the area, the impact of the increased pumpage of Lālāmilo A would be even less than one percent of the present groundwater flow to the shoreline. Mr. Kawahara said, in summary, that Mr. Nance was asked to comment on what he believed the impact would be along the coast from the increased pumpage, specifically addressing the public trust purpose of the Traditional and Customary Practices of gathering and fishing along the coast. Mr. Kawahara said that was very important to him personally, since his own family farms, and lives off the land and the ocean; he himself did not want to see any adverse impact going on along the coast.

Mr. Uyeda asked for clarification from DWS staff on how the equivalent units were calculated on Page 9, Section 3.1(b) of the Agreement.

Mr. Inaba said that when DWS looks at pump capacity going from a 700 gpm to 1,000 gpm, that is a 300 gpm increase; that would represent the maximum day. The maximum day is by definition, 1.5 times the average day, he said. When DWS calculates the actual *usage*, it calculates it by the *average day*, which is what DWS gets on its actual meter readings. DWS is

calculating an equivalent unit for the developer at 400 gpd, rather than the 600 gpd per unit that developers mistakenly thought they were allowed as an average use in the past.

The Deputy said that both sides agreed that the equivalent units should be clarified within the Agreement.

Ms. Lee Loy asked about the reference to “No Practical Alternatives,” on the first page, under letter D. She wanted clarification on what “practical alternatives” meant.

Mr. Kawahara gave some background of the property in question. Prior to Kamakoa Partners’ purchase of the property, Mr. Kawahara’s firm was the engineer for the previous owner. His firm looked at various alternatives for getting water, which proved to be very challenging. The previous owner decided not to pursue development, and Mr. Kawahara’s firm got to know Kamakoa Partners when they purchased the property. The previous owner had drilled an exploratory well on the mauka side of the parcel, he said, as he distributed copies of a map showing the area. Sampling of the exploratory well came up with brackish water, and desalination would have been unfeasible. Mr. Kawahara’s firm looked at other options, such as tapping into the private water system mauka of the property, in Waikoloa, but there was no storage tank to provide fire protection that is required by County code. After looking at various alternative methods and means, the best solution for providing potable water to the property in question was DWS’s Lālāmilo water system with its various reservoirs providing 3 million gallons of storage at the 610-foot level. He noted that the exploratory well with its brackish water will be used for irrigation, and the developer is considering using recycled water for irrigation as well.

Mr. Uyeda asked if Well A, with its increased capacity, would burden the other wells.

Mr. Inaba said that there would be minimal impact, since the tie-in from Well A to the system is a very short distance.

The Deputy said that it would be part of the hydraulic calculations on the design portion of the project; DWS will have the design consultant look at that.

ACTION: Motion carried unanimously by voice vote.

6) NORTH KONA:

A. JOB NO. 2012-985 HUALĀLAI DEEPWELL REPAIR – CHANGE ORDER:

(This Item was deferred at the March 24, 2015, Board meeting.)

The contractor, Beylik Drilling and Pump Service, Inc., is requesting a contract change order and contract time extension for the Hualālai Deepwell Repair. The contract change order is for the replacement and repair of damaged materials and equipment, and troubleshooting services for Hualālai Deepwell. Amid repeated failures of the motor’s thrust bearing, the well repair has involved multiple repair cycles and associated costs for equipment, labor, shipping, pump and motor repairs/testing and replacement materials including thrust bearings, step-up transformer, junction box, column pipe, discharge head, and check valves. Total project costs shall not exceed \$672,517.93. The description of additional materials and associated fees are as follows:

Original Contract Amount:	\$79,223.00
Original Contingency amount:	7,922.00
1 st Additional Contingency & 123 day extension request:	94,500.00 (approved 10/22/13)
2 nd Additional Contingency & 273 day extension request:	53,611.72 (approved 6/24/14)

3rd Additional Contingency request (emergency procurement) 23,581.06
4th Additional Contingency & 274 day extension request: **\$413,680.15**

The contractor, Beylik Drilling and Pump Service, Inc., is also requesting a contract time extension of 274 calendar days. This is due to unforeseen events, involving repeated failures of the motor's thrust bearing. This request is to cover the time expended on troubleshooting, well extraction and repair of damaged equipment; and the time required to procure replacement materials and for reinstallation work. These factors were beyond the control of the contractor and the original scope of the repair.

The Manager-Chief Engineer recommended that the Board approve an increase in contingency of \$413,680.15 to Beylik Drilling and Pump Service, Inc., and approve a contract time extension of 274 calendar days for JOB NO. 2012-985, HUALĀLAI DEEPWELL REPAIR. If approved, the contract completion date will be revised from October 31, 2014, to July 31, 2015.

MOTION: Ms. Lee Loy moved to approve; seconded by Ms. Iokepa-Moses.

Ms. Lee Loy noted that this Item was deferred, pending further information.

Mr. Uyeda said the Board was waiting for the thrust bearing teardown report.

Mr. Clyde Young of Operations Division said that the thrust bearing report came in, and it said pretty much what DWS staff had expected. The report found that the thrust bearing had failed amid lack of lubrication. This information was consistent with the repair facility's report, which Mr. Young said he had a copy of. Mr. Young drew the Board's attention to the slightly higher numbers on this month's Agenda Item; previously, the cost was \$409,053.58, but the revised cost this month stood at \$413,680.15. He noted that this was a mix of lump sum and forced account; one of the issues that arose was a change in the Hawai'i Revised Statutes regarding mark-up on work done by the contractor. The contractor had been allowed 15 percent mark-up under the old rule, but now the contractor is allowed 20 percent mark-up. The other thing that affected the cost was the shipping cost, which varies day-to-day, Mr. Young said. Mr. Young noted that the Department had not addressed fully the fact that 88.7 percent of the cost of \$413,680.15 was already committed to the contractor, Beylik. Beylik was given authorization to proceed by the Department, which was treating this project under emergency procurement. At 88.7 percent of that \$413,680.15, DWS was basically committed to paying the contractor at least \$366,000.00 of that.

Mr. Uyeda asked why DWS was committed to that.

The Manager-Chief Engineer said that at the time, DWS had problems with the other wells, and so the Department thought it best to go through the process of an emergency procurement – in order to get things done. In hindsight, DWS should perhaps have done a different method of procurement, such as through the exemption process, or DWS could have actually just stopped the project and gone through a regular bid. However, DWS felt that this repair needed to be done, and therefore, DWS committed to the contractor. The Manager-Chief Engineer said that unfortunately, there was an issue with how DWS processes payments, and as a result, the Department decided it was best to come to the Board for this additional funding.

Mr. Uyeda asked if DWS were under a certain contract with Beylik at this point. He said he was surmising that if DWS terminates the contract, the Department would have to pay Beylik the \$366,000.00 anyway.

Ms. Garson said that was a question for the Board to ask Corporation Counsel in Executive Session.

Mr. Uyeda said yes, because this was something that the Board was hearing for the first time.

Ms. Lee Loy said that she had some questions before going into Executive Session. She noted that last month, a number of wells were down amid all kinds of extenuating circumstances, and meanwhile, DWS needed to deliver the water to its customers in the area. She asked what the status was of the other wells.

Mr. Young said that DWS still had a few wells down. The Department had told the Board last month that it expected the Honokōhau Well to be back online by now. However, the transformer got damaged in shipping; the problem is pretty superficial and can be repaired. The damage did not affect the integrity of the transformer, but the transformer needs to be cleaned and tested. That will set things back another month, Mr. Young said. He said he could come back at the next meeting to provide an update on the Honokōhau Well.

Mr. Uyeda asked if the transformer at the Hualālai Well was the same as the one at the Honokōhau Well.

Mr. Young said that he would have to double-check, but the transformer should be very similar in size. He said Mr. Uyeda seemed to be hinting at something.

Mr. Uyeda said yes, so DWS could get the well online, if it had to.

Mr. Young said that even if it were the same size, it might be a different manufacturer, and the footprint might be different. Therefore, it might not be a simple matter of swapping one thing for another. However, DWS would do such a swap if it had to, Mr. Young said. He said that DWS was just barely managing, but was managing.

Mr. Arikawa asked about the Hōlualoa Well.

Mr. Eric Takamoto of Operations Division said that Hōlualoa is still under standard repair, and the contractor is proceeding as instructed. The pump and motor have been ordered, as well as the transformer and cable. DWS needs to wait until the contractor finishes extracting the well, before deciding whether the remaining material should be reused, or replacements should be ordered.

Mr. Arikawa asked when Mr. Takamoto expected the repair to be finished.

Mr. Takamoto said the completion date was slated for the end of this year, i.e., December 31.

Mr. Balog, reverting back to the Hualālai repair, asked how far along the contractor was in the work.

Mr. Young said it would be easier to say what had *not* been done. The re-installation had not been done, and the string test, which is the test of the pump and motor, has been stopped. The order of the check valve has been stopped. Some major items could not be stopped because they were already in progress: the pump and motor repair, the junction box fabrication, etc. All of these are custom parts. He said that the discharge head and the column pipe were already delivered.

Mr. Uyeda asked, with all of the reports in hand now, whether using the higher-temperature motor could help. He said that the Board needed feedback from the staff on how confident they were that the equipment would work, once it was put in the ground.

Mr. Young said that the staff is trying to line everything up as much as possible, in terms of making sure it is going to work. One of the more important things to do would be the string test. If it fails, DWS at least will not have committed to all of the labor costs of putting the equipment into the hole, only to have to pull it right back out. He said he would like to say definitively that it will work, but there is no guarantee. If the string test goes well, there is a very good chance that the equipment will work fine, Mr. Young said. He added that before, DWS did not do the string test because historically, it did not need to.

Ms. Lee Loy asked at what elevation this well is located.

The Deputy said it is at the 1,680-foot elevation.

ACTION: Ms. Lee Loy moved to go into Executive Session, seconded by Mr. Uyeda, and carried unanimously by voice vote.

Back in regular session, Vice-Chairperson Takamine announced that he had to leave the meeting early, and was appointing Mr. Arikawa as Chairperson Pro Tem to preside over the rest of the meeting.

(Mr. Arikawa took over the gavel at 10:52 a.m.)

Ms. Lee Loy wondered if this change order, which involves a large sum of money, would impact other DWS projects.

The Manager-Chief Engineer said DWS has funding in the CIP budget to accommodate these kinds of projects. He did not think that any other projects would be jeopardized if this change order is approved.

Ms. Lee Loy said that DWS needs to get better at handling situations like this change order; she said that DWS should start looking at other alternatives when project costs get driven up like this. She said she appreciates the idea of doing a string test, which is something that Lanihau's developers mentioned recently. She said that repairing the Hualālai well is really important, and that it improves the water quality in the area.

The Manager-Chief Engineer said he appreciated Ms. Lee Loy's comments. The staff learns a lot from experiences like this. The good thing about the current situation is that DWS is working with a very good contractor who has a lot of experience, he said. He added that yes, DWS does need to do things better.

ACTION: Motion carried unanimously by voice vote.

(Vice-Chairperson Takamine left the meeting at 10:55 a.m.)

B. EXECUTIVE SESSION RE: JOB NO. 2012-985 HUALĀLAI DEEPWELL REPAIR – CHANGE ORDER:

The Water Board convened an executive meeting, closed to the public, pursuant to Hawai'i Revised Statutes, Sections 92-4, 92-5(a)(2), 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.

(Executive Session began at 10:36 a.m., and ended at 10:50 a.m.)

C. QUEEN KA'AHUMANU HIGHWAY PHASE 2 REVISED TRI-PARTY AGREEMENT:

The State of Hawai'i Department of Transportation (HDOT), and Goodfellow Bros., Inc., (Goodfellow), propose to enter into a Tri-Party agreement with the Department of Water Supply (DWS), as a cooperative effort to re-design the waterline installation affected by the re-alignment of the highway.

Goodfellow had originally proposed a change order cost of \$195,865.00 for the re-design of the waterline by their design-build team. DWS did not agree to those costs; through this Tri-Party agreement, DWS would be responsible for providing the design to Goodfellow for \$54,804.00, for inclusion in the final construction plans.

The Manager-Chief Engineer recommended that the Water Board approve the QUEEN KA'AHUMANU HIGHWAY PHASE 2 REVISED TRI-PARTY AGREEMENT, and that either the Chairperson or Vice-Chairperson be authorized to execute the document subject to review as to form and legality by Corporation Counsel.

MOTION: Ms. Lee Loy moved to approve; seconded by Ms. Iokepa-Moses.

The Manager-Chief Engineer said that DWS has worked very closely with State Highways Division and the contractor to come up with terms that are agreeable to all parties. This Agreement is for the re-design of the waterline, which was necessitated by the realignment of the highway.

Ms. Garson noted that the Board had approved the Tri-Party Agreement once before, but when it was circulated to the State, the Attorney-General (AG) changed it. Among the changes the AG made was to the three-part indemnification, whereby each party would be responsible for their own actions. The AG removed the indemnification of the State, so they are not part of the indemnification. Ms. Garson said that the AG also removed a provision whereby, if the project does not go forward within two years, DWS would get all its money back. This provision was in one of the drafts, but it is not in the final version.

Mr. Inaba confirmed that that provision had been removed. The contractor did not want to be a part of that, and they wanted that portion removed, saying it was not fair to include them.

Ms. Garson said the Agreement that is on the table now is the same version as the one that the Board got in their packets; this version is a little different from the one that the Board approved previously.

Ms. Lee Loy asked if this Agreement was for the all of the pipes sitting by the side of the road in Kona.

Mr. Uyeda said this is only for the design, i.e., for half of it. This is only for the design; it has nothing to do with construction, he said. That is why the dollar amount is not high, compared with what construction would cost.

Mr. Balog asked whether, after the re-design, there might be an additional cost tacked on to do the construction.

The Manager-Chief Engineer said that unforeseen changes in the field might come up, but for now the funds allotted should take care of what will be appropriate for the realignment.

Mr. Inaba clarified that this project is a design/build; once DWS comes up with its approved design, the contractor will look to see if there will be any additional costs. However, DWS anticipates that any additional costs should be minimal, because the highway is actually getting narrower, so the tie-ins are going to be a bit shorter. There should be some cost savings, although

things might get a bit trickier in terms of connections, Mr. Inaba said. DWS will have to compare the original scope with the new scope, and will need to get a cost breakdown of the difference between the original design and the re-design.

Ms. Lee Loy said that the first time that State Highways had come to DWS with their proposed cost for the re-design, the Board declined. Ms. Lee Loy said this Agreement is a good deal.

ACTION: Motion carried unanimously by voice vote.

C. **MANAGEMENT AND CONSTRUCTION RIGHT-OF-ENTRY FROM DEPARTMENT OF LAND AND NATURAL RESOURCES FOR THE PALAMANUI INTERIM WATER SYSTEM IMPROVEMENTS:**

The Board of Land and Natural Resources approved the subject Right-of-Entry for the management and construction of the Palamanui Interim Water System. Upon acceptance of the water system by the Water Board, DLNR will prepare easement documents.

The Manager-Chief Engineer recommended that the Water Board approve the Management and Construction Right-of-Entry for the Palamanui Interim Water System Improvements and authorize either the Chairperson or Vice-Chairperson to execute the documents subject to review as to form and legality by Corporation Counsel.

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

The Manager-Chief Engineer said that this is part of the University of Hawai‘i’s West Hawai‘i campus improvements that were required. This is just one of the water system dedications that need to be done. This portion goes through State land, so this Management Agreement is required in order to proceed. Once the State approves this Management Agreement, the State will grant DWS the easement.

Mr. Uyeda asked if the Department was pretty sure that DLNR will grant DWS an easement.

The Deputy said that is the expectation.

Mr. Inaba said that was the discussion that he had with the DLNR land agent; the question was why DWS was not getting the right amount of easement right away. The land agent told Mr. Inaba that it takes too long, so they normally go this route, Mr. Inaba said.

ACTION: Motion carried unanimously by voice vote.

7) **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.

(Item 1. was deferred from the February 24, 2015, Board meeting.)

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*

2. 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: 003 (por.), 009 (por.) and 019 (por.)
Facilities Charge: \$79,380.00 Date Paid: 02/04/2015

Final Inspection Date: *TBA*
Water System Cost: \$ *TBA*

3. GRANT OF EASEMENT OF W-1

Grantor: Palamanui Global Holdings, LLC
Tax Map Key: (3) 7-2-005: 001 (portion)

4. BILL OF SALE

Seller: Palamanui Global Holdings, LLC
Tax Map Key: (3) 7-2-005: 001 (por.), (3) 7-3-010: 042 (por.), 044 (por.) and 045 (por.)
Final Inspection Date: 7/14/14
Water System Cost: \$ 5,783,445.81

5. LICENSE EASEMENT NO. 798

Licensor: State of Hawaii Department of Hawaiian Home Lands
Tax Map Key: (3) 7-3-010: 039 (portion)

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

MOTION: Mr. Uyeda moved to approve; seconded by Mr. Balog.

Mr. Inaba said that the final inspection date for Item 1 was March 30, 2015, and the water system cost was \$145,089.86. He also clarified that on Item 4, the water system cost was closer to \$10 million (instead of \$5,783,445.81). He said that was his mistake; he had used only one of the cost breakdown forms that were submitted. Mr. Inaba said that he could report on the exact figure at the next Board meeting.

Ms. Lee Loy asked Mr. Roger Harris of Palamanui Global Holdings, LLC about the TMKs listed on the Item 4, the Bill of Sale.

Mr. Harris said that the entire system is constructed, and was constructed under a construction right of entry to build on State land. He noted that the State DLNR procedure is to first get the right of entry, and then to get the easement. Everything has been done; the maps are done, etc. He confirmed that the total cost of what Palamanui has built is more like \$10 million. Once the Board accepts the easements, the meter can be set for the college, and the college can open for business. He said it has been a really long haul, and he thanked the Board and DWS for their support.

ACTION: Motion carried unanimously by voice vote.

D. DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING BUDGET FOR FISCAL YEAR (FY) 2016 AND 5-YEAR CAPITAL IMPROVEMENT PROJECTS (CIP) BUDGET FOR FY2016-2020:

The Department's FY2016 Operating Budget, totaling \$53,174,000, and 5-Year CIP Budget for FY2016–2020, have been distributed for the Board's review and advertised for the public's review.

The Manager-Chief Engineer recommended that the Water Board approve the Department's FY 2016 Operating budget and 5-year C.I.P. budgets for Fiscal Years 2016-2020 on this second of two readings.

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

E. **POWER COST CHARGE:**

Departmental power costs have declined as a result of a decline in HELCO billings for electricity for the Department's wells and pumps. The Department proposes reducing the Power Cost Charge from \$2.35 to \$2.32 per thousand gallons to reflect this decline. A Public Hearing to accept testimony on this change will have been held just prior to the regular meeting.

The Manager-Chief Engineer recommended that the Board approve the reduction of the Power Cost Charge from \$2.35 to **\$2.32**, effective May 1, 2015.

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

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

The Deputy reported that DWS and the NPS staff met twice in March, and also did a "sweat equity session" on Saturday, April 18, which involved clearing an area of haole koa and kiawe. It was a good effort and a very good day, he said. DWS and NPS continue to commit to further discussions and further efforts to work together, the Deputy said.

Chairperson Pro Tem Arikawa asked if the Board needed to go into Executive Session.

Ms. Garson said she did not see a need for Executive Session. She noted a letter that NPS sent to CWRM, in which it filed a petition for a declaratory order; NPS wants CWRM to decide whether or not an area smaller than an aquifer could be designated. That matter is pending, she said. She asked Ms. Tammy Duchesne, the Superintendent of the Kaloko-Honokōhau National Historical Park, if CWRM had acted on the petition for a declaratory order.

Ms. Duchesne said she had not heard anything yet. She noted that there is a CWRM meeting on Kaua'i tomorrow, but the matter is not agendized.

Ms. Garson confirmed that it had not been agendized.

Ms. Duchesne reiterated that she had not heard back on it.

Ms. Lee Loy asked if this petition for a declaratory order is in lieu of the petition to designate Keauhou Aquifer; she asked if NPS was pulling the petition to designate Keauhou.

Ms. Duchesne said that NPS had filed the declaratory order to be able to explore alternative paths; therefore, NPS needs to know what CWRM will say. NPS is not necessarily saying that they will pull the petition to designate if the petition for a declaratory order gets approved. However, the more options that NPS has, the better, she said. NPS is looking forward to what CWRM has to say.

Ms. Lee Loy asked if this matter would be heard before CWRM.

Ms. Duchesne said she was not sure, noting that the petition for a declaratory order had been sent on March 25 or thereabouts. At the meeting with DWS on March 31, Mr. Roy Hardy, the interim Deputy Director of CWRM, had indicated that there was a lot of value in that, and it seemed that he was going to encourage CWRM to make that decision, she said. However, NPS has not heard anything back from CWRM, Ms. Duchesne added.

Ms. Garson said that it was made clear that NPS is doing this on its own; DWS is not supporting the request and is not joining it.

Ms. Duchesne said that NPS had asked the question several years ago, and she believed that CWRM had said no. However, in the course of the discussions on March 3 and March 31, it was indicated that NPS could seek a more formal ruling on it, which would give NPS more options, she said.

Ms. Lee Loy asked if Ms. Garson knew what CWRM's process would be on this, going forward.

Ms. Garson said she did not know how CWRM would handle this; it is not on the CWRM Agenda.

Ms. Lee Loy asked if DWS needs to sit in on that CWRM meeting.

Ms. Garson said that if the matter were agendized, DWS would attend the meeting. Regarding adjudicatory-type functions like this, there is a question as to whether CWRM needs to handle it at an agendized meeting; there is a question as to whether it would be subject to Sunshine Law. She said that she does not know how CWRM handles such situations.

Chairperson Pro Tem Arikawa asked whether right now this matter regarding the "alternative paths" is exploratory.

Ms. Duchesne said yes, until NPS learns whether or not it is possible to designate an area smaller than the aquifer, NPS cannot take any action on alternatives. She said that she thought that Mr. Hardy was hoping that NPS would have something by March 29, but it did not make the deadline for the CWRM Agenda. She said she did not know what CWRM's time frame was.

Ms. Garson said that a report to CWRM regarding the progress of mediation must be submitted by May 4.

Chairperson Pro Tem Arikawa asked whether the Board needed to go into Executive Session.

Ms. Garson said no, unless the Board wanted to confer with her on something.

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

(No Executive Session.)

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

Ms. Lee Loy asked that this Item be deferred to the May Board meeting, pending the Chairperson's return.

G. MONTHLY PROGRESS REPORT:

No discussion.

H. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

No discussion.

I. MANAGER-CHIEF ENGINEER'S QUARTERLY UPDATE:

The Manager-Chief Engineer noted that there were minor changes to the update, which are highlighted in yellow.

J. DISCUSSION OF PROCESS AND CRITERIA FOR SELECTION OF NEW MANAGER-CHIEF ENGINEER OF THE DEPARTMENT OF WATER SUPPLY:

Ms. Garson reported that the recruitment ad has been posted, and the deadline for filing applications is May 4. Once the applications are in, it will take County Human Resources about a week or so to go through all of the applications to make sure that everyone meets the minimum qualifications. Once the Board gets the list of qualified applicants, the Board can discuss how to proceed with interviews, etc. Ms. Garson said that the recruitment ad is on the County website, as well as on the AWWA/Hawai'i Section website.

Chairperson Pro Tem Arikawa asked whether the Board would need to wait until the May meeting to get the list of applicants.

Ms. Garson said that was correct.

K. EXECUTIVE SESSION RE: PROCESS AND CRITERIA FOR SELECTION OF NEW MANAGER-CHIEF ENGINEER OF THE DEPARTMENT OF WATER SUPPLY:

(No Executive Session.)

L. MANAGER-CHIEF ENGINEER'S REPORT:

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

- 1) Public Information and Education Specialist Update – Ms. Aton reported that there were two teacher training sessions coming up in Hilo, sponsored by a Source Water Protection Grant from DOH. One of the sessions is a day-long course. Teachers who participate will receive a K-12 curriculum on teaching about water resource protection, etc. The other workshop is aimed at training teachers to train other teachers. The Project Wet Coordinator at the Kaua'i DWS has sent the information to all of the schools on the Big Island, Ms. Aton said. DWS had a booth at this year's Earth Day celebration in Hilo, and DWS will also have a booth at Prince Kuhio Plaza on Saturday, May 9, to commemorate Drinking Water Week. DWS will be receiving a laptop and a projector, purchased through the Source Water Protection Grant in partnership with Kaua'i DWS and DOH. Ms. Lee Loy noted the recent article about DWS spending on lunches, and asked if there was any way to put out DWS's full statement; she said that the article "cherry-picked" the information and took things out of context. Ms. Aton said that the matter was debated internally, but it was decided that at this point it would be best to let matters rest, instead of adding chum to the water. Ms. Aton said that as soon as such an inquiry comes in, all of the DWS team collaborates on a response. Mr. Uyeda asked if there was any follow-up with the Police Department regarding the recent water scam. Ms. Aton said that DWS contacted the people who filed the two

complaints about the scam, and referred them to the link online to get further information. DWS also let the police call center have access to the link, so that they can refer people who call in.

- 2) Employee of the Quarter -- Mr. Sumada introduced the Employee of the Quarter, Ms. Brenda Isa, and her husband Mel. Ms. Isa is an Accountant in the Finance Division, who has been with DWS for about a year; she has done a very good job in learning the system and has turned things in on time. Mr. Sumada noted that a lot of Ms. Isa's work goes into preparing the Monthly Financial Statements that the Board receives every month.
- 3) Recognition of Service Retirement – Mr. Ikeda said that Mr. Dean Fukuyama will be retiring after 34 years with DWS. Mr. Fukuyama, who was unable to attend today, moved up the ranks from his start as Waterworks Helper, to his current position as Water Service Investigator I. His job is to look for water leaks and to check to make sure the water system is tight.

M. CHAIRPERSON'S REPORT:

No report.

8) ANNOUNCEMENTS:

1. Next Regular Meeting:

The next meeting of the Water Board is scheduled for 10:00 a.m. on May 26, 2015, at the West Hawai'i Civic Center, Community Center, Bldg. G, 74-5044 Ane Keohokalole Hwy, Kailua-Kona, HI.

A Public Hearing regarding proposed water rates will be held at **5:00** p.m. on May 26, 2015, at the West Hawai'i Civic Center, Community Center, Bldg. G, 74-5044 Ane Keohokalole Hwy, Kailua-Kona, HI. An additional Public Hearing regarding proposed water rates will be held at **6:00 p.m.** on May 27, 2015, at the Liquor Control Conference Room, Hilo Lagoon Center, 101 Aupuni Street, Lobby Level, Hilo, HI.

2. Following Meeting:

The following meeting of the Water Board will be held at 10:00 a.m. on June 23, 2015, at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI.

9) ADJOURNMENT

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

The meeting adjourned at 11:29 a.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.